



INCREASE IN REVENUE AND EARNINGS

Gabriel's business model and strategy deliver earnings improvements

Management commentary:

Even though international demand for contract furniture remained muted in 2009/10, revenue was up by 8% to DKK 220 million. Profit before tax rose to DKK 12.9 million as against DKK 1.7 million last year. Together with the earnings improvement, the revenue increase clearly evidences that Gabriel realises potential in new products at a more advanced stage in the value chain than the core product, furniture fabrics.

SUMMARY

- Even though international demand for contract furniture remained muted in 2009/10, revenue was up by 8% to DKK 220 million. The revenue increase was derived from new products and services placed at a more advanced stage in the value chain than the core product, furniture fabrics.
- Operating profit (EBIT) came in at DKK 10.4 million as against DKK 2.0 million last year. The relocation of the dye factory and warehouse facilities to Lithuania and the constant focus on cost containment had a positive impact on results and offer future potential.
- Profit before tax was DKK 12.9 million as against DKK 1.7 million last year. Contributing to the increase was the profit share after tax in the associated dye factory, Scandye, of DKK 2.0 million, which amounted to DKK 0.2 million last year. Financial income and expenses represented a net income of DKK 0.5 million as against net expenses of DKK 0.6 million last year.
- Cash flows from operating activities were negative at DKK 8.4 million as against a positive DKK 18.5 million last year. During the initial phase, the relocation of warehouse and dispatch facilities from Aalborg to Lithuania placed heavy demands on liquidity, as VAT was no longer accounted for as current liabilities and instead was recognised as VAT receivable.
- Return on invested capital (ROIC) accounted for 5.8% as against 1.4% last year.
- The Board of Directors proposes to the general meeting on 16 December 2010 that dividends of DKK 3.25 per share be distributed. No dividends were distributed for 2008/09.
- For the present financial year 2010/11, the company expects to enjoy a revenue increase of 5-10% and an enhanced operating profit (EBIT). The contract furniture market is deemed to remain stable or to be slightly on the increase. The forecast is subject to uncertainty, but Management is of the opinion that the measures taken and the planned activities bode well for future earnings improvements.

The Board of Directors proposes the following motions for approval at the general meeting of Gabriel Holding A/S on 16 December 2010:

- Dividends for 2009/10 of DKK 3.25 per share of DKK 20.
- Poul H. Lauritsen, lawyer, and Karen Skott Mathiesen, general manager, wish to stand down from the Board of Directors. Instead, Jørgen Kjær Jacobsen (58), general manager, Stenhøjvej 10, 9310 Vodskov, and Søren B. Lauritsen (43), general manager, Einar Holbøllsvej 3, 2920 Charlottenlund, are proposed as new board members. Kaj Taidal, general manager, and Claus Christensen, general manager, are proposed for re-election.
- As a result of the coming into force of the new Danish Companies Act, the Board of Directors proposes that the Articles of Association be amended. Generally, the terminology of the company's Articles of Association has been aligned to the new Danish Companies Act. Accordingly, some of the articles have been revised and the numbering has been changed.
- For the purpose of the Board of Directors' contemplated launch of a programme to repurchase treasury shares, the Board of Directors applies for authority to acquire treasury shares of up to 20% of the share capital.

DEFINITION OF FINANCIAL RATIOS FOR THE GROUP

Invested capital:

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

Operating margin:

Operating profit/loss (EBIT) as a percentage of revenue.

Return on invested capital (ROIC):

Operating profit/loss (EBIT) as a percentage of average invested capital.

Earnings per share (EPS basic):

Profit/loss after tax divided by the average number of shares outstanding.

Earnings per share diluted (EPS diluted):

Profit/loss after tax divided by the diluted average number of shares outstanding.

Return on equity:

Profit/loss after tax as a percentage of average equity.

Equity ratio:

Equity as a percentage of total assets.

Net asset value at year end:

Equity as a percentage of the share capital.

Market price at year end:

Quoted price of the shares at the OMX.

Price/book value:

Market price in proportion to book value.

Price Earnings (PE):

Market price in proportion to earnings per share.

Price Cash Flow (PCF):

Market price in proportion to cash flow per share (excluding treasury shares).

Dividend yield:

Dividends in proportion to market price at year end.

Payout ratio:

Dividends as a percentage of profit/loss after tax.

FINANCIAL HIGHLIGHTS FOR THE GROUP

KEY FIGURES	Unit	2009/10	2008/09	2007/08	2006/07	2005/06
Revenue	DKK million	220.4	204.7	279.7	278.2	240.7
	Index	92	82	116	116	100
Thereof, export	DKK million	200.1	182.8	243.8	236.5	198.2
Export percentage	%	91	89	87	85	82
Operating profit (EBIT)	DKK million	10.4	2.0	23.0	24.9	22.2
Net financing, etc	DKK million	2.5	-0.3	0.0	0.1	0.3
Profit before tax	DKK million	12.9	1.7	23.0	25.0	22.5
Tax	DKK million	-2.7	-0.4	-5.9	-6.1	-6.3
Profit after tax	DKK million	10.2	1.3	17.1	18.9	16.2
Cash flows from:						
operating activities	DKK million	-8.4	18.5	23.3	15.3	13.6
investing activities	DKK million	-11.0	-58.5	-35.0	5.7	-18.9
financing activities	DKK million	4.4	34.5	- 8.4	-7.6	-7.6
Cash flows for the year	DKK million	-15.0	-5.5	-20.1	-13.4	-12.9
Investments in property, plant and equipment	DKK million	13.6	24.3	32.1	7.2	5.6
Depreciation/amortisation and impairment	DKK million	4.5	4.4	4.9	3.9	4.9
Equity	DKK million	125.8	115.4	122.6	113.8	102.5
Balance sheet total	DKK million	221.7	197.1	154.5	147.7	135.8
Invested capital	DKK million	193.8	163.9	122.7	113.8	102.7
Number of employees	Number	63	92	117	119	114
Revenue per employee	DKK'000	3,499	2,225	2,391	2,338	2,111
	Index	166	105	113	111	100
FINANCIAL RATIOS						
Operating margin (EBIT margin)	%	4.7	1.0	8.2	9.0	9.3
Return on invested capital (ROIC) before tax	%	5.8	1.4	19.5	23.0	22.2
Return on invested capital (ROIC) after tax	%	5.7	0.9	14.5	17.5	16.2
Earnings per share (EPS)	DKK	5.4	0.7	9.0	10.0	8.5
Return on equity	%	8.4	1.1	14.5	17.5	16.4
Equity ratio	%	56.7	58.6	79.3	77.0	75.4
Net asset value at year end	DKK	67	61	64	60	54
Market price at year end	DKK	68	69	118	182	153
Price/book value		1.0	1.1	1.8	3.0	2.8
Price earnings (PE)	DKK	12.6	99	13.1	18.3	18.0
Price Cash Flow (PCF)	DKK	-	6.5	9.6	22.6	21.5
Dividends proposed per share of DKK 20	DKK	3.3	0	4.0	4.4	4.0
Dividend Yield	%	4.8	0	3.4	2.4	2.6
Payout ratio	%	60	0	49	49	52

The basis year applied for the index figures is 2005/06. Earnings per share were calculated in accordance with IAS 33. Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". The financial ratios were restated to reflect the share split in 2007/08, reducing the face value of the share from DKK 100 per share to DKK 20 per share.

CONTENTS

SUMMARY	2
FINANCIAL HIGHLIGHTS FOR THE GROUP	3
MANAGEMENT'S REVIEW	5
PRINCIPAL ACTIVITIES	5
2009/10 FINANCIAL YEAR AT A GLANCE	5
CHANGES TO MANAGEMENT TEAM	7
OUTLOOK	7
SALES	7
PRODUCT DEVELOPMENT AND INNOVATION IN GABRIEL	8
GABRIEL CHINA	8
DYE FACTORY, SCANDYE UAB, LITHUANIA	9
GROUP BUILDING COMPLEX IN AALBORG – GABRIEL ERHVERVSPARK	9
MANAGEMENT OF BUSINESS RISKS	10
GABRIEL AND CORPORATE MANAGEMENT	12
CSR ACTIVITIES IN GABRIEL	14
SHAREHOLDER INFORMATION	15
COMPANY DETAILS	17
STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS	18
INDEPENDENT AUDITORS' REPORT	19
INCOME STATEMENT 01.10.2009 – 30.09.2010	20
STATEMENT OF COMPREHENSIVE INCOME 01.10.2009 – 30.09.2010	21
BALANCE SHEET AT 30.09.2010 – ASSETS	22
BALANCE SHEET AT 30.09.2010 – EQUITY AND LIABILITIES	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY	25
CASH FLOW STATEMENT	26
NOTES TO THE FINANCIAL STATEMENTS	29

PRINCIPAL ACTIVITIES

Innovation and value-adding co-operation are key words of Gabriel's business foundation. Gabriel is a niche company which develops, manufactures and sells upholstery fabrics and related textile products and services to be used in fields of application where product features, design and logistics have to meet invariable requirements and where quality and environmental management must be documented.

In 2005, Management laid down the following vision for 2010, which is in force until 2013.

- Gabriel is to obtain Blue Ocean Status through an innovative business concept, patents, licences, exclusive agreements, etc.
- Gabriel is to be the preferred development partner and supplier to leading international manufacturers and lead users of upholstered furniture, seats and upholstered surfaces.
- Gabriel is to enjoy a status as an attractive workplace for and partner of qualified employees and enterprises.

In a stable financial climate, Gabriel targets:

- A return on invested capital (ROIC) of at least 15% before tax.
- An increasing operating margin (EBIT margin).
- An average annual rise in earnings per share of a minimum of 15%.
- An average annual revenue increase of at least 10%.

Gabriel's services are directed towards the following fields of application: Contract furniture, seats for means of transportation, theatres, concert halls, cinemas, educational institutions, hotels, restaurants, hospitals, nursing homes as well as furniture for domestic use.

Gabriel is growing with the largest market participants. Gabriel's growth is ensured in close co-operation and trading with approx. 50 selected key account customers in a global strategy.

Gabriel strives to account for the largest share of the selected key account customers' purchases of furnishing fabrics, other components and services in the value chain.

Gabriel is constantly attentive to potential acquisitions, alliances and business areas to optimise its competitiveness and value adding.

Gabriel makes efforts to ensure that at least 30% of revenue derives from products and services launched within the past five years. In 2009/10, the share accounted for 34% as against 31% last year. Gabriel strives to further develop its status as a growth business focusing on inno-

vation, sustainability and earnings. The group intends to attract and retain ambitious, qualified employees seeking and accepting challenges.

For further information, reference is made to www.gabriel.dk.

2009/10 FINANCIAL YEAR AT A GLANCE

Revenue

Consolidated revenue was up by 8% to DKK 220.4 million as against DKK 204.7 million last year.

Cost of sales – gross profit

The consolidated gross profit accounted for 38.1% in 2009/10 as against 40.9% in 2008/09. The relocation of the dye factory, warehouse and dispatch facilities to Lithuania, which took place around the turn of the year 2009/10, has brought about major changes to the consolidated comparative figures. As a result of the relocation, internal staff costs are converted into external contract work under cost of sales and external services under other external costs.

Gross profit was on the rise throughout the financial year, and the relocation has had a positive impact on total consolidated production costs.

Other external costs

As a consequence of the relocation of warehouse and dispatch facilities, external costs were up by 5% to DKK 36.9 million. Other costs have generally been on the decline compared to previous years.

Staff costs

Consolidated staff costs were reduced by 18% to DKK 32.7 million in 2009/10 as against DKK 39.9 million last year. The average number of employees for the year under review was 63 as against 92 in 2008/09. At the end of the 2009/10 financial year, a number of 61 employees were working for the group.

Depreciation/amortisation

Consolidated depreciation/amortisation was in line with last year. Depreciation of the group building complex reached DKK 1.3 million in 2009/10.

Profit/loss from investment in Scandye UAB

The profit share from the investment in Scandye UAB (40%) accounted for DKK 2.0 million as against DKK 0.2 million last year. Reference is made to the section on the relocation of the dye factory.

Financial income and expenses and tax

Financial income and expenses represented a net income of DKK 0.5 million as against net expenses of DKK 0.6

MANAGEMENT'S REVIEW

million last year. In the year under review, the item was positively affected by exchange gains as against exchange losses last year.

The effective consolidated tax rate for the group represented 21% as against 24% last year, which is attributable to the recognition of the positive results after tax of Scandye UAB.

Balance sheet total

The consolidated balance sheet total amounted to DKK 221.7 million as against DKK 197.1 million last year.

Investments

In 2009/10, Gabriel invested an amount of DKK 13.6 million in property, plant and equipment as against DKK 24.3 million last year. The investments were made in the group's new ERP system, which was implemented at 1 October 2010 and improvements of the property.

Internal hours used for the ERP project have not been recognised as an investment but were taken to the income statement in the financial year.

Inventories

Consolidated inventories were reduced to DKK 35.1 million as against DKK 38.1 million last year.

Receivables

Receivables totalled DKK 47.3 million as against DKK 28.6 million last year. Consolidated trade receivables rose to DKK 29.2 million as against DKK 22.1 million at 30 September 2009 arising from the higher activity level during the last quarter of the financial year. As a result of the relocation of the warehouse and dispatch facilities

to Lithuania, the consolidated VAT treatment has been changed, resulting in the recognition of a VAT receivable of DKK 10 million at 30 September 2010. The Lithuanian set-up during the financial year delayed the refunding. In October 2010, the Lithuanian authorities had refunded VAT of DKK 7 million to the group.

Financing

Consolidated cash flows from operating activities in 2009/10 were negative at DKK 8.4 million as against a positive DKK 18.5 million last year. As mentioned under receivables, a major part of this flow is attributable to changes in the consolidated VAT treatment, resulting in the recognition of a VAT receivable of DKK 10 million at 30 September 2010 as against a VAT liability of DKK 4 million last year.

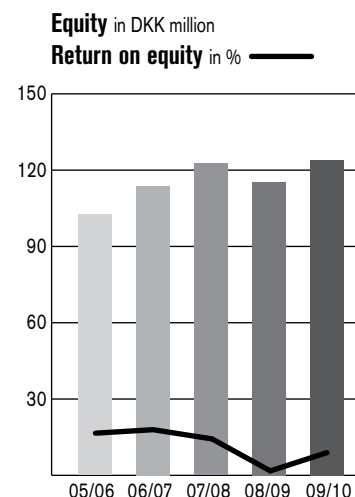
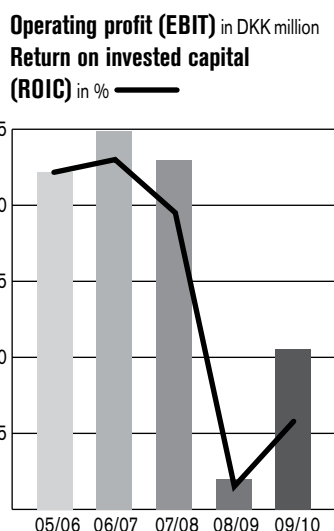
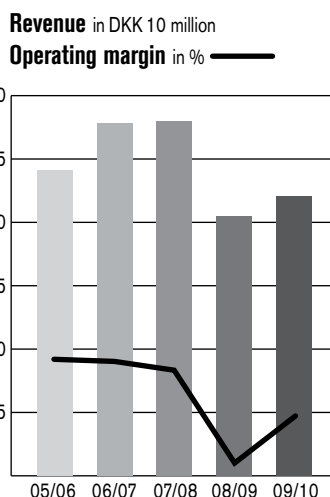
At year end, bank loans accounted for DKK 20.6 million. The group has major undrawn credit facilities with its bankers and a liquidity reserve of DKK 29.7 million invested in Danish mortgage bonds.

Equity

Consolidated equity came in at DKK 125.8 million at 30 September 2010 as against DKK 115.4 million last year. The resolution passed by the general meeting to reduce the share capital by 10% by means of the cancellation of treasury shares was implemented in April 2010 and recognised on the consolidated balance sheet.

Dividends

The Board of Directors recommends to the general meeting that dividends of DKK 3.25 per share be distributed for 2009/10, equivalent to total dividends of DKK 6.1 million.



CHANGES TO MANAGEMENT TEAM

Poul H. Lauritsen, lawyer, who has served as the chairman of the company's Board of Directors for a number of years, will not seek re-election at the forthcoming general meeting in December.

The company's CEO since 1985, Jørgen Kjær Jacobsen, has expressed his intention to resign from his position with effect from 31 December this year.

Anders Hedegaard Petersen, director, who was employed as logistics manager in Gabriel in 2004 and who has been a member of the Executive Board of Gabriel A/S since 2008, will take the position as CEO from 1 January 2011.

Claus Møller (44), director, was employed as the new director in charge of sales in Gabriel A/S from 1 September 2010. Mr Møller, who has a Master of Commerce degree in sales, has to date held positions at executive level in Danish enterprises with responsibility for national and international sales. For this purpose, he has been posted to China for a period.

The principal shareholder will recommend to the general meeting in December that Jørgen Kjær Jacobsen, director, be elected to the Board of Directors to take up the position as chairman thereof.

OUTLOOK

In the 2009/10 financial year, Gabriel engaged in activities deemed to enhance future competitiveness and earnings. In addition, the business model is regularly adjusted to promote growth in sales of and earnings from textiles as well as related products and services. As examples, we point out:

- Running-in of dyeing and finishing processes with the 40%-owned Scandyne UAB, Lithuania, took place during the entire 2009/10 and is now considered completed.
- Outsourcing of Gabriel's warehouse and dispatch facilities from Aalborg to an external partner in Lithuania took place in Q1 of the financial year as planned. Proper routines have now been set up.
- The customer and product portfolios now offer further growth potential.
- A new ERP system was implemented throughout three quarters of 2009/10.
The system was put into service on 1 October 2010 and is to facilitate higher profitability in the coming years.
- Gabriel Erhvervspark offers increasing rental income.

International demand for contract furniture is only moderately on the increase after the crisis in 2009. This trend

is expected to persist in the 2010/11 financial year. New products in the value chain are deemed to account for future growth.

In the 2010/11 financial year, Management expects to enjoy an increase in revenue of 5-10% and enhanced operating profit (EBIT). The contract furniture market is deemed to remain stable or to be slightly on the increase. The forecast is subject to uncertainty, but Management is of the opinion that the measures taken and the planned activities bode well for future earnings improvements.

SALES

Consolidated revenue was up by 8% to DKK 220.4 million as against DKK 204.7 million last year. Revenue figures were fluctuating throughout the year, with Q1 being negative at 12%, Q2 positive at 16%, Q3 positive at 20% and finally positive at 11% in Q4.

Sale of the core product – contract furniture fabrics – is practically in line with last year. The revenue increase is derived from products and services sold to the same customers but which belong to the next step in the value chain, e.g. cutting, sewing or upholstering of furniture parts. Additionally, the year under review has seen an increase in the sale of shade cards, collections and services.

At the end of the 2008/09 financial year, the contract furniture market was deemed to be further on the decline by Management. However, with a few exceptions, the market has been stable throughout the year. Similarly, the sale of supplementary products and services was somewhat up on Management's forecast. Management takes this a sign of the successful implementation of the multi-annual strategy for innovation and business development.

Export revenue grew by 9% to DKK 200 million as against DKK 184 million last year. Exports accounted for 91% (87%). Sale in Denmark was down by 7% to DKK 20 million as against DKK 22 million last year. The ongoing decline in Denmark is attributable to the relocation of furniture production to low-wage countries. Gabriel now instead serves as supplier to these foreign production facilities.

Gabriel maintains its strategy of growing with the largest market participants, ensuring targeted efforts with selected key account customers, which in 2009/10 accounted for 55% of revenue. Gabriel's focus on product and process innovation with assistance from several business units has had a positive impact on sales. During the year under review, further proper staff resources were allocated to sales management, product development and innovation.

MANAGEMENT'S REVIEW

In October 2010, Gabriel was represented at Orgatec in Germany for the fourteenth time (the world's largest fair for contract furniture), which is held in Cologne every second year. The stand, which enjoyed numerous visitors, displayed a range of Gabriel's business units. Gabriel's new products and services ranging from textiles to upholstery solutions (FurnMaster), samples (SampleMaster), development and design (DesignMaster) and innovative processes (InnovationMaster) were warmly received. Gabriel's products enjoyed a strong representation on furniture displayed by other exhibitors representing Gabriel's customers – leading global contract furniture manufacturers.

PRODUCT DEVELOPMENT AND INNOVATION IN GABRIEL

Also in 2009/10, product and process innovation from conception to upholstered product has been a core activity of Gabriel. Gabriel is of the opinion that this focus has contributed to maintaining and strengthening value adding, competitiveness and growth potential.

In 2009/10, the group managed to meet its target of 30% of revenue deriving from products launched within the past five years, as revenue from these products accounted for 34% as against 31% in 2008/09.

All Gabriel Master units carry out product development and innovation. The unique market potential of the individual Masters is identified, developed and activated concurrently with the outcome of jointly coordinated efforts being utilised and offered to leading furniture manufacturers.

The business unit, DesignMaster, carries out regular design-based development and consultancy activities based on the desires, requirements and behaviour of customers and end users. This is facilitated by fundamental market insight and targeted research based on a "time-to-market" horizon of 3-18 months.

The projects are carried out in Gabriel's existing value chain and target at realising and transmitting the potential contained in the use of upholstery textiles, techniques and related products. Gabriel regularly engages in activities relying on core competencies such as textile construction, finishing, upholstery design and technology, "welding" and print. In addition, design and production of complete furniture components are included in the solutions offered to the customers.

Based on the concept "Furniture fabrics in use" and through the communication of its innovation and development strategy, Gabriel has managed to foster a close business relationship with designers, development teams and decision makers of selected furniture manufacturers.

Against this background, a number of projects have been realised, and new ones have been initiated. The year under review saw the launch of six new products. 12 product adjustments and six relaunches. Nine of the launches are offered to contract furniture manufacturers, whereas a number of 15 products are customised solutions produced by the business unit, FurnMaster. Reference is made to www.gabriel.dk for further information on product launches and cases.

FurnMaster is now a well-established supplier and development partner to leading manufacturers of contract furniture and performed extremely well in terms of sale and new business potential during the year under review.

On 29 October 2010, Gabriel was awarded a special prize in this year's Innovation Cup, which carried the theme "New growth". Gabriel was awarded the special prize because "despite the international financial crisis, the company had maintained its long-term innovation strategy and thus emerged from the crisis in a much better position than its competitors. Gabriel has innovated itself out the crisis by developing new business potential displaying high growth rates...". Innovation Cup is an annual competition for Danish companies and public organisations.

Gabriel's business unit, InnovationMaster, is to develop new business areas contributing new designs, technologies and market entries with a „time-to-market“ horizon of 2-5 years.

In 2009/10, InnovationMaster was engaged in development projects with major, however, yet uncertain earnings potential. The projects focus on the development of technical textiles and related products for expected use primarily in Gabriel's existing value chain.

Gabriel Innovation A/S was established in 2008. The objective of this set-up was to transfer financially viable projects initiated in Gabriel's business unit, InnovationMaster, to Gabriel Innovation A/S. No projects have so far been transferred to Gabriel Innovation A/S.

GABRIEL CHINA

Sale for the 2009/10 financial year more than doubled compared to last year.

During the year under review, Gabriel China achieved profitability as an independent business unit for the first time since its establishment in 2003. The business unit is an important part of the overall strategy to service global contract furniture manufacturers and distributors and to manufacture innovative and competitive products for all markets.

Product development was in progress during the financial year, and regular deliveries were made to new strategic customers in the USA and Asia. New development projects are constantly in the pipeline.

Generally, the Chinese market is price sensitive, but the leading market players display an increasing interest in Gabriel's products enjoying documented environmental and energy-related sustainability, competitive prices and short delivery times.

In addition to sales, Gabriel China is in charge of design, development, logistics, procurement and quality and environmental management.

DYE FACTORY, SCANDYE UAB, LITHUANIA

At the beginning of the 2009/10 financial year, all Gabriel's dyeing machinery and plant had been transferred to the 40%-owned Scandye UAB, Lithuania. The Lithuanian dye factory contributed positive results of DKK 2.0 million to consolidated income as against DKK 0.2 million last year.

2009/10 was the first normal operating year for Scandye after its start-up phase, and productive output to Gabriel as well as to other customers was up on forecast.

Scandye's quality and environmental management is certified to ISO 9001 and ISO 14001.

GROUP BUILDING COMPLEX IN AALBORG - GABRIEL ERHVERVSPARK

The group building complex in central Aalborg was measured at DKK 68.4 million in the financial statements. A few tenancies in the refurbished facility remain vacant. However, these are expected to be occupied shortly. Innovative business environments are the centre of much

interest as evidenced in Gabriel Erhvervspark, which was awarded a prize in 2010 by the Committee on prize awards for buildings in Aalborg "for its respectful refurbishment of old factory buildings, which underpins Aalborg's transformation from industrial city to a knowledge-based city". Reference is made to www.gabriel.dk.

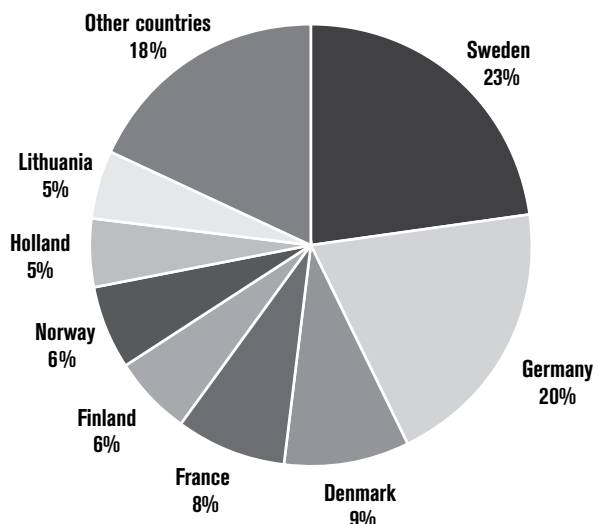
In Management's opinion, the present rent from both external as well as intra-group tenants together with the rent available from vacant, refurbished premises and parking spaces will actually speak in favour of a property value in excess of carrying amount. To this should be added further 8-9,000 square metres of non-refurbished industrial and inventory facilities available for short-term leasing.

Gabriel intends to refurbish these facilities as the relevant tenants are identified. Management is constantly attentive to the optimisation of property value and income for the benefit of both tenants and owners.

The present product portfolio of Gabriel Erhvervspark comprises attractive office premises, conference facility with AV equipment, canteen, inventory and workshop facilities, service facilities (reception, tele and IT equipment, administration, advisory services within innovation, HR, etc.). Furthermore, Gabriel strives to offer premises and assistance to knowledge-intensive innovative businesses supporting the business development of Gabriel and its tenants.

Throughout the financial year, Gabriel Erhvervspark has developed its role as one of the meeting places in Aalborg for business people and academics facilitated by initiatives from both business and educational institutions, from Gabriel and other tenants of Gabriel Erhvervspark.

Revenue broken down by country



MANAGEMENT OF BUSINESS RISKS

The nature of Gabriel's business area includes a number of commercial and financial risks of importance to the group's future. Gabriel makes an effort to counter and minimise the risks which can be managed. Gabriel policy is not to engage in active speculation in financial risks. Risk management only covers risks arising directly from the group's operations, investments and financing.

Competitive situation

Gabriel is a niche company developing and manufacturing upholstery fabrics and related textile products and services to be used in fields of application where product features, design and logistics have to meet invariable requirements and where quality and environmental management must be documented. Gabriel is a well-known, global brand within its niche.

Gabriel constantly strives to develop and consolidate its position as the preferred supplier of furnishing fabrics and related components to strategically designated, international furniture manufacturers. Accordingly, Gabriel prioritises the development of Blue Ocean products and services within its entire value chain.

Competitiveness is to be strengthened through the regular development of its business model allowing Gabriel to meet market demand and structural development. Outsourcing of supporting processes with the optimum location in low-wage countries and focus on selected core processes has strengthened Gabriel's position as the preferred supplier and co-operator.

Customers and markets

Gabriel targets its product development at approx. 50 selected key account customers accounting for approx. 55% of revenue. Gabriel generates 91% of revenue from European customers, but overseas countries such as the USA and China contribute increasingly to revenue.

Products

Relying on its business model, Gabriel aims at diversifying risks by offering new product solutions throughout a large part of the value chain. This takes place in co-operation with strategically designated key account customers by developing furnishing fabrics, furniture parts and services for future use.

Currency risks

The group hedges currency exposure 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 several international customers opt for settlement in euros. The euro is primarily used as the settlement currency with other countries. Currency exposure generated by income is only of a limited

scale, as the vast part of income is invoiced in euros. All financial receivables and the consolidated bond portfolio are denominated in Danish kroner.

The most important part of corporate purchases is settled in Danish kroner or euros. To ensure an optimum interest level and to match financing in euros, the group has raised a mortgage loan and entered into lease agreements denominated in euros. Bank financing is in the form of open credits denominated in euros or Danish kroner.

Interest rate risks

The group's bank loans are open, floating-rate business credits, while the mortgage loan is an adjustable-rate loan denominated in euros subject to annual adjustment. The bond portfolio consists primarily of short-dated bonds denominated in Danish kroner, adjusting interest to the general societal interest level. Group receivables carry a fixed interest rate during their entire life as laid down by contract.

Credit risks

In line with group credit risk policy, all major customers and other co-operators are regularly credit rated. Credit risk management is based on internal credit lines for customers and counterparties. Triggered by the financial crisis, the group has intensified its focus on customer credit lines as well as on the management and monitoring of customers. Group trade receivables are distributed on numerous customers, countries and markets, ensuring a high degree of risk diversification. Gabriel has collateral in productive equipment leased out to partners.

Capital resources

The group regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing. In 2009, the group chose to raise a mortgage loan to finance a construction project and to strengthen the group's cash resources. Most of the proceeds, equivalent to DKK 29.7 million, have been invested in Danish mortgage bonds. At year end 2009/10, Gabriel's bank loans represented DKK 20.6 million. In addition, Gabriel has undrawn bank credit facilities. Against this background, the group is deemed to have sufficient liquidity to finance future operations and investments.

Places of business

The group carries out some of its activities from Lithuania and China, which have undergone a high degree of political and financial turmoil, affecting the business activities in this environment. Accordingly, Gabriel's business activities in Lithuania and China are exposed to risks not inherent in typical European business activities. Tax legislation, etc. in Lithuania and China undergo frequent revision re-

sulting in a high risk level in these countries. The group attempts to minimise these risks by interacting with co-operators and local advisors.

Insurance

It is Gabriel's policy to take out insurance against risks of material importance to the financial position of the group. Insurance has been taken out against operating losses and product liability. Moreover, the company has taken out all-risk insurance covering property, plant and equipment as well as inventories.

Environmental risks

Certifications for the Environmental Management Standard ISO 14001, the Eco Management and Audit Scheme (EMAS), the EU Flower eco-label scheme, Økotex as well as for the Quality Management Standard ISO 9001 ensure that neither the activities nor the products of the company are exposed to any important environmental risks. The objectives of Gabriel's environmental strategy are to prevent spillage/accidents and to ensure that the company's products do not contain any health hazardous substances.

IT risks

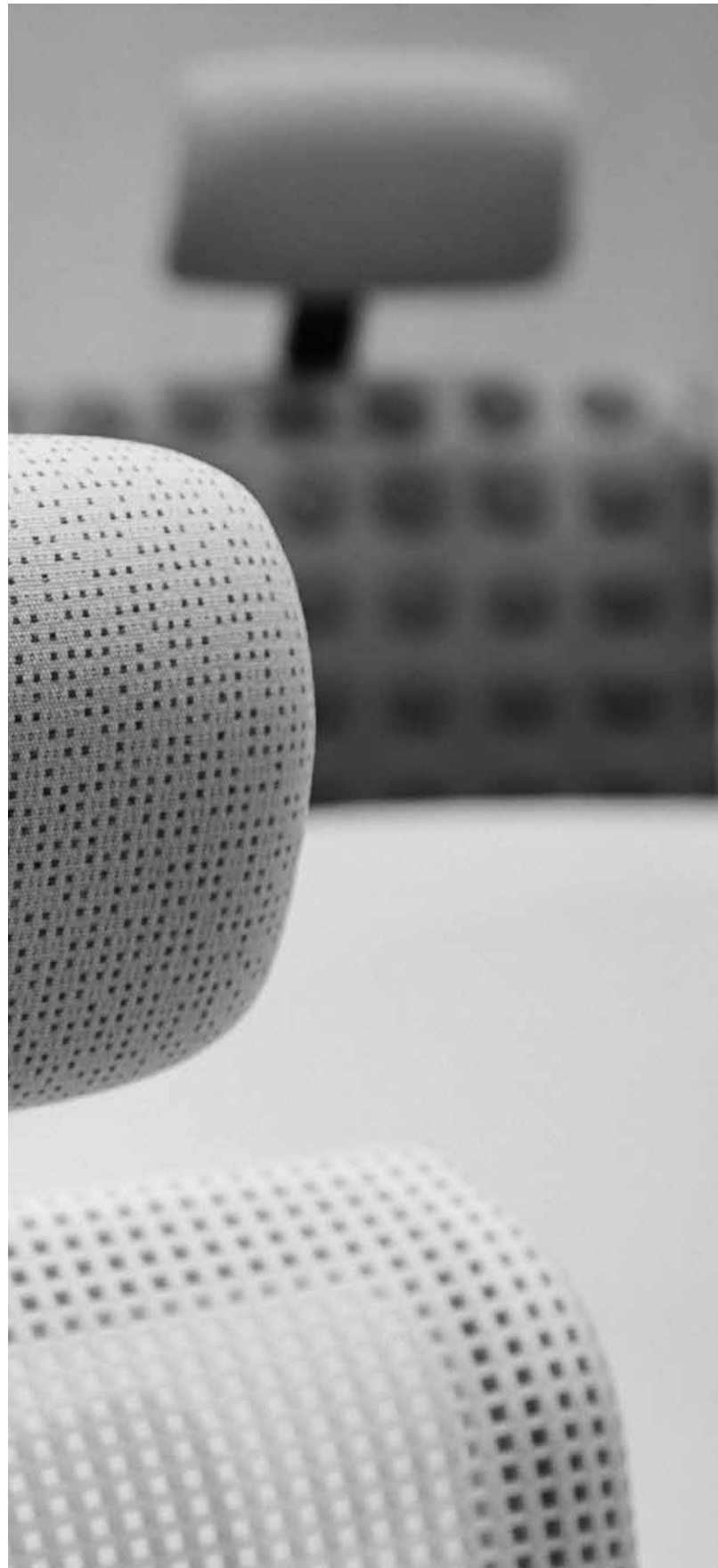
The group has chosen to outsource the operation of its IT platform to external service partners, ensuring regular update of security systems and minimising the risk of major operational break-down.

Trade risks

The majority of raw materials, semi-manufactured products and finished goods used by Gabriel are available from alternative suppliers in case of non-delivery by the usual suppliers.

Contingency plans

In accordance with the quality and environmental management systems, Gabriel in Aalborg continues to develop its contingency plans and communicate these to its staff. Gabriel holds regular first-aid and fire-fighting courses, and all areas have prepared an operational contingency plan in case of spillage/accidents.



GABRIEL AND CORPORATE GOVERNANCE

Throughout the years, Gabriel has striven to define and maintain explicit mission statements, visions, objectives and strategies. Executing strategy and performing planned activities add value for customers, employees, shareholders and other stakeholders.

CORPORATE GOVERNANCE RECOMMENDATIONS BY NASDAQ OMX COPENHAGEN A/S

NASDAQ OMX Copenhagen A/S has adopted a set of corporate governance recommendations.

Companies are to address these recommendations and in particular account for any non-compliance. The Board of Directors and the Executive Board have carefully considered the recommendations, which are widely applied by Gabriel. The Board of Directors has chosen a different approach within the following areas:

1. Board of Directors

The company has not defined any limit for the number of positions held by its board members. Gabriel is of the opinion that the individual board member's capacity, qualifications and contribution to the managerial process must be the decisive element. In line with this view, the company has not laid down any age limit for its board members. As board members are elected for one year of service by the general meeting, the annual report does not disclose the date of joining the Board of Directors or term of office.

2. Remuneration of the Board of Directors and the Executive Board

Remuneration of the Board of Directors and the Executive Board is disclosed in the annual report. The annual report discloses the total figures for the Executive Board and the Board of Directors and does not specify any individual remuneration as this is personal information of limited relevance to the shareholders. The company has not taken out any incentive schemes or redundancy packages for the Executive Board.

A more thorough description of Gabriel's management practice in relation to the recommendations by NASDAQ OMX Copenhagen A/S is available at the company's website, www.gabriel.dk/investor-info/management-strategy/.

REPORTING ON INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board of Directors and Executive Board of Gabriel is overall responsible for the group's risk management and internal control in relation to financial reporting, including compliance with relevant legislation and other financial reporting regulations. The objective of the group's risk management and internal controls is to avoid any material errors and omissions during the financial reporting process.

The Board of Directors/audit committee and the Executive Board regularly assess risks and internal controls arising from the group's activities and any impact on the financial reporting process.

Control environment

Management regularly assesses the organisational structure and staffing of the group and lays down and approves overall policies, procedures and controls in relation to the financial reporting process, including specific reporting policies and segregation of duties.

Risk assessment

When the annual business plan is prepared, material business risks are identified, and against this background Management makes an overall risk management, including an assessment of material risks arising from the financial reporting process. As part of the risk assessment, Management is annually to consider the risk of fraud and any other improper impact on the financial reporting process.

The group's Risk Management policy strives to eliminate and/or reduce the risks identified based on an assessment of materiality and cost-benefit analyses.

The Board of Directors annually assesses Gabriel's IT security and insurance coverage.

The most important risks arising from the financial reporting process are disclosed in the Management's review and notes to the financial statements, to which reference is made.

Control activities

At the board meetings, the Executive Board reports on the status of any risk factors attributable to strategy, organisation or operations. The group has a systematic internal reporting system comparing monthly reporting to budget and regularly evaluating performance and meeting of specific targets through Key Performance Indicators, etc. The system highlights the different corporate activities and allows Management to gain insight into and knowledge about issues relating to the entire financial reporting process.

Each quarter, the Board of Directors is provided with a thorough account of financial performance compared with budget and prior periods. Furthermore, the reporting describes and assesses material balance sheet items, cash flows, forecast future activities and earnings and other matters with an impact on operations.

Information

Generally, the Board of Directors lays down required forecast future results and establishes the requirements of the

financial reporting in accordance with relevant legislation and regulations. In addition, the group aims at offering adequate, complete and precise information reflecting corporate performance.

Within the framework for listed companies, the Board of Directors strives at fostering open communication and at ensuring that each employee is familiar with his/her function in the internal control process. The group has chosen to divide operations and internal reporting into independent strategic business units. The strategic business units are run as independent profit centres with their own mission statements, visions, targets, strategies, action plans and budgets, ensuring that skills, follow-up and division of responsibilities are distributed on all organisational levels and that relevant information is communicated effectively and reliably throughout the entire system.

Monitoring

Gabriel monitors the functioning of its internal control and risk management system at all group levels on a regular basis and for each quarter. The scope thereof is determined primarily on the basis of the risk assessment and the effectiveness of controls and procedures.

Weaknesses, failings in controls or non-compliance with guidelines are reported to the Executive Board or the Board of Directors on the basis of materiality. The reporting is typically discussed at the next board meeting, at which the Board of Directors is informed of actual findings and recommendations for procedure updates, etc.

In their long-form audit report to the Board of Directors, the auditors appointed by the annual general meeting report material failings in the group's internal control systems in relation to the financial reporting process.

The Board of Directors follows up on the implementation of any planned optimisation of risk management procedures and internal controls in relation to the financial reporting process.

AUDIT COMMITTEE

In accordance with section 31 of the Danish Act on Approved Auditors and Audit Firms, Gabriel Holding A/S set up an audit committee in 2009, on which the entire Board of Directors serves. The vice chairman of the Board of Directors acts as the chairman of the audit committee, which meets quarterly.

The audit committee is to:

- 1) monitor the financial reporting process,
- 2) monitor the effective functioning of the company's internal control and risk management systems,
- 3) monitor the statutory audit of the financial statements, etc. and
- 4) monitor and check the auditor's independence.

In 2009/10, the audit committee was highly attentive to the implementation of the new ERP system and, moreover, discussed and approved the audit plan laid down as well as items and findings requiring special attention.

CSR ACTIVITIES IN GABRIEL

Corporate social responsibility is a self-regulating mechanism integrated into the group's business model, meaning that Gabriel embraces responsibility for the positive impact of its activities on general social developments and accedes to the UN Global Compact. Gabriel's products and services are developed and manufactured considering the safety and health of the users. Moreover, Gabriel strives to eliminate any practices harmful to the environment and to promote sound working environment during the entire supply chain. Gabriel constantly attempts to develop the competencies of its employees. For this purpose, we liaise with students on traineeships and educational projects for the benefit of both students and the enterprise. Gabriel serves on the CSR committee of the trade organisation, Dansk Mode og Textile, promoting CSR initiatives within this line of business.

In 2009/10, Cradle to Cradle certification was on Gabriel's agenda. In November 2010, Gabriel was awarded Cradle to Cradle certification and may now supply selected products and dyes under this programme. The Cradle to Cradle program focuses on using safe materials that can be disassembled and recycled. Gabriel's sound-absorbing screens made of recycled fibres support this line of thinking.

During the year under review, Gabriel's woollen products, which already carried the EU Flower eco-label, were awarded the Økotex 100 health label, which Gabriel's polyester products already carried.

Gabriel carries out regular vendor audits in order to ensure compliance with Gabriel's requirements in terms of quality, environment and CSR. Chinese quality and environmental engineers are working for Gabriel China, which, facilitated by their nationality and close daily co-operation with vendors, ensure compliance with the relevant requirements.

In 2009/10, Gabriel carried out a vendor audit focusing on CSR, including an audit of production and involving

senior management. The outcome has been positive, as for instance the housing and canteen facilities with the Chinese co-operators have been of a satisfactory standard and the enterprises have been able to accede to the principles laid down in the UN Global Compact.

The audit disclosed failings in relation to the working environment, for instance with regard to insufficient screening and ventilation. The senior management of the enterprises has been informed of these failings and has taken appropriate measures to make the necessary changes.

In 2009, Gabriel transferred all its dyeing and finishing activities from Aalborg to the dye factory, Scandye UAB, in Lithuania. The dye factory makes use of the purest technology as well as installations and contingency plans minimising the environmental impact and preventing incidents. The dye factory is certified to ISO 9001 and ISO 14001 and gives a high priority to health and safety management. Scandye UAB has a staff of 70 employees, meaning that the company is of major importance to its community.

Throughout the year, the implementation of the new ERP system required much skills development among Gabriel's employees. To strengthen future skills development, Gabriel set up a new HR department at the end of the financial year.

Since Gabriel's establishment in 1851 and up to 2009, the Aalborg factory has housed production. Gabriel has chosen to reuse the old factory buildings, and a large part of these have been refurbished and converted into modern office facilities in Gabriel Erhvervspark, which makes up the physical setting for Gabriel as well as for its tenants. Together with the old factory buildings and green surroundings, joint facilities such as canteen, conference rooms and IT foster a stimulating and creative environment.

Gabriel's CSR is further described at www.gabriel.dk.

At the general meeting of Gabriel Holding A/S for 2009, Management proposed a reduction of the share capital from a nominal amount of DKK 42,000,000 to DKK 37,800,000 by means of the cancellation of 210,000 treasury shares of DKK 20 each, representing a nominal value of DKK 4,200,000, equivalent to 10% of the share capital.

The resolution passed by the general meeting to reduce the share capital was implemented in April 2010 and recognised on the consolidated balance sheet.

Share capital

The share capital comprises 1,890,000 shares of DKK 20 each. Gabriel Holding A/S has one class of shares. All shares are freely negotiable securities. Gabriel Holding A/S is admitted for trading at NASDAQ OMX Copenhagen A/S under the ticker symbol GABR and the ID code DK0010049568. The share is traded under the Small Cap Index.

Price movement

The 2009/10 financial year opened with a price of 69 and closed with a price of 68. Market capitalisation came in at DKK 128.5 million at 30 September 2010.

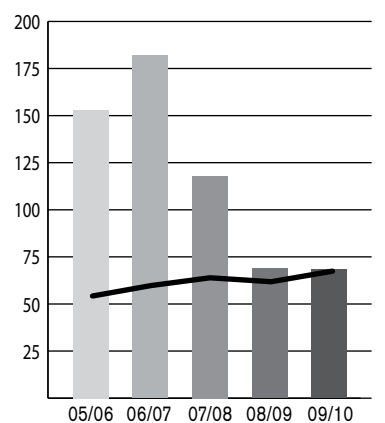
Capital management

The group regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing. A high equity ratio has always been a top priority of Gabriel in order to ensure plenty of room for manoeuvre. The equity ratio accounted for 57% at 30 September 2010, which was in line with last year. As a result of the relocation of warehouse and dispatch facilities to Lithuania, the company's VAT treatment has been changed, with resulting negative impact on liquidity. Management expects a normalised situation by the end of 2010. Gabriel still makes efforts to reduce consolidated funds tied up.

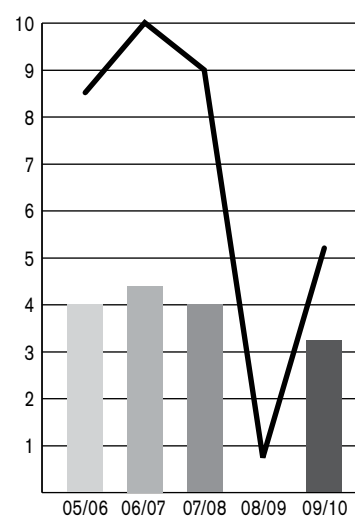
Gabriel desires to provide its shareholders with a regular return on their investments while maintaining an appropriate equity level to ensure the company's future operations. The Board of Directors proposes that dividends of DKK 3.25 per share be distributed for 2009/10, equivalent to total dividends of DKK 6.1 million.

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

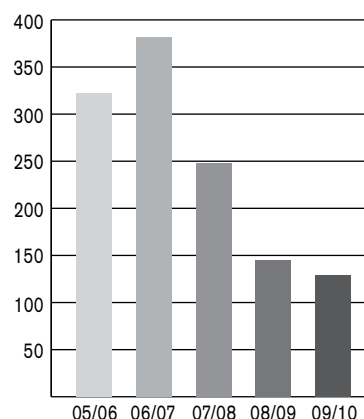
Market price in DKK
Net asset value per share in DKK



Dividends per share in DKK
Earnings per share in DKK



Closing market capitalisation
in DKK million



SHAREHOLDER INFORMATION

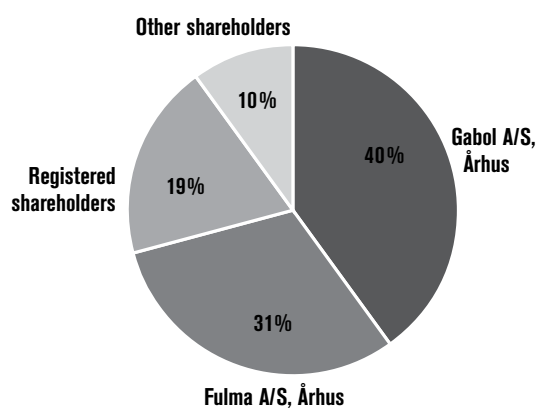
Stock Exchange Announcements in the 2009/10 financial year

- 19.11.09 Announcement of the annual report for 2008/09:
Modest profit despite difficult market terms.
- 02.12.09 Notice of Annual General Meeting
- 09.12.09 Annual Report for 2008/09
- 17.12.09 Disclosure of profit forecast at the general meeting
- 17.12.09 Minutes of Annual General Meeting
- 25.02.10 Q1 interim report for 2009/10:
Management maintains an improved profit forecast for the Gabriel Group for the full 2009/10 financial year.
- 27.05.10 Interim report, first half of 2009/10:
Gabriel surpasses forecast for the first six months of the financial year.
- 26.08.10 Q3 interim report for 2009/10:
After Q3, both revenue and earnings are up on Management's forecast, now anticipating a full-year profit of approx. DKK 12 million before tax.
- 26.08.10 Financial calendar for 2010/11
- 26.08.10 Changes to the management team of Gabriel Holding A/S

Financial calendar for 2010/11

- 23.11.10 Announcement of the annual report
- 06.12.10 The printed annual report for 2009/10 is available
- 16.12.10 Annual General Meeting
- 28.02.11 Q1 report
- 26.05.11 Interim report, first half of the year
- 25.08.11 Q3 report
- 15.11.11 Announcement of the annual report
- 15.12.11 Annual General Meeting

Shareholder mix



Investor Relations

Gabriel Holding aims at providing a satisfactory and uniform information level to its investors and analysts ensuring stable price movements and reflecting forecast corporate performance at any time.

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

Investor relations contact:
Jørgen Kjær Jacobsen, CEO
Phone +45 96 30 31 00
jkj@gabriel.dk

Annual General Meeting

The Annual General Meeting is to be held on the company's premises in Aalborg, Denmark, on Thursday, 16 December 2010, at 2 pm.

BOARD OF DIRECTORS:

Poul H. Lauritsen, lawyer,
chairman (77)

Directorships:

BKI Foods A/S
Defco-Food A/S
Gabol A/S
Mozami A/S
Peter Van Rasmussen Holding A/S
Poul Rasmussen Bilcenter Århus A/S
Poul Rasmussen Holding A/S
Raskier A/S
Stanesø A/S
Stentor A/S
Svend Mathiesen A/S
2Krogh AS

Kaj Taidal, general manager,
vice chairman (51)

Directorships:

Artemis A/S
A/S V. Sørensen
Bladt Holding A/S
Bladt Industries A/S
Dan-Iso Holding A/S
Dan-Iso A/S
DF af 1. januar 2009 A/S
Elogic A/S
EM-Fiberglas A/S
Ernitec A/S
Hydraulico Holding A/S
Hydraulico A/S
Impartex A/S

KK-Group A/S
KK-Electronic A/S
Slovakian Farm Invest A/S

Karen Mathiesen,
general manager (56)

Executive positions:

Gabol A/S
Svend Mathiesen A/S
Directorships:
BKI Foods A/S
Fulma A/S
Gabol A/S
Svend Mathiesen A/S

Claus Christensen,
general manager (48)

Executive positions:

HC Projects A/S
HCH A/S
Novi A/S
Directorships:
Continia A/S
DanPhone A/S
Ernitec A/S
HC Projects A/S
HCH A/S
House of BI A/S
InMoTx Inc.
Inter-Data A/S
Judex Holding A/S
Judex A/S
KPF Arkitekter A/S
M1 A/S

M-Tec A/S
Medical Insight A/S
Novi A/S
Novi Innovation A/S
Scape Technologies A/S
Strøm Hansen A/S

Tina Mai Kristensen,
marketing co-ordinator (43)
(Elected by the employees)

Directorships:

A/S Peder Nielsen Beslagfabrik

Ole Thomsen,
machine operator (58)
(Elected by the employees)

CEO:

Jørgen Kjær Jacobsen (58)

Executive positions:

Raskier A/S

Directorships:

AM Production A/S
Avit Systems A/S
BKI Foods A/S
Gabol A/S
Mekoprint Holding A/S
Mekoprint A/S
Mekoprint Ejendomme A/S
Nordjyske Holding A/S
Nordjyske Medier A/S
Raskier A/S

Auditors: KPMG, Statsautoriseret Revisionspartnerselskab
Bankers: Sydbank A/S
Subsidiaries: Gabriel A/S, Aalborg
Gabriel Innovation A/S, Aalborg
Gabriel (Tianjin) International Trading Co. Ltd., China
Sellgren-Tekstiili OY 2005, Finland (in liquidation)
Associate: Scandye UAB, Lithuania

Registered office and representation

The registered office with sales, logistics, development, innovation and accounts departments are located in Aalborg.

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

The registered office in Aalborg is located at the following address:

Gabriel Holding A/S
Re. No. 58 86 87 28
Hjulmagervej 55
DK-9000 Aalborg
Phone: +45 96 30 31 00
Fax: +45 98 13 25 44
mail@gabriel.dk
www.gabriel.dk

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today discussed and approved the annual report of Gabriel Holding A/S for 2009/10.

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

It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's financial position at 30 September 2010 and of the results of the group's and the parent company's operations and cash

flows for the financial year 1 October 2009 – 30 September 2010.

Further, in our opinion the Management's review gives a true and fair review of the development in the group's and the parent company's operations and financial matters, the results of the group's and the parent company's operations and financial position and the financial position of the companies comprised by the consolidated financial statements and describes the material risks and uncertainties affecting the group and the parent company.

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

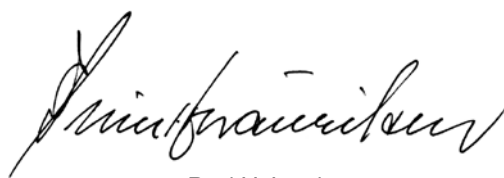
Aalborg, 23 November 2010

Executive Board



Jørgen Kjær Jacobsen
CEO

Board of Directors



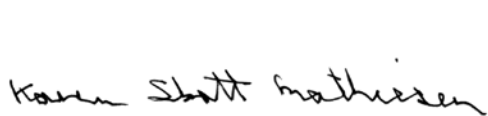
Poul H. Lauritsen
Chairman



Kaj Taidal
Vice chairman



Claus Christensen



Karen Skott Mathiesen



Tina Mai Kristensen
Elected by the employees



Ole Thomsen
Elected by the employees

INDEPENDENT AUDITORS' REPORT

To the shareholders of Gabriel Holding A/S

We have audited the consolidated financial statements and parent company financial statements of Gabriel Holding A/S for 2009/10, pages 20-49. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the group as well as for the parent company. The consolidated financial statements and parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for consolidated financial statements and parent company financial statements of listed companies.

In addition to our audit, we have read the Management's review, which has been prepared in accordance with Danish disclosure requirements for consolidated financial statements and parent company financial statements of listed companies, and issued a statement thereon.

Management's responsibility

Management is responsible for the preparation and presentation of consolidated financial statements and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for consolidated financial statements and parent company financial statements of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare and issue a Management's review that gives a fair review of the development in the group's and the parent company's operations in accordance with Danish disclosure requirements for consolidated financial statements and parent company financial statements of listed companies.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and 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 parent company financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the consolidated financial statements and parent company financial statements 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 parent company financial statements.

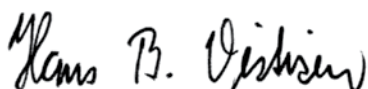
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's financial position at 30 September 2010 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2009 – 30 September 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for consolidated financial statements and parent company financial statements of listed companies.

Statement on the Management's review

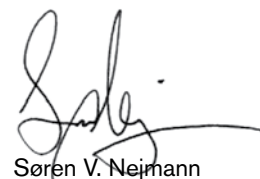
Pursuant to the Danish Financial Statements Act, we have read the Management's review in the annual report. We have not performed any additional procedures in addition to the audit of the consolidated financial statements and parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and parent company financial statements.



Hans B. Vistisen
State Authorised Public Accountant

Aalborg, 23 November 2010

KPMG
Statsautoriseret
Revisionspartnerselskab



Søren V. Nejmman
State Authorised Public Accountant

INCOME STATEMENT

01.10.2009 - 30.09.2010

Note		Consolidated		Parent company	
	DKK'000	2009/10	2008/09	2009/10	2008/09
	Revenue	220,406	204,710	4,163	3,121
	Changes in inventories of finished goods and work in progress	-3,320	-2,885	-	-
2	Other operating income	235	1,645	-	-
3	Cost of sales	-132,925	-118,174	-	-
4	Other external costs	-36,906	-35,011	-1,318	-1,288
5	Staff costs	-32,671	-39,921	-835	-835
11	Depreciation/amortisation of intang. assets and prop., plant & e.	-4,467	-4,394	-1,315	-190
6	Separate items	-	-3,949	-	-
	Operating profit (EBIT)	10,352	2,021	695	808
13	Share of profit after tax in associates	2,003	248	-	-
7	Financial income	2,537	767	1,012	10,644
8	Financial expenses	-1,996	-1,331	-983	-640
	Profit before tax	12,896	1,705	724	10,812
9	Tax on profit for the year	-2,706	-405	-151	-203
	Profit for the year	10,190	1,300	573	10,609
	Proposed profit appropriation				
	Proposed dividends, 16.25% (0%)	6,143	0	6,143	0
	Retained earnings	4,047	1,300	-5,570	10,609
		10,190	1,300	573	10,609
10	Earnings per share (DKK)				
	Earnings per share (EPS), basic	5.4	0.7		
	Earnings per share (EPS-D), diluted	5.4	0.7		

STATEMENT OF COMPREHENSIVE INCOME

01.10.2009 - 30.09.2010

Note	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
DKK'000				
Profit for the year	10,190	1,300	573	10,609
Other comprehensive income				
Value adjustment at fair value	81	12	81	12
Tax thereon	-20	-	-20	-
Value adjustment of hedging instruments	-	-54	-	-
Value adjustment transferred to financial income and expenses	54	-	-	-
Value adjustment at the translation of foreign entities	79	-	-	-
Other comprehensive income after tax	194	-42	61	12
Total comprehensive income	10,384	1,258	634	10,621

BALANCE SHEET AT 30.09.2010

ASSETS

Note	DKK'000	Consolidated		Parent company	
		2010	2009	2010	2009
11	Non-current assets				
	Intangible assets:				
	Development projects	6,241	6,196	-	-
	Property, plant and equipment:				
	Land and buildings	68,351	65,475	68,351	65,475
	Plant and machinery	1,818	2,401	-	-
	Fixtures and fittings, other plant and equipment	10,252	3,325	-	-
		80,421	71,201	68,351	65,475
	Other non-current assets:				
12	Investments in subsidiaries	-	-	36,419	36,419
13	Investments in associates	11,674	9,828	-	-
14	Amounts owed by associates	9,898	9,258	-	-
15	Other receivables	1,458	1,512	-	-
16	Securities	29,667	32,517	29,667	32,517
		52,697	53,115	66,086	68,936
	Total non-current assets	139,359	130,512	134,437	134,411
	Current assets				
17	Inventories	35,066	38,063	-	-
18	Receivables	47,295	28,564	9,711	10,310
	Cash at bank and in hand	-	-	45	146
	Total current assets	82,361	66,627	9,756	10,456
	Total assets	221,720	197,139	144,193	144,867

BALANCE SHEET AT 30.09.2010

EQUITY AND LIABILITIES

Note	DKK'000	Consolidated		Parent company	
		2010	2009	2010	2009
	Equity				
20	Share capital	37,800	42,000	37,800	42,000
	Translation reserve	109	30	-	-
	Reserve for fair value adjustment	73	12	73	12
	Hedging reserve	-	-54	-	-
	Retained earnings	81,698	73,451	53,672	55,042
	Proposed dividends	6,143	-	6,143	-
	Total equity	125,823	115,439	97,688	97,054
	Liabilities				
	Non-current liabilities				
21	Deferred tax	6,998	4,509	3,706	2,078
22	Credit institutions	38,960	41,030	38,960	41,030
23	Lease liabilities	5,576	-	-	-
	Total non-current liabilities	51,534	45,539	42,666	43,108
	Current liabilities				
22	Credit institutions	22,610	7,385	2,011	1,807
23	Lease liabilities	796	-	-	-
	Trade payables	11,291	13,413	-	-
	Other payables	9,666	15,363	1,828	2,898
	Total current liabilities	44,363	36,161	3,839	4,705
	Total liabilities	95,897	81,700	46,505	47,813
	Total equity and liabilities	221,720	197,139	144,193	144,867

Note 1	Segment information	Note 27	Transactions with group companies, major shareholders, Board of Directors and Executive Board
10	Earnings per share		
19	Research and development costs	28	Accounting estimates and judgements
24	Financial risks	29	New financial reporting regulations
25	Operating leases	30	Accounting policies
26	Contingent liabilities and collateral		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Translation reserve	Reserve for fair value adjustment	Hedging reserve	Retained earnings	Proposed dividends	Total equity
2008/09							
Equity 01.10.08	42,000	30	-	-	72,126	8,400	122,556
Total income for the period							
Profit for 2008/09	-	-	-	-	1,300	-	1,300
Other total income							
Value adjustments at fair value	-	-	12	-	-	-	12
Value adjustments of hedging transactions	-	-	-	-54	-	-	-54
Other comprehensive income in total	-	-	12	-54	-	-	-42
Comprehensive income for the year in total	-	-	12	-54	1,300	-	1,258
Transactions with owners							
Dividends distributed	-	-	-	-	-	-7,614	-7,614
Dividends from treasury shares	-	-	-	-	786	-786	0
Acquisition of treasury shares	-	-	-	-	-761	-	-761
Total transactions with owners	-	-	-	-	25	-8,400	-8,375
Egenkapital 30.09.09	42,000	30	12	-54	73,451	0	115,439
2009/10							
Equity at 01.10.09	42,000	30	12	-54	73,451	-	115,439
Comprehensive income for the period							
Profit for 2009/10	-	-	-	-	4,047	6,143	10,190
Other comprehensive income							
Foreign exchange adjustment at the translation of foreign entities	-	79	-	-	-	-	79
Value adjustments at fair value	-	-	81	-	-	-	81
Value adjustments transferred to financial income and expenses	-	-	-	54	-	-	54
Tax on other comprehensive income	-	-	-20	-	-	-	-20
Other comprehensive income in total	-	79	61	54	-	-	194
Comprehensive income for the year	-	79	61	54	4,047	6,143	10,384
Comprehensive income with owners							
Reduction of share capital	-4,200	-	-	-	4,200	-	0
Equity at 30.09.10	37,800	109	73	-	81,698	6,143	125,823

PARENT COMPANY

STATEMENT OF CHANGES IN EQUITY

DKK'000	Share capital	Reserve for fair value adjustment	Retained earnings	Proposed dividends	Total equity
2008/09					
Equity at 01.10.08	42,000	-	44,408	8,400	94,808
Comprehensive income for the period					
Profit for 2008/09	-	-	10,609	-	10,609
Other comprehensive income					
Value adjustments at fair value	-	12	-	-	12
Total comprehensive income	-	12	10,609	-	10,621
Transactions with owners					
Proposed dividends	-	-	-	-7,614	-7,614
Dividends, treasury shares	-	-	786	-786	0
Acquisition of treasury shares	-	-	-761	-	-761
Total transactions with owners	-	-	25	-8,400	-8,375
Equity at 30.09.09	42,000	12	55,042	0	97,054
2009/10					
Equity at 01.10.09	42,000	12	55,042	0	97,054
Comprehensive income for the period					
Profit for 2009/10	-	-	-5,570	6,143	573
Other comprehensive income					
Value adjustments at fair value	-	81	-	-	81
Tax on other comprehensive income	-	-20	-	-	-20
Total comprehensive income	-	61	-5,570	6,143	634
Transactions with owners					
Reduction of share capital	-4,200	-	4,200	-	0
Total transactions with owners	-4,200	-	4,200	-	0
Equity at 30.09.10	37,800	73	53,672	6,143	97,688

CASH FLOW STATEMENT

DKK'000	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
Cash flows from operating activities				
Operating profit (EBIT)	10,352	2,021	695	808
Adjustment for non-cash items:				
Depreciation/amortisation	4,467	4,394	1,315	190
Gain on the disposal of non-current assets	-235	-1,440	-	-
Cash generated from operations (operating activities) before changes in working capital	14,584	4,975	2,010	998
Interest income, paid	2,537	767	1,012	10,644
Interest expense, paid	-1,996	-1,331	-983	-640
Changes in inventories	2,997	4,861	-	-
Changes in receivables	-16,948	10,322	4,020	8,808
Changes in trade and other payables	-7,740	1,026	-1,069	-878
Corporation tax paid	-1,895	-2,147	-1,895	-2,147
	-8,461	18,473	3,095	16,785
Cash flows from investing activities				
Acquisition of intangible assets	-1,433	-1,893	-	-
Acquisition of property, plant and equip.	-13,634	-24,307	-4,191	-17,619
Disposal of property, plant and equip.	1,726	7,680	-	-
Investment in associate	-640	-7,032	-	-
Investments in other receivables	54	-412	-	-
Acquisition /disposal of securities	2,931	-32,506	2,931	-32,506
Establishment of Gabriel Innovation A/S	-	-	-	-1,000
	-10,996	-58,470	-1,260	-51,125
Cash flows from financing activities				
External financing:				
Raising of mortgage loans	-	43,523	-	43,523
Repayment of long-term debt	-1,936	-682	-1,936	-662
Lease liability	6,372	-	-	-
Shareholders:				
Acquisition of/dividends from treasury shares	-	25	-	25
Dividends distributed	-	-8,400	-	-8,400
	4,436	34,486	-1,936	34,486
Changes for the year in cash and cash equivalents	-15,021	-5,511	-101	146
Opening cash and cash equivalents	-5,578	-67	146	0
Closing bank loans/cash and cash equiva.	-20,599	-5,578	45	146





NOTES TO THE FINANCIAL STATEMENTS

Note

1 Segment information

The Gabriel Group has only one reportable business segment, as all products relate to furniture fabrics and related textiles. The products are sold to selected international leading manufacturers and key account customers specialised in upholstered furniture, seats and upholstered surfaces. Gabriel A/S accounts for most of the activities. Products for the individual business areas are primarily subject to the same production process, and the sales divisions have the same type of customer groups. The products are moreover distributed through the same channels.

More than 90% of the group's products are sold to West European markets with similar financial and political conditions, uniform activities and risks as well as identical foreign currency risks. Revenue from trading with individual customers that each account for more than 10% of the group's total revenue totalled DKK 24.2 million (2008/09: DKK 26 million).

Consequently, the group's income and expenses as well as assets and liabilities have not been broken down on operating segments in the notes.

The geographical break-down of revenue and non-current assets and the break-down of revenue on products and services are disclosed. The information is based on internal management reporting.

Geographical disclosures

Geographical disclosures specify revenue on geographical segments based on the geographical location of the customers. The break-down of assets on geographical segments relies on the physical location of the assets. Revenue is broken down on markets as follows:

DKK'000	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
Denmark	20,307	21,867	4,163	3,121
Sweden	51,868	53,064	-	-
Germany	44,513	29,483	-	-
Other countries	103,718	100,296	-	-
	220,406	204,710	4,163	3,121
Break-down of non-current assets:				
Denmark	116,329	109,914	133,167	133,141
Lithuania	23,030	20,598	-	-
Other countries	-	-	1,270	1,270
	139,359	130,512	134,437	134,411
Products and services				
Break-down of revenue:				
Textiles	219,223	204,569	-	-
Rental income	1,183	141	4,163	3,121
	220,406	204,710	4,163	3,121
2 Other operating income				
Public grants	-	112	-	-
Lease income	-	93	-	-
Gain on the sale of prop. plant and equip.	235	1,440	-	-
	235	1,645	-	-

NOTES TO THE FINANCIAL STATEMENTS

Note

DKK'000	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
3	Cost of sales			
	Cost of sales for the year	-130,799	-115,332	-
	Write-down for the year of inventories	-2,126	-2,842	-
		-132,925	-118,174	-

Write-down of inventories has not been reversed.

4	Other external costs			
	Fees to the auditors appointed at the annual general meeting were recognised at the following amounts:			
	Statutory audit services	293	290	55
	Other assurance engagements	-	9	-
	Tax advisory services	28	34	14
	Other services	136	108	98
		457	441	183

5	Staff costs			
	Payroll, etc.	-31,744	-42,916	-835
	Defined contribution pension schemes	-1,851	-2,573	-
	Other social security costs	-246	-414	-
	Other payroll-related costs	-157	-210	-
		-33,998	-46,113	-835

Payroll costs capitalised regarding development projects and additions to property, plant and equip.
Restructuring costs

		1,327	2,698	-
		-	3,494	-
		-32,671	-39,921	-835

Remuneration of the Board of Directors of the parent company
Remuneration of the Executive Board of the parent company
Remuneration of other executives

		-545	-545	-435
		-1,904	-1,929	-400
		-7,882	-7,322	-

Average number of employees

6	Separate items			
	Separate items comprise remuneration of and severance pay to employees dismissed and disemployed and other relevant costs.			

Note

	DKK'000	Consolidated		Parent company	
		2009/10	2008/09	2009/10	2008/09
7	Financial income				
	Dividends from subsidiary	-	-	-	10,000
	Interest income, cash, bonds, etc.	1,825	767	760	481
	Interest income from subsidiary	-	-	252	163
	Foreign exchange gains	712	-	-	-
		2,537	767	1,012	10,644
8	Financial expenses				
	Interest expense, etc.	-1,996	-1,077	-983	-640
	Foreign exchange losses	-	-254	-	-
		-1,996	-1,331	-983	-640
9	Tax on profit for the year				
	Current tax	-237	-	-	-
	Joint taxation contribution	-	-	1,457	-
	Adjustment of deferred tax	-2,469	-405	-1,608	-203
		-2,706	-405	-151	-203
	Tax on profit for the year is specified as follows:				
	Computed tax on profit before tax, 25%	-3,224	-426	-181	-2,703
	Tax effect of:				
	Non-deductible costs	-13	-20	-	-
	Non-taxable dividends	-	-	-	2,500
	Non-taxable interest	30	-	30	-
	Share of results after tax in associates	501	62	-	-
	Adjustment of tax in foreign subsidiaries to 25%	-	-21	-	-
		-2,706	-405	-151	-203
	Effective tax rate	21.0%	23.8%	20.9%	1.9%
10	Earnings per share				
	Profit for the year after tax	10,190	1,300		
	Average number of shares	1,890,000	2,100,000		
	Average number of treasury shares	0	-210,000		
	Average number of shares in circulation	1,890,000	1,890,000		
	Earnings per share (EPS), basic of DKK 100	5.4	0.7		
	Earnings per share (EPS-D), diluted of DKK 100	5.4	0.7		

NOTES TO THE FINANCIAL STATEMENTS

Note

DKK'000	Development projects	Land and buildings	Plant and machinery	Fixtures and fit. other plant and equipment
11 Non-current assets				
2008/09				
Cost at 01.10.2008	7,426	77,513	67,104	25,640
Additions during the year	1,893	17,619	4,996	1,692
Disposals during the year	-497	-	-43,246	-3,907
Cost at 30.09.2009	8,822	95,132	28,854	23,425
Depreciation/amortisation at 01.10.2008	1,601	29,467	63,336	22,268
Disposals during the year	-497	-	-37,917	-3,816
Depreciation/amortisation for the year	1,048	190	1,034	1,648
Impairment for the year	474	-	-	-
Depreciation/amortisation at 30.09.2009	2,626	29,657	26,453	20,100
Carrying amount at 30.09.2009	6,196	65,475	2,401	3,325
Thereof development projects/ in progress/assets under constr. Depreciated/amortised over	2,434 5 years	53,951 10-25 years	3-8 years	3-8 years
2009/10				
Cost at 01.10.2009	8,822	95,132	28,854	23,425
Additions during the year	1,433	4,191	1,230	8,213
Disposals during the year	-378	-	-2,706	-254
Cost at 30.09.2010	9,877	99,323	27,378	31,384
Depr./amortisation at 01.10.2009	2,626	29,657	26,453	20,100
Disposals during the year	-378	-	-1,426	-199
Depreciation/amortisation for the year	1,034	1,315	533	1,231
Impairment for the year	354	-	-	-
Depreciation/amortisation at 30.09.2010	3,636	30,972	25,560	21,132
Carrying amount at 30.09.2010	6,241	68,351	1,818	10,252
Thereof development projects/ in progress/assets under constr. Assets held under finance leases Depreciated/amortised over	3,471 - 5 years	- - 10-30 years	- - 3-8 years	6,372 6,372 3-8 years

In 2009/10, the group carried out an impairment test of the carrying amount of recognised development projects in progress, resulting in a total impairment write-down of DKK 354 thousand, and for that purpose compared the progress of project development in the form of costs incurred and results with project and business plans approved. Against this background, the recoverable amount is deemed to be higher than the carrying amount.

Note

DKK'000	Parent company	
	2009/10	2008/09
12 Investments in subsidiaries		
Cost at 01.10	36,419	35,419
Additions during the year	-	1,000
Cost at 30.09	36,419	36,419

Name	Registered office	Stake	Company capital	Equity	Profit before tax	Profit for the year
Gabriel A/S	Aalborg	100%	25,500	61,190	9,326	6,981
Gabriel Innovation A/S	Aalborg	100%	1,000	1,039	50	38
Sellgren-Tekstiili OY	Finland	100%	59	59	0	0
Gabriel (Tianjin)	China	100%	1,240	1,690	950	713
				63,978	10,326	7,732

DKK'000	Consolidated	
	2009/10	2008/09
13 Investments in associates		
Cost at 01.10	11,553	11,553
Cost at 30.09	11,553	11,553
Adjustments at 01.10	-1,725	-1,152
Share of profit for the year	2,003	248
Intra-group profit	-157	-821
Adjustments at 30.09	121	-1,725
Carrying amount at 30.09	11,674	9,828

Name	Registered office	Stake	Revenue	Profit for the year	Assets	Liabilities	Gabriel's share	
							Equity	Profit for the year
Scandye UAB	Lithuania	40%	33,560	5,063	59,320	43,482	6,341	1,967
Value adjustment, property							1,302	-68
Intra-group profit							-874	104
Goodwill at 30.09.2010							4,905	0
Carrying amount at 30.09.2010							11,674	2,003

NOTES TO THE FINANCIAL STATEMENTS

Note

	DKK'000	Consolidated	
		2009/10	2008/09
14	Amounts owed by associates		
	Cost at 01.10	9,258	2,227
	Additions	1,726	7,287
	Disposals	-1,086	-256
	Carrying amount at 30.09	9,898	9,258
	Gross receivables are specified as follows:		
	Due within 1 year	1,768	1,500
	Due within 1-5 years	6,857	6,160
	Due after 5 years	3,103	3,638
	Unearned future financing income	-1,830	-2,040
	Total receivables	9,898	9,258
	Net receivables are specified as follows:		
	Due within 1 year	1,265	1,021
	Due within 1-5 years	5,591	4,864
	Due after 5 years	3,042	3,373
	Total receivables	9,898	9,258
	The receivable arises from finance leasing of productive equipment to Scandye UAB. At the end of the lease term of 5-8 years, the lessee has the option of acquiring the productive equipment. The assets leased out have been provided as collateral for the company's receivables.		
15	Other receivables		
	Cost at 01.10	1,512	1,100
	Additions	-	412
	Disposals	-54	-
	Carrying amount at 30.09	1,458	1,512
	Gross receivables are specified as follows:		
	Due within 1 year	250	276
	Due within 1-5 years	1,520	1,102
	Due after 5 years	-	500
	Unearned future financing income	-312	-366
	Total receivables	1,458	1,512
	Net receivables are specified as follows:		
	Due within 1 year	148	175
	Due within 1-5 years	1,310	837
	Due after 5 years	-	500
	Total receivables	1,458	1,512
	The receivable arises from finance leasing of productive equipment and loan to a co-operator.		

Note

	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
DKK'000				
16 Securities				
Cost at 01.10	32,505	-	32,505	-
Additions during the year	26,770	32,505	26,770	32,505
Disposals during the year	-29,701	-	-29,701	-
Cost at 30.09	29,574	32,505	29,574	32,505
Adjustments at 01.10	12	-	12	-
Adjustments for the year	81	12	81	12
Adjustments at 30.09	93	12	93	12
Carrying amount at 30.09	29,667	32,517	29,667	32,517

The investment portfolio comprises fixed-interest, Danish mortgage bonds.

17 Inventories				
Raw materials and consumables	6,852	10,089	-	-
Work in progress	4,611	5,610	-	-
Finished goods and goods for resale	23,603	22,364	-	-
	35,066	38,063	-	-

None of the group's inventories are recognised at fair value.

18 Receivables				
Trade receivables	29,259	22,064	-	-
Amounts owed by subsidiary	-	-	5,148	6,741
Other receivables	14,326	4,448	616	1,517
Corporation tax receivable	3,710	2,052	3,947	2,052
	47,295	28,564	9,711	10,310

A total VAT receivable of DKK 10,012 thousand is recognised under other receivables. The set-up in Lithuania resulted in delayed VAT refunding during the year under review. In October 2010, the group received DKK 7 million of VAT receivable from the Lithuanian authorities.

Credit risks vastly depend on the home country of the debtor. Based on the group's internal credit rating procedures and external credit rating, receivables not subject to any write-down are deemed to hold high creditworthiness and to pose a low risk of loss, see also note 24 for information on credit risks.

Trade receivables of the group are broken down as follows on geographical areas:

Scandinavia	10,597	9,287		
EU	15,197	10,617		
Other countries	3,465	2,160		
	29,259	22,064		

NOTES TO THE FINANCIAL STATEMENTS

Note

18 cont. The group's trade receivables at 30 September 2010 include receivables of DKK 545 thousand (2008/09: DKK 1,015 thousand), which have been written down to DKK 495 thousand, based on an individual assessment (2008/09: DKK 604 thousand). Other external costs include bad debt losses of DKK 430 thousand (2008/09: DKK 583 thousand). Write-down of trade receivables is due to customer bankruptcy or anticipated payment default. Individually written-down receivables are broken down as follows on geographical areas:

DKK'000	Consolidated	
	2009/10	2008/09
Scandinavia	116	110
EU	227	115
Other countries	152	379
	495	604

Trade receivables due at 30 September 2010, but not written down, were recognised as follows

Maturity:		
Up to 30 days	2,520	2,278
Between 30 and 90 days	1,416	108
More than 90 days	1,803	153
	5,739	2,539

Interest income arising from receivables written down is not recognised.

19 Research and development costs

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

Research and development costs incurred	5,330	6,750
Development costs recognised as intangible assets	-1,433	-1,893
Amortisation and impairment of development projects	1,388	1,522
Research and development costs for the year recognised in the income statement	5,285	6,379

Note

20 Share capital

The share capital comprises 1,890,000 shares of DKK 20 each. No shares carry special rights.

Treasury shares	Number	Nominal value	Cost	Market price at 30.09.10	Percentage of share capital
Portfolio at 01.10.09	210,000	4,201	6,373	13,860	10.0%
Reduction of share capital	-210,000	-4,201	-6,373	-13,860	-10.0%
Portfolio at 30.09.10	0	0	0	0	0%

Capital management

In May 2009, the group chose to raise a mortgage loan to finance the construction project and to strengthen the group's cash resources. Most of the proceeds, equivalent to DKK 29.7 million, were invested in Danish mortgage bonds.

The group regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing. A high equity ratio has always been a top priority of Gabriel in order to ensure plenty of room for manoeuvre. At 30 September 2010, the equity ratio accounted for 57%, which is in line with last year. Due to the relocation of warehouse and dispatch facilities to Lithuania, the group's VAT accounting was changed during the year under review, which has had an adverse effect on liquidity. Management expects the situation to normalise at the end of 2010. Furthermore, reducing funds tied up is constantly on the group's agenda.

Gabriel desires to provide its shareholders with a return on their investment while maintaining an appropriate equity level to ensure the company's future operations.

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

DKK'000	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
21 Deferred tax				
Deferred tax at 01.10	4,509	4,104	2,078	1,875
Deferred tax for the year recognised in the income statement	2,469	405	1,608	203
Deferred tax for the year recognised in equity	20	-	20	-
Deferred tax at 30.09	6,998	4,509	3,706	2,078
Deferred tax is incumbent on:				
Intangible assets	1,560	1,549	-	-
Land and buildings	3,752	2,824	3,752	2,824
Plant and machinery, etc.	1,732	1,599	-	-
Current assets	20	-41	20	-
Tax losses	-66	1,422	-66	746
	6,998	4,509	3,706	2,078

NOTES TO THE FINANCIAL STATEMENTS

Note

DKK'000	Consolidated		Parent company	
	2009/10	2008/09	2009/10	2008/09
22	Credit institutions			
	Amounts owed to credit institutions relate to:			
Mortgage debt	40,971	42,837	40,971	42,837
Overdraft facilities	20,599	5,578	0	0
Total carrying amount	61,570	48,415	40,971	42,837
	Amounts owed to credit institutions were recognised on the balance sheet as follows:			
Non-current liabilities	38,960	41,030	38,960	41,030
Current liabilities	22,610	7,385	2,011	1,807
Total carrying amount	61,570	48,415	40,971	42,837
Fair value	63,198	48,790	42,599	43,212
	Debt falls due as follows:			
0-1 year	24,185	8,436	2,786	2,578
1-5 years	11,044	10,156	11,044	10,156
> 5 years	37,110	38,831	37,110	38,831

The loan is a floating-rate mortgage loan in EUR (F1) subject to annual adjustment. The current level of interest is 1.4% p.a. with the principal accounting for EUR 5,920 thousand. The overdraft facility carries floating-rate interest denominated in Danish kroner.

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

23	Lease liabilities			
	Lease liabilities are recognised as follows on the balance sheet:			
Non-current liabilities	5,576	-	-	-
Current liabilities	796	-	-	-
Total carrying amount	6,372	-	-	-
Fair value	6,372	-	-	-
	Debt falls due as follows:			
0-1 year	796	-	-	-
1-5 years	5,576	-	-	-

During the year under review, the group concluded a financing agreement with its bankers covering equipment. The agreement runs for five years but was not effective at 30 September 2010. The agreement is expected to become effective at the end of 2010.

Note

24 Financial risks

Prompted by 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 policy is not to engage in active speculation in financial risks. Risk management covers only risks arising directly from the group's operations, investments and financing.

Management monitors the group's risk concentration broken down on customers, geographical areas, currencies, etc. Moreover, Management monitors whether the risks of the group are correlated, and whether the group's risk concentration has undergone any changes. The group's risk exposure and risk management have remained unchanged from 2008/09.

Reference is made to the balance sheet for a specification of the different categories of financial assets and liabilities. The fair value of financial assets and liabilities is in line with carrying amount – apart from amounts owed to credit institutions, see note 22.

The group had no derivative financial instruments at 30 September 2010.

The group measures its portfolio of bonds at market value, see note 16. Securities are classified as level 1 “listed prices” in accordance with the market value hierarchy.

Currency risks

The group's foreign exchange positions in Danish kroner are specified as follows at 30 September 2010:

DKK'000 Currency	Trade receivables	Bank loans Trade payables/ credit institutions	Hedged by forward contracts	Net position
DKK	5,701	-12,419	-	-6,718
EUR	16,780	-67,689	-	-50,909
SEK	2,920	-35	-	2,885
NOK	549	242	-	791
Other currencies	3,308	669	-	3,977
Abroad	23,557	-66,813	-	-43,256

The group's foreign exchange positions in Danish kroner are specified as follows at 30 September 2009:

DKK	6,782	-7,582	-	-800
EUR	11,307	-54,953	-	-43,646
SEK	1,644	277	-	1,921
NOK	408	118	-1,373	-847
Other currencies	1,923	312	-	2,235
Abroad	15,282	-54,246	-1,373	-40,337

Forward contracts fall due within one month.

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 of a limited

NOTES TO THE FINANCIAL STATEMENTS

Note

24 cont. scale, as the vast part of income is invoiced in the Scandinavian currencies or euros. The vast part of purchases is settled in Danish kroner or euros.

Any changes in the exchange rates at 30 September 2010 are not deemed to have any material impact on results or equity as result of the low currency exposure at 30 September 2010.

Currency exposure for 2010/11 is, in all material respects, deemed to remain unchanged from 2009/10.

Liquidity and interest rate risks

The group has a liquidity reserve of DKK 29.7 million placed in Danish mortgage bonds. As stated in Management's review, the relocation of warehouse and dispatch facilities to Lithuania had the outcome that during the financial year Gabriel accumulated a VAT receivable, which has affected the group's liquidity negatively. In October 2010, Gabriel received a major VAT refund from the Lithuanian authorities. At year end 2009/10, Gabriel's bank loans represented DKK 20.6 million. In addition, Gabriel has undrawn bank credit facilities. Against this background, the group is deemed to have sufficient liquidity to finance future operations and investments.

The group's bank loans are open business credits, while the mortgage loan is an adjustable-rate loan denominated in euros subject to annual adjustment. The lease agreement carries floating-rate interest denominated in euros. The bond portfolio consists primarily of short-dated bonds denominated in Danish kroner, adjusting interest to the general societal interest level. Group receivables carry a fixed interest rate during their entire life as laid down by contract. Accordingly, a drop or an increase in the market rate of interest of one percentage point is generally not deemed to materially affect consolidated results.

Risks relating to raw materials

The group typically enters into co-operative agreements with its most important suppliers to ensure reliability of delivery and to fix prices. Note 26 discloses that Gabriel has concluded purchase agreements for raw material supplies in 2009/10. The group is not exposed to any major price risks arising from its use of raw materials.

Credit risks

The credit risk policy of the group ensures that all major customers and co-operative partners are regularly credit rated. The management of credit risks is based on internal credit limits for customers and counterparties. Triggered by the imminent financial crisis, the group intensified its focus on the approval of credit lines for customers as well as on the management and monitoring of customers. Group trade receivables are distributed on numerous customers, countries and markets, ensuring a high degree of risk diversification. Based on the group's internal credit procedures, the creditworthiness of group receivables primarily depends on the home country of the debtor. The creditworthiness of debtors from Scandinavia and the EU are usually higher than that of debtors from other countries

The group aims at reducing risk through efficient monitoring and follow-up and credit insurance of major, foreign and domestic receivables or the provision of alternative collateral. Credit insurance has been taken out for all major foreign and domestic receivables at 30 September 2010. Group receivables are usually due for payment no later than three 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 17.

The group recognised productive equipment for the associate, Scandye UAB, and another co-operative partner as investments. Gabriel has been provided collateral in the leased equipment and with a guarantee for the amount. The lessees may perform the contracts at their residual values.

25 **Operational leasing**

At 30 September 2010, the group held operating leases for cars with a residual lease liability of DKK 1,246 thousand. Of this amount, DKK 535 thousand falls due within one year, while the rest falls due within one to three years. An amount of DKK 890 thousand was expensed in the year under review as against DKK 1,321 thousand in 2008/09.

Note

26 Contingent liabilities and collateral

The parent company has issued a letter of subordination to the bankers of a subsidiary covering the subsidiary's bank loans at any time.

The subsidiary, Gabriel A/S, has issued a guarantee of DKK 6,500 thousand to Scandye UAB's bankers in Lithuania as collateral for Scandye UAB's bank business.

As part of usual group operations, the group has entered into purchase agreements for future raw material supplies at an amount of DKK 3,975 thousand to ensure raw material supplies in 2010/11.

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

As collateral for amounts owed to credit institutions, Gabriel has provided collateral at an amount of DKK 44,100 thousand in land and buildings. The carrying amount of land and buildings was DKK 68,351 thousand at 30 September 2010, while amounts owed to credit institutions reached DKK 40,971 thousand.

27 Transactions with group companies, major shareholders, Board of Directors and Executive Board

The parent company's related parties comprise subsidiaries as well as their Executive Board and Board of Directors. Further, related parties comprise companies in which the above persons have substantial interests. Gabriel Holding A/S has no related parties exercising control.

Trading with group enterprises is specified as follows:

DKK'000	Parent company	
	2009/10	2008/09
Rent from group enterprises	2,981	2,981
Interest, etc. from group enterprises	252	163
Dividends from group enterprises	-	10,000

Transactions with group enterprises were eliminated in the consolidated financial statements as set out in the accounting policies.

Related parties comprise associates over which Gabriel exercises significant influence.

Trading with the associate, Scandye UAB, comprised the following:

DKK'000	2009/10	2008/09
Purchases from associates	23,596	13,575
Interest, etc. from group enterprises	568	161

Apart from executive remuneration disclosed in note 4, the group did not engage in any transactions with the Board of Directors, Executive Board, executive employees, major shareholders and other related parties in the year under review.

28 Accounting estimates and judgements

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 balance sheet date. Estimates important to the financial reporting include the calculation of provisions for inventory obsolescence, write-down of bad debts, depreciation/amortisation and impairment as well as contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Note

29 **New financial reporting regulations**

IASB has issued the following new financial reporting regulations (IASs and IFRSs) and IFRICs which are not mandatory for adoption by Gabriel Holding A/S in the preparation of the annual report for 2009/10: IFRS 9, amendment to IFRIC 14, IFRIC 19, revised IAS 24, amendments to IFRS 1, amendment to IAS 32 and improvements to IFRS (May 2010). Only amendment to IAS 32 has been approved by the EU.

Gabriel Holding A/S expects to implement the new standards and IFRICs upon their mandatory adoption in the 2009/10 financial year. The new standards and IFRICs are not deemed to impact on Gabriel Holding A/S' future financial reporting.

30 **ACCOUNTING POLICIES**

Gabriel Holding A/S is a limited liability company domiciled in Denmark. The annual report for the period 1 October 2009 - 30 September 2010 comprises the consolidated financial statements of Gabriel Holding A/S and its subsidiaries (group) and separate parent company financial statements.

The annual report of Gabriel Holding A/S for 2009/10 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for consolidated financial statements and parent company financial statements of listed companies.

Furthermore, the annual report complies with International Financial Reporting Standards issued by the IASB.

The annual report is presented in DKK rounded to the nearest DKK 1,000.

The Board of Directors and the Executive Board discussed and approved the annual report for 2009/10 of Gabriel Holding A/S on 23 November 2010. The annual report is presented to the shareholders of Gabriel Holding A/S for approval at the annual general meeting on 16 December 2010.

Changes in accounting policies

With effect from 1 October 2009, Gabriel Holding A/S has implemented:

- IAS 1 Presentation of financial statements
- IAS 23 Borrowing costs
- IFRS 3 (revised 2008) Business combinations
- IFRS 8 Operating segments
- Amendments to IAS 27 (revised 2008) Consolidated financial statements and separate parent company financial statements.

The new standards and IFRICs did not affect the recognition and measurement in 2009/10. IAS 1 resulted in changes in the presentation of primary statements. Management is still of the opinion that the group has only one business segment; accordingly IFRS 8 solely resulted in a few changes in the group's note disclosures.

Consolidated financial statements

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

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

As to whether Gabriel Holding A/S exercises control or significant influence is determined on the basis of the potential voting rights exercisable at the balance sheet date.

Note

30 cont. The consolidated financial statements comprise the parent company, Gabriel Holding A/S, and the subsidiaries, Gabriel A/S, Gabriel Innovation A/S, Gabriel (Tianjin) International Trading Co. Ltd and Sellgren Tekstili OY 2005 (in liquidation). Scandye UAB is considered an associate and was recognised as an investment in associates in the annual report.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries financial statements prepared according to the group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. 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 to the extent that impairment has not taken place.

Foreign currency translation

A functional currency is set for each of the reporting group enterprises. The functional currency is the currency used in the primary economic environment in which the individual reporting enterprises operate. Transactions denominated in other currencies than the functional currency are transactions denominated in foreign currencies.

At initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates ruling at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of subsidiaries with another functional currency than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions.

Foreign exchange differences arising on the translation of the share of the opening balance of equity of these enterprises at the exchange rates at the balance sheet date, and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in a separate translation reserve in equity.

On recognition in the consolidated financial statements of associates with a different functional currency than DKK, the share of the profit/loss for the year is translated at average exchange rates, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign associates at the exchange rates at the balance sheet date and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the balance sheet date are recognised directly in a separate translation reserve in equity.

Derivative financial instruments

Derivative financial instruments are recognised and measured on the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Fair values for derivative financial instruments are measured based on 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 income statement together with changes in the fair value of the hedged asset or liability as regards the portion hedged.

NOTES TO THE FINANCIAL STATEMENTS

Note

30 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 hedges changes in future cash flows, are recognised in equity under a separate reserve for hedging transactions until the hedged cash flows affect the income statement. 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 financial income or financial expenses.

INCOME STATEMENT

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and 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.

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

Other operating income

Other operating income comprise items secondary to the principal activities of the enterprise, including rental income, grants and gains on the disposal of non-current assets.

Government grants for the acquisition of assets and development projects are recognised as deferred income on the balance sheet and subsequently as other operating income in the income statement concurrently with the depreciation/amortisation of the asset.

Cost of sales

Cost of sales comprise costs incurred in generating revenue for the year, including direct and indirect costs of raw materials, consumables, goods for resale, power, etc.

Other external costs

Sales, distribution, maintenance, premises and administration account for the vast part of other external costs.

Separate items

Separate items comprise material one-off items typically not recognised in previous years and not expected to be recognised in the coming financial years and/or extraordinary items not part of the group's ordinary activities.

Profit/loss from investments in associates recognised in the consolidated financial statements

The proportionate share of the results after tax of the individual associates is recognised in the consolidated income statement after full elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

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

Dividends received from investments in subsidiaries and associates are recognised in the parent company income statement in the financial year when the dividends are declared. To the extent that distributed dividends exceed accumulated earnings for the relevant period, an impairment test is made.

Note

30 cont. Tax on profit/loss for the year

Gabriel Holding A/S is jointly taxed with the subsidiaries, Gabriel A/S and Gabriel Innovation A/S. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with deduction for tax losses). The jointly taxed companies are taxed under 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/loss 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.

BALANCE SHEET**Development projects**

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

Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the company is 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 accumulated 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 amortisation period is usually five years.

Property, plant and equipment

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

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, sub-suppliers, and wages and salaries as well as borrowing costs from specific and general borrower 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 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 from, for instance, 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 be derecognised on the balance sheet, 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. The expected useful lives are as follows:

NOTES TO THE FINANCIAL STATEMENTS

Note

30 cont.	Buildings	10-30 years
	Plant and machinery	3-8 years
	Fixtures and fittings, other plant and equipment	3-8 years

Land is not depreciated.

The basis of depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at 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 disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of non-current assets

The carrying amount of non-current assets is subject to an annual impairment test. 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 and its value in use. The value in use is calculated as the net present value of forecast future cash flows from the cash-generating unit to which the asset belongs.

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

Investments in associates in the consolidated financial statements

Investments in associates are measured according to the equity method.

Investments in associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus or minus the carrying amount of goodwill.

Amounts owed by associates are measured at amortised cost. Write-down is made for bad debt losses.

Investments in subsidiaries in the parent company financial statements

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

At the distribution of other reserves 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 associates

Amounts owed by associates 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 associate. Finance leases are recognised on the balance sheet at the net present value of future lease payments. For the calculation of the net present value, the interest rate implicit in the lease is used.

Securities

Listed bonds classified as available-for-sale are recognised as non-current assets at cost at the trade date and are measured at fair value corresponding to the market price. Unrealised value adjustments are recognised directly in equity except for foreign exchange adjustments of bonds denominated in foreign currencies, which are recognised in the income statement as financial income or financial expenses. On realisation, the accumulated value adjustment recognised in equity is transferred to financial income or financial expenses in the income statement.

Note

30 cont. 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 as well as 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 overheads comprise indirect materials, wages/salaries and maintenance as well as depreciation of productive equipment, buildings and equipment as well as 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 and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is an objective indication of an impairment loss. In such cases, write-down is made individually for each specific receivable.

Write-down is 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.

Treasury shares

Cost of acquisition of, consideration received for and dividends received from treasury shares are recognised directly as retained earnings in equity. Gains and losses on disposal are not recognised in the income statement.

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies to the presentation currency used by Gabriel Holding A/S (Danish kroner).

Hedging reserve

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

Reserve for fair value adjustment

Reserve for fair value 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 on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base 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, respectively.

NOTES TO THE FINANCIAL STATEMENTS

Note

30 cont. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income 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 balance sheet 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.

Liabilities other than provisions

Amounts owed to credit institutions, etc. are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases measured at amortised cost.

Liabilities comprising trade payables, group enterprises and other payables are measured at nominal value.

Leasing

Lease liabilities are broken down on finance leases and operating leases.

A lease is classified as a finance lease when it substantially transfers all the risks and rewards incident to ownership to the company. Other leases are classified as operating leases.

Accounting for finance leases and related liabilities is described under property, plant and equipment and investments.

Operating lease liabilities are recognised on a straight-line basis in the income statement over the term of the lease.

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 as well as the cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Bank loans/cash and cash equivalents

The item comprises cash and bank loans (overdraft facilities).

Note

30 cont. **SEGMENT INFORMATION**

The group carries on business only within one segment as all its products are within the segment of furnishing fabrics and related textile products. The products are sold to leading, international manufacturers and lead users of upholstered furniture, seats and upholstered surfaces. Gabriel A/S is in charge of the vast number of activities. The manufacturing processes are practically identical for the individual business areas, and the sales divisions service the same type of customer groups. In addition, the product distribution channels are the same.

Revenue generated by the Western European markets accounts for more than 90% of total revenue, where the economic and political climates, activities, risks and currency exposure remain undifferentiated.

Consequently, the group's income and expenses as well as assets and liabilities are not broken down on operating segments in the notes.

The geographical break-down of revenue and non-current assets is disclosed based on the internal management reporting.





In October 2010, Gabriel A/S received a diploma from the Committee on prize awards for buildings in Aalborg. The rationale behind the award was as follows: "Gabriel A/S has been awarded the prize by the Committee on prize awards for buildings in Aalborg for its respectful refurbishment of the old factory buildings, which underpins Aalborg's transformation from industrial city to knowledge city. The location at Østerå now offers renewed value: by the refurbishment and opening-up of the area, the stream has become a recreational element for employees and passers-by."



Gabriel Holding A/S
Hjulmagervej 55
DK-9000 Aalborg
Denmark
Phone +45 96 30 31 00
Fax +45 98 13 25 44
mail@gabriel.dk
www.gabriel.dk