GABRIEL GROWS WORLDWIDE

Annual report
2014/15

Gabriel Holding A/S
Hjulmagervej 55
DK - 9000 Aalborg
CVR no. 58 86 87 28

Gabriel realises organic growth of 20%.

Planned increases in development and sales activities and production start-up in Poland were implemented.

Management expects an increase in revenue and earnings in 2015/16.

Summary

In the 2014/15 financial year, the Group realised organic growth in revenue of 20% and an increase in operating profit (EBIT) of 9%. The financial year was characterised by growth, but the increase in costs was comparatively higher due to the implementation of planned increases in development and sales activities and start-up of sewing and upholstery production in Poland. The increase in finance costs and a fall in the share of the profit from the company's joint venture UAB Scandye results in a profit before tax of DKK 27.3 million against DKK 27.8 million in the previous year.

Initiatives which have been implemented give rise to expectations that the Group can continue its organic growth in an otherwise stable market and improve its profit before tax in the forthcoming year.

- Revenue increased to DKK 337.7 million. (DKK 281.8 million)
- Operating profit (EBIT) was DKK 27.4 million. (DKK 25.2 million)
- The operating margin was 8.1% (8.9%).
- Profit before tax was DKK 27.3 million. (DKK 27.8 million)
- Profit after tax was DKK 21.5 million. (DKK 21.9 million)
- Return on invested capital (ROIC) before tax was 12.6%. (12.7%)
- Cash flows from operating activities in the period were DKK 19.7 million. (DKK 24.0 million)
- The Board of Directors proposes an increase in dividends to DKK 5.50 (DKK 5.25) per DKK 20 share.
- The market for contract furniture is assessed as stable. Given the Group's outreach activities and constantly increasing initiatives in development and sales activities, management expects growth in revenue of 5-10% and an increase in profit before tax of 10-15% in the forthcoming financial year 2015/16.

The Board of Directors recommends that the following be approved at the general meeting of Gabriel Holding A/S on 15 December 2015:

- The Board of Directors proposes dividends of DKK 5.50 per DKK 20 share.
- The Board of Directors proposes re-election of directors Jørgen Kjær Jacobsen, Kaj Taidal and Søren B. Lauritsen. Knud Erik Hansen wishes to stand down. The Board of Directors proposes election of Hans O. Damgaard, director, as a new member.
- The Board of directors proposes that it be authorised to permit the company to acquire treasury shares to a total nominal value of DKK 7,560,000, the equivalent of 20% of the company's share capital.
- The Board of Directors proposes the re-appointment of KPMG Statsautoriseret Revisionspartnerselskab as auditor.
- The annual report is recommended for approval at the company's general meeting at 2:00 p.m. on Thursday, 15 December 2015, at the company's office in Aalborg.

The official annual report is published on the company's website at the latest three weeks before the meeting, and the printed version of the report will be available on 3 December 2015 at the company's office.

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.

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 shares).

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

Payout ratio: Yield relative to profit after tax.

Financial highlights
for the Group

Key figures	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Net revenue	DKK million	**337.7**	281.8	264.9	247.6	242.6
Growth	%	**19.8**	6.4	7.0	2.1	10.1
Of which exports	DKK million	**301.5**	251.2	240.2	227.9	221.2
Export percentage	%	**89**	89	91	92	91
Operating profit (EBIT)	DKK million	**27.4**	25.2	21.4	21.5	18.2
Net finance income and finance costs	DKK million	**-0.1**	2.6	1.1	0.8	4.3
Profit before tax	DKK million	**27.3**	27.8	22.5	22.3	22.5
Tax	DKK million	**-5.8**	-5.9	-4.5	-4.5	-5.6
Profit after tax	DKK million	**21.5**	21.9	18.0	17.8	16.9
Cash flows from:						
Operating activities	DKK million	**19.7**	24.0	14.6	28.0	26.6
Investing activities	DKK million	**-30.9**	-5.9	-3.4	8.7	-3.7
Financing activities	DKK million	**-3.6**	-15.7	-11.9	-10.6	-8.8
Cash flows for the year	DKK million	**-14.8**	2.4	-0.7	26.1	14.1
Investments in property, plant and equipment	DKK million	**27.4**	13.5	4.1	2.9	4.5
Depreciation/amortisation and impairment losses	DKK million	**9.9**	7.0	7.3	6.1	6.2
Equity	DKK million	**178.1**	166.0	155.8	146.6	136.7
Statement of financial position total	DKK million	**278.4**	245.2	230.2	229.4	228.8
Invested capital	DKK million	**233.5**	202.6	194.7	189.1	195.2
Number of employees	Number	**238**	142	106	69	64
Revenue per employee	DKK million	**1.4**	2.0	2.5	3.6	3.8
Financial ratios						
Gross margin	%	**40.3**	41.1	39.9	40.5	41.9
Operating margin (EBIT margin)	%	**8.1**	8.9	8.1	8.7	7.5
Return on invested capital (ROIC) before tax	%	**12.6**	12.7	11.1	11.2	9.4
Return on invested capital (ROIC) after tax	%	**9.9**	11.0	9.4	9.2	8.7
Earnings per share (EPS)	DKK	**11.4**	11.6	9.5	9.4	8.9
Return on equity	%	**12.5**	13.6	11.9	12.5	12.8
Equity ratio	%	**64.0**	67.7	67.7	64.3	59.7
Book value per share at year end	DKK	**94**	88	82	78	72
Market price at year end	DKK	**199**	185	137	100	80
Price/book value		**2.1**	2.1	1.7	1.3	1.1
Price earnings (PE)	DKK	**17.5**	16.0	14.4	10.6	9.0
Price cash flow (PCF)	DKK	**19.1**	14.3	17.7	6.7	5.7
Proposed dividends per DKK 20 share	DKK	**5.50**	5.25	4.75	4.50	4.25
Dividend yield	%	**2.8**	2.8	3.5	4.5	5.3
Payout ratio	%	**48**	45	50	48	48

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2015".

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Gabriel is constantly working with new concepts for the furniture of the future and regularly finds other ways to use the fabrics and the underlying technology. In developing the fabrics of the future, Gabriel emphasises aesthetics, quality and functionality.

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Together with its main customers, the Group is continually analysing how partnerships can grow and be made more efficient through greater integration. The Group also considers how new tools can contribute to extending its products and services to new markets and segments.

GABRIEL PROFILE

(Extract – see the full text in "Gabriel Profile")

Mission

Innovation and value-creating partnerships are keywords in Gabriel's mission.

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. The products and services are applied in fields where product features, design and logistics have to meet invariable requirements, and where quality and environmental management must be documented.

Vision

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

Gabriel will achieve Blue Ocean status through an innovative business concept, patents, licences, exclusivity agreements or similar rights.

Gabriel wishes to be an attractive workplace and partner company for competent employees and businesses.

Financial goals

Gabriel aims to achieve:

- A return on invested capital (ROIC) of at least 15% before tax.
- An increasing operating margin (EBIT margin)
- A minimum average annual increase in earnings per share of 15%.
- A minimum average annual increase in revenue of 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 business potential from the links of the value chain coming from furniture fabrics, e.g. cutting, sewing and upholstering of furniture components, is realised through the strategy "Applied furniture fabrics".

Medley upholstered on Jack from Girsberger AG.

Human resources

Gabriel must be able to attract and retain staff 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:

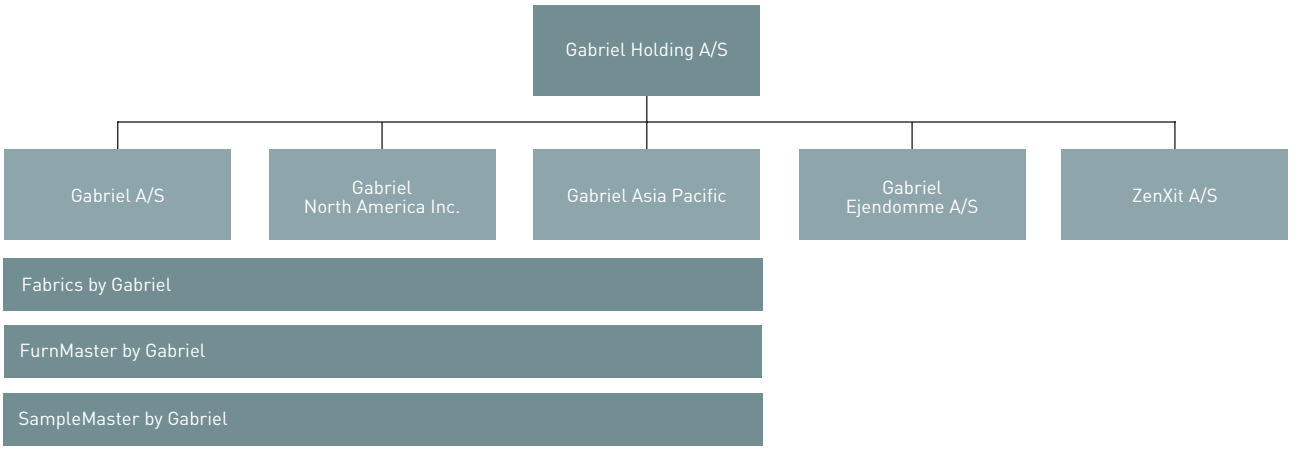
Gabriel Asia Pacific
Gabriel Asia Pacific (Gabriel (Tianjin) International Trading Co. Ltd.) is engaged in development of the Asian region. The company is an important part of the total strategy: to be able to service global contract furniture manufacturers and distributors and ensure production of innovative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

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 the leading players in the market are increasingly showing an 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. Products must have documented environmental and energy-related sustainability, competitive prices and short delivery times.

Gabriel North America Inc.
Gabriel North America Inc. was established in spring 2015 as part of the Group's growth strategy. The company established showroom and office facilities in Grand Rapids, Michigan in October 2015, and additional sales and customer service resources were added to serve the Group's customers on the American market. Storage facilities in Detroit were also added during 2014/15 and the company is thus well-prepared to add to the Group's sales activities in the USA. To support development in the region, Gabriel A/S's Logistics Manager was posted as Manager of Gabriel North America Inc. to undertake the establishment of the company.

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 implementation of the vision, Gabriel A/S has established independent sales companies on the important markets Germany and Sweden. Gabriel is also represented by committed Key Account Managers on the industry's primary markets in Europe.



The operating company Gabriel A/S established the subsidiary UAB FurnMaster in Lithuania during the 2012/13 financial year. In 2014/15 production was established at FurnMaster Sp. z o.o. in Poland.

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. FurnMaster Sp. z o.o. was established as a production unit which will support the Group's continued strategic goal of "Applied furniture fabrics".

The production unit is central for 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.

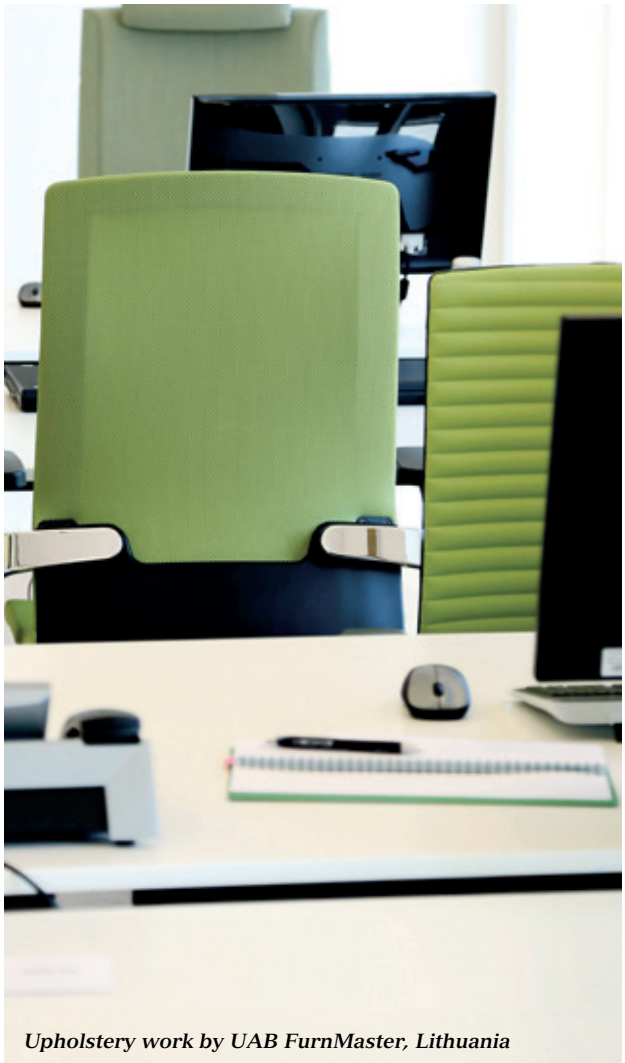
Investments in the establishment of the upholstery unit are proceeding as planned, but substantial acceleration in both activities and revenue resulted in special running-in expenses in 2014/15.

To ensure continued operation and development, the unit obtained ownership of 10,000 m^2 of production facilities in Swiebodzin, Poland, in the second quarter of the 2014/15 financial year.

ZenXit A/S
Maturing of the product, an alternative to PU foam, continued in 2014/15. New solutions were launched and sales agreements concluded with customers within the office furniture industry concerning office chairs where there are special requirements for pressure distribution in the construction, and within horse racing where there are special requirements for flexibility and pressure distribution. 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 judged to be attractive.

The upholstery company UAB FurnMaster, Lithuania



Upholstery work by UAB FurnMaster, Lithuania

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 December 2013, the Board of Directors approved an investment proposal which includes demolition costs, consultancy fees and preparation of project material. The work is complete and the material will be used for potential tenants in connection with their entering into future leases for the total of approximately 13,000 m^2 which can also be erected at Gabriel Erhvervspark.

Management regularly assesses how the property's value and income can be developed and optimised for the benefit of both tenants and owners.

The dye works UAB Scandye, Lithuania
UAB Scandye was established in 2003 as 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.

GLOBAL PRESENCE


Sales office in China


New sales office in the USA

The Group is continually extending its activities in the most important markets and makes a targeted effort to develop the relationship between Gabriel and its customers.

Key Account Managers

Committed Key Account Managers have thus been appointed in recent years in Germany, England, Denmark, Sweden, Italy, China and the USA. The Group's distribution has been expanded and thus effectively covers the three key regions, Europe, Asia and America.

Gabriel Asia Pacific

Gabriel Asia Pacific develops potential continuously and growth rates are distinct. In support of the development, the Beijing office was extended and an office was established in Shanghai as a result of the rapidly growing activities in the region.

Gabriel Europe

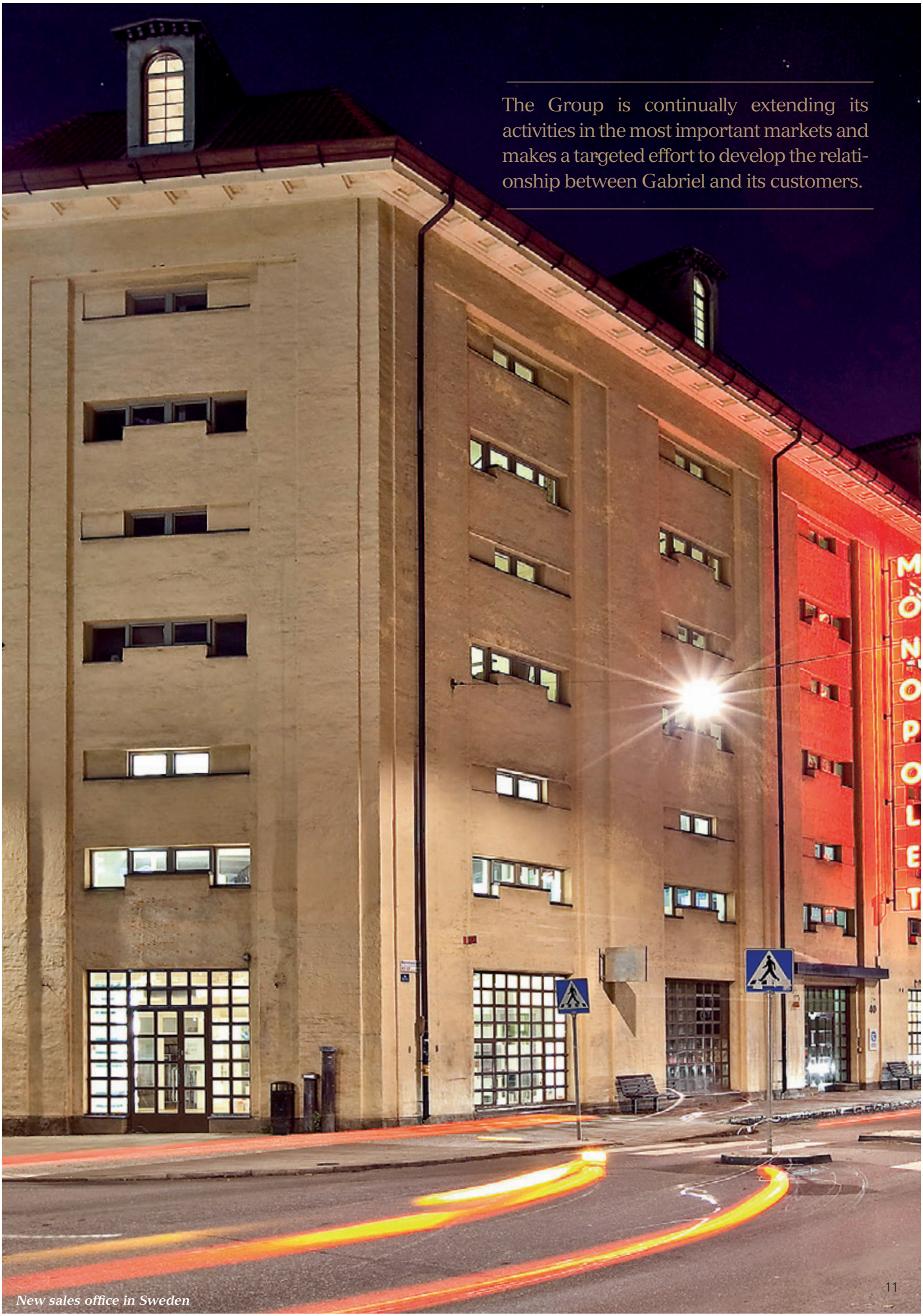
Sales companies were established in Germany and Sweden in 2013 and 2015 respectively. The purpose of the companies is to ensure proximity to the Group's biggest markets.

The company established a sales office in Paris, France in 2015, and sales activities for the Group generally increased, quantitatively and relatively, in recent years.

Gabriel North America

In North America, the Group followed up on years of positive development in the region by establishing the operating company Gabriel North America Inc. Adding the company strengthens the Group's global structure for meeting its customers' needs.

The Group is continually extending its activities in the most important markets and makes a targeted effort to develop the relationship between Gabriel and its customers.



New sales office in Sweden

Financial review

The Group's sales activities and development in revenue

The Group's revenue increased by 20% in the financial year to DKK 337.4 million. In the 2013/14 annual report, management expected organic growth in revenue of the order of 5%, equivalent to expected revenue of approximately DKK 295 million. In connection with the Q3 report for 2014/15, management raised its expectations to revenue of the order of DKK 325-330 million. In the fourth quarter of 2014/15, the Group realised revenue of DKK 86.2 million against DKK 66.4 million in the same quarter of the previous year, equivalent to growth of 30%.

The increase in revenue was attributable to growth in all business units and on almost all markets. Geographically, growth was mainly generated by an increase of 25% on the European market, an increase of 32% on the American market and an increase in sales of 55% in the Asian region. Sales in Denmark increased by 18%.

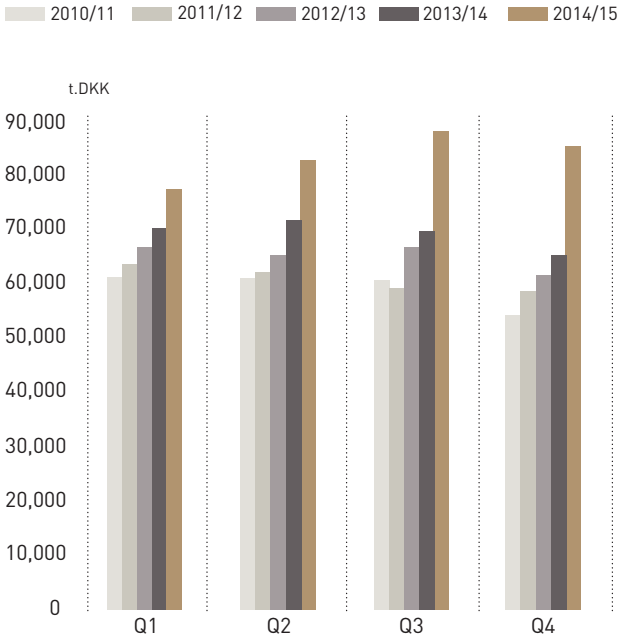
The total export share was 89% on a par with 2013/14.

Generally, the main markets in Europe are still influenced by difficult market conditions and financial reticence. Gabriel nevertheless managed to achieve growth in the last six years. Management is of the opinion that the European market has been stable to mildly falling, while both the Asian and American markets were characterised by optimism and low one-digit growth rates.

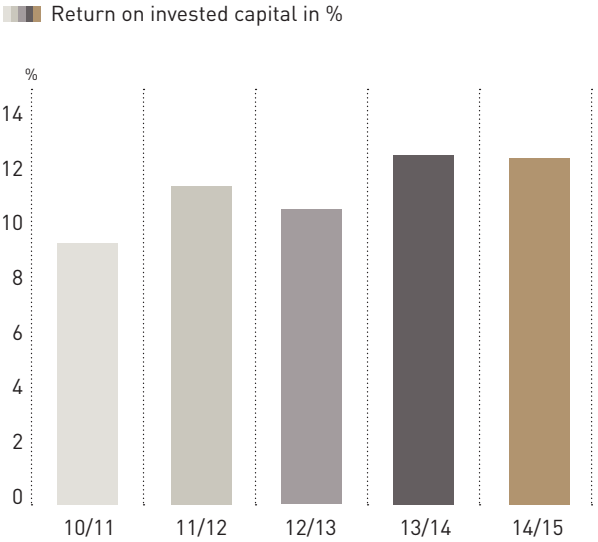
Over the last few years, the Group has injected resources for mainly sales and product development activities and business development. It is the result of this continued effort which has secured the improved revenue. We note that the repayment period is measurable for both product development and staff 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.

REVENUE BY QUARTER



RETURN ON INVESTED CAPITAL (ROIC) BEFORE TAX



The Group reports record revenue of DKK 337.4 million.

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 visit 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 year, the Group participated in the important European furniture shows Orgatec in Germany and Stockholm Furniture Fair in Sweden and in several important shows in China.

On the digital platform, the Group launched a new website and an app for iPads. The purpose of these initiatives was to provide better and faster service to customers in the form of inspirational material, references and technical contents, and the initiatives have already produced results.

To ensure additional proximity to the markets, the Group's European operating company, Gabriel A/S, established:

- the sales company Gabriel GmbH in Germany in 2012/13
- the sales company Gabriel Sweden AB in Stockholm in 2014/15
- a sales office at a central location in Paris in 2014/15.

In the USA, the Group established the independent operating company Gabriel North America Inc. in 2014/15.

Management noted good results from product development in the financial year as ten new products and solutions were launched. The high frequency of product launches was decisive to the improvement in the core area furniture fabrics.

Earnings

In connection with the Q3 report 2014/15, management expressed expectations of an operating profit (EBIT) of the order of DKK 26-27 million. Operating profit (EBIT) for 2014/15 was DKK 27.4 million, an increase of 9% relative to last year. Operating margin (EBIT margin) was 8.1% (8.9%).

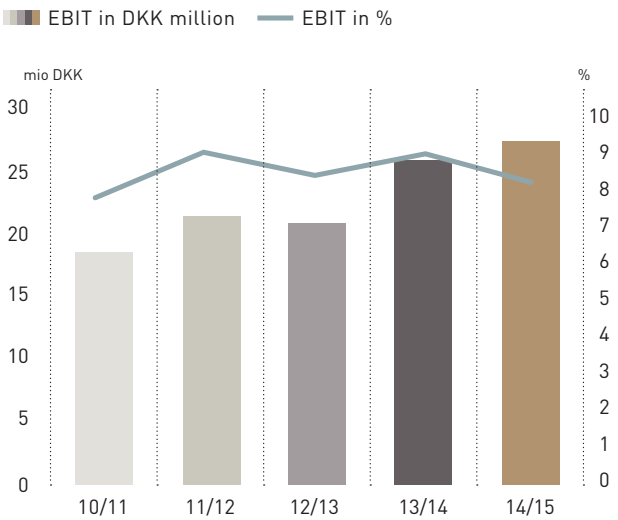
The Group achieved an operating profit (EBIT) of DKK 5.7 million in the fourth quarter of the financial year against DKK 5.5 million in the same quarter of the previous year. Operating margin (EBIT margin) was 6.7% (8.3%) in the fourth quarter.

The limited improvement in profit relative to the growth in revenue is attributable to two circumstances:

The primary reason was the establishment of upholstery production in Poland. As expected the establishment of the production unit required heavy costs for running-in of new products, employees, management and plant as a result of the substantial acceleration in both activities and revenue.

The secondary reason was the planned and implemented increase in the Group's activities within sales and development.

OPERATING PROFIT (EBIT)



Operating profit (EBIT) was DKK 27.4 million, an increase of 9%.

Profit before tax was DKK 27.3 million, against DKK 27.8 million last year.

Profit after tax was DKK 21.5 million, against last year's DKK 21.9 million.

The return on invested capital (ROIC) before tax was 12.6%, against 12.7% last year.

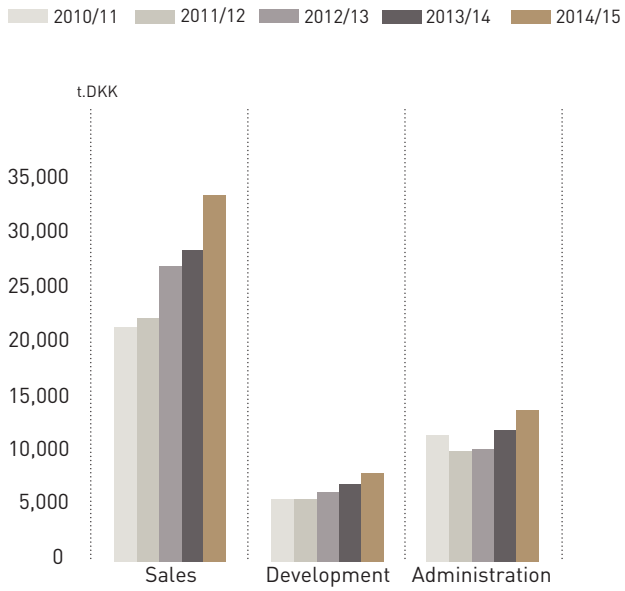
Comments on the individual items in the income statement are given below.

Cost of sales – gross margin
The Group's realised gross margin in 2014/15 was 40.3% against 41.1% in 2013/14. The fall was expected and attributable to a changed product mix.

Other external costs
The Group's external costs increased by 16% to DKK 44.3 million, due to the big increase in activities and the establishment of the production unit in Poland.

Staff costs
The Group's staff costs increased by 20% to DKK 55.7 million in 2014/15 against DKK 46.3 million last year.

DISTRIBUTION OF STAFF COSTS



The increase in staff costs is primarily attributable to appointments in product development and sales and to greater activity in the production units in Lithuania and Poland.

The average number of employees for the financial year was 238 (111 of whom were in production and 77 in sales/development) against 142 (47 of whom were in production and 66 in sales/development) in 2013/14. The number of employees in the Group at the end of the 2014/15 financial year was 288 (143 of whom were in production and 83 in sales/development).

Depreciation/amortisation and impairment losses
Consolidated depreciation/amortisation and impairment losses in the Group were DKK 9.9 million, against DKK 7.0 million last year. The increase in depreciation/amortisation and impairment losses is primarily attributable to increased investments in recent years with a consequent increase in depreciation of the Group's fixtures and fittings and property, and amortisation of capitalised development costs. To this should be added that a major innovation project was discontinued in the fourth quarter and therefore was written off. Write-off of the project totalled DKK 1.1 million.

Profit from investment in UAB Scandye
Profit for the year includes a total share of the profit of the investment in UAB Scandye of DKK 1.9 million against DKK 2.7 million last year. The fall is attributable solely to a lower level of activity at customers other than Gabriel. For 2015/16, management expects a share of the profit from UAB Scandye of approximately DKK 2.0 million.

Finance income and finance costs
Finance income and finance costs show net costs of DKK 2.0 million against net costs of DKK 0.1 million last year. The increase was caused primarily by interest expenses (an increase from DKK 0.8 million to DKK 1.1 million) in connection with self-financing of the company's increase in investments, including the purchase of premises in Poland and increased foreign exchange losses (changed from net gains of DKK 0.4 million in 2013/14 to a net loss of DKK 1.1 million in 2014/15).

Tax on profit for the year
Tax on profit for the year was DKK 5.8 million against DKK 5.9 million last year. The Group's total tax rate was 21.2% against 21.3% last year.

Medley upholstered on Swell from Normann Copenhagen

Gabriel Ejendomme A/S – Gabriel Erhvervspark
Profit before tax for 2014/15 for Gabriel Ejendomme A/S was DKK 0.4 million, against DKK 0.9 million last year. Profit for the year was affected by the work and investments following the demolition of the worn-out buildings.

Unchanged revenue and earnings are expected in 2015/16 as the business park almost has a full complement of tenants.

The value of the property was stated at a carrying amount of DKK 80.1 million at 30 September, DKK 11.3 million of which is part of the current development of the business park. The accounting policy for the subsidiary Gabriel Ejendomme A/S was changed to follow the Group's accounting policies. Management judges that the property's fair value still exceeds the carrying amount.

Cash flow and financing

Cash flow and available liquidity
Consolidated cash flows from operating activities in 2014/15 amounted to DKK 19.7 million, against DKK 24.0 million in the same period last year. The fall is primarily attributable to an increase in receivables caused by the high level of activity in the fourth quarter of 2014/15 and an increase in inventories in the production units in Poland and Lithuania.

Gabriel made total investments of DKK 27.4 million in property, plant and equipment in 2014/15, against DKK 13.5 million in the previous year. The investments are primarily attributable to the purchase of production facilities in Poland and to the property project which was started at Gabriel Erhvervspark. Loans totalling DKK 9.4 million had been taken out at the end of the financial year to finance the purchase of buildings in Poland.

The net balance of cash and cash equivalents at the end of the year was DKK 7.7 million. The Group also has undrawn credit facilities via its banks.

Equity
The Group's equity amounted to DKK 178.1 million at 30 September 2015, against DKK 166.0 million on the same date last year. Equity thus increased by DKK 12.1 million. Profit for the year increased equity by DKK 21.5 million, while DKK 9.9 million in dividends was paid.

Dividends
The Board of Directors recommends to the general meeting that dividends of DKK 5.50 (DKK 5.25) per share be distributed for 2014/15, equivalent to total dividends of DKK 10.4 million and a payout ratio of 48%.

CrissCross upholstered on NO2 from Mogens Hansen

Crisp upholstered on Sala from Randers+Radius.

Step Melange upholstered on chairs in Kulturni dom Krsko, Slovenia.

Product development and innovation

Efforts within product development and innovation were expanded and development of a number of new products was initiated during the financial year to supplement the portfolio of development tasks in progress. Ten new products were launched during the financial year, which meets 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 minimum 30% are expected for new products in 2015/16.

Gabriel's product and process innovation system from concept to upholstered product continued to be a high priority core activity in 2014/15. The investment in research and development was DKK 9.7 million (against DKK 9.5 million in the previous financial year), equivalent to 3% 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 introducing products, solutions and services launched on the market.

The Group's goal that at least 30% of revenue must derive from products less than five years old was not fulfilled, as the share was 28%. The share of revenue from new products among top customers was 30% in 2014/15. This reflects the Group's focused strategy, where product development and sales efforts are targeted to this very customer group.

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 potential 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 if 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.

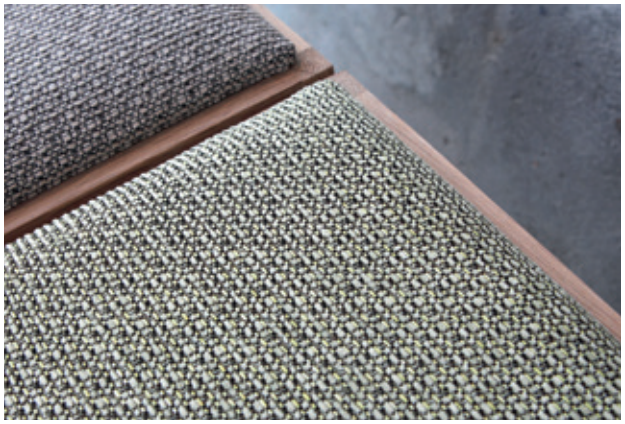
On the basis of the theme "applied furniture fabrics" and through targeted communication of Gabriel's innovation and development strategy, close relationships have been established with selected furniture manufacturers' designers, development teams and decision makers.

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

Outlook

The market for contract furniture is anticipated to be stable in 2015/16. Given the Group's outreach activities and constantly increasing initiatives in development and sales activities, management expects growth in revenue of 5-10% and an increase in profit before tax of 10-15% in the forthcoming financial year 2015/16.

LAUNCHING TEN FABRICS



TEMPT™

»Oozes elegance and intimacy of home«

Tempt is a soft seating fabric designed with inspiration from the peaceful and intimate atmosphere of the private home. Tempt is woven in solid, durable polyester yarns and, with its subtle structure and softness, the fabric is reminiscent of hand-woven cotton.

CRISSCROSS™

»A refined mesh of colour and movement«

The woollen fabric CrissCross is inspired by nature's own patterns and textures. Three yarns interweave, forming a mesh of colours, movement and depth, which creates a three-dimensional effect.

NOTE™

»Noble and luxurious«

With its soft structure, its slender and lustrous appearance, Note offers a reminder of the fabrics used for suits in the world of fashion. Note highlights a piece of furniture's shape which, with an attractive and timeless expression, adds elegance and style to the interior in question.

FAME HYBRID™

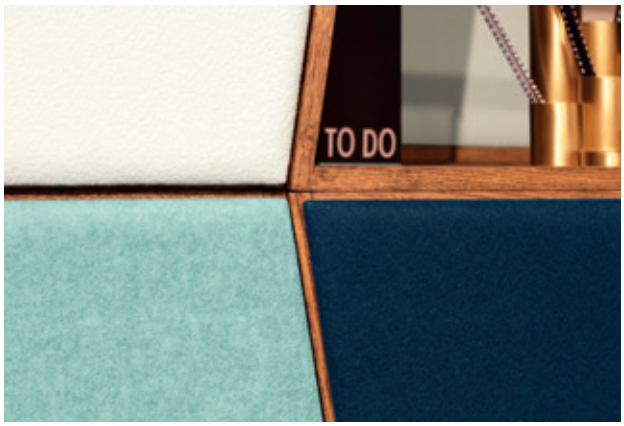
»Rich in play and nuances«

Fame Hybrid is a two-tone fabric with an interesting colour play created by different colours from the Fame palette. Fame Hybrid's colour palette is so rich in play and nuances that it can create soothing, exploding and seductive environments.

HUSH™

»Discreet elegance«

Hush is the perfect fabric for screens. With its sophisticated melange effect, it's easily integrated and leaves a friendly and accommodating impression. The colour palette is composed of beautiful colours with a touch of white.



STAY™

»A phenomenal enrichment«

With its softness and pure colour palette, Stay was designed to embellish rooms, screening and vertical surfaces. Stay's colours are pure and clear and designed to be able to enrich and create unique and individual atmospheres.

XPRESS™

»A natural decor«

Xpress is a light polyester fabric of contemporary appearance suggesting natural fibres. This makes it the obvious choice for screen covering and for beds where aesthetics, quality and respect for the environment have priority.

REPETTO™

»Part of a sustainable cycle«

Repetto is a two-toned fabric with a macro-structure with fine volume and an elegant, matte finish. With its Cradle to Cradle Certification Bronze, Repetto has a strong environmental profile as part of a sustainable life cycle without waste.

ELEVATION™

»Unique environmental profile«

Elevation is an elegant multicoloured polyester fabric with a vibrant and enchanting micro-structure which, at a distance, radiates tranquillity and depth. With its Cradle to Cradle Bronze Certification, Elevation is very environmentally friendly.

SWING™

»Strong, soft and stylish«

Swing is a beautiful, elegant woollen fabric with a soft and inviting appearance, a lively surface and geometric depth. The palette of available colours is just as light and lively as Swings's geometric impression.

DIGITISATION

App – inspiration.

Together with its main customers, the Group is continually analysing how partnerships can grow and be made more efficient through greater integration.

The Gabriel Group is constantly developing new digital tools to make trading with Gabriel easier.

Web

A new website was launched in 2014. With its updated and contemporary design and enhanced functionality, the website has become a hub for furniture manufacturers, designers, architects and other stakeholders in the furniture industry.

App

An app for iPads was added in 2015. The new app offers quick and easy access to Gabriel's fabrics, technical specifications, inspiration and references as well as the possibility of ordering samples and keeping an overview of one's own inspiration and projects.

Customer portal

A customer portal was also developed in 2015, and roll-out is expected in the first quarter of 2016. The portal offers customers access to a lot of the information which has previously been exchanged by phone, e-mail or printing of documents.

Future initiatives

Together with its main customers, the Group is continually analysing how the partnerships can grow and be made more efficient through greater integration, but also how new tools can contribute to extending the Group's products and services to new markets and segments.

Gabriel MarketingMaster is focused on digitisation.

Corporate Governance
– statement on corporate governance

Gabriel Holding A/S has prepared the statutory statement on corporate governance for the 2014/15 financial year as per section 107b of the Danish Financial Statements Act, and the statement is available on the Group's website www.gabriel.dk/media/15172/Corporate-Governance-Gabriel-Holding-2014-15.pdf.

The statement covers the company's work with recommendations on corporate governance, a description of the main elements in the Group's internal control and risk management system in connection with the presentation of the financial statements and a description of the Group's top management organs and their composition. The following is an extract from the statement.

Recommendations 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, and under 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.

Ownership
Gabriel dates back to 1851, and Gabriel Holding A/S was admitted for listing on the Copenhagen Stock Exchange in 1984. The share capital is today DKK 37.8 million in 1,890,000 shares at a nominal value of DKK 20. No shares carry special rights.

The role of shareholders and interaction with corporate management
Communication between management and the shareholders is of great importance for Gabriel. Gabriel provides information to its shareholders via the website, quarterly and interim reports, annual report, stock exchange announcements and at the general meeting.

The role of stakeholders and their significance for the company
Open dialogue with the company's stakeholders is part of Gabriel's management philosophy. The company is thus continually in active dialogue with its customers, suppliers, staff, the authorities and other partners.

Openness and transparency
Gabriel wants to maintain a high level of information on the Group's development and activities. The Group also intends to continuously develop and improve information to the company's stakeholders, including its shareholders. Information on the company's development is given regularly at general meetings and in quarterly, interim and annual reports. Further information is available on the company's website www.gabriel.dk.

Duties and responsibility of the Board of Directors
There are rules of procedure for Gabriel's Board of Directors. These are reviewed once a year by the plenary board, with a view to updating. The rules of procedure include guidelines for the relationship between the Board of Directors and the Executive Board, and the duties and responsibilities of the chairman and vice-chairman of the board.

Composition of the Board of Directors
The Board of Directors' collective profile can be characterised as possession of broad and international business experience with the professional skills - including sales, production, innovation, finances and marketing - considered necessary to cover the company's needs. The board regularly assesses the need for any changes in its collective expertise. Board members must keep themselves actively advised about Gabriel and the industry in general. The work, results and composition of the Board of Directors are evaluated during the year. The chairman of the board is in charge of this evaluation; and the result is discussed by the plenary Board of Directors. The Board of Directors believes that the board's size is appropriate and that the skills which are important for the board are in place.

Remuneration of the Executive Board
The remuneration for the Group Executive Board must generally be competitive and at a level which ensures that the company can continue to retain and attract a competent Executive Board. The Executive Board's remuneration is checked against the level in comparable Danish and international businesses. The Executive Board's remuneration is comprised of a basic salary, pension and a performance-related bonus. A maximum has been set for the size of the bonus. Members of the Executive Board also receive a company car, free telecommunications and free newspapers.

The Executive Board is not covered by any option programmes or special share-based incentive schemes. The notice period can be up to twelve months for the company and up to six months for the Executive Board.

Risk management
Gabriel's annual report contains a summary of the most important business risks, cf. note 22.

Audit committee
Gabriel's Board of Directors has appointed a committee to undertake tasks of monitoring the financial reporting process, internal control and risk management systems etc. The committee consists of the full Board of Directors.

Moment upholstered on B-Free from Steelcase

Gabriel develops its core business and meets its strategic challenges in an economical and socially responsible way.

Corporate social responsibility and management's composition

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 2014/15 financial year in accordance with section 99a of the Danish Financial Statements Act. The statement can be viewed or downloaded at www.gabriel.dk/media/15176/Gabriel_CSR_2014-15_UK.pdf.

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 develops its core business and meets 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

It is Gabriel's policy to believe in diversity among its employees and that an approximately equal distribution of the sexes contributes positively to the working environment and strengthens the Group's performance and competitiveness.

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

Gender balance goals by 2017
Board of Directors:
Quota for the under-represented sex.....Minimum 25%:
Quota at 30.09.15.....0%

Top managers/the Executive Board:
Quota for under-represented sex .....Minimum 30%:
Quota at 30.09.15.....0%

Middle management:
Quota for the under-represented sex.....Minimum 30%:
Quota at 30.09.15.....50%

The Board of Directors and the Executive Board regularly evaluate the expertise required. To achieve the goal of increasing the number of female managers, the Group is going to launch a number of initiatives to facilitate female management development. 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 goals are quite ambitious.

The Gabriel Group's staff turnover is relatively low. Turnover in both executive and other managerial positions in the Group has been limited, which naturally impedes progress in this regard. 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.

Showroom bicycle for the new sales office Gabriel Sweden AB

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
Raskier A/S, Aalborg
GAB Invest ApS, Aalborg
Poul H. Lauritsen Holding ApS, Højbjerg

A proposal will be made at the company's annual general meeting on 15 December 2015 to continue the authorisation of the Board of Directors to acquire the company's treasury shares up to a total value of DKK 7.6 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 +/- a margin of 10%. The authorisation must be valid for five years from the date of the general meeting.

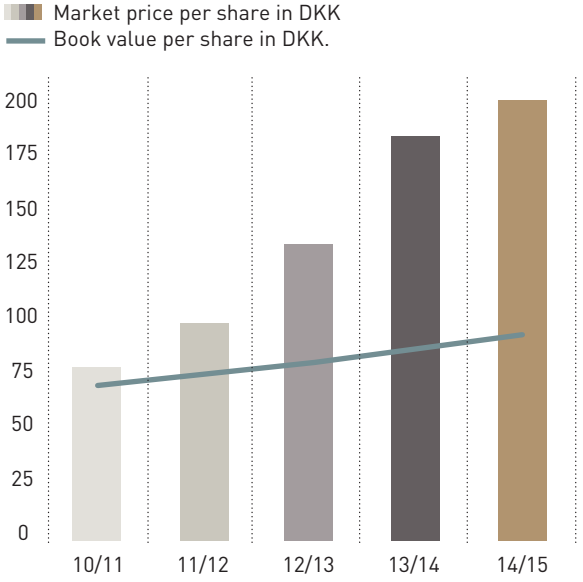
Share price trend

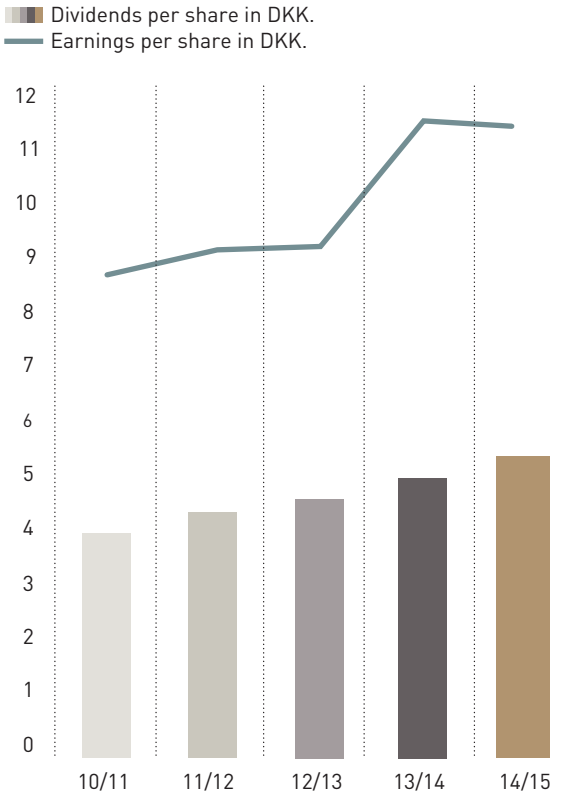
The 2014/15 financial year opened with a price of 185 and closed on 30 September 2015 with a price of 199. Total market capitalisation came in at DKK 376.1 million on 30 September 2015.

Capital management

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 64% on 30 September 2015, four percentage points lower than on the same date last year. There is continuing focus on regular reduction of the Group's working capital.

PRICE /BOOK VALUE





The annual general meeting will be held at 2:00 p.m. on Tuesday 15 December 2015, at the company's office in Aalborg.

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 5.50 per share be distributed for 2014/15, equivalent to total dividends of DKK 10.4 million. The dividends amount to 5.8% of equity and 48.3% 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.

Stock exchange announcements in the 2014/15 financial year

01.10.14 Election of employee board members to the Board of Directors of Gabriel Holding A/S.
13.11.14 Annual report 2013/14: *"Gabriel announces record revenue and profit"*.
19.11.14 Notice of annual general meeting
11.12.14 Information at the general meeting
11.12.14 Minutes of the annual general meeting of Gabriel Holding A/S
11.12.14 Information at the general meeting
03.02.15 Q1 report 2014/15: *"Gabriel realises an increase in revenue of 10% and an operating profit (EBIT) on par with the same period last year"*.
12.05.15 First half-yearly report 2014/15: *"Gabriel realises an increase in revenue and operating profit in the first half of 2014/15. Gabriel upwardly adjusts its expectations for the full year"*.
21.05.15 Major shareholder announcement
26.05.15 Major shareholder announcement
25.08.15 Q3 report 2014/15: *"Gabriel improves earnings and revenue after nine months of the financial year"*.
25.08.15 Financial calendar 2015/16

Financial calendar 2015/16

17.11.15 Announcement of the annual report
03.12.15 The printed annual report for 2014/15 is available
15.12.15 Annual general meeting
04.02.16 Q1 report 2015/16
10.05.16 First half-yearly report 2015/16.
24.08.16 Q3 report 2015/16
15.11.16 Annual report
14.12.16 Annual general meeting

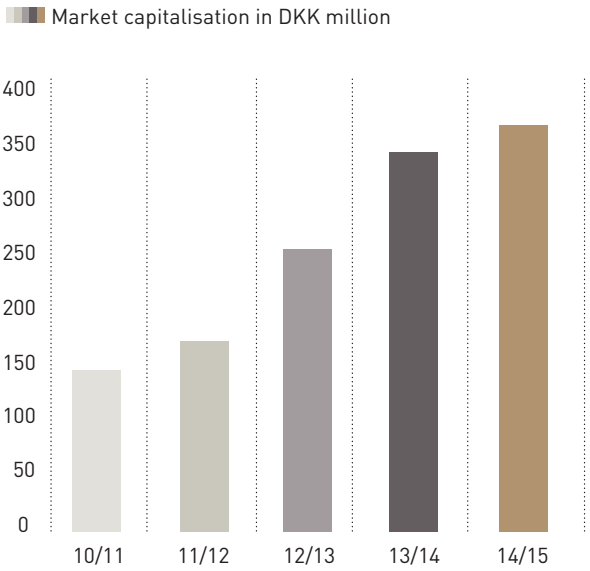
Investor relations

Gabriel Holding is attempting 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 OF YEAR



Company information

Board of Directors

Jørgen Kjær Jacobsen, general manager

Chairman (63 years)
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

Shareholders' committee and local council
Sydbank A/S

Foundations
Mads Eg Damgaards Familiefond (CM)
Aalborg Stiftstidendes Fond (CM)

Kaj Taidal, general manager

Vice-chairman and chairman of the audit committee (56 years)
Joined the Board of Directors in 1998 (D)

Executive positions
A/S V. Sørensen

Directorships
A/S V. Sørensen
EM-Fiberglas A/S (CM)
Impartex A/S (CM)
Slovakian Farm Invest A/S (CM)
Resolux A/S (CM)

Knud Erik Hansen, general manager

(64 years)
Joined the Board of Directors in 2012 (I)

Executive positions
Carl Hansen & Søn Holding A/S
Carl Hansen & Søn Møbelfabrik A/S

Directorships
Træ- og Møbelindustrien
Rud. Rasmussens Snedkerier A/S

Søren Brahm Lauritsen, general manager

(48 years)
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

(43 years) elected by the employees
Joined the Board of Directors in 2010

Simon Sønderby Nielsen, design engineer

(34 years) 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

(39 years)
Employed in 2004

External executive positions
KAAN ApS

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

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Company registration no. 25578198

Bank

Sydbank A/S

Subsidiaries

Gabriel A/S, Aalborg
ZenXit A/S, Aalborg
Gabriel Ejendomme A/S, Aalborg
Gabriel Innovation A/S, Aalborg
Gabriel GmbH, Germany
Gabriel Sweden AB, Sweden
Gabriel North America Inc., USA
UAB FurnMaster, Lithuania
FurnMaster Sp. z o.o., Poland
Gabriel (Tianjin) International Trading Co. Ltd., China

Joint venture

UAB Scandye, Lithuania

Location and representation

The head office with sales, logistics, development, innovation and accounts departments is located in Aalborg.

Gabriel has its own representatives in Denmark, Sweden, Finland, Norway, Germany, France, Spain, Italy, the UK, China and the USA.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the 2014/15 annual report of Gabriel Holding A/S.

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.

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 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 October 2014 – 30 September 2015.

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, 17 November 2015

Executive Board

Anders Hedegaard Petersen
CEO

Board of Directors

Jørgen Kjær Jacobsen
Chairman

Kaj Taidal
Vice-chairman

Knud Erik Hansen

Søren B. Lauritsen

Quinten van Dalm
Employee representative

Simon Sønderby Nielsen
Employee representative

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 2014/15 financial year. The financial statements comprise 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 of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 October 2014 – 30 September 2015 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, 17 November 2015

Jon Beck
State Authorised Public Accountant

KPMG
Statsautoriseret Revisionspartnerselskab

Steffen S. Hansen
State Authorised Public Accountant

Crisp upholstered on EGO from B&V

Income statement
for the year 01.10.2014 - 30.09.2015

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2014/15**	2013/14	**2014/15**	2013/14
1	**Net revenue**	**337,738**	281,789	**2,200**	2,050
2	Other operating income	**1,141**	1,040	**-**	-
3	Cost of sales	**-201,617**	-166,057	**-**	-
4	Other external costs	**-44,348**	-38,273	**-612**	-374
5	Staff costs	**-55,654**	-46,273	**-2,952**	-2,882
2	Other operating costs	**-**	-48	**-**	-
10/11	Depreciation/amortisation and impairment losses regarding intangible assets	**-9,870**	-6,981	**-**	-
	Operating profit (EBIT)	**27,390**	25,197	**-1,364**	-1,206
13	Share of profit after tax in joint venture	**1,943**	2,686	**-**	-
6	Finance income	**220**	855	**9,291**	7,775
7	Finance costs	**-2,240**	-948	**-**	-
	Profit before tax	**27,313**	27,790	**7,927**	6,569
8	Tax on profit for the year	**-5,793**	-5,931	**113**	130
	Profit for the year	**21,520**	21,859	**8,040**	6,699
9	**Earnings per share (DKK):**				
	Earnings per share (EPS), basic	**11.4**	11.6		
	Earnings per share (EPS-D), diluted	**11.4**	11.6		

Statement of comprehensive income
for the year 01.10.2014 - 30.09.2015

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2014/15**	2013/14	**2014/15**	2013/14
	Profit for the year	**21,520**	21,859	**8,040**	6,699
	Other comprehensive income:				
	Items that can be reclassified to the income statement				
	Value adjustment of hedging transactions:				
	Value adjustment for the year	**-**	198	**-**	-
	Value adjustment reclassified as revenue	**-**	-131	**-**	-
	Value adjustment reclassified as cost of sales	**-109**	-14	**-**	-
	Value adjustment of financial assets available for sale	**-**	-93	**-**	-93
	Exchange rate adjustment at the translation of foreign entities	**587**	607	**-**	-
8	Tax on other comprehensive income	**27**	35	**-**	21
	Other comprehensive income after tax	**505**	602	**-**	-72
	Total comprehensive income	**22,025**	22,461	**8,040**	6,627

Statement of financial position
Assets at 30.09.2015

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2014/15**	2013/14	**2014/15**	2013/14
	Non-current assets				
10	Intangible assets:				
	Development projects in progress	**6,337**	8,489	**-**	-
	Completed development projects	**7,594**	5,290	**-**	-
	Software	**3,351**	-	**-**	-
		17,282	13,779	**-**	-
11	Property, plant and equipment:				
	Land and buildings	**91,854**	73,094	**-**	-
	Leasehold improvements	**1,681**	707	**-**	-
	Plant, fixtures and fittings and equipment	**9,974**	10,714	**-**	-
		103,509	84,515	**-**	-
	Other non-current assets:				
12	Investments in subsidiaries	**-**	-	**68,794**	68,788
13	Investments in joint venture	**25,316**	23,373	**-**	-
14	Amounts owed by joint venture	**2,496**	4,371	**-**	-
	Securities	**-**	16	**-**	16
		27,812	27,760	**68,794**	68,804
	Total non-current assets	**148,603**	126,054	**68,794**	68,804
	Current assets				
15	Inventories	**57,659**	50,479	**-**	-
16	Receivables	**54,656**	46,505	**31,622**	29,569
	Prepayments	**1,214**	369	**-**	-
	Cash at bank and in hand	**16,264**	21,811	**138**	191
	Total current assets	**129,793**	119,164	**31,760**	29,760
	Total assets	**278,396**	245,218	**100,554**	98,564

Statement of financial position

Equity and liabilities at 30.09.2015

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2014/15**	2013/14	**2014/15**	2013/14
	Equity				
18	Share capital	**37,800**	37,800	**37,800**	37,800
	Translation reserve	**1,282**	695	**-**	-
	Hedging reserve	**-**	82	**-**	-
	Retained earnings	**128,671**	117,546	**46,891**	49,246
	Proposed dividends	**10,395**	9,923	**10,395**	9,923
	Total equity	**178,148**	166,046	**95,086**	96,969
	Liabilities				
	Non-current liabilities				
19	Deferred tax	**5,684**	6,456	**-**	-
20	Credit institutions	**36,794**	30,273	**-**	-
21	Lease liabilities	**459**	886	**-**	-
	Total non-current liabilities	**42,937**	37,615	**-**	-
	Current liabilities				
20	Credit institutions	**11,528**	2,226	**-**	-
21	Lease liabilities	**885**	1,391	**-**	-
	Amounts owed to subsidiaries	**-**	-	**4,273**	-
	Trade payables	**20,790**	20,844	**13**	47
	Amounts owed to joint venture	**1,822**	1,428	**-**	-
	Corporation tax	**5,278**	1,792	**-**	-
	Other payables	**16,621**	13,053	**1,182**	1,548
	Deferred income	**387**	823	**-**	-
	Total current liabilities	**57,311**	41,557	**5,468**	1,595
	Total liabilities	**100,248**	79,172	**5,468**	1,595
	Total equity and liabilities	**278,396**	245,218	**100,554**	98,564

Statement of changes in equity

CONSOLIDATED								
tDKK	Share capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings	Proposed dividends	Non-controlling interests	Total equity
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
Total transactions with owners								
Distributed dividends	-	-	-	-	-	-9,923	-	-9,923
Equity 30.09.15	**37,800**	**1,282**	**-**	**-**	**128,671**	**10,395**	**-**	**178,148**
2013/14								
Equity 01.10.13	**37,800**	**88**	**72**	**15**	**108,822**	**8,978**	**16**	**155,791**
Comprehensive income for the year								
Profit 2013/14	-	-	-	-	11,936	9,923	-	21,859
Other comprehensive income								
Exchange rate adjustment at the translation of foreign entities	-	607	-	-	-	-	-	607
Value adjustment of hedging transactions:								
Value adjustment for the period	-	-	-	198	-	-	-	198
Value adjustment reclassified as revenue	-	-	-	-131	-	-	-	-131
Value adjustment reclassified as cost of sales	-	-	-	-14	-	-	-	-14
Value adjustment of financial assets available for sale	-	-	-93	-	-		-	-93
Tax on other comprehensive income	-	-	21	14	-	-	-	35
Total other comprehensive income	-	607	-72	67	-	-	-	602
Total comprehensive income for the year	-	607	-72	67	11,936	9,923	-	22,461
Transactions with shareholders								
Acquisition of shares from minority shareholders	-	-	-	-	-3,212	-	-16	-3,228
Distributed dividends	-	-	-	-	-	-8,978	-	-8,978
Total transactions with owners	**-**	**-**	**-**	**-**	**-3,212**	**-8,978**	**-16**	**-12,206**
Equity 30.09.14	**37,800**	**695**	**-**	**82**	**117,546**	**9,923**	**-**	**166,046**

PARENT COMPANY

tDKK	Share capital	Fair value reserve	Retained earnings	Proposed dividends	Total equity
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**
2013/14					
Equity 01.10.13	**37,800**	**72**	**52,470**	**8,978**	**99,320**
Comprehensive income for the year					
Profit 2013/14	-	-	-3,224	9,923	6,699
Other comprehensive income					
Value adjustment of financial assets available for sale	-	-93	-	-	-93
Tax on other comprehensive income	-	21	-	-	21
Total comprehensive income	**-**	**-72**	**-3,224**	**9,923**	**6,627**
Transactions with shareholders					
Distributed dividends	-	-	-	-8,978	-8,978
Equity 30.09.14	**37,800**	**-**	**49,246**	**9,923**	**96,969**

Cash flow statement

tDKK	CONSOLIDATED 2014/15	CONSOLIDATED 2013/14	PARENT COMPANY 2014/15	PARENT COMPANY 2013/14
Cash flows from operating activities				
Profit before tax	**27,313**	27,790	**7,927**	6,569
Adjustment for non-cash items:				
Depreciation/amortisation and impairment losses	**9,870**	6,981	**-**	-
Gains and losses on the disposal of non-current assets	**-**	-56	**-**	-
Value adjustment, securities	**-**	-38	**-**	-38
Share of profit after tax in joint venture	**-1,943**	-2,686	**-**	-
Cash generated from operations before changes in working capital and tax	**35,240**	31,991	**7,927**	6,531
Changes in inventories	**-7,180**	-9,348	**-**	-
Changes in receivables	**-8,980**	-1,183	**668**	-5,206
Changes in trade and other payables	**3,597**	7,365	**-400**	-122
Net payment of corporation tax	**-2,984**	-4,792	**1,681**	551
	19,693	24,033	**9,876**	1,754
Cash flows from investing activities				
Addition of intangible assets	**-5,383**	-4,774	**-**	-
Addition of property, plant and equipment	**-27,258**	-13,499	**-**	-
Disposal of property, plant and equipment	**-**	643	**-**	-
Capital contribution subsidiary	**-**	-	**-6**	-1,500
Instalment received from joint venture	**1,780**	1,488	**-**	-
Repayment of other non-current receivables	**-**	1,470	**-**	-
Disposal of securities	**-**	8,761	**-**	8,761
	-30,861	-5,911	**-6**	7,261
Cash flows from financing activities				
External financing:				
Mortgage debt in banks	**9,386**	-	**-**	-
Repayment on mortgage debt	**-2,143**	-2,250	**-**	-
Lease liability	**455**	155	**-**	-
Repayment on lease	**-1,388**	-1,324	**-**	-
Shareholders:				
Purchase of minority stake in subsidiary	**-**	-3,300	**-**	-
Dividends distributed	**-9,923**	-8,978	**-9,923**	-8,978
	-3,613	-15,697	**-9,923**	-8,978
Changes for the year in cash and cash equivalents	**-14,781**	2,425	**-53**	37
Opening bank loans/cash and cash equivalents	**21,811**	18,951	**191**	154
Value adjustment of bank loans/cash and cash equivalents	**680**	435	**-**	-
Closing bank loans/cash and cash equivalents	**7,710**	21,811	**138**	191
Composed of:				
Cash at bank and in hand	**16,264**	21,811	**138**	191
Drawing from credit facility at bank	**-8,554**	-	**-**	-
	7,710	21,811	**138**	191

Step Melange upholstered on Valea Elle from ICF

Notes to the financial statements

Note

Notes
to the financial statements

Note

1 Segment information

The Gabriel Group is accountable for two business segments:

Fabrics, where revenue concerns furniture fabrics and related textile products and services. The products and services are sold to selected leading international manufacturers and key account customers specialising in upholstered furniture, seats and upholstered surfaces. Gabriel A/S handles most of the activities. The manufacturing process is generally the same for the products. They are sold to the same types of customer groups, and the distribution channels are the same.

Letting of office facilities by Gabriel Ejendomme A/S, which lets office premises in the Gabriel Erhvervspark in Aalborg.

2014/15 tDKK	**Fabrics**	**Letting of office facilities**	**Elimination**	**Group total**
Segment revenue external customers	333,935	3,803	-	337,738
Segment revenue internal customers	-	3,148	-3,148	-
Total segment revenue	333,935	6,951	-3,148	337,738
Depreciation/amortisation and impairment losses	-8,271	-1,599	-	-9,870
Operating profit (EBIT)	**25,726**	**1,664**	**-**	**27,390**
Share of profit after tax in joint venture	1,943	-	-	1,943
Finance income	867	-	-647	220
Finance costs	-1,772	-1,115	647	-2,240
Segment profit before tax	**26,764**	**549**	**-**	**27,313**
Tax on profit for the year	-5,648	-145	-	-5,793
Profit for the year	**21,116**	**404**	**-**	**21,520**
Additions to non-current assets	24,052	8,589	-	32,641
Segment assets	228,642	49,754	-	278,396
Segment liabilities	-64,371	-55,843	19,417	-100,797

2013/14 tDKK	**Fabrics**	**Letting of office facilities**	**Elimination**	**Group total**
Segment revenue external customers	278,193	3,596	-	281,789
Segment revenue internal customers	-	3,097	-3,097	-
Total segment revenue	**278,193**	**6,693**	**-3,097**	**281,789**
Depreciation/amortisation and impairment losses	-5,502	-1,479	-	-6,981
Operating profit (EBIT)	**23,552**	**1,645**	**-**	**25,197**
Share of profit after tax in joint venture	2,686	-	-	2,686
Finance income	1,004	67	-216	855
Finance costs	-618	-546	216	-948
Segment profit before tax	**26,624**	**1,166**	**-**	**27,790**
Tax on profit for the year	-5,651	-280	-	-5,931
Profit for the year	**20,973**	**886**	**-**	**21,859**
Additions to non-current assets	10,954	7,319	-	18,273
Segment assets	201,058	44,160	-	245,218
Segment liabilities	-40,618	-50,652	12,098	-79,172

Note

1 cont. **Geographical information**

Geographical information is a breakdown of revenue based on the geographical location of the customers.

Revenue is distributed across markets as follows:

	CONSOLIDATED		PARENT COMPANY	
tDKK	**2014/15**	2013/14	**2014/15**	2013/14
Denmark	**36,213**	30,548	**-**	-
Sweden	**38,412**	43,766	**-**	-
Germany	**74,321**	51,182	**-**	-
France	**28,423**	26,569	**-**	-
Lithuania	**24,649**	23,538	**-**	-
USA	**22,542**	15,388	**-**	-
Other countries	**113,178**	90,798	**-**	-
	337,738	281,789	**-**	-
Non-current assets except financial assets etc. are				
Denmark	**100,126**	94,675	**-**	-
Poland	**15,261**	663	**-**	-
Germany	**1,465**	1,274	**-**	-
Lithuania	**2,043**	937	**-**	-
China	**1,364**	332	**-**	-
Other countries	**532**	413	**-**	-
	120,791	98,294	**-**	-
2 **Other operating income**				
Sales of services etc.	**343**	571	**-**	-
Gain on the disposal of non-current assets	**-**	104	**-**	-
Public subsidies	**703**	365	**-**	-
Other income	**95**	-	**-**	-
	1,141	1,040	**-**	-
Other operating costs				
Loss on the disposal of non-current assets	**-**	-48		
	-	-48	**-**	-

Note	tDKK	CONSOLIDATED 2014/15	CONSOLIDATED 2013/14	PARENT COMPANY 2014/15	PARENT COMPANY 2013/14
3	**Cost of sales**				
	Cost of sales for the year	**-194,360**	-162,297	**-**	-
	Write-down of inventories for the year	**-730**	-1,603	**-**	-
	Reversal of write-downs on inventories	**622**	319	**-**	-
	Production wages etc.	**-7,149**	-2,476		
		-201,617	-166,057	**-**	-
	Reversal of write-downs on sales of written down inventory				
4	**Other external costs**				
	Other external costs include fees for the auditors appointed by the general meeting as follows:				
	Statutory audit services	**-220**	-250	**-45**	-45
	Other assurance engagements	**-**	-17	**-**	-
	Tax advice	**-22**	-35	**-**	-10
	Other services	**-74**	-139	**-19**	-62
		-316	-441	**-64**	-117
5	**Staff costs**				
	Wages and salaries etc.	**-54,893**	-43,638	**-2,754**	-2,683
	Defined contribution pension schemes	**-2,545**	-2,307	**-194**	-180
	Other social security costs	**-5,149**	-2,561	**-3**	-4
	Other payroll-related costs	**-2,501**	-2,576	**-1**	-15
		-65,088	-51,082	**-2,952**	-2,882
	Payroll costs capitalised regarding development projects	**2,285**	2,333	**-**	-
	Payroll costs transferred to cost of sales	**7,149**	2,476	**-**	-
		-55,654	-46,273	**-2,952**	-2,882
	Remuneration of the Board of Directors of the parent company	**-750**	-790	**-670**	-640
	Remuneration of the Executive Board of the parent company	**-2,155**	-2,156	**-2,155**	-2,156
	Pension contributions for the parent company's Executive Board	**-194**	-180	**-194**	-180
	Remuneration of other managerial employees	**-8,784**	-9,859	**-**	-
	Pensions for other managerial employees	**-697**	-761	**-**	-
	Average number of employees	**238**	142	**1**	1
6	**Finance income**				
	Dividends from subsidiary	**-**	-	**8,500**	7,000
	Interest income, cash and bonds etc.	**8**	43	**-**	77
	Interest income from subsidiary	**-**	-	**791**	698
	Interest income from joint venture	**212**	279	**-**	-
	Net foreign exchange gain	**-**	464	**-**	-
	Other finance income	**-**	69	**-**	-
		220	855	**9,291**	7,775

Note	tDKK	CONSOLIDATED 2014/15	CONSOLIDATED 2013/14	PARENT COMPANY 2014/15	PARENT COMPANY 2013/14
7	**Finance costs**				
	Interest expenses etc.	**-1,058**	-806	**-**	-
	Net foreign exchange losses	**-1,147**	-90	**-**	-
	Other finance costs	**-35**	-52	**-**	-
		-2,240	-948	**-**	-
8	**Tax on profit for the year**				
	Current tax	**-6,356**	-5,900	**-**	-
	Joint taxation contribution	**-**	-	**136**	130
	Adjustment of deferred tax	**546**	-186	**-**	-23
	Adjustment of deferred tax concerning change in corporate tax rate	**19**	132	**-**	-
	Adjustment in respect of previous years	**-2**	23	**-23**	23
		-5,793	-5,931	**113**	130
	Tax on profit for the year is specified as follows				
	Computed tax on profit before tax, 23.5% / 24.5%	**-6,418**	-6,809	**-1,863**	-1,609
	Tax effect of:				
	Reduction in Danish corporation rate from 23.5% to 22% up to 2016	**19**	132	**-**	-
	Non-taxable income	**1**	1	**-**	1
	Non-deductible costs	**-34**	-24	**-**	-
	Non-taxable dividends	**-**	-	**1,999**	1,715
	Share of profit after tax in joint venture	**456**	658	**-**	-
	Adjustment of tax on foreign subsidiaries to 24.5% /25%	**185**	88	**-**	-
	Adjustment in respect of previous years	**-2**	23	**-23**	23
		-5,793	-5,931	**113**	130
	Effective tax rate	**21.2%**	21.3%	**-1.4%**	-2.0%

Tax on other comprehensive income, tDKK 27 (2013/14: tDKK 35) concerns tax on hedging instruments and assets available for sale.

9	**Earnings per share**		
	Profit for the year after tax	**21,520**	21,859
	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 share (EPS), basic DKK 20	**11.4**	11.6
	Earnings per share (EPS-D), diluted DKK 20	**11.4**	11.6

Note	tDKK	CONSOLIDATED		
		Completed development projects (internal)	Development projects in progress (internal)	Software
10	**Intangible assets**			
	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	-	-
	Value adjustment	-	-	-
	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**
	2013/14			
	Cost at 01.10.2013	8,836	7,551	-
	Brought forward	3,836	-3,836	-
	Additions during the year	-	4,774	-
	Disposals during the year	-447	-	-
	Cost at 30.09.2014	**12,225**	**8,489**	
	Amortisation at 01.10.2013	5,631	-	-
	Disposals during the year	-446	-	-
	Amortisation for the year	1,340	-	-
	Impairment losses for the year	410	-	-
	Amortisation at 30.09.2014	6,935	-	-
	Carrying amount at 30.09.2014	**5,290**	**8,489**	**-**

A number of projects were closed in connection with a re-evaluation of the project portfolio, which resulted in a total impairment write-down of tDKK 1,525. (2013/14: tDKK 410). 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. It was judged on this basis that the recoverable amount exceeds the carrying amount.

Note	tDKK	CONSOLIDATED		
		Land and buildings	Leasehold improve-ments	Plant, fixtures and fittings and equipment
11	**Property, plant and equipment**			
	2014/15			
	Cost at 01.10.2014	89,993	797	34,331
	Value adjustment	-169	2	-14
	Additions during the year	20,518	1,152	5,588
	Brought forward	111	-111	-2,314
	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**
	Thereof plant under construction	11,308	1,153	79
	of which assets held under finance leases	-	-	616

Additions to land and buildings for 2014/15 include payment for leased land, tDKK 1,566, which will be depreciated over the term of the lease until 2089.

	2013/14			
	Cost at 01.10.2013	102,786	898	29,249
	Value adjustment	-	-	39
	Brought forward	-	-289	289
	Additions during the year	7,319	188	5,992
	Disposals during the year	-20,112	-	-1,238
	Cost at 30.09.2014	89,993	797	34,331
	Depreciation at 01.10.2013	35,464	24	20,637
	Value adjustment	-	-	14
	Disposals during the year	-20,112	-	-652
	Depreciation for the year	1,547	66	3,618
	Depreciation at 30.09.2014	16,899	90	23,617
	Carrying amount at 30.09.2014	73,094	707	10,714
	Thereof plant under construction	7,610	-	111
	of which assets held under finance leases	-	-	1,524

		PARENT COMPANY	
		2014/15	2013/14
12	**Investments in subsidiaries**		
	Cost at 01.10.	**68,788**	67,288
	Capital injection for subsidiary	**6**	1,500
	Cost at 30.09	**68,794**	68,788

Note 12 cont.	tDKK	Registered office	Stake	Share capital	Equity	Profit for the year	Carrying amount
							PARENT COMPANY
	Name						
	Gabriel A/S	Aalborg	100%	25,500	106,228	18,831	34,145
	ZenXit A/S	Aalborg	100%	1,000	-822	-1,719	2,500
	Gabriel Ejendomme A/S	Aalborg	100%	1,000	24,844	404	30,932
	Gabriel (Tianjin) Int. Trading Co.Ltd.	China	100%	1,732	12,065	1,662	1,211
	Gabriel North America Inc.	USA	100%	6	-34	-41	6
					142,281	**19,137**	**68,794**

As a consequence of the negative equity in ZenXit A/S, management conducted an impairment test on the basis of which management found that there is no need for impairment of the investment. The impairment test was based on anticipated growth over a five-year period and on the company's generating a profit during the period. A discount rate of 12% was applied. There are no indicators of impairment for other investments.

		CONSOLIDATED	
		2014/15	2013/14
13	**Investments in joint venture**		
	Cost at 01.10.	**13,811**	13,811
	Cost at 30.09	**13,811**	13,811
	Adjustments at 01.10	**9,562**	6,876
	Share of profit for the year	**1,878**	2,621
	Intra-Group profit	**122**	122
	Value adjustment, property	**-57**	-57
	Adjustments for the year	**1,943**	2,686
	Adjustments at 30.09	**11,505**	9,562
	Carrying amount at 30.09.	**25,316**	23,373

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 treated as a joint venture.

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

Net revenue	**33,731**	39,717
Depreciation	**-5,114**	-5,279
Finance income	**17**	26
Finance costs	**-446**	-634
Tax on profit for the year	**-430**	-593
Profit for the year/comprehensive income	**3,809**	**5,312**
Non-current assets	**40,623**	44,156
Current assets	**8,125**	4,726
Cash at bank and in hand	**5,874**	8,315
Non-current liabilities	**6,347**	11,096
Current liabilities	**8,255**	9,890
Equity	**40,020**	36,211

Note	tDKK	CONSOLIDATED 2014/15	2013/14
13 cont.	**Reconciliation of carrying amount at 30 September:**		
	The Group's share of equity	**19,746**	17,868
	Value adjustment, property	**1,035**	1,092
	Intra-Group profit	**-264**	-386
	Goodwill	**4,799**	4,799
	Carrying amount at 30.09.	**25,316**	23,373
14	**Non-current amounts owed by joint venture**		
	Amount owed at 01.10	**4,371**	5,859
	Repayment	**-1,875**	-1,488
	Carrying amount at 30.09.	**2,496**	4,371
	Gross receivables are specified as follows:		
	Due within 1 year	**1,301**	1,555
	Due within 1-5 years	**1,346**	3,141
	Due after 5 years	**-**	-
	Unearned future financing income	**-151**	-325
	Total receivables	**2,496**	4,371
	Net receivables are specified as follows:		
	Due within 1 year	**1,196**	1,354
	Due within 1-5 years	**1,300**	3,017
	Due after 5 years	**-**	-
	Total receivables	**2,496**	4,371

The receivable arises from finance leasing of production equipment to UAB Scandye. At the end of the lease term of 3-5 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	
		2014/15	2013/14	**2014/15**	2013/14
15	**Inventories**				
	Raw materials and consumables	**20,641**	14,907	**-**	-
	Work in progress	**5,457**	4,023	**-**	-
	Finished goods and goods for resale	**31,561**	31,549	**-**	-
		57,659	50,479	**-**	-

Goods with a gross value of tDKK 6,797 (2013/14: tDKK 7,333 tkr.) were written down by tDKK 5,756 (2013/14: tDKK 5,849) to expected net realisable value.

Note	tDKK	CONSOLIDATED 2014/15	CONSOLIDATED 2013/14	PARENT COMPANY 2014/15	PARENT COMPANY 2013/14
16	**Receivables**				
	Trade receivables	**45,689**	38,641	**-**	-
	Amounts owed by subsidiaries	**-**	-	**24,721**	21,119
	Other receivables	**8,967**	7,864	**6,901**	8,450
		54,656	46,505	**31,622**	29,569

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 22 for information on credit risks.

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

Denmark	**2,360**	3,834
Scandinavia	**7,430**	7,433
EU	**30,090**	19,935
Other countries	**5,809**	7,439
	45,689	38,641

The Group's trade receivables at 30.09.2015 include receivables totalling tDKK 563. (2013/14: tDKK 925, written down by tDKK 550 after individual assessment (2013/14: tDKK 925). Other external costs include bad debts of tDKK 564 net. (2013/14: tDKK 386). 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**	4
Scandinavia	**-**	22
EU	**500**	899
Other countries	**-**	-
	550	925

Trade receivables due on 30.09.2015, but not written down, were recognised as follows:

Up to 30 days	**3,778**	3,856
Between 30 and 60 days	**1,093**	1,496
Over 60 days	**1,769**	1,755
	6,640	7,107

Interest income arising from receivables written down is not recognised.

Note	tDKK	CONSOLIDATED 2014/15	CONSOLIDATED 2013/14	PARENT COMPANY 2014/15	PARENT COMPANY 2013/14

17 Research and development costs

The correlation between research and development costs incurred and expensed is specified as follows:

Research and development costs incurred	**9,719**	9,470
Development costs recognised as intangible assets	**-3,786**	-4,774
Research and development costs for the year recognised in the income statement under staff and other external costs	**5,933**	4,696

18 Share capital

	SHARES ISSUED			
	Number		**Nominal value (tDKK)**	
	2014/15	2013/14	**2014/15**	2013/14
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 DKK 20 shares. 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 ensure the greatest room for manoeuvre in all situations. The Group's equity ratio was 64% on 30 September 2015 (at 30 September 2014: 68%). There is continuing focus on reduction of the Group's working capital.

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 recommends that dividends of DKK 5.50 per share be distributed for 2014/15, equivalent to total dividends of DKK 10.4 million.

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

Note	tDKK	CONSOLIDATED 2014/15	CONSOLIDATED 2013/14	PARENT COMPANY 2014/15	PARENT COMPANY 2013/14
19	**Deferred tax**				
	Deferred tax at 01.10.	**6,456**	6,398	**-**	-
	Value adjustment	**7**	-	**-**	-
	Deferred tax for the year recognised in the income statement	**-546**	186	**-**	23
	Deferred tax for the year recognised in other comprehensive income	**-33**	-2	**-**	-23
	Reduction in Danish corporation rate from 24.5% / 25% to 22% up to 2016	**-19**	-132	**-**	-
	Adjustment in respect of previous years	**-181**	6	**-**	-
	Deferred tax 30.09.	**5,684**	6,456	**-**	-
	Deferred tax concerns:				
	Intangible assets	**3,065**	3,073	**-**	-
	Land and buildings	**3,132**	2,920	**-**	-
	Plant, fixtures and fittings and equipment	**439**	833	**-**	-
	Current assets	**-640**	-186	**-**	-
	Current liabilities	**-312**	-184	**-**	-
		5,684	6,456	**-**	-
20	**Credit institutions**				
	Amounts owed to credit institutions relate to:				
	Mortgage debt, mortgage lender	**30,382**	32,499	**-**	-
	Mortgage debt, bank	**9,386**	-	**-**	-
	Withdrawal from credit facility at bank	**8,554**	-	**-**	-
	Total carrying amount	**48,322**	32,499	**-**	-
	Amounts owed to credit institutions were recognised in the statement of financial position as follows:				
	Non-current liabilities	**36,794**	30,273	**-**	-
	Current liabilities	**11,528**	2,226	**-**	-
	Total carrying amount	**48,322**	32,499	**-**	-
	Fair value is calculated at market value (level 1)	**50,359**	33,830	**-**	-

The loan with the mortgage bank is a floating-rate mortgage loan in EUR (F5) subject to annual adjustment. The current level of interest is 0.7307% p.a. with the principal of tEUR 5,920. 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	**12,018**	2,503	**-**	-
1-5 years	**17,180**	9,899	**-**	-
> 5 years	**23,182**	22,172	**-**	-

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.

Note	tDKK	CONSOLIDATED 2014/15		2013/14	
		Minimum lease payment	Carrying amount	Minimum lease payment	Carrying amount
21	**Lease liabilities**				
	Lease liabilities are recognised as follows in the statement of financial position:				
	0-1 years	**901**	**885**	1,437	1,391
	1-5 years	**474**	**459**	893	886
	> 5 years	**-**	**-**	-	-
		1,375	**1,344**	2,330	2,277
	Interest component	**-31**	**-**	-53	-
	Net present value of minimum lease payments	**1,344**	**1,334**	2,277	2,277

The lease liability concerns the financing of an ERP system and finance leasing of vehicles. The remaining terms of the contracts are 1-3 years.

22 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 customers, geographical areas, currencies 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 2013-14.
The Group's categories of financial assets and liabilities are given below:

tDKK	CARRYING AMOUNT 2014/15	2013/14
Derivatives taken up to hedge items on the statement of financial position and future transactions	**-28**	108
Financial assets used as hedging instruments	**-28**	108
Amounts owed by joint venture	**2,497**	4,371
Receivables	**54,656**	46,505
Cash at bank and in hand	**16,264**	21,811
Loans and receivables	**73,417**	72,687
Securities	**-**	16
Financial assets available for sale	**-**	16
Credit institutions	**48,322**	32,499
Finance lease liabilities	**1,344**	2,277
Trade payables	**20,790**	20,844
Amounts owed to joint venture	**1,822**	1,428
Financial liabilities measured at amortised cost	**72,278**	57,048

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

Note

22 cont. 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 financial assets at market value of tDKK -28. (2013/14: tDKK 108). 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 risks

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

tDKK Currency	Cash at bank and in hand/ trade receivables	Bank loans/trade payables/ credit institutions	Open forward contracts	Net position
DKK	2,712	-21,602	-	-18,890
EUR	36,692	-48,637	-4,476	-16,421
SEK	3,681	-628	1,398	4,451
NOK	599	-36	888	1,451
USD	8,601	-	1,980	10,581
RMB	8,190	-27	-	8,163
Other	1,478	-1,348	4,476	4,606
Abroad	59,241	-50,676	4,266	12,831

The Group's foreign exchange positions in Danish kroner are specified as follows at 30.09.2014:

tDKK Currency	Cash at bank and in hand/ trade receivables	Bank loans/trade payables/ credit institutions	Open forward contracts	Net position
DKK	9,040	-5,416	-	3,624
EUR	30,234	-45,132	-	-14,898
SEK	3,901	-1,017	-	2,884
NOK	1,110	-19	-	1,091
USD	6,801	-1,660	1,222	6,363
RMB	5,279	-1,119	-	4,160
Other	4,087	-2,685	-	1,402
Abroad	51,412	-51,632	1,222	1,002

The net position was computed without 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 September 2015 of tDKK 4,266 (2013/14: tDKK 1,222) cannot be related to specific transactions and are thus recognised in the income statement.

Foreign exchange contracts mature within six months.

Note

22 cont. 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 September 2015 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 big exchange rate fluctuations in the 2014-15 financial year; the NOK has fallen by 15% since 30 September 2014 while the USD has increased by 13%.

Currency exposure at 30 September 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

Currency exposure at 30 September 2014

Currency	Net position	Probable change in exchange rate	Effect on profit for the year	Effect on equity
SEK / DKK	2,884	**-6%**	-159	-121
USD / DKK	6,363	**7%**	445	341
EUR / DKK	-14,898	**-1%**	149	114
RMB / DKK	4,160	**5%**	208	159

In 2015/16, the Group's foreign currency exposure is expected to be essentially unchanged relative to 2014/15.

Liquidity and interest rate risks

The Group has generated positive cash flows for many years and has thus not been dependent on external financing. Outflows of cash in connection with the investments in Poland and Gabriel Erhvervspark in 2014/15 resulted in increasing cash requirements and the Group's net cash and cash equivalents was DKK 7.7 million at 30 September 2015 (2013/14: (DKK 21.8 million) plus an unused line of credit. The Group is thus judged to have adequate liquidity to ensure the ongoing financing of future operations and investments.

An ongoing operating credit is 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 the ERP system and vehicles were drawn up in Danish kroner and euro with a floating interest rate. The remaining terms of the contracts are one to 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 24, Gabriel has concluded purchase agreements for raw material supplies for 2015/16. The Group is not exposed to any major price risks arising from its use of raw materials.

Note

22 cont. 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 30.09.2015. 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.

The Group financed production equipment for the joint venture business UAB Scandye. Gabriel has been provided with collateral in the leased equipment. The lessee may perform the contracts at their residual values.

23 Operating leases

At 30 September 2015, the Group held operating leases for vehicles with a residual lease liability of tDKK 877 (2013/14: tDKK 1,158), of which tDKK 423 (2013/14: tDKK 595) is due within one year, while the rest is due within one to four years. An amount of tDKK 737 was expensed in the financial year as against tDKK 812 in 2013/14.

On 30 September 2015, 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 5,588 (2013/14: tDKK 2,465), of which tDKK 1,167 (2013/14: tDKK 358) is due within one year, while tDKK 607 (2013/14: tDKK 995) is due after 5 years. Total operating lease liabilities amounted to tDKK 6,465 at 30 September 2015 against tDKK 3,963 at 30 September 2014.

The subsidiary Gabriel Ejendomme A/S entered into external leases with periods of notice of up to six months . The total rent in the interminable period is tDKK 789 (2013/14: tDKK 807).

24 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 at an amount of tDKK 17,397 (2013/14: 11,793) to ensure raw material supplies in 2014/15.

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.

Collateral in land and buildings has been provided for mortgage debt to the mortgage bank. The carrying amount of land and buildings was tDKK 80,063 at 30 September 2015 (2013/14: tDKK 72,511), while mortgage debt to the mortgage bank was tDKK 30,382 (2013/14: tDKK 32,499). Collateral in land and buildings has been provided for bank debt to a bank in Poland. The carrying amount was tDKK 11,791 at 30 September 2015, while the debt to the bank was tDKK 9,385.

25 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.

Note

25 cont. The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group, which means that the 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	**2014/15**	2013/14
Administration fee from affiliated enterprises	**2,200**	2,050
Interest income from affiliated enterprises	**792**	698
Dividends from affiliated enterprises	**8,500**	7,000

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	**2014/15**	2013/14
Purchases from joint venture	**25,414**	24,841
Interest etc. from joint venture	**212**	279

In addition to executives' and directors' remuneration disclosed in note 5, the Group and parent company paid consultancy fees of tDKK 80 to the chairman of the Board of Directors. There were no other transactions with the Board of Directors, Executive Board, executive employees, major shareholders or other related parties during the year.

An investment of 10% was made in UAB FurnMaster in 2013/14, following which the company is wholly owned by Gabriel A/S. The purchase price was DKK 3.3 million. The carrying amount of the minority stake was tDKK 16.

26 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 relating to inventory estimates is attributable 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 5,756 at 30 September 2015 against tDKK 5,649 last year.

Management estimates the creditworthiness of receivables on the date of the statement of financial position. As a result of the international financial situation and instability, the risk of losses on receivables is considered higher than normal. This was taken into account in the assessment of the requirement for write-downs and in the daily management and control of receivables.

Development and innovation 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

26 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.

27 Accounting policies

Gabriel Holding A/S is a limited liability company domiciled in Denmark. The financial section of the annual report for the period 01.10.2014-30.09.2015 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 2014/15 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as adopted by the EU and Danish disclosure requirements for listed companies.

The Board of Directors and the Executive Board discussed and approved the annual report for 2014/15 of Gabriel Holding A/S on 17 November 2015. The annual report will be presented to the shareholders of Gabriel Holding A/S for approval at the annual general meeting on 15 December 2015.

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.

Change in accounting policies

Gabriel Holding A/S has implemented the financial reporting standards and IFRICs which came into force for the 2014/15 financial year. The only change of significance for the requirements for the presentation of and information in the 2014/15 annual report is IFRS 11 on Joint Arrangements and IFRS 12 on Disclosure of interest in other entities. As a result of the implementation of IFRS 11, the Group reassessed the classification of investments in associates and changed it to investments in joint venture. Joint ventures are considered investments in activities in which the parties have rights to a proportionate share of the net assets, as opposed to joint operations, where the parties have rights to a proportionate share of the individual assets and liabilities relating to the investment. The reclassification does not result in changes in recognition and measurement of investments. The other new standards and IFRICs did not affect recognition and measurement of assets and liabilities in the 2014/15 financial year.

ACCOUNTING POLICIES APPLIED

Consolidated financial statements

The consolidated financial statements cover 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 which it controls in some other way.

Whether Gabriel Holding A/S exercises control or significant influence is determined on the basis of the de facto control and potential voting rights which are genuine 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 with 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

27 cont. The consolidated financial statements were prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, prepared according to 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 consolidated financial statements include the subsidiaries' accounting items 100%. The non-controlling parties' share of the profit for the year, and of 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 Gabriel Holding A/S 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 to 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 to 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 on 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 statements of comprehensive income 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 other liabilities 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 as 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

27 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 comprises items secondary to the principal activities of the enterprise, including gains and losses 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 entitled to 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 in which 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

27 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. Development projects that are clearly defined and identifiable, where the degree of technical utilisation, sufficient resources and a potential future market or development opportunities in the company are evidenced, and where the company intends to produce, market or use the project, are recognised as intangible assets, provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production and distribution costs, administrative expenses 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, fixtures and fittings and equipment are measured at cost 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 property, plant and equipment are determined as the difference between the sales price less cost of sales 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 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

27 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 joint ventures 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 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 to Danish kroner.

Hedging reserve
The hedging reserve comprises the cumulative net change in the fair value of hedging transactions which qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Fair value reserve
The fair value reserve adjustment comprises the cumulative change in the fair value of financial assets available for sale. The reserve, which forms part of the company's distributable reserves, is eliminated and transferred to the income statement as the investment is sold or written down.

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.

Note

27 cont. 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.

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 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 obligations 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 obligations 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 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 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 comprise the raising of loans, repayment of interest-bearing debt, acquisition of treasury shares and payment of dividends to shareholders.

Cash comprises cash and cash equivalents and short-term bank debt.

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.

Note

28 New financial reporting regulations

On the date of publication of this annual report, a number of new or revised standards and IFRIC's are available, which have not yet entered into force and they are consequently not incorporated in 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.

Gabriel®

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