



NASDAQ OMX Copenhagen A/S  
PO Box 1040  
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Roskilde, 18 May 2016

# **RIAS A/S**

**HALF-YEAR REPORT FOR THE PERIOD**

**1 October 2015 – 31 March 2016**

**CVR 44 06 51 18**

**Company Announcement No 7 of 18 May 2016**



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## Management's Review

### Company Announcement 18 May 2016

The Board of Directors has today adopted the Half-year Report for the period 1 October 2015 – 31 March 2016.

#### The half-year in outline:

##### Operations:

- Revenue increased by 0.8% to DKK 120,505k. The overall, positive development is the result of a very differentiated trend; revenue of the Industry Division increased whereas revenue of the Building & Construction Division declined.
- The sound development of the Industry Division reflects the fact that the domestic demand is finally beginning to pick up, and that the demand for products for the advertising industry is increasing. The processing department also saw healthy growth despite keen competition in the market. The declining revenue of the Building & Construction Division is mainly due to the weak sales of roof-related building products and is the result of generally insufficient growth in building markets. Particularly in the second quarter of the period, declining consumer confidence affected the demand negatively.
- Capacity costs are lower than in the same period last year. The main reason is the targeted efforts to trim the organisation, which will also in future provide opportunities for further investments in strategic development areas without having to increase the current cost base.
- In second half year, the Company expects to see continued revenue growth due to, among other things, the strategic processing development activities and due to increased exports. Second half has moreover historically always shown better results than first half year.
- Based on the above, the Board of Directors maintains its expectations for a profit before tax in the range of DKK 7-9 million for the financial year 2015/16 compared to a profit of DKK 5.6 million last year.

Henning Hess, CEO, comments as follows on the Interim Financial Statements:

"Overall, first half has been characterised by stability where weak sales to DIY markets and the decline in consumer demand have been counterbalanced by the demand for industry products having picked up again. We have moreover seen a positive development in exports."

"During the past six months, we have trimmed our organisational structure and have in that connection reduced the number of staff from 94 to 91. The trimming provides a sound basis for the continued build-up of strategic development areas, exports and the processing department. In the last-mentioned area, 3D printing opens up for completely new opportunities."

### Financing

During the first half-year, the Company has had positive cash flows from operating activities of DKK 8,732k. This is primarily due to changes in the working capital.

### Investments

Total net investments for the period in intangible assets, property, plant and equipment and fixed asset investments amounted to DKK 554k in the first half-year 2015/16 compared to an investment of DKK 665k in the first half-year 2014/15. In the first half-year 2015/16, investments consisted of LED lightning.

### Expectations for the second half-year 2015/16

Based on the satisfactory first six months and despite a continuing relatively varied market, we expect that the initiatives made in the last 12 months to increase exports and growth in the processing area will contribute positively to the bottom line combined with the traditionally higher activity level in second half and improved economy.

Based on this, the Board of Directors maintains its expectations for a profit before tax in the range of DKK 7-9 million.

Roskilde, 18 May 2016

  
 Henning Hess  
 CEO

## Financial Highlights

Income statement (DKK million)	1/10-2015- 31/3-2016	1/10-2014- 31/3-2015	1/10-2014- 30/9-2015
Revenue	120.5	119.5	265.8
Cost of sales	83.2	82.1	184.9
Gross profit	37.3	37.4	80.8
Capacity costs	34.9	36.6	70.7
Depreciation and amortisation	2.0	2.2	4.2
Profit/loss before financial income and expenses	0.4	-1.4	5.9
Financial income	0.1	0.1	0.1
Financial expenses	0.2	0.2	0.4
Profit/loss before tax	0.3	-1.5	5.6
Tax on profit/loss for the period	0.0	-0.5	-1.3
<b>Net profit/loss for the period</b>	<b>0.3</b>	<b>-1.0</b>	<b>4.3</b>
<b>Balance sheet, end of period (DKK million)</b>			
Non-current assets	98.0	101.1	99.5
Current assets	93.8	93.1	101.4
<b>Assets</b>	<b>191.8</b>	<b>194.2</b>	<b>200.9</b>
Equity	156.5	155.1	160.4
Non-current liabilities	9.7	9.4	9.7
Current liabilities	25.6	29.7	30.9
<b>Liabilities and equity</b>	<b>191.8</b>	<b>194.2</b>	<b>200.9</b>
<b>Cash flows (DKK million)</b>			
Cash flows from operating activities	8.7	-2.4	3.8
Cash flows from investing activities	-0.6	-0.6	-0.8
Cash flows from financing activities	-4.1	-4.6	-4.6
<b>Total cash flows</b>	<b>4.0</b>	<b>-7.6</b>	<b>-1.7</b>
<b>Average number of full-time employees</b>	<b>91</b>	<b>94</b>	<b>95</b>

<b>Financial ratios:</b>			
<b>Accounting ratios:</b>			
Gross margin	31%	31%	30%
Profit margin	0%	-1%	2%
Solvency ratio, end of period	80%	80%	80%
<b>Share ratios:</b>			
Earnings per DKK 100 share	1.3	-4	20
Earnings per DKK 100 share, diluted	1.3	-4	20
Book value per DKK 100 share, end of period	673	673	697
Market price per DKK 100 share, end of period	400	555	460

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33 "Earnings per share". Other financial ratios have been calculated in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

### Definitions of financial ratios:

**Gross margin** is calculated as gross profit in % of revenue.

**Profit margin** is calculated as profit/loss before financials and tax in % of revenue.

**Book value per DKK 100 share** is calculated as equity end of period divided by 1/100 of the share capital.

**Earnings per DKK 100 share** are calculated as profit/loss for the period divided by 1/100 of the share capital after deduction of the Company's holding of own shares end of period.

**Diluted earnings per DKK 100 share** are calculated as profit/loss for the period divided by 1/100 of the share capital after deduction of the Company's holding of own shares end of period – diluted.

**Solvency ratio** is calculated as equity end of period in % of balance sheet total end of period.

## Development in the Company's activities

Revenue for the period increased by DKK 1,039k from DKK 119,466k in 2014/15 to DKK 120,505k in 2015/16.

Revenue for the period of the Industry Division increased by DKK 5,586k from DKK 83,675k in 2014/15 to DKK 89,261k in 2015/16. This increase is primarily driven by the domestic demand for the product groups used in the advertising industry.

Revenue for the period of the Building & Construction Division declined by DKK 4,547k from DKK 35,791k in 2014/15 to DKK 31,244k in 2015/16. The decline in the six-month period is primarily due to roofing product sales having been weak, and the DIY market not having seen any growth in these product groups yet.

Gross profit for the period is stable compared to first half-year 2014/15 amounting to DKK 37,391k in 2014/15 and in 2015/16 amounting to DKK 37,317k. The gross margin ratio decreased to 30.9% in 2015/16 compared to 31.3% in the first half-year 2014/15.

Capacity costs for the period decreased by DKK 1,806k from DKK 36,681k in 2014/15 to DKK 34,875k in 2015/16.

Depreciation and amortisation decreased by DKK 184k from DKK 2,151k in the first half-year 2014/15 to DKK 1,967k in the first half-year 2015/16.

Net financial expenses for the period, DKK 82k in 2014/15, increased by DKK 68k, amounting to DKK 150k in 2015/16.

Profit/loss before tax shows a gain of DKK 292k in the first half-year 2015/16 compared to a loss of DKK -1,523k in the first half-year 2014/15.

Net profit/loss after tax shows a gain of DKK 248k in the first half-year 2015/16 compared to a loss of DKK -1,011k in the first half-year 2014/15.

## Balance sheet and capital resources

Compared to 31 March 2015, the balance sheet total at 31 March 2016 decreased by DKK 2,368k to DKK 191,861k.

Intangible assets decreased from DKK 59,591k at 31 March 2015 to DKK 58,454k at 31 March 2016. The reduction in intangible assets is due to amortisation in the period. The most material intangible asset is goodwill of DKK 53,085k, which is attributable to the acquisition of the activities of Rodena A/S and Nordisk Plast A/S. An impairment test of the goodwill values was performed at 30 September 2015. No impairment test was performed in connection with the Half-year Report.

Property, plant and equipment decreased by DKK 1,946k to DKK 39,610k from DKK 41,556k.

Current assets increased by DKK 715k to DKK 93,797k from DKK 93,082k.

Inventories decreased from DKK 34,892k at 31 March 2015 to DKK 32,829k at 31 March 2016.

Receivables decreased from DKK 40,105k to DKK 34,996k.

Total liabilities decreased from DKK 39,113k to DKK 35,328k. Current liabilities decreased from DKK 29,657k to DKK 25,627k.

## Cash flows

### Operating activities:

Cash flows from operating activities increased from DKK -2,413 in the first half-year 2014/15 to DKK 8,732k in the first half-year 2015/16, which is primarily attributable to changes in the working capital.

### Investing activities:

Cash flows from investing activities decreased from DKK 570k in the first half-year 2014/15 to DKK 554k in the first half-year 2015/16. During the period, new investments were made in LED lightning.

Cash at bank and in hand increased by DKK 9,922k to DKK 21,924k at 31 March 2016 from DKK 12,002k at 31 March 2015. The capital resources are considered satisfactory.

## Special risks

### Operating risks

Unforeseen price fluctuations and discontinuation of trade with large customers may affect the Company adversely with regard to expected earnings for the year, but such risks are normal in a trading enterprise.

### Financial risks

The Company does not speculate in financial risks, and thus the management of the Company solely focuses on managing financial risks that are a direct consequence of the Company's operations and financing.

The Company has no derivative financial instruments.

### Interest rate risks

The Company does not enter into interest rate agreements to hedge against interest rate exposure as moderate changes in the level of interest will not have any material effect on earnings.

### Credit risks

The Company's credit risks relate to trade receivables.

It is the Company's policy to take out credit insurance in respect of trade receivables to the extent possible. Trade receivables are assessed on a current basis, and provisions are made when necessary.

### Foreign exchange risks

The Company is only to a limited extent exposed to exchange rate developments. Almost all trading takes place in DKK or EUR. As the foreign exchange risk relating to DKK/EUR is considered very small, the Company does not hedge its net debt in foreign currency.

### **Liquidity risks**

The Company only has debts falling due within one year, see the balance sheet. Payment of the amount, DKK 25.6 million, can be fully covered by payments from receivables.

### **Knowledge resources**

The Company has specific knowledge and competence within the area of trade in plastic semi-manufactures.

The Company attaches importance to attracting, retaining and contributing to the development of well-educated and motivated employees who can participate in safeguarding one of our core values, namely that of providing our customers with the best service.

During the first half-year 2015/16, the Company's number of full-time employees averaged 91, a decrease of 3 compared to the first half-year 2013/14.

### **Environment**

The Company continuously strives to limit environmental impact. However, the environmental impact is in itself insignificant as the activities of the Company mainly comprise the distribution and sale of plastic semi-manufactured, but not manufacturing.

The Company is not involved in any environmental lawsuits.

### **Research and development activities**

The Company has no specific research activities, but is continuously developing its business and competence.

### **Shareholder information**

Share capital:

The Company's share capital, DKK 23,063k, is distributed on DKK 3,125k A shares and DKK 19,938k B shares.

A shares, which are non-negotiable instruments, carry 10 votes per DKK 100 share, see article 11 of the Articles of Association. B shares, which are negotiable instruments, carry 1 vote per DKK 100 share, see article 11 of the Articles of Association.

The B-shares are listed on NASDAQ OMX Copenhagen A/S.

The Board of Directors and the Executive Board do not hold any shares in RIAS A/S.

Any amendment of the Company's Articles of Association requires 2/3 of the share capital to be represented at the General Meeting, and the proposed amendment must be adopted by 2/3 both of the votes cast and of the share capital represented at the General Meeting.

### **Contact, Investor Relations:**

For more information concerning investor relations and the share market, please contact:

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## Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Half-year Report of RIAS A/S for the period 1 October 2015 – 31 March 2016.

The Half-year Report, which has not been audited or reviewed by the Company's auditor, is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU as well as Danish disclosure requirements for listed companies.

In our opinion, the Half-year Report gives a true and fair view of the financial position at 31 March 2016 of the Company and of the results of the Company's operations and cash flows for the period 1 October 2015 – 31 March 2016.

Moreover, in our opinion, Management's Review gives a true and fair view of the development in the Company's activities and finances, the results for the period and the Company's financial position as a whole as well as a description of the most significant risks and elements of uncertainty to which the Company is exposed.

Roskilde, 18 May 2016  
 Executive Board:



Henning Hess  
 CEO

Board of Directors:



Jürgen Westphal  
 Chairman



Steen Raagaard Andersen  
 Vice-chairman



Peter Swinkels



Dieter Wetzel



June Svendsen



Søren Koustrup

## Statement of Comprehensive Income

Amounts in DKK '000	Note	1/10 2015- 31/3 2016	1/10 2014- 31/3 2015	1/10 2014- 30/9 2015
Revenue	3	120.505	119.466	265.806
Cost of sales		83.188	82.075	184.999
Gross profit		37.317	37.391	80.807
Distribution expenses		28.196	29.472	56.769
Administrative expenses		8.679	9.360	18.155
Profit/loss before financial income and expenses		442	-1.441	5.883
Financial income		86	98	160
Financial expenses		236	180	413
Profit/loss before tax		292	-1.523	5.630
Tax on profit/loss for the period		-44	512	-1.321
<b>Net profit/loss for the period</b>		<b>248</b>	<b>-1.011</b>	<b>4.309</b>
Other comprehensive income		0	0	0
<b>Comprehensive income for the period</b>		<b>248</b>	<b>-1.011</b>	<b>4.309</b>

### Earnings per share:

Earnings per share	1	-4	18
Earnings per share, diluted	1	-4	18

## Balance Sheet

Amounts in DKK '000	Note	31/3 2016	31/3 2015	30/9 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	4	58.454	59.591	59.010
Property, plant and equipment	5	39.610	41.556	40.467
<b>Total non-current assets</b>		<b>98.064</b>	<b>101.147</b>	<b>99.477</b>
<b>Current assets</b>				
Inventories	6	32.829	34.892	30.629
Receivables	7	34.996	40.105	49.789
Prepaid Tax		0	1.500	0
Prepayments		4.048	4.583	3.147
Cash at bank and in hand		21.924	12.002	17.897
<b>Total current assets</b>		<b>93.797</b>	<b>93.082</b>	<b>101.462</b>
<b>Total assets</b>		<b>191.861</b>	<b>194.229</b>	<b>200.939</b>
<b>Liabilities and equity</b>				
<b>Equity</b>		<b>156.533</b>	<b>155.116</b>	<b>160.436</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax		9.701	9.456	9.657
<b>Total non-current liabilities</b>		<b>9.701</b>	<b>9.456</b>	<b>9.657</b>
<b>Current liabilities</b>				
Trade payables and other payables	8	25.627	29.627	30.725
Corporation tax		0	0	121
Dividends payable		0	0	0
<b>Total current liabilities</b>		<b>25.627</b>	<b>29.627</b>	<b>30.725</b>
<b>Total liabilities</b>		<b>35.328</b>	<b>39.113</b>	<b>40.503</b>
<b>Total liabilities and equity</b>		<b>191.861</b>	<b>194.229</b>	<b>200.939</b>

Other notes, see pages 14 - 17

## Statement of Changes in Equity

### 1 October 2015 – 31 March 2016

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend	Total
Equity at 1 October 2015	23.063	1.898	131.324	4.151	160.436
Comprehensive income for the period	0	0	248	0	248
Dividend paid	0	0	0	-4,151	-4,151
<b>Equity at 31 March 2016</b>	<b>23.063</b>	<b>1.898</b>	<b>131.572</b>	<b>0</b>	<b>156.533</b>

### 1 October 2014 – 31 March 2015

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend	Total
Equity at 1 October 2014	23.063	1.898	131.166	4.613	160.740
Comprehensive income for the Period	0	0	-1.011	0	-1.011
Dividend paid	0	0	0	-4.613	-4.613
<b>Equity at 31 March 2015</b>	<b>23.063</b>	<b>1.898</b>	<b>130.155</b>	<b>0</b>	<b>155.116</b>

## Cash Flow Statement

Amounts in DKK '000	1/10 2015 - 31/3 2016	1/10 2014 - 31/3 2015
Net profit/loss for the period	248	-1.011
<b>Adjustment for non-cash operating items etc:</b>		
Tax on profit/loss for the period	44	-512
Depreciation and amortisation	1.967	2.151
Profit or loss on sale of property, plant and equipment and financial assets	0	-95
Financial income	-86	-179
Financial expenses	236	98
<b>Cash flows from operating activities before changes in working capital</b>	<b>2.409</b>	<b>452</b>
<b>Adjustment for changes in working capital:</b>		
Changes in inventories	-2.200	-2.416
Changes in receivables (and prepayments)	13.892	-6.188
Changes in trade payables and other payables	-5.098	-2.554
<b>Cash flows before financial income and expenses and tax</b>	<b>9.003</b>	<b>1.670</b>
Financial income, paid	86	179
Financial expenses, paid	-236	-98
Corporation tax paid	-121	-1,064
<b>Cash flows from operating activities</b>	<b>8.732</b>	<b>-8,649</b>
Purchase of intangible assets	0	-665
Purchase of property, plant and equipment	-554	0
Sale of property, plant and equipment	0	95
<b>Cash flows from investing activities</b>	<b>-554</b>	<b>-570</b>
Dividend paid	-4.151	-4,613
<b>Cash flows from financing activities</b>	<b>-4.151</b>	<b>-4,613</b>
<b>Cash flows for the period</b>	<b>4.027</b>	<b>-7.596</b>
Cash and cash equivalents at 1 October	17.897	19.598
<b>Cash and cash equivalents at 31 March</b>	<b>21.924</b>	<b>12.002</b>

## Notes

### Note 1. Accounting policies

The Half-year Report is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU as well as Danish disclosure requirements for listed companies.

The accounting policies applied are the same as those applied for the Financial Statements 2014/15.

The Financial Statements 2014/15 include a full description of the accounting policies, to which reference is made.

### Change of accounting policies

There are no new accounting standards and interpretations relevant for RIAS A/S and therefore none of these have affected the recognition or measurement in the Half-year Report 2015/16, nor are they at present expected to affect the financial reporting of the Company significantly in the future.

### Note 2. Estimates

The preparation of the Half-year Report requires Management to make accounting estimates that affect the application of the accounting policies as well as the recognition of assets, liabilities, income and expenses. Actual results may differ from such estimates.

When preparing the Half-year Report, the most material estimates made by Management in connection with the application of the accounting policies and the most material uncertainty in this respect are the same as in connection with the preparation of the Financial Statements for 2014/15, to which reference is made.

### Note 3. Revenue

	<b>1<sup>st</sup> half-year 2015/16</b>	<b>1<sup>st</sup> half-year 2014/15</b>
Sales, Industry	89.261	83.675
Sales, Construction	31.244	35.791
	<b>120.505</b>	<b>119.466</b>

Sales outside Denmark amount to 7% of the Company's revenue. All non-current assets are placed in Denmark.

Sales are distributed on a large number of different products and customers. No single customer accounts for more than 10% of total sales.

#### Note 4 – Intangible assets

	Goodwill	Customer relations	IT software	Total
Cost at 1 October 2015	53.085	1.000	23.624	77.709
Additions for the period	0	0	0	0
Cost at 31 March 2016	53.085	1.000	23.624	77.739
Amortisation at 1 October 2015	0	-475	-18.223	-18.698
Amortisation for the period	0	-31	-526	-557
Amortisation at 31 March 2016	0	-506	-18.749	-19.255
<b>Carrying amount at 31 March 2016</b>	<b>53.085</b>	<b>494</b>	<b>4.875</b>	<b>58.454</b>
Cost at 1 October 2014	53.085	1.000	22.989	77.074
Additions for the period	0	0	665	665
Cost at 31 March 2015	53.085	1.000	23.654	77.739
Amortisation at 1 October 2014	0	-412	-17.250	-17.662
Amortisation for the period	0	-31	-455	-487
Amortisation at 31 March 2015	0	-443	-17.705	-18.148
<b>Carrying amount at 31 March 2015</b>	<b>53.085</b>	<b>557</b>	<b>5.949</b>	<b>59.591</b>

## Note 5 – Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fit- tings, tools and equipment	Total
Cost at 1 October 2015	61.906	13.745	21.240	96.891
Additions for the period	0	52	502	554
Disposals for the period	0	0	0	0
<b>Cost at 31 March 2016</b>	<b>61.906</b>	<b>13.797</b>	<b>21.742</b>	<b>97.445</b>
Depreciation at 1 October 2015	-27.626	-10.091	-18.708	-56.425
Depreciation for the period	-374	-474	-562	-1.410
Reversed depreciation on disposals for the period	0	0	0	0
<b>Depreciation at 31 March 2016</b>	<b>-28.000</b>	<b>-10.565</b>	<b>-19.270</b>	<b>-57.835</b>
<b>Carrying amount at 31 March 2016</b>	<b>33.906</b>	<b>3.232</b>	<b>2.472</b>	<b>39.610</b>

Cost at 1 October 2014	61.906	13.720	22.197	97.823
Additions for the period	0	0	0	0
Disposals for the period	0	0	-374	-374
<b>Cost at 31 March 2015</b>	<b>61.906</b>	<b>13.720</b>	<b>21.823</b>	<b>97.449</b>
Depreciation at 1 October 2014	-26.876	-9.344	-18.381	-54.601
Depreciation for the period	-374	-516	-402	-1.292
Reversed depreciation on disposals for the period	0	0	0	0
<b>Depreciation at 31 March 2015</b>	<b>-27.250</b>	<b>-9.860</b>	<b>-18.783</b>	<b>-55.893</b>
<b>Carrying amount at 31 March 201</b>	<b>34.656</b>	<b>3.860</b>	<b>3.040</b>	<b>41.556</b>

## Note 6. Inventories

	<u>31/3 2016</u>	<u>31/3 2015</u>
Inventories are specified as follows:		
Goods for resale	35.926	37.989
Write-down at 1 October	-3.097	-3.054
Write-downs for the period	0	-43
Write-down at 31 March	-3.097	-3.097
	<b>32.829</b>	<b>34.892</b>



### Note 7. Receivables

	<u>31/3 2016</u>	<u>31/3 2015</u>
Trade receivables	34.908	40.004
Receivables from group enterprises	22	0
Other receivables	<u>66</u>	<u>101</u>
	<b><u>34.996</u></b>	<b><u>40.105</u></b>
Write-down for bad debts is specified as follows:		
Write-down at 1 October	-248	-607
Write-downs for the period	<u>-48</u>	<u>-129</u>
Write-down at 31 March	<u>-296</u>	<u>-736</u>

### Note 8. Trade payables and other payables

	<u>31/3 2016</u>	<u>31/3 2015</u>
Trade payables	9.162	14.162
Payables to group enterprises	235	608
Accrued VAT	4.215	4.749
Holiday pay accrual	5.056	5.119
Other payables	<u>6.959</u>	<u>5.019</u>
	<b><u>25.627</u></b>	<b><u>29.657</u></b>

### Note 9. Contingencies and other financial commitments

Since the issue of the Financial Statements 2014/15, there have been no significant changes that have not been disclosed in this Half-year Report.

### Note 10. Related parties and related party transactions

There have been no significant changes with regard to related parties or the type and scope of related party transactions compared to that disclosed in the Financial Statements 2014/15.

### Note 11. Subsequent events

After the Half-year Report balance sheet date, no significant events have occurred that have not been incorporated and sufficiently disclosed in this Half-year Report.