

ANNUAL REPORT 2002/03

**Gabriel®**



## SUMMARY

- The profit after tax amounted to DKK 10.2 million as against DKK 10.5 million in 2001/02. After Q3 the Management expected a profit after tax in line with DKK 8-9 million. The profit was influenced positively by higher realised revenue in Q4 than expected.
- The operating profit came in at DKK 14.0 million as against DKK 13.9 million in 2001/02.
- The revenue amounted to DKK 184.2 million as against 192.9 million in 2001/02. The decline can be related to the fact that one particular wholesale customer in Denmark restructured its purchase in the financial year.
- The year's cash flows from operating activities amounted to DKK 17.5 million.
- Return on investment (ROIC) amounted to 19.9% against 20.8% a year earlier.
- As expected Gabriel has established a representative office in China in order to strengthen the group's global competitive power. Establishment and operation of this office amounted to DKK 1.4 million.
- Dividend is maintained at DKK 10 per share of DKK 100, equivalent to 10%.
- The Management expects no general increase in demand in 2003/04, as well as the competition continually is being sharpened. With a continually high level of activities with the sales and product development segment, the Management expects revenue and earning to be in line with 2002/03 corresponding revenue at approx. DKK 180 million and a profit after tax at approx. DKK 10 million.

## DEFINITION OF GROUP FINANCIAL RATIOS

### Invested capital

Total liabilities less non-interest bearing debt, deferred taxes and dividend proposed.

### Net profit ratio

Profit/loss from operating activities before interest, etc. as a percentage of revenue.

### Return on investment (ROIC)

Profit/loss from operating activities plus interest income and similar items as a percentage of average invested capital.

### Earnings per share (EPS)

Profit/loss after tax per share calculated on the basis of total share capital (excluding treasury shares)..

### Return on equity

Profit/loss after tax as a percentage of average capital and reserves less dividend proposed.

### Solvency ratio

Capital and reserves as a percentage of total assets.

### Net asset value at year-end

Capital and reserves less dividend proposed as a percentage of share capital (excluding treasury shares).

### Stock exchange price at year-end

Quoted prices at the Copenhagen Stock Exchange.

### Price/net asset value

Stock exchange price in proportion to net asset value.

### Price Earnings (PE)

Stock exchange price in proportion to earnings per share.

### Price Cash Flow (PCF)

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

### Payout-Ratio

Dividend as a percentage of profit/loss after tax.

## FINANCIAL HIGHLIGHTS FOR THE GROUP

Key figures	Unit	2002/03	2001/02	2000/01	1999/00	1998/99
Group revenue	DKK millions	184,2	192,9	204,4	184,4	155,4
	Index	118	124	132	118	100
Of which exports	DKK millions	142,7	142,6	152,5	134,2	111,0
Export share	%	78	74	75	73	71
Operating profit (EBIT)	DKK millions	14,0	13,9	19,4	16,2	5,7
Net financials	DKK millions	0,5	1,1	(0,4)	0,0	(0,4)
Profit before tax	DKK millions	14,5	15,0	19,0	16,2	5,3
Tax	DKK millions	(4,3)	(4,5)	(5,6)	(5,2)	(1,5)
Profit after tax	DKK millions	10,2	10,5	13,4	11,0	3,8
Cash flow from operating activities	DKK millions	17,5	27,9	17,6	16,7	3,4
Net investments in property, plant and equipment	DKK millions	0,7	4,2	10,6	6,3	9,4
Depreciation and impairment	DKK millions	7,9	8,0	8,1	8,0	7,9
Capital and reserves	DKK millions	77,7	71,4	64,3	53,8	48,3
Balance sheet total	DKK millions	109,4	109,7	108,1	105,8	97,4
Invested capital	DKK millions	76,8	74,5	76,6	69,7	70,3
Number of employees	Number	101	118	131	123	156
Revenue per employee	DKK'000	1.824	1.635	1.560	1.499	996
	Index	183	164	157	150	100
<b>Financial ratios</b>						
Net profit ratio	%	7,6	7,2	9,5	8,8	3,7
Return on investment (ROIC)	%	19,9	20,8	28,4	24,9	10,3
Earnings per share (EPS)*	DKK	26,7	27,5	35,3	29,0	9,5
Return on equity	%	14,4	16,4	24,2	23,0	8,5
Solvency ratio	%	67,2	61,3	56,0	47,6	46,6
Net asset value at year-end*	DKK	193	177	159	133	113
Stock exchange price at year-end	DKK	215	230	260	145	131
Price/net asset value*		1,1	1,3	1,6	1,1	1,2
Price earnings (PE)*	DKK	8,1	8,4	7,4	5,0	14,0
Price Cash Flow (PCF)*	DKK	4,7	3,1	5,6	3,3	15,4
Dividend per share of DKK 100	DKK	10	10	9	8	7
Payout-ratio	%	41	40	28	30	76

The financial year 1998/99 is used as the base year for the index numbers. The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines for the calculation of financial ratios. Dividend proposed has been deducted from capital and reserves for purposes of analysis. The financial ratios have been restated according to the bonus issue in 2001/02 to ensure comparability.

\*Excluding treasury shares

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## COMPANY DETAILS

### Supervisory Board

Poul H. Lauritsen, lawyer and chairman  
Kaj Taidal, director and deputy chairman  
Claus Christensen, director  
Karen Skott Mathiesen, director  
Helle Kjær, co-ordinator  
(elected by the employees)  
Erland Christensen, tackler  
(elected by the employees)

### CEO

Jørgen Kjær Jacobsen

### Auditors

KPMG C. Jespersen, Statsautoriseret  
Revisionsinteressentskab, Aalborg  
Audicon, Statsautoriseret Revisions-  
virksomhed, Aarhus

### Subsidiaries

Gabriel A/S, Hjulmagervej 55  
9000 Aalborg

### Registered office and representation

The registered office and production of the company (dyeing, finishing and distribution) are located in Aalborg. Gabriel has its own representatives in Denmark, China, Sweden, Norway, Germany, the Netherlands, France and England.

### The registered office is at the following address

Gabriel Holding A/S  
CVR nr. 58 86 87 28  
Hjulmagervej 55  
DK-9000 Aalborg  
Phone: +45 96 30 31 00  
Fax: +45 98 13 25 44  
E-mail: mail@gabriel.dk  
Website: www.gabriel.dk

### Bankers

Sydbank A/S

## GABRIEL PROFILE

### Mission statement

Innovation and value-adding co-operation are keywords of Gabriel's mission statement.

Gabriel is a niche company, which develops, manufactures and sells furniture fabrics and related textile products to be used in fields of application where product features, design and logistics have to meet invariable requirements and where quality and environmental management must be documented.

### Vision

With furniture fabrics as its competence area, Gabriel intends to be the preferred development partner for and supplier to leading international manufacturers of furniture, seats and upholstered surfaces.

### Financial objectives

Gabriel is to continue to generate growth and profitability of a size, which is attractive to its shareholders. The overall financial objective is to generate return on invested capital (ROIC) in excess of the cost of capital. The cost of capital has been fixed at 15% before tax under the current capital structure.

Provided that economic conditions are stable, the group aims at achieving:

- an average annual 15% revenue increase
- an average annual 10% increase in results.

### Strategy – Gabriel still grows with the largest

Gabriel aims at realising its vision and achieving its objectives through group strategy, which is based on five core processes:

1. Global key account sales activities
2. Focus on production and product range development
3. Ongoing efforts to optimise and enhance logistics
4. Ongoing efforts to ensure price competitiveness.

Gabriel is attentive to the potential for acquisitions and alliances to improve its competitiveness and value creation.

Gabriel employs Balanced Score Card – the model for securing the implementation of the strategy.

### Market segments

Three sales divisions cover Gabriel's market segments:

- Gabriel Contract (office, conference facilities, hospitals, care institutions, hotels, restaurants, theatres, concert halls, cinemas, educational institutions, airports, etc.)
- Gabriel Home (upholstered furniture and chairs)
- Gabriel Transport (trains, aircraft, ships, busses and cars)

## Innovation

Close collaboration with Gabriel's network of customers, users, suppliers, advisers and well-qualified employees ensures the most favourable evaluation of new ideas and business potential.

New products and designs should represent innovations creating additional value for customers and users.

Gabriel makes efforts to ensure that at least 25% of its revenue derives from products launched within the past five years and strives to reach that goal by the end of the financial year 2004/2005.

## Raw materials

Wool is the most important raw material of Gabriel. The properties of wool fibre are unique and unsurpassed by any other natural or synthetic fibre when it comes to furniture fabrics.

Gabriel possesses or has access to the professional expertise and the special production plant required for a leading position in this niche area.

## Employees

Gabriel's employees are aware of and work towards common goals.

Gabriel intends to attract and retain ambitious, well-qualified employees seeking and accepting challenges. Daily dialogue and delegation of responsibility foster dynamism and efficiency. Constant changes as well as the necessity for immediate action and adaptation require intellectual and professional flexibility of all employees.

Job expansion and relevant training is carried out to ensure that the qualifications and professional expertise of the individual employee are up-to-date.

Gabriel has a favourable and informal working environment based on trust, reliability, mutual respect and awareness of joint responsibility.

## Social responsibility

Gabriel wishes to contribute positively to society both locally and globally. We feel a responsibility to protect the environment and we show social responsibility towards disadvantaged groups of society.

## Quality and environment

Gabriel is a quality and environmentally conscious company exemplified by its ISO 9001: 2000 and 14001 certifications as well as its certification for the EU's Eco Management and Audit Scheme (EMAS).

Gabriel A/S is licensed to apply the EU flower eco-label, which ensures that the employees in production, the users of the furniture fabrics and the external environment are not exposed to unhealthy conditions.

Gabriel's environmental and quality-related objectives are as follows: Services from Gabriel are strictly to meet its customers' needs and expectations. During production and distribution, Gabriel is to strive to reduce its consumption of resources and discharges harmful to the external environment.

*Do things right the first time* – is the standing motto for planning and carrying out corporate activities.



# FINANCIAL REVIEW

## Result

Profit for the year before tax came in at DKK 14.5 million as against DKK 15.0 million in 2001/02. Profit after tax was DKK 10.2 million as against DKK 10.5 million in 2001/02 which is better than expected.

At the end of the interim period at 31 March 2003 the earnings were declined by approx. 10% in relation to the forecasted, consequently the Management revised its profit forecasts downwards to DKK 8-9 million. The forecast was maintained after Q3.

Recognised profit was in line with the initial profit forecast matching an unchanged profit in relation to 2001/02. The reason for the profit increase in Q4 of the financial year was primarily major revenue in the Gabriel Contract segment than expected.

The profit was realised in spite of a decline in revenue at 4% to DKK 184.2 million.

As Gabriel's announcement to the Copenhagen Stock Exchange dated 19 September 2002 a reduction of costs was initiated and the effect became evident in the beginning of the financial year 2002/03. The full impact of the implemented cost-cutting measures could be seen in the second-half of the financial year.

Profit for the year was negatively affected by the fact that Gabriel since January has paid-out DKK 1.4 million in connection with establishment and operation of a new representative office in Beijing, China.

Gabriel applies the business model Balanced Score Card focusing on implementation of the outlined strategy. The activities produced by Gabriel's core processes had a positive impact on the profit for 2002/03 by optimising the organisation and resources. At the same time possibilities of future sales and earnings growth have been enhanced.

The Supervisory Board considers the results for the year satisfactory. The overall financial objective of obtaining a return on investments exceeding the capital expenses was also met in 2002/03.

## Revenue – fell by 4%

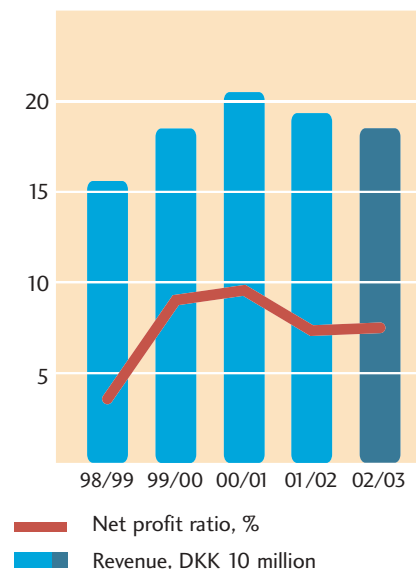
Total revenue fell by 4% to DKK 184.2 million against DKK 192.9 million last year. The decline in the revenue was primarily due to the fact that a major Danish wholesale customer restructured its purchase.

Gabriel's strategy of being a still growing market leader seems to be met despite of a decline in the total revenue. Accordingly the revenue rose for the 200 key accounts (except from the Danish wholesale customer) by approx. 5%, which is considered satisfactory, as revenue of many of the key accounts has declined with an average of 20% in relation to the previous year.

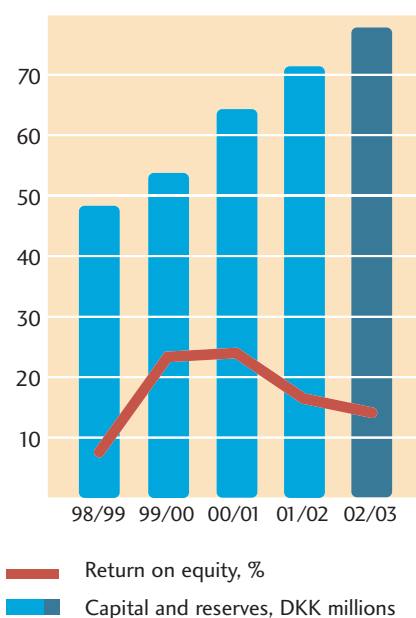
Gabriel generated sales in Denmark of DKK 41.5 million against DKK 50.3 million, which represents a decline of DKK 8.8 million. The main reason is mentioned above.

Revenue from exports came in at DKK 142.7 million almost in line with last year DKK 142.6 million.

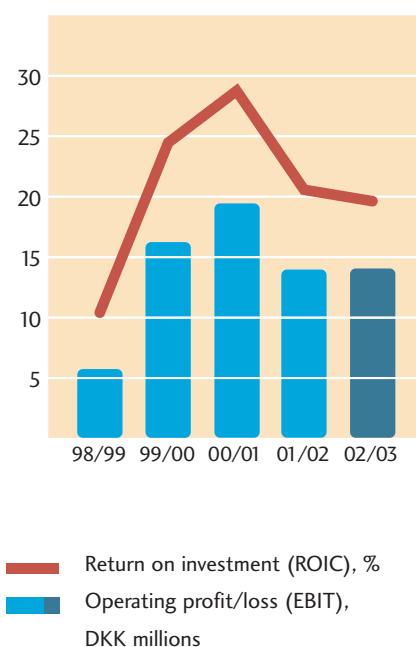
REVENUE AND NET PROFIT RATIO



CAPITAL AND RESERVES AND  
RETURN ON EQUITY



OPERATING PROFIT/LOSS (EBIT) AND  
RETURN ON INVESTMENT (ROIC)



The revenue in Norway, Holland Italy, the UK and Finland increased by app 10.6% while France, Germany and Sweden saw a decline by approx. 7.6%. The USA experienced a minor decline in Q4 and ended up unchanged in relation to last year. Exports rose to 78% against 74% in 2001/02.

The international demand for contract furniture has been on a standstill since mid 2001. On the key European market and also in the USA, a stop for investments has resulted in a general annual decline in revenue at the level 20-30% in 2002 as well in 2003.

The sales division of the group, Gabriel Contract (74% share), which is directed at the business sector, reported revenue of DKK 135.6 million against DKK 144.1 million last year. The abovementioned wholesale customer is represented in this segment.

The sales division, Gabriel Home (21% share), enjoyed 12% growth and produced revenue of DKK 39.1 million.

The sales division, Gabriel Transport (5% share), saw a decline in revenue from DKK 13.7 million to DKK 9.5 million in 2002/03 equivalent to a 31% decline.

The development of the three sales divisions is described in the operating review.

**Other operating income – increase**

In 2002/03 the subsidy received by the Government increased mainly for projects aiming at promoting the company’s know how management and strengthen the skills among the employees. These projects have been concluded in the present financial year. Similar to previous years, the rental income from productive equipment previously applied is expected to generate similar income in the coming year.

**Cost of sales – affected by outsourcing**

Gabriel is continually making a targeted effort to be able to reduce the total production costs. The use of alternative suppliers and new pricing agreements in 2002/03, have ensured a reduction in cost of sales. The total outsourcing of weaving concluded last year, has had an overall impact on the total cost of sales, which resulted in a reduction of the internal staff costs and an increase in the purchase from external subsuppliers in 2002/03.

**Staff costs – reduction in the number of employees in production**

The average number of employees was reduced from 118 in 2001/02 to 101 in 2002/03. As a result of the ongoing outsourcing, payroll costs were brought down and the number of workers paid by the hour reduced from 38 to 26 in the primary production processes. The full outcome of the outsourcing of the company’s in-house production contributes positively to the operating income for 2002/03. Staff reductions in other units in Aalborg have been carried out so that the total reduction counts 7 persons. The establishment in China has resulted in employment of an average of 2 persons.

**Other external costs – restraint**

External costs were DKK 0.6 million down in relation to 2002/03. Gabriel’s focus on the implementation of the strategy in the key processes continually leads to the reduction of a number of costs.

### Interest income and expense and similar items – negative trend

Interest income and expense and similar items comprised income of DKK 514 thousand as against expenses of DKK 1,152 thousand last year. The decrease in the income generated from foreign exchange gains relates to last year's gain at DKK 820 thousand against a loss on DKK 6 thousand in 2002/03. The positive trend is attributable to the favourable movement in Norwegian and Swedish kroner. In 2002/03 the exchange rate on especially Norwegian kroner has been declining. As a result of the group's positive liquidity the mortgage debt was paid off at 30 September 2003.

### Balance sheet

The group balance sheet total remains at the same level in relation to last year.

Inventories and receivables deriving from sales remained at the same level as in 2001/02.

Limited investments resulted in a reduction in the carrying amount of property, plant and equipment from DKK 34.7 million to DKK 27.6 million.

At 30 September 2003 cash and cash equivalents amount to DKK 21.3 million against DKK 14.5 million last year.

### Cash flows – continuingly positive liquidity

The continuingly positive trend in the cash flows triggered an increase in cash and cash equivalents.

The upward trend was attributable to positive cash flows from operating activities of DKK 17.5 million as against DKK 27.9 million last year, which was especially favoured by reduction of inventories.

Net investments in development projects and non-current assets amounted to DKK 0.8 million compared to DKK 4.2 million last year.

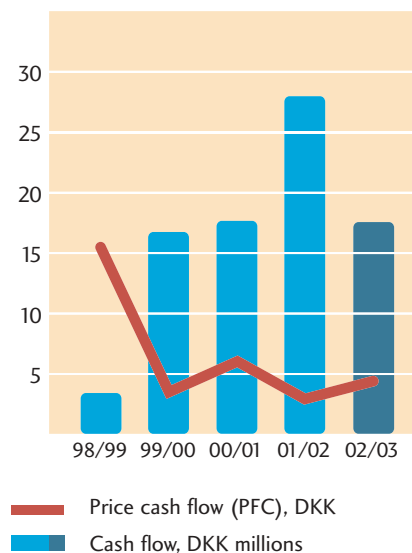
The group reduced its external financing by DKK 6.0 million and distributed a dividend of DKK 3.8 million to its shareholders.

### Investments at a lower level

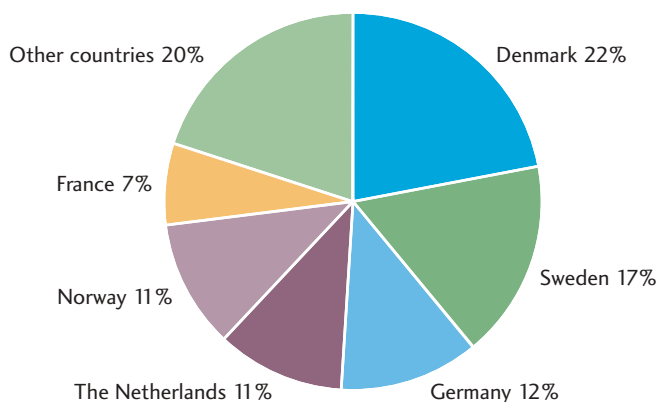
The group investment obligations were limited in 2002/03 and as disposals of non-current assets have been carried out the net investments only amounted to DKK 0.7 million against DKK 4.2 million last year.

No major investments are expected next year.

CASH FLOW AND PRICE CASH FLOW



TURNOVER BY COUNTRY



## OPERATING REVIEW

GABRIEL CONTRACT – 6% DECLINE –  
STRENGTHENED MARKET POSITION

Of total revenue, Gabriel Contract accounted for 74% as against 75% last year. Sales were reduced by 6% to DKK 135.6 million as against DKK 144.1 million in 2001/02. The Management's forecast to the development in sales was a 10% decline in relation to last year. The major part of the recognised decline was ascribed to one particular Danish wholesaler restructuring its purchase.

The decline in demand from leading contract furniture manufacturers is for the second year in a row generally reported a revenue decline of approx. 25-30%. Accordingly, the Management considers the reported sales development as satisfactory and the trend seen confirms that the strategy strengthens Gabriel's market position.

Gabriel Contract has directed its core processes towards the leading contract furniture manufacturers. Gabriel generates additional value and competitiveness to the manufacturers marketing their furniture programmes with customised furniture fabric designs. The latter is one of Gabriel's special know-how areas.

The most important industrial customers are continuously reducing their number of suppliers and are developing their co-operation with the principal suppliers of the future. Gabriel's strategy is based on this trend. The trend seen in 2002/03 confirms that the strategy strengthens Gabriel's market position.

In the course of 2002/03 Gabriel Contract has developed a strong relationship with one of the most important US distributors of furniture fabrics on the American market for contract furniture. Revenue generated by Gabriel

## The Circus Building

Beautiful Pantone colours can be seen on the seats in the newly restored circus building. Gabriel has supplied the wool fabric Interglobe Wool for 762 new comfortable chairs.





Contract remained unchanged in relation to last year, which did not meet the expectations. Due to the sluggish market trends the launch period has been longer than expected.

The Management expects that the sluggish international demand for contract furniture will persist in the financial year 2003/04 as a whole. Changes in the investments level as a whole can be noted with 1 year's delay in the market for contract furniture.

Despite the entry of new customers and the launch of new products, the Management expects to face sluggish and declining demand from the international contract furniture sector. Against this background a revenue decline of 5% to approx. DKK 130-135 million is expected.

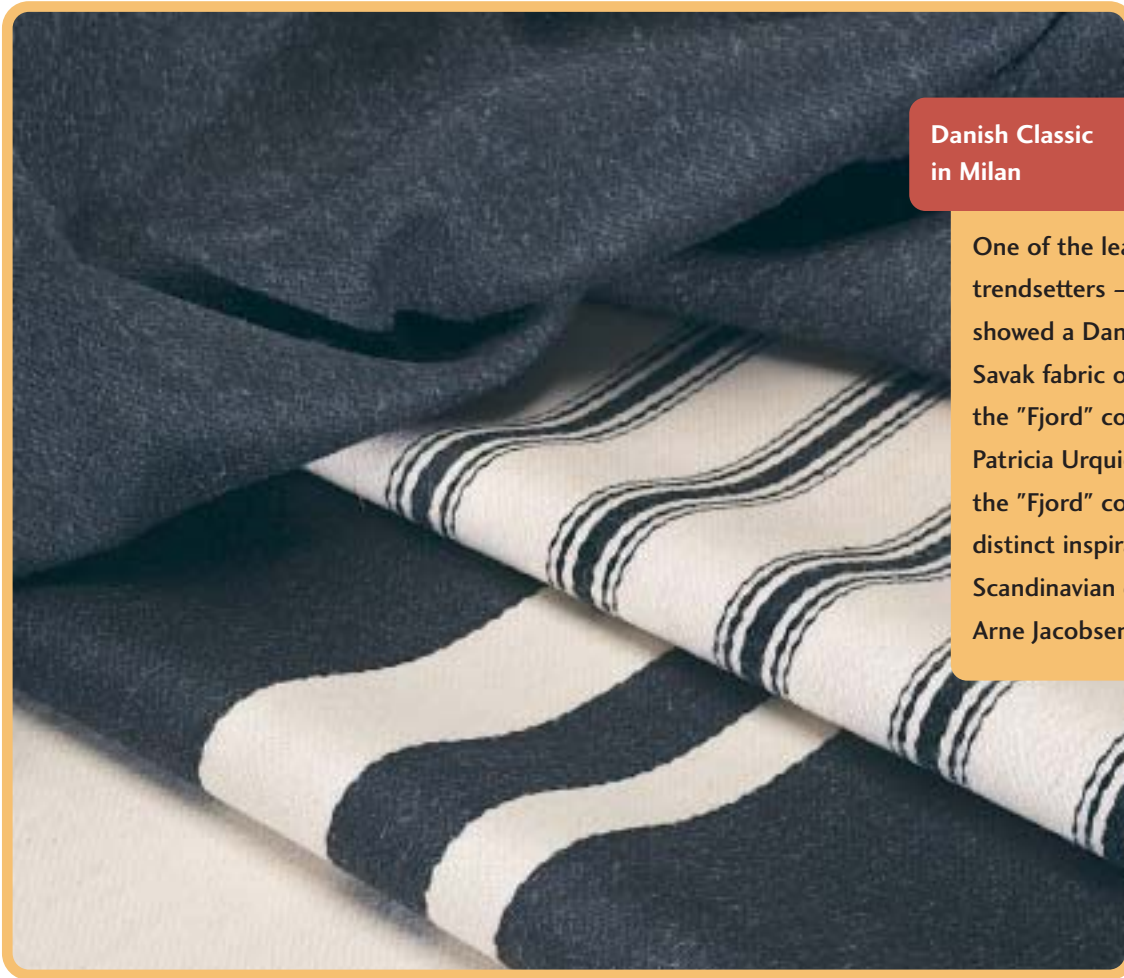


## GABRIEL HOME – 12% GROWTH – MARKET AND PRODUCT DEVELOPMENT

In 2002/03, Gabriel enjoyed a 12% increase in revenue to DKK 39.1 million as against DKK 35.1 million the year before. Sales were in line with the forecast by the Management. After Q3 the Management, however expected an increase in the revenue by 15%, but in Q4 a decline in sales was seen - probably due to seasonal variations. The sales division accounted for 21% of Gabriel's total revenue as against 18% the year before.

Gabriel Home's share of the market for domestic furniture is insignificant. However, the continuous development of new products and designs for the market for domestic furniture has shown an interesting growth potential. The core processes of Gabriel Home are directed at leading domestic furniture manufacturers.





**Danish Classic  
in Milan**

One of the leading Italian trendsetters – Moroso – showed a Danish classic, the Savak fabric on pouffes from the "Fjord" collection. Patricia Urquiola has designed the "Fjord" collection, with a distinct inspiration from Scandinavian design – f. inst. Arne Jacobsen.

Gabriel's product range has until now been based on woollen furniture fabrics designed and developed for this segment. In addition, Gabriel Home markets, with an increasing degree of success, an advanced micro fibre product under the name "Comfort" for domestic furniture.

New furniture fabrics from the Gabriel Home collection were largely represented at the trendsetting fair in Milan held in April of this year. The latter also contributed to the sales increase among Italian furniture manufacturers.

New products for both new and existing customers launched the recent years are expected to have a positive impact on the sales in the present financial year.

The Management expects to report an increase in revenue for the domestic furniture segment of 5% to approx. DKK 41 million.



## GABRIEL TRANSPORT – 31% DECLINE – SALES BY PROJECTS

Revenue of Gabriel Transport came in at DKK 9.6 million as against DKK 13.7 million the year before, a decline of approx. 31%. After Q3, the Management anticipated a decline of 35%, while the initial anticipations as to the sales in this segment was an unchanged to modest increase for 2002/03.

Half of the decline is due to a decline in the sales of easily marketable supplementary goods crystallising a low contribution margin ratio, while the rest is due to a decline in the number of implemented projects. Ongoing train projects were slow and as a result the expected revenue was not met.

As a result of the decline within the cruise sector, the Management chose at the beginning of the year to reduce the personal sales activities within





#### New IC4 trains

During 2004 DSB will introduce 83 new IC4 trains with a specially designed seat fabric produced by Gabriel. Italian Pininfarina, known as the designer of Ferrari-cars, is responsible for the elegant design of the train.

this sector. Subsequently the Management restructured the sales effort within Gabriel Transport so that key customers, within the transport sector, are dealt with by the local Gabriel key account managers. Previously two transport key account managers attended to the key customer globally. Furthermore, cooperation has been initiated with a German distributor, working target orientated with airline companies.

The market potential should be realised through long-term cooperation with designated key customers. Gabriel is in the possession of the products as well as the development skills to continue its activities in the transport sector. However, the Management expects a continuous short-term decline in the sales of approx. 20%.



## SET-UP OF REPRESENTATIVE OFFICE IN CHINA – THE PLANS WERE FULFILLED

The set-up of Gabriel's representative office in the capital of China, Beijing was carried out as planned in the beginning of February 2003. Shortly after all activities were very much limited by the outbreak of SARS, but all planned activities have now been carried out.

In addition to a Danish Business Manager, two Chinese employees with fabric technical skills have been employed together with a Chinese administrative skilled employee. The activities in China are expected to play an important role in each of Gabriel's core processes, logistics, as well as production and product range development.

The main reason for setting up the representative office was to strengthen Gabriel's global competitiveness through sourcing of components, production and manufactured goods.

Furthermore, activities have been set off to make the representative office in Beijing the base of Gabriel's trade with China as well as other Asian markets. The plan is to employ the first local sales person in the beginning of 2004. A market analysis serving as the basis of the initial sales activities is currently being prepared and is expected to be completed at year-end 2003.

In 2002/03 operating expenses amounting to DKK 1.4 million have been recognised, this amount is expected to double in the current financial year 2003/04.

A business scheme has been set up for Gabriel's activities in China, which targets a break-even situation in the financial year 2005/06.

### Gabriel China

Gabriel's representative office in Beijing is now up and running. Four employees are in charge of the activities in China, and new exciting products are on their way.



## OUTLOOK FOR 2003/04

The international trends are not expected to increase demand in Gabriel's sales segments; the price competition is expected to be sharpened in 2003/04. The group does however maintain its strategy and has presented an overall improvement of the competitiveness in the past year.

Based on this the Management expects revenue and earnings to be in line with the recognised in the financial year 2002/03, matching revenue at DKK180 million and a profit after tax at approx. DKK 10 million.

## RISK ASSESSMENT

The nature of Gabriel's business area includes a number of commercial and financial risks, which must be taken into account when the group's future is assessed. Gabriel makes an effort to meet and to minimise the risks, which can be controlled.

### Customers/markets/segments

Gabriel's strategy is to achieve growth through leading, global manufacturers of furniture, seats and upholstered surfaces. In 2002/03, no individual customer accounted for more than 10% of revenue.

Gabriel aims at diversifying risk through growth in the three sales divisions, Gabriel Contract, Gabriel Home and Gabriel Transport. Gabriel Contract is the one most sensitive to market fluctuations and accounted at the same time for the most important share (74%) in 2002/03. Gabriel's strategy and market activities aim at utilising the growth potential of and to diversify the risk of the three segments.

### Products

During periods of economic slowdown as seen since mid 2001, products for the contract furniture segment require a longer launching period. The Management corrects its goal so that new products should generate at least 25% at against 30% of revenue before the end of 2004/05.

At the end of 2002/03 the percentage was 15% at against 8% a year ago. The number of new designs is on the increase, and new products offering satisfactory sales potential is being developed.

### Currency exposure

#### Currency exposure

Because of the fact that foreign customers account for approx. 78% of group sales, the group is regularly to manage its foreign-exchange positions. Invoicing is primarily effected in the customer's currency. Settlement in euro is preferred for non-West European countries. The majority of group purchases are settled in Danish kroner or euro. The most important currency exposure – in monetary terms – is linked to Swedish and Norwegian kroner. Future receivables denominated in these currencies are hedged by means of forward contracts.

### Interest rate risk

The group has no interest-bearing debts beside the value of the finance leases, recognised at the balance sheet under long-term liabilities other than provisions. Cash and cash equivalents are regularly paid into fixed-term deposit accounts. Any changes in the overall societal interest level will generally not have any significant impact according to the forecast for the coming year.

### Credit risks

Receivables of the group are distributed on numerous customers, countries and markets, ensuring a high degree of risk diversification. The group aims at reducing the risk through effective management and hedging of major receivables by means of credit insurance or alternative security. Against this background, the risk of material losses is deemed to be limited.

### Capital resources

In the year under review, the group further strengthened its capital resources, allowing it to hold positive net liquidity of approx. DKK 21.3 million at the balance sheet date. In addition, the group has undrawn open credit facilities and a holding of treasury shares of approx. DKK 9 million. Additionally, the group may obtain further funding through the raising of loans secured upon buildings as well as fixtures and fittings.

### Credit rating

Throughout recent years Gabriel has gained the highest credit rating AAA ("triple A") according to the D&B credit rating scale. The score AAA is granted to company's having a strong financial situation and a remarkable good ability to meet actual payment obligations.

### Insurance

It is the policy of the company to take out insurance against risks that may have considerable impact on the financial position of the group. Insurance has been taken out against major operating losses and product responsibility together with all-risk insurance of the company's 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) and the EU flower eco-label scheme as well as ISO 9001 certification ensure that neither the activities nor the products of the company are subject to any material environmental risks. The objective of Gabriel's environmental strategy is to prevent spillage and to ensure that no products contain unhealthy substances harmful to the user.

We refer to the supplementary review.

### IT risks

The group updates its internal IT rules, including measures against computer viruses and a contingency plan for the re-establishment of information systems in case of damage, considering the present use of information technology.

The operation of the main IT platform of the group has been outsourced in the course of the year; this has increased the overall security as well as the protection against damage and computer viruses.

### Trade risks

The majority of raw materials and semi-manufactured products used by Gabriel can be supplied by alternative suppliers in case of non-delivery by its usual suppliers.

### Readiness

Gabriel has taken preventive measures to avoid fire and environmental pollution at its premises in Aalborg. In accordance with the quality and environmental management systems, emergency plans have been prepared for fire-fighting and pollution control.

## STATEMENT BY THE SUPERVISORY BOARD AND THE CEO

The Supervisory Board and the CEO have today discussed and adopted the annual report of Gabriel Holding A/S for 2002/03.

The annual report has been prepared in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange's financial reporting requirements for listed companies. We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the group's and the parent company's assets, liabilities, financial position at 30 September 2003 and of the results of the group's and the company's operations and cash flows for the financial year 2003/03.

The supplementary review gives a true and fair view within the scope of the generally accepted guidelines for such reports.

We recommend that the annual report should be approved at the Annual General Meeting.

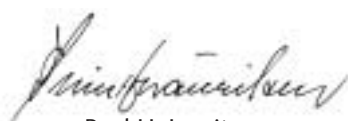
Aalborg, 20 November 2003

CEO



Jørgen Kjær Jacobsen


Supervisory Board



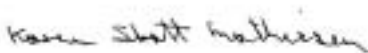
Poul H. Lauritsen



Kaj Taidal



Claus Christensen



Karen Skott Mathiesen



Helle Kjær



Erland Christensen

# AUDITORS' REPORT

## To the shareholders of Gabriel Holding A/S

We have audited the annual report of Gabriel Holding A/S for the financial year 2002/03, pages 1-36.

Our audit did not comprise the Supplementary Review pages 37-52. Subsequently our report and our opinion do not cover the above-mentioned review.

The annual report is the responsibility of the company's Supervisory Board and CEO. Our responsibility is to express an opinion on the annual report.

## Den udførte revision

We conducted our audit in accordance with Danish and international auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit includes assessing the accounting policies used and significant estimates made by the Supervisory Board and the CEO as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

## Opinion

In our opinion, the annual report gives a true and fair view of the group's and the company's assets, liabilities and financial position at 30 September 2003 and of the results of the group's and the company's operations and cash flows for the financial year 2002/03 in accordance with the Danish Financial Statements Act, Danish Accounting standards and the Copenhagen Stock Exchange's financial reporting requirements for listed companies.

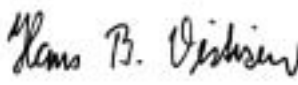
Aalborg, 20 November 2003

### KPMG C. Jespersen

Statsautoriseret Revisionsinteressentskab



Britta Bang Mikkelsen  
State Authorised  
Public Accountant



Hans B. Vistisen  
State Authorised  
Public Accountant

### Audicon

Statsautoriseret Revisionsvirksomhed



Mogens Christensen  
State Authorised  
Public Accountant

## ACCOUNTING POLICIES

The annual report of Gabriel Holding A/S for 2002/03 has been prepared in accordance with the provisions applying to class D enterprises under the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange financial reporting requirements for listed companies.

The accounting policies of the company as set out below are consistent with those of the previous year.

### Consolidated financial statements

The consolidated financial statements comprise the parent company, Gabriel Holding A/S, and the subsidiary, Gabriel A/S.

The consolidated financial statements has been prepared on the basis of the parent company's and the subsidiary's audited financial statements, which both have been presented in accordance with group accounting policies.

At consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

### Foreign currency translation

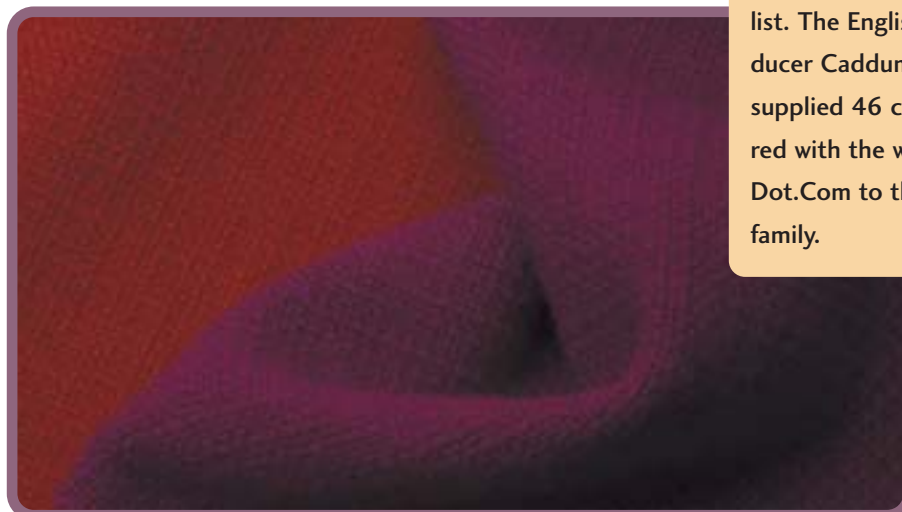
At initial recognition, transactions denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies are translated 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 financial statements is recognised in the income statement as interest income or expense and similar items.

Gains on forward contracts hedging expected earnings in foreign currencies are recognised in the financial statements when the hedged item has been realised.

#### Buckingham Palace

Gabriel has added another royal delivery to the reference list. The English furniture producer Caddum Design has supplied 46 chairs upholstered with the wool fabric Dot.Com to the royal English family.



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

### Other operating income

Other operating income comprises items secondary to the principal activities of the company, including rents, grants as well as gains and losses on disposal of non-current assets.

Grants towards non-current assets are recognised as deferred income under liabilities other than provisions and are subsequently recognised as income under other operating income concurrently with the depreciation of the asset.

### Other external costs

The majority of other external costs stems from sales, distribution, maintenance, premises and administration.

### Profits/losses from investments in subsidiaries

The proportionate share of the results before tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses. The share of the taxes and extraordinary items of subsidiaries is recognised as tax on profit/loss from ordinary activities and extraordinary profit/loss after tax, respectively.

### Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, market gains and losses in respect of securities, payables and transactions denominated in foreign currencies as well as surcharges and allowances under the on-account tax scheme, etc.

### Tax on profit/loss for the year

Gabriel Holding A/S is jointly taxed with the subsidiary, Gabriel A/S. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable income (full absorption with allowances 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 profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in capital and reserves is recognised directly in capital and reserves.

## BALANCE SHEET

### Development projects

Development costs comprise costs, salaries and amortisation 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 costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation/impairment and the 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 and is not to exceed 20 years.

Development costs are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted annually of each individual asset or group of assets.

### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost 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 leases is stated at the lower of fair value and net present value of the future lease payments. For the calculation of net present value, the interest rate implicit in the lease or an approximation thereof is used as discount rate.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	10-25 years
Plant and machinery	3-8 years
Fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted annually of each individual asset or group of assets.

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.

### Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the companies' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation under capital and reserves according to the equity method to the extent that the carrying amount exceeds the cost of acquisition.

### Inventories

Inventories are measured at cost in accordance with the FIFO method.

Where net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and 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. Borrowing costs are not recognised.

Net realisable value of inventories is calculated as the sales price 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.

#### Stockholm Fair

More than 30 exhibitors showed furniture upholstered with Gabriel's furniture fabrics. Gabriel presented several news on the fair, and we had a lot of visitors on the stand, where people also had a chance to relax during the afternoon's relax-time.



## Receivables

Receivables are measured at amortised cost. Provision is made for anticipated losses.

## Other securities

Listed securities and investments recognised as current assets are measured at fair value at the balance sheet date.

## Dividend

The expected dividend payment for the year is disclosed as a separate item under capital and reserves.

## Treasury shares

Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly as retained earnings in capital and reserves. Accordingly, gains and losses from sale are not recognised in the income statement. Capital reductions from the cancellation of treasury shares are deducted from the share capital at an amount corresponding to the nominal value of the shares.

## Corporation tax and deferred tax

Current tax payable and receivable is recognised in 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.

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 current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

## Financial liabilities

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at 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 over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities, comprising trade payables, amounts owed to affiliates and associates as well as other payables, are measured at amortised cost.

## CASH FLOW STATEMENT

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

### Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of 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 acquisition and disposal of property, plant and equipment and investments.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Figures given in brackets represent negative results and deductions.

# INCOME STATEMENT FOR

01.10.02 – 30.09.03 (DKK'000)

Note		Group		Parent company	
		2002/03	2001/02	2002/03	2001/02
1	Revenue	184,210	192,880	4,294	4,296
	Movement in the inventories of finished goods, work in progress and goods for resale	(1,104)	(5,388)	–	–
2	Other operating income	1,547	1,135	–	–
	Cost of raw materials and consumables	(100,702)	(100,343)	–	–
3	Other external costs	(23,837)	(24,401)	(837)	(814)
4	Staff costs	(38,232)	(42,015)	(1,195)	(1,195)
9	Depreciation of property, plant and equipment	(7,855)	(7,984)	(2,377)	(2,320)
	<b>Operating profit/loss (EBIT)</b>	<b>14,027</b>	<b>13,884</b>	<b>(115)</b>	<b>(33)</b>
10	Profit from investments in subsidiary before tax	–	–	13,934	14,955
5	Interest income and similar items	1,019	1,858	1,157	494
6	Interest expense and similar items	(505)	(706)	(435)	(380)
	<b>Profit before tax</b>	<b>14,541</b>	<b>15,036</b>	<b>14,541</b>	<b>15,036</b>
7	Tax on profit for the year	(4,382)	(4,572)	(4,382)	(4,572)
	<b>Profit for the year</b>	<b>10,159</b>	<b>10,464</b>	<b>10,159</b>	<b>10,464</b>
	<b>Proposed profit appropriation</b>				
	Dividend proposed, 10% (10%)			4,200	4,200
	Transferred to reserve for net revaluation according to the equity method			(274)	(2,563)
	Retained earnings			6,233	8,827
				<b>10,159</b>	<b>10,464</b>

# BALANCE SHEET at 30.09.2003 (DKK'000)

## ASSETS

Note	Group		Parent company	
	2003	2002	2003	2002
	<b>Non-current assets</b>			
8	Intangible assets:			
	Development projects in progress			
	134	–	–	–
9	Property, plant and equipment:			
	Land and buildings			
	14,367	16,709	14,367	16,709
	Plant and machinery			
	9,381	13,041	–	–
	Fixtures and fittings, tools and equipment			
	3,825	4,985	–	–
	27,573	34,735	14,367	16,709
	Investments:			
10	Investments in subsidiary			
	–	–	46,738	47,062
	Other securities			
	18	18	18	18
	18	18	46,756	47,080
	<b>27,725</b>	<b>34,753</b>	<b>61,123</b>	<b>63,789</b>
	<b>Current assets</b>			
	Inventories:			
	Raw materials and consumables			
	12,819	12,125	–	–
	Work in progress			
	3,573	5,487	–	–
	Finished goods and goods for resale			
	15,045	14,235	–	–
	31,437	31,847	–	–
	Receivables:			
	Trade receivables			
	28,301	27,739	–	–
	Amount owed by subsidiary			
	–	–	20,867	16,193
	Other receivables			
	618	828	90	88
	28,919	28,567	20,957	16,281
	Cash at bank and in hand			
	21,348	14,542	1	7
	<b>81,704</b>	<b>74,956</b>	<b>20,958</b>	<b>16,288</b>
	<b>109,429</b>	<b>109,709</b>	<b>82,081</b>	<b>80,077</b>

# BALANCE SHEET at 30.09.2003 (DKK'000)

## EQUITY AND LIABILITIES

Note	Group		Parent company	
	2003	2002	2003	2002
	<b>Capital and reserves</b>			
	42,000	42,000	42,000	42,000
	Share capital			
	Net revaluation according to the equity method	–	12,588	12,912
	Retained earnings	31,537	25,220	18,949
	Dividend proposed	4,200	4,200	4,200
	<b>Total capital and reserves</b>	<b>77,737</b>	<b>71,420</b>	<b>77,737</b>
	<b>Provisions</b>			
12	Deferred tax	1,571	2,480	518
13	<b>Long-term liabilities other than provisions</b>			
	Mortgage credit institutions	–	4,362	–
	Credit institutions in general	163	541	–
	<b>Total long-term liabilities other than provisions</b>	<b>163</b>	<b>4,903</b>	<b>–</b>
	<b>Short-term liabilities other than provisions</b>			
	Repayment of long-term liabilities other than provisions	379	1,675	–
	Trade payables	15,356	18,080	–
	Corporation tax	2,693	733	2,693
	Other payables	11,530	10,418	1,133
	<b>Total short-term liabilities other than provisions</b>	<b>29,958</b>	<b>30,906</b>	<b>3,826</b>
	<b>Total liabilities other than provisions</b>	<b>30,121</b>	<b>35,809</b>	<b>3,826</b>
	<b>Total equity and liabilities</b>	<b>109,429</b>	<b>109,709</b>	<b>82,081</b>
11	Treasury shares			
14	Currency exposure, credit and interest rate risks			
15	Operating leases			
16	Contingent liabilities and security			
17	Transactions with group companies, major shareholders, the Supervisory Board and the Management			

## STATEMENT OF CHANGES IN CAPITAL AND RESERVES (DKK'000)

	Share capital	Revaluation reserves	Net revaluation according to the equity method	Retained earnings	Dividend proposed	Capital and reserves
Capital and reserves at 01.10.2001	21,000	1,009	15,489	23,065	3,780	64,343
Dividend distributed	–	–	–	–	(3,424)	(3,424)
Dividend, treasury shares	–	–	–	356	(356)	0
Disposal of treasury shares	–	–	–	51	–	51
Bonus issue	21,000	(1,009)	–	(19,991)	–	0
Profit for 2002/03	–	–	(2,563)	8,827	–	6,264
Value adjustments of hedging instruments	–	–	(14)	–	–	(14)
Dividend proposed	–	–	–	–	4,200	4,200
	<u>42,000</u>	<u>0</u>	<u>12,912</u>	<u>12,308</u>	<u>4,200</u>	<u>71,420</u>
Capital and reserves at 30.09.2002	42,000	0	12,912	12,308	4,200	71,420
Dividend distributed	–	–	–	–	(3,807)	(3,807)
Dividend, treasury shares	–	–	–	393	(393)	0
Disposal of treasury shares	–	–	–	15	–	15
Profit for 2002/03	–	–	(274)	6,233	–	5,959
Value adjustments of hedging instruments	–	–	(50)	–	–	(50)
Dividend proposed	–	–	–	–	4,200	4,200
	<u>42,000</u>	<u>0</u>	<u>12,588</u>	<u>18,949</u>	<u>4,200</u>	<u>77,737</u>
Capital and reserves at 30.09.2003	42,000	0	12,588	18,949	4,200	77,737

The share capital consists of 420,000 shares of DKK 100 each.

The following shareholders have reported holdings of more than 5% of the share capital:

- Gabol A/S, Aarhus, Denmark      31.3% ownership interest and voting rights
- Fulma A/S, Aarhus, Denmark      25.0% ownership interest and voting rights
- S.Thygesen A/S, Ikast, Denmark    6.0% ownership interest and voting rights

# CASH FLOW STATEMENT OF THE GROUP (DKK'000)

	1998/99	1999/00	2000/01	2001/02	2002/03	Total
<b>Cash flows from operating activities</b>						
Profit before tax	5,359	16,155	19,006	15,036	14,541	70,097
Adjustment for non-cash items:						
Depreciation	7,936	7,979	8,135	7,984	7,855	39,889
Changes in inventories	3,629	(3,243)	(2,322)	6,438	410	4,912
Changes in receivables	539	(8,335)	2,123	71	(352)	(5,954)
Changes in trade payables and other payables	(11,403)	8,917	(4,653)	3,432	(1,662)	(5,369)
Corporation tax paid	(2,641)	(4,807)	(4,667)	(5,103)	(3,331)	(20,549)
	<u>3,419</u>	<u>16,666</u>	<u>17,622</u>	<u>27,858</u>	<u>17,461</u>	<u>83,026</u>
<b>Cash flows from investing activities</b>						
Net investments in non-current assets:						
Capitalised development expenses	-	-	-	-	(134)	(134)
Land and buildings	(4,125)	(2,821)	(3,284)	(1,455)	(35)	(11,720)
Plant and machinery	(6,409)	(2,049)	(4,705)	(1,271)	188	(14,246)
Fixtures and fittings, tools and equipment	(2,015)	(727)	(3,350)	(1,488)	(846)	(8,426)
Prepayments for plant in the course of construction	3,195	(749)	749	0	0	3,195
Deposits and other securities	0	0	8	0	0	8
	<u>(9,354)</u>	<u>(6,346)</u>	<u>(10,582)</u>	<u>(4,214)</u>	<u>(827)</u>	<u>(31,323)</u>
<b>Cash flows from financing activities</b>						
External financing:						
Changes in debt to mortgage credit institutions	(917)	(971)	(1,027)	(1,084)	(5,508)	(9,507)
Changes in debt to credit institutions	10,874	(4,517)	(3,381)	(7,276)	(528)	(4,828)
Shareholders:						
Acquisition/disposal of and dividend on treasury shares	126	(2,718)	566	407	408	(1,211)
Dividend distributed	(2,940)	(2,940)	(3,360)	(3,780)	(4,200)	(17,220)
	<u>7,143</u>	<u>(11,146)</u>	<u>(7,202)</u>	<u>(11,733)</u>	<u>(9,828)</u>	<u>(32,766)</u>
<b>Changes in cash and cash equivalents for the year</b>	1,208	(826)	(162)	11,911	6,806	18,937
<b>Opening cash and cash equivalents</b>	<u>2,411</u>	<u>3,619</u>	<u>2,793</u>	<u>2,631</u>	<u>14,542</u>	<u>2,411</u>
<b>Closing cash and cash equivalents</b>	<u>3,619</u>	<u>2,793</u>	<u>2,631</u>	<u>14,542</u>	<u>21,348</u>	<u>21,348</u>

# NOTES TO THE FINANCIAL STATEMENTS

(DKK'000)

Note		Group		Parent company	
		2002/03	2001/02	2002/03	2001/02
1	<b>Revenue</b>				
	Denmark	41,462	50,307	4,294	4,296
	The EU	115,217	115,283	–	–
	Other countries	27,531	27,290	–	–
		<u>184,210</u>	<u>192,880</u>	<u>4,294</u>	<u>4,296</u>
	Revenue broken down by the individual sales divisions is specified as follows:				
	Gabriel Contract	135,566	144,067	–	–
	Gabriel Home	39,138	35,092	–	–
	Gabriel Transport	9,506	13,719	–	–
	Sundries	–	2	4,294	4,296
		<u>184,210</u>	<u>192,880</u>	<u>4,294</u>	<u>4,296</u>
2	<b>Other operating income</b>				
	Grants	687	387	–	–
	Rents	846	736	–	–
	Gain on the disposal of non-current assets	14	12	–	–
		<u>1,547</u>	<u>1,135</u>	<u>–</u>	<u>–</u>
3	<b>Other external costs</b>				
	Fees to the auditors appointed by the Annual General Meeting were recognised under other external costs at the following amounts:				
	Audit, KPMG	208	195	38	35
	Audit, Audicon	25	23	25	23
	Non-audit services, KPMG	152	77	45	28
		<u>385</u>	<u>295</u>	<u>108</u>	<u>86</u>

30

Note	Group		Parent company		
	2002/03	2001/02	2002/03	2001/02	
<b>4</b>	<b>Staff costs</b>				
	Wages/salaries, emoluments, etc.	(36,238)	(39,911)	(1,195)	(1,195)
	Pensions	(1,530)	(1,459)	-	-
	Other social security costs	(357)	(398)	-	-
	Other payroll-related costs	(209)	(247)	-	-
		<u>(38,334)</u>	<u>(42,015)</u>	<u>(1,195)</u>	<u>(1,195)</u>
	Staff costs capitalised in development projects	102	-	-	-
		<u>(38,232)</u>	<u>(42,015)</u>	<u>(1,195)</u>	<u>(1,195)</u>
	Executive remuneration	(1,591)	(1,586)	(820)	(820)
	Emoluments for the Supervisory Board	(475)	(475)	(375)	(375)
		<u>(2,066)</u>	<u>(2,061)</u>	<u>(1,195)</u>	<u>(1,195)</u>
	Average number of employees	101	118	-	-
<b>5</b>	<b>Interest income and similar items</b>				
	Cash discounts	366	728	-	-
	Interest income, etc.	653	310	25	32
	Net exchange gains	-	820	-	-
	Interest income from subsidiary	-	-	1,132	462
		<u>1,019</u>	<u>1,858</u>	<u>1,157</u>	<u>494</u>
<b>6</b>	<b>Interest expense and similar items</b>				
	Banker	(66)	(330)	(2)	(4)
	Mortgage credit institutions	(433)	(376)	(433)	(376)
	Net exchange losses	(6)	-	-	-
		<u>(505)</u>	<u>(706)</u>	<u>(435)</u>	<u>(380)</u>

Note	Group		Parent company		
	2002/03	2001/02	2002/03	2001/02	
7	<b>Tax on profit for the year</b>				
	Current tax on taxable income for the year	(5,291)	(5,048)	(464)	67
	Adjustment of deferred tax	909	476	290	(121)
	Tax in subsidiary	–	–	(4,208)	(4,518)
		<u>(4,382)</u>	<u>(4,572)</u>	<u>(4,382)</u>	<u>(4,572)</u>
	<b>Specified as follows:</b>				
	Tax on profit for the year before tax 30%	(4,362)	(4,511)	(4,362)	(4,511)
	Tax effect of:				
	Non-deductible costs	(28)	(71)	(28)	(71)
	Non-taxable income	8	10	8	10
		<u>(4,382)</u>	<u>(4,572)</u>	<u>(4,382)</u>	<u>(4,572)</u>
	Effective tax rate	<u>30.1%</u>	<u>30.4%</u>	<u>30.1%</u>	<u>30.4%</u>

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8	<b>Intangible assets</b>	
		Development projects in progress
	Cost at 01.10.2002	0
	Additions during the year	134
	Disposals during the year	–
		<u>134</u>
	Cost at 30.09.2003	134
	Amortisation/impairment at 01.10.2002	0
	Disposals during the year	–
	Amortisation of the year	0
		<u>0</u>
	Amortisation/impairment at 01.10.2002	0
		<u>0</u>
	Carrying amount at 30.09.2003	<u>134</u>

Note

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and, fittings, tools and equipment	Total
Cost at 01.10.2002	40,638	61,894	21,139	123,671
Additions during the year	35	532	1,162	1,729
Disposals during the year	–	(1,645)	(1,044)	(2,689)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30.09.2003	40,673	60,781	21,257	122,711
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment 01.10.2002	23,929	48,853	16,154	88,936
Disposals during the year	–	(925)	(728)	(1,653)
Depreciation of the year	2,377	3,472	2,006	7,855
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment at 30.09.2003	26,306	51,400	17,432	95,138
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount at at 30.09.2003	14,367	9,381	3,825	27,573
	<hr/>	<hr/>	<hr/>	<hr/>
Of this amount, assets held under finance leases	–	–	527	527
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciated over	10-25 years	5-8 years	3-5 years	

The public land assessment at 1 January 2003 was DKK 19,495 thousand.

**Note****10 Investments in subsidiary**

The investment solely comprises the wholly-owned subsidiary,  
Gabriel A/S, Aalborg

	2002/03	2001/02
Cost at 01.10.	<u>34,150</u>	<u>34,150</u>
Revaluation and impairment 01.10.	12,912	15,489
Profit for the year before tax	13,934	14,955
Tax on profit for the year	(4,208)	(4,518)
Dividend received in the financial year	(10,000)	(13,000)
Adjustments of hedging instruments	<u>(50)</u>	<u>(14)</u>
Revaluation and impairment at 30.09.	<u>12,588</u>	<u>12,912</u>
Carrying amount 30.09.	<u>46,738</u>	<u>47,062</u>

**11 Treasury shares**

	Number of shares	Nominal value	Cost	Share price at 30.09.2003	% of share capital
Portfolio of shares at 01.10.2002	39,300	3,930	5,547	9,039	9.4%
Disposals	(400)	(40)	(56)	(92)	(0,1)%
Acquisitions	300	30	65	69	–
Price adjustment	<u>–</u>	<u>–</u>	<u>–</u>	<u>(588)</u>	<u>–</u>
Portfolio of shares at 30.09.2003	<u>39,200</u>	<u>3,920</u>	<u>5,556</u>	<u>8,428</u>	<u>9.3%</u>

**12 Deferred tax**

	2002/03	2001/02
Deferred tax at 01.10.	2,480	2,719
Adjustment regarding previous years	–	237
Deferred tax for the year	<u>(909)</u>	<u>(476)</u>
Deferred tax at 30.09	<u>1,571</u>	<u>2,480</u>
Deferred tax in respect of:		
Land and buildings	518	808
Plant and machinery, etc.	1,004	1,529
Current assets	<u>49</u>	<u>143</u>
	<u>1,571</u>	<u>2,480</u>

**13 Long-term liabilities other than provisions**

The debt to credit institutions is of a long-term nature and involves assets held under finance leases.

The debt is to be repaid no later than two years after the financial year-end.

## Note

### 14 Currency exposure, credit and interest rate risks

#### Currency exposure

The group's foreign exchange positions in Danish kroner at 30 September 2003 are as follows.

Currency	Trade receivables/cash at bank and in hand	Trade payables/bank loans/long term liabilities other than provisions	Hedging (forward contracts)	Net position
DKK	23,072	5,328	–	17,744
EURO	16,030	7,051	–	8,979
SEK	5,739	247	3,250	2,242
NOK	2,921	47	2,726	148
Miscellaneous	1,775	47	–	1,728
	<hr/>	<hr/>	<hr/>	<hr/>
Overseas	26,465	7,392	5,976	13,097

The group's trade receivables and trade payables usually fall due no later than three months after delivery.

#### Credit risks

All major, foreign outstanding accounts were covered by credit insurance at 30 September 2003.

The risk of material losses on receivables is deemed to be insignificant.

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#### Interest rate risk

The group does not anticipate any requirements as regards external financing in the forthcoming year.

Viewed separately, a fall/increase in the market rate of one percentage point is not deemed to have any material impact on group results.

### 15 Operating leases

At 30 September 2003 the group held operating leases on which the obligation for future lease payments totalled DKK 1,200 thousand.

### 16 Contingent liabilities and security

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

As part of usual group operations, the group has entered into purchase agreements on the supply of raw materials, amounting to a total of DKK 10,800 thousand, the objective of which is to ensure the future supply of raw materials.

The group does not incur major expenses owing to claims and warranty commitments. This is the result of the setting up of an ISO 9001 quality management system in 1991 and the certification for the Environmental Management Standard ISO 14001 since 1996.

The group and the parent company have no guarantees and warranty commitments.

## Note

### 17 Transactions with group companies, major shareholders, the Supervisory Board and the Management

The parent company's related parties comprise the subsidiary, Gabriel A/S, as well as its Supervisory Board and Management. Further, related parties comprise companies in which the above persons have substantial interests.

No related parties have a controlling interest in Gabriel Holding A/S.

The parent company's rent receipts and interest from the subsidiary amounted to DKK 4,294 thousand and DKK 1,132 thousand respectively.

In the year under review, the group companies did not conduct any unusual transactions with related parties.

## SUPPLEMENTARY REVIEW

Gabriel creates value through cooperation with the company's four main stakeholders: Customers, employees, shareholders and society.

CUSTOMERS

EMPLOYEES

SHAREHOLDERS

SOCIETY

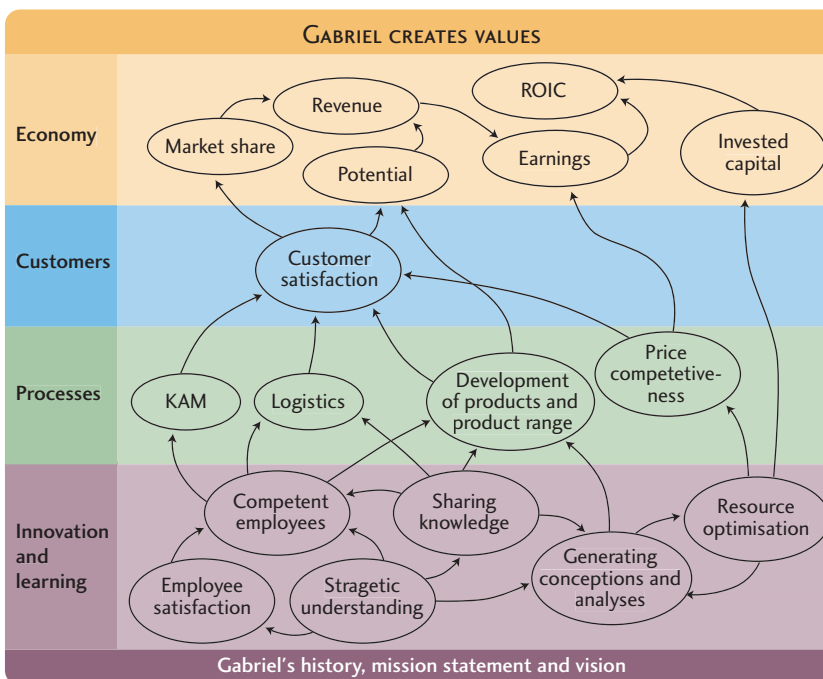
*"Innovation and value-adding cooperation are key words of Gabriel's mission statement. Gabriel is a niche company which develops, manufactures and sells furniture fabrics and related textile products to be used in fields of application where product features, design and logistics have to meet invariable requirements and where quality and environmental management must be documented."*

(Extract from Gabriel Profile – Mission Statement)

### Business model

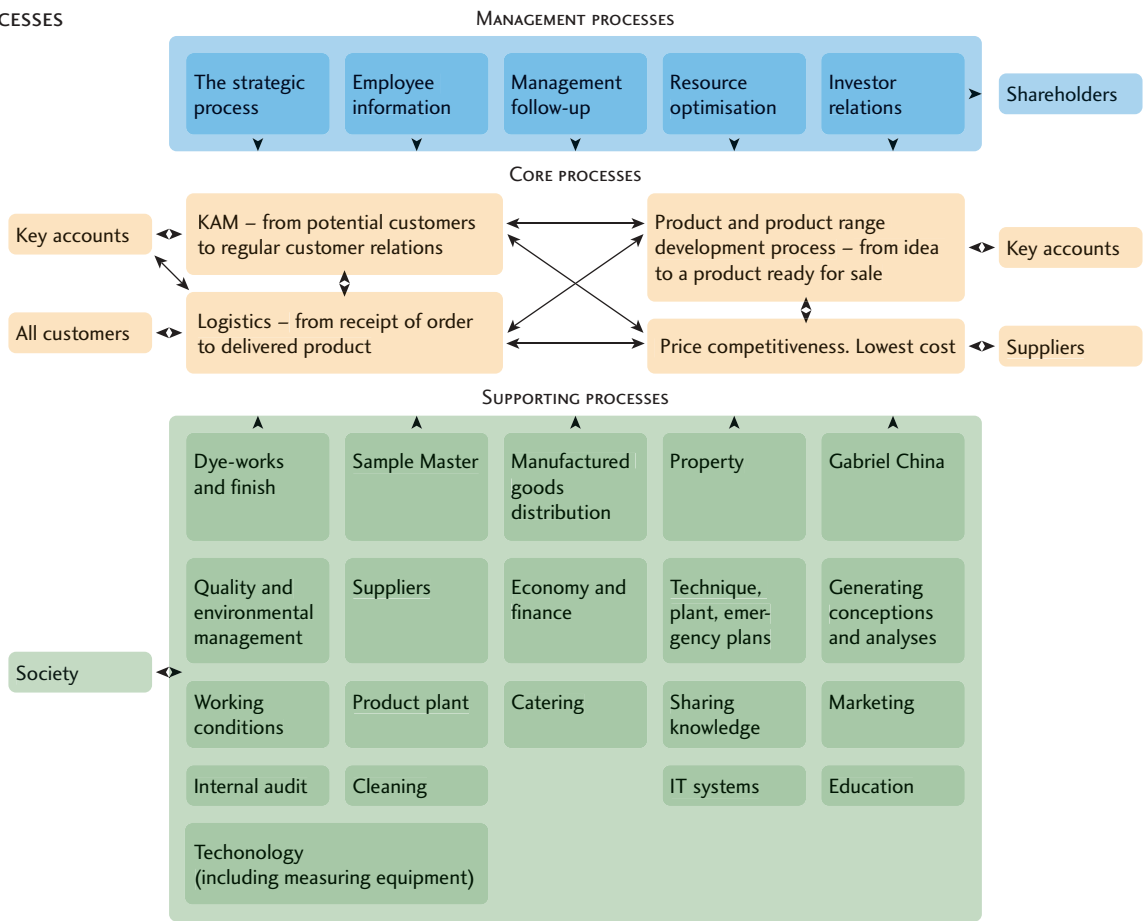
Gabriel implements the Balanced Score Card model, based on these four perspectives: Economy, customers, processes, innovation and learning.

Gabriel aims at realising its vision and achieving its objectives through the group strategy, which is based on four core processes: KAM, logistics, product and product range development and price competitiveness.



The business model of Gabriel demands a process-oriented working form, which has been implemented in the organisation over the past several years. Turn to the next page for an outline of the main managing, core and supporting processes.

The determination of Gabriel's value creation through the core processes has formed an enhanced basis for assessing the possible supporting processes which may be either insourced or outsourced with advantage. During the year, the company's canteen and part of the IT system have been outsourced. The supporting processes Sample Master (manufacturing of sample and sales



tools), dye-works and finishing, Gabriel China, inventory of finished goods/-distribution and the property are managed as independent profit centres.

Outsourcing and the operation of part of the group as independent profit centres must be seen as a result of Gabriel's focus on the return on invested capital as the most important financial goal.

## CUSTOMERS

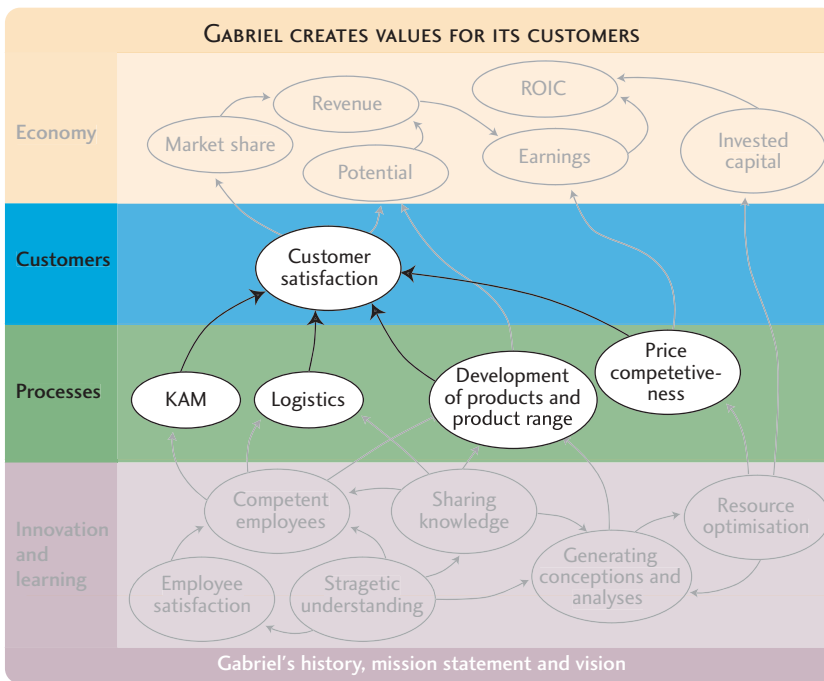
*“With furniture fabrics as its competence area, Gabriel intends to be the preferred development partner for and supplier to leading international manufacturers and large-scale users of furniture, seats and upholstered surfaces.”*

(Extract from Gabriel Profile – Vision)

Gabriel aims at realising its strategy in the four main core processes in order to create value for customers:

- Global key account sales activities – from potential customer to regular customer relations
- Product and product range development process – from initial idea to a product ready for sale
- Logistics – from receipt of order to delivered product
- Price competitiveness – from cost-saving measures to enhanced competitiveness





## GLOBAL KEY ACCOUNT MANAGEMENT (THE KAM PROCESS) – FROM POTENTIAL CUSTOMER TO REGULAR CUSTOMER RELATIONS

### Fulfilling customer needs

Gabriel's key account managers, who are not in direct contact with the end users, fulfil customer needs through 200 designated furniture manufacturers (key accounts) and their network of furniture designers and furniture dealers. These 200 customers represent approx. 80% of Gabriel's revenue.

Fulfilling the customer needs comprise the end users' and the furniture designers' requirements for design and comfort; the furniture dealer's need for product knowledge, samples and sales measures; and the furniture dealer's demand for upholster qualities, logistics, price as well as requirements for quality and environmental issues.

The furniture fabric is often the crucial element of the furniture design, comfort and function. It takes experience, knowledge of the market and close contact with the entire value chain to create solutions enhancing the value for customers as well as end users.

### Gabriel grows with the largest

Gabriel's objective is to deliver furniture fabrics to the global market leading producers of contract furniture, domestic furniture as well as major transport companies within the public transportation sector – (aircraft, trains, busses and ships).

New products for already established or new key accounts require a longer launching period – usually several years. The individual key accounts' potential purchase of furniture fabrics is continuously being assessed for a 5-year period, seen in relation to Gabriel's product range, services and other sales parameters.

Gabriel strives to obtain the largest part of each designated key accounts' purchase of furniture fabrics.

### Activity level for KAM

An important indication to assess future sales is the frequency of joint activities with key accounts and it is essential to focus on the activities providing maximum value creation. The individual key account manager sets up his goals in relation to the implementation of the overall strategy and goals for activities.

### Partnership agreement

Gabriel's key accounts comprise designated and market leading furniture manufacturers and large-scale users.

The customers are targeted and cultivated globally in order to establish or maintain value-adding partnership agreements.

The incentive of each partnership agreement is to obtain a close co-operation comprising deliveries of furniture fabrics, joint product development, design, logistics agreements and knowledge sharing in order to achieve the highest level of customer satisfaction and value creation.

### Customer satisfaction

In the financial years 2001/02 and 2002/03, test measuring of customer satisfaction among designated key accounts was carried out. The initial results can be seen at the end of this supplementary review.

## PRODUCT AND PRODUCT RANGE DEVELOPMENT PROCESS – FROM IDEA TO A PRODUCT READY FOR SALE

Product development is based on the identified needs of users and customers and is carried out in co-operation with at least one leading furniture manufacturer in the sales divisions, Gabriel Contract or Gabriel Home. Product development for Gabriel Transport is based on actual transport projects.

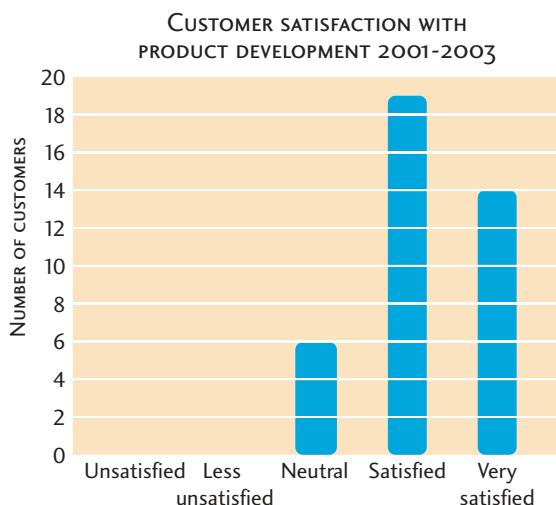
Gabriel's process-oriented product development is outward looking and supports Gabriel's key account management (the KAM process). In addition, new development projects are aligned with the price competition and logistics processes.

The percentage of revenues relating to fabrics developed within the last five years increased from 8% in 2001/02 to 15.4% in 2002/03. Gabriel adjusted its objective for new products downwards for 2004/05 from 30% of total revenues to 25%.

Another important measuring indicator is the number of released designs. The objective was to release 16 new designs in 2002/03. However, 17 new designs were released. The criteria for releasing a new design is when at least one key account has integrated the design in its standard collection, and placed an initial order.

## LOGISTICS – FROM RECEIPT OF ORDER TO DELIVERED PRODUCT

The efforts towards logistics are having a positive impact on both earnings and liquidity.



Gabriel's services in relation to a higher reliability in terms of delivery with regard to the delivery date confirmed by the customer as well as the requested delivery date, have been materially improved. Gabriel's ability to supply continues to be in line with or even exceeding Gabriel's internal objectives and is considered one of the best within the industry.

Improvements in the flow of logistics have made it possible for Gabriel to reduce the overall time of delivery as the average time of delivery is now one or two weeks for contract-produced goods. Stock orders are delivered from day to day.

The overall reliability in delivery meets the objectives for both 2001/02 and 2002/03.

## PRICE COMPETITIVENESS – FROM COST-SAVING POTENTIALS TO ENHANCED COMPETITIVENESS

Product development is being planned and contracts with suppliers are continuously maintained and developed in order to strengthen Gabriel's price competitiveness.

Gabriel constantly optimises and enhances the quality and price of its raw materials, semi-manufactured products and finished goods through its global network of co-operators.

Gabriel's mission as value adding supplier to major leading furniture manufacturers places heavy demands on the price competitiveness. The importance is emphasised in customer satisfaction measurements showing a result of approx. 4.5 on a scale from 1-5 with 5 being the highest indicating a high degree of satisfaction. Gabriel obtained 3.4, which is somewhat better than "neutral".

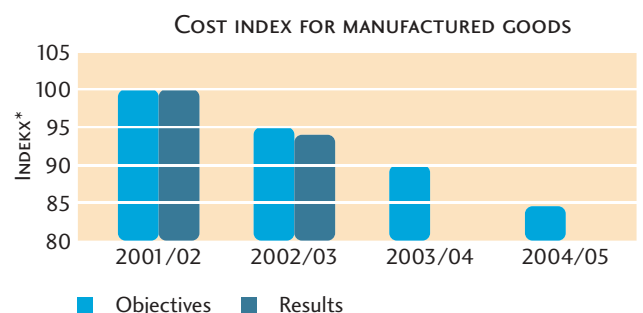
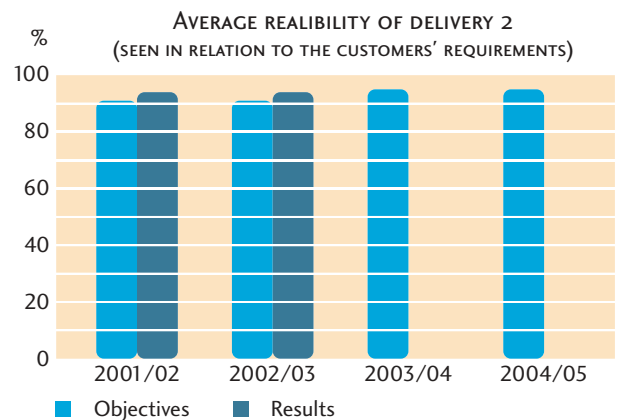
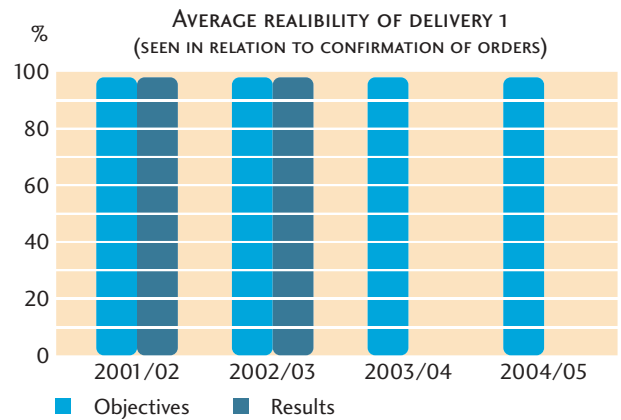
The price competitiveness of Gabriel was strengthened through the outsourcing of production from Aalborg to Lithuania, the establishment of a representative office in China and the continuing development of the process-oriented organisation.

Furthermore, goals and plans for activities have been outlined in order to identify and implement possible cost saving measures at new and established manufacturers.

The development of Gabriel's price competitiveness is continuously being measured by a cost index, including all types of costs relating to each individual product.

The realised cost index for 2002/03 came out somewhat better than expected. The reductions of costs are realised in the course of the year and will, all things being equal, begin to show from the forthcoming financial year.

The price competitiveness is sharpened in line with the key accounts' outsourcing of production to low-cost countries. The Management considers this a great challenge and Gabriel is convinced to be able to meet this challenge.

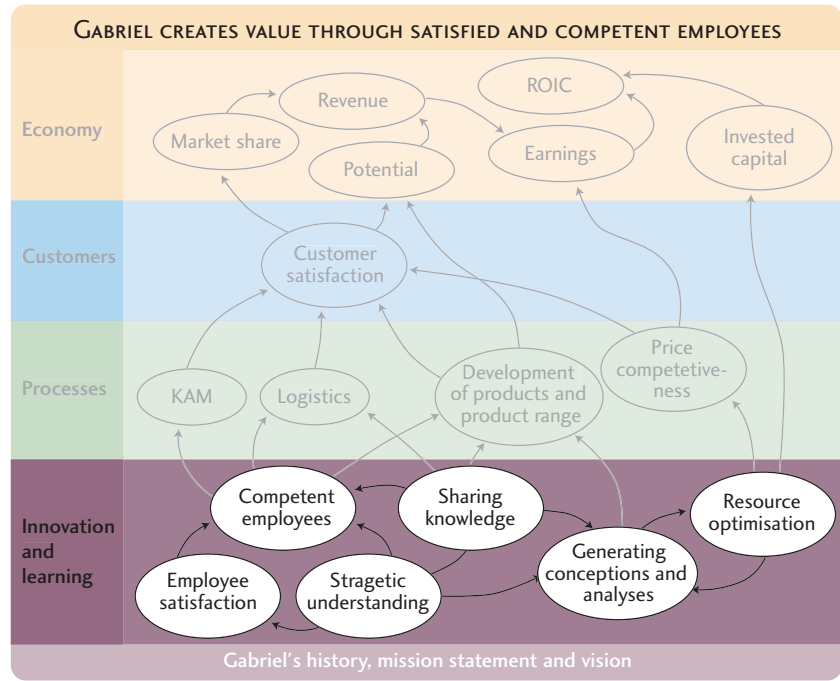


\* The financial year 2001/02 is used as the base year for the index numbers

## EMPLOYEES

*“Gabriel’s employees are aware of and work towards common goals. Gabriel intends to attract and retain ambitious, well-qualified employees seeking and accepting challenges.”*

(Extract from Gabriel Profile – Employees)



### Knowledge sharing

Information and communication form the central basis for employee satisfaction. Every year, Gabriel arranges one kick-off meeting and two information meetings with the participation of all employees. Additionally regular department meetings and other relevant meetings are arranged. The group's intranet and centrally located boards are used as daily knowledge-sharing tools and this ensures that necessary information between departments internally as well as externally is shared.

The development of IT networks to support the group's administrative, core, and supporting processes including internal as well as external partners continued in 2002/03. According to the plan, the system will be launched at 1 December 2003.

The system makes it possible to store most of the group's data digitally, this will result in significant productivity improvements in connection with filing, retrieving and sharing data. The IT system supports reporting on the company's KPI objectives, competence and knowledge management which has not previously been registered. The system is developed in a project supported by Det Digitale Nordjylland (The Digital North Denmark).

## Corporate strategy

The best foundation for relevant knowledge sharing, innovation and values is when all employees have understood and accepted the group's strategy. The above-mentioned kick-off and information meetings together with regular appraisal interviews with each employee will secure each employee's understanding of Gabriel's strategy. During the year 2002/03, the CEO organised three courses in strategic understanding. The course evaluations show a good strategic understanding among the employees.

## Employee satisfaction

No systematic measurements of employee satisfaction have been carried out, besides many years' assessments by the Management based on appraisal interviews. As from 2003/04, measurements of employee satisfaction will be carried out on a regular basis.

Already existing data of employee relations include seniority and age composition.

## Seniority

The illustration to the right shows the seniority composition at Gabriel in September 2003.

The average seniority reflects an organisation with a solid experience basis and the composition is satisfactory according to Management.

## Age composition

The average age among Gabriel's employees is 41 years. The below illustration shows the age composition.

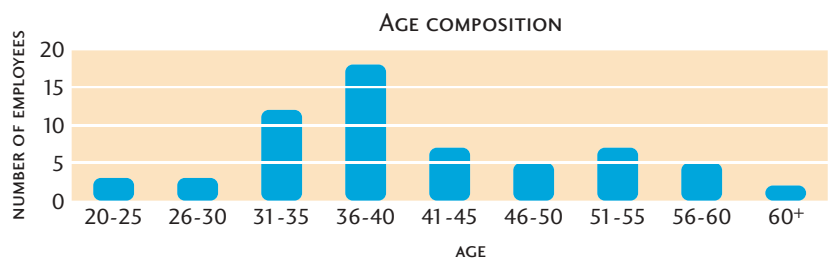
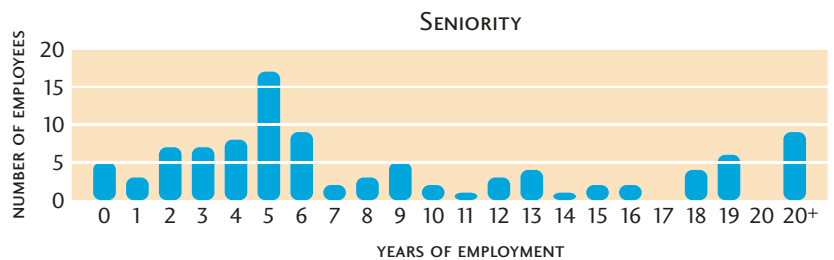
The Management considers the age composition to be adequate.

## Competence development

During the years 2001-2003, workers paid by the hour took part in extensive educational projects and training, which were supported financially by the European Social Fund (Objective 3). The overall process was based on an interaction between theory and practice. In particular the process showed that the participants willingly took part in the implementation of quality enhancement. A large group of employees has obtained numerous process competences, which has enhanced flexibility considerably for the employee as well as the company as a whole.

### Kick Off

Every year in October all Gabriel employees gather to be informed about goals and strategies for the new financial year. The day ended festively by team-building through music – everyone were playing together as an orchestra.



CUSTOMERS

EMPLOYEES

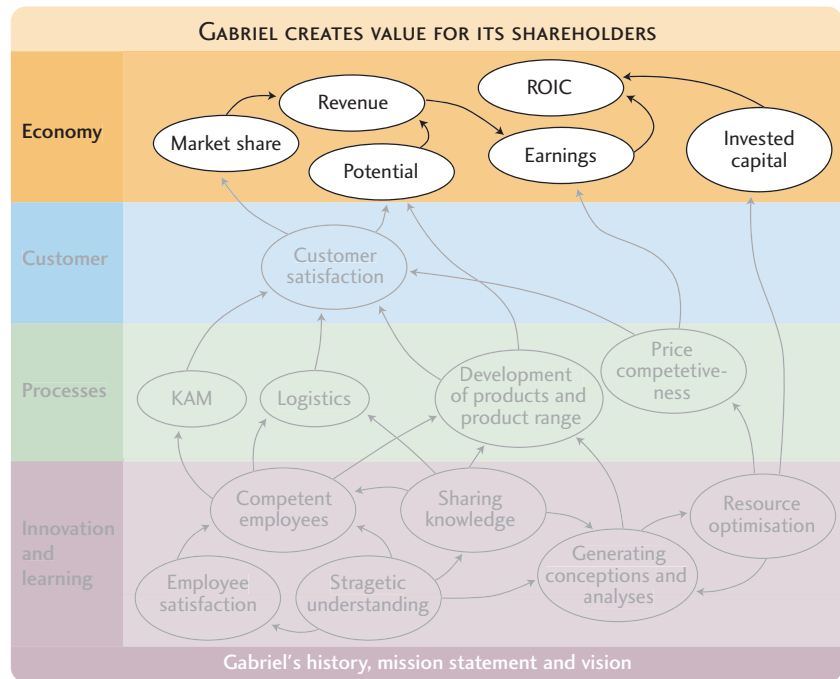
SHAREHOLDERS

TY

## SHAREHOLDERS

*"Gabriel is to continue to generate growth and profitability of a size, which is attractive to its shareholders. The overall financial objective is to generate return on invested capital (ROIC) in excess of the cost of capital."*

(Extract from Gabriel Profile – Finance objectives)



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### Financial objectives and results

The overall financial objectives for 2002/03 have been realised.

As it appears from Gabriel Profile, the cost of capital has been fixed at 15% before tax under the current capital structure. In 2002/03, ROIC came out at 19.9% at against 20.8% last year. When deciding the required rate of return, importance has been attached to the fact that Gabriel presently is financed by means of equity alone, which places heavy demands to the return on the invested capital.

In the past two years of decline, the other objectives regarding an average increase in revenue and results at 15% and 10% respectively have not been met. As previously mentioned, Gabriel is still gaining market shares, but it requires stable market trends in order to comply with the objectives mentioned.

### Potential

The potential for Gabriel to deliver products from its existing range to the 200 key accounts is currently assessed.

In most cases, it is impossible to get information about the customers' total fabric consumption. Consequently the assessment is made on the basis of the key account managers' information and estimation. Ongoing changes are being made as regards this estimation.

The key accounts' total potential for the present financial year has been

estimated at approx. DKK 900 million, as a total for the three segments. This is a significant decline in relation to last year. This is partly due to a decline in the furniture manufacturer's total revenue by 40-50% and partly due to the fact that the estimated potentials have changed to be more cautious.

The extent of the potential is a significant value driver. It can be influenced positively by (1) product development and adaptation to areas outside Gabriel's usual product areas, but within the key accounts' line of demand and (2) through ongoing replacement of the less significant of the key accounts to large key accounts. The former is constantly being worked with in Gabriel's core process, product and product range development, and the latter is a primary mission in the KAM process of Gabriel.

The Management does not consider the reported potential as satisfactory for the long-term sales development, but as adequate for the short-term development in sales until 2004/05.

### The invested capital

The group has no actual plans of increasing the invested capital. In the statement the increase in cash reserve is recognised, affecting the financial ratio ROIC. However, the Supervisory Board and the CEO are of the opinion that the strong capital resources are suitable in times when the trend to a higher extent forces other suppliers to dispose of their companies, merge or close down. Furthermore, requirements as to special technology may arise at partners in Lithuania and China, which Gabriel might be able to finance.

### Price development in 2002/03

The market price has varied between 185-250. At year-end 2002/03, the price was 215 or a 7% decline in relation to the beginning of the year. The market capitalisation of the company's shares totalled DKK 90 million. At the announcement of the annual report at 20 November 2003, the share price was 236 corresponding a market capitalisation of DKK 99 million.

### Shares

Gabriel Holding A/S has one class of shares. No shares carry special rights. The shares are freely negotiable securities.

The Management intends to provide its shareholders with regular information on the company and therefore encourages all shareholders to register their shares in Gabriel Holding.

### Shareholders

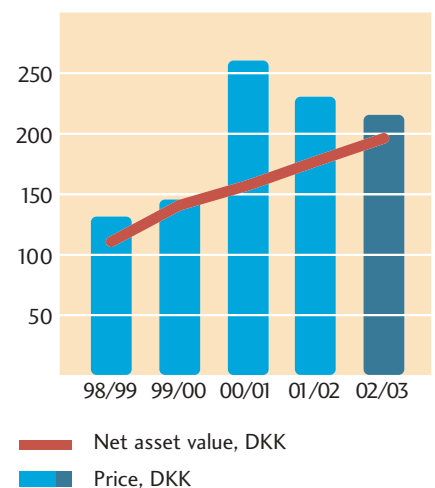
The following shareholders have reported holdings of more than 5% of the share capital:

- Gabol A/S, Aarhus, Denmark 31.3% ownership interest and voting rights
- Fulma A/S, Aarhus, Denmark 25.0% ownership interest and voting rights
- S.Thygesen A/S, Ikast, Denmark 6.0% ownership interest and voting rights

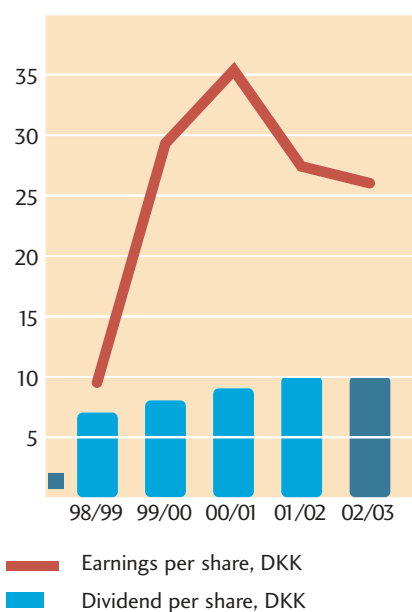
### Treasury shares

Gabriel's holding of treasury shares numbered 39,200 at the end of the year, equivalent to 9.3% of the share capital. The market price of treasury shares totalled DKK 8.4 million at 30 September 2003 as against DKK 9.0 million last year.

PRICE AND BOOK VALUE



## DIVIDEND AND EARNINGS PER SHARE



## Dividends

At the Annual General Meeting, the Supervisory Board proposes that dividend of DKK 10 per share of DKK 100 should be paid, which is equivalent to 10% and corresponds to a payout ratio of 41% as against 40% last year. The dividend will be available on 29 December 2003.

## Stock Exchange Announcements in 2002/03

- 18.10.02 No. 45/2002 Gabriel sets up a representative office in China
- 31.10.02 No. 46/2002 Financial calendar for 2002/03
- 06.11.02 No. 47/2002 Date of publishing announcement of financial statements
- 20.11.02 No. 48/2002 Announcement of the financial statements – the profit for 2002/03 expected to be in line with 2001/02
- 02.12.02 No. 49/2002 Notice of Annual General Meeting
- 02.12.02 No. 50/2002 Statement of shareholdings
- 18.12.02 No. 51/2002 Forecast remains unchanged
- 18.12.02 No. 52/2002 Minutes of general meeting
- 19.12.02 No. 53/2002 Quarterly report of shareholdings
- 19.12.02 No. 54/2002 Change in financial calendar for 2002/03
- 18.01.02 No. 55/2003 Appointment of logistics manager
- 12.02.03 No. 56/2003 Date of publishing interim report
- 23.02.03 No. 57/2003 Quarterly report – Q1 – profit forecast remains unchanged
- 28.03.03 No. 58/2003 Quarterly report of shareholdings
- 06.05.03 No. 59/2003 Date of publishing interim report, 6 months
- 20.05.03 No. 60/2003 Interim report, 6 months – revision of the profit forecast to a profit after tax of DKK 8-9 million
- 18.06.03 No. 61/2003 Quarterly report of shareholdings
- 14.08.03 No. 62/2003 Date of publishing quarterly report
- 25.08.03 No. 63/2003 Gabriel at Cirkusbygningen
- 28.08.03 No. 64/2003 Quarterly report – Q3 – profit forecast remains unchanged
- 01.10.03 No. 65/2003 Financial calendar for 2003/04
- 26.09.03 No. 66/2003 Quarterly report of shareholdings

## Financial calendar for 2003/04

- 20.11.03 Announcement of the financial statements for 2002/03 will be available
- 08.12.03 The annual report will be available
- 18.12.03 General meeting
- 29.12.03 Payments of dividends
- 26.02.04 Quarterly report, Q1
- 18.05.04 Interim report, 6 months
- 26.08.04 Quarterly report, Q3
- 18.11.04 Announcement of the financial statements for 2003/04
- 16.12.04 Annual general meeting

## Investor Relations

Gabriel Holding aims at providing a satisfactory and uniform volume of information to investors and analysts with a view to ensuring that the movement in its share price is stable and reflects expected corporate development at any time.

### The Gabriel share is monitored by:

Peter Andersen, independent research/consult  
E-mail: andersen@independentrc.com

Gabriel's website, [www.gabriel.dk](http://www.gabriel.dk), is regularly updated with information on and financial highlights of the Gabriel Group. Furthermore, the website of the Copenhagen Stock Exchange, [www.xcse.dk](http://www.xcse.dk), contains updated prices and analyses regarding share trading and price movements. Gabriel Holding is registered under industry group index 2520 – Consumer Durables and Clothing. Code: DK00100495658.

### Annual General Meeting

The Annual General Meeting will be held at the company's offices, Hjulmagervej 55, Aalborg, on Thursday, 18 December 2003 at 2 pm.

For queries regarding Stock Exchange Announcements, annual reports and matters in respect of Gabriel Holding A/S, please contact:

Jørgen Kjær Jacobsen, CEO  
Phone: +45 96 30 31 00  
E-mail: joergen.jacobsen@gabriel.dk

### New design from Ron Arad

Ron Arad's new sofa "RON-ALDA" for Italian Bonaldo was launched in Milan with Gabriel's micro fibre fabric, Comfort. The furniture construction is characteristic by its 2-coloured upholstery.



## SOCIETY

CUSTOMERS

EMPLOYEES

SHAREHOLDERS

SOCIETY

*"Gabriel wishes to contribute positively to society both locally and globally. We feel a responsibility to protect the environment and we show social responsibility towards disadvantaged groups of society."*

(Extract from Gabriel Profile – Social responsibility)

### GABRIEL BENEFITS SOCIETY

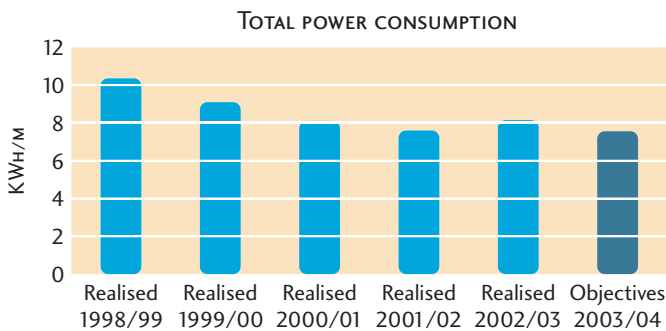
#### Contribution to the national economy

The company benefits the national economy by creating jobs and contributes to financing of public expenses through personal income tax, duties, corporate tax and dividend tax.

Through cooperation with the municipality of Aalborg, Gabriel regularly employs people in special need of training and support to become part of the labour market.

Gabriel often hosts local as well as nationwide educational institutions, requesting information about sustainable textile production and other business-related issues.

The Management is willingly available for local councils and task forces, requiring the participation of the corporate sector.



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#### Environmental management

The subsidiary, Gabriel A/S, has been certified for the Environmental Management Standard DS/EN ISO 14001 since 1996 and certified for the EU's Eco Management and Audit Scheme (EMAS) since 1998.

Gabriel's environmental activities are managed through focus on the areas deemed to have the most significant environmental impact.

#### Environmental action programme for 2002/03

The annual environmental report comprises an assessment of the implementation of Gabriel's environmental action programme and any environmental impact during the year under review.

This year, the following areas were in focus:

- Spreading information about EU flower eco-label
- New connection to municipal waste water system
- New waste water permission
- Reduction of the consumption of chemicals by means of process optimisation



As the first global manufacturer of furniture fabrics, Gabriel A/S has been licensed to apply the EU flower eco-label on most of its range of piece-dyed woollen furniture fabrics.

#### EU Flower

Gabriel was the first fabric producer to be accredited the EU flower. The flower is the EU environmental logo which is based on the "cradle-to-grave" principle. Products with the EU-flower logo guarantee the consumer health and environmental ethics.

Gabriel's new waste water connection ensures an improvement of the emission situation seen in relation to the existing permission. In future productivity expansion will not be limited by the extent of emission of waste water.

The total costs for establishment of a new waste water connection are expected to amount to DKK 0.4 million.

The relative consumption of chemicals came out higher than expected.

The customers' demands and needs have resulted in the decline in the average volume of orders in comparison to last year.

The range of products has changed towards products demanding a higher degree of chemicals in the production process.

For the production, this has resulted in decline in batch sizes and at the same time an increase in consumption of chemicals compared to previous years.

In the years to come, an ongoing visualisation of the composition of the chemical consumption will be carried out together with a description of the individual fabric's quality and environmental characteristics.

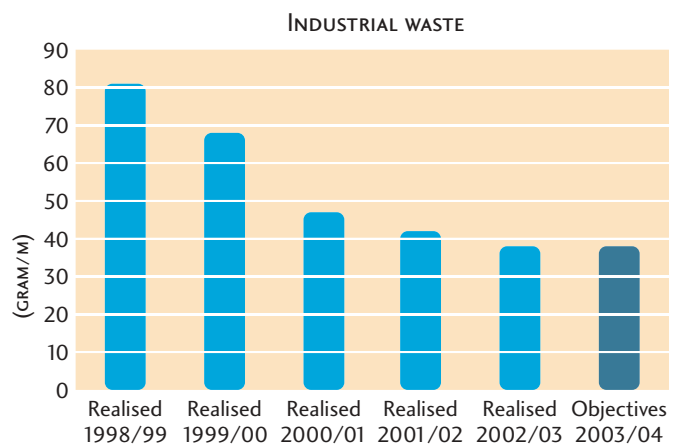
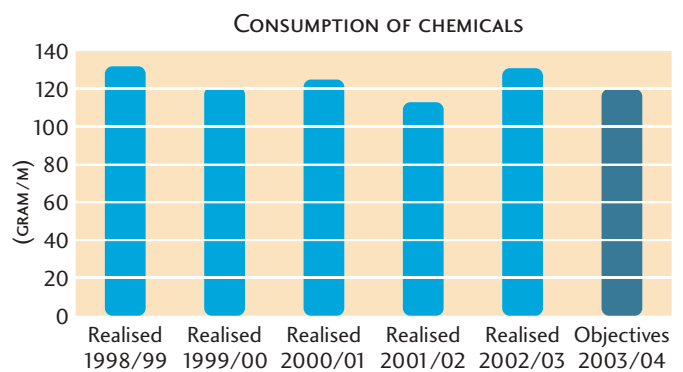
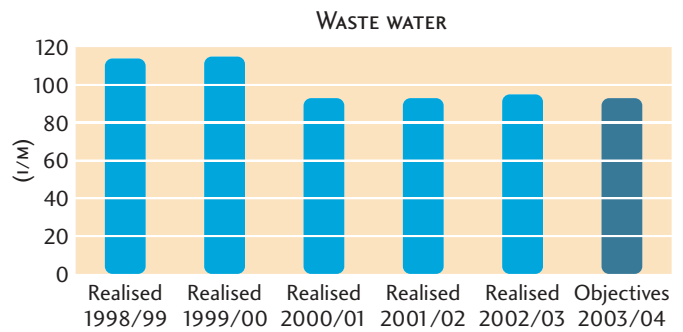
The development in the most significant environmental impacts is displayed in the various graphs. An overall reduction in the consumption has not been realised, though a minor decline in the quantity of waste can be seen. As mentioned earlier this is due to decline in batch sizes.

In the year under review, Gabriel took measures to follow up on the environmental awareness of its existing as well as potential suppliers in order to ensure that the environmental objectives are being followed worldwide.

#### Environmental action programme for 2003/04

- Examination of environmental impact of decline in batch sizes.
- In cooperation with the municipal of Aalborg, a new waste water permission to replace the existing is being prepared including enhanced waste conditions. This is based on major waste capacity in the new waste water connection.
- Examination of the possibilities of recycling the rinsing water as process water
- Visualisation of the composition of the chemical consumption and description of the individual fabric's quality and environmental characteristics.
- An overall reduction of the consumption of chemicals.

The environmental report for 2002/03 can be accessed on and ordered from the company's website, [www.gabriel.dk](http://www.gabriel.dk), after 18 December 2003.



## Management of ethical risks in the chain of suppliers – Code of Conduct

Gabriel has prepared a Code of Conduct regarding working conditions in the production of suppliers, named "Gabriel Working and Social Environment Requirements". This document describes the production conditions and prohibits child work and slavery, inadequate safety measures and other conditions, considered to be intolerable for the employees. If the directions are not met, agreements, orders and contracts can be cancelled immediately and without any compensation to the supplier.

## CUSTOMER SATISFACTION MEASUREMENTS

Aggregated customer satisfaction	91 replies received from customers from the years 2001-2003	
	Importance	Satisfaction
Average		
1. Time of deliveries	4.8	4.4
2. Delivery performance	4.7	4.4
3. Product development	3.5	4.2
4. Quality	4.5	4.7
5. Design	4.3	4.4
6. Colour scale	4.3	4.7
7. Coverage of different price groups	4.2	3.5
8. Supplementary fabrics guarantee	4.2	4.3
9. Competitive price	4.6	3.6
10. Technical service / support	3.7	4.0
11. International market support	3.2	3.7
12. Product presentation	3.7	4.4
13. Standard collection	4.0	4.0
14. Support / education of sales staff	3.5	4.1
15. Solidity (financial)	3.7	4.2
16. Support by phone	4.4	4.5
17. Information material	3.9	4.2
18. Overall satisfaction		4.3

### Comments:

The measurements are scored on a scale from 1 to 5, with 5 being the highest indicating a high degree of satisfaction. 3 is neutral.

The above illustration is the result of the initial customer satisfaction measurements carried out from year-end 2001/02 and throughout 2002/03. Satisfaction measurements will be carried out on a regular basis on all our key accounts after adaptation of analytical methods and training.

### The Limfjord-race

Ten enthusiastic employees participated in the Limfjord-race held this spring. This race is the oldest and biggest fitness race in northern Jutland. All employees managed to run either 5, 10 or 14 km in the beautiful woodland surroundings of Hammer Hills and many of them are enthusiastic about participating in other fitness races.



## BOARD MEMBERS' EXTERNAL MANAGEMENT POSITIONS

Poul H. Lauritsen,  
lawyer and chairman

Directorships:  
2Krogh A/S  
BKI Kaffe A/S  
Dantax A/S  
Defco-Food A/S  
Gabol A/S  
JOC-Nyborg A/S  
Mozami A/S  
Poul Sørensen Holding A/S  
Poul Rasmussen Bilcenter Århus A/S  
Poul Rasmussen Holding A/S  
Raskier A/S  
Seculla Invest A/S  
Silva Holding A/S  
Stanesø A/S  
Stentor A/S  
Svend Mathiesen A/S  
Tamaco A/S  
Tamaco Food A/S  
Tamaco International A/S  
Tamaco Trading A/S  
Aalborg Kaffeimport A/S

Kaj Taidal,  
director and deputy chairman

Executive position:  
Amrop Hever A/S  
  
Directorships:  
Danfysik A/S, Jyllinge  
A/S V. Sørensen, Aalborg

Karen Mathiesen,  
director

Executive position:  
Svend Mathiesen A/S  
Fulma A/S  
Gabol A/S

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

Claus Christensen,  
director

Executive positions:  
HCH A/S  
HC Projects A/S

Directorships:  
HCH A/S  
HC Projects A/S  
EnoLogic A/S  
ComLog A/S  
Judex A/S  
PhaseOne A/S  
Sense IT A/S  
On-Air A/S  
Hacker Snacks A/S  
BlueTags A/S

