J.S. Reklame, Århus ApS

Sødalsparken 18, 8220 Brabrand

CVR No 70 99 02 10

Annual Report 2016/17

(Annual year 1/9 – 31/8)

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31. January 2018

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 (DKK '000)

	2016/17	2015/16
Key figures		
Income Statement		
Revenue	1.259.068	651.308
Profit before financial items (EBIT)	58.752	18.739
Net financials	217.835	174.244
Result for the year	257.244	179.058
Balance sheet		
Balance sheet total	2.280.931	1.829.944
Equity	1.768.522	1.509.292
Cash flow statement		
Investment in tangible assets	3.620	0
Ratios		
Return on assets	2,6%	1,0%
Solvency ratio	77,5%	82,5%
Return on equity	15,7%	12,7%
Number of employees	1.243	1.196

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 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 1.259.068k compared to DKK 651.308k in financial year 2015/16.

Profit before financial income and expenses amounts to DKK 58.752k compared to DKK 18.739k in 2015/16.

Profit for the year after tax amounts to DKK 257.244k compared to DKK 179.058k in 2015/16. 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. Currency risks relating to investments in foreign subsidiaries and associates are, as a main rule, not hedged as, in the Company's opinion, current currency hedging of such long-term investments will not be optimal based on overall risk and cost considerations.

External environment

The Company has no environmentally damaging activities, neither through land pollution nor through the discharge of polluting waste.

Knowledge resources

The Group develops competent employees to undertake operational and management tasks in the Group's production facilities through specially adapted training programmes and at its own academy.

Corporate social responsibility

The statutory statement of corporate social responsibility and statement on the underrepresented gender appears on page 32 - 34.

Expected development

For the year ahead, J.S. Reklame, Århus ApS expects to realise a profit in line with the 2016/17 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 the Executive Board have today considered and adopted the Annual Report of J.S. Reklame, Århus ApS for the financial year 1 September 2016 – 31 August 2017.

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 2017 and of the results of the Parent Company and the Group operations and cash flows for 2016/17.

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. January 2018

Executive Board

Lars Larsen

Board of Directors

Hans Henrik Kjølby

Lars Larsen

Independent Auditor's Report

To the shareholders of J.S. Reklame ApS

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 Parent Company at 31 August 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 September 2016 - 31 August 2017 in accordance with the Danish Financial Statements Act.

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 2016 - 31 August 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Independent Auditor's Report

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

Management's Responsibilities 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 31 January 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Jesper Lund
State Authorised Public Accountant

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

		Parent company		Group	
	Note	2016/17	2015/16	2016/17	2015/16
Revenue	1	**0**	**0**	**1.259.068**	**651.308**
Cost of sales		0	0	935.246	496.217
Other operating income		0	0	2.625	966
Other external cost	2	590	455	87.279	30.016
Gross Profit		**-590**	**-455**	**239.169**	**126.041**
Staff expenses	3	0	0	121.443	70.429
Depreciation and amortisation		0	0	58.974	36.873
Result before financial items		**-590**	**-455**	**58.752**	**18.739**
Result from subsidiaries	9	28.429	1.699	0	0
Result from other investments	11	221.099	180.861	221.099	180.861
Financial income	4	2.930	12.656	1.790	11.622
Financial expenses		458	13.313	5.054	18.239
Result before tax		**251.409**	**181.448**	**276.586**	**192.983**
Tax on profit for the year	5	-2.561	2.692	19.342	13.925
Result for the year		**253.972**	**178.756**	**257.244**	**179.058**
Distribution of profit	6				

Balance sheet at 31st August (DKK '000)

Assets	Note	Parent company 2017	Parent company 2016	Group 2017	Group 2016
Software		0	0	10.610	264
Goodwill		0	0	166.823	215.774
Intangible assets	7	**0**	**0**	**177.433**	**216.038**
Land and buildings		0	0	113.821	114.825
Fixtures and fittings, tools and equipment		0	0	5.399	5.340
Trucks and cars		0	0	46	95
Leasehold improvements		0	0	377	4
Tangible assets	8	**0**	**0**	**119.643**	**120.264**
Investments in subsidiaries	9	218.360	211.209	0	0
Receivables from subsidiaries	10	106.956	191.700	0	0
Other investments	11	1.328.144	1.105.106	1.328.144	1.105.106
Deposits	12	0	0	10.720	0
Fixed asset investments		**1.653.460**	**1.508.015**	**1.338.864**	**1.105.106**
Fixed assets		**1.653.460**	**1.508.015**	**1.635.941**	**1.441.407**
Commercial products		0	0	210.226	114.467
Inventories		**0**	**0**	**210.226**	**114.467**
Trade receivables		0	0	206.916	125.520
Receivables from subsidiaries		680	1.139	0	0
Corporation tax		6.258	44	8.799	0
Other receivables		117.051	5.782	129.505	14.745
Prepayments	13	0	0	6.558	8.238
Receivables		**123.989**	**6.966**	**351.779**	**148.502**
Securities		**0**	**0**	**5**	**5**
Cash at bank and in hand		**9.687**	**16.730**	**82.981**	**125.562**
Current assets		**133.676**	**23.696**	**644.990**	**388.536**
Assets		**1.787.135**	**1.531.711**	**2.280.931**	**1.829.944**

Balance sheet at 31st August (DKK '000)

Liabilities	Note	Parent company 2017	Parent company 2016	Group 2017	Group 2016
Share capital		1.000	1.000	1.000	1.000
Retained earnings		1.684.177	1.485.176	1.740.890	1.485.176
Reserve for net revaluation according to the equity method		56.713	0	0	0
Proposed dividend		106	103	106	103
Equity attributable to parent company shareholders		**1.741.996**	**1.486.279**	**1.741.996**	**1.486.279**
Non-controlling interests		**0**	**0**	**26.527**	**23.013**
Equity		**1.741.996**	**1.486.279**	**1.768.522**	**1.509.292**
Deferred tax	15	0	0	5.751	3.659
Provisions		**0**	**0**	**5.751**	**3.659**
Mortgage debt, long-term	16	0	0	68.599	73.938
Instruments of debt, long-term	17	0	0	11.884	21.300
Long term debt		**0**	**0**	**80.483**	**95.238**
Mortgage debt, short-term	16	0	0	5.237	4.982
Credit institutions		0	0	28.271	10
Instruments of debt, short-term	17	0	0	10.844	14.066
Trade payables		0	0	106.636	89.438
Corporation tax		0	0	23.734	10.743
Other payables		45.140	45.432	247.057	102.516
Deferred income	18	0	0	4.395	0
Short-term debt		**45.140**	**45.432**	**426.175**	**221.755**
Debt		**45.140**	**45.432**	**506.658**	**316.993**
Liabilities and equity		**1.787.135**	**1.531.711**	**2.280.931**	**1.829.944**

Contractual obligations	19
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Statement of changes in equity (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
Equity				
Opening at 1st September	1.486.279	1.313.559	1.486.279	1.313.559
Adjustment to opening - Non-controlling interests	0	0	23.013	0
Corrected equity at 1 st September	1.486.279	1.313.559	1.509.292	1.313.559
Paid dividend	-101	-100	-101	-100
Result for the year	253.972	178.756	257.244	179.058
Other adjustments	1.805	-2.972	1.805	-2.972
Exchange adjustment on foreign subsidiaries	42	-2.964	42	-2.964
Non-controlling interests	0	0	241	22.711
Equity at 31st August	**1.741.996**	**1.486.279**	**1.768.522**	**1.509.292**
Specified as follows:				
5 A-shares of DKK 1,000	5	5	5	5
15 B-shares of DKK 1,000	15	15	15	15
180 C-shares of DKK 1,000	180	180	180	180
800 D-shares of DKK 1,000	800	800	800	800
Share capital	**1.000**	**1.000**	**1.000**	**1.000**
Opening at 1st September	0	0		
Value adjustment for the year	56.713	0		
Reserve for net revaluation according to the equity method at 31st August	**56.713**	**0**		

Statement of changes in equity (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
Retained earnings at 1 September	1.485.279	1.312.559	1.508.292	1.312.559
Paid dividend	-101	-100	-101	-100
Result for the year	197.153	178.653	253.866	178.653
Proposed dividend for the year	106	103	106	103
Other adjustments	1.805	-2.972	1.805	-2.972
Exchange adjustment on foreign subsidiaries	42	-2.964	42	-2.964
Non-controlling interests	0	0	3.513	23.013
Retained earnings at 31st August	**1.684.283**	**1.485.279**	**1.767.522**	**1.508.292**
Equity at 31st August	**1.741.996**	**1.486.279**	**1.768.522**	**1.509.292**

Non-controlling interests

	2017	2016
Specified as follows:		
Opening at 1st September	23.013	0
Additions for the year	2.605	22.711
Dividend	-2.354	0
Fair value adjustment etc.	-10	0
Share of profit of the year	3.272	302
Non-controlling interests at 31st August	**26.527**	**23.013**

Consolidated Cash Flows (DKK '000)

	Note	2016/17	2015/16
Profit for the year		257.244	179.058
Adjustments	23	-140.333	-122.663
Change in working capital	24	-7.316	148.770
Cash flows from operating activities before financial income and expenses		109.595	205.166
Financial income		1.790	11.622
Financial expenses		-5.054	-18.239
Cash flows from ordinary activities		106.331	198.548
Corporation tax paid		-13.419	-10.363
Cash flows from operating activities		**92.912**	**188.185**
Acquisitions of enterprises		0	-443.000
Cash and cash equivalents at acquisitions of enterprises		-26.346	34.326
Purchase of intangible assets		-33	0
Purchase of tangible assets		-3.620	0
Sale of tangible assets		250	0
Cash flows from investing activities		**-29.749**	**-408.674**
Net proceeds from borrowings		-117.051	0
Raising/repayment of mortgage loans		-5.084	-2.498
Instruments of debt		-9.416	0
Dividend paid		-2.455	-100
Dividend received from associates		0	350.100
Cash flows from financing activities		**-134.006**	**347.502**
Change in cash and cash equivalents		**-70.843**	**127.013**
Cash and cash equivalents at 1 September		125.557	-1.456
Cash and cash equivalents at 31 August		**54.714**	**125.557**
Cash and cash equivalents are specified as follows:			
Credit institutions		-28.271	-10
Current asset investments		5	5
Cash at bank and in hand		82.981	125.562
Cash and cash equivalents at 31 August		**54.714**	**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 assess that such disclosures would be very detrimental to the Company.

	Parent company		Group	
	2016/17	2015/16	2016/17	2015/16
2 Fees to the auditors appointed general meeting				
PricewaterhouseCoopers				
Auditfee	163	17	471	348
Other assurance engagements	0	0	32	90
Tax advisory services	0	0	175	59
Other non-audit services	378	504	569	578
	540	**521**	**1.248**	**1.075**
Other auditors				
Auditfee	0	0	288	118
Other assurance engagements	0	0	0	1
Tax advisory services	0	0	0	72
Other non-audit services	0	0	23	27
	0	**0**	**311**	**218**

3 Staff

Salaries and wages	0	0	110.988	64.216
Pensions	0	0	5.536	3.986
Other social security costs	0	0	4.918	2.226
	0	**0**	**121.443**	**70.429**

No remuneration has been paid to the Executive Board and to the Board of Directors

Average number of employees	0	0	1.243	1.196

Notes to the Annual Report (DKK '000)

		Parent company		Group	
		2016/17	2015/16	2016/17	2015/16
4	**Financial income**				
	Interest income subsidiaries	**1.491**	**1.139**		
5	**Tax on profit for the year**				
	Current tax for the year	182	-49	19.953	11.961
	Deferred tax for the year	0	0	2.133	-768
	Tax concerning previous years	-2.744	2.741	-2.744	2.732
	Tax on profit for the year	**-2.562**	**2.692**	**19.342**	**13.925**
6	**Distribution of profit**				
	Proposed distribution of profit				
	Proposed dividend for the year	106	103	106	103
	Retained earnings	197.153	178.653	253.866	178.653
	Reserve for net revaluation according to the equity method	56.713	0	0	0
	Non-controlling interests' share of profit/loss	0	0	3.272	302
		253.972	**178.756**	**257.244**	**179.058**

Notes to the Annual Report (DKK '000)

7 Intangible assets

	Software	Goodwill
Group		
Cost at 1st September	372	244.755
Addition	33	0
Addition by acquisition	10.825	0
Cost at 31st August	11.230	244.755
Depreciation at 1st September	-109	-28.981
Depreciation for the year	-511	-48.951
Depreciation at 31st August	-620	-77.932
Booked value at 31st August	**10.610**	**166.823**
Depreciated over	3 - 5 years	5 years

8 Tangible assets

	Land and buildings	and fittings, tools and equipment	Trucks and cars	Leasehold improveme nts
Group				
Cost at 1st September	119.448	7.143	169	1.289
Addition	1.859	1.761	0	0
Disposals	0	-3.131	-15	0
Addition by acquisition	4.474	731	61	401
Cost at 31st August	125.781	6.504	215	1.690
Depreciation at 1st September	-4.623	-1.803	-74	-1.285
Depreciation	-7.337	-2.198	-95	-28
Depreciation of disposals for the year	0	2.896	0	0
Depreciation at 31st August	-11.960	-1.105	-169	-1.313
Booked value at 31st August	**113.821**	**5.399**	**46**	**377**
Depreciated over	25 years	3 - 10 years	3 - 6 years	Lease period

Notes to the Annual Report (DKK '000)

		Parent company
9	**Investments in subsidiaries**	2017
	Cost at 1st September	212.113
	Cost at 31st August	212.113
	Value adjustements at 1st September	-904
	Exchange adjustments on foreign subsidiaries	-1.897
	Dividend	-21.186
	Result for the year	29.452
	Other adjustments	1.805
	Depreciation for the year	-1.023
	Value adjustments at 31st August	6.247
	Investments in subsidiaries	**218.360**
	Including goodwill of	3.068
	Specified as:	Ownershare
	A.C. Holding A/S, Aarhus	90%

Notes to the Annual Report (DKK '000)

		Parent company 2017	Group 2017
10	**Receivables from subsidiaries**		
	Cost at 1st September	191.700	0
	Disposals	-84.744	0
	Cost at 31st August	106.956	0
	Booked value at 31st August	**106.956**	**0**
11	**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	-172.572	-172.572
	Exchance adjustment	1.939	1.939
	Result for the year	221.099	221.099
	Impairment at 31st August	50.466	50.466
	Booked value at 31st August	**1.328.144**	**1.328.144**
12	**Deposits**		
	Cost at 1st September	0	0
	Addition by acquisition	0	10.720
	Booked value at 31st August	**0**	**10.720**

13 Prepayments

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

Notes to the Annual Report (DKK '000)

14 Derivative financial instruments

In order to hedge the payment of interest on mortgage loans of DKK 73,8 million, the Group has entered into interest rate swaps. At the balance sheet date, the contracts have a negative value of DKK 10,8 million that has been recognised in equity.

	Parent company		Group	
	2017	2016	2017	2016
15 Deferred tax				
Intangible assets	0	0	2.241	0
Tangible assets	0	0	3.665	3.549
Inventories	0	0	-660	-550
Trade receivables	0	0	-264	-264
Other	0	0	769	924
	0	**0**	**5.751**	**3.659**

16 Mortgage debt

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

The debt falls due for payment as specified below:

	Parent company 2017	Parent company 2016	Group 2017	Group 2016
Mortage debt, after 5 years	0	0	47.677	53.481
Mortage debt, between 1 and 5 years	0	0	20.922	20.457
Mortage debt, long-term debt	0	0	68.599	73.938
Mortage debt, within 1 year	0	0	5.237	4.982
	0	**0**	**73.836**	**78.920**

Notes to the Annual Report (DKK '000)

	Parent company		Group	
	2017	2016	2017	2016
17 Instruments of debt				

Instruments of debt fall due for payment as specified below:

Instrument of debt, after 5 years	0	0	0	21.300
Instrument of debt, between 1 and 5 years	0	0	11.884	0
Instrument of debt, long-term debt	0	0	11.884	21.300
Instrument of debt, within 1 year	0	0	10.844	14.066
	0	**0**	**22.728**	**35.366**

18 Deferred income

Deferred income comprises accrued interest and payments received relating to income in subsequent years.

	Parent company		Group	
	2017	2016	2017	2016
19 Contractual obligations				
Rental obligations	0	0	57.634	15.317
Lease obligations	0	0	9.155	3.392
Letters of credit	0	0	0	0
Other obligations	0	0	0	0

20 Security

Provided as security for mortgage debts: (DKK 73.836k)				
Buildings and cash at bank and in hand - booked value	0	0	114.016	111.881

Notes to the Annual Report (DKK '000)

21 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.

22 Related parties and ownership

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

Transactions

Reffering to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

23 Cash flow statement - adjustments

	Group	
	2016/17	2015/16
Profit/loss, other investments	-221.099	-180.861
Financial income	-1.790	-11.622
Financial expenses	5.054	18.239
Depreciation and amortisation	58.974	36.873
Tax on profit/loss for the year	19.342	13.925
Other adjustments	-814	783
	-140.333	**-122.663**

Notes to the Annual Report (DKK '000)

	Group	
	2016/17	2015/16
24 Cash flow statement - change in working capital		
Change in inventories	-715	6.322
Change in receivables	-2.479	13.030
Change in other receivables	6.765	43.726
Change in prepayments	4.395	0
Change in trade payables	-5.258	-1.336
Change in other payables	-10.024	87.028
	-7.316	**148.770**

Accounting Policies

Basis of Preparation

The Annual Report of J.S. Reklame, Århus ApS for the financial year 1 September 2016 to 31 August 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Company has implemented the amendments of the Danish Financial Statements Act which became effective on 1 January 2016, see Act No 738 of 1 June 2015.

In consequence of these amendments, minority interests' share of subsidiaries is shown separately from the distribution of net profit and has not as previously been set off against the profit for the year. Consequently, minority interests' share of subsidiaries is presented as an equity item and not as a separate balance sheet item as previously. The comparative figures have been restated to ensure comparability.

The change has the following effect on the Group's financial position at 31 August 2017:

- Profit for the year is increased by DKK 3.272k
- The balance sheet total is increased by DKK 0k
- Equity is increased by DKK 26.527k

The amendments of the Danish Financial Statements Act have not affected the financial position of the Group or the Parent Company at 31 August 2017, but have only implied additional disclosures in the Annual Report.

The Financial Statements for 2016/17 are presented in TDKK.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, J.S. Reklame, Århus ApS, and subsidiaries 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. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

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.

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.

Accounting Policies

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.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is classified and qualify as a hedge.

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.

Accounting Policies

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.

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.

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 adjustments, fees, etc.

Accounting Policies

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.

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.

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
Trucks and cars	3-6 years
Leasehold improvements	Lease period

Accounting Policies

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

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries and associates 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).

The total net revaluation of investments in subsidiaries and associates 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 and associates 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.

Other investments

Other investments are recognised and measured at fair value.

Accounting Policies

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, 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.

Equity - *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

Corporation 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.

Prepayments

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

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

J.S. Reklame ApS ("the Group") is aware of its role as a member 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.

This is the Group's statutory corporate social responsibility (CSR) report pursuant to sections 99a and 99b of the Danish Financial Statements Act.

Focus on human rights

We address human rights through our Supplier Code of Conduct.

The Company has been a member of the Business Social Compliance Initiative (BSCI) for 8 years.

The BSCI is a leading supply chain management system that supports companies in driving social compliance and improvements within a global supply chain. The BSCI draws on the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights and guidelines for multinational enterprises of the Organisation for Economic Cooperation and Development (OECD).

The Group has incorporated the BSCI Code of Conduct into its own policies. The BSCI Code of Conduct sets out 11 principles for good corporate ethics. The areas in the Code of Conduct include Human Rights, Labour Standards, Health and Safety, Environment and Anti-Corruption.

Audits are performed by BSCI-approved third parties and are based on the requirements communicated in the Code of Conduct.

If necessary, the auditor will issue a corrective action plan (CAP) on how to improve conditions not fully in line with the BSCI requirements. If a corrective 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 64% of the suppliers to the Group were audited based on the BSCI guidelines.

Focus on environmental and climate impact

The Group aims to reduce the CO2 emissions from our own operations and the supply chain.

The main focus in terms of reducing the global footprint made by the Company is to influence suppliers to reduce their impact by implementing new and cleaner technologies within production.

The Group follows the framework of the BSCI organisation, 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.

Statutory Statement of Corporate Social Responsibility

As regards 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 prepared during the financial year showed that the consumption of electricity and heating is at the same level as the year before.

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 encourages its partners to minimise their environmental impacts.

The Group has a zero tolerance policy regarding the use of illegally harvested wood, and monitors that the wood used in products originates from legal sources.

The Group is FSC®/™-certified (FSC-C132796) and will gradually increase the percentage of FSC-certified wood used for products. During the year, the Group focused on preparing external partners for FSC certification.

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, ensured 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 annual surveys on employee satisfaction and welfare. The latest survey shows that the target for employee satisfaction has been reached. The overall result is slightly better than the year before.

Workplace safety is constantly monitored and ensured with proper training of warehouse people. There were three minor work-related accidents in the financial year resulting in only limited absence.

The underrepresented gender

The supreme governing body of J. S. Reklame Group is the Board of Directors consisting of two persons; therefore, equal gender representation is assumed, and no target has been set. The Group has fewer than 50 employees, for which reason no policy regarding additional management levels has been implemented.

The only subsidiary in the J. S. Reklame Group which is also required to set a target for the underrepresented gender on the Board of Directors is Actona A/S. Currently, Actona A/S's Board of Directors has four members who are all men.

By the end of 2021, the Board of Directors of Actona A/S aims for the female board members to represent at least 33.33%.

The target was not reached in financial year 2016/17 as the general meeting saw no need to make changes to the current composition of the Board.

Statutory Statement of Corporate Social Responsibility

Currently, there is an equal distribution between men and women at other management levels within Actona A/S, for which reason no policy regarding additional management levels has been implemented.