



**CHRISTENSEN
KJÆRULFF**

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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**Ole Lynggaard A/S
Hellerupvej 15 B, 2900 Hellerup**

Company reg. no. 83 02 49 17

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 20 April 2016.

Søren Ole Lynggaard
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



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Management's report

The board of directors and the executive board have today presented the annual report of Ole Lynggaard A/S for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 December 2015, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Hellerup, 29 March 2016

Executive board

Søren Ole Lynggaard

Charlotte Lynggaard

Niels Erik Michel Normann

Board of directors

Lars-Erik Houmann Christensen

Ole Lynggaard

Charlotte Lynggaard

Søren Ole Lynggaard

Lars Dybkjær

Niels Erik Michel Normann



The independent auditor's reports

To the shareholders of Ole Lynggaard A/S

Report on the consolidated annual accounts and the annual accounts

We have audited the consolidated annual accounts and the annual accounts of Ole Lynggaard A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare consolidated annual accounts and annual accounts 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 annual accounts and the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts and the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the consolidated annual accounts and the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of consolidated annual accounts and annual accounts 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 the management, as well as the overall presentation of the consolidated annual accounts and the annual accounts.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2015 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.



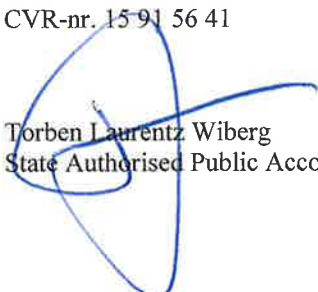
The independent auditor's reports

Statement on the management's review

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

Copenhagen, 29 March 2016

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
CVR-nr. 15 91 56 41


Torben Laurentz Wiberg
State Authorised Public Accountant



Company data

The company

Ole Lynggaard A/S
Hellerupvej 15 B
2900 Hellerup

Company reg. no.: 83 02 49 17

Financial year: 1 January - 31 December

Board of directors

Lars-Erik Houmann Christensen
Ole Lynggaard
Charlotte Lynggaard
Søren Ole Lynggaard
Lars Dybkjær
Niels Erik Michel Normann

Executive board

Søren Ole Lynggaard
Charlotte Lynggaard
Niels Erik Michel Normann

Auditors

Christensen Kjærulff Statsautoriseret Revisionsaktieselskab

Subsidiary

Ole Lynggaard Retail ApS, Gentofte
Ole Lynggaard Copenhagen GmbH (CH), Schweiz, Switzerland
Ole Lynggaard Copenhagen GmbH (DE), Tyskland, Germany



Consolidated financial highlights

DKK in thousands.	2015	2014	2013	2012	2011
Profit and loss account:					
Gross profit	79.010	60.848	64.710	68.445	56.485
Results from operating activities	15.869	7.182	13.708	20.721	13.777
Net financials	-3.003	-3.920	-6.618	-395	-1.465
Results for the year	9.563	2.381	5.201	15.919	9.093
Balance sheet:					
Balance sheet sum	156.323	135.010	136.530	130.261	123.897
Investments in tangible fixed assets represent	-7.211	-5.003	-2.973	-3.455	-5.659
Equity	68.097	59.007	48.582	56.555	55.095
Cash flow:					
Operating activities	15.232	10.785	-963	1.763	33.261
Investment activities	-8.764	-7.319	-520	-3.455	-5.643
Financing activities	0	0	-8.132	-6.247	-28.375
Cash flow in total	6.467	3.466	-9.615	-7.939	-757
Employees:					
Average number of full time employees	109	104	95	90	84
Key figures in %: *)					
Solvency ratio	43,6	43,7	35,6	43,4	44,5
Return on equity	15,0	4,4	9,9	28,5	17,8

*) The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark. As to definitions, please see the section on accounting policies used.



Management's review

Principal activities of the group

OLE LYNGGAARD COPENHAGEN is a family-owned, design based company that manufactures and sells jewellery of the highest class in Denmark as in export markets.

We do this based on our position as a leading Scandinavian luxury brand, rooted in a passion for the unique design, styling and craftsmanship. Our vision is to establish a global status as the favorite luxury brand for the quality-conscious customer who demands Scandinavian jewellery design, which can please for generations.

Our mission is to inspire and create passion for our jewellery and brand worldwide by supplying products in a unique, timeless and functional design of the highest quality.

More than 100 talented and dedicated employees are gathered to bring this mission to life, of which 45 jewellers work at the company's premises in Hellerup.

The company's growth strategy in relation to increased exports, which is based on organic and controlled development, has ensured positive growth through recent years, and at the same time ensured that the company's very high standards of quality at all levels have been observed.

Similarly - and based on the same high standards for quality - the number of dealers on the Scandinavian market has been reduced, resulting in a strengthened profile and increase of the market share.

We will, in the coming years, with a close relationship with dealers and partners, and a constant focus on our values, pursue our growth strategy with the aim to ensure continued profitable growth, economic independence and an exciting and challenging workplace for our employees. We will continue to be a Danish family-owned company in design, production and craftsmanship, where the family's close connection and ownership ensure the present company culture.

Development in activities and financial matters

The gross profit for the year is DKK 62.135.973 against DKK 47.245.000 last year. The results from ordinary activities after tax are DKK 9.563.348 against DKK 2.381.000 last year. Taken into consideration that OLE LYNGGAARD COPENHAGEN is still investing heavily in export markets, we consider this a reasonable result.

Environmental issues

The company aims to be at the forefront on both external and internal environmental issues. Municipal approval of the company's process equipment, ventilation and safety have been achieved over many years.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



Profit and loss account 1 January - 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

Note	Parent enterprise		Group		
	2015	2014	2015	2014	
	62.135.973	47.245	79.010.007	60.848	
	Gross profit				
1	Staff costs	-43.666.736	-36.822	-56.753.757	-48.028
	Depreciation and amortisation of tangible and intangible fixed assets	-4.845.481	-4.703	-6.386.793	-5.638
	Operating profit	13.623.756	5.720	15.869.457	7.182
	Income from equity investments in group enterprises	1.544.843	1.005	0	0
	Other financial income from group enterprises	0	78	0	0
	Other financial income	487.002	497	526.811	529
	Other financial costs	-3.490.348	-4.407	-3.529.851	-4.449
	Results before tax	12.165.253	2.893	12.866.417	3.262
	Tax of the results for the year	-2.601.905	-512	-3.303.071	-881
	Results for the year	9.563.348	2.381	9.563.346	2.381
	Proposed distribution of the results:				
	Reserves for net revaluation as per the equity method	1.585.121	964		
	Dividend for the financial year	4.500.000	0		
	Allocated to results brought forward	3.478.227	1.417		
	Distribution in total	9.563.348	2.381		



Balance sheet 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

Note	Parent enterprise		Group		
	2015	2014	2015	2014	
Assets					
Fixed assets					
2	Completed development projects, including concessions, patents, trade marks and similar rights arising from development projects	3.224.784	3.178	3.254.983	3.242
3	Acquired concessions, patents, licenses, trademarks and similar rights	0	0	1.976.486	2.313
	Intangible fixed assets in total	3.224.784	3.178	5.231.469	5.555
4	Land and property	864.932	978	864.932	978
5	Production plant and machinery	7.511.297	5.852	7.907.405	6.219
6	Other plants, operating assets, and fixtures and furniture	94.518	714	664.615	984
7	Decoration rented premises	2.187.742	2.148	5.245.658	3.959
	Tangible fixed assets in total	10.658.489	9.692	14.682.610	12.140
8	Equity investments in group enterprises	3.069.500	1.485	0	0
	Other securities and equity investments	52.454	52	52.454	52
	Deposits	929.138	702	929.138	702
	Financial fixed assets in total	4.051.092	2.239	981.592	754
	Fixed assets in total	17.934.365	15.109	20.895.671	18.449



Balance sheet 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

Assets

Note	Parent enterprise		Group	
	2015	2014	2015	2014
Current assets				
Raw materials and consumables	19.029.231	17.663	19.029.231	17.663
Work in progress	4.050.940	3.164	4.050.940	3.164
Manufactured and commercial goods	42.658.759	28.143	42.658.759	28.142
Prepayments for goods	1.182.669	6.810	1.182.669	6.810
Inventories in total	<u>66.921.599</u>	<u>55.780</u>	<u>66.921.599</u>	<u>55.779</u>
Trade debtors	37.835.658	43.903	40.142.058	45.811
Amounts owed by group enterprises	8.364.673	6.979	0	0
Deferred tax assets	145.657	0	0	0
Receivable corporate tax	0	887	0	637
Other debtors	3.035.754	902	3.120.395	1.340
Accrued income and deferred expenses	3.816.806	3.094	4.215.985	3.552
Debtors in total	<u>53.198.548</u>	<u>55.765</u>	<u>47.478.438</u>	<u>51.340</u>
Cash funds	<u>13.361.241</u>	<u>3.185</u>	<u>21.027.773</u>	<u>9.442</u>
Current assets in total	<u>133.481.388</u>	<u>114.730</u>	<u>135.427.810</u>	<u>116.561</u>
Assets in total	<u>151.415.753</u>	<u>129.839</u>	<u>156.323.481</u>	<u>135.010</u>



Balance sheet 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

Equity and liabilities

Note	Parent enterprise		Group		
	2015	2014	2015	2014	
Equity					
9	Share capital	500.000	500	500.000	500
10	Reserves for net revaluation as per the equity method	2.548.845	964	0	0
11	Results brought forward	60.547.937	57.544	63.096.780	58.507
12	Proposed dividend for the financial year	4.500.000	0	4.500.000	0
	Equity in total	68.096.782	59.008	68.096.780	59.007
Provisions					
	Provisions for deferred tax	0	191	14.511	355
	Provisions in total	0	191	14.511	355
Liabilities					
	Bank debts	44.576.157	39.458	44.576.157	39.458
	Prepayments received from customers	255.947	0	1.060.832	610
	Trade creditors	24.589.149	21.122	25.747.024	23.218
	Debt to group enterprises	552.078	304	0	0
	Payable corporate tax	1.255.809	0	1.684.189	0
	Other liabilities	12.089.831	9.756	15.143.988	12.362
	Short-term liabilities in total	83.318.971	70.640	88.212.190	75.648
	Liabilities in total	83.318.971	70.640	88.212.190	75.648
	Equity and liabilities in total	151.415.753	129.839	156.323.481	135.010

13 Mortgage and securities

14 Contingencies

15 Related parties



Cash flow statement 1 January - 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

<u>Note</u>	Group	
	<u>2015</u>	<u>2014</u>
Results for the year	9.563.346	2.381
16 Adjustments	12.692.904	10.439
17 Change in working capital	-2.840.591	4.870
Cash flow from operating activities before net financials	19.415.659	17.690
Interest received and similar amounts	526.811	529
Interest paid and similar amounts	-3.529.851	-4.449
Cash flow from ordinary activities	16.412.619	13.770
Corporate tax paid	-1.180.919	-2.894
Other cash flows from operating activities	0	-91
Cash flow from operating activities	15.231.700	10.785
Purchase of intangible fixed assets	-1.913.005	-2.924
Purchase of tangible fixed assets	-7.211.290	-5.003
Sale of tangible fixed assets	587.500	802
Purchase of financial fixed assets	-227.592	-194
Cash flow from investment activities	-8.764.387	-7.319
Changes in available funds	6.467.313	3.466
Available funds 1 January 2015	-30.015.697	-33.482
Available funds 31 December 2015	-23.548.384	-30.016
Available funds		
Cash funds	21.027.773	9.442
Short-term bank debts	-44.576.157	-39.458
Available funds 31 December 2015	-23.548.384	-30.016



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	2015	2014	2015	2014
1. Staff costs				
Salaries and wages	47.174.898	39.514	57.889.155	49.096
Pension costs	4.140.304	3.892	4.954.738	4.419
Other costs for social security	177.060	167	1.208.944	977
Other staff costs	2.103.445	2.171	2.629.891	2.458
Adjustment of capitalized staff costs	-9.928.971	-8.922	-9.928.971	-8.922
	43.666.736	36.822	56.753.757	48.028
Executive board and board of directors	6.734.731	4.294	6.734.731	4.294
Average number of employees	87	82	109	104
2. Completed development projects, including concessions, patents, trade marks and similar rights arising from development projects				
Cost 1 January 2015	9.638.116	8.442	10.387.730	9.198
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	3.794	-6
Additions during the year	1.913.005	1.196	1.913.005	1.196
Cost 31 December 2015	11.551.121	9.638	12.304.529	10.388
Revaluation 31 December 2015	0	9.638	0	0
Amortisation and writedown 1 January 2015	-6.459.377	-5.152	-7.146.287	-5.809
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	-2.621	5
Amortisation for the year	-1.866.960	-1.308	-1.900.638	-1.342
Amortisation and writedown 31 December 2015	-8.326.337	-6.460	-9.049.546	-7.146
Book value 31 December 2015	3.224.784	3.178	3.254.983	3.242



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	31/12 2015	31/12 2014	31/12 2015	31/12 2014
3. Acquired concessions, patents, licenses, trademarks and similar rights				
Cost 1 January 2015	0	0	2.853.553	1.110
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	56.660	15
Additions during the year	0	0	0	1.728
Cost 31 December 2015	0	0	2.910.213	2.853
Amortisation and writedown 1 January 2015	0	0	-539.884	-379
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	375	-1
Amortisation for the year	0	0	-394.218	-160
Amortisation and writedown 31 December 2015	0	0	-933.727	-540
Book value 31 December 2015	0	0	1.976.486	2.313
4. Land and property				
Cost 1 January 2015	1.244.757	1.055	1.244.757	1.055
Additions during the year	14.636	190	14.636	190
Cost 31 December 2015	1.259.393	1.245	1.259.393	1.245
Depreciation and writedown 1 January 2015	-267.439	-147	-267.439	-147
Depreciation for the year	-127.022	-120	-127.022	-120
Depreciation and writedown 31 December 2015	-394.461	-267	-394.461	-267
Book value 31 December 2015	864.932	978	864.932	978



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	31/12 2015	31/12 2014	31/12 2015	31/12 2014
5. Production plant and machinery				
Cost 1 January 2015	19.145.398	16.088	21.098.488	17.939
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	14.398	-23
Additions during the year	3.949.483	3.057	4.215.065	3.182
Disposals during the year	-56.225	0	-56.225	0
Cost 31 December 2015	23.038.656	19.145	25.271.726	21.098
Depreciation and writedown 1 January 2015	-13.293.188	-11.054	-14.878.662	-12.380
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	-13.274	27
Depreciation for the year	-2.290.396	-2.239	-2.528.610	-2.526
Reversal of depreciation, amortisation and writedown, assets disposed of	56.225	0	56.225	0
Depreciation and writedown 31 December 2015	-15.527.359	-13.293	-17.364.321	-14.879
Book value 31 December 2015	7.511.297	5.852	7.907.405	6.219



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	31/12 2015	31/12 2014	31/12 2015	31/12 2014
6. Other plants, operating assets, and fixtures and furniture				
Cost 1 January 2015	1.845.668	2.947	2.320.668	3.222
Additions during the year	0	980	517.500	1.180
Disposals during the year	<u>-675.000</u>	<u>-2.081</u>	<u>-950.000</u>	<u>-2.081</u>
Cost 31 December 2015	<u>1.170.668</u>	<u>1.846</u>	<u>1.888.168</u>	<u>2.321</u>
Amortisation and writedown 1 January 2015	-1.132.672	-2.049	-1.337.815	-2.186
Depreciation for the year	-89.728	-369	-228.529	-437
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>146.250</u>	<u>1.286</u>	<u>342.791</u>	<u>1.286</u>
Amortisation and writedown 31 December 2015	<u>-1.076.150</u>	<u>-1.132</u>	<u>-1.223.553</u>	<u>-1.337</u>
Book value 31 December 2015	<u>94.518</u>	<u>714</u>	<u>664.615</u>	<u>984</u>



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	31/12 2015	31/12 2014	31/12 2015	31/12 2014
7. Decoration rented premises				
Cost 1 January 2015	4.815.919	4.594	8.837.987	8.366
Translation by use of the exchange rate valid on balance sheet date 31 December 2015	0	0	6.192	22
Additions during the year	499.789	222	2.478.725	450
Disposals during the year	-81.044	0	-443.115	0
Cost 31 December 2015	5.234.664	4.816	10.879.789	8.838
Depreciation and writedown 1 January 2015	-2.667.822	-1.994	-4.878.707	-3.822
Translation by use of the exchange rate valid on balance sheet date	0	0	-3.547	6
Depreciation for the year	-460.144	-674	-996.932	-1.063
Reversal of depreciation, amortisation and writedown, assets disposed of	81.044	0	245.055	0
Depreciation and writedown 31 December 2015	-3.046.922	-2.668	-5.634.131	-4.879
Book value 31 December 2015	2.187.742	2.148	5.245.658	3.959



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	31/12 2015	31/12 2014	31/12 2015	31/12 2014
8. Equity investments in group enterprises				
Acquisition sum, opening balance 1 January 2015	520.655	521	0	0
Cost 31 December 2015	520.655	521	0	0
Revaluations, opening balance 1 January 2015	1.032.447	67	0	0
Results for the year before goodwill amortisation	1.544.843	1.006	0	0
Foreign exchange rate adjustment balance, subsidiary, closing rate	40.278	-40	0	0
Revaluation 31 December 2015	2.617.568	1.033	0	0
Amortisation of goodwill, opening balance 1 January 2015	-68.723	-69	0	0
Depreciation on goodwill 31 December 2015	-68.723	-69	0	0
Book value 31 December 2015	3.069.500	1.485	0	0
Group enterprises:				
			Domicile	Share of ownership
Ole Lynggaard Retail ApS			Gentofte	100 %
Ole Lynggaard Copenhagen GmbH (CH)			Schweiz, Switzerland	100 %
Ole Lynggaard Copenhagen GmbH (DE)			Tyskland, Germany	100 %
9. Share capital				
Share capital 1 January 2015	500.000	500	500.000	500
	500.000	500	500.000	500

The share capital consists of shares, each with a nominal value of DKK 1. No shares hold particular rights.



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Parent enterprise		Group	
	31/12 2015	31/12 2014	31/12 2015	31/12 2014
10. Reserves for net revaluation as per the equity method				
Reserves for net revaluation 1 January 2015	963.724	0	0	0
Share of results	1.585.121	964	0	0
	2.548.845	964	0	0
11. Results brought forward				
Results brought forward 1 January 2015	57.543.692	48.082	58.507.414	48.082
Profit or loss for the year brought forward	3.478.227	1.418	5.063.348	2.381
Foreign exchange rate adjustment balance, subsidiary, closing rate	40.278	-40	40.278	-40
Adjustment for the year, market value financial contracts, after tax	-514.260	8.084	-514.260	8.084
	60.547.937	57.544	63.096.780	58.507
12. Proposed dividend for the financial year				
Dividend for the financial year	4.500.000	0	4.500.000	0
	4.500.000	0	4.500.000	0

13. Mortgage and securities

For bank debts, the company has provided security in company assets representing a nominal value of TDKK 20.000. This security comprises the below assets, stating the book values:

Inventories	DKK 65.739.000
Receivable from sales and services	DKK 37.836.000

The bank has against third party provided payment bonds, totalling TDKK 1.992.



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

14. Contingencies

Contingent liabilities

The company has entered into 11 leases. The remaining liability amounts to TDKK 1.693 at 31 December 2015, and remaining maturity ranging from 5 months to 36 months.

Moreover, the company and its group enterprises have entered into 5 leases on premises. The total liability amounts to TDKK 13.528 at 31 December 2015, and the non-cancellation period is from 6 to 56 months.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The liability relating to obligations in connection with corporation tax represents an estimated maximum of TDKK 1.256.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

15. Related parties

Controlling interest

Søren Lynggaard

Charlotte Lynggaard

Michel Normann

Other related parties

Ole Lynggaard

Shareholder and Board member

CSL Ejendomme ApS

Associated enterprise

Charlotte Lynggaard ApS

Shareholder

Søren Lynggaard ApS

Shareholder

Transactions

Intercompany accounts with related parties have during the year had an interest rate corresponding to the interest rate on the company's overdraft facility. In addition, salaries have been paid to related parties who are employees and rental of premises has been paid at market rates.



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	Group	
	2015	2014
16. Adjustments		
Depreciation and amortisation	6.386.793	5.638
Income from equity investments in group enterprises	0	0
Other financial income	-526.811	-529
Other financial costs	3.529.851	4.449
Tax of the results for the year	3.303.071	881
	12.692.904	10.439
17. Change in working capital		
Change in inventories	-11.142.139	643
Change in debtors	3.224.725	-3.726
Change in trade creditors and other liabilities	5.076.823	7.953
	-2.840.591	4.870



Accounting policies used

The annual report for Ole Lynggaard A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.



Accounting policies used

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future assets and liabilities are recognised under debtors or creditors and in the equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Ole Lynggaard A/S and those subsidiaries of which Ole Lynggaard A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in subsidiaries are settled by the proportional share of the subsidiaries' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Gains or losses from the disposal or termination of subsidiaries or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains and losses on disposal of intangible and tangible fixed assets.



Accounting policies used

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

A bonus scheme for the sales director and the retail manager has been established. The bonus scheme is not limited in time. The scheme provides the opportunity of achieving a bonus which is determined in proportion to the annual sales, and the achieved bonus percentage is calculated from the results for the year before tax. The bonus can max. amount to 5 % of the results for the year before tax per head.

The scheme is based on cash payment. However, the form of payment is optional – salary, pension, etc.

In addition, there are regular bonus schemes for the traveling sales representatives. The bonus schemes are calculated in proportion to their turnover.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the profit and loss account at a proportional share of the subsidiaries' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent enterprise and the Danish subsidiaries are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).



Accounting policies used

The balance sheet

Intangible fixed assets

External development of software are measured at cost with deduction of accumulated depreciation. Software development costs are amortised over the estimated useful life, which is 10 years from use of the system.

Acquired rights are measured at cost with deduction of accumulated depreciation. Acquired rights are amortised on a straight-line basis over the estimated useful life, which is 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	10-50 years
Technical plants and machinery	5-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.



Accounting policies used

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the take over of new group enterprises and associated enterprises, the acquisition method is applied, by which the taken over companies' assets and liabilities are measured at fair value at the time of take over. Provisions are made for covering costs in connection with decided restructuring projects in the taken over enterprise in connection with the take-over. The tax effect of the revaluation carried out is taken into consideration, cf. the below description of goodwill.

Positive differences (goodwill) between the acquisition value and the fair value of the assets and liabilities taken over, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over the estimated financial life. The financial life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategically taken over companies with a strong market position and a long range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value (market price) on the balance sheet date.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.



Accounting policies used

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Ole Lynggaard A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Ole Lynggaard A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.



Accounting policies used

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities and payments related to the acquisition and sale of fixed assets.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short term securities which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

The key figures

The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark.

The key figures in the survey appear as follows:



Accounting policies used

Acid test ratio

$$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$$

Equity share

$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

Return on equity

$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$