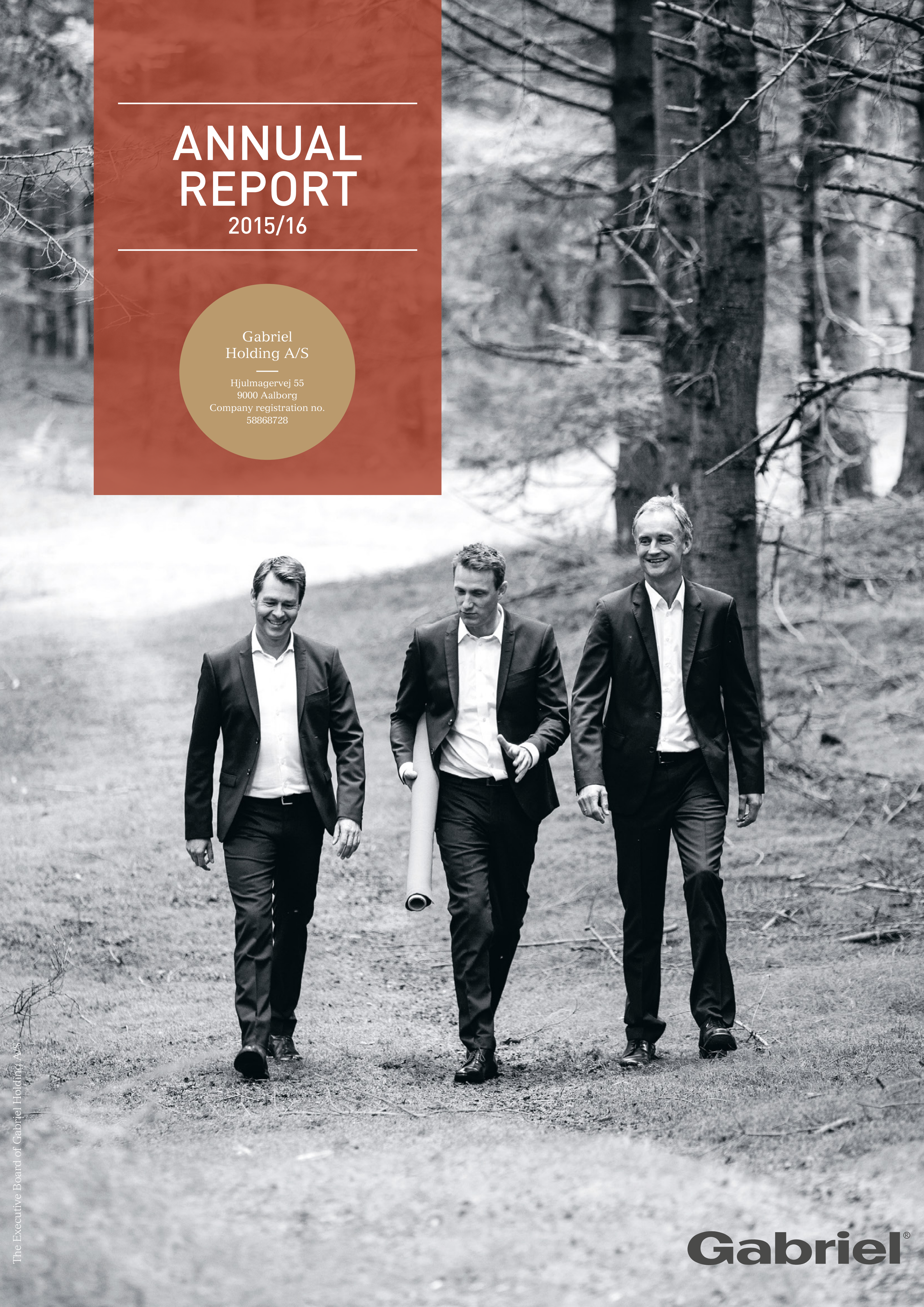
ANNUAL REPORT
2015/16

Gabriel
Holding A/S

Hjulmagervej 55
9000 Aalborg
Company registration no.
58868728



The Executive Board of Gabriel Holding A/S

Gabriel®

GABRIEL HOLDING A/S REALISES ORGANIC GROWTH IN REVENUE OF 17% AND AN INCREASE OF 60% IN PROFIT BEFORE TAX IN THE 2015/16 FINANCIAL YEAR

Summary

The financial year was marked by growth in a stable to mildly increasing market. The organic revenue growth of 17% is a result of growth in all business areas and in most geographical markets.

The 60% improvement in profit is a result of revenue realised above expectations and of productivity improvements across the Group.

It should also be noted that the year of comparison, 2014/15, was influenced by substantial start-up costs for upholstery production in Poland.

In March 2016, the sale of the subsidiary Gabriel Ejendomme A/S was initiated. The subsidiary is therefore accounted for as a discontinuing operation in the financial statements.

Towards the end of the financial year, the Group's American operating company started up an upholstery production unit. This is expected to lead to one-off start-up costs in the 2016/17 financial year.

In November 2016, the operating company Gabriel A/S bought 100% of the share capital of the English screen manufacturer Screen Solutions Ltd.

Selected financial ratios:
- Revenue increased to DKK 390.4 million (DKK 334.8 million).
- Operating profit (EBIT) from continuing operations was DKK 39.4 million (DKK 25.7 million).
- Operating margin was 10.1% (7.7%).
- Profit before tax on continuing operations was DKK 42.7 million (DKK 26.8 million).
- Profit after tax was DKK 34.3 million (DKK 21.5 million).
- Return on invested capital (ROIC) before tax was 19.6% (12.3%).
- Earnings per share (EPS) increased to DKK 18.1 (DKK 11.2).
- Cash flows from operating activities in the period were DKK 33.5 million (DKK 18.2 million).
- The Board of Directors proposes dividends of DKK 7.25 per DKK 20 share.

The market for contract furniture is expected to increase slightly in 2016/17 and management judges that growth is possible in both revenue and earnings. Based on the Group's outreach activities and constantly increasing initiatives in the field of development and sales activities, organic growth of 10% is expected. The acquisition made is expected to contribute growth of 10%, meaning that total growth for 2016/17 is expected to be 20%.

However, the Group's expected earnings for the financial year will be influenced, in particular, by the current establishment of upholstery production in the USA and by the acquisition implemented in England. Both are expected to contribute to the Group's growth, but one-off start-up and implementation costs are also involved. On this basis an increase of 0-5% is expected in profit before tax.

The expectations for the 2016/17 financial year are thus growth in revenue of the order of 20% and an increase of 0-5% in profit before tax.

The Board of Directors recommends that the general meeting of Gabriel Holding A/S, to be held on 14 December 2016, should approve the following:
- to pay dividends of DKK 7.25 per DKK 20 share;
- to reappoint directors Jørgen Kjær Jacobsen, Hans O. Damgaard and Søren B. Lauritsen as board members appointed by the general meeting and to elect Group CFO Pernille Fabricius as a new member of the Board of Directors, following the death of director Kai Taidal in September 2016;
- to reappoint KPMG Statsautoriseret Revisionspartnerselskab as auditors; and
- to update the company's Articles of Association in response to the entry into force of the new Companies Act.
- The annual report is recommended for approval at the company's general meeting to be held in the company's office in Aalborg at 2:00 pm on Wednesday 14 December 2016.

The official annual report is published on the company's website and the printed version of the report will be available on 3 December 2016 at the company's office.

Financial highlights
for the Group

KEY FIGURES	Unit	2015/16	2014/15	2013/14	2012/13	2011/12
Revenue	DKK million	**390.4**	334.8	281.8	264.9	247.6
Growth	%	**16.6**	18.8	6.4	7.0	2.1
Of which exports	DKK million	**355.0**	301.5	251.2	240.2	227.9
Export percentage	%	**91**	90	89	91	92
Operating profit (EBIT) from continuing operations	DKK million	**39.4**	25.7	25.2	21.4	21.5
Net finance income and costs	DKK million	**-1.2**	-0.9	2.6	1.1	0.8
Profit before tax from continuing operations	DKK million	**42.7**	26.8	27.8	22.5	22.3
Tax	DKK million	**-8.5**	-5.6	-5.9	-4.5	-4.5
Profit after tax from continuing operations	DKK million	**34.2**	21.1	21.9	18.0	17.8
Profit after tax from discontinuing operations	DKK million	**0.1**	0.4	-	-	-
Profit for the year	DKK million	**34.3**	21.5	21.9	18	17.8
Cash flows from:						
Operating activities	DKK million	**33.5**	18.2	24.5	14.6	28.0
Investing activities	DKK million	**-6.7**	-22.3	-5.9	-3.4	8.7
Financing activities	DKK million	**-11.0**	-1.5	-15.7	-11.9	-10.6
Assets held for sale	DKK million	**-3.6**	-9.2	-	-	-
Cash flows for the year	DKK million	**12.2**	-14.8	2.9	-0.7	26.1
Investments in property, plant and equipment	DKK million	**5.7**	18.7	13.5	4.1	2.9
Depreciation, amortisation and impairment losses	DKK million	**8.0**	8.3	7.0	7.3	6.1
Equity	DKK million	**201.6**	178.1	166.0	155.8	146.6
Statement of financial position total	DKK million	**289.7**	278.4	245.2	230.2	229.4
Invested capital	DKK million	**201.7**	233.5	202.6	194.7	189.1
Number of employees	Number	**292**	238	142	106	69
Revenue per employee	DKK million	**1.3**	1.4	2.0	2.5	3.6
FINANCIAL RATIOS						
Gross margin	%	**40.6**	39.8	41.1	39.9	40.5
Operating margin (EBIT margin)	%	**10.1**	7.7	8.9	8.1	8.7
Return on invested capital (ROIC) before tax	%	**19.6**	12.3	12.7	11.1	11.2
Return on invested capital (ROIC) after tax	%	**15.7**	9.7	11.0	9.4	9.2
Earnings per share (EPS)	DKK	**18.1**	11.2	11.6	9.5	9.4
Return on equity	%	**18.0**	15.8	13.6	11.9	12.5
Equity ratio	%	**69.6**	64.0	67.7	67.7	64.3
Book value per share at year end	DKK	**107**	94	88	82	78
Market price at year end	DKK	**570**	199	185	137	100
Price/book value		**5.3**	2.1	2.1	1.7	1.3
Price earnings (PE)	DKK	**31.5**	17.8	16.0	14.4	10.6
Price Cash Flow (PCF)	DKK	**32.2**	20.7	14.3	17.7	6.7
Proposed dividends per DKK 20 share	DKK	**7.25**	5.50	5.25	4.75	4.50
Dividend yield	%	**1.3**	2.8	2.8	3.5	4.5
Payout ratio	%	**40**	49	45	50	48

Financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations & Financial Ratios 2015".
Please see page 59 for definitions of financial ratios.

Infinity upholstered on
Lapalma's KIPU ottoman.
Designed by Anderssen & Voll.

CONTENTS

GABRIEL PROFILE

Mission
Innovation and value-adding partnerships are fundamental values of Gabriel's mission statement.

Gabriel is a niche company which, in the entire value chain from concept to furniture user, develops, manufactures and sells upholstery fabrics, components, upholstered surfaces and related products and services. Gabriel develops its services to be used in fields of application where product features, design and logistics have to meet invariable requirements, and where quality and environmental management must be documented.

Vision
Gabriel is to be the preferred development partner and supplier to selected leading international manufacturers and major users of upholstered furniture, seats and upholstered surfaces.

Gabriel is to acheive Blue Ocean status through an innovative business concept, patents, licences, exclusivity agreements or similar rights.

Gabriel is to have the status of an attractive workplace and partner company for competent employees and companies.

Financial targets
Gabriel aims at achieving:
- A return on invested capital (ROIC) of at least 15% before tax.
- An increasing operating margin (EBIT margin).
- An average annual increase in earnings per share of minimum 15%.
- An average annual increase in revenue of minimum 15%.

Strategy
Gabriel is growing with the largest market participants. Gabriel's growth is based on close development partnerships and trading with approximately 60 selected major leading customers in a global strategy.

Gabriel strives to obtain the largest possible share of the selected strategic customers' purchase of furniture fabrics, other components and services in the value chain. The FurnMaster Business Unit realises the commercial potential of the links of the value chain deriving from furniture fabrics, e.g. cutting, sewing and upholstering of furniture components.

Human resources
Gabriel must be able to attract and retain staff globally, with the right skills and knowledge to create innovation and growth. Gabriel gives priority to the use, development and sharing of knowledge and skills by everyone.

All employees are familiarised with Gabriel's vision, strategy, targets and activity plans and are regularly updated on their work situation as part of employee development dialogues and employee meetings. This ensures that all employees work in accordance with clear goals and areas of responsibility, and that their professional and personal development is stimulated.

Company structure
The Gabriel Group consists of three operating companies, the development company ZenXit A/S and the property company Gabriel Ejendomme A/S.

The three operating companies, Gabriel A/S in Europe, Gabriel Asia Pacific in Asia and Gabriel North America in the USA, ensure that the Group's overall goals of innovating and adding value are achieved with adequate regional adjustments.

The three operating companies are all run with four core processes as the central pivotal point. The core processes have been established on the basis of the Group's strategy, and key performance indicators (KPI) have been set for each of the core processes:
- Key Account Management (KAM)
- Logistics
- Product and process innovation
- Price competitiveness

The activities of the Gabriel Group companies are described below:

Gabriel Holding
Gabriel Holding A/S is the Group's parent company, which is responsible for general management. The Group has traded as three independent operating companies since 2015. As a consequence, central group functions were transferred from the operating company Gabriel A/S with effect from 1 October 2016.

As at 1 October 2016, the Executive Board of Gabriel Holding A/S consisted of CEO Anders Hedegaard Petersen, CCO Claus Møller and CFO Claus Toftegaard.

Gabriel Asia Pacific
Gabriel Asia Pacific (Gabriel (Tianjin) International Trading Co. Ltd.) was established in 2003 and is engaged in development of the Asian region. Gabriel Asia Pacific is an important part of the total strategy: to service global contract furniture manufacturers and distributors and make innovative and competitive products for all markets. The Regional Head Office in Beijing was extended in 2015. In addition, a new sales office opened in Shanghai in August 2015, and there is also a local sales office in Guangzhou.

In the financial year, new products were developed and regular deliveries established to new strategic customers in Europe, the USA and Asia. New development projects and potential customers are constantly in the pipeline, and local efforts are being intensified.

The Asian market is generally price-sensitive, but its leading players are showing increasing interest in Gabriel Asia Pacific, which occupies the niche for highly improved furniture fabrics and related textile products. These have to meet indispensable design and quality requirements. Product environmental and energy-related sustainability must be documented. Prices must be competitive, and delivery times short.

Swing upholstered on
Normann Copenhagen's Era sofa.
Designed by Simon Legald.

Gabriel North America Inc.

Gabriel North America Inc. was established in the spring of 2015 as part of the Group's growth strategy and a natural consequence of the company's increasing level of activity on the North American market. Prior to the establishment of the operating company, Gabriel had set up storage and delivery facilities in 2014.

Gabriel A/S opened a sales office in Grand Rapids, Michigan, in 2015, and resources for sales and customer service have been boosted regularly to serve the Group's customers on the American market.

In August 2016, the first steps were taken to establish a FurnMaster unit in the USA. A lease was thus entered into which makes approximately 3,000 m^2 of production premises available in Grand Rapids, Michigan.

The development of FurnMaster's area is secured by regular contributions of appropriate management, sales, administration and production resources.

Gabriel A/S

Gabriel A/S undertakes the Group's European sales and development activities and a range of group functions. The vision of Gabriel A/S is to be the preferred development partner and supplier for selected leading international manufacturers and major users of upholstered furniture, seats and upholstered surfaces. To ensure that the vision becomes reality, Gabriel A/S has established independent sales companies on the important markets of Germany and Sweden, and a branch in France. In addition to this, Gabriel is represented by dedicated Key Account Managers on the industry's other core markets in Europe.

The sales force of Gabriel A/S is responsible for selling all Group products and services aimed at the key players on the European markets.

The upholstery company UAB FurnMaster, Lithuania

The operating company Gabriel A/S established the subsidiary UAB FurnMaster in Lithuania during the 2012/13 financial year. The ownership interest increased from 90% to 100% in 2013/14. UAB FurnMaster was established as a production unit which will support the Group's continued strategy of "Applied furniture fabrics".

The company is an important contributor to the Group's growth, and management continues to have great expectations for further activities and production optimisations in the years to come.

The upholstery company FurnMaster Sp. z o.o., Poland

The operating company, Gabriel A/S, established the subsidiary FurnMaster Sp. z o.o. in Poland during the 2014/15 financial year. Like UAB FurnMaster, FurnMaster Sp. z o.o. is a production unit which will support the Group's continued strategic goal of "Applied furniture fabrics".

The production unit is central to the growth plans for FurnMaster. Production agreements were concluded with several new European customers during the year, and potential customers are showing great interest in FurnMaster's production.

Screen Solutions Ltd.

In November 2016, Gabriel A/S acquired 100% of the share capital of the screen manufacturer Screen Solutions Ltd. in England.

Screen Solutions is recognised as one of Europe's leading suppliers of screens, office partitions etc. for the European furniture industry. It trades primarily under the established brands Screen Solutions and Acoustic Comfort.

The purchase of the shares in the English company is part of the continued strengthening of Gabriel's presence in Great Britain. In addition, the purchase supports the Group's increased focus on expanding the services and products offered globally to its primary customer segment.

ZenXit A/S

The Group continues maturing the product, an alternative to PU foam. Work continues in cooperation with selected furniture manufacturers to fully develop the material, and a number of concrete market maturation tasks are proceeding, where the material can be used immediately.

It has taken longer than expected to fully develop and mature the product. Efforts with the product continue, however, as its potential is still judged to be attractive.

Gabriel Ejendomme A/S – Gabriel Erhvervspark

Gabriel Ejendomme A/S was established as an independent unit in 2011, and the Group domicile in Aalborg was transferred to the company. The main activity is to develop and let the office facilities in Aalborg to internal and external tenants.

In March 2016, Gabriel Holding A/S entered into an agreement under which Sadolin & Albæk A/S is in charge of selling the business park Gabriel Erhvervspark at the best possible price. Gabriel Erhvervspark comprises a block of offices with floor area of approximately 6,100 square metres, modern meeting and canteen facilities for tenants including Gabriel, and the potential for approximately 13,000 square metres of additional floor space.

Gabriel Erhvervspark is located near the centre of Aalborg, in the former goods area which is currently being converted into a modern, sustainable residential area with commercial and educational activities.

The dye works UAB Scandye, Lithuania

UAB Scandye was established in 2003, and in 2006 Gabriel A/S became co-owner of the company. UAB Scandye is the Gabriel Group's main dye works and finishing plant in Europe. Gabriel's stake is 49.3%. UAB Scandye performs dyeing, finishing and inspection for Gabriel and a number of external customers.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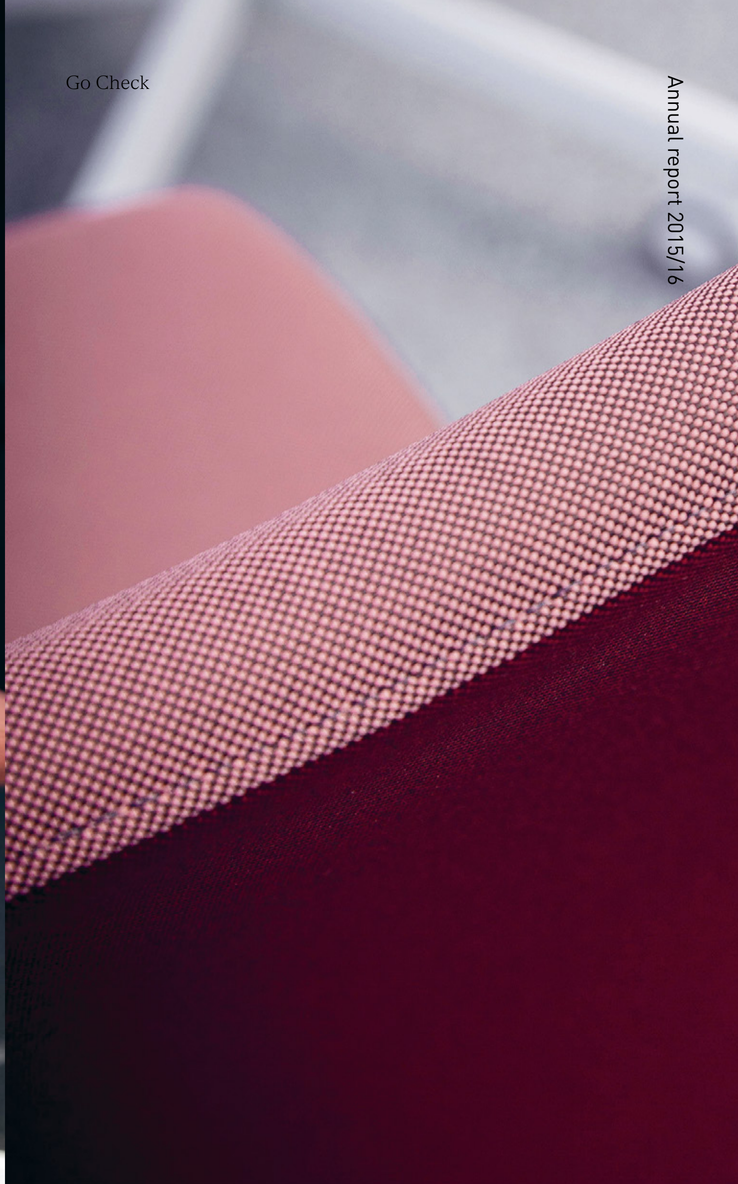
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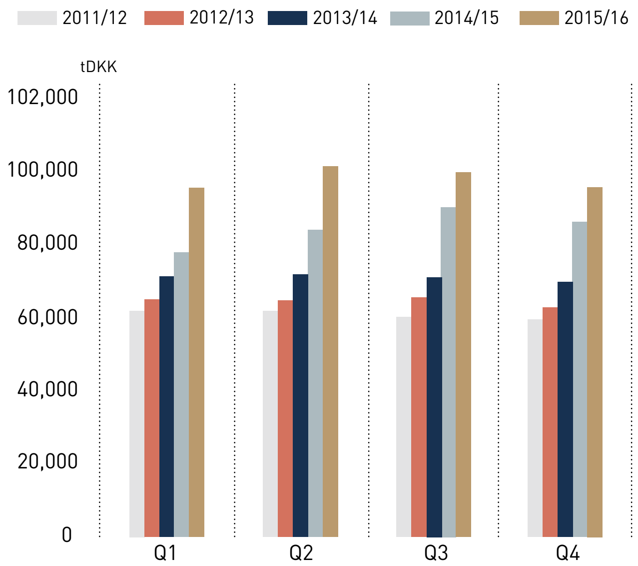
FINANCIAL REVIEW

The Group's sales activities and development in revenue

The Group's revenue increased by 17% to DKK 390.4 million in the financial year under review. In the annual report for 2014/15, management had expected an increase in revenue of 5-10% in the 2015/16 financial year. Management adjusted its expectations upwards during the financial year: once after the second quarter; and again in mid-September. This led to final revenue expectations of the order of DKK 390 million for the year.

REVENUE BY QUARTER



The development in revenue is a result of growth across all business areas and in most geographical markets. Geographically, Europe generated most revenue growth (22%), followed by the American market (11%). Revenue growth in the Asian region was 31%. Sales in Denmark increased by 6%.

Rental income in Gabriel Erhvervspark is not included in revenue for the period or in the comparative figures. This is because the activities are accounted for as a discontinuing operation as the property company was put up for sale in the financial year.

The export percentage is 91% of consolidated revenue.

Management judges that the European and Asian markets have been stable to mildly increasing, while the American market has still been characterised by optimism and higher one-digit growth rates.

The Group regularly injects resources for mainly sales and product development activities and business development. This continued effort has resulted in the improved revenue. We note that the repayment period is measurable for both product development and staff increases in sales by appointment of committed Key Account Managers, both of which contribute to enhancing the potential in all business units. Actual productivity improvements in the sales work and market development efforts similarly contribute to the growth in revenue and profit.

Realised growth for the year derives from upholstery fabrics for contract furniture and products and services which belong to the next link in the value chain, e.g. cutting, sewing and upholstering of furniture components.

Gabriel's focus on product and process innovation in all business units has a positive effect on sales. The most important global customers are assessed and selected on the basis of the total potential that can be realised from the Group's business units.

Gabriel's strategy of "growing with the largest market participants" ensures the targeted effort towards selected key accounts. The addition of sales resources to Gabriel's team of Key Account Managers in the financial year has resulted in higher call rates at these selected customers, and good results are being produced in the form of growth in revenue, potential and current development tasks.

During the financial year, Gabriel A/S established a local distribution centre on the important UK market, thus improving our customers' service experience.

In Stockholm, the new sales office opened on the occasion of the Stockholm Furniture Fair in February 2016. The activities at the Fair and the opening of the sales office both resulted in a positive response and interest from market-leading furniture manufacturers, designers and product developers.

In March 2016, a new sales office was opened in an attractive setting in Paris. This has increased and enhanced the possibilities of regular contact with Gabriel's French partners.

In 2014/15, the Group established the operating company Gabriel North America Inc. in Grand Rapids, Michigan, USA. Resources added after establishment have resulted in continued fine growth rates. At the beginning of the fourth quarter of 2015/16, Gabriel North America Inc. started setting up a FurnMaster unit in Grand Rapids, Michigan, which will have its own production.

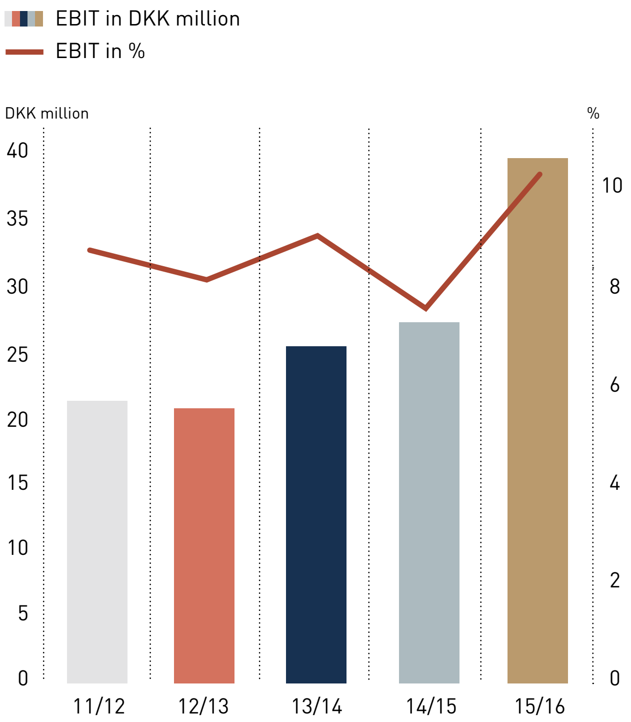
The Group's growth strategy is working and creates the basis for additional growth. Management regularly examines and takes initiatives which will contribute to continued growth for the purpose of meeting the Group's target of average growth in revenue of minimum 15%.

As expected, the Group's upholstery business, FurnMaster, contributed significant growth rates in 2015/16. The main reason for this has been the establishment of a production unit in Poland in 2014/15. The growth potential of the units in Poland and Lithuania is still definite, but more moderate growth rates must be expected in the next period.

Earnings

Operating profit (EBIT) from continuing operations was DKK 39.4 million for 2015/16, an increase of 53% relative to last year. The operating margin (EBIT margin) was 10.1% (7.7%).

OPERATING PROFIT (EBIT)



Profit before tax from continuing operations was DKK 42.7 million, against DKK 26.8 million last year, an increase of 60%. In the annual report for the 2014/15 financial year, management had expected an increase of 10-15% in profit before tax. These expectations were adjusted upwards during the year, and the final expectations anticipated profit before tax of the order of DKK 43 million.

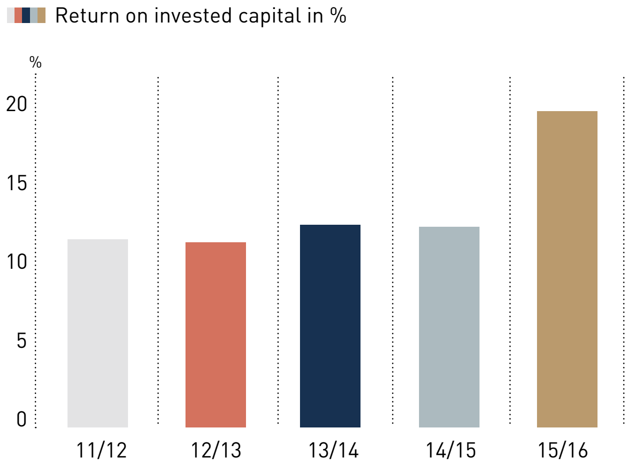
The Group realised revenue of DKK 95.7 million from continuing operations in the fourth quarter of the financial year (DKK 86.1 million), operating profit (EBIT) of DKK 9.9 million (DKK 5.5 million) and profit before tax of DKK 11.1 million (DKK 5.0 million).

The improvement in profit is a result of revenue realised above expectations at the beginning of the year and of productivity improvements across the Group. The year of comparison, 2014/15, was affected by substantial start-up costs for upholstery production in Poland.

The Group's total profit after tax was DKK 34.3 million, against last year's DKK 21.5 million.

The return on invested capital (ROIC) before tax was 19.6%, against 12.3% last year.

RETURN ON INVESTED CAPITAL (ROIC) BEFORE TAX



Comments on the individual items are given below.

Cost of sales – gross margin

The Group's realised gross margin in 2015/16 was 40.6% against 39.8% in 2014/15. The increase is primarily attributable to shifts in the product mix and increased productivity in the production process.

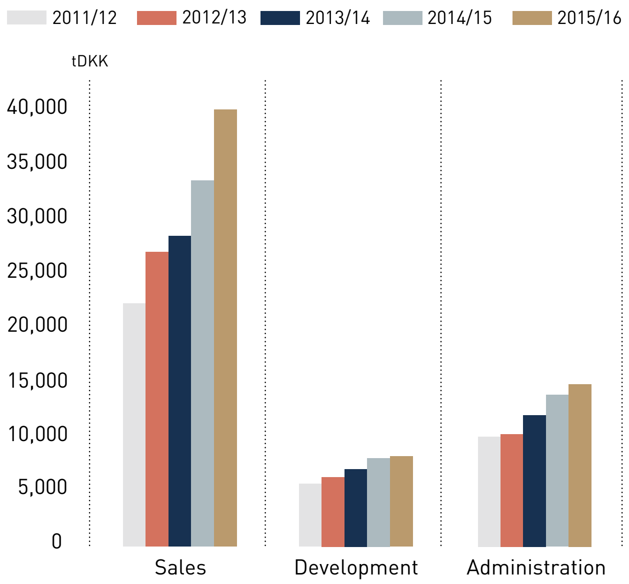
Other external costs

The Group's other external costs increased by 9% to DKK 48.9 million, primarily due to the higher level of activity. Approximately one-third of the external costs depend on revenue.

Staff costs

The Group's staff costs increased by 13% to DKK 62.8 million as a result of recruitment of sales, development and administrative staff.

DISTRIBUTION OF STAFF COSTS



The average number of employees for the financial year was 292 (146 of whom were in production and 82 in sales/development) against 238 (111 in production and 77 in sales/development) in 2014/15. The number of employees in the Group at the end of the 2015/16 financial year was 291 (149 of whom were in production and 84 in sales/development).

Depreciation, amortisation and impairment losses
Consolidated depreciation, amortisation and impairment losses in the Group were DKK 8.0 million, against DKK 8.3 million last year. The decrease in depreciation, amortisation and impairment losses is primarily attributable to a slightly lower level of investing activities in the financial year, compared with recent years.

Share of profit after tax in joint venture
Profit for the year includes a total share of the profit of the investment in UAB Scandye of DKK 4.5 million against DKK 1.9 million last year. The increase is attributable to productivity improvements and a higher level of activity at customers other than Gabriel. For 2016/17, management expects UAB Scandye to contribute approximately DKK 2.5 million to the profit.

Finance income and costs
Finance income and costs show net costs of DKK 1.2 million against net costs of DKK 0.9 million last year. The increase is mainly due to an increase in foreign exchange losses.

Tax on profit for the year
Tax on the profit for the year was DKK 8.5 million against DKK 5.6 million last year. The Group's total tax rate was 19.9% against 21.1% last year. The decrease in the tax rate is attributable to the improved profit after tax in the joint venture UAB Scandye in Lithuania.

Gabriel Ejendomme A/S – Gabriel Erhvervspark
As a consequence of the process started to sell off Gabriel Ejendomme A/S, the activity "letting of office facilities" is accounted for as a "discontinuing operation", and operating profit, statement of financial position and effect on consolidated cash flow are stated separately under the individual items.

Profit after tax for 2015/16 for Gabriel Ejendomme A/S was DKK 0.1 million, against DKK 0.4 million last year. The decline was caused by an increase in depreciation following recent years' investments in the business park. Unchanged revenue and a minor increase in earnings are expected in 2016/17, as the business park almost has a full complement of tenants.

Cash flow and financing

Cash flow and available liquidity
Consolidated cash flows from operating activities in 2015/16 amounted to DKK 33.5 million, against DKK 18.2 million in the same period last year. The decrease is attributable to the improved profit.

Gabriel made total investments of DKK 5.7 million in property, plant and equipment in 2015/16, against DKK 18.7 million in the previous year. In 2014/15, the main investments had been in the purchase of production facilities in Poland, whereas only usual replacements in the Group's fixtures and fittings etc. were made in 2015/16.

The net balance of cash and cash equivalents at the end of the year was DKK 19.3 million. The Group also has undrawn credit facilities with its banks.

Equity
The Group's equity amounted to DKK 201.6 million on 30 September 2016, against DKK 178.1 million on the same date last year. Equity thus increased by DKK 23.5 million. DKK 34.3 million is attributable to profit for the year, while DKK 10.4 million was paid in dividends.

Dividends
The Board of Directors recommends to the general meeting that a dividend of DKK 7.25 (DKK 5.50) per share be distributed for 2015/16, equivalent to total dividends of DKK 13.7 million and a payout ratio of 40%.

Product development and innovation
The Group regularly expands its global efforts within product development and innovation. It has initiated the development of a number of new products, supplementing the portfolio of development tasks in progress. Five new products were launched during the financial year, which does not meet the Group's target. The portfolio of tasks in progress includes products and services which are innovative and have attractive potential. In this light, eight new launches and a share of revenue of a minimum of 30% are expected for new products in 2016/17.

The Group's target - that at least 30% of revenue must derive from furniture fabrics less than five years old - was not fulfilled, as the share stood at 28%. The share of revenue from new products among top customers was 30% in 2015/16. This reflects the Group's focused strategy, where product development and sales efforts are targeted to this very customer group.

Gabriel's product and process innovation system from concept to upholstered product continued to be a high-priority core activity in 2015/16. The investment in research and development was DKK 9.4 million (against DKK 9.7 million in the previous financial year), equivalent to 2.4% of revenue. New products and solutions are being developed in coordination with the Group's most important customers. The coordinated initiatives are helping to increase the accuracy of targeting and the speed of launching products, solutions and services on the market.

Product development and innovation take place in the three operating companies and in all of Gabriel's strategic business units (Masters), which collectively support the Group's core process "product and process innovation". The individual units' market potentials are identified, developed and capitalised as the value of a joint coordinated effort is utilised and targeted towards the market's leading furniture manufacturers.

The DesignMaster business unit in Aalborg and the development department in Beijing regularly perform design-based development and consultancy activities based on customers' and end users' wishes and needs. This is done on the basis of a fundamental understanding of the market and targeted research based on a "time-to-market" of 3-18 months.

The Group also works on a number of product innovation tasks with "time to market" of more than 18 months. These development projects include significant though uncertain potential earnings. The projects are focused on the development of technical fabrics and related products expected to be used primarily within Gabriel's existing value chain.

Targeted communication of Gabriel's innovation and development strategy has forged close relationships with selected furniture manufacturers' designers, development teams and decision makers.

Please see www.gabriel.dk, for product news and cases or to sign up for the Group's newsletters.

Subsequent events

After the end of the financial year, the operating company Gabriel A/S bought the share capital of the English screen manufacturer Screen Solutions Ltd in November 2016.

Outlook

The market for contract furniture is expected to increase slightly in 2016/17 and management judges that growth is possible in both revenue and earnings. However, the Group's expectations for the financial year will be influenced, in particular, by the current establishment of upholstery production in the USA and by the acquisition in England. Both are expected to contribute to growth in revenue, but also to trigger one-off start-up and implementation costs.

The expectations for the 2016/17 financial year are thus growth in revenue of the order of 20% and an increase of 0-5% in profit before tax.


Gabriel®

Gabriel's stand at Orgatec 2016

CORPORATE GOVERNANCE

Statement on corporate governance

Nasdaq Copenhagen A/S has adopted a set of corporate governance recommendations, most recently revised in November 2014. The recommendations on corporate governance can be obtained from the Committee on Corporate Governance's website, www.corporategovernance.dk.

Companies must follow these recommendations and in particular provide explanations where their practice deviates from the recommendations. Management believes that Gabriel essentially complies with the recommendations on corporate governance. On the "comply or explain" principle, it is a matter for the company itself to assess whether the recommendations are followed, or, where this is not appropriate or desirable, to explain.

Gabriel Holding A/S has prepared the statutory statement on corporate governance for the 2015/16 financial year as per section 107b of the Danish Financial Statements Act. The statement is available on the Group's website www.gabriel.dk/en/investor/corporate-governance.

The statement covers the company's work. It makes recommendations on corporate governance and describes the main elements in the Group's internal control and risk management system in connection with the presentation of the financial statements. It presents the Group's top organs of management and their composition.

The individual recommendations and whether Gabriel complies with them are detailed on the Group's website (see the link above).

Statement on corporate social responsibility

Social responsibility is a part of Gabriel's business strategy, and the Group has always given top priority to the desire to act responsibly towards customers, staff, business connections and the external environment. Gabriel has prepared the statutory statement on social responsibility for the 2015/16 financial year in accordance with section 99a of the Danish Financial Statements Act. The statement can be viewed or downloaded at www.gabriel.dk/en/investor/reports/csr-and-enviromental-reports.

Gabriel is a global company producing furniture fabrics etc. in several countries. Suppliers from Europe and China are used and the products are exported to countries all over the world. Gabriel is strongly focused on developing its core business and meeting the strategic challenges in an economical and socially responsible way. For this reason, CSR work has always been a top priority for management, and it forms a natural part of the work of all employees in the Group in Denmark and abroad.

For Gabriel, CSR means taking responsibility for adding value which contributes to a positive development in society. Gabriel endorses the principles in the UN Global Compact and focuses on the following areas:

- Gabriel's products and services are developed and manufactured with consideration for the safety and health of users. In the production process, Gabriel must minimise environmental impacts and respect animal welfare.
- A good working environment is ensured throughout the supply chain, and country-specific laws and Gabriel's own requirements are complied with. These requirements comprise specific technical specifications and matters specified in Gabriel's Code of Conduct.
- Continuous skills and job development for all employees are accorded a high priority.
- Gabriel wants to support students by providing practical training, and the company participates in training projects which benefit both the students and the company.
- Gabriel communicates the company's CSR activities openly and supports the propagation of CSR as a managerial activity.

Gender balance

Gabriel believes in diversity among its employees. Specifically, it believes that an approximately equal distribution of the sexes contributes to a positive working environment and strengthens the Group's performance and competitiveness.

The Gabriel Group is working on increasing its number of female managers and has set up the following numerical targets for the proportion of the under-represented sex:

Gender balance targets for 2017

Board of Directors:

Proportion of the under-represented sex .... Minimum 25%
Proportion on 30.09.2016..0%

Top managers/the Executive Board:

Proportion of the under-represented sex .... Minimum 30%
Proportion on 30.09.2016..13%

Middle management:

Proportion of the under-represented sex .... Minimum 30%
Proportion on 30.09.2016..57%

The Board of Directors and the Executive Board regularly evaluate the expertise required, and for the purpose of meeting the target of more female managers, the Group will launch a number of initiatives to facilitate the development and foster female managers. In practice, it is difficult to attract women to directorships and managerial positions in the furniture fabric industry, and the Board of Directors and the Executive Board therefore believe that the above targets are ambitious but realistic. The Board of Directors and the Executive Board will make an active effort to increase the number of women nominated as candidates for directorships and executive positions in the future.

The Gabriel Group's staff turnover is relatively low, and the turnover in both executives and other managerial positions in the Group was limited, which naturally impedes progress. The Group is making a targeted effort to develop career opportunities etc. as a way of attracting a higher number of qualified female candidates, and placing emphasis on internal initiatives to retain and develop female talent.

Mood upholstered on
Erik Jørgensen's EJ 315 sofa.
Designed by EJ Designteam.

Harlequin and Step Melange
upholstered on Famo's Laida Confort chair.
Designed by Aitor Garcia de Vicuña.

Repetto upholstered on
Randers+Radius' Tono chair.
Designed by Hans Thyge.

SHAREHOLDER INFORMATION

Share capital

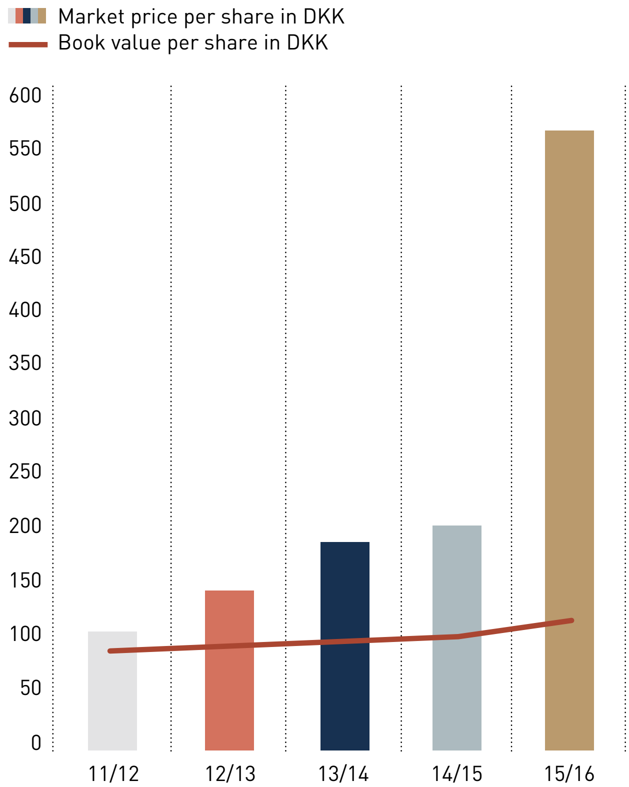
Gabriel Holding A/S's share capital consists of 1,890,000 DKK 20 shares. Gabriel has one share class, and no shares have been given special rights. All shares are freely negotiable securities. Gabriel Holding A/S is listed on Nasdaq Copenhagen A/S under the ticker symbol GABR and the ID code DK0060124691. The share is included on the Small Cap Index.

The following shareholders own shares conferring a minimum of 5% of the voting rights pertaining to the share capital, or shares with a minimum nominal value of 5% of the share capital:

- Katt Holding ApS, Højbjerg
- Matlau Holding ApS, Skanderborg
- Marlin Holding ApS, Malling
- Fulden Holding ApS, Beder
- Chr. Augustinus Fabrikker A/S, Copenhagen
- GAB Invest ApS, Aalborg
- Poul H. Lauritsen Holding ApS, Højbjerg

The company's annual general meeting on 15 December 2015 authorised the Board of Directors to continue acquiring the company's treasury shares up to a total nominal value of DKK 7.7 million, the equivalent of 20% of its share capital, against a fee which corresponds to the buying price listed on the stock exchange at the time of acquisition, plus or minus a margin of 10%. The authorisation is valid for five years from the date of the general meeting.

PRICE /BOOK VALUE



Share price trend

The 2015/16 financial year opened with a share price of 199 and closed on 30 September 2016 with a price of 570. Total market capitalisation of the company's shares was DKK 1,077 million on 30 September 2016.

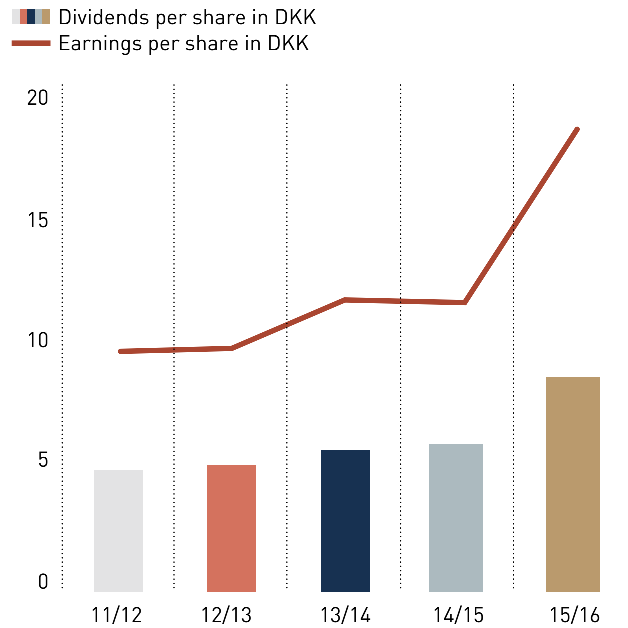
Capital management

The Group regularly assesses the need to adjust its capital structure to balance the requirement for a higher return on equity against the greater uncertainty surrounding external financing. A high equity ratio has always been a high priority of Gabriel's management in order to maximise room for manoeuvre in all situations. The Group's equity ratio was 70% on 30 September 2016, six percentage points higher than on the same date last year. There is a continuing focus on regular reduction of the Group's working capital.

The Group aims at providing its shareholders with a regular return on their investments, while maintaining an appropriate equity level to ensure the company's future development. The Board of Directors proposes that dividends of DKK 7.25 per share be distributed for 2015/16, equivalent to total dividends of DKK 13.7 million. The dividend amounts to 7% of equity and 40% of profit for the year after tax paid by the Group.

Against this background, the present capital resources are deemed adequate in the present economic climate.

SHARE DIVIDENDS AND EARNINGS PER SHARE



Stock exchange announcements in the 2015/16 financial year

17.11.15 Annual report 2014/15: "Gabriel realises organic growth of 20%".
20.11.15 Notice of annual general meeting of Gabriel Holding A/S
03.12.15 Major shareholder announcement
15.12.15 Minutes of the annual general meeting of Gabriel Holding A/S
04.02.16 Q1 report 2015/16: "Gabriel Holding A/S delivers solid growth in both revenue and profit in accordance with management's expectations."
18.03.16 Gabriel Holding A/S initiates the sale of its property complex in Aalborg.
10.05.16 First half-yearly report 2015/16: "Gabriel Holding A/S is continuing its progress and delivering solid growth in both revenue and profit. Management is upwardly adjusting its expectations for the full financial year."
24.08.16 Q3 report 2015/16: "Gabriel Holding A/S delivers solid growth in earnings and revenue after the first three quarters of the financial year."
24.08.16 Financial calendar 2016/17
16.09.16 Gabriel Holding A/S upwardly adjusts its expectations.
11.11.16 Gabriel A/S has today acquired the share capital of the screen manufacturer Screen Solutions Ltd. in England.

Financial calendar 2016/17

15.11.16 Annual report
14.12.16 Annual general meeting
19.12.16 Distribution of dividends
07.02.17 Q1 report 2016/17
09.05.17 First half-yearly report 2016/17
24.08.17 Q3 report 2016/17
16.11.17 Annual report
14.12.17 Annual general meeting

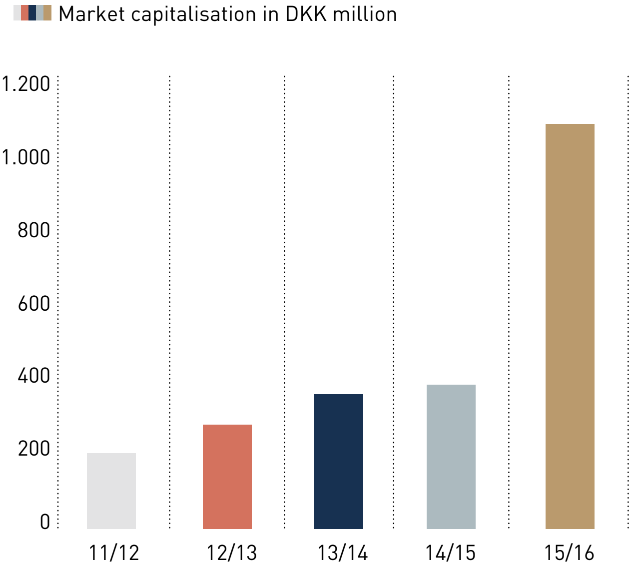
Investor Relations

Gabriel Holding A/S attempts to maintain a satisfactory and uniform level of information for investors and analysts, so that the share price records steady progress and always reflects the company's expected development.

Gabriel's website www.gabriel.dk is the stakeholders' primary source of information. It is regularly updated with new and relevant information on Gabriel's profile, activities, industry and results.

Investor relations contact:
Anders Hedegaard Petersen, CEO
Phone: +45 9630 3100

MARKET CAPITALISATION END OF YEAR



Annual general meeting

The annual general meeting will be held in the company's office in Aalborg at 2:00 p.m. on Wednesday 14 December 2016.

COMPANY INFORMATION

Board of Directors

Jørgen Kjær Jacobsen, general manager
Chairman (age 64)
Joined the Board of Directors in 2010 (D)

Executive positions
Raskier A/S

Directorships
Mekoprint Holding A/S (CM)
Roblon A/S (CM)
Dolle A/S (CM)
A/S Peder Nielsen Beslagfabrik (CM)
Nordjyske Holding A/S (CM)
MEDF Holding A/S (CM)
BKI Foods A/S
Raskier A/S
Egebjerggaard A/S

Commercial foundations
Mads Eg Damgaards Familiefond (CM)
Aalborg Stiftstidendes Fond (CM)

Hans Olesen Damgaard, group chief executive
Vice-chairman (age 51)
Joined the Board of Directors in 2015 (I)

Executive positions
Stibo A/S

Directorships
LIFA A/S
Manini & Co. Holding A/S
Thygesen Textile Solutions A/S
egetæpper A/S

Søren Brahm Lauritsen, general manager
(age 49)
Joined the Board of Directors in 2010 (D)

Executive positions
ONE Marketing A/S

Directorships
ONE Marketing A/S (CM)
GAB Invest ApS

Quinten Xerxes van Dalm, sales supporter
(age 44) elected by the employees
Joined the Board of Directors in 2010

Simon Sønderby Nielsen, project manager acoustics
(age 35) elected by the employees
Joined the Board of Directors in 2014

D = Dependent member
I = Independent member
CM = Chairman
VC = Vice-chairman

Executive Board

Anders Hedegaard Petersen, CEO
(age 40)
Employed in 2006

External executive positions
KAAN ApS

Directorships
GAB Invest ApS (CM)
Dansk Mode & Textil (VC)
Development Centre UMT

Claus Møller, CCO
(age 50)
Employed in 2010

Executive positions
GAB Invest ApS

Directorships
Food Solutions ApS (CM)
GAB Invest ApS

Claus Toftegaard, CFO
(age 51)
Employed in 2011

Directorships
GAB Invest ApS
Complea A/S

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today discussed and approved the 2015/16 annual report of Gabriel Holding A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and with Danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2016 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016.

Further, in our opinion, the Management Commentary gives a fair review of the development in the Group's and the parent company's activities and financial matters, of the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Group and the parent company face.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 15 November 2016

Executive Board

Anders Hedegaard Petersen
CEO

Claus Møller
CCO

Claus Toftegaard
CFO

Board of Directors

Jørgen Kjær Jacobsen
Chairman

Hans Olesen Damgaard
Vice-chairman

Søren Brahm Lauritsen

Quinten van Dalm
Employee representative

Simon Sønderby Nielsen
Employee representative

Rhythm

Capture

Web

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Gabriel Holding A/S

Independent auditor's report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Gabriel Holding A/S for the 2015/16 financial year. The financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including accounting policies for the Group and parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 September 2016 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management Commentary

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

Aalborg, 15 November 2016

KPMG
Statsautoriseret Revisionspartnerselskab

Jon Beck
State Authorised Public Accountant

Steffen S. Hansen
State Authorised Public Accountant

INCOME STATEMENT

for the year 01.10.2015 - 30.09.2016

Note	tDKK	CONSOLIDATED 2015/16	CONSOLIDATED 2014/15	PARENT COMPANY 2015/16	PARENT COMPANY 2014/15
1	**Net revenue**	**390,433**	334,799	**2,250**	2,200
2	Other operating income	**495**	1,141	**-**	-
3	Cost of sales	**-231,751**	-201,617	**-**	-
4	Other external costs	**-48,914**	-44,676	**-825**	-612
5	Staff costs	**-62,781**	-55,654	**-3,564**	-2,952
2	Other operating costs	**-62**	-	**-**	-
10/11	Depreciation/amortisation and impairment losses on intangible assets and property, plant and equipment	**-7,987**	-8,267	**-52**	-
	Operating profit/loss from continuing operations	**39,433**	25,726	**-2,191**	-1,364
13	Share of profit after tax in joint venture	**4,478**	1,943	**-**	-
6	Finance income	**106**	220	**9,193**	9,291
7	Finance costs	**-1,298**	-1,125	**-2,526**	-
	Profit before tax from continuing operations	**42,719**	26,764	**4,476**	7,927
8	Tax on profit for the year from continuing operations	**-8,486**	-5,648	**446**	113
	Profit for the year from continuing operations	**34,233**	21,116	**4,922**	8,040
22	Profit for the year after tax from discontinuing operations	**80**	404	**-**	-
	Profit for the year	**34,313**	21,520	**4,922**	8,040
9	**Earnings per share (DKK):**				
	Earnings per share (EPS) for continuing and discontinued operations, basic	**18.2**	11.4		
	Earnings per share (EPS-D) for continuing and discontinued operations, diluted	**18.2**	11.4		
	Earnings per share (EPS) for continuing operations, basic	**18.1**	11.2		
	Earnings per share (EPS-D) for continuing operations, diluted	**18.1**	11.2		

STATEMENT OF COMPREHENSIVE INCOME
for the year 01.10.2015 - 30.09.2016

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2015/16**	2014/15	**2015/16**	2014/15
	Profit for the year	**34,313**	21,520	**4,922**	8,040
	Other comprehensive income:				
	Items that can be reclassified to the income statement:				
	Value adjustment of hedging transactions:				
	Value adjustment reclassified as cost of sales	**-**	-109	**-**	-
	Exchange rate adjustment at the translation of foreign entities	**-471**	587	**-**	-
	Tax on other comprehensive income	**-**	27	**-**	-
	Other comprehensive income after tax	**-471**	505	**-**	-
	Total comprehensive income	**33,842**	22,025	**4,922**	8,040

STATEMENT OF FINANCIAL POSITION

Assets at 30.09.2016

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2015/16**	2014/15	**2015/16**	2014/15
	Non-current assets				
10	Intangible assets:				
	Development projects in progress	**5,973**	6,337	**-**	-
	Completed development projects	**7,541**	7,594	**-**	-
	Software	**3,370**	3,351	**-**	-
		16,884	17,282	**-**	-
11	Property, plant and equipment:				
	Land and buildings	**11,402**	91,854	**-**	-
	Leasehold improvements	**2,185**	1,681	**-**	-
	Plant, fixtures and fittings and equipment	**10,219**	9,974	**800**	-
		23,806	103,509	**800**	-
	Other non-current assets:				
12	Investments in subsidiaries	**-**	-	**68,794**	68,794
13	Investments in joint venture	**29,794**	25,316	**-**	-
14	Amounts owed by joint venture	**1,301**	2,496	**-**	-
		31,095	27,812	**68,794**	68,794
	Total non-current assets	**71,785**	148,603	**69,594**	68,794
	Current assets				
15	Inventories	**63,802**	57,659	**-**	-
16	Receivables	**50,946**	54,656	**33,139**	31,622
	Prepayments	**2,344**	1,214	**-**	-
	Cash and cash equivalents	**19,798**	16,264	**115**	138
	Total current assets	**136,890**	129,793	**33,254**	31,760
22	**Assets held for sale**	**80,989**	-	**-**	-
	Total assets	**289,664**	278,396	**102,848**	100,554

STATEMENT OF FINANCIAL POSITION

Equity and liabilities at 30.09.2016

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2015/16**	2014/15	**2015/16**	2014/15
	Equity				
18	Share capital	**37,800**	37,800	**37,800**	37,800
	Translation reserve	**811**	1,282	**-**	-
	Retained earnings	**149,281**	128,671	**38,110**	46,891
	Proposed dividends	**13,703**	10,395	**13,703**	10,395
	Total equity	**201,595**	178,148	**89,613**	95,086
	Liabilities				
	Non-current liabilities				
19	Deferred tax	**2,927**	5,684	**21**	-
20	Credit institutions	**8,202**	36,794	**-**	-
21	Lease liabilities	**2,172**	459	**582**	-
	Total non-current liabilities	**13,301**	42,937	**603**	-
	Current liabilities				
20	Credit institutions	**1,256**	11,528	**-**	-
21	Lease liabilities	**540**	885	**124**	-
	Amounts owed to subsidiaries	**-**	-	**10,806**	4,273
	Trade payables	**18,119**	20,790	**72**	13
	Amounts owed to joint venture	**1,260**	1,822	**-**	-
	Corporation tax	**4,994**	5,278	**-**	-
	Other payables	**15,374**	16,621	**1,630**	1,182
	Deferred income	**695**	387	**-**	-
	Total current liabilities	**42,238**	57,311	**12,632**	5,468
	Total liabilities	**55,539**	100,248	**13,235**	5,468
22	**Liabilities related to assets held for sale**	**32,530**	-	**-**	-
	Total equity and liabilities	**289,664**	278,396	**102,848**	100,554

STATEMENT OF CHANGES IN EQUITY

	CONSOLIDATED					
tDKK	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividends	Total equity
2015/16						
Equity 01.10.15	**37,800**	**1,282**	**-**	**128,671**	**10,395**	**178,148**
Comprehensive income for the year						
Profit 2015/16	-	-	-	20,610	13,703	34,313
Other comprehensive income						
Exchange rate adjustment at the translation of foreign entities	-	-471	-	-	-	-471
Total other comprehensive income	-	-471	-	-	-	-471
Total comprehensive income for the year	**-**	**-471**	**-**	**20,610**	**13,703**	**33,842**
Transactions with shareholders						
Distributed dividends	-	-	-	-	-10,395	-10,395
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-10,395**	**-10,395**
Equity 30.09.16	**37,800**	**811**	**-**	**149,281**	**13,703**	**201,595**
2014/15						
Equity 01.10.14	**37,800**	**695**	**82**	**117,546**	**9,923**	**166,046**
Comprehensive income for the year						
Profit 2014/15	-	-	-	11,125	10,395	21,520
Other comprehensive income						
Exchange rate adjustment at the translation of foreign entities	-	587	-	-	-	587
Value adjustment of hedging transactions:						
Value adjustment for the period	-	-	-109	-	-	-109
Tax on other comprehensive income	-	-	27	-	-	27
Total other comprehensive income	-	587	-82	-	-	505
Total comprehensive income for the year	**-**	**587**	**-82**	**11,125**	**10,395**	**22,025**
Transactions with shareholders						
Distributed dividends	-	-	-	-	-9,923	-9,923
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-9,923**	**-9,923**
Equity 30.09.15	**37,800**	**1,282**	**-**	**128,671**	**10,395**	**178,148**

	PARENT COMPANY			
tDKK	Share capital	Retained earnings	Proposed dividends	Total equity
2015/16				
Equity 01.10.15	**37,800**	**46,891**	**10,395**	**95,086**
Comprehensive income for the year				
Profit 2015/16	-	-8,781	13,703	4,922
Total comprehensive income	**-**	**-8,781**	**13,703**	**4,922**
Comprehensive income with shareholders				
Distributed dividends	-	-	-10,395	-10,395
Equity 30.09.16	**37,800**	**38,110**	**13,703**	**89,613**
2014/15				
Equity 01.10.14	**37,800**	**49,246**	**9,923**	**96,969**
Comprehensive income for the year				
Profit 2014/15	-	-2,355	10,395	8,040
Total comprehensive income	**-**	**-2,355**	**10,395**	**8,040**
Transactions with shareholders				
Distributed dividends	-	-	-9,923	-9,923
Equity 30.09.15	**37,800**	**46,891**	**10,395**	**95,086**

CASH FLOW STATEMENT

tDKK	CONSOLIDATED 2015/16	CONSOLIDATED 2014/15	PARENT COMPANY 2015/16	PARENT COMPANY 2014/15
Cash flows from operating activities				
Profit before tax from continuing operations	**42,719**	26,764	**4,476**	7,927
Adjustment for non-cash items:				
Depreciation, amortisation and impairment losses	**7,987**	8,267	**52**	-
Impairment of investments in subsidiaries	**-**	-	**2,500**	-
Gains and losses on the disposal of non-current assets	**-81**	-	**-**	-
Share of profit after tax in joint venture	**-4,478**	-1,943	**-**	-
Cash generated from operations before changes in working capital and tax	**46,147**	33,088	**7,028**	7,927
Changes in inventories	**-6,143**	-7,180	**-**	-
Changes in receivables	**2,779**	-9,944	**5,673**	668
Changes in trade and other payables	**-1,200**	4,921	**507**	-400
Net payment of corporation tax	**-8,128**	-2,691	**-190**	1,681
	33,455	18,194	**13,018**	9,876
Cash flows from investing activities				
Addition of intangible assets	**-4,157**	-5,383	**-**	-
Addition of property, plant and equipment	**-5,729**	-18,669	**-852**	-
Disposal of property, plant and equipment	**1,979**	-	**-**	-
Capital contribution subsidiary	**-**	-	**-2,500**	-6
Instalment received from joint venture	**1,196**	1,780	**-**	-
	-6,711	-22,272	**-3,352**	-6
Cash flows from financing activities				
External financing:				
Mortgage debt in banks	**-**	9,386	**-**	-
Repayment on mortgage debt	**-1,956**	-	**-**	-
Lease liability	**2,744**	455	**852**	-
Repayment on lease	**-1,376**	-1,388	**-146**	-
Shareholders:				
Dividends distributed	**-10,395**	-9,923	**-10,395**	-9,923
	-10,983	-1,470	**-9,689**	-9,923
Cash flows from assets held for sale	**-3,590**	-9,233	**-**	-
Changes for the year in cash and cash equivalents	**12,171**	-14,781	**-23**	-53
Opening bank loans/cash and cash equivalents	**7,710**	21,811	**138**	-
Value adjustment of bank loans/cash and cash equivalents	**-557**	680	**-**	-
Closing bank loans/cash and cash equivalents	**19,324**	7,710	**115**	-53
Composed of:				
Cash and cash equivalents	**19,798**	16,264	**115**	138
Drawing from credit facility at bank	**-474**	-8,554	**-**	-
	19,324	7,710	**115**	138

Crisp and Breeze Fusion upholstered on MH Møbler's Fonto sofa. Designed by Anders Nørgaard.

Runner and CrissCross upholstered on Gresham Office Furniture's Oscar chair. Designed by Jones & Partners.

Step upholstered on Actiu's Longo sofa. Designed by Ramos & Bassols.

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NOTES

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1 Segment information

The Gabriel Group is accountable for two business segments:

Fabrics, where all products concern furniture fabrics and related textile products. The products are sold to selected leading international manufacturers and key account customers specialising in upholstered furniture, seats and upholstered surfaces. Gabriel A/S accounts for most of the activities. The products for the individual business areas go through substantially the same production process, and the sales divisions have the same type of customers. In addition, the product distribution channels are the same.

Letting of office facilities by Gabriel Ejendomme A/S, which lets office premises in the Gabriel Erhvervspark in Aalborg. The office letting segment was put up for sale in March 2016 and is treated in accordance with the rules applying to "Assets held for sale". Therefore the operating profit, statement of financial position and effect on consolidated cash flow are stated separately under the individual item headings (see also note 22 Assets held for sale).

Separate information is not provided on the fabrics segment, and reference is made to the income statement, statement of comprehensive income, statement of financial position and cash flow statement which, as stated above, only cover the fabrics segment.

Geographical information

Geographical information specifies revenue by geographical segment based on the geographical location of the customers.

Revenue is distributed across markets as follows:

		CONSOLIDATED		PARENT COMPANY	
	tDKK	**2015/16**	2014/15	**2015/16**	2014/15
	Denmark	**35,416**	33,274		
	Sweden	**40,180**	38,412		
	Germany	**90,045**	74,321		
	Other countries	**224,792**	188,792		
		390,433	334,799		
	Non-current assets except financial assets etc. are				
	Denmark	**20,741**	100,126		
	Poland	**14,091**	15,261		
	Germany	**1,317**	1,465		
	Lithuania	**1,661**	2,043		
	China	**1,296**	1,364		
	Other countries	**1,584**	532		
		40,690	120,791		
2	**Other operating income**				
	Sales of services etc.	**328**	343	**-**	-
	Gain on the disposal of non-current assets	**143**	-		
	Project contribution	**-**	703	**-**	-
	Other income	**24**	95	**-**	-
		495	1,141	**-**	-
	Other operating costs				
	Loss on the disposal of non-current assets	**-62**	-	**-**	-
		- 62	-	**-**	-

Note	tDKK	CONSOLIDATED 2015/16	CONSOLIDATED 2014/15	PARENT COMPANY 2015/16	PARENT COMPANY 2014/15
3	**Cost of sales**				
	Cost of sales for the year	**-220,611**	-194,360	**-**	-
	Write-down of inventories for the year	**-2,244**	-730	**-**	-
	Reversal of write-downs on inventories	**54**	622	**-**	-
	Production wages etc.	**-8,950**	-7,149		
		-231,751	-201,617	**-**	-
	Reversal of write-downs on sales of written-down inventories				
4	**Other external costs**				
	Other external costs include fees for the auditors appointed by the general meeting as follows:				
	Statutory audit services	**-220**	-220	**-45**	-45
	Other assurance engagements	**-**	-	**-**	-
	Tax advice	**-13**	-22	**-6**	-
	Other services	**-151**	-74	**-22**	-19
		-384	-316	**-73**	-64
5	**Staff costs**				
	Wages and salaries etc.	**-61,496**	-54,893	**-3,351**	-2,754
	Defined contribution pension schemes	**-2,584**	-2,545	**-209**	-194
	Other social security costs	**-6,890**	-5,149	**-4**	-3
	Other payroll-related costs	**-2,532**	-2,501	**-**	-1
		-73,502	-65,088	**-3,564**	-2,952
	Payroll costs capitalised regarding development projects	**1,771**	2,285	**-**	-
	Payroll costs transferred to cost of sales	**8,950**	7,149	**-**	-
		-62,781	-55,654	**-3,564**	-2,952
	Remuneration of the Board of Directors of the parent company	**-750**	-750	**-750**	-670
	Remuneration of the Executive Board of the parent company	**-2,636**	-2,155	**-2,636**	-2,155
	Pension contributions for the parent company's Executive Board	**-209**	-194	**-209**	-194
	Remuneration of other managerial employees	**-12,466**	-8,784	**-**	-
	Pensions for other managerial employees	**-998**	-697	**-**	-
	Average number of employees	**292**	238	**1**	1
6	**Finance income**				
	Dividends from subsidiary	**-**	-	**9,000**	8,500
	Interest income, cash etc.	**-**	8	**4**	-
	Interest income from subsidiary	**-**	-	**189**	791
	Interest income from joint venture	**106**	212	**-**	-
		106	220	**9,193**	9,291

Note	tDKK	CONSOLIDATED 2015/16	CONSOLIDATED 2014/15	PARENT COMPANY 2015/16	PARENT COMPANY 2014/15
7	**Finance costs**				
	Interest expenses etc.	**-621**	-1,058	**-11**	-
	Net foreign exchange loss	**-663**	-61	**-**	-
	Impairment write-down of investment in subsidiary	**-**	-	**-2,500**	-
	Other finance costs	**-14**	-6	**-15**	-
		-1,298	-1,125	**-2,526**	-
8	**Tax on profit for the year**				
	Current tax	**-8,766**	-6,349	**-**	-
	Joint taxation contribution	**-**	-	**467**	136
	Adjustment of deferred tax	**665**	548	**-21**	-
	Adjustment of deferred tax concerning change in corporate tax rate	**-248**	157	**-**	-
	Adjustment in respect of previous years	**-137**	-2	**-**	-23
		-8,486	-5,648	**446**	113
	Tax on profit for the year is specified as follows:				
	Computed tax on profit before tax, 22% / 23.5%	**-9,398**	-6,289	**-985**	-1,863
	Tax effect of:				
	Reduction in Danish corporation tax from 23.5% to 22% up to 2016	**-**	35	**-**	-
	Non-taxable income	**1**	1	**1**	-
	Non-deductible costs	**-26**	-34	**-550**	-
	Non-taxable dividends	**-**	-	**1,980**	1,999
	Share of profit after tax in joint venture	**985**	456	**-**	-
	Adjustment of tax on foreign subsidiaries to 22% / 23.5%	**89**	185	**-**	-
	Adjustment in respect of previous years	**-137**	-2	**-**	-23
		-8,486	-5,648	**446**	113
	Effective tax rate	**19.9%**	21.2%	**-6.4%**	-1.4%
9	**Earnings per share**				
	Profit for the year after tax	**34,313**	21,520		
	Average number of shares	**1,890,000**	1,890,000		
	Average number of treasury shares	**-**	-		
	Average number of shares in circulation	**1,890,000**	1,890,000		
	Earnings per DKK 20 share (EPS), basic	**18.2**	11.4		
	Earnings per DKK 20 share (EPS-D), diluted	**18.2**	11.4		

Note	tDKK	CONSOLIDATED Completed development projects	 Development projects in progress	 Software
10	**Intangible assets**			
	2015/16			
	Cost at 01.10.2015	14,025	6,337	3,909
	Value adjustment	-	-	-3
	Brought forward	2,180	-2,180	-
	Additions during the year	-	3,031	1,127
	Disposals during the year	-	-1,215	-
	Cost at 30.09.2016	16,205	5,973	5,033
	Amortisation at 01.10.2015	6,431	-	558
	Disposals during the year	-	-1,215	-
	Amortisation for the year	2,233	-	1,105
	Impairment losses for the year	-	1,215	-
	Amortisation at 30.09.2016	8,664	-	1,663
	Carrying amount at 30.09.2016	**7,541**	**5,973**	**3,370**
	2014/15			
	Cost at 01.10.2014	12,225	8,489	-
	Value adjustment	-	-	-2
	Brought forward	5,555	-5,555	2,314
	Additions during the year	-	3,786	1,597
	Disposals during the year	-3,755	-383	-
	Cost at 30.09.2015	14,025	6,337	3,909
	Amortisation at 01.10.2014	6,935	-	-
	Disposals during the year	-4,138	-	-
	Amortisation for the year	2,109	-	558
	Impairment losses for the year	1,525	-	-
	Amortisation at 30.09.2015	6,431	-	558
	Carrying amount at 30.09.2015	**7,594**	**6,337**	**3,351**

A number of projects were closed after re-evaluation of the project portfolio, which resulted in impairment charges totalling tDKK 1,215. (2014/15: tDKK 1,525). The Group also performed an impairment test on the carrying amounts of the recognised development projects. The test included an evaluation of the project development sequence in the form of expenses paid and results obtained relative to the approved project and business plans. The value of certain completed development projects is only maintained if increased sales are realised in the following year. It was judged on this basis that the recoverable amount exceeds the carrying amount.

Note	tDKK	CONSOLIDATED Land and buildings	CONSOLIDATED Leasehold improvements	CONSOLIDATED Plant, fixtures and fittings and equipment	PARENT COMPANY Plant, fixtures and fittings and equipment
11	**Property, plant and equipment**				
	2015/16				
	Cost at 01.10.2015	110,453	1,840	32,511	-
	Value adjustment	-218	-49	-98	-
	Additions during the year	109	861	4,758	852
	Transferred to assets held for sale	-98,528	-	-209	-
	Disposals during the year	-	-	-7,369	-
	Cost at 30.09.2016	11,816	2,652	29,593	852
	Depreciation at 01.10.2015	18,599	159	22,537	-
	Value adjustment	-3	-5	-152	-
	Disposals during the year	-	-	-5,766	-
	Depreciation for the year	283	313	2,842	52
	Transferred to assets held for sale	-18,465	-	-87	-
	Impairment losses for the year	-	-	-	-
	Depreciation at 30.09.2016	414	467	19,374	52
	Carrying amount at 30.09.2016	**11,402**	**2,185**	**10,219**	**800**
	of which assets held under finance leases	-	-	2,883	800

The carrying amount for land and buildings includes payment of tDKK 1,486 for leased land, which will be depreciated over the term of the lease until 2089.

Note	tDKK	CONSOLIDATED Land and buildings	CONSOLIDATED Leasehold improvements	CONSOLIDATED Plant, fixtures and fittings and equipment	PARENT COMPANY Plant, fixtures and fittings and equipment
	2014/15				
	Cost at 01.10.2014	89,993	797	34,331	-
	Value adjustment	-169	2	-14	-
	Brought forward	111	-111	-2,314	-
	Additions during the year	20,518	1,152	5,588	-
	Disposals during the year	-	-	-5,080	-
	Cost at 30.09.2015	110,453	1,840	32,511	-
	Depreciation at 01.10.2014	16,899	90	23,617	-
	Value adjustment	-2	-	6	-
	Disposals during the year	-	-	-4,993	-
	Depreciation for the year	1,702	69	3,907	-
	Depreciation at 30.09.2015	18,599	159	22,537	-
	Carrying amount at 30.09.2015	**91,854**	**1,681**	**9,974**	**-**
	Of which plant under construction	11,308	1,153	79	-
	Of which assets held under finance leases	-	-	616	-

Additions to land and buildings for 2015/16 include payment of tDKK 1,566 for leased land, which will be depreciated over the term of the lease until 2089.

Note	tDKK	PARENT COMPANY 2015/16	2014/15
12	**Investments in subsidiaries**		
	Cost at 01.10	**68,794**	68,788
	Capital injection for subsidiary	**2,500**	6
	Impairment write-down of investments in subsidiary	**-2,500**	-
	Cost at 30.09	**68,794**	68,794

Name	Registered office	Stake	Share capital	Equity	Profit for the year	Carrying amount
Gabriel A/S	Aalborg	100%	25,500	118,337	21,085	34,145
ZenXit A/S	Aalborg	100%	1,000	130	-1,547	2,500
Gabriel Ejendomme A/S	Aalborg	100%	1,000	24,924	80	30,932
Gabriel (Tianjin)	China	100%	1,732	14,638	3,177	1,211
Gabriel North America Inc.	USA	100%	6	-1,628	-1,602	6
				156,401	21,193	68,794

ZenXit A/S is a development company, and product completion for the intended customers and markets as well as market penetration are taking longer than expected. Management judges it fair against this background to write down the investment by tDKK 2,500, i.e. the amount of the capital injection during the financial year. The impairment loss is accounted for under finance costs in the parent company's income statement. The negative results and the low equity of ZenXit A/S led management to conduct an impairment test. The test was based on anticipated growth over a five-year period and on the company's profitability during the period. A discount rate of 12% was applied. Management judges on this basis that no further impairment write-down is required.

There are no indicators of impairment for other investments.

Note	tDKK	CONSOLIDATED 2015/16	2014/15
13	**Investments in joint ventures**		
	Cost at 01.10	**13,811**	13,811
	Cost at 30.09	**13,811**	13,811
	Adjustments at 01.10	**11,505**	9,562
	Share of profit for the year	**4,691**	1,878
	Intra-Group profit	**-155**	122
	Value adjustment, property	**-58**	-57
	Adjustments for the year	**4,478**	1,943
	Adjustments at 30.09	**15,983**	11,505
	Carrying amount at 30.09	**29,794**	25,316

The Group holds 49.3% of the votes in UAB Scandye, Lithuania, together with two other shareholders. The shareholders' agreement provides that all material decisions concerning the company's activities must be unanimous, which means that all shareholders have a joint controlling interest. Given that all shareholders of UAB Scandye are entitled to a proportionate share of the company's net assets, the investment is accounted for as a joint venture.

Financial information for UAB Scandye in accordance with the Group's accounting policies:

	2015/16	2014/15
Net revenue	**44,273**	33,731
Depreciation	**-4,981**	-5,114
Finance income	**7**	17
Finance costs	**-237**	-446
Tax on profit for the year	**-1,275**	-430
Profit/comprehensive income for the year	**9,517**	3,809
Non-current assets	**39,638**	40,623
Current assets	**8,016**	8,125
Cash and cash equivalents	**14,085**	5,874
Non-current liabilities	**2,928**	6,347
Current liabilities	**9,275**	8,255
Equity	**49,536**	40,020
Reconciliation of carrying amount at 30 September:		
The Group's share of equity	**24,438**	19,746
Value adjustment, property	**977**	1,035
Intra-Group profit	**-420**	-264
Goodwill	**4,799**	4,799
Carrying amount at 30.09	**29,794**	25,316

Note	tDKK	CONSOLIDATED 2015/16	2014/15
14	**Non-current amounts owed by joint venture**		
	Cost at 01.10	**2,496**	4,371
	Disposals	**-1,195**	-1,875
	Carrying amount at 30.09	**1,301**	2,496
	Gross receivables are specified as follows:		
	Due within 1 year	**1,167**	1,301
	Due within 1-5 years	**184**	1,346
	Due after 5 years	**-**	-
	Unearned future financing income	**-50**	-151
	Total receivables	**1,301**	2,496
	Net receivables are specified as follows:		
	Due within 1 year	**1,123**	1,196
	Due within 1-5 years	**178**	1,300
	Due after 5 years	**-**	-
	Total receivables	**1,301**	2,496

The receivable arises from finance leasing of production equipment to UAB Scandye. At the end of the lease term of 2-4 years, the lessee has the option of acquiring the production equipment. The assets leased out have been provided as collateral for the Group's receivables.

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2015/16**	2014/15	**2015/16**	2014/15
15	**Inventories**				
	Raw materials and consumables	**29,055**	20,641	**-**	-
	Work in progress	**4,669**	5,457	**-**	-
	Finished goods and goods for resale	**30,078**	31,561	**-**	-
		63,802	57,659	**-**	-

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2015/16**	2014/15	**2015/16**	2014/15
16	**Receivables**				
	Trade receivables	**45,655**	45,689	**-**	-
	Amounts owed by subsidiaries	**-**	-	**25,623**	24,721
	Other receivables	**5,291**	8,967	**7,516**	6,901
		50,946	54,656	**33,139**	31,622

Credit risks associated with the individual receivables depend primarily on the debtors' domicile. The creditworthiness of receivables not written down is assessed, on the basis of the Group's internal credit rating procedures and external credit ratings, to be high and to pose a low risk of loss. See also note 23 for information on credit risks.

The Group's trade receivables are distributed as follows by geographical area:

Denmark	**2,404**	2,360
Scandinavia	**6,823**	7,430
EU	**30,676**	30,090
Other countries	**5,752**	5,809
	45,655	45,689

The Group's trade receivables at 30.09.2016 include receivables totalling tDKK 1,047 (2014/15: tDKK 563), written down by tDKK 986 after individual assessment (2014/15: tDKK 550). Other external costs include bad debts of tDKK 93 net (2014/15: tDKK 564). Write-downs of trade receivables are due to customer bankruptcy or anticipated payment default.

Write-downs of the Group's trade receivables are distributed as follows by geographical area:

Denmark	**50**	50
Scandinavia	**100**	-
EU	**686**	500
Other countries	**150**	-
	986	550

Trade receivables due on 30 September, but not written down, were recognised as follows:

Up to 30 days	**5,595**	3,778
Between 30 and 60 days	**1,353**	1,093
Over 60 days	**1,519**	1,769
	8,467	6,640

Interest income arising from receivables written down is not recognised.

Note	tDKK	CONSOLIDATED 2015/16	2014/15
17	**Research and development costs**		
	The correlation between research and development costs incurred and expensed is specified as follows:		
	Research and development costs incurred	**9,390**	9,719
	Development costs recognised as intangible assets	**-3,031**	-3,786
	Research and development costs for the year recognised in the income statement under staff and other external costs	**6,359**	5,933

18 **Share capital**

	SHARES ISSUED Number 2015/16	Number 2014/15	Nominal value (tDKK) 2015/16	Nominal value (tDKK) 2014/15
1 October	**1,890,000**	1,890,000	**37,800**	37,800
30 September	**1,890,000**	1,890,000	**37,800**	37,800

The share capital comprises 1,890,000 shares of DKK 20 each. No shares carry special rights.
Neither the Group nor the parent company holds treasury shares.

Capital management

The Group's ordinary activities still generate high cash flows, enabling the Group to maintain solid financial resources. The Group regularly assesses the need for adjusting its capital structure to weigh the required higher return on equity against the higher degree of uncertainty surrounding external financing. A high equity ratio has always been a high priority of Gabriel's management in order to maximise room for manoeuvre in all situations. The Group's equity ratio was 70% on 30 September 2016 (at 30 September 2015: 64%). Reducing tied-up funds is also constantly on the Group's agenda.

The Group wishes to provide its shareholders with regular returns on their investments, while maintaining an appropriate level of equity to ensure the company's future operations. The Board of Directors proposes that dividends of DKK 7.25 per share be distributed for 2015/16, equivalent to total dividends of DKK 13.7 million.

Against this background, the present capital resources are deemed adequate in the present economic climate.

Note	tDKK	CONSOLIDATED 2015/16	CONSOLIDATED 2014/15	PARENT COMPANY 2015/16	PARENT COMPANY 2014/15
19	**Deferred tax**				
	Deferred tax at 01.10	**5,684**	6,456	**-**	-
	Transferred to liabilities related to assets held for sale	**-2,481**	-	**-**	-
	Exchange rate adjustment	**10**	7	**-**	-
	Deferred tax for the year recognised in the income statement	**-665**	-546	**21**	-
	Deferred tax for the year recognised in other comprehensive income	**-**	-33	**-**	-
	Reduction in Danish corporation tax rate from 23.5% to 22% up to 2016	**248**	-19	**-**	-
	Adjustment in respect of previous years	**131**	-181	**-**	-
	Deferred tax at 30.09	**2,927**	5,684	**21**	-
	Deferred tax concerns:				
	Intangible assets	**2,973**	3,065	**-**	-
	Land and buildings	**-**	3,132	**-**	-
	Plant, fixtures and fittings and equipment	**550**	439	**21**	-
	Current assets	**-338**	-640	**-**	-
	Current liabilities	**-258**	-312	**-**	-
		2,927	5,684	**21**	-
20	**Credit institutions**				
	Amounts owed to credit institutions relate to:				
	Mortgage debt, mortgage lender	**-**	30,382	**-**	-
	Mortgage debt, bank	**8,984**	9,386	**-**	-
	Withdrawal from credit facility at bank	**474**	8,554	**-**	-
	Total carrying amount	**9,458**	48,322	**-**	-
	Amounts owed to credit institutions were recognised in the statement of financial position as follows:				
	Non-current liabilities	**8,202**	36,794	**-**	-
	Current liabilities	**1,256**	11,528	**-**	-
	Total carrying amount	**9,458**	48,322	**-**	-
	Fair value is calculated at market value (level 1)	**9,458**	50,359	**-**	-

The bank loan is a floating-rate mortgage loan in EUR. The current level of interest is 2.4% p.a. with the principal of tEUR 1,260.

	Debt falls due as follows:				
	0-1 years	**1,326**	12,018	**-**	-
	1-5 years	**3,768**	17,180	**-**	-
	> 5 years	**5,277**	23,182	**-**	-

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments.
Interest payments are estimated on the basis of existing market conditions.

		CONSOLIDATED			
Note	tDKK	**2015/16**		2014/15	
21	**Lease liabilities**				

Lease liabilities are recognised as follows in the statement of financial position:

	Minimum lease payment	**Carrying amount**	Minimum lease payment	Carrying amount
0-1 years	**588**	**540**	901	885
1-5 years	**2,201**	**2,172**	474	459
> 5 years	**-**	**-**	-	-
	2,789	**2,712**	1,375	1,344
Interest component	**-77**	**-**	-31	-
Net present value of minimum lease payments	**2,712**	**2,712**	1,344	1,344

The lease liability concerns finance leasing of vehicles.
The remaining terms of the contracts are 1-3 years.

22 Assets held for sale

In March 2016, the Group entered into an agreement under which Sadolin & Albæk A/S would be in charge of selling Gabriel Ejendomme A/S (the business park Gabriel Erhvervspark) at the best possible price. The sales process is still in process and is ultimately expected to have a positive impact on the Group's profit and equity. In consequence, the activity "letting of office facilities" is accounted for as a discontinued operation, and operating profit, statement of financial position and effect on consolidated cash flow are stated separately under the individual items.

	GABRIEL EJENDOMME A/S	
tDKK	**2015/16**	2014/15
Net revenue	**6,615**	6,951
Other external costs	**-3,895**	-3,688
Depreciation/amortisation and impairment losses on intangible assets and property, plant and equipment	**-2,006**	-1,599
Operating profit (EBIT)	**714**	1,664
Finance costs	**-611**	-1,115
Profit before tax from discontinuing operations	**103**	549
Tax on profit for the year from discontinuing operations	**-23**	-145
Profit for the year after tax from discontinuing operations	**80**	404
Earnings per share (EPS), basic	**0.0**	0.2
Earnings per share (EPS), diluted	**0.0**	0.2
Property, plant and equipment	**80,701**	
Receivables	**151**	
Cash and cash equivalents	**137**	
Total assets held for sale	**80,989**	-
Deferred tax	**2,198**	
Credit institutions	**28,158**	
Trade payables	**471**	
Corporation tax	**647**	
Other payables	**1,056**	
Liabilities related to assets held for sale	**32,530**	-
Cash flows from operating activities	**1,323**	
Cash flows from investing activities	**-2,523**	
Cash flows from financing activities	**-2,390**	
Total cash flows	**-3,590**	-

23 Financial risks and financial instruments

Given its operations, investments and financing, the Group is exposed to a number of financial risks, including market risks (currency risks, interest rate risks and risks relating to raw materials), credit risks and liquidity risks. Gabriel's policy is not to engage in active speculation in financial risks. The Group's financial management thus covers only management and reduction of the financial risks arising directly from its operations, investments and financing.

Management monitors the Group's risk concentration broken down by customer, geographical area, currency etc.
Management also monitors whether the Group's risks are correlated, and whether the Group's risk concentration has undergone any changes.
The Group's risk exposure and risk management have remained unchanged since 2014/15.

The Group's categories of financial assets and liabilities are given below:

	CARRYING AMOUNT	
tDKK	**2015/16**	2014/15
Derivatives taken up to hedge future cash flows	**-**	-28
Financial assets used as hedging instruments	**-**	-28
Amounts owed by joint venture	**1,301**	2,497
Receivables	**51,096**	54,656
Cash and cash equivalents	**19,798**	16,264
Loans and receivables	**72,195**	73,417
Credit institutions	**37,479**	48,322
Financial lease liabilities	**2,712**	1,344
Trade payables	**18,590**	20,790
Amounts owed to joint venture	**1,260**	1,822
Financial liabilities measured at amortised cost	**60,041**	72,278

The fair value of financial assets and liabilities is in line with the carrying amounts.

Derivative financial instruments in the form of forward exchange contracts entered into to hedge items on the statement of financial position and future transactions are recognised as Loans and receivables at market value of tDKK 144 (2014/15: tDKK -28). Forward exchange contracts are valued in accordance with generally recognised valuation techniques based on relevant observable exchange rates and classified as level 2 "other input" under the fair value hierarchy.

Currency risk

The Group's foreign exchange positions in Danish kroner were as follows on 30.09.2016:

tDKK Currency	Cash and cash equivalents/ Trade receivables	Bank loans/ trade payables/ credit institutions	Open forward contracts
DKK	2,907	-14,784	-
EUR	44,239	-52,022	-4,454
SEK	4,885	-462	-
NOK	339	-14	-
GBP	4,075	-60	-
USD	7,352	-204	5,250
PLN	907	-1,007	4,454
RMB	10,324	-	-
Other	337	-48	-
Abroad	72,458	-53,817	5,250

Note

23 cont. The Group's foreign exchange positions in Danish kroner were as follows on 30.09.2015:

tDKK Currency	Cash and cash equivalents/ Trade receivables	Bank loans/ trade payables/ credit institutions	Open forward contracts
DKK	2,712	-21,602	-
EUR	36,692	-48,637	-4,476
SEK	3,681	-628	1,398
NOK	599	-36	888
USD	8,601	-	1,980
RMB	8,190	-27	-
Other	1,478	-1,348	4,476
Abroad	59,241	-50,676	4,266

The net position was computed recognising future transactions in foreign currency which are hedged via the above open forward contracts.

The Group has used forward exchange transactions to hedge its risks related to changes in cash flows resulting from exchange rate movements for both items on the statement of financial position and future transactions. Outstanding forward exchange contracts at 30.09.2016 of tDKK 9,704 (2014/15: tDKK 4,266) cannot be related to specific transactions and are thus recognised in the income statement.

Forward exchange contracts mature within nine months.

The Group hedges currency risks considering projected future cash flows and projected future exchange rate movements. The majority of sales in Europe are settled in the customer's currency, while the euro is primarily used for settlement with other international customers. Currency risks generated by income are only on a limited scale, as most income is invoiced in the Scandinavian currencies or euro. Most of the Group's purchases are settled in Danish kroner, euro or US dollars.

Any changes in the exchange rates on 30.09.2016 are not deemed to have any material impact on results or equity because of the currency exposure on this date. However, the Group also experienced major exchange rate fluctuations in the 2015/16 financial year, and if this development continues in the next financial year, the effect will be as follows for selected, important currencies:

Currency exposure at 30.09.2016

Currency	Net position	Probable change in exchange rate	Effect on profit for the year	Effect on equity
USD/DKK	12,398	5%	620	484
EUR/DKK	-16,421	-1%	164	128
RMB/DKK	10,324	-5%	-516	-387
GBP/DKK	4,015	-5%	-201	-157

Currency exposure at 30.09.2015

Currency	Net position	Probable change in exchange rate	Effect on profit for the year	Effect on equity
SEK/DKK	4,451	-5%	-223	-174
USD/DKK	10,581	5%	529	413
EUR/DKK	-15,675	-1%	157	122
RMB/DKK	8,163	-5%	-408	-318

In 2016/17, the Group's foreign currency exposure is expected to be essentially unchanged relative to 2015/16.

Note

23 cont. **Liquidity and interest rate risks**

The Group has generated positive cash flows for many years and has thus not been dependent on external financing. At 30 September 2016, the Group had net cash and cash equivalents of DKK 19.3 million (2014/15: (DKK 7.7 million) plus undrawn lines of credit. The Group is thus judged to have adequate liquidity to ensure the ongoing financing of future operations and investments.

Ongoing operating credits are available to the Group. Mortgage loans are also taken out with mortgage lenders and banks. The loans are in euro and at fixed and floating rates of interest. Finance lease agreements for vehicles were drawn up in Danish kroner with a floating interest rate and in euros with a fixed interest rate. The agreements are in force for between one and three years.

Group financial receivables carry a contractual fixed interest rate throughout their lifetime. On this basis, an isolated rise or fall of one percentage point in the market rate is judged not to be of major significance for the Group's profit.

Risks relating to raw materials

The Group typically enters into cooperation agreements with its most important suppliers to ensure reliability of delivery and to lock prices. As indicated in note 25, Gabriel has concluded purchase agreements for raw material supplies for 2016/17. The Group is not exposed to any major price risks arising from its use of raw materials.

Credit risks

In line with Group credit risk policy, all major customers and other business partners are regularly credit rated. Credit risk management is based on internal credit lines for customers. Prompted by the financial crisis, the Group has intensified its focus on the approval of customer credit lines and strengthened its management and monitoring of customers. Group trade receivables are distributed on numerous customers, countries and markets, ensuring a high degree of risk diversification. On the basis of the Group's internal credit procedures, it is judged that the quality of the Group's trade receivables depends primarily on the debtor's home country. The creditworthiness of debtors from Scandinavia and the EU is usually higher than that of debtors from other countries.

The Group aims to reduce risk through efficient monitoring, follow-up and credit insurance of major foreign and domestic receivables or alternative collateral. Credit insurance was taken out for all major foreign and domestic receivables at 30.09.2016. The Group's trade receivables are usually paid no later than 1-2 months after delivery. The Group has a past record of minor bad debts and is usually exposed to only a limited risk of major losses. We refer to note 16.

Under non-current financial assets, the Group financed production equipment for the joint venture UAB Scandye. Gabriel has been provided with collateral in the leased equipment. The lessee may perform the contracts at their residual values.

24 **Operating leases**

At 30 September 2016, the Group held operating leases for vehicles with a residual lease liability of tDKK 923 (2014/15: tDKK 877),of which tDKK 440 (2014/15: tDKK 423) is due within one year, while the rest is due within one to four years. An amount of tDKK 463 was expensed in the financial year as against tDKK 737 in 2014/15.

At 30 September 2016, the Group had entered into leases for its sales offices in Germany, France, Sweden and the USA. The rental periods expire in 2023 at the latest, and the total liability for future rent payments is tDKK 9,130 (2014/15: tDKK 5,588), of which tDKK 2,121 (2014/15: tDKK 1,167) is due within one year, while tDKK 1,564 (2014/15: tDKK 607) is due after five years.

25 **Contingent liabilities and collateral**

PARENT COMPANY

The parent company has issued a letter of subordination to the bankers of the subsidiary Gabriel A/S covering the subsidiary's current bank loans.

The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group. In its capacity as the administrative company, the company has unlimited joint and several liability with the other companies in the joint taxation unit for Danish corporation taxes and withholding taxes on dividends and interest within the joint taxation unit. Any subsequent corrections to corporation and withholding taxes could result in a change in the company's liability.

CONSOLIDATED

As part of usual Group operations, the Group has entered into purchase agreements for future raw material supplies amounting to tDKK 22,916 (30 September 2015: tDKK 17,397) to ensure raw material supplies in 2016/17.

Claims and warranties do not represent a major expense for the Group. This is the result of the certifications for the ISO 9001 Quality Management Standard since 1991 and the Environmental Management Standard ISO 14001 since 1996.

For assets held for sale, collateral in land and buildings has been provided to the credit institution for the mortgage debt. The carrying amount of land and buildings was tDKK 80,621 at 30 September 2016 (30 September 2015: tDKK 80,063), while mortgage

Note

25 cont. debt to the credit institution was tDKK 28,526 (30 September 2015: tDKK 30,382). Collateral in land and buildings has been provided for bank debt to a bank in Poland. The carrying amount was tDKK 11,401 (30 September 2015: tDKK 11,791), while the debt to the bank was tDKK 8,984 (30 September 2015: tDKK 9,385).

26 **Transactions with Group companies, major shareholders, Board of Directors and Executive Board**

The parent company's related parties comprise subsidiaries, their Boards of Directors and Executive Boards. Related parties also comprise companies in which the above persons have significant influence. Gabriel Holding A/S has no related parties exercising control.

The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group, which means that the parent company is liable for Danish corporation and withholding taxes etc. within the joint taxation unit. Please see note 24 for further information.

	PARENT COMPANY	
tDKK	**2015/16**	2014/15
Administration fee from affiliated enterprises	**2,250**	2,200
Interest income from affiliated enterprises	**189**	792
Dividends from affiliated enterprises	**9,000**	8,500

Transactions with Group enterprises were eliminated in the consolidated financial statements in accordance with the accounting policy.

The related parties include a joint venture over which Gabriel exercises significant influence.
Trading with the joint venture business UAB Scandye comprised the following:

	CONSOLIDATED	
tDKK	**2015/16**	2014/15
Purchases from associates	**26,177**	25,414
Interest etc. from associates	**106**	212

Apart from the executives' and directors' remuneration disclosed in note 5, the Group and parent company did not engage in any transactions with the Board of Directors, Executive Board, executive employees, major shareholders or other related parties during the year.

27 **Accounting estimates and judgments**

The carrying amount of certain assets and liabilities is stated on the basis of management's estimated impact of future events on the value of these assets and liabilities at the statement of financial position date. Estimates important to the financial reporting are mainly made by calculating write-downs for inventory obsolescence, write-downs on debtors, and impairment tests on development projects. Estimates were also made for the classification of the property in Aalborg.

The uncertainty with respect to inventory estimates relates to write-downs to net realisable value. The need for write-downs is deemed to be unchanged and assessment is still based on the development within colour and product combinations and associated raw materials and consumables. Write-downs on inventories follow the Group's practice for write-downs, which includes an assessment of the inventory turnover ratio and possible losses as a result of obsolescence, quality problems and economic conditions. Total inventory write-down was tDKK 8,536 at 30 September 2016 against tDKK 5,756 last year.

Development projects in progress are impairment-tested at least once a year. Development projects are projects based on future expectations for fashion, colours and design, and the test is thus based on future expectations for customer and market demands. Innovation projects are established for the purpose of identifying new products within associated business areas. These circumstances form the basis for management's estimates of the recoverable amount of the ongoing development and innovation projects in the form of expected future net cash flows including costs of completion.

Note

27 cont. The most important part of the Group's activities is carried out from the headquarters in Aalborg. Part of this property is let to external commercial tenants under the auspices of Gabriel Erhvervspark. Management estimates that division of the property into domicile and tenancies for letting will not be a fair presentation. Management consequently estimates that presentation of the property as headquarters in the financial statements gives a true and fair view. The property is accounted for as an asset held for sale in the annual report, because the property complex was put on the market in March 2016.

28 **Purchase of subsidiary after the date of statement of financial position**

On 11 November 2016, the operating company, Gabriel A/S, took over 100% of the shares of the screen manufacturer Screen Solutions Ltd. The purchase price was agreed at GBP 4.5 million in cash. Due to the short time between the purchase and the publication of the annual report, it has not been practically possible to allocate the purchase price on assets and liabilities taken over, prior to the publication of the annual report. This allocation is expected to be incorporated into the Q1 report for 2016/17.

29 **Accounting policies**

Gabriel Holding A/S is a limited liability company domiciled in Denmark. The financial section of the annual report for the period 01.10.2015-30.09.2016 comprises the consolidated financial statements for Gabriel Holding A/S and its subsidiaries (the Group) and separate parent company financial statements.

The consolidated financial statements and the parent company financial statements of Gabriel Holding A/S for 2015/16 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with the Danish disclosure requirements for listed companies.

The Board of Directors and the Executive Board discussed and approved the annual report for 2015/16 of Gabriel Holding A/S on 15 November 2016. The annual report will be presented to the shareholders of Gabriel Holding A/S for approval at the annual general meeting on 14 December 2016.

Basis for preparation

The consolidated financial statements and the parent company financial statements are presented in DKK rounded to the nearest DKK 1,000.

The accounting policies as described below were applied consistently during the financial year and for the comparative figures. Comparative figures are not restated for standards to be implemented in the future.

ACCOUNTING POLICIES APPLIED

Consolidated financial statements

The consolidated financial statements comprise the parent company Gabriel Holding A/S and subsidiaries in which Gabriel Holding A/S exercises control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. A controlling interest is obtained when the company directly or indirectly holds more than 50% of the voting rights in the subsidiary, or controls it in some other way.

Whether Gabriel Holding A/S exercises control or significant influence is determined on the basis of de facto control and potential voting rights which are actual and substantive on the date of the statement of financial position.

Enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is typically obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

Joint arrangements are activities or businesses over which the Group has a controlling interest, through cooperation agreements with one or more parties. Joint controlling interest means that decisions about the relevant activities require the unanimous consent of all parties holding a joint controlling interest. Joint arrangements are classified as joint ventures or joint operations. Joint operations are activities in which the participants have direct rights over assets and direct obligations for liabilities, while joint ventures are activities where the participants only have rights over the net assets..

The consolidated financial statements cover the parent company Gabriel Holding A/S and the subsidiaries Gabriel A/S, Gabriel Ejendomme A/S, ZenXit A/S, Gabriel Innovation A/S, Gabriel (Tianjin) International Trading Co. Ltd., UAB FurnMaster, FurnMaster Sp. z o.o., Gabriel GmbH, Gabriel Sweden AB and Gabriel North America Inc. UAB Scandye is considered a joint venture and recognised in the annual report under investments in joint ventures.

Note

29 cont. The consolidated financial statements were prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, prepared in accordance with the Group's accounting policies, with elimination of intra-Group income and expenses, shareholdings, intra-Group balances and dividends and realised and unrealised gains on intra-Group transactions. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, unless impairment has occurred.

The items of subidiaries are fully recognised in the consolidated financial statements. The non-controlling parties' share of the profit for the year, and of the equity in subsidiaries which are not 100% owned, is included as a part of the Group's result or equity, but shown separately.

Business combinations
Enterprises acquired or formed during the year are included in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements until the date of disposal. Comparative figures are not restated for acquisitions.

The acquisition method is used on acquisitions of new businesses where the Gabriel Holding A/S Group gains control. The purchased company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Deferred tax on the revaluations made is recognised.

The acquisition date is the date on which Gabriel Holding A/S effectively gains control of the acquired business.

Costs attributable to business combinations are recognised directly in the profit for the year when incurred.

Foreign currency translation
For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions. On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rates on the transaction date. Foreign exchange differences arising between the transaction date and the date of payment are recognised in profit or loss as finance income or finance costs. Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates applicable at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and on the date on which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as finance income or finance costs.

On recognition in the consolidated financial statements of subsidiaries with a functional currency other than the DKK, the income statements are translated at the exchange rates on the transaction date, and the statement of financial position items are translated at the exchange rates at the end of the reporting period. An average exchange rate for each month is used as the transaction date exchange rate, unless this would significantly distort the presentation of the underlying transactions.

Foreign exchange differences arising on translation of the opening balance of equity of such foreign operations at the exchange rates applicable at the end of the reporting period, and on translation of the income statements from the exchange rates on the transaction date to the exchange rates applicable at the end of the reporting period, are recognised in other comprehensive income under a separate translation reserve under equity.

On recognition in the consolidated financial statements of associates with a functional currency other than the DKK, the share of profit/loss for the year is translated at average exchange rates. The share of equity, including goodwill, is translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on the translation of the share of the opening equity of foreign associates, at the exchange rates applicable at the end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates applicable at the end of the reporting period, are recognised in other comprehensive income under a separate translation reserve under equity.

Derivative financial instruments
Derivative financial instruments are recognised and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Fair values for derivative financial instruments are measured on the basis of current market data and acknowledged valuation methods.

Changes in the fair value of derivative financial instruments designated, and qualifying for recognition, as a hedge of the fair value of a recognised asset or liability are recognised in the results, together with changes in the value of the hedged asset or liability as regards the portion hedged.

Note

29 cont. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows, and which effectively hedge changes in future cash flows, are recognised in equity under a separate reserve for hedging transactions until the hedged cash flows affect the results. At this time, any gain or loss regarding such hedging transactions is transferred from equity and recognised in the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as finance income or finance costs.

INCOME STATEMENT

Net revenue
Revenue from the sale of goods for resale and finished goods is recognised as revenue, provided that delivery and transfer of risk to the buyer have taken place before the year end, that the income can be reliably measured, and that it is expected to be received. Rental income is accrued and recognised on a straight-line basis over the period, in accordance with contracts entered into.

Net revenue is measured ex VAT, taxes and discounts in relation to the sale.

Other operating income and costs
Other operating income and costs comprise items secondary to the principal activities of the enterprise, including gains on the sale of intangible assets and property, plant and equipment.

Public subsidies
Public subsidies comprise subsidies and financing of development projects. Public subsidies are recognised in the income statement under other operating income in step with payment/amortisation of the costs eligible for subsidy. In the statement of financial position, public subsidies are recognised under deferred income.

Cost of sales etc.
These costs include costs paid to achieve the year's net revenue, including direct and indirect costs of raw materials and consumables, goods for resale and energy etc.

The cost of sales etc. also includes direct and indirect costs of wages and consumables in connection with Group production.

Other external costs
Other external costs are mainly costs concerning sales, distribution, maintenance, premises and administration.

Profit/loss from investments in joint ventures in the consolidated financial statements
The Group's proportionate share of the results after tax of the joint venture business is recognised in the consolidated income statement after elimination of the proportionate share of intra-Group profits/losses.

Finance income and finance costs
Finance income and finance costs comprise interest income and expenses, gains and losses as well as write-downs on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities and surcharges and refunds under the on-account tax scheme etc. Realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are also included.

Dividends received from investments in subsidiaries are recognised in the parent company income statement in the financial year when the dividends are declared. If distributed dividends exceed comprehensive income for the relevant period, an impairment test is carried out.

Tax on profit for the year
Gabriel Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable incomes (full absorption with deduction for tax losses). The jointly taxed companies are included in the on-account tax scheme.

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

Note

29 cont. **STATEMENT OF FINANCIAL POSITION**

Development projects
Development costs comprise costs, salaries and amortisation which are directly or indirectly attributable to the company's development activities.

Clearly defined and identifiable development projects are recognised as non-current, intangible assets where there is evidence of the degree of technical utilisation, sufficient resources and a potential future market or development opportunities in the company. The company must intend to produce, market or use the project, the cost must be reliably measured and there must be sufficient assurance that future earnings will cover administrative, production, distribution and development costs.

Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less cumulative amortisation and impairment losses and recoverable amount.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The usual amortisation period is five years.

Property, plant and equipment
Land and buildings, plant and machinery, fixtures and fittings, and other plant and equipment are measured at costs less cumulative depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, suppliers, wages and salaries as well as borrowing costs from specific and general borrowing directly relating to the construction of the individual asset.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items which are depreciated separately.

The cost of finance leases is stated at the lower of fair value and the net present value of future minimum lease payments. When the net present value of the future lease payments is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor.

Subsequent costs arising, for example, from the replacement of components of property, plant and equipment, are recognised in the carrying amount of the relevant asset when it is probable that future economic benefits will flow to the Group. The components replaced will no longer be recognised in the statement of financial position and the carrying amount will be transferred to the income statement. All other ordinary costs of repair and maintenance will be recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components as follows:

Buildings	10-25 years
Leasehold improvements	Term of the lease
Plant, fixtures and fittings and equipment	3-8 years

Land is not depreciated.

Depreciation is calculated on the basis of the residual value less impairment losses. Depreciation period and residual value are determined on the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of non-current property, plant and equipment are determined as the difference between the selling price less cost of sale and the carrying amount on the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs.

Impairment test of non-current assets
The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's net selling price less anticipated disposal costs or its value in use. The value in use is calculated as the net present value of forecast future cash flows from the asset or from the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of the net assets exceeds its recoverable amount.

Note

29 cont. **Investments in joint ventures in the consolidated financial statements**
Investments in joint ventures are measured according to the equity method.

Investments in joint ventures are measured in the statement of financial position at the Group's share of the enterprises' equity values, calculated in accordance with the Group's accounting policies plus or minus the proportionate share of unrealised intra-Group profits and losses and plus the carrying amount of goodwill. Investments in joint ventures are tested for impairment when there is an indication of impairment.

Investments in subsidiaries in the parent company financial statements
Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, investments are written down to this lower value.

At the distribution of reserves other than retained earnings in subsidiaries, the distribution will reduce the cost of investments when the distribution is characterised as repayment of the parent company's investment.

Amounts owed by joint ventures
Amounts owed by joint ventures are attributable to lease contracts for assets of which the Group is the owner, but of which all major risks and maintenance liabilities are incumbent on the joint venture business. Finance leases are recognised on the statement of financial position at the net present value of future lease payments. The interest rate implicit in the lease is used for the calculation of the net present value.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages/salaries and indirect production overheads. Indirect production costs comprise indirect materials, wages/salaries and maintenance as well as depreciation of production equipment, buildings and equipment and factory administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale. It is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost. Write-downs are made for losses on bad debts when there is an objective indication of an impairment loss. In such cases, a write-down is made individually for each specific receivable. Write-downs are determined as the difference between the carrying amount and the net present value of projected cash flows, including the net realisable value of any collateral.

Equity
Dividends
Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign enterprises from their functional currencies into Danish kroner.

Current tax and deferred tax
Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability.

Deferred tax assets are recognised at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Note

29 cont. Deferred tax is measured according to the tax rules and at the tax rates applicable at the statement of financial position date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Financial liabilities
Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. The difference between the proceeds and the nominal value is accordingly recognised in the income statement as finance costs over the term of the loan. Financial liabilities include the capitalised residual obligation on finance leases measured at amortised cost.

Other liabilities are measured at net realisable value.

Leases
For accounting purposes, lease liabilities are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease liabilities is described under Property, plant and equipment and Financial liabilities respectively. Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

CASH FLOW STATEMENT
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents, and cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities
Cash flows from operating activities are recognised as the share of profit/loss adjusted for non-cash operating items, changes in working capital and corporation taxes paid.

Cash flows from investing activities
Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses, of activities, of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not classified as cash and cash equivalents.

Cash flows from financing activities
Cash flows from financing activities comprise the raising of loans, repayment of interest-bearing debt, acquisition of treasury shares and payment of dividends to shareholders.

Bank loans/cash and cash equivalents
The item covers cash and cash equivalents and bank loans (overdraft facilities).

SEGMENTS
The segment information was prepared in accordance with the Group's accounting policies and follows the internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items which are directly attributable to the individual segment and the items which can be allocated reliably to the individual segment.

Addition of non-current assets in the segment comprises non-current assets which are used directly in the segment's operation, including intangible assets and property, plant and equipment.

30 New financial reporting regulations
On the date of publication of this annual report, a number of new or revised standards and IFRICs are available, which have not yet entered into force and are consequently not incorporated into the report. The new standards and IFRICs will be implemented as they become mandatory.

In management's assessment, they will not significantly affect the annual reports in future financial years.

Definitions of financial ratios

Invested capital: Total equity and liabilities less non-interest bearing debt and deferred tax.

Operating margin: Operating profit (EBIT) as a percentage of net revenue.

Return on invested capital (ROIC): Operating profit (EBIT) as a percentage of average invested capital.

Earnings per share (EPS): Profit after tax divided by average number of shares.

Earnings per share, diluted (EPS-D): Profit after tax divided by average number of diluted shares.

Return on equity: Profit after tax as a percentage of average equity.

Equity ratio: Equity's share of total assets.

Book value per share at year end: Equity relative to share capital in per cent.

Market price at year end: Listed price of the shares on Nasdaq Copenhagen.

Price/book value: Market price relative to book value.

Price earnings (PE): Market price relative to earnings per share.

Price cash flow (PCF): Market price relative to cash flow per share (excluding treasury shares).

Dividend yield: Yield relative to market price at year end.

Payout ratio: Yield relative to profit after tax.

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