Eurowrap A/S

Odinsvej 30, DK-4100 Ringsted

Annual Report for 1 April 2015 - 31 March 2016

CVR No 79 52 41 15

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29/6 2016

Anders Ditlev Jørgensen
Chairman

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Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Eurowrap A/S for the financial year 1 April 2015 - 31 March 2016.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 March 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated 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.

Ringsted, 29 June 2016

Direktion

Anders Ditlev Jørgensen

Bestyrelse

Carl Fürstenbach Chairman	Martin Ian Bramley	Anders Ditlev Jørgensen
Johnny Engelund Kampman		

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

To the Shareholder of Eurowrap A/S

Report on the Financial Statements and the Consolidated Financial Statements

We have audited the Financial Statements and the Consolidated Financial Statements of Eurowrap A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and summary of significant accounting policies. The Financial Statements and the Consolidated Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements and the Consolidated Financial Statements

Management is responsible for the preparation of Financial Statements and the Consolidated 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 and Consolidated 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 and the Consolidated 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 whether the Financial Statements and the Consolidated Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Consolidated 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 Financial Statements and Consolidated 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 Financial Statements and the Consolidated Financial Statements.

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

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements and the Consolidated Financial Statements

Opinion

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position of the Company and the Group at 31 March 2016 and of the results of the Company and the Group operations and of consolidated cash flows for the financial year 1 April 2015 - 31 March 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 Financial Statements and the Consolidated Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements and the Consolidated Financial Statements.

Hellerup, 29 June 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen	Henrik Y Jensen
State Authorised Public Accountant	State Authorised Public Accountant

Company Information

The Company	Eurowrap A/S Odinsvej 30 DK-4100 Ringsted Telephone: +45 57680321 CVR No: 79 52 41 15 Financial period: 1 April - 31 March Incorporated: 29 November 1985 Financial year: 31st financial year Municipality of reg. office: Ringsted
Board of Directors	Carl Fürstenbach, Chairman Martin Ian Bramley Anders Ditlev Jørgensen Johnny Engelund Kampman
Executive Board	Anders Ditlev Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2015/16	2014/15 *	2013	2012	2011
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	277.961	292.887	261.727	246.593	221.337
Gross profit/loss	89.641	102.254	90.645	81.801	76.480
Operating profit/loss	36.115	41.411	44.833	34.008	28.742
Net financials	-2.439	-2.511	-1.678	-3.292	-2.972
Net profit/loss for the year	28.610	32.080	32.669	25.717	18.420
Balance sheet					
Balance sheet total	200.296	210.928	261.140	240.661	226.221
Equity	105.425	121.617	134.488	120.539	102.304
Cash flows					
Cash flows from:					
- operating activities	30.522	60.078	35.668	46.387	2.379
- investing activities	-4.600	-2.749	-950	-301	-216
- financing activities	-28.144	-70.060	-26.608	-86.188	-7.471
Change in cash and cash equivalents for the year	-2.222	-12.731	8.110	-40.102	-5.308
Number of employees	115	104	99	97	92
Ratios					
Gross margin	32,2%	34,9%	34,6%	33,2%	34,6%
Profit margin	13,7%	14,8%	17,2%	13,8%	13,0%
Return on assets	19,0%	20,5%	17,2%	14,1%	12,7%
Solvency ratio	52,6%	57,7%	51,5%	50,1%	45,2%
Return on equity	25,2%	25,1%	25,6%	23,1%	19,9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

* The figures for 2014/15 are based on 15 month period.

Management's Review

The Annual Report of Eurowrap A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

The financial year for the Group has been changed from 1 January - 31 December to 1 April - 31 March. The Financial Statements for 2014/15 is therefore based on a 15 months period (1 January 2014 - 31 March 2015).

Main activity

Eurowrap is a leading designer, manufacturer and distributor of gift packaging including gift wrap, gift bags, gift tags, bows and ribbons and other related products.

The Group comprises of Eurowrap A/S in Denmark and Eurowrap Ltd. in England. The Danish company manufactures gift roll wrap and is responsible for group sales in Continental Europe, whereas the UK subsidiary is responsible for design, Far East sourcing and group sales in the UK.

Development in the year

The income statement of the Group for 2015/16 shows a profit of DKK 28,610k, and at 31 March 2016 the balance sheet of the Group shows equity of DKK 105,425k.

Risks

Operating risks

Eurowrap serves European retail where understanding market trends, customer requirements, expectations and on-time deliveries are essential for company performance. The business is seasonal with a large part of group turnover being Christmas items, which makes order timing and planning crucial for the business. The company has the normal risk attached to the market interest rate. The Company's mortgage loan have a flexible interest rate that will be adjusted twice a year.

Foreign exchange risks

The company's primary markets are, England, Germany and Scandinavia. The foreign exchange risks are primary attached to the English market.

Enviromental conditions

The Company has a highly energy-efficient production system which recycles hot air pressure and drying process several times after which the excess heat is used to heat the building via a cooling system that reduces energy and water consumption for cooling significantly. The company uses only water-based inks and recycles the water several times before it is cleaned, separated and discharged as non-hazardous waste.

Subsequent events

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

Income Statement
1 April 2015 - 31 March 2016

	Note	Group		Parent	
		2015/16	2014/15	2015/16	2014/15
		TDKK	TDKK	TDKK	TDKK
Revenue		**277.961**	**292.887**	**125.671**	**137.629**
Cost of sales		-188.320	-190.633	-97.241	-102.558
Gross profit/loss		**89.641**	**102.254**	**28.430**	**35.071**
Distribution expenses		-40.276	-45.575	-12.552	-15.099
Administrative expenses		-13.250	-15.268	-7.314	-8.977
Operating profit/loss		**36.115**	**41.411**	**8.564**	**10.995**
Other operating income		1.965	1.912	335	526
Profit/loss before financial income and expenses		**38.080**	**43.323**	**8.899**	**11.521**
Income from investments in associates		0	0	22.592	24.209
Financial income		11	34	227	246
Financial expenses		-2.450	-2.545	-2.162	-2.207
Profit/loss before tax		**35.641**	**40.812**	**29.556**	**33.769**
Tax on profit/loss for the year	2	-7.031	-8.732	-946	-1.689
Net profit/loss for the year		**28.610**	**32.080**	**28.610**	**32.080**

Distribution of profit

Proposed distribution of profit

	2015/16	2014/15
Extraordinary dividend paid	40.200	57.000
Proposed dividend for the year	500	0
Retained earnings	-12.090	-24.920
	28.610	**32.080**

Balance Sheet 31 March 2016

Assets

		Group		Parent	
	Note	2015/16	2014/15	2015/16	2014/15
		TDKK	TDKK	TDKK	TDKK
Goodwill		1.840	3.614	0	0
Intangible assets	3	**1.840**	**3.614**	**0**	**0**
Land and buildings		78.920	82.748	60.511	62.129
Plant and machinery		7.793	5.507	7.426	5.219
Other fixtures and fittings, tools and equipment		2.847	2.458	1.089	1.295
Property, plant and equipment	4	**89.560**	**90.713**	**69.026**	**68.643**
Investments in subsidiaries	5	0	0	59.154	71.101
Fixed asset investments		**0**	**0**	**59.154**	**71.101**
Fixed assets		**91.400**	**94.327**	**128.180**	**139.744**
Inventories	6	**55.968**	**57.378**	**42.078**	**40.003**
Trade receivables		20.703	22.528	9.863	8.510
Receivables from group enterprises		0	0	1.222	454
Other receivables		9.068	11.657	4.988	1.274
Prepayments		1.540	1.199	1.540	1.199
Receivables		**31.311**	**35.384**	**17.613**	**11.437**
Cash at bank and in hand		**21.617**	**23.839**	**0**	**1.585**
Currents assets		**108.896**	**116.601**	**59.691**	**53.025**
Assets		**200.296**	**210.928**	**187.871**	**192.769**

Balance Sheet 31 March 2016

Liabilities and equity

		Group		Parent	
	Note	2015/16	2014/15	2015/16	2014/15
		TDKK	TDKK	TDKK	TDKK
Share capital		12.195	12.195	12.195	12.195
Revaluation reserve		26.992	26.992	26.992	26.992
Retained earnings		65.738	82.430	65.738	82.430
Proposed dividend for the year		500	0	500	0
Equity	7	**105.425**	**121.617**	**105.425**	**121.617**
Provision for deferred tax	8	12.246	12.235	11.086	10.113
Provisions		**12.246**	**12.235**	**11.086**	**10.113**
Mortgage loans		37.014	38.609	37.014	38.609
Credit institutions		4.189	5.957	0	0
Long-term debt	9	**41.203**	**44.566**	**37.014**	**38.609**
Mortgage loans	9	1.590	1.583	1.590	1.583
Credit institutions	9	15.582	729	14.674	0
Trade payables		13.664	13.583	12.150	10.666
Payables to group enterprises		0	0	537	604
Corporation tax		4.889	5.270	1.403	1.517
Other payables		5.697	11.345	3.992	8.060
Short-term debt		**41.422**	**32.510**	**34.346**	**22.430**
Debt		**82.625**	**77.076**	**71.360**	**61.039**
Liabilities and equity		**200.296**	**210.928**	**187.871**	**192.769**
Contingent assets, liabilities and other financial obligations	10				
Staff	1				
Related parties and ownership	11				

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	12.195	26.992	82.430	0	121.617
Extraordinary dividend paid	0	0	-40.200	0	-40.200
Exchange adjustments relating to foreign entities	0	0	-6.606	0	-6.606
Fair value adjustment of hedging instruments, beginning of year	0	0	-3.071	0	-3.071
Fair value adjustment of hedging instruments, end of year	0	0	5.830	0	5.830
Tax on adjustment of hedging instruments for the year	0	0	-755	0	-755
Net profit/loss for the year	0	0	28.110	500	28.610
Equity at 31 March	**12.195**	**26.992**	**65.738**	**500**	**105.425**

Parent

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 April	12.195	26.992	82.430	0	121.617
Extraordinary dividend paid	0	0	-40.200	0	-40.200
Exchange adjustments relating to foreign entities	0	0	-10.306	0	-10.306
Fair value adjustment of hedging instruments, beginning of year	0	0	3.715	0	3.715
Fair value adjustment of hedging instruments, end of year	0	0	3.669	0	3.669
Tax on adjustment of hedging instruments for the year	0	0	-1.680	0	-1.680
Net profit/loss for the year	0	0	28.110	500	28.610
Equity at 31 March	**12.195**	**26.992**	**65.738**	**500**	**105.425**

Cash Flow Statement
1 April 2015 - 31 March 2016

		Group	
	Note	2015/16	2014/15
		TDKK	TDKK
Net profit/loss for the year		28.610	32.080
Adjustments	12	17.003	19.039
Change in working capital	13	-5.813	23.845
Cash flows from operating activities before financial income and expenses		**39.800**	**74.964**
Financial income		11	34
Financial expenses		-2.449	-2.546
Cash flows from ordinary activities		**37.362**	**72.452**
Corporation tax paid		-6.840	-12.374
Cash flows from operating activities		**30.522**	**60.078**
Purchase of property, plant and equipment		-4.600	-2.749
Cash flows from investing activities		**-4.600**	**-2.749**
Repayment of mortgage loans		-3.767	-3.062
Repayment of loans from credit institutions		908	0
Repayment of long-term debt		14.915	-12.484
Dividend paid		-40.200	-57.000
Other adjustments		0	2.486
Cash flows from financing activities		**-28.144**	**-70.060**
Change in cash and cash equivalents		**-2.222**	**-12.731**
Cash and cash equivalents at 1 April		23.839	36.570
Cash and cash equivalents at 31 March		**21.617**	**23.839**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		21.617	23.839
Cash and cash equivalents at 31 March		**21.617**	**23.839**

Notes to the Financial Statements

	Group		Parent	
	2015/16	2014/15	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK
1 Staff				
Wages and Salaries	43.008	45.932	25.625	29.670
Pensions	2.354	5.330	1.318	1.407
Other social security expenses	1.004	625	517	625
	46.366	**51.887**	**27.460**	**31.702**
Wages and Salaries, pensions and other social security expenses are recognised in the following items:				
Cost of sales	20.698	21.846	20.698	21.846
Distribution expenses	17.236	19.846	2.110	3.698
Administrative expenses	8.432	10.195	4.652	6.158
	46.366	**51.887**	**27.460**	**31.702**
Average number of employees	**115**	**104**	**60**	**52**

Including remuneration to the Executive Board and Board of Directors TDKK 5.766 (2014/15: TDKK 5.976)

2 Tax on profit/loss for the year

	Group 2015/16	Group 2014/15	Parent 2015/16	Parent 2014/15
Current tax for the year	7.697	8.861	1.653	1.653
Deferred tax for the year	-666	-129	-707	36
	7.031	**8.732**	**946**	**1.689**

Notes to the Financial Statements

3 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 April	20.516
Exchange adjustment	-1.340
Cost at 31 March	19.176
Impairment losses and amortisation at 1 April	16.902
Exchange adjustment	-1.154
Amortisation for the year	1.588
Impairment losses and amortisation at 31 March	17.336
Carrying amount at 31 March	**1.840**

	2015/16	2014/15
	TDKK	TDKK
Amortisation and impairment of intangible assets are recognised in the following items:		
Distribution expenses	1.588	1.848
	1.588	**1.848**

Notes to the Financial Statements

4 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 April	96.469	76.970	16.202	189.641
Exchange adjustment	-2.102	-180	-273	-2.555
Additions for the year	395	4.320	1.471	6.186
Disposals for the year	0	-1.298	-1.090	-2.388
Cost at 31 March	94.762	79.812	16.310	190.884
Revaluations at 1 April	32.000	6.410	0	38.410
Reversal for the year of revaluation of assets sold	0	-143	0	-143
Revaluations at 31 March	32.000	6.267	0	38.267
Impairment losses and depreciation at 1 April	45.721	77.873	13.744	137.338
Exchange adjustment	-421	-165	-222	-808
Depreciation for the year	2.542	2.020	928	5.490
Reversal of impairment and depreciation of sold assets	0	-1.442	-987	-2.429
Impairment losses and depreciation at 31 March	47.842	78.286	13.463	139.591
Carrying amount at 31 March	**78.920**	**7.793**	**2.847**	**89.560**

	2015/16	2014/15
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	3.904	4.998
Distribution expenses	1.107	1.276
Administrative expenses	479	480
	5.490	**6.754**

Notes to the Financial Statements

4 **Property, plant and equipment** (continued)

Parent

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 April	71.276	74.926	12.926	159.128
Additions for the year	396	4.094	134	4.624
Disposals for the year	0	-1.298	-111	-1.409
Cost at 31 March	71.672	77.722	12.949	162.343
Revaluations at 1 April	32.000	6.410	0	38.410
Reversal for the year of revaluation of assets sold	0	-143	0	-143
Revaluations at 31 March	32.000	6.267	0	38.267
Impairment losses and depreciation at 1 April	41.145	76.117	11.631	128.893
Depreciation for the year	2.016	1.888	331	4.235
Reversal of impairment and depreciation of sold assets	0	-1.442	-102	-1.544
Impairment losses and depreciation at 31 March	43.161	76.563	11.860	131.584
Carrying amount at 31 March	**60.511**	**7.426**	**1.089**	**69.026**

	2015/16	2014/15
	TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Cost of sales	3.904	4.998
Distribution expenses	42	53
Administrative expenses	289	263
	4.235	**5.314**

Notes to the Financial Statements

5 Investments in subsidiaries

	Parent 2015/16 TDKK	Parent 2014/15 TDKK
Cost at 1 April	92.161	92.161
Cost at 31 March	92.161	92.161
Value adjustments at 1 April	-21.060	-26.937
Exchange adjustment	-10.306	15.180
Net profit/loss for the year	22.592	24.209
Dividend to the Parent Company	-24.233	-33.512
Value adjustments at 31 March	-33.007	-21.060
Carrying amount at 31 March	**59.154**	**71.101**

Investments in subsidiaries are specified as follows in GBP thousand:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Euro Wrap Ltd.	Skelmersdale, UK	2	100%	5.833	2.381

6 Inventories

	Group		Parent	
	2015/16 TDKK	2014/15 TDKK	2015/16 TDKK	2014/15 TDKK
Raw materials and consumables	15.115	14.847	15.115	14.847
Work in progress	10.337	8.998	10.337	8.998
Finished goods and goods for resale	30.516	33.533	16.626	16.158
	55.968	**57.378**	**42.078**	**40.003**

7 Equity

The share capital consists of 12,195 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

	Group		Parent	
	2015/16	2014/15	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK

8 Provision for deferred tax

	Group 2015/16 TDKK	Group 2014/15 TDKK	Parent 2015/16 TDKK	Parent 2014/15 TDKK
Deferred tax prior	12.235	11.796	10.113	10.898
Exchange adjustment in foreign subsidiaries	-143	118	0	0
Adjustment of tax rate	-714	-667	-702	-667
Adjustment of the year of deferred tax, income statement	48	538	-5	703
Tax on equity transactions	818	628	1.680	-821
Tax loss carry-forward	0	-178	0	0
	12.246	**12.235**	**11.086**	**10.113**

9 Long-term 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:

Mortgage loans

	Group 2015/16	Group 2014/15	Parent 2015/16	Parent 2014/15
After 5 years	29.062	33.494	29.062	32.261
Between 1 and 5 years	7.952	5.115	7.952	6.348
Long-term part	37.014	38.609	37.014	38.609
Within 1 year	1.590	1.583	1.590	1.583
	38.604	**40.192**	**38.604**	**40.192**

Credit institutions

	Group 2015/16	Group 2014/15	Parent 2015/16	Parent 2014/15
Between 1 and 5 years	4.189	5.957	0	0
Long-term part	4.189	5.957	0	0
Other short-term debt to credit institutions	15.582	729	14.674	0
	19.771	**6.686**	**14.674**	**0**

Notes to the Financial Statements

	Group		Parent	
	2015/16	2014/15	2015/16	2014/15
	TDKK	TDKK	TDKK	TDKK

10 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	326	400	283	287
Between 1 and 5 years	4.798	2.216	350	429
	5.124	**2.616**	**633**	**716**

Security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	78.920	82.748	60.511	62.129

The following assets have been placed as security with bankers:

Mortgage registered to the mortgagor amounting to TDKK 50,000 in land and buildings with a carrying amount of	78.920	82.748	60.511	62.129

Contingent liabilities

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax.

AE4 2012 Holding ApS and Eurowrap Ltd has given suretyship for Eurowrap A/S' banks.

11 Related parties and ownership

Ownership

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

AE4 2012 Holding ApS

Notes to the Financial Statements

11 Related parties and ownership (continued)

Consolidated Financial Statements

The company is included in the Group Annual report of AE4 2012 Holding AB, Stockholm.

	Group	
	2015/16	2014/15
	TDKK	TDKK
12 Cash flow statement - adjustments		
Financial income	-11	-34
Financial expenses	2.450	2.545
Depreciation, amortisation and impairment losses, including losses and gains on sales	5.491	11.766
Tax on profit/loss for the year	7.031	8.732
Other adjustments	2.042	-3.970
	17.003	**19.039**

13 Cash flow statement - change in working capital

Change in inventories	-49	-10.799
Change in receivables	1.059	59.114
Change in trade payables, etc	-2.198	-23.588
Fair value adjustments of hedging instruments	-4.625	-882
	-5.813	**23.845**

Accounting Policies

Basis of Preparation

Consolidated and Parent Company Financial Statements of Eurowrap A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company Financial Statements for 2015/16 are presented in TDKK.

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, write-downs, provisions amd reversals due to changed accounting estimates of amounts previously recognized 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Eurowrap A/S, 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.

On consolidation, items of a uniform nature are combined. 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.

Accounting Policies

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 straightline basis over its estimated useful life, but not exceeding 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 allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. 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; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Accounting Policies

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

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

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

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

Contract work in progress concerning equipment for the manufacturing of furniture is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Furthermore, amortisation of goodwill is included to the extent that goodwill relates to production activities. Finally, provisions for losses on contract work are recognised.

Accounting Policies

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement include the proportionate share of the profit for the year less goodwill amortisation.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

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

The Company is jointly taxed with the danish parent company. The tax effect of the joint taxation with the parent company is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Accounting Policies

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost added revaluations and less accumulated depreciation and less any accumulated 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 financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost added 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	25-50	years
Production plant and machinery	4-15	years
Other fixtures and fittings, tools and equipment	3-5	years

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

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.

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 enterprise is recognised in provisions.

Accounting Policies

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 within the same legal tax entity.

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

Accounting Policies

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other 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.

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 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”. ”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

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$