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hb/lis

## **Announcement of financial results of BoConcept Holding A/S for the first half of 2007/2008**

On 28 November 2007 the supervisory board of BoConcept Holding A/S adopted the financial statements for the first half of the financial year 2007/2008, which cover the period from 1 May 2007 to 31 October 2007.

- In the first half of the financial year 2007/2008 revenue has risen by 19.7% compared to the same period of last year. Of this figure, same-store sales growth amounted to 8%
- Profit before tax was DKK 42.1 million in the first half of 2007/2008 compared to DKK 28.0 million last year. For the second quarter of 2007/2008 seen in isolation growth was DKK 6.9 million compared to DKK 24.6 million last year
- The year-to-date operating margin was 8.3 per cent compared to 6.2 per cent during the same time last year
- Since the beginning of the financial year there has been an addition of 18 new BoConcept Brand Stores and one has been closed. There has been a net addition of 17 BoConcept Brand Stores
- At 31 October 2007 the balance sheet total was DKK 564.0 million, down DKK 15.9 million compared to the corresponding period of last year.
- A positive cash flow of DKK 15.7 million before instalments on long-term liabilities other than provisions
- The full-year forecast remains unchanged – a profit before tax of DKK 85-95 million and an increase in turnover of 15-20 per cent
- After a planned investment level in non-current assets amounting to DKK 40-45 million, the forecast cash flow before instalments on long-term liabilities other than provisions is maintained at minimum DKK 35 million

For further information, please contact President and CEO, Viggo Mølholm, or Vice President and CFO, Hans Barslund, on telephone number: +45 7013 1366.

Webcast presentation of financial accounts for the first half of 2007/2008 will be available via OMX and at the company's website ([WWW.BoConceptholding.dk](http://WWW.BoConceptholding.dk)) as from tomorrow on 29 November – at 9am.

*BoConcept is the retail-oriented concept holder of the global franchise chain and the global brand of BoConcept. The chain represents the best co-ordinated designer furniture and accessories in the industry. The collection, store concept, consumer communications and supply chain are controlled from the headquarters in Denmark.*

*BoConcept Brand Stores are independent stores with floorages of between 400 and 800 square metres in attractive locations while Studios are in-store departments with floorages of between 100 and 400 square metres located in existing furniture stores. As per 31 October 2007 there were 210 Brand Stores and 133 Studios in 44 markets worldwide.*

## The group's financial highlights 2007/2008

	Second quarter 2007/08	Second quarter 2006/07	Year-to- date 2007/08	Year-to- date 2006/07
<b>Income statement (DKK million)</b>				
Revenue	319,1	273,5	593,7	495,8
Gross profit	122,0	107,5	235,6	201,0
Profit before net financials	30,7	18,8	49,5	30,5
Net financials	-6,1	-1,1	-7,4	-2,5
Profit before tax	24,6	17,7	42,1	28,0
<b>Balance sheet (DKK million)</b>				
Non-current assets			229,0	254,8
Current assets			335,0	325,1
Balance sheet total			564,0	579,9
Equity, year-end			171,5	127,1
Interest-bearing debt			181,6	254,9
<b>Cash flow (DKK million)</b>				
Cash flow before instalments on long-term liabilities other than provisions			15,7	-30,3
<b>Financial ratios</b>				
Operating margin, %	9,6	6,9	8,3	6,2
Return on net assets (for the period), %			8,9	5,7
Earnings per share before tax	9,5	6,8	16,2	10,8
Book value per share			66	49
Return on equity before tax			26,3	23,8
Equity share			30,4	21,9

### Statement of equity movements:

(DKK million)

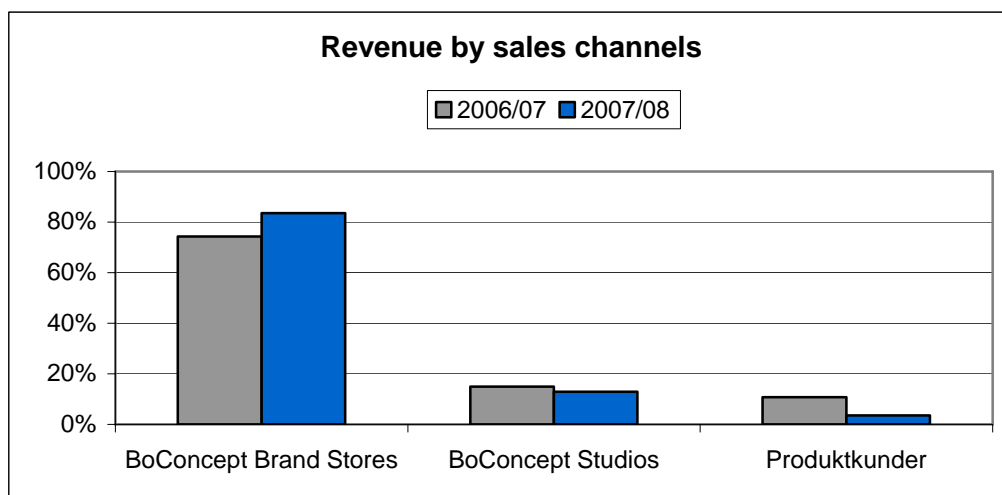
Equity as per 30 April 2007	148,5
Profit before tax for the reporting period	42,1
Calculated tax	-12,4
Value adjustment of hedging instruments	-5,0
Equity as per 31 July 2007	-1,7
	<u>171,5</u>

The accounting policies applied are the same as those applied in the annual report for 2006/2007. The comparative figures for last year have been adjusted according to the same policies. The interim financial statements are unaudited.

### Excellent revenue growth in the face of decline in certain markets

BoConcept produced revenue of DKK 593.7 million in the first 6 months of the financial year 2007/2008 compared to DKK 495.8 million during the same period last year. The growth of 19.7 per cent is primarily due to an 8 per cent increase in same-store-sales compared to 2006/2007 as well as the effect of the opening of new BoConcept Brand Stores.

Sales to BoConcept Brand Stores rose by 34 per cent compared to last year, and sales to BoConcept Studios rose by 3 per cent, while sales to product customers, as expected, declined by 61 per cent and now account for less than 4% of BoConcept's total revenue. The graph below shows the year-to-date revenue trends by sales channels.



The revenue growth of 19.7% in the first half of the year is at the high end of expectations of full-year growth amounting to between 15 and 20 per cent in 2007/2008. The new collection, which has resulted in the replacement of 25 per cent of the total product range, has been successfully implemented and well received.

However, revenue growth differs considerably from market to market. Due to reduced purchasing power in some markets, same-store sales have been under pressure since the end of the second quarter. As a result of the BoConcept chain's broad composition of countries, we expect to see a steady growth in same-store-sales - however the growth in the second half-year will be at a lower level compared to the first half-year. With the addition of new openings, we expect the total turnover for the year to maintain in the range 15-20 per cent.

As was expected, gross profit has been reduced from 40.5 per cent in the first half of this year to 39.7 per cent in the same period of this year. As previously stated, this is due to increasing prices on raw materials, energy and labour, and also due to the fact that BoConcept's sales prices have been fixed until the catalogue season in September 2007 where prices were raised by approximately 6 per cent. The price increase together with the effect of efficiency enhancements and outsourcing agreements implemented by BoConcept in the spring of 2007 are expected to improve the gross profit in the second half of 2007/2008.

The operating margin (EBIT) has been improved from 6.2 per cent last year to 8.3 per cent this year, which coincides with expectations of realising an operating margin of approximately 8 per cent in the financial year.

Financial items were affected by the steep drop in the US dollar rate in the second quarter of the year. Foreign exchange losses thus amounted to DKK 3.6 million in the year to date. This is primarily due to the impairment of forward exchange contracts at the current rate of exchange. Conversely, there were foreign exchange gains of DKK 2.4 million in the first half of 2006/2007.

The profit before tax for the second quarter of 2007/2008 is DKK 24.6 million compared to DKK 17.7 million last year.

The result before tax has risen by just over DKK 14.1 million compared to last year and thus amounts to DKK 42.1 million this year. The increase is primarily a consequence of satisfactory marginal earnings on revenue growth.

### **Balance sheet and cash flow**

At the end of the first half-year of 2007/2008 the BoConcept balance sheet total was DKK 564.0 million, which is an increase of DKK 17.1 million compared to the beginning of the financial year. This development covers an increase in inventory levels initiated to meet the increasing rate of activity in terms of service and delivery. During the first half of the financial year the company invested DKK 17.7 million in non-current assets and expansions, which coincides with the forecast expressed in the annual report 2006/2007.

Compared to the equivalent period of last year the balance sheet total has been reduced by DKK 15.9 million, which is due, among other things, to the closure of the upholstery factory in Hornslet and the sale of one Brand Store in Glasgow and two in Berlin in the first quarter of 2007/2008.

The year-to-date shows a positive cash flow of DKK 15.7 million before instalments on long-term liabilities other than provisions against a negative cash flow of DKK 30.3 million in the same period last year.

At the end of the reporting period the equity amounted to DKK 171.5 million, representing an equity ratio of 30,4 per cent.

### **Number of newly opened BoConcept Brand Stores support plans for growth**

A total of 18 BoConcept Brand Stores have opened year-to-date, primarily in the company's principal markets in Germany, Spain, USA, Japan and Denmark. One Brand Store has been closed in the first half-year, resulting in a year-to-date net addition of 17 Brand Stores, which brings the total number of BoConcept Brand Stores to 210 as per 31 October 2007.

At the end of October there were 25 BoConcept Brand Stores in the project department of which 10-13 will be opening during the third quarter of the 2007/2008 financial year. The company's targeted net addition of total 30-40 Brand Stores in the 2007/2008 financial year is maintained.

At 31 October 2007 the number of BoConcept Studios amounted to 133 outlets – a net reduction of 15 compared to the beginning of the year. The net reduction is the result of closing down 21 outlets, primarily in Austria where the co-operation with a major furniture chain ceased at the beginning of the financial year. At present BoConcept is negotiating with potential franchisees in Austria and expects studio revenue to be converted to Brand Store revenue in the course of the next year.

### **Post-balance-sheet events**

As announced in stock exchange announcement no. 12/2007, a share issue of class B-shares conferring pre-emptive rights on employees in BoConcept A/S has been completed. 23,745 class B-shares of DKK 10.00 were subscribed to at the price of 200. Of the authorised officers 83.1% subscribed for employee shares, and the management finds this very satisfactory. The difference between the subscription price and current rate is total DKK 8.4 million which according to IAS2 have to be entered between income statement and equity statement. The subscription has a positive effect of the cash flow of DKK 4.7 million.

Apart from the events mentioned above, the supervisory board is aware of no events after 31 October 2007 which would materially influence the financial position of the group.

## Forecast

In the 2006/2007 annual report (cf. Announcement no. 07/2007) BoConcept expected a full-year pre-tax profit for 2007/2008 of DKK 85-95 million and a revenue growth of 15-20 per cent compared to last year. The result realised in the first half of 2007/2008 does not give rise to a review of this forecast.

The full-year forecast excludes the effect of employee shares.

The increase in revenue is based on organic growth due to the full-year effect of store openings in 2006/2007 and expectations of a net addition of 30 to 40 new BoConcept Brand Stores in 2007/2008. Also, a general increase in same-store sales is expected as a result of activities launched to underpin and optimise the operation of BoConcept Brand Stores although it should be noted that growth in the second half of the year is expected to be down on growth in the first half of the year due to the general economic climate. As in previous years, the sale to product customers is expected to decline dramatically.

The full-year effect of the changes implemented in the upholstery production and the closing down of the factory in Hornslet, which were effected during the past financial year, have resulted in savings on production costs. In like manner the projects launched to optimise the work routines relating to sales order flow and efficiency enhancements in the board furniture production will improve productivity. Overall, an 8 per cent improvement in the operating margin is expected.

In the year ahead there are plans to make investments in non-current assets amounting to DKK 40-45 million, and this is considerably more than last year.

The overall target for the coming year is a positive cash flow of at least DKK 35 million before installments on long-term liabilities other than provisions.

## Finance calendar 2007/08

4 March 2008: Third quarter announcement 2007/08.

## Overview of stock exchange announcements issued between 1 May 2007 and 31 October 2007

01.06.07	Allocation of shares
28.06.07	Preliminary announcement of financial statements
05.07.07	Insider trades
28.08.07	Change in financial calendar
28.08.07	Quarterly Review, first quarter
28.08.07	Business conducted at annual general meeting
07.11.07	Subscription of class B shares conferring a pre-emptive right on employees

Best regards  
BoConcept Holding A/S

Svend Sigaard  
Chairman of the Supervisory Board

Viggo Mølholm  
President & CEO

Encl: Income statement  
Balance sheet  
Cash flow

# BoConcept Holding A/S

Encl.

## Consolidated income statement 1 May - 31 October 2007

	Second quarter		Year to date	
	2007/08 DKK'000	2006/07 DKK'000	2007/08 DKK'000	2006/07 DKK'000
<b>Revenue</b>	319.147	273.459	593.711	495.751
Production costs	-197.099	-165.921	-358.148	-294.779
<b>Gross profit</b>	122.048	107.538	235.563	200.972
Sales and distribution costs	-75.863	-74.741	-150.221	-139.506
Administrative expenses	-16.475	-14.136	-36.786	-29.029
Other operating income	952	78	952	78
Other operating expenses	0	0	0	-2.000
<b>Profit/loss from operating activities</b>	30.662	18.739	49.508	30.515
Financial income	446	1.894	1.112	3.352
Financial expenses	-6.472	-2.958	-8.567	-5.837
<b>Profit/loss before tax</b>	24.636	17.675	42.053	28.030
Tax on profit for the period	-7.148	-4.948	-12.415	-7.847
<b>Profit for the period</b>	17.488	12.727	29.638	20.183

# BoConcept Holding A/S

Encl.

Balance sheet as per 31 October 2007

	2007 DKK'000	2006 DKK'000
<b>ASSETS</b>		
Goodwill	13.267	16.532
Master rights	7.983	7.983
Software	1.899	214
<b>Total intangible assets</b>	<b>23.149</b>	<b>24.729</b>
Land and buildings	85.484	104.492
Leasehold improvements	14.738	16.043
Plant and machinery	44.894	53.815
Fixture and fittings, other plant and equipment	8.815	12.329
Property, plant and equipment in progress	16.626	9.018
<b>Total property, plant and equipment</b>	<b>170.557</b>	<b>195.697</b>
Deferred tax	22.350	21.407
Securities	992	728
Deposits	9.945	11.732
Other loans	1.974	498
<b>Total other non-current assets</b>	<b>35.261</b>	<b>34.365</b>
<b>Total non-current assets</b>	<b>228.967</b>	<b>254.791</b>
Inventories	152.360	149.335
Receivables	167.802	146.076
Other receivables	6.671	18.382
Cash	8.155	11.315
<b>Total current assets</b>	<b>334.988</b>	<b>325.108</b>
<b>TOTAL ASSETS</b>	<b>563.955</b>	<b>579.899</b>

# BoConcept Holding A/S

Encl.

Balance sheet as per 31 October 2007

	2007 DKK'000	2006 DKK'000
<b>LIABILITIES</b>		
Share capital	26.000	26.000
Reserve for hedging transactions	1.083	1.808
Translation reserve	-5.767	-840
Retained earnings	150.182	99.720
Dividend proposed	0	0
Equity attributable to shareholders of BoConcept Holding A/S	171.498	126.688
Minority interests	0	406
<b>Total equity</b>	<b>171.498</b>	<b>127.094</b>
Deferred tax	30.383	27.250
Mortgage credit institutions and banks	90.334	116.308
<b>Total non-current liabilities</b>	<b>120.717</b>	<b>143.558</b>
Mortgage credit institutions and banks	91.292	138.641
Trade payables	63.149	40.234
Prepayment from customers	21.226	24.896
Other payables	96.073	105.476
<b>Total current liabilities</b>	<b>271.740</b>	<b>309.247</b>
<b>Total liabilities</b>	<b>392.457</b>	<b>452.805</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>563.955</b>	<b>579.899</b>



# BoConcept Holding A/S

Encl.

## Consolidated cash flow statement 2nd quarter 2007/2008

	<b>Second quarter 2007/08 DKK'000</b>
Revenue and other operating income	594.663
Operating expenses <sup>1</sup>	-545.155
Depreciation and amortisation	14.026
Change in net working capital	-24.232
<b>Cash flow from operating activities before financial income</b>	<b>39.302</b>
Interest income etc.	1.112
Interest paid	-8.502
<b>Cash flow from ordinary operating activities</b>	<b>31.912</b>
Income taxes paid	-640
<b>Cash flow from operating activities</b>	<b>31.272</b>
Acquisition of intangible fixed assets	-1.335
Sale of intangible fixed assets	0
Acquisition of property, plant and equipment	-16.409
Sale of property, plant and equipment	265
Acquisition of investments	0
Sale of investments	161
Other loans	1.140
Acquisition of companies	0
Disposal of companies	655
<b>Cash flow from investing activities</b>	<b>-15.523</b>
<b>Cash flow before repayment of bank debt</b>	<b>15.749</b>
Instalments on long-term debt	-7.829
Dividend paid	-5.005
Utilisation share options	1.292
<b>Cash flow from financing activities</b>	<b>-11.542</b>
<b>Net cash inflow/outflow</b>	<b>4.207</b>
Cash and cash equivalents less short-term bank debt	-72.774
Revaluation of cash and cash equivalents	-65
<b>Cash and cash equivalents</b>	<b>-68.632</b>
<b>The amount can be broken down as follows:</b>	
Cash without restrictions	8.155
Short-term debt to credit institutions	-76.787
	<u>-68.632</u>