ANNUAL REPORT
2006/2007

BoConcept Holding A/S

FINANCIAL HIGHLIGHTS & KEY FIGURES

	2006/07	2005/06	2004/05	2003/04	2002/03
Income statement in DKK million					
Revenue	1,046.6	892.0	795.6	741.7	682.4
Gross profit	425.0	369.2	315.5	290.7	233.6
Profit/loss from operating activities	69.4	36.7	12.4	(16.7)	(34.3)
Financing, net	(7.7)	(10.0)	(11.6)	(13.9)	(14.2)
Profit/loss before tax and minority interests	61.7	26.7	0.8	(29.1)	(53.8)
Profit/loss after tax	42.3	11.8	0.1	(29.4)	(43.8)
Balance sheet details in DKK million					
Non-current assets	230.1	244.7	252.4	258.8	266.9
Current assets	316.7	254.6	276.2	270.7	294.4
Balance sheet total	546.9	499.3	528.5	529.5	561.3
Equity	148.5	108.5	98.2	97.2	132.8
Interest bearing debt	194.0	217.2	317.2	328.1	345.2
Cash flow in DKK million					
Cash flow from operating activities	46.0	100.1	43.3	48.2	(29.2)
Cash flow from investing activities	(20.3)	(9.7)	(29.6)	(15.8)	(46.6)
Cash of which invested in property, plant and equipment	(27.5)	(14.4)	(14.8)	(14.6)	(46.3)
Cash flow before instalment on long-term liabilities other than provisions	25.7	90.4	13.8	32.4	(75.8)

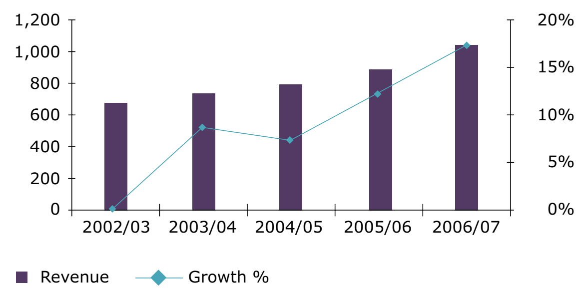
	2006/07	2005/06	2004/05	2003/04	2002/03
Financial ratios					
Operating margin	6.6	4.1	1.6	(2.3)	(5.0)
Return on capital employed	13.3	7.1	2.3	(3.1)	(12.2)
Earnings per share of DKK 10	16	5	0	(12)	(18)
Return on equity	33	11	0	(26)	(66)
Equity ratio, %	27	22	19	18	24
Book value per share of DKK 10	57	42	38	37	51
Average number of employees, full-time	751	720	779	762	747

	2006/07	2005/06	2004/05	2003/04	2002/03
Stock market ratios					
Dividend, DKK million	5.2	0.0	0.0	0.0	0.0
Market price at year-end	494	295	36	31	38
Share capital, DKK million	26.0	26.0	26.0	26.0	26.0
Price/book value	8.6	7.1	1.0	0.8	0.7
Price/earnings ratio, year-end	30.3	64.9	-	-	-

The financial ratios have been calculated in accordance with the 'Recommendations & Financial Ratios 2005' issued by the Danish Society of Financial Analysts. Financial highlights and ratios for 2002/2003 and 2003/2004 have not been restated in accordance with the change in accounting policies on the transition to IFRS in connection with the annual report for 2005/2006. Financial ratios on which the share split as at 28 August 2006 have an impact have been adjusted so as to be calculated on the basis of shares in denominations of DKK 10.

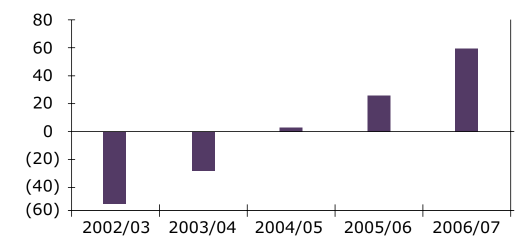
Revenue / Growth

DKK million



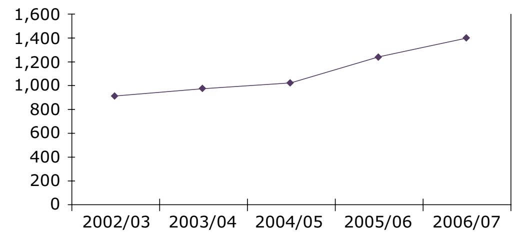
Profit/loss before tax

DKK million

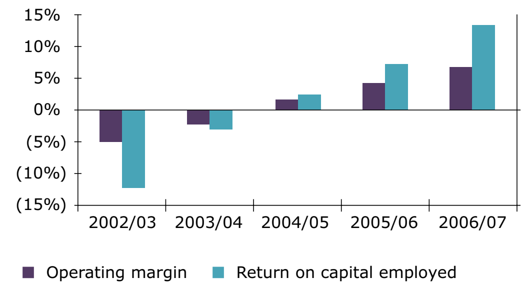


Revenue by employee

DKK'000

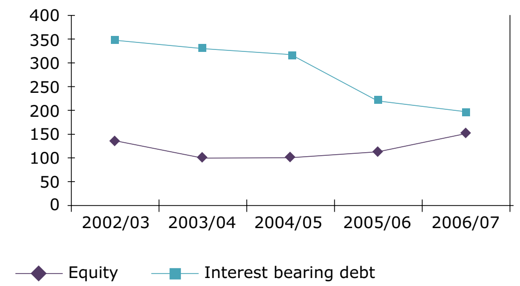


Operating margin / Return on capital employed



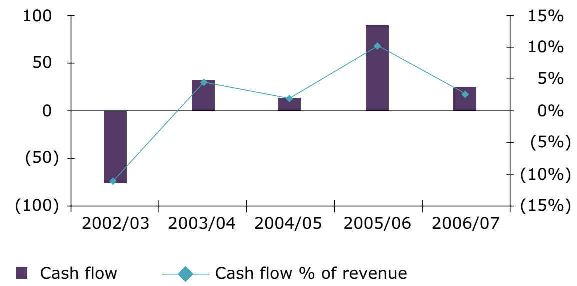
Equity / Interest bearing debt

DKK million



Cash flow before instalments on long-term liabilities other than provisions

DKK million



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This annual report is available in Danish and English.
In case of doubt, the Danish version shall apply.

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HIGHLIGHTS

FROM THE FINANCIAL STATEMENTS 2006/2007 FOR BOCONCEPT HOLDING A/S

- Revenue has grown by DKK 17.4 per cent on last year and now amounts to DKK 1,046.6 million
- Profit before tax was DKK 61.7 million compared to DKK 26.7 million in 2005/2006
- The operating margin has increased from 4.1 per cent last year to 6.6 per cent in 2006/2007
- Cash flow before instalments on long-term debt was DKK 25.7 million in 2006/2007
- 42 new BoConcept Brand Stores have been opened and 12 have been closed down during the financial year, resulting in a net addition of 30 BoConcept Brand Stores
- During the financial year the net addition of BoConcept Studios was four
- In accordance with the strategy adopted, the upholstery production has been outsourced and the factory in Hornslet has been closed down
- The long-term strategic and financial targets are updated and adjusted upwards
- The forecast for the financial year 2007/2008 is a pre-tax profit of between DKK 85 and 95 million and a positive cash flow of at least DKK 35 million before instalments on long-term debt. Revenue is expected to grow by 15-20 per cent on 2006/2007

2006/2007 – A SUCCESSFUL YEAR FOR BOCONCEPT

The financial year 2006/2007 turned out to be yet another milestone in the 55-year-old history of BoConcept. Whereas in the past we used to define ourselves as furniture manufacturers, today our exclusive focus is on being a retailer and concept holder, and we have therefore turned our full attention to the sale of our products through BoConcept Brand Stores and Studios in many of the big cities in the world.

For the first time ever BoConcept's revenue exceeded DKK 1 billion in 2006/2007. The revenue growth of more than 17 per cent on the year before was primarily driven by increased same-store-sale, supported by a record high addition of BoConcept Brand Stores the world over. This was exemplified, for instance, by the opening of stores number three and four on Manhattan, new Brand Stores in fashionable Monaco and in the Ginza district in Tokyo as well as by the opening of a Brand Store in Barcelona, the hottest design city in Europe. The net addition of 30 BoConcept Brand Stores, which covers more than 42 store openings and 12 closures, is not only evidence of our design and product being in high demand among trendsetters all over the world. It is also an indication that our model for co-operation with our franchisees is very attractive – to both parties.

In 2006/2007 we also succeeded in doubling our earnings and thereby increasing the operating margin to 6.6 per cent by our increased focus on making efficiency enhancements throughout the value chain. The satisfactory development in 2006/2007 is due to BoConcept employees working hard to put into practice our strategic focus on development, support and logistics as value adding factors. We have succeeded in this endeavour, albeit not without going through some turbulent times, such as when we made massive replacements to our product range and experienced delivery problems which in turn placed a strain on our customer service. We addressed and solved these problems, and this demonstrated to the outside world that our plans can only be realised when we keep a sharp and constant focus on effective supply chain management.

New name – new brand value concept

2006/2007 was also year one following the divestment of Dencon A/S, and the name change to BoConcept Holding A/S as the owner of the operating company, BoConcept A/S. In the light of these adjustments and the drastic process of change the company has undergone in the past years we decided that it was time to review and update our brand and basic values in 2006. This was the starting signal for a process which was to ensure that the group's soul and objectives are more adequately expressed throughout the value chain in everything we do.

The result of this work was first presented to all Danish employees and then to 800 enthusiastic franchisees at the BoConcept inspiration Camp in December 2006. A reformulated vision and mission and a set of updated core values together with our new 'brand soul' with BoConcept as the creator of 'Customised Urban Design' create the framework of our revitalised identity, which has since been implemented throughout the group and in the stores all over the world.

Updated objectives for BoConcept

It is too early days yet to say that we have attained the objectives for all the projects we have launched. However, by keeping our focus on growth and continuing our efforts to enhance efficiency, we are well on the way to attaining our objectives. For this reason we are now updating the strategic direction and financial targets for BoConcept.

For 2007/2008 we expect

- revenue growth of 15-20 per cent per year
- profit before tax of DKK 85-95 million
- a positive cash flow of at least DKK 35 million before instalments on long-term debt

The measures we have launched are to optimise our market-oriented strategy and ensure that quality, support and logistics are the best in their class. This is to assist us in further increasing our focus on the stores and concentrate on the consumer. In the financial year 2010/2011 our aim is to be in a position to deliver

- revenue in the region of DKK 2 billion
- sales channels consisting of 350 Brand Stores and 150 Studios
- an operating margin of at least 12 per cent
- a return on capital employed of at least 30 per cent
- a cash flow which accounts for at least 6 per cent of revenue

With these new targets we raise the bar high. This we do because we are ambitious, because we are growth-oriented and because we have proven that our strategy works – in short, because we wish to make BoConcept the 'no. 1 brand in urban interiors'.

Viggo Mølholm
President & CEO

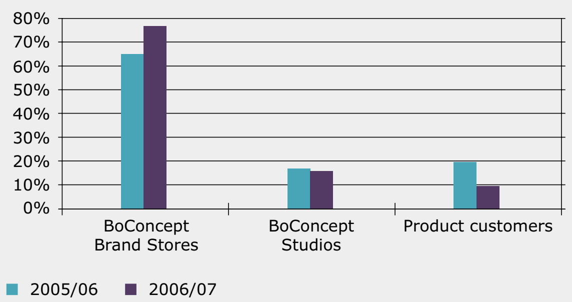
MANAGEMENT'S REVIEW

BoConcept Holding A/S, which now consists of the activities of BoConcept A/S only, produced revenue of DKK 1,046.6 million in the financial year 2006/2007, up DKK 154.6 million or 17.4 per cent on last year. Revenue growth is thus beyond expectation at the beginning of the year, but slightly below the upward adjustment to approximately 20 per cent made by BoConcept in connection with its third quarter announcement in March 2007, and this is primarily attributable to three factors. Firstly, the fact that the very steep increase in sales volume experienced in the fourth quarter of 2005/2006 was not fully repeated in the fourth quarter of 2006/2007, secondly the postponement of the opening of a few Brand Stores to the financial year 2007/2008, and thirdly, revenue growth on the US market below budget. In the other principal markets revenue growth has been satisfactory and in line with expectations.

As a consequence of the divestment of the office furniture manufacturer Dencon A/S as at 1 May 2006 the income statement for 2005/2006 has been changed to include the result of Dencon A/S in the item 'Profit for the year for discontinued activities'. All operating items are thus immediately comparable for the continuing company BoConcept.

The strategy of concentrating sales through BoConcept Brand Stores and Studios implied that the vastly differencing levels of revenue growth in the individual sales channels continued on into 2006/2007. Sales to the BoConcept Brand Stores have risen by more than 45 per cent compared to last year. Growth drivers are the 9 per cent increase in same-store-sale compared to 2005/2006 and the opening of new BoConcept Brand Stores. A net addition of 30 Brand Stores in 2006/2007 is the outcome of 42 new stores being opened and 12 existing stores being closed during the year. The net addition of Brand Stores coincides with the most recent forecast, which was published in March 2007.

Sales per channels of distribution



In 2006/2007 sales to BoConcept Studios have risen by 16 per cent on 2005/2006, and a total of 32 new Studios have been opened while 28 have been closed down. The limited net addition of four new Studios, which is just below the expected number of 5-10, should be seen in the light of a number of Studios having been converted into Brand Stores and the group's general focus on developing the franchise model.

As was expected, sales to product customers have declined by 42 per cent on last year. The graph below shows the trends in sales per channels of distribution.

The company's dedication to BoConcept Brand Stores and Studios implies that total group revenue is mainly generated by these distribution channels. Revenue generated by product customers, which means wholesale distribution of individual products to furniture dealers, has declined from 20 per cent to 9 per cent of total revenue, and this figure will presumably be reduced even further in the year ahead in accordance with our strategy and the allocation of resources.

The operating result for 2006/2007 was a profit of DKK 69.4 million compared to a profit of DKK 36.7 million in the previous financial year. The DKK 32.7 million improvement in the result on last year is primarily attributable to increased revenue since gross profit has fallen from 41.4 per cent to 40.6 per cent. The relative distribution costs and administrative expenses have been cut as a result of economies of scale thus that the operating margin has increased from 4.1 per cent in 2005/2006 to 6.6 per cent in 2006/2007, slightly in excess of the expected operating margin of 6 per cent.

The gross profit on the continuing business has been reduced from 41.4 per cent to 40.6 per cent since prices of raw materials, energy and labour have been increasing dramatically during the financial year 2006/2007.
This development in costs has been compensated for in part by efficiency enhancements and savings from increased sourcing in China.

However, since BoConcept's sales prices have been fixed until the next catalogue season begins in September 2007, it is not possible to pass on the increased costs to consumers until that time. No improvement in the gross profit is therefore to be expected until the second half of 2007/2008.

In accordance with the strategy adopted concerning focus and cost efficiency enhancements considerable changes have been made to the company's own production process during the year. For instance, the upholstery manufacturing facilities in Hornslet have been closed down as at 30 April 2007, and BoConcept's wood component factory in Lithuania has been sold off. In connection with the closure in Hornslet 65 employees have been laid off, and production has been transferred to an existing Lithuanian supplier who will take care of the entire upholstery production for the European market in future. Closing down costs of DKK 3.5 million have been included in the item other operating expenses. Together with the DKK 2.2 million which was provided in the 2005/2006 financial statements, the total restructuring costs in connection with the closure of the upholstery manufacturing facilities are DKK 5.7 million. Under the new ownership, the wood component factory in Lithuania will primarily continue as a sub-contractor to the above mentioned upholstery manufacturing business in Lithuania. The final transfer of the wood component factory was completed as at 1 March 2007, and the sale has no extraordinary impact on the financial statements for 2006/2007.

Net financials were negative in the amount of DKK 7.7 million compared to DKK 10.0 million last year. The improvement is primarily attributable to the considerable reduction in interest-bearing debt over the past two years.

BoConcept's result before tax is thus a profit of DKK 61.7 million compared to a profit of DKK 26.7 million in the previous financial year. The realised result is in line with the most recent forecast of a pre-tax profit of between DKK 55 and 60 million and an improvement on the pre-tax profit of between DKK 50 and 55 million announced at the beginning of the financial year.

Tax for the year amounted to DKK 19.4 million, corresponding to an effective tax rate of 31.4 per cent. The effective tax rate is therefore within the previously announced rate of 30 to 35 per cent.

The result for the year after tax was a profit of DKK 42.3 million compared to last year's profit of DKK 12.7 million. The result is considered satisfactory in view of the targets adopted.

The balance sheet total of DKK 546.9 million has risen by DKK 47.6 million on last year. The development covers the acquisition of three Brand Stores in the USA in the first half of the year and an increase in inventories and receivables due to the increasing level of activity in BoConcept.

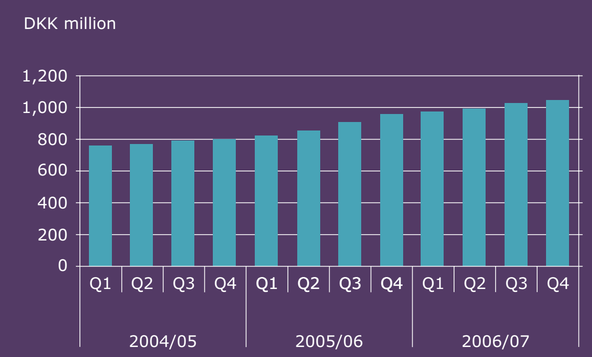
Funds tied up in inventories have increased by DKK 21.8 million, partly due to increased sourcing in China, a generally increasing level of activity, lower inventories at the beginning of the year and a decision to increase buffer inventories by an additional DKK 10 million in order to improve our delivery service.

Net investments for the year amount to DKK 20.3 million. Gross investments are made up of reinvestments in property, plant and equipment amounting to DKK 27.5 million and DKK 14.1 million in intangible assets in connection

CONTINUOUS GROWTH AND IMPROVEMENT IN EARNINGS

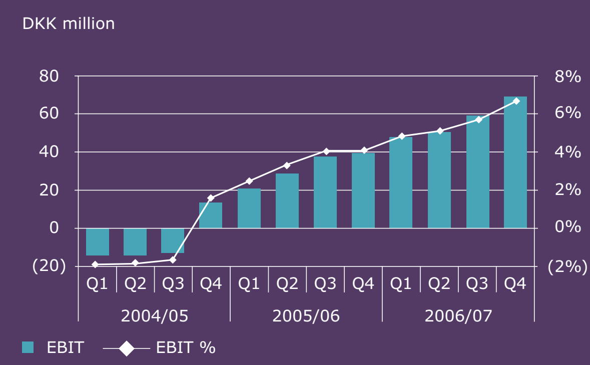
As illustrated in the graph below, revenue has grown steadily over the past three years on a rolling 12 months basis.

Revenue – rolling 12 months



Both the operating result and the operating margin have continued to grow.

Profit from operating activities – rolling 12 months



with the acquisition of the three Brand Stores in the USA. BoConcept intends to sell the said Brand Stores within the next one or two years, as it is not part of the company's strategy to own Brand Stores in the long run. Thus the Brand Stores owned by BoConcept are all for sale. The property in Poland was sold in April 2007, and Dencon A/S and the production unit in Lithuania have also been sold.

A positive cash flow of DKK 25.7 million before repayment of non-current debt items has been realised. Due to the increased investments in own Brand Stores and the build-up of inventories, this is below the forecast made at the beginning of the year of a cash flow of at least DKK 30 million, but above the forecast published in March 2007.

As at the balance sheet date the group's equity amounted to DKK 148.5 million, and the equity ratio amounted to 27.2 per cent compared to 21.7 per cent last year.

Post-balance-sheet events

Apart from the events mentioned above, the supervisory board is aware of no events after 30 April 2007 which would materially influence the financial position of the group.

Distribution of profit

The supervisory board of BoConcept Holding A/S recommends to the company in general meeting that the profit of DKK 42,429 ('000) is allocated as follows:

	DKK'000
Dividend for the year	5,200
Net revaluation in group enterprises	22,192
Profit carried forward	15,037
Total	42,429

Strategic status and forecast for 2007/2008

In 2006 the supervisory board of BoConcept Holding A/S adopted and implemented a strategy plan for the group in which they had outlined a number of objectives to be achieved in 2008/2009 and in 2010/2011, focusing on the optimisation of the business model, organic growth via increased same-store-sale and a considerable scheduled net addition of BoConcept Brand Stores and Studios.

These are the main points in the strategy plan from 2006:

- Increasing the number of BoConcept Brand Stores and Studios to bring the number up to a total of 500 in 2010/2011
- Steadily decreasing our commitment to product customers so as to phase these out in 2008/2009
- Increased sourcing and productivity enhancements in our own production in order to maintain a high gross profit
- Good marginal earnings on increased sales (economies of scale) resulting in a higher operating margin
- Reinvestments in non-current assets on a par with annual depreciation and amortisation since growth is not capital-intensive, but merely calls for increased investments in working capital

The purpose of implementing these strategic measures is to enable the group to achieve the following financial targets in 2008/2009:

- an operating margin of at least 10 per cent
- a return on capital employed of at least 20 per cent
- an annual cash flow before instalments on long-term debt other than provisions which accounts for at least 4 per cent of group revenue

Here at the end of the financial year 2006/2007 the supervisory board of BoConcept is pleased to note that the group is well on the way to realising these targets, and in the light of the company's results and favourable development, it has decided to concentrate even more on profitable growth in the years ahead. This implies that the company is planning to produce revenue of DKK 2 billion by the end of 2010/2011 - almost twice the revenue realised in 2006/2007 and still delivers an operating margin of 12 per cent and a 30 per cent return on capital employed. The aim is for the cash flow to account for at least 6 per cent of group revenue in 2010/2011.

Revenue growth is set to be achieved through increased investments in the training of sales staff and a determined effort to perfect our store and product programmes so that the number of BoConcept Brand Stores will reach at least 350 in 2010/2011 compared to the existing goal of 300. This corresponds to net openings of between 30 to 50 Brand Stores annually in the years ahead, primarily in the ten principal markets. The number of Studios is expected to remain at approximately 150 in 2010/2011.

Long-term financial targets

	2008/2009	2010/2011
Group revenue		approx. 2 billion
BoConcept Brand Stores		350
BoConcept Studios		150
Operating margin min.	10%	12%
Return on net assets min.	20%	30%
Cash flow % of revenue	4%	6%

In addition, BoConcept will continue its efforts to optimise production and supply chain management, and the introduction of best practise procedures is to ensure that the supply chain costs are flexible enough to match the demand. BoConcept will increase the capacity of the future warehousing and distribution structure by outsourcing warehousing in all regions, wholly or in part. The objective is to establish a supply set-up, the costs of which vary according to requirements, and where long-term flexibility is ensured in step with changes in the future supply structure. The ratio of purchases from external manufacturers will presumably increase from the existing 60 per cent of total revenue to at least 70 per cent in 2010/2011.

Forecast for 2007/2008

For the financial year 2007/2008 BoConcept expects a pre-tax operating profit of between DKK 85 to 95 million and an increase in revenue of between 15 and 20 per cent on the level prevailing in 2006/2007.

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-sale is expected as a result of activities launched to underpin and optimise the operation of BoConcept Brand Stores. 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 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. In 2007/2008 extraordinary investments of DKK 9 million will be made in order to expand the office and canteen facilities in Ølgod.

The overall target for the year ahead is a positive cash flow of at least DKK 35 million after the repayment of non-current debt items as well as any divestment of Brand Stores.

BOCONCEPT® IS URBAN

OUR BRAND SOUL

the most singular way to describe our brand

: Customised urban design

OUR VISION

what we want to achieve

: To make BoConcept no. 1 brand within urban interiors

OUR MISSION

what we do to achieve our vision

: Through passionate and persistent performance we make customised and coordinated design furniture and accessories affordable to the urban-minded shopper

OUR COMPETENCIES

what we do better than the others

: Our insight into urban life enables us to design furniture and accessories that meet our customers' interior challenges and need for self-expression. Even at a better price

BUSINESS BASE, STRATEGY AND MARKETS

BoConcept, which was founded as a joiner's workshop involved in manufacturing furniture back in 1952, is today an international retailer and concept holder of furniture and lifestyle products for private homes.

Having its core competences within design, branding, store management, optimisation of the sales model and supply chain management, the company now concentrates its focus on the development, support and supply of goods to its global franchise-based retail chain, which at 30 April 2007 consisted of 193 BoConcept Brand Stores and 148 BoConcept Studios in 45 countries.

Design and production development

Controlled from the headquarters in Denmark BoConcept's store and product concepts are undergoing constant development in order to ensure that its defined target group perceives the chain as attractive at all times. It is also from here that training and support for the Brand Stores worldwide is developed and managed. Creating a uniform and up-to-date store concept with store assistants who are able to offer the end-customer the best possible service in a way which is unique within the industry is an important part of BoConcept's mission.

The group's dedication to the development of its designs and concepts is a key element in this strategy and an absolute prerequisite for the continued success of the BoConcept Brand Stores. Product Management is responsible for the development of a totally co-ordinated collection in close strategic co-operation with external designers.

The design and concept development itself is based on a BoConcept Brand Store with a floorage of 1,000 sqm. In the development phase, regard is had not only to ensuring that the products have a high design content and are trendsetters; they also have to be commercially viable and affordable. The entire BoConcept range, featuring wall units, sofas, tables, chairs, beds, accessories etc. is completely co-ordinated as regards colours, wood types and design.

During the past year a number of new products have been launched, including storage furniture, tables, chairs and sofas. All new products support BoConcept's strategy of obtaining a better positioning in the market. This is reflected in the choice of materials and higher design content.

The new products have been well received by the BoConcept Brand Stores and Studios, and these new items will be implemented in the stores and studios in the beginning of the new financial year. The new products are expected to enhance the image of the chain and increase sales per sqm.

In order to maintain our high reliability in delivery for the benefit of the end-customers of the BoConcept chain, the number of products in the collection must remain unchanged and thus the number of products to be discontinued corresponds to the number of new products. Due to the launch of new products during the year a total of approximately 20 per cent of the product range has therefore been replaced.

Marketing strategy

The global communications platform is managed centrally, and this ensures that the marketing process is effective and that we have the same design expression and point of departure no matter whether activities take place in Shanghai or New York.

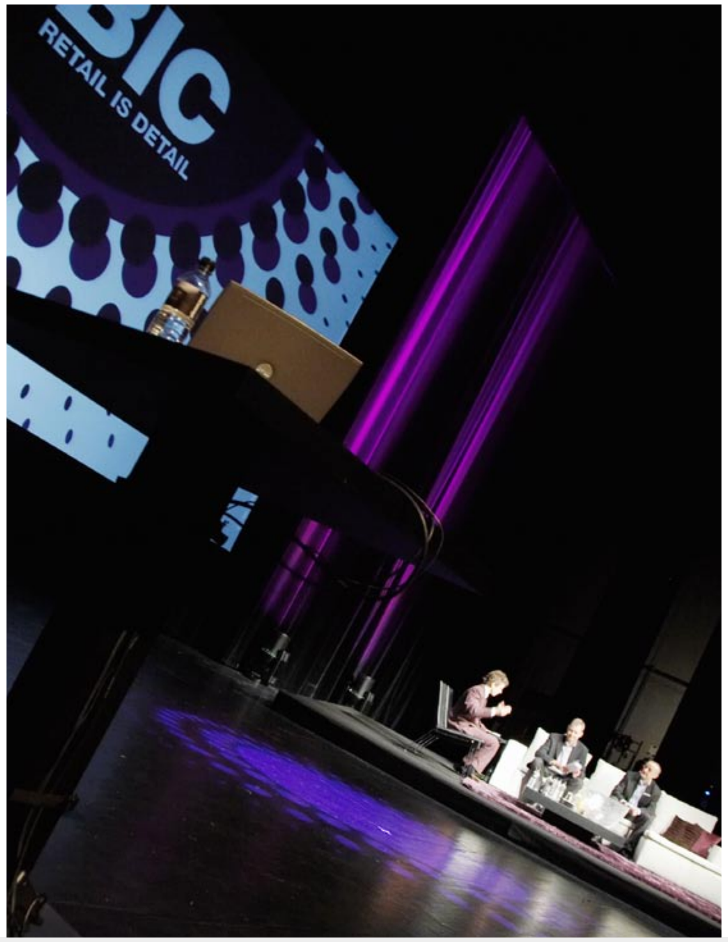
The marketing efforts of BoConcept target the urban-minded shopper and are based on the vision of becoming the 'no. 1 brand within urban interiors' and the focal point is the chain's new slogan – urban design.

The objective of the international and centrally organised communications platform is to increase awareness of and concentrate the focus on BoConcept's design concept and thereby create traffic to the individual BoConcept Brand Store and ensure customer loyalty. For this reason a vast number of marketing materials have been created in support of BoConcept as a brand, its visibility on the individual markets and the sales volume of the individual BoConcept Brand Store. Two marketing materials have been assigned an especially high priority. Firstly, we have produced the ultimate furniture catalogue available in the industry, showing the latest trends in urban home interiors and presenting the BoConcept range in the best way possible, and secondly, we have perfected the graphics of our international website which now also contains an online edition of the product catalogue.

We have also launched a new and contemporary BoConcept logo which has been implemented in all marketing materials in 2006/2007 and has become a key element in the development of the store concept. A vast number of the storefronts of the BoConcept Brand Stores have already been upgraded, and the aim is for the remaining storefronts to be upgraded by 1 September 2007. In addition, we have been perfecting our concept and added new elements in order for the stores to be perceived as modern, innovative and supportive of our focus on design.

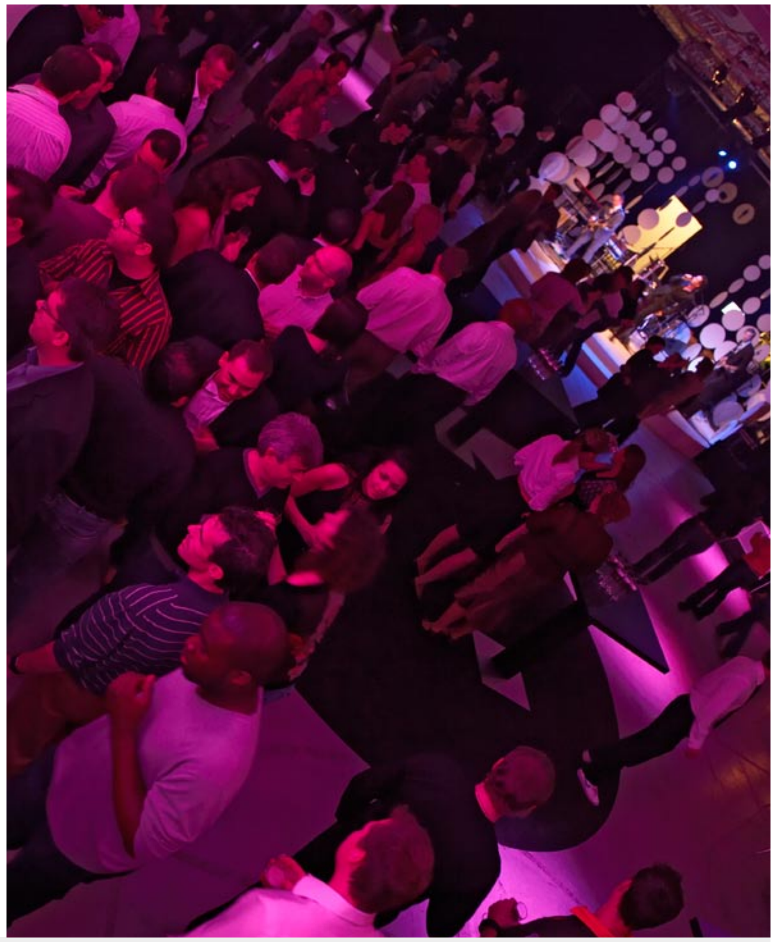
Graphical expression from a BoConcept magazine advertisement. Built around a strong product and a headline with attitude – aimed at the urban consumer!

Guests from 42 countries poured into the big conference auditorium at BiC in December 2006



Informative and inspirational presentations – half 'sofa small talk', half facts from the rostrum

New designs and qualities were examined thoroughly and with great enthusiasm – here by the Japanese team



500 festive people celebrated a night packed with energy, high spirits and an intoxicating feeling of global affinity

BoConcept inspiration Camp - BiC

In December 2006 BoConcept held the BoConcept inspiration Camp in Herning for the second time, and future interior design trends, new products, strategic measures and the new brand architecture of the BoConcept chain were presented to the 800 BoConcept franchisees and employees from 42 countries present.

In the course of three conference days and six fair days the attention was focused on the implementation of new concepts, collections, the communications platform and sharing of knowledge as regards a number of important day-to-day operations, such as opening new stores, interior design and upgrading of Brand Stores as well as the exploitation of potential sales increases. In addition, special attention was given to the training of staff in service and sales functions, for instance, through BoConcept University.

With the great support and enthusiasm of the participants, whose number had doubled from the first BiC in January 2006, the BoConcept inspiration Camp was a great success and provided the perfect basis for future endeavours to translate BoConcept's concepts and values into the sale of urban interiors to end-customers. We have decided to make BiC an annually recurring event and are therefore planning to hold the third BoConcept inspiration Camp in December 2007.

Production and supply chain management

BoConcept has progressed from furniture manufacturer to concept holder and international distributor of a complete range of branded lifestyle products for BoConcept Brand Stores with BoConcept as the sole supplier.

This trend implies, among other things, that BoConcept places greater focus on sourcing, cost efficient production and the optimisation of the company's supply chain.

Product range and sourcing

In order to ensure that our collection is always up-to-date and that we satisfy the customer target group's expectations to BoConcept's product range, we replace 20 to 25 per cent of the range a year, and this calls for great capacity for change and flexibility throughout the value chain.

The products, which include board furniture, chairs, upholstered furniture, accessories and shop fixtures, are co-ordinated within the range as to design, colours and finishes. In order to ensure that the construction and quality of the individual elements in the product ranges satisfy BoConcept's high requirements and are independent of production location, BoConcept is working closely with suppliers and own production facilities in the development and creation of new collections.

BoConcept's manufacturing and sourcing strategy is to maintain a competitive own production output in core production areas while other products are purchased from our few sub-contractors. BoConcept endeavours to develop meaningful and close trading relationships with suppliers in order to secure a critical mass, and for this reason close integration is of interest to all the parties involved. By adopting this strategy BoConcept expects to be able to attain the group's supply and quality objectives and provide a flexible and cost effective supply set-up as a basis for future growth and expansion without having to invest more heavily in capacity increases etc.

Following the divestment of the wood component factory in Lithuania as at 1 March 2007 and the divestment of the upholstery factory in Hornslet as at 30 April 2007 BoConcept's only own production facilities are the two board furniture factories in Ølgod and Herning.
Within the existing building framework we will continue to invest in technology and organisation in the group's own board furniture factories in order to maintain our competitiveness, ensure a flexible supply chain and increase capacity as the number of Brand Stores and group revenue increase.

At the end of 2006/2007 slightly more than 60 per cent of total revenues were generated by external suppliers. As BoConcept's revenue increases, an ever increasing share of the product range will be sourced from suppliers in the Far East and Eastern Europe who are very competitive indeed as regards price, quality and delivery times. It is therefore expected that more than 65 per cent of BoConcept's revenues will be generated by external suppliers in 2007/2008, and that figure will increase to just over 70 per cent in 2010/2011. BoConcept's sourcing organisation is placed close to the strategic suppliers. For instance, the 12-staff Chinese organisation under Danish management focuses on the development of supplier relations in Asia while the Danish-based organisation handles the contact to other suppliers, most of whom are located in Europe.

Distribution

BoConcept Brand Stores and Studios function as shop windows vis-à-vis the end-customer. It is here that the product range inspires the customer to place his or her order inside the store.

It is BoConcept's declared objective to complete the delivery of 95 per cent of all orders at the confirmed time. This delivery service is an important asset to Brand Stores and Studios which are able to offer their customers the fastest delivery times in the industry without being stockholders, and instead they can allocate resources for and focus on selling and servicing the end-customer.

BoConcept A/S handles the delivery of complete customer orders to the delivery hubs of Brand Stores and Studios. The Brand Stores and Studios handle the last stage of the distribution to the end-customer as well as after-sale service themselves. We will soon draft guidelines for these areas in accordance with a code of best practise which must be incorporated into the business concept.

As a result of the considerable increase in the sale of accessories, efforts are currently being made to perfect the logistics of getting goods from suppliers to stores since this product area is expected to grow considerably in the years ahead as the product range is enhanced.

Having introduced a simplified, more effective and less cost-intensive distribution structure in 2005, BoConcept Brand Stores and Studios are today serviced by the distribution centres in Ølgod (Denmark), Bayonne, New Jersey (USA) and Tokyo (JP) respectively, and customer service for the respective regions is also centralised here.

In order to maintain our high reliability of delivery as the sourcing ratio increases, we found it necessary to increase investments in inventories by DKK 22 million in 2006/2007. BoConcept will increase the capacity in the future warehousing and distribution structure by outsourcing stocks in all regions, wholly or in part. The objective is to establish a warehousing structure, the costs of which vary according to demand and where long-term flexibility is ensured in step with changes in the future supply set-up.

With its constant focus on the optimisation of business processes, for instance, as regards inventory control and the introduction and phasing out of products, BoConcept has for many years been able to considerably reduce obsolete stocks. Together with increasing sales the introduction of such processes has facilitated continuous improvements in the rate of inventory turnover, and in future we expect to marginally improve that rate which is currently four times a year for the group's total inventories.

BoConcept's channels of distribution and franchise concept

The group's products are mainly sold through BoConcept Brand Stores and Studios. A declining share of the group's revenue is also generated by sales to product customers, but this share is on the decline due to the strategy adopted by the company. Brand Stores are individually run franchise stores, typically with a floorage of between 400 and 800 sqm, while Studios typically are shop-in-shop units with a floorage of between 100 and 400 sqm located in well-established furniture stores, where the brands and products of BoConcept and those of the local furniture chain complement each other.

BoConcept's franchise model

BoConcept bases its franchise model on a well-tested concept, and close screening, evaluation and selection from among many potential franchisees takes place at group level, taking into consideration factors such as the individual skills and competences of the franchisee, and assessing and approving the business plan of that particular unit, its location as well as its operating and financing budgets. A key condition in BoConcept's selection of franchisees is also that a genuine foundation for a close trading relationship is established with the franchisee through the mutual commitment to and acceptance of the concept, trading terms and focus on earnings in the Brand Stores.

Where a franchise agreement is concluded between BoConcept and an applicant, the implementation of the individual project plan will commence and proceed according to a set procedure. The agreement, which typically has a term of five years with the option of renewal, implies, among other things, a set-up fee, regular franchise payments to BoConcept, and the revenue contribution of the products sold and a marketing agreement between the parties. In addition, it is the franchisee's obligation to invest in setting up a Brand Store in accordance with guidelines dictated by BoConcept. The franchisee holds the lease.

BoConcept's franchise model is very attractive indeed, and this is supported by the fact that more and more of our existing franchisees are planning to open additional stores. One of the reasons for this is that the stores have a positive cash flow from day one as customers make prepayments for goods sold, and the franchisees are granted credit on shipments from BoConcept. The typical store will break even in its first year of having been set up, and it will generate a profit in its second year.

It is the objective of BoConcept for 90 per cent of the stores to achieve an operating margin of 10 per cent after the third year, and we support this objective by having in place a large support organisation for franchisees which is concentrated on the group's Retail Operation Managers (ROM), of whom there is one for every five to eight stores.

Classification

In order to ensure that the international expansion takes place in accordance with the strategy adopted for the concept, Brand Stores and Studios have been divided into five categories, BC1-5, as at 30 April 2006. BCs 1-3 are classified as BoConcept Brand Stores, while BCs 4-5 are classified as BoConcept Studios.

In future only sales outlets which comply with the requirements stipulated for the above five categories will be opened, and in by far the majority of all markets the group will focus on opening BC 1 and BC 2 outlets, taking into account the group's market differentiated prioritisation of Brand Stores and Studios.

BC 1	corresponds to the category previously known as Brand Store
BC 2	are smaller Brand Stores which due to their A+ location are highly frequented and have great potential
BC 3	are smaller Brand Stores in A and A+ locations, but in regions/countries with less potential
BC 4	corresponds to the category previously know as Mega Studios with a floorage in excess of 300 sqm, independent location in a store and in many cases revenue potential like that of a BC 1
BC 5	corresponds to the normal Studio (shop-in-shop solutions)

Number of Brand Stores and Studios

42 Brand Stores and 32 Studios have been opened in the financial year 2006/2007 while 12 Brand Stores and 28 Studios have been closed down. The change in the number of Studios should be seen in the light of the fact that more franchisees decide to convert their Studios into Brand Stores. As at 30 April 2007 the chain therefore consisted of 193 Brand Stores and 148 Studios, and of this number 17 Brand Stores were owned by BoConcept itself. Brand Stores and Studios taken together are expected to account for 95 per cent of group revenue in 2007/2008.

The total floorage of Brand Stores in terms of sqm has risen from 77,788 sqm to 93,288 sqm, corresponding to an average floorage of 483 sqm per Brand Store.

Herning, Denmark

Hamburg, Germany

Tokyo, Japan

In 2007/2008 the target is a net addition of 30 to 40 BoConcept Brand Stores and an unchanged number of Studios. This objective will primarily be attained on the four selected growth markets: the USA, Japan, Spain and Germany as well as in Denmark and France.

In the years ahead the group expects store openings of between 30 and 50 net per year and an unchanged number of Studios. The trend of existing franchisees opening new stores is set to continue, and the group's target is to have 500 sales outlets in 2010/2011, at least 350 of which will be Brand Stores. Growth is generated by franchisees since the number of own stores is expected to decline in the years ahead as, in principle, all own stores are up for sale.

Sales optimisation and sales training

In the stores BoConcept's primary focus continues to be on the optimisation and growth in same-store-sale. Revenue growth is driven by the traffic to the stores, the hit rate and order size. It is BoConcept's declared objective to increase same-store-sale for the entire group by at least 5 per cent annually.

In recent years BoConcept has also committed itself to strengthening the decentralised organisation and have roles adjusted thus that national organisations are ready for future growth.

The process of expanding BoConcept University and the increased focus on the training and retention of employees is proceeding according to plan, and with this in mind the BoConcept University organisation has been strengthened with two coaches and one co-ordinator in recent months so that the central training team now consists of a total of four coaches and one co-ordinator.

The main focus of BoConcept University is on management, product, sales and service courses as well as new courses in recruitment and employee development and interior design courses for store managers and assistants.

In the financial year 2006/2007 a total of 18 courses with 303 participants was held under the auspices of BoConcept University. It was primarily franchisees, store managers and market organisations who received training in store management and sales techniques. In addition, the group provided product and sales training for all store assistants in the chain from May to September 2006.

Moreover, BoConcept is committed to improving end-customers' experience in the stores. Mystery shopping tests, which were performed in 134 stores in 13 countries during 2006/2007, is one method being used. The tests show an increasing level of service and quality, and we expect the overall international average to continue to improve in future. Another method is to conduct actual customer surveys. During the past year two international customer surveys have been conducted, one focusing on quality, delivery and assembly service, while the other highlighted the purchasing process and customer defection on receiving a price quotation. The findings of the said surveys provide a basis for creating an improved customer experience in the BoConcept stores and, as a result, generating improved earnings.

More than 130 Brand Stores spread across 13 countries today use the ERP-system of the BoConcept chain, Axapta. The system went live in 2001 and is now fully integrated with the other IT tools of BoConcept, and this facilitates order flow control and follow up on same-store-sale.

BoConcept's focus markets

In terms of design BoConcept's product range is the most commercial and best co-ordinated on the market. With its clear urban profile, which is in line with worldwide mega trends, the group's furniture is sold to a target group consisting of brand-oriented trendsetters demanding affordable design furniture.

Today BoConcept Brand Stores and Studios can be found in 45 countries, but expansion is focused on 10 selected A markets, four of which are A+ markets. A+ markets are markets where resources have been allocated for an active search for franchisees.

Market diversification ensures that sales are only sensitive to regional market fluctuations to a limited degree.

Developments in the ten principal markets

On BoConcept's largest single market, the **USA**, a total of eight new stores have been opened in 2006/2007, primarily on the east coast and all of them relatively late in the reporting period. The net addition is seven stores since one has been closed down. Sales to the American BoConcept Brand Stores have increased by 9 per cent expressed in the local currency relative to last year. This is slightly below the expected level, but this should be seen in the context of the general decline in the level of spending by American consumers. However, the continued shedding of product customers has resulted in a 4 per cent decline in total on the American market. In the year ahead the group expects to open eight to ten new stores in the USA, some of these in new regions. The continued development of the organisation and all routines is therefore necessary to ensure the support for both new and existing stores. Total growth on the American market is expected to account for at least 20 per cent expressed in the local currency in 2007/2008.

In **Germany** five new stores have been opened during the year, two by existing franchisees, two by a former studio partner and one by a total newcomer. The total revenue growth of 25 per cent is made up of dramatic growth in same-store-sale in BoConcept Brand Stores and the continued shedding of small product customers who are not part of the future strategy. In 2007/2008 the group expects to open four or five new BoConcept Brand Stores in Germany.

In **Spain** where five new stores were opened during the year, representing a net addition of three, the total number of BoConcept sales outlets in operation is 38. At the same time same-store-sale has grown, which has generated total growth of 19 per cent, spread over the year. In 2007/2008 growth is expected to remain at the same level.

In **Japan** revenue expressed in the local currency has risen by 17 per cent despite a decline in revenue to one large product customer who has closed down completely during the year. In October a new store opened in the famous Ginza district. In total three new Brand Stores in Japan have been opened and two have been closed down with a view to obtaining better locations. In 2007/2008 the group expects two new store openings on the Japanese market.

In 2006/2007 BoConcept's revenue in **France** grew by 101 per cent as a result of the opening of four new sales outlets and the full-year effect of the Brand Stores opened during the past year. As at 30 April 2007 a total of 14 stores are in operation, and this number is expected to be expanded as a result of the opening of eight new stores in the year ahead. During the past year France has thus grown to become BoConcept's third largest single market.

In **Denmark** six new BoConcept stores have been opened, and this, combined with satisfactory growth in same-store-sale, has generated satisfactory revenue growth of 23 per cent. BoConcept continues to attract great interest from new and existing franchisees who wish to open more Brand Stores, and by year-end 2006/2007 we had thus already executed agreements to open four new Danish Brand Stores in 2007/2008. The migration from Studios to Brand Stores continues at a high level, and in 2006/2007 we have therefore closed down a total of 13 Studios, among other things, due to the changed co-operation with IDEmøbler. Despite the fact that the total number of sales outlets is thereby on the decline, this development will have a favourable impact on BoConcept's revenue.

Norway has grown by as much as 23 per cent due to the opening of a number of Studios with our partner, Skeidar, so that 41 Studios are now in operation. Norway is therefore strictly a Studio market, and there are no plans to open any Brand Stores.

The **UK** has experienced satisfactory growth in the same-store-sale of all five existing stores. In 2006/2007 a new Brand Store opened in the famous department store Harrods in London and this brings the total number of UK stores up to six. Revenue growth in the UK is as much as 44 per cent.

In **Sweden** total revenue has grown by 15 per cent due to a favourable development in the same-store-sale of the existing Brand Stores. No new Brand Stores have been opened during the year on the Swedish market, but we expect to open some in 2007/2008. Revenue to one large product customer in Sweden continues, albeit at a lower level.

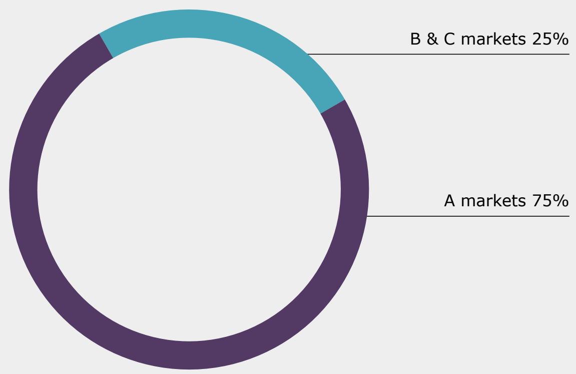
The 6 per cent growth in **China** is the result of two new store openings, closing down five Brand Stores and the relocation of Brand Stores. However, overall the newly opened Brand Stores have far greater potential than the older outlets.

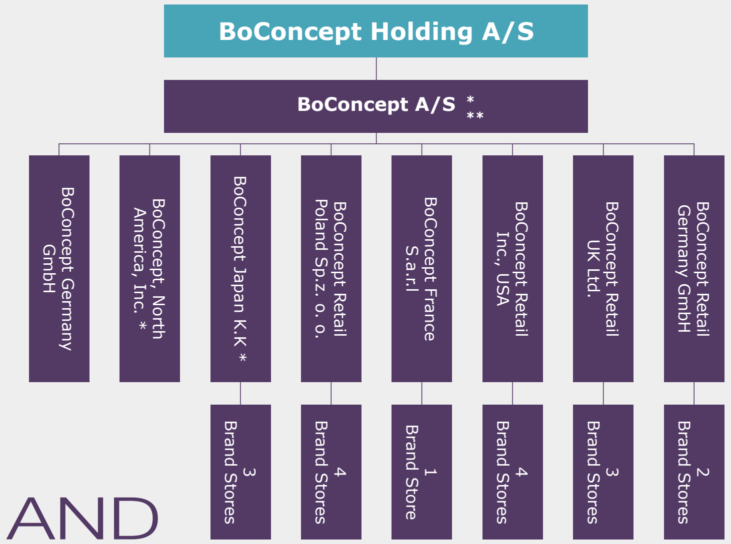
Market distributions

		Stores	Studios	Revenue
The USA	+	20	21	12%
Germany	+	14	12	11%
Spain	+	35	3	10%
Japan	+	19		7%
France		14		10%
Denmark		11	8	9%
Norway			41	6%
United Kingdom		6	3	5%
Sweden		4	1	3%
China		10		2%
Total A markets		133	89	75%
B & C markets		60	59	25%
Total		193	148	100%

+) Markets with resources allocated for an active search for franchisees

Revenue distribution





* Distribution unit / ** Production unit

GROUP STRUCTURE AND MANAGEMENT

Group structure
In 2006 the supervisory boards of BoConcept A/S and BoConcept Retail A/S decided to implement a merger of the two companies with BoConcept A/S as the continuing company. With effect from 1 May 2006 the group's Danish companies therefore consist of BoConcept Holding A/S whose objects are full ownership of BoConcept A/S.

All operational activities take place in BoConcept A/S which is concept holder for the franchise chain of BoConcept and aimed solely at developing, supporting and supplying goods to the BoConcept chain.

The change described is illustrated in the group chart above.

The average number of staff has fallen from 765 last year to 751 in 2006/2007. The main reason for this development is the divestment of Dencon A/S and the wood component factory in Lithuania. Following the closing down of the upholstery factory in Hornslet and the divestment of the factory in Lithuania the workforce was reduced to 620 at the end of the 2006/2007 financial year.

The average workforce in Denmark was 425 in 2006/2007 compared to 366 in 2005/2006.

IT and management information systems
The group views information technology as a key competitive parameter and a prerequisite to being perceived as a reliable and competitive supplier by the outside world. Infrastructure and systems are constantly being improved.

The group endeavours to employ contemporary and updated IT systems in support of all the key business processes throughout the value chain. To the extent possible, the various solutions will be integrated in order to automate data processing.

With a view to communicating more effectively, both within the group and with the markets, a portal project has been implemented with the aim of creating a dynamic and global online platform for the teaching, informative and communicating element of BoConcept's value chain. The portal framework will tie together the intranet, the extranet, BoConcept's website and the online store operating manual, BoConcept Power Book, on one platform, and this work is expected to be fully implemented in 2008.

Human Resources
The group has a proactive human resources strategy in support of its business base. Human Resources are visible at all levels in the organisation since, to a large extent, BoConcept's development and growth depends on people and the skills they apply and the initiative they take with a view to creating solid results, using our unique business concept.

By offering a good physical working environment and a positive atmosphere in which to work BoConcept hopes to be perceived as a desirable workplace which is able to attract, develop and retain the best skilled employees at all times. We wish to ensure that we are in a position to fulfil the expectations that end-users, franchisees, suppliers and shareholders have to the group at all levels.

BoConcept focuses on the development, expectations and training of the individual employee, and team based development is given the pride of place. The implementation of the goal-oriented skills development programmes shall ensure that BoConcept's future managers are recruited from within the group's own ranks.

During the group's transformation from manufacturer to global retailer a large-scale strategic brand value process was implemented in 2006/2007. The process has brought about a more stringent and precise formulation of the group's basic values, and its vision and mission have been reformulated. The most important aspect of the process will take place on a continuous basis – viz. the assimilation of the substance of those values by all employees in the value chain.

BoConcept's management style is value-based. Passionate employees with a high work ethic will meet the declared business objectives and our vision of becoming the 'no. 1 brand within urban interiors' within the targets and framework stipulated.


Barcelona, Spain

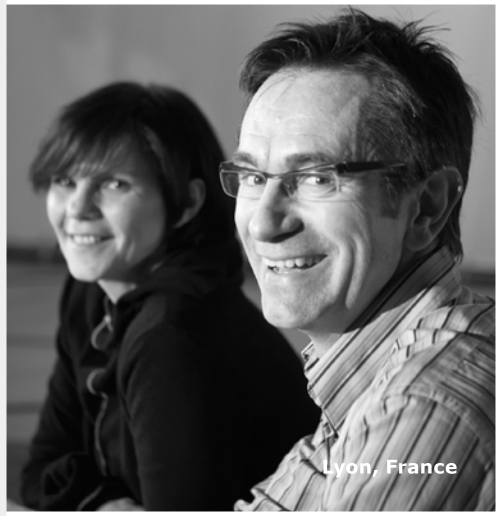

Lisboa, Portugal


Dublin, Ireland


Zagreb, Croatia


United Kingdom


Georgetown, USA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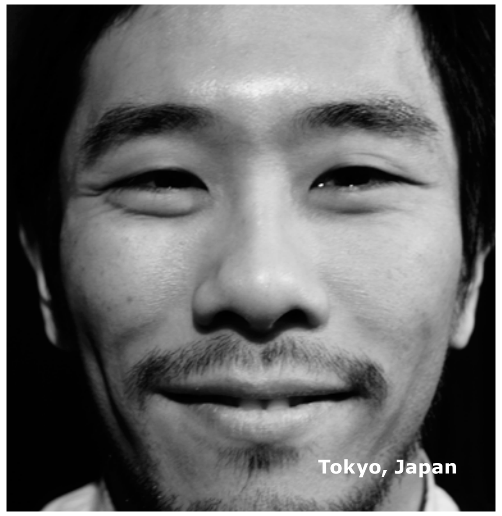
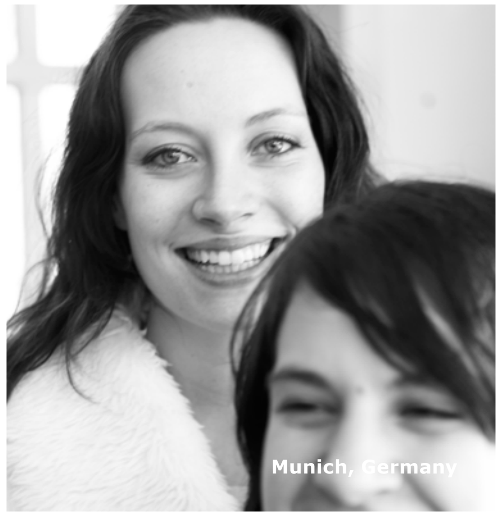

Tokyo, Japan


Aalborg, Denmark


Valencia & Tenerife, Spain


Munich, Germany


Herning, Denmark

RISKS

Financial risks
The group has adopted a financial policy which stipulates general guidelines for financial risk management. Risks are managed centrally by BoConcept A/S' finance department, and the primary objective of such risk management is to minimise the impact of fluctuations in foreign exchange rates, interest rates and liquidity on accounting results.

Foreign exchange risks
93 per cent of group revenue is produced abroad. This figure is not indicative of the foreign exchange risk since, under the group's purchasing policy, purchasing and sales currencies are matched whenever possible.

The group has net inflows denominated in EUR, GBP, JPY and SEK, while the major exposure on the outflow side is denominated in USD.

Foreign exchange risks are managed centrally, and the most important and volatile currencies are hedged by means of foreign exchange contracts and option contracts with a maximum term of 12 months and, to a lesser extent, by raising loans in foreign currencies.

The group's monetary items net denominated in foreign currencies are outlined in note 26.

Interest rate risks
The interest rate risk primarily relates to interest-bearing debt. Interest-bearing debt net amounts to DKK 194.0. The average term of the debt is 5.0 years, and the overall interest rate sensitivity in case of a 1 percentage point change in interest rates may be calculated at approximately DKK 1.9 million.

To some extent, the interest rate risk is managed by means of derivative instruments for hedging purposes, such as interest rate agreements and forward rate agreements. The market value of all interest rate hedging agreements, nominally DKK 72.0 million, which have an average term of 6.5 years, amounted to 1.9 million at the end of the financial year.

Liquidity risks
The group's financial planning aims at securing the best possible capital structure and adequate financial resources while keeping down costs of capital. Liquidity is managed by combining short-term and long-term credit facilities.

Unutilised credit facilities amounted to DKK 69.4 million at the end of the financial year compared to DKK 95.4 million the year before. Based on the group's financial adequacy no liquidity problems are expected.

Commercial risks
The high level of international activities implies that the group is exposed to a vast number of commercial risks at all times. Established policies and procedures are to ensure that such risks are identified and assessed. Proactive risk management aims to counter, limit and hedge those risks that are of special importance to the company.

Markets and competition
The group's earnings depend on economic trends and the competitive situation in key markets. However, due to market diversification the group's sensitivity to market fluctuations is limited.

Customers and suppliers
The group regularly assesses the credit ratings of its customers. Generally, the group's receivables are not subject to any special credit risks. If special risks are identified, these are sought reduced by means of bank and personal guarantees.

BoConcept places great importance on building and maintaining good and longstanding relationships with its suppliers. To the extent possible, the group has secured supplies of critical goods through contracts and agreements.

Insurance
Despite implementing intensive and systematic preventive measures the risk of losses cannot be completely excluded. Insurance schemes, which include industrial accident, transportation, all risks, business interruption losses as well as business and product liability insurance, are therefore an integral part of the group's risk management.

The insurance schemes may be adapted to the individual companies' risk profiles, and these are reviewed every year in consultation with professional insurance advisors.

The group may incur product liability in connection with the use of its products, but there are no proceedings pending against the company.

Environment
BoConcept's own production has a longstanding tradition of taking care of all safety, health and environmental aspects. It applies to both production units that pollution from the production facilities in the form of smoke, noise and waste water is negligible. Considerable efforts are made to optimise safety in the workplace.

The group companies are not subject to the regulations on 'green accounting'.

The statutory environmental approvals are held by the individual production companies.

No major environmental investments are planned in the near future.

Employee matters
BoConcept aims to be an attractive workplace for the group's employees. By creating self-developing, exciting and challenging jobs and working environments the group promotes the desired development. At the same time we ensure that BoConcept retains and attracts the skilful key employees required to secure our innovative ability in future. The group aims to be a competitive employer.

CORPORATE GOVERNANCE

The supervisory and executive boards of BoConcept Holding A/S are constantly engaged in matters relating to good corporate governance and the interaction with the company's stakeholders. Our efforts in this respect are based on the legislation in force from time to time and the 'Good Corporate Governance Recommendations' of the Copenhagen Stock Exchange, which became effective on 1 January 2006.

The supervisory and executive boards take the view that BoConcept Holding A/S fulfils the intentions of the 'Good Corporate Governance Recommendations'. According to the recommendations, explaining or complying with a specific recommendation is equally legitimate. The important thing is to create transparency concerning the company's management. The supervisory and executive boards of BoConcept concur in these views.

BoConcept Holding A/S provides information on its attitudes and activities relating to good corporate governance in the annual report and also posts such information on the company's website. The following review considers the eight main headings in the 'Good Corporate Governance Recommendations' of the Copenhagen Stock Exchange.

The role of the shareholders and their interaction with the management of the company

BoConcept Holding has two share classes: 240,000 class A-shares carrying 10 votes per share and 2,360,000 class B-shares carrying one vote each. The supervisory board takes the view that the existing share structure has proved strength for the company and that it is currently expedient in supporting a continuous and stable development. The supervisory board regularly assesses the expediency of the division into two share classes.

The company attaches importance to creating a framework that will encourage shareholders to communicate with the company's management and each other, and this includes forwarding full particulars to shareholders well ahead of the company's annual general meeting.

The role of stakeholders and their importance to the company

BoConcept Holding desires to create a fruitful dialogue with the company's stakeholders by means of openness and mutual respect. Respect for employees, franchisees, suppliers and shareholders is one of BoConcept's core values. Relations to suppliers are further strengthened by implementing the code of conduct.

Openness and transparency

The company desires to practise openness concerning its activities and transactions. All announcements to the public are published in both Danish and English and posted on the company's website. BoConcept Holding issues quarterly, half-yearly and annual financial statements and a full annual report. The company arranges investor meetings several times a year and updated investor presentations are regularly posted on the company's website.

General tasks and responsibilities of the supervisory board

Rules of procedure have been drafted for BoConcept Holding's supervisory board, stipulating the duties of the supervisory board. Once a year the entire supervisory board considers the need for updating its rules of procedure. The guidelines for the executive board's reporting to the supervisory board ensures that the supervisory board is aware of all material information relating to the company's development.

Composition of the supervisory board

Apart from the employee representatives, the supervisory board of BoConcept Holding consists of three members elected by the general meeting for a term of three years at a time. The members elected by the general meeting are independent, and none of the members of the supervisory board and the executive board fulfil a dual role. The supervisory board possesses the necessary skills and does not use special committees. The supervisory board schedules its meeting and work plan for one year ahead of time, and once a year the co-operation and work form of the board is evaluated. The supervisory board takes the view that the individual members are capable of determining the number of directorships they hold in relation to the time required by the work on the supervisory board of BoConcept Holding.

Remuneration of the supervisory and executive boards

The supervisory board does not receive bonus schemes or options, but a fixed fee which is disclosed in the annual report. All particulars relating to pay, pensions, bonus and options of the executive board are published in the annual report. The supervisory board considers this information adequate in order for shareholders to be able to evaluate the remuneration level of the supervisory and executive boards. Against this background the company's annual report will not disclose the pay of individual members.

The executive board has no agreements which impose liabilities of an unusual nature on the company, such as special severance pay packages. Incentive schemes have been introduced for group executives in both the Danish and the foreign companies with reference to the performance of the individual company. The bonus schemes are often combined with individual and non-financial objectives.

Risk management

The annual report of BoConcept Holding contains a summary of the key business risks and activities in this connection.

Auditors

The supervisory board of BoConcept Holding finds no need to appoint an audit committee. The supervisory and executive boards nominate an auditor to the general meeting based on a critical evaluation of the auditors' independence and skills, among other things. At least once a year the supervisory board considers whether the internal controls are adequate. The supervisory board reviews the result of the audit and the annual report in consultation with the auditor, and the expediency of the accounting practise chosen is evaluated.

BOCONCEPT® IS URBAN

OUR CORE VALUES

how we always act

1: Respect!
Always show you care

2: Think Smarter
Always look for the better solution

3: Play the Team
Always use your freedom responsibly

4: Love City Life
Always know what's going on

OUR BRAND PROMISE

our promise to everybody around us

: We know big city life

OUR SLOGAN

our promise and idea expressed in one single-minded, differentiating and powerful manner

: Urban Design

SHAREHOLDERS

BoConcept Holding's share capital consists of class A- and class B-shares. The class B-shares, which are listed by the Copenhagen Stock Exchange, are traded under securities ID code DK00600050201 and included in the SmallCap+ index for small companies with good share liquidity and a proactive disclosure policy. From 1 May 2006 to 30 April 2007 the share rose by more than 60 per cent while the SmallCap+ index rose by 9 per cent during the same period.

As a result of the rise in the value and liquidity of the BoConcept Holding share, BoConcept Holding is included in the MidCap+ index as per 1 July 2007.

According to the announcement to the Copenhagen Stock Exchange on 17 May 2006 the two class A-shareholders transferred their class A-shares to BoConcept Invest ApS on 1 May 2006. BoConcept Invest ApS is owned by the holding company BoCon Holding ApS, which is owned jointly and on an equal basis by the two class-A shareholders. As a result of this BoCon Holding ApS subsequently takes over all obligations to pay corporation taxes against repayment from the jointly taxed Danish companies.

Investor relations policy

By having an open and constructive dialogue BoConcept endeavours to ensure a high level of disclosure of relevant information vis-à-vis the share market and other stakeholders in order that the share price may be fixed as correctly as possible and reflects the company's ability to create shareholder value at all times.

All important information is first published via the Copenhagen Stock Exchange, and immediately afterwards the same information is distributed among investors, share analysts and other people included in the company's mailing lists.

In addition to the annual report and the printed financial statements BoConcept Holding A/S publishes quarterly announcements of financial results as well as announcements relating to important measures in connection with the company's strategic and economic development. All news will be posted on the company's website immediately after publication.

Contact to shareholders, potential investors and share analysts is handled by:

Hans Barslund, Vice President & CFO
E-mail: hb@boconcept.com | Telephone: (+45) 70 13 13 66

For more relevant information concerning BoConcept Holding, investors are referred to the company's website, www.boconcept.com.

Share capital and shareholders

Following the resolution to change the denomination of the company's shares from DKK 100 to DKK 10 made by the general meeting on 28 August 2006, BoConcept Holding A/S' share capital of DKK 26 million now consists of 240,000 class A-shares carrying 10 votes each and 2,360,000 class B-shares carrying one vote each. Apart from the differentiation in votes, neither share class carries any special preferences over the other.

The number of registered shareholders amounted to 830 at 30 April 2007 compared to 594 the year before. The shareholders listed below that hold more than 5 per cent of the share capital appear from the table shown below.

The general meeting has authorised BoConcept Holding A/S to acquire treasury shares for up to 10 per cent of the total share capital. At 30 April 2007 the company's portfolio of treasury shares amounted to 121,800 shares, corresponding to 4.68 per cent of the share capital. No treasury shares have been acquired in the financial year 2006/2007, whereas 7,200 shares have been sold in connection with the exercise of share options.

Dividend policy

It is the declared dividend policy of BoConcept Holding A/S that shareholders should obtain a return on their investment in the form of price increases and dividend that exceeds a risk-free investment in bonds. Dividend must be distributed with due regard to the necessary consolidation of the equity and the company's profit after tax.

The dividend policy stipulates that in case of an equity interest in excess of 25 per cent annual dividend distribution will be at least 10 per cent of the profit after tax that year. In case of an equity interest in excess of 40 per cent it is the company's declared policy to distribute dividend amounting to at least 40 per cent of the profit after tax in that year.

Against this background the supervisory board recommends to the company in general meeting that dividend is distributed for the financial year 2006/2007 in the amount of DKK 2 per share with a nominal value of DKK 10, corresponding to a total dividend distribution of DKK 5.2 million or 12.3 per cent of the profit for the year after tax.

Analysts and investor meetings

At 30 April 2007 BoConcept is being monitored by the following share analysts:

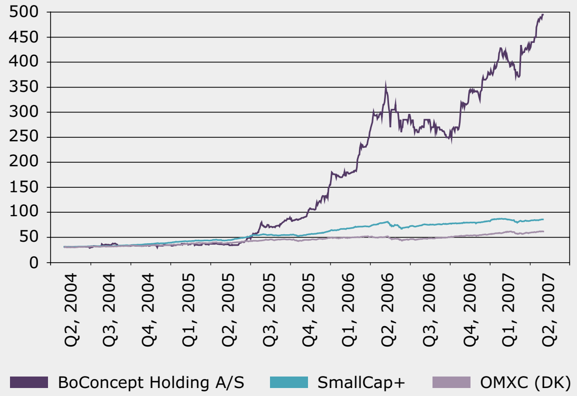
Danske Equities
Stig Frederiksen and Daniel Pattersson

Gudme Raaschou Bank
Michael K. Rasmussen and Brian Rathje

COMPOSITION OF SHAREHOLDERS

	Number of class A-shares	Number of class B-shares	Number of shares	Capital %	Votes %
BoConcept Invest ApS	240,000	212,560	452,560	17.41	54.89
SmallCap Danmark A/S		199,000	199,000	7.65	4.18
Tage Mølholm		178,000	178,000	6.85	3.74
Other shareholders		1,648,640	1,648,640	63.41	34.64
Total excluding treasury shares	240,000	2,238,200	2,478,200	95.32	97.44
Treasury shares		121,800	121,800	4.68	2.56
Total	240,000	2,360,000	2,600,000	100.0	100.0

Graph showing the share price development in BoConcept, SmallCap+ and OMXC indices from 1 May 2004 to 30 April 2007



BoConcept would be very happy to participate in investor meetings in Denmark and abroad. In 2006/2007 the executive board held a total of 40 meetings of this kind, five of which were held abroad.

General meetings

The annual general meeting of BoConcept will be held on Tuesday, 28 August 2007 at 4 p.m. at the company's office at Mørupvej 16, DK-7400 Herning.

STOCK EXCHANGE ANNOUNCEMENTS

In the financial year 2006/2007 the company has issued the following stock exchange announcements:

26.04.2007	Change in financial calendar
12.03.2007	Third quarter announcement 2006/2007
12.03.2007	Financial calendar
30.01.2007	Closing down and divestment of production units
02.01.2007	Insider trades
30.11.2006	Change in financial calendar
30.11.2006	Second quarter announcement 2006/2007
06.10.2006	Insider trades
28.08.2006	Business conducted at annual general meeting
28.08.2006	First quarter announcement 2006/2007
10.08.2006	Notice convening annual general meeting
30.06.2006	Insider trades
30.06.2006	Announcement to major shareholders (section 29) from BoConcept Invest ApS
29.06.2006	Announcement of annual financial results for the year 2005/2006
26.06.2006	Change in management/auditors
30.05.2006	Long-term financial goals
17.05.2006	Establishment of holding structure
04.05.2006	Disposal of Dencon A/S
02.05.2006	Financial calendar

FINANCIAL CALENDER FOR THE YEAR AHEAD

BoConcept plans to publish the following stock exchange announcements in the financial year 2007/2008:

10.08.2007	Notice convening annual general meeting
28.08.2007	Minutes of annual general meeting
28.08.2007	First quarter announcement 2007/2008
07.12.2007	Second quarter announcement 2007/2008
04.03.2008	Third quarter announcement 2007/2008

BOCONCEPT HOLDING SHARES HELD BY THE SUPERVISORY AND THE EXECUTIVE BOARDS

	Shareholding 1 May 2006	Additions 2006/07	Disposals 2006/07	Shareholding 30 April 2007	Market value DKK'000
Supervisory board					
Svend Sigaard, chairman	20,000	0	0	20,000	9,877
Ebbe Pelle Jacobsen, deputy chairman	22,000	0	0	22,000	10,865
Christian Majgaard	11,750	0	0	11,750	5,803
Birgit Lørup	260	0	260	0	0
Emil Poulsen	270	0	270	0	0
Executive board					
Viggo Mølholm*	247,900	46,250	0	294,150	145,266
Hans Barslund	52,000	0	0	52,000	25,680

* In the shareholding of Viggo Mølholm, half of the shares owned by BoConcept Invest ApS has been included. Viggo Mølholm possesses 50% of this share capital.

SUPERVISORY AND EXECUTIVE BOARDS

SUPERVISORY BOARD

Svend Sigaard (chairman) 1
Born 1958, joined the supervisory board of BoConcept in 2004

Ebbe Pelle Jacobsen (deputy chairman) 2
Born 1949, joined the supervisory board of BoConcept in 2004

Christian Majgaard 3
Born 1949, joined the supervisory board of BoConcept in 2003

Emil Poulsen (employee representative) 4
Born 1956, joined the supervisory board of BoConcept in 2001

Birgit Lørup (employee representative) 5
Born 1956, joined the supervisory board of BoConcept in 2003

OTHER DIRECTORSHIPS

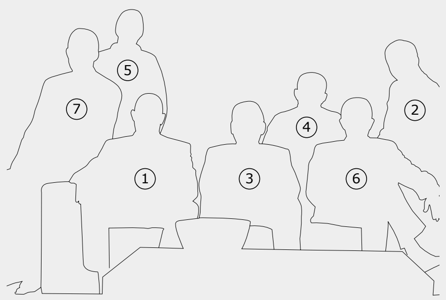
Stjernholm A/S, Dan Truck-Heden A/S, Aalborg Industries Holding A/S, Investering og Tryghed A/S

KVIK Holding A/S, Jørgen Møllers Fond

H. Daugaard A/S, Inface A/S, ABC Reoler A/S, Svendborg Brakes A/S, R 82 A/S, BN Holding A/S, Bottomline Communications A/S

None

None



EXECUTIVE BOARD

Viggo Mølholm (President & CEO) 6
Born 1952, President & CEO in BoConcept since 1997

Hans Barslund (Vice President & CFO) 7
Born 1957, Vice President & CFO in BoConcept since 2002

OTHER DIRECTORSHIPS

Ball Group A/S

Scantron A/S

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The executive and supervisory boards have today discussed and approved the annual report of BoConcept Holding A/S for the financial year 2006/2007.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the annual report for the parent company is prepared in accordance with the Danish Financial Statements Act.

Further, the annual report is prepared in accordance with the Copenhagen Stock Exchange requirements pertaining to listed companies. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 30 April 2007 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 2006/2007.

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

Herning, 28 June 2007

EXECUTIVE BOARD

Viggo Mølholm

Hans Barslund

SUPERVISORY BOARD

Svend Sigaard
Chairman

Ebbe Pelle Jacobsen
Deputy chairman

Christian Majgaard

Emil Poulsen*

Birgit Lørup*

* Employee representative

INDEPENDENT AUDITOR'S REPORT

To the shareholders of BoConcept Holding A/S

We have audited the Annual Report of BoConcept Holding A/S for the financial year 1 May 2006 – 30 April 2007, pages 4-68, which comprises management's statement, management's review, financial highlights, business base, strategy and sales markets, group and management, risks, corporate governance, shareholders, supervisory and executive boards as well as significant accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statements and notes for the Group as well as for the Parent Company. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act. Further, the Annual Report is prepared in accordance with additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the said legislation and accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 30 April 2007 of the Group and of the results of the Group operations and consolidated cash flows for the financial year 1 May 2006 – 30 April 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

In addition, in our opinion, the Annual Report gives a true and fair view of the financial position at 30 April 2007 of the Parent Company and of the results of the Parent Company operations for the financial year 1 May 2006 – 30 April 2007 in accordance with the Danish Financial Statements Act and additional Danish disclosure requirements for annual reports of listed companies.

Herning, 28 June 2007

PRICEWATERHOUSECOOPERS, STATSAUTORISERET REVISIONSAKTIESELSKAB

Niels Jørgen Lodahl
State authorised public accountant

Henrik Skjøtt Sørensen
State authorised public accountant

ACCOUNTING POLICIES APPLIED

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The parent company financial statements have been prepared in accordance with the provisions applying to listed companies under the Danish Financial Statements Act. Further, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports of listed companies.

Additional Danish disclosure requirements for annual reports are those laid down by the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act and by the Copenhagen Stock Exchange in respect of the group and those laid down by the Danish Financial Statements Act and the Copenhagen Stock Exchange in respect of the parent company.

The annual report is presented in Danish kroner.

New standards which have not entered into force and which are relevant to the group, but not yet applied

The IASB and the EU have adopted the following new accounting standards and interpretations, which is effective for annual periods beginning on or after 1 January 2007 and which is deemed to be relevant to the group.

IFRS 7 on the disclosure of financial instruments, including financial risks and the amendment to IAS 1 to add requirements for disclosures about an entity's capital is effective for financial years beginning on or after 1 January 2007. Implementation of the standard will have an impact on the notes to the annual report only.

IFRIC 7 on applying the 'Restatement Approach' under IAS 29. The interpretation relates to financial reporting in hyperinflationary economies and is effective for financial years beginning on or after 1 March 2006. The company has no operations in hyperinflationary economies, and the interpretation is therefore of no relevance to the company.

IFRIC 8 on the scope of IFRS 2. The interpretation relates to the measurement of share-based payments made to non-employees in return for no identifiable consideration in the form of goods or services. The interpretation is effective for financial years beginning on or after 1 March 2006. The company has not made any such transactions and is not expecting to make any share allotments.

IFRIC 9 on the reassessment of embedded derivatives. The interpretation stipulates when an entity becomes a party to a hybrid contract. The interpretation is effective for financial years beginning on or after 1 January 2006. The interpretation is not expected to have any significant impact on the company.

Consolidated financial statements

The consolidated financial statements comprise the parent company BoConcept Holding A/S and subsidiaries in which BoConcept Holding A/S has control, i.e. the power to govern the financial and operating policies so as to benefit from its operations. Control is usually obtained when the company, directly or indirectly, holds more than 50 per cent of the votes in the subsidiary or controls the subsidiary in some other way.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual group enterprises' financial statements according to the accounting policies of BoConcept Holding A/S, eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on transactions between the consolidated enterprises.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets and contingent liabilities at the acquisition date.

Business combinations

For acquisitions of new enterprises in which the parent company is able to exercise control over the acquired enterprise, the acquisition method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on the revaluations is recognised.

If uncertainties regarding measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair values at the acquisition date than first assumed, these are adjusted with a counter item for goodwill up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity, and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error. However, subsequent realisation of the acquired enterprise's deferred tax assets not recognised at the acquisition date will require recognition of the tax benefit in the income statement and simultaneous write-down of the carrying amount of the goodwill to the amount which would have been recognised had the deferred tax asset been recognised as an identifiable asset at the acquisition date.

Foreign currency translation

The group fixes a functional currency for each of the reporting enterprises. The functional currency is the currency which is applied in the primary economic environment in which the individual reporting unit operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the transaction date. Any exchange differences between the rate prevailing at the transaction date and the rate prevailing at the date of settlement are taken to the income statement as financial items.

Receivables, debt and other monetary items in foreign currencies are converted at the exchange rate prevailing at the balance sheet date. The difference between the rate prevailing at the balance sheet date and the rate prevailing at the time when the receivable or payable item arose is included in the income statement under financial income and expenses.

On recognition in the consolidated financial statements of enterprises with a functional currency other than Danish kroner the income statements of such enterprises are translated to the rate prevailing at the transaction date, and the balance sheet items are translated to the rate prevailing at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of the equity of such enterprises at the exchange rates prevailing at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Derivative financial instruments

Derivative financial instruments are initially and subsequently recognised at fair value in the balance sheet. Positive and negative fair values of derivative financial instruments are included in other receivables and payables respectively, and set-off of positive and negative values is only made when the company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge are recognised in equity under a separate hedging reserve. Once the hedged transaction is realised, gains or losses incidental to such hedging transactions are transferred from the equity and recognised with the hedged item.

For derivative financial instruments which do not qualify as hedging instruments, any changes in fair value are recognised in the income statement as they arise.

Share-based payment

The value of services to employees received as consideration for options allotted is measured at the fair value of the options allotted. The value of other services which are settled with the company's equity instruments is determined on the basis of the fair values of the services received unless the fair value cannot be reliably measured.

For equity-settled share-based payment arrangements allotted to employees, the share options are measured at the fair value at the allotment date and recognised in the income statement under staff costs over the vesting period. The counter item is recognised directly in equity.

On initial recognition of the share options the company estimates the number of options it expects to vest in the staff. That estimate is subsequently revised for changes in the number of options it expects to vest. Accordingly, recognition is based on the number of options ultimately vested.

The fair value of options allotted is estimated using the Black-Scholes formula. The estimate takes into account the terms and conditions upon which the options were allotted.

INCOME STATEMENT

Revenue

Income derived from the sale of goods and services is recognised in the income statement if delivery and risk pass to the purchaser before year-end and if the income can be reliably valued and is likely to be received. Revenue is measured exclusive of value added tax, taxes and discounts in connection with the sale.

Production costs
Production costs include costs, including depreciation and amortisation and wages and salaries that are paid to generate the revenue for the year. Production costs also include research and development costs that do not qualify for capitalisation.

Sale and distribution costs
Sale and distribution costs include costs incidental to the distribution of goods sold during the year and costs incidental to sales campaigns etc. Costs relating to sales staff, advertising and exhibitions as well as depreciation, amortisation, write-downs and impairment losses are recognised under this item.

Administrative expenses
Administrative expenses include costs incurred during the year for the management and administration of the group, including costs relating to administrative staff, management, renting of premises as well as depreciation, amortisation, write-downs and impairment losses.

Other operating income and expenses
Other operating income and expenses include accounting items of a secondary nature relative to the company's activities, including gains and losses on the sale of intangible assets, property, plant and equipment as well as investments. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the selling price less selling costs and the carrying amount at the selling date.

Financial income and expenses
Financial income and expenses include interest income and expenses, exchange adjustments relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme etc. Furthermore, realised and unrealised gains and losses relating to derivative financial instruments which do not qualify as hedging contracts are also recognised.

Tax on profit for the year
Tax for the year, which comprises current income taxes, the joint taxation contribution for the year relating to the use or refund of tax losses and changes in deferred tax for the year, for instance as a result of changes in the tax rate, is recognised in the income statement with the proportion attributable to the profit for the year and is recognised directly in equity as regards the portion attributable to items under the equity.

The current Danish income tax is allocated among the jointly taxed companies in the form of settlement of joint tax contributions in proportion to their taxable income. In this connection Danish companies with tax losses receive joint tax contributions from companies that have been able to utilise these losses to reduce their own taxable profits.

BALANCE SHEET

Intangible assets

Goodwill
Goodwill is initially recognised in the balance sheet at cost as described under 'business combinations'. Subsequently goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the group's cash-generating units at the acquisition date. The identification of cash-generating units is based on management structure and internal financial control.

Development costs
The company conducts no research. New products and product innovations are developed in consultation with external designers who are paid a fee in relation to the sale of the developed products. Development costs are not included, since these cannot be stated dependably, in addition to which these are often related to product replacements.

Master rights
Master rights acquired to run and start up new BoConcept stores on a specific market are recognised in the balance sheet.

Master rights are of indefinite duration, and the characteristics of the acquired rights are in fact comparable to goodwill.

Master rights are measured at cost. No amortisation is made in respect of these as their useful lives cannot be determined, but they are subject to an annual impairment test.

Software
Software is acquired externally and is measured at cost less accumulated amortisation. Software is written down to the recoverable amount or to the carrying amount, whichever is the lower. Amortisation is charged over three years.

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

The cost comprises the cost of acquisition as well as costs directly attributable to the acquisition until such time when the asset is put into service. Borrowing costs are not included in the cost price.

The cost of assets held under finance leases is stated at the lower of the fair value of the assets and the present value of the future minimum lease payments. For the calculation of the present value, the interest rate implicit in the lease or an approximation thereof is used as the discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the group. The replaced components are removed from the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, applying the following useful lives:

Buildings	25 years
Plant and machinery	5-9 years
Fixtures and fittings, other plant and equipment	3-7 years
Leasehold improvements	3–10 years

Land is not depreciated.

Depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement under production costs, distribution costs and administrative expenses respectively.

Impairment of non-current assets
Goodwill and master rights are subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amounts of goodwill and master rights are subject to an impairment test together with the other non-current assets in the cash-generating unit to which goodwill and master rights have been allocated, and the said assets are written down to the recoverable amount via the income statement if this is lower than the carrying amount. The recoverable amount is generally computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill or the master rights are allocated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses respectively.

Impairment of goodwill and master rights is not reversed. Impairment of other assets is only reversed in connection with changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Inventories
Inventories are measured at cost according to the FIFO method. Where the net realisable value is lower than the cost, the item is written down to the former lower value.

The cost of goods for resale, raw materials and consumables includes the purchase price and delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and production overheads. Production overheads include indirect materials and wages as well as maintenance and depreciation of the machinery, plant and equipment applied in the production process as well as the cost of factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables
Receivables are measured at amortised cost. Receivables are written down to provide for expected losses.

Prepayments
Prepayments recognised under assets include costs paid relating to subsequent financial years.

EQUITY

Dividend
The dividend proposed is recognised as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is shown as a separate item under the equity.

Interim dividend is recognised as a liability at the date when the decision to pay interim dividend is made.

Treasury shares
Costs of acquisition and disposal and dividends received in respect of treasury shares are recognised directly as retained earnings in equity. A reduction in capital brought about by the cancellation of treasury shares will reduce the share capital by an amount corresponding to the nominal value of the investment.

Proceeds from the sale of treasury shares and issue of shares, respectively, in BoConcept Holding A/S in connection with the exercise of share options or employee shares are recognised directly in equity.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the BoConcept group (Danish kroner).

On full or partial realisation of the net investment the foreign exchange adjustments are recognised in the income statement.

Income taxes and deferred tax
In pursuance of the joint taxation provisions BoCon Holding ApS in its capacity of administration company takes over the liability for the income taxes of the subsidiaries vis-à-vis the tax authorities as the subsidiaries make their joint tax contributions.

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 according to the balance-sheet liability method of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and office premises and other items where temporary differences, apart from business combinations, arose at the acquisition date without affecting either profit/loss for the year or taxable income. In cases where the tax base may be measured according to alternative tax regulations, deferred tax is measured on the basis of the use of the asset or liability planned by the management.

Deferred tax assets are subject to an annual impairment test and are amortised if it is deemed probable that the deferred tax asset cannot be eliminated against tax on future earnings or offset against deferred tax liabilities within the same legal tax entity or jurisdiction. In the assessment importance is attached to the type and nature of the recognised deferred tax asset, the expected time limit for eliminating the deferred tax asset, tax planning possibilities etc.

Deferred tax will be adjusted to account for the elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions
Provisions are recognised when, as a result of events arising before or at the balance sheet date, the group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is management's best estimate of the expenses required to settle the obligation.

Restructuring costs are recognised as a liability when the persons affected by it have been notified of a detailed, formal restructuring plan not later than at the balance sheet date.

Financial liabilities
Payables to mortgage credit institutions and banks are recognised in the amount of the proceeds after deducting transaction costs when the loan is raised. In subsequent periods the financial liabilities are recognised at amortised cost using the 'effective rate of interest method' thus that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. Financial liabilities also include the capitalised residual obligation under finance leases. Other liabilities are measured at the nominal value which corresponds to the amortised cost for current payables.

Deferred income
Deferred income is recognised as a liability, comprising payments received relating to income in subsequent years and is measured at the nominal value.

Presentation of discontinued operations
Discontinued operations constitute a significant entity where operations and cash flows, in terms of operations and accounting, can be clearly separated from the remaining business and where the entity has either been disposed off or singled out as intended for sale, and the sale is expected to be completed within one year in accordance with a formal plan.

The result after tax on discontinued operations and value adjustments after tax on the assets and liabilities relating to the discontinued operation is presented on a separate line in the income statement. The notes disclose revenue, costs, value adjustments and tax for the discontinued activity.

Cash flows from operating, investment and financing activities for the discontinued operations are disclosed in a note.

Cash flow statement
The cash flow statement shows the group's cash flow divided into operating, investing and financing activities, the change in cash and cash equivalents during the year and the group's cash and cash equivalents at the beginning of the year and at year-end.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the acquisition date. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities
Cash flows from operating activities are recognised as the profit before tax for non-cash operating items, changes in working capital, interest paid and income taxes paid.

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

Cash flow from financing activities
Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of long-term interest-bearing debt, acquisition and disposal of treasury shares and payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value and short-term business credits.

Segment information
Information is provided on business segments, which represent the group's primary reporting format, with geographical markets as the secondary reporting format. Segment information is based on the group's risks, management and internal financial control. Segment information is provided in accordance with the group's accounting policies.

Segment revenue and costs and segment assets and liabilities comprise items which are directly attributable to the individual segment and items which can be allocated to the individual segment on a reliable basis. Unallocated items primarily comprise assets and liabilities and income and expenses related to the group's administrative functions, investing activities, income taxes, etc.

Non-current assets in the segment include non-current assets that are used directly in the operations of the segment, including intangible assets and property, plant and equipment.

Current assets in the segment include current assets that are used directly in the operations of the segment, including inventories, trade receivables, other receivables, prepayments and cash.

Segment liabilities include liabilities that are related to the operations of the segment, such as suppliers of goods and services and other payables.

CONSOLIDATED INCOME STATEMENT
DKK'000


With its oversize products, beautiful metallic fabrics and functional wall units the 2007/2008 collection oozes luxury and masculinity – here Basic XT with sliding door in black oak

1 MAY - 30 APRIL

		2006/07	2005/06
2	**Revenue**	1,046,633	892,030
3|4	Production costs	(621,660)	(522,806)
	Gross profit	424,973	369,224
3|4	Sales and distribution costs	(290,365)	(260,749)
3|4|5	Administrative expenses	(62,120)	(63,817)
6	Other operating income	508	860
7	Other operating expenses	(3,560)	(8,807)
	Profit/loss from operating activities	69,436	36,711
8	Financial income	3,554	2,418
9	Financial expenses	(11,283)	(12,387)
	Profit/loss before tax	61,707	26,742
10	Tax on profit for the year for continuing activities	(19,377)	(14,897)
	Profit for the year for continuing activitites	42,330	11,845
11	The profit for the year for discontinued activities	0	860
	Profit for the year	42,330	12,705
	Broken down as follows:		
	Shareholders of BoConcept Holding A/S	42,429	12,587
	Minority interests	(99)	118
		42,330	12,705
	Earnings per share		
12	Earnings per share	17.1	5.1
	Diluted earnings per share	16.4	4.9

CONSOLIDATED BALANCE SHEET

DKK'000

AS AT 30 APRIL

Note		2007	2006
	ASSETS		
	Goodwill	14,500	1,869
	Master rights	7,983	7,983
	Software	1,178	304
13	**Total intangible assets**	23,661	10,156
	Land and buildings	88,042	116,139
	Leasehold improvements	15,872	9,565
	Plant and machinery	47,882	66,598
	Fixtures and fittings, other plant and equipment	8,153	9,021
	Property, plant and equipment in progress	8,860	1,570
14	**Total property, plant and equipment**	168,809	202,893
15	Deferred tax	23,455	21,407
16	Securities	992	728
16	Deposits	10,106	7,987
	Other loans	3,114	1,518
	Total other non-current assets	37,667	31,640
	Total non-current assets	230,137	244,689
17	Inventories	138,588	116,789
18	Receivables	132,667	106,508
19	Other receivables	35,549	23,395
	Cash	9,928	7,878
	Total current assets	316,732	254,570
	TOTAL ASSETS	546,869	499,259

AS AT 30 APRIL

Note		2007	2006
	LIABILITIES		
	Share capital	26,000	26,000
	Reserve for hedging transactions	2,158	1,137
	Translation reserve	(3,948)	(396)
	Retained earnings	119,057	81,398
	Dividend proposed	5,200	0
	Equity attributable to shareholders of BoConcept Holding A/S	148,467	108,139
	Minority interests	69	363
20	**Total equity**	148,536	108,502
15	Deferred tax	30,336	29,710
21	Mortgage credit institutions and banks	95,887	120,026
	Total non-current liabilities	126,223	149,736
21	Mortgage credit institutions and banks	98,133	97,126
	Trade payables	65,400	70,164
	Prepayment from customers	24,597	16,080
22	Other payables	83,980	57,651
	Total current liabilities	272,110	241,021
	Total liabilities	398,333	390,757
	TOTAL LIABILITIES AND EQUITY	546,869	499,259

23 Contingent liabilities and security
26 Currency risk
27 Related parties

CONSOLIDATED STATEMENT OF EQUITY MOVEMENTS

DKK'000

Note		Share capital	Reserve for hedging transaction	Translation reserve	Retained earnings	Dividend proposed	Total
28	**Equity as at 1 May 2005**	26,000	(294)	(481)	72,987	0	98,212
	Correction relating to deferred tax assets and re-taxation balances*				(4,176)		(4,176)
	Profit for the year				12,587		12,587
	Translation reserve			85			85
	Value adjustment of hedging instruments, beginning of the year		1,420				1,420
	Value adjustment of hedging instruments, year-end		11				11
	Total income	0	1,431	85	8,411	0	9,927
	Distributed dividend					0	0
	Dividend treasury shares					0	0
	Equity as at 30 April 2006	26,000	1,137	(396)	81,398	0	108,139
	Profit for the year				42,429		42,429
	Income from treasury shares				323		323
	Costs for share options				107		107
	Translation reserve			(3,552)			(3,552)
	Value adjustment of hedging instruments, beginning of the year		(11)				(11)
	Value adjustment of hedging instruments, year-end		1,032				1,032
	Total income	0	1,021	(3,552)	42,859	0	40,328
	Dividend proposed	0	0	0	(5,200)	5,200	0
	Dividend treasury shares	0	0	0	0	0	0
	Equity as at 30 April 2007	26,000	2,158	(3,948)	119,057	5,200	148,467

* Please see note 15 deferred tax

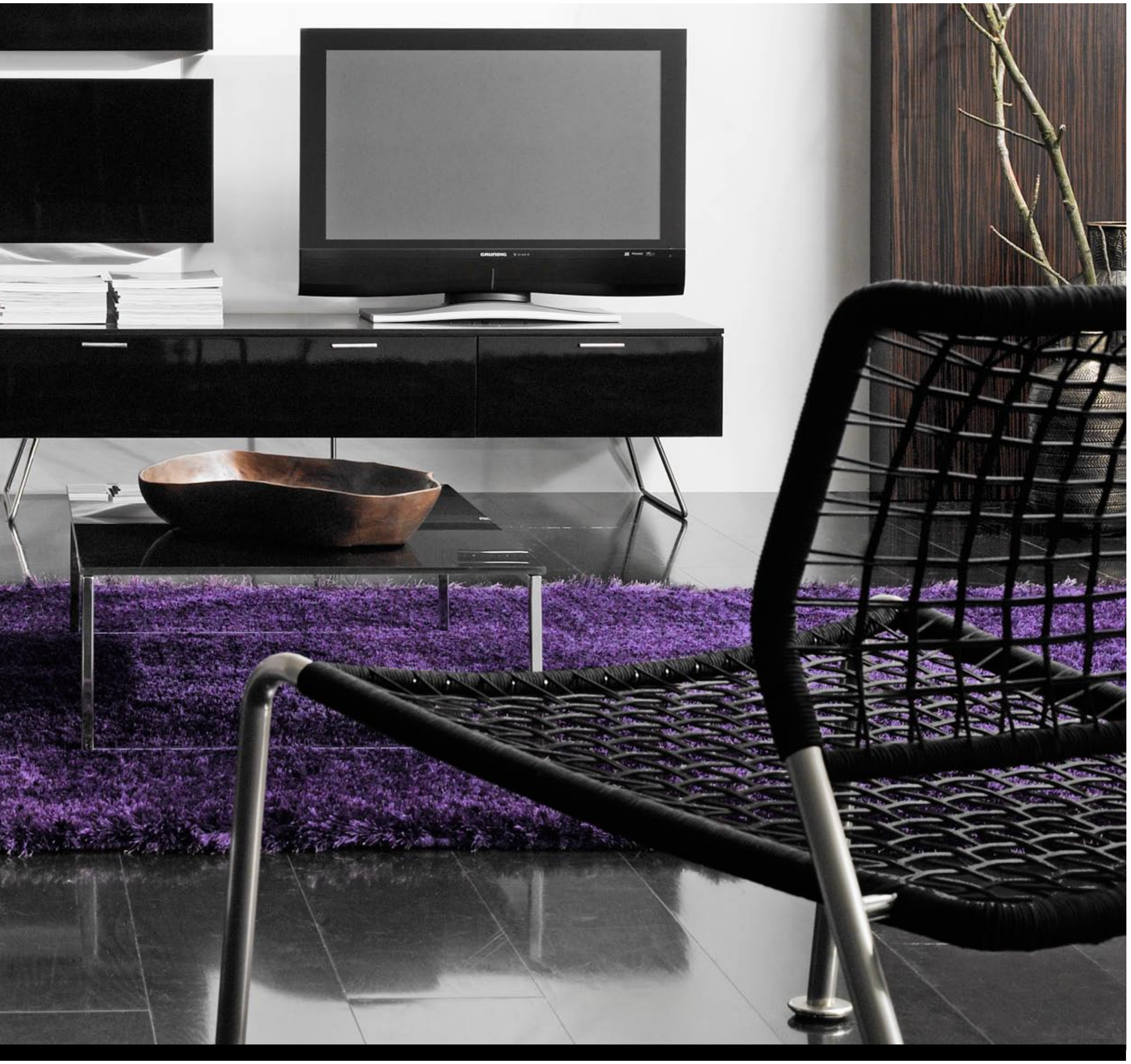
As regards information as to what reserves are available for distribution, reference is made to the parent company's statement of equity movements on page 61. The appropriation of profit is shown in the parent company's income statement on page 59, including dividend per share.

CONSOLIDATED CASH FLOW STATEMENT

DKK'000

Note		2006/07	2005/06
	Revenue and other operating income	1,047,141	952,370
	Operating expenses	(977,706)	(914,086)
	Depreciation and amortisation	29,205	38,145
24	Change in net working capital	(46,409)	38,987
	Cash flow from operating activities before financial items	52,231	115,416
	Interest income etc.	3,554	2,543
	Interest paid	(10,765)	(12,927)
	Cash flow from ordinary operating activities	45,020	105,032
	Income taxes paid	(2,559)	(4,771)
	Cash flow from operating activities	42,461	100,261
	Acquisition of intangible fixed assets	(13)	(661)
	Sale of intangible fixed assets	0	690
	Acquisition of property, plant and equipment	(27,546)	(14,393)
	Sale of property, plant and equipment	19,791	50
	Acquisition of investments	(2,383)	(1,222)
	Sale of investments	430	3,089
	Other loans	(1,596)	(234)
25	Acquisition of companies	(10,594)	0
25	Disposal of companies	5,150	3,029
	Cash flow for investing activities	(16,761)	(9,652)
	Cash flow before repayment of bank debt	25,700	90,609
	Instalments on long-term debt	(25,558)	(15,998)
	Dividend paid	0	0
	Cash flow from financing activities	(25,558)	(15,998)
	Net cash inflow/outflow	142	74,611
	Cash and cash equivalents less short-term bank debt, beginning of year	(72,774)	(147,195)
	Revaluation of cash and cash equivalents	(518)	(190)
	Cash and cash equivalents at year-end	(73,150)	(72,774)
	The amount can be broken down as follows:		
	Cash without restrictions	9,928	7,878
	Short-term debt to credit institutions	(83,078)	(80,652)
		(73,150)	(72,774)

NOTES, CONSOLIDATED ACCOUNTS
DKK'000



Small Living is an important area of focus. Our advice is to tidy up and get a Modii unit to organise your stereo and CDs!
Black high-lustre surfaces reflect the light in the room, and the Hopper chair is both transparent and has excellent seating comfort

1 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation uncertainty
Determining the carrying amounts of certain assets and liabilities requires estimation of the effects of future events on the carrying amounts of these assets and liabilities at the balance sheet date. Estimates that are material for the financial reporting are made, among other things, by computing amortisation, depreciation, write-downs and impairment losses, provisions as well as contingent liabilities and assets.

The estimates applied are based on assumptions which are sound, in the management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. Special risks for BoConcept Holding A/S are described in Risks on page 18.

The notes provide information on bases and assumptions, on the future and other estimation uncertainties at the balance sheet date where there is a considerable risk of changes that may lead to a significant adjustment of the carrying amounts of assets or liabilities within the coming financial year.

For BoConcept Holding A/S the measurements of intangible assets, including goodwill, master rights and deferred tax assets, may be affected considerably by significant changes in the estimates, bases and assumptions on which the calculations are made. For a description of impairment tests for intangible assets reference is made to note 13.

2 SEGMENT INFORMATION / ACTIVITIES PRIMARY & SECONDARY SEGMENT

	Home furnishings continuing activity		Group total		Office furniture discontinued activity	
Operating items	**2006/07**	2005/06	**2006/07**	2005/06	**2006/07**	2005/06
Revenue	1,046.6	892.0	1,046.6	892.0	0.0	59.5
Gross profit	425.0	369.2	425.0	369.2	0.0	11.8
Operating profit	69.4	36.7	69.5	36.7	0.0	1.6
Profit/loss before tax	61.7	26.7	61.7	26.7	0.0	1.0
Profit for the year	42.3	11.8	42.2	11.7	0.0	0.9

As per 1 May 2006 the activity office furniture has been spun off.

NOTES, CONSOLIDATED ACCOUNTS

DKK million

DKK'000

2 SEGMENT INFORMATION / ACTIVITIES PRIMARY & SECONDARY SEGMENT (CONTINUED)

	Home furnishings continuing activity		Group total		Office furniture discontinued acitivity	
Balance sheet items	**2006/07**	2005/06	**2006/07**	2005/06	**2006/07**	2005/06
Non-current assets	230.1	229.5	230.1	229.5	0.0	15.2
Current assets	316.7	240.7	316.7	240.7	0.0	13.9
Segment assets	546.8	470.2	546.8	470.2	0.0	29.1
Capital expenditure	27.5	13.7	27.5	13.7	0.0	0.7
Depreciation and amortisation	29.2	32.5	29.2	32.5	0.0	2.5
Write-downs	0.0	3.1	0.0	3.1	0.0	0.0
Segment liabilities	398.3	341.4	398.3	341.4	0.0	24.1
Cash flow from operating activities	46.0	93.2	46.0	93.2	0.0	6.8
Cash flow from investing activities	(20.3)	(9.2)	(20.3)	(9.2)	0.0	(0.5)
Cash flow from financing activities	(25.6)	(92.3)	(25.6)	(92.3)	0.0	(7.8)
Average number of employees	751	720	751	720	0.0	45

	Nordic countries		Europe		USA	
Geographic - secondary segment	**2006/07**	2005/06	**2006/07**	2005/06	**2006/07**	2005/06
Revenue	206.8	172.6	501.3	369.5	140.9	161.5
Segment assets	417.9	358.9	31.7	60.9	54.6	39.0
Capital expenditure	18.5	8.0	3.0	3.6	0.8	0.3

	Japan		The rest of the world		Group total		Discontinued activity total	
	2006/07	2005/06	**2006/07**	2005/06	**2006/07**	2005/06	**2006/07**	2005/06
Revenue	118.1	118.8	79.5	69.6	1,046.6	892.0	0.0	59.5
Segment assets	42.7	40.4	0.0	0.0	546.9	499.2	0.0	0.0
Capital expenditure	5.3	2.0	0.0	0.0	27.5	13.7	0.0	0.5

Revenue broken down by geographical segment has been determined according to the customer's physical location, whereas segment assets and capital expenditure have been determined according to the location of the production facilities.

3 COSTS

Staff costs	**2006/07**	2005/06
Remuneration of parent company's supervisory board	650	850
Wages and salaries	220,516	200,573
Pensions	10,085	11,677
Other social security costs	11,816	11,232
Share-based payments	107	0
Other staff costs	7,371	5,630
	250,545	229,962
Staff costs are recognised as follows:		
Production costs	106,564	112,299
Sales and distribution costs	110,528	89,092
Administrative expenses	33,453	28,571
	250,545	229,962
Average number of employees	751	765
Cost in respect of share-based payments for the year is recognised as follows:		
Sales and distribution costs	107	0

Remuneration of the supervisory board, the executive board and executives:	**2006/07**			2005/06		
	Supervisory board of the parent company	Executive board of the parent company	Other executives	Supervisory board of the parent company	Executive board of the parent company	Other executives
Wages and salaries	650	2,937	3,348	850	2,650	2,940
Bonus	0	783	650	0	1,230	756
Pensions	0	277	297	0	251	262
Share-based payments	0	0	0	0	0	0
	650	3,997	4,295	850	4,131	3,958

Share options schemes

In 2005 share options in BoConcept Holding A/S were allotted to the members of the executive board and other executives including the supervisory board of the parent company. The option scheme includes 115,200 shares at a nominal value of DKK 10 each, 28,800 shares of which have been awarded the executive board of the parent company. The options may be exercised until 2013. The option price is DKK 45.

In 2006 share options in BoConcept Holding A/S were allotted to other executives. The option scheme included 9,600 shares at a nominal value of DKK 10 each. The options may be exercised until 2014. The option price is DKK 260.

The options may only be exercised for a period of 6 weeks after the publication of annual or interim reports.

The options can only be settled in shares. A portion of the company's holding of treasury shares has been set aside for the exercise of options allotted.

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

3 COSTS (CONTINUED)

Specification of outstanding options:	Executive board	Other executives	Other employees	Total	Exercise price*	Fair value per option*
Number of options to be exercised:						
1 May 2005	28,800	28,800	57,600	115,200	45	10.4
Allotted in 2005/2006	0	0	0	0		
Outstanding per 30 April 2006	28,800	28,800	57,600	115,200		
Allotted in 2006/2007	0	0	9,600	9,600	260	111.6
Exercised	0	0	(7,200)	(7,200)	45	302.0
Expired	0	0	(3,600)	(3,600)	45	45.0
Outstanding per 30 April 2007	28,800	28,800	56,400	114,000		

* Time of allotment

The calculated fair values on allotment are based on the Black-Scholes formula for the valuation of European options.

	2007
The fair values of the outstanding share options at the time of allotment have been determined on the basis of the following assumptions:	
Share price (DKK)	285
Exercise price (DKK)	260
Expected volatility	46%
Expected life	8 years
Expected dividend per share	3.5%
Risk free interest rate (based on Danish government bonds)	4.0%

The expected volatility is based on past observations estimated at 46% per year.

As regards outstanding options as at 30 April 2007 the average remaining life amounts to 6 years, and the exercise price is DKK 63 per option.

Development costs	2006/07	2005/06
Development costs paid during the year	5,019	4,163

4 DEPRECIATION, AMORTISATION, WRITE-DOWNS AND IMPAIRMENT LOSSES

	2006/07	2005/06
Amortisation of intangible assets	270	204
Write-downs of intangible assets	48	1,178
Depreciation of property, plant and equipment	28,887	34,784
Write-downs of property, plant and equipment	0	1,979
	29,205	38,145
Depreciation, amortisation, write-downs and impairment losses are recognised in the income statement as follows:		
Production costs	19,047	22,070
Sales and distribution costs	6,765	9,167
Administrative expenses	3,393	4,737
Other operating expenses	0	2,171
	29,205	38,145

5 FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

	2006/07	2005/06
Aggregate fee PricewaterhouseCoopers (KPMG)	1,278	1,247
Aggregate fee other auditors	993	1,133
	2,271	2,380
That break down as follows:		
Audit PricewaterhouseCoopers (KPMG)	420	548
Audit other auditors	0	116
Other audit-related services PricewaterhouseCoopers (KPMG)	858	699
Other audit-related services other auditors	993	1,017
	2,271	2,380

6 OTHER OPERATING INCOME

	2006/07	2005/06
Gain on sale of non-current assets	508	860

7 OTHER OPERATING EXPENSES

	2006/07	2005/06
Loss on sale of property, plant and equipment	27	1,546
Write-downs of property, plant and equipment	0	2,171
Non-recurring and restructuring costs	0	2,930
Close down costs upholstery unit, Hornslet	3,533	2,160
	3,560	8,807

Close down costs upholstery unit Hornslet relate to costs in connection with employee dismissals/resignations and writing down of current assets.

Non-recurring costs and restructuring costs for 2005/2006 relate to provisions for and the costs incidental to closing down entities that are not deemed to be able to achieve sufficient production and warehousing capacity.

8 FINANCIAL INCOME

	2006/07	2005/06
Other interest income	3,346	2,418
Exchange gain	208	0
	3,554	2,418

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

9 FINANCIAL EXPENSES

	2006/07	2005/06
Other interest expenses	11,283	12,387

10 TAX

	2006/07	2005/06
Tax for the year breaks down as follows:		
Tax on profit for the year	(19,377)	(14,473)
Tax on changes in equity	(540)	(424)
	(19,917)	(14,897)
Tax on profit for the year may be subdivided as follows:		
Current tax	(22,126)	(8,082)
Deferred tax	2,749	(5,292)
Adjustment of tax related to previous years	0	(1,099)
	(19,377)	(14,473)
Tax on profit for the year may be explained as follows:		
Calculated 28% tax on profit for the year before tax	(17,278)	(7,487)
The tax effect of:		
Deviation in foreign companies' tax rate compared to Danish tax rate (net)	(726)	0
Non-taxable income	102	0
Non-deductible items and other	(1,475)	(5,887)
Adjustment of tax-related to previous years	0	(1,099)
	(19,377)	(14,473)
Effective tax rate	31.4	55.7

The relatively high tax rate applied in 2005/2006 is due to the non-recurring writedown of a tax asset relating to foreign companies in connection with their becoming a party to the international joint taxation scheme.

11 PROFIT FOR THE YEAR FOR DISCONTINUED ACTIVITIES

	2006/07	2005/06
Revenue	0	59,461
Costs	0	58,493
Profit before tax	0	968
Tax on profit for the year	0	108
Profit after tax	0	860
Cash flow from operating activities	0	6.8
Cash flow for investing actitivites	0	(0.5)
Cash flow from financing activities	0	(7.8)
Earnings per share	0	0.35
Earnings per diluted share	0	0.33

12 EARNINGS PER SHARE

	2006/07	2005/06
Profit for the year	42,330	12,705
The minority interests' share of the group profit/loss	99	(118)
	42,429	12,587
Number of shares	2,600,000	2,600,000
Number of treasury shares	(121,800)	129,000
Number of shares in circulation	2,478,200	2,471,000
The average dilution effect of the outstanding share options	95,772	97,600
Diluted number of shares in circulation	2,573,972	2,568,600
Earnings per share (EPS) of DKK 10	17.1	5.1
Earnings per diluted share of DKK 10	16.4	4.9

13 INTANGIBLE ASSETS

	2007				2006			
	Goodwill	Master rights	Software	Total	Goodwill	Master rights	Software	Total
Acquisition cost beg./year	4,270	7,983	5,929	18,182	3,796	7,983	5,914	17,693
Foreign currency translation adjustments	(1)	0	0	(1)	(11)	0	0	(11)
Additions	0	0	13	13	485	0	176	661
Additions, acquistion of company	14,080	0	0	14,080	0	0	0	0
Transfers	0	0	1,225	1,225	0	0	0	0
Disposals, disposal of companies	(3,000)	0	(464)	(3,464)	0	0	0	0
Disposals during the year	(711)	0	0	(711)	0	0	(161)	(161)
Acquisition cost, year-end	14,638	7,983	6,703	29,324	4,270	7,983	5,929	18,182
Depreciation, amortisation and impairment losses beg./year	2,401	0	5,625	8,026	1,234	0	5,553	6,787
Foreign currency translation adjustments	0	0	0	0	(11)	0	0	(11)
Write-downs for the year	48	0	0	48	1,178	0	0	1,178
Amortisation for the year	0	0	270	270	0	0	204	204
Reversal of depreciation on disposal in the year, disposals of companies	(1,600)	0	(370)	(1,970)	0	0	0	0
Disposals during the year	(711)	0	0	(711)	0	0	(132)	(132)
Depreciation and impairment losses at year-end	138	0	5,525	5,663	2,401	0	5,625	8,026
Amortisation and impairment losses at year-end	14,500	7,983	1,178	23,661	1,869	7,983	304	10,156
Carrying amount at year-end			3 years				3 years	

Goodwill has been written down to calculated market capitalisation for the financial years 2006/2007 and 2005/2006. An impairment test of the carrying amounts of goodwill and master rights has been carried out as at 30 April 2006 and as at 30 April 2007. The carrying amount of goodwill is based on the cash-generating store units in the USA and partly owned group enterprises in Germany. The main factors in the determination of the recoverable amount are revenue and contribution margin. The recoverable amounts of goodwill and master rights are based on the value in use, which is determined by applying the estimated cash flows based on the budget for the year ahead and estimates for the coming 5 years with a growth rate of 2% and a discount rate of 14% before tax. Management assesses that probable changes in the basic presumptions will not result in the carrying amount of goodwill and master rights exceeding the recoverable amount.

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

14 PROPERTY, PLANT AND EQUIPMENT

2007

	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures and operating equipment	Property, plant and equipment in progress	Total
Acquisition cost at the beginning of the year	204,279	20,590	221,180	30,619	1,570	478,238
Foreign currency translation adjustments	512	(1,245)	(5)	(477)	0	(1,215)
Additions	4,374	6,031	3,962	4,319	8,860	27,546
Carried forward	(4,157)	2,114	763	1,625	(1,570)	(1,225)
Additions, acquisition of company	0	4,932	0	2,204	0	7,136
Disposals, disposal of companies	(14,758)	0	(27,255)	(1,067)	0	(43,080)
Disposals during the year	(18,371)	(1,153)	(8,024)	(8,300)	0	(35,848)
Acquisition cost at year-end	171,879	31,269	190,621	28,923	8,860	431,552
Depreciation and impairment losses at the beginning of the year	88,140	11,025	154,582	21,598	0	275,345
Foreign currency translation adjustments	72	(637)	(3)	(342)	0	(910)
Transferred other group	(1,429)	928	0	242	0	(259)
Depreciation on purchase	0	1,692	0	1,280	0	2,972
Reversal of depreciation on disposal in the year, disposals of companies	(7,758)	0	(18,333)	(635)	0	(26,726)
Depreciation for the year	7,327	3,409	13,886	4,264	0	28,886
Depreciation	0	0	0	0	0	0
Disposals for the year	(2,515)	(1,020)	(7,393)	(5,637)	0	(16,565)
Depreciation and impairment losses at year-end	83,837	15,397	142,739	20,770	0	262,743
Carrying amount at year-end	88,042	15,872	47,882	8,153	8,860	168,809
Depreciated over a period of	25 years	3-10 years	5-9 years	3-7 years		

Plant and machinery includes leased assets at a carrying amount of DKK 22.4 million (DKK 27.2 million).

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2006

	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures and operating equipment	Property, plant and equipment in progress	Total
Acquisition cost at the beginning of the year	199,095	24,903	219,375	28,836	782	472,991
Foreign currency translation adjustments	1,990	(242)	(13)	375	0	2,110
Additions	3,172	3,492	3,221	2,938	1,570	14,393
Additions relating to acquisitions	0	0	0	0	0	0
Carried forward	22	0	326	434	(782)	0
Disposals during the year	0	(7,563)	(1,729)	(1,964)	0	(11,256)
Acquisition price at year-end	204,279	20,590	221,180	30,619	1,570	478,238
Depreciation and impairment losses at the beginning of the year	80,031	9,077	138,413	17,760	0	245,281
Adjustment, at the beginning of the year	0	0	0	0	0	0
Foreign currency translation adjustments	187	(10)	0	104	0	281
Depreciation for the year	7,922	5,811	15,946	5,105	0	34,784
Depreciation	0	197	1,617	165	0	1,979
Disposals during the year	0	(4,050)	(1,394)	(1,536)	0	(6,980)
Depreciation and impairment losses at year-end	88,140	11,025	154,582	21,598	0	275,345
Carrying amount at year-end	116,139	9,565	66,598	9,021	1,570	202,893
Depreciated over a period of	25 years	3-10 years	5-9 years	3-7 years		

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

15 DEFERRED TAX

	2007	2006
Deferred tax at the beginning of the year	(8,303)	(2,768)
Deferred tax for the year	2,209	(5,716)
Foreign currency translation	(787)	181
Deferred tax at year-end	(6,881)	(8,303)
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	23,455	21,407
Deferred tax (liability)	(30,336)	(29,710)
Net deferred tax at year-end	(6,881)	(8,303)
Deferred tax relates to:		
Intangible assets	1,186	2,215
Property, plant and equipment	(9,195)	(10,748)
Financial assets and liabilities (intercompany profit)	(264)	69
Current assets	3,749	4,119
Tax loss carry-forwards	23,455	21,407
Re-taxation balances	(25,272)	(25,272)
Tax on entries in equity	(540)	0
Non-current assets	0	(93)
	(6,881)	(8,303)

The group is subject to the Danish provisions on compulsory joint taxation of the Danish companies in the BoConcept Group and has adopted the international joint taxation of its foreign companies. Subsidiaries are included in the joint taxation scheme from the date on which they are included in the consolidated financial statements and until such time when they are excluded from consolidation.

As of 1 May 2006 BoCon Holding A/S is the administrator of the joint taxation scheme, and in that capacity it settles all payments of income tax with the tax authorities.

Losses previously deducted relating to jointly taxed foreign companies will be retaxed. Retaxation will occur as profits are realised in the companies in question or upon their withdrawal from the international joint taxation scheme. In previous years no provision was made for the retaxation liability relating to these previously deducted losses. At the same time the tax assets in the relevant foreign companies were not included.

This has been corrected this year with the following effect:

	Balance sheet 01.05.05	Income statement 2005/06	Balance sheet 30.04.06	Income statement 2006/07	Balance sheet 30.04.07
Tax on profit for the year		130		3,375	
Earnings per share		0.0		1.3	
Earning per diluted share		0.0		1.3	
Deferred tax assets	12,610		21,407		23,455
Deferred tax liabilities	(16,786)		(25,272)		(25,272)
Equity	(4,176)		(3,865)		(1,817)

The Danish Franchise Association presented BoConcept Retail & Sales Director Torben Paulin with the 2007 Franchise Award for 'growth, growth and earnings'

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

16 INVESTMENTS

	Deposits		Securities	
	2007	2006	**2007**	2006
Cost at the beginning of the year	7,987	10,302	728	768
Foreign currency translation adjustments	(812)	(388)	0	0
Additions	2,073	1,222	264	0
Additions, acquisition of company	948	0	0	0
Disposals during the year	(90)	(3,149)	0	(40)
Cost at year-end	10,106	7,987	992	728

17 INVENTORIES

	2007	2006
Raw materials and consumables	15,552	20,187
Goods in progress	21,318	18,303
Manufactured goods and goods for resale	101,718	78,299
	138,588	116,789
Cost of sales for the year which is included in production costs	530,505	479,683
Write-down of inventories in the year	6,486	10,349
Reversal of write-downs in the year	2,499	6,895

The reversal of write-downs in the year is due to goods sold at a higher value than the written down carrying amount.

18 TRADE RECEIVABLES

	2007	2006
Trade receivables	132,667	106,508
Write-down for the year recognised in the above	1,207	4,691
Reversal of write-downs in the year	4,890	1,870

19 OTHER RECEIVABLES

	2007	2006
Other receivables	26,247	20,235
Prepayments and accrued income	9,302	3,160
	35,549	23,395

20 SHARE CAPITAL

	Number of shares		Nominal value	
	2007	2006	**2007**	2006
Beginning of the year / year-end class A-shares	240,000	240,000	2,400	2,400
Beginning of the year / year-end class B-shares	2,360,000	2,360,000	23,600	23,600
	2,600,000	2,600,000	26,000	26,000

Each class A-share carries 10 votes whereas each class B-share carries 1 vote. All figures have been restated to take into account the share split adopted at the general meeting on 28 August 2006.

20 SHARE CAPITAL (CONTINUED)

	Number of shares		Nominal value		Percentage share capital	
Treasury shares	**2007**	2006	**2007**	2006	**2007**	2006
1 May	129,000	129,000	1,290	1,290	4.96	4.96
Acquisition	0	0	0	0	0	0
Sale	(7,200)	0	(72)	0	(0.28)	0
Treasury shares at 30 April	121,800	129,000	1,218	1,290	4.68	4.96

21 AMOUNTS OWED TO MORTGAGE AND CREDIT INSTITUTIONS

The group owes the following amounts which fall due in the following order:

	2007	2006
Mortgage and credit institutions		
Within 1 year	1,404	3,268
Between 1 and 5 years	6,207	13,230
After 5 years	37,800	30,074
	45,411	46,572
Credit institutions / leasing debt:		
After 5 years	3,080	8,047
Between 1 and 5 years	48,800	68,676
Non-current portion	51,880	76,723
Within 1 year	8,522	13,207
Other current debt (overdrafts)	88,207	80,650
	96,729	93,857
Weighted effective interest rate at 30 April (%)	5.4%	4.9%
Fair value	194,020	217,152
Nominal value	194,020	217,152

Liabilities relating to assets under finance leases are therefore included in amounts owed to credit institutions:

	2007			2006		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
0-1 year	5,551	(1,199)	4,352	5,802	(1,446)	4,356
1-5 years	21,760	(2,376)	19,384	22,235	(3,429)	18,806
>5 years	3,127	(48)	3,079	9,265	(1,218)	8,047
	30,438	(3,623)	26,815	37,302	(6,093)	31,209

Leased equipment comprises production plant and machinery and the high-bay warehouse at Ølgod. The term remaining of the leases is just under five years. The leases have been concluded in Euro with fixed leasing payments for the remainder of the term.

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

22 OTHER PAYABLES

	2007	2006
Other payables	65,984	53,360
Income taxes payable	17,996	3,787
Prepayments and accrued income	0	504
Total other payables	83,980	57,651

23 CONTINGENT LIABILITIES AND SECURITY

	2006/07	2005/06
Land and buildings recognised at:	88,042	97,319
Production plant and machinery recognised at:	29,285	40,706
Are charged in addition to the mortgage debt of:	45,411	46,573
Subject to letter of indemnity of:	50,000	50,000
Forward exchange contracts with an obligation:		
To sell currency	33,239	21,759
To buy currency	49,287	0
Non-terminable operating leases are as follows:		
0-1 year	34,361	19,514
1-5 years	55,279	37,382
>5 years	8,304	9,198
	97,944	66,094

The group leases store premises and cars under operating leases. The leasing period is usually between 3 and 10 years with the possibility of prolongation.

A contract has been concluded for DKK 6.5 million relating to the expansion of the office building in Ølgod. Completion of the work is expected at the end of 2007.

24 CHANGES IN WORKING CAPITAL

	2007	2006
Change receivables	(31,159)	(1,746)
Change inventories	(29,402)	12,170
Change trade payables, etc.	14,152	28,563
	(46,409)	38,987

25 ACQUISITION/DISPOSAL OF GROUP ENTERPRISES AND ACTIVITIES

Disposal of companies	2006/07	2005/06
Non-current assets	17,858	1,488
Current assets	15,562	1,541
Non-current liabilities	(2,460)	0
Current liabilities	(25,888)	0
Net value	5,072	3,029
Proceeds from the sale of companies	78	0
Total net value	5,150	3,029

Cash was not included in the sale of businesses.

Acquisition of companies	2006/07	
	Fair value at acquisition date	Carrying amount prior to acquisition
Property, plant and equipment	4,591	5,998
Inventories	1,835	1,835
Receivables	266	266
Cash	2,423	2,423
Credit institutions	(2,583)	(2,583)
Trade payables	(6,605)	(6,605)
Other payables	(5,809)	(5,809)
Value order intake	2,236	0
Acquired net assets	(3,646)	(4,475)
Goodwill	14,080	0
This amount cash and credit institutions	160	
Acquisition cost in cash	10,594	(4,475)

No businesses were acquired in 2005/2006.

On 23 August 2006 BoConcept acquired full ownership of three stores in the USA, located in Washington, Cambridge and Virginia. If the acquisition had taken place on 1 May 2006, the acquisition would not have had any significant impact on either revenue or the pre-tax result. Following the acquisition the pre-tax result amounted to DKK 325 ('000).

NOTES, CONSOLIDATED ACCOUNTS
DKK'000

26 FOREIGN EXCHANGE RISKS

2007

Foreign currencies	Payment/maturity	Receivables	Liabilities other than provisions	Hedged by forward exchange contracts	Net position
CHF	<1 year	0	(32)	0	(32)
	>1 year	0	0	0	0
GBP	<1 year	7,503	(27,001)	(8,731)	(28,229)
	>1 year	0	0	0	0
JPY	<1 year	6,434	(18,598)	(22,880)	(35,044)
	>1 year	0	0	0	0
SEK	<1 year	4,414	(6,335)	(1,628)	(3,549)
	>1 year	0	(318)	0	(318)
USD	<1 year	19,811	(18,525)	49,287	(50,573)
	>1 year	0	0	0	0
EUR	<1 year	68,887	(73,114)	0	(4,227)
	>1 year	0	(64,271)	0	(64,271)
Other	<1 year	2,497	(703)	0	1,794
	>1 year	0	0	0	0
		109,546	(208,897)	16,048	(83,303)

As at 30 April 2007 unrealised net gains on derivative financial instruments for foreign currency hedging amount to DKK 84,000 (as per 30 April 2006 net loss of DKK 319,000) which is recognised in the income statement.

2006

Foreign currencies	Payment/maturity	Receivables	Liabilities other than provisions	Hedged by forward exchange contracts	Net position
CHF	<1 year	0	(2,926)	0	(2,926)
	>1 year	0	0	0	0
GBP	<1 year	5,277	(3,955)	0	1,322
	>1 year	0	0	0	0
JPY	<1 year	0	(2,812)	0	(2,812)
	>1 year	0	0	0	0
SEK	<1 year	3,990	(9,004)	(9,674)	(14,688)
	>1 year	0	0	0	0
USD	<1 year	21,914	(14,595)	(12,085)	(4,766)
	>1 year	0	0	0	0
EUR	<1 year	37,492	(25,848)	0	11,644
	>1 year	0	(72,356)	0	(72,356)
Other	<1 year	1,500	(1,066)	0	433
	>1 year	0	0	0	0
		70,173	(132,562)	(21,759)	(84,149)

26 FOREIGN EXCHANGE RISKS (CONTINUED)

Expected future transactions

		Contractual value		Recognition in the income statement of gains/losses (-) expected to be realised after the balance sheet date	
	Period	**30.04.07**	30.04.06	**30.04.07**	30.04.06
Forward exchange contracts	0-12 months	(16,048)	21,759	0	0

Foreign currency hedging concerns hedging of the sale of goods and goods purchased up to 12 months ahead; cf. the group's policy in this respect. Regulations for accounting hedging have not been applied.

Interest risk
It is group policy to hedge interest risks on the group's long-term loans. Hedging is normally performed in the connection with the entering of interest swaps, where long-term floating-rate loans are hedged at fixed rates. The balance sheet date fair value of the outstanding interest swap for the hedging of the interest risk agreement established with a view to hedging the interest risk on long-term floating-rate loans constitute DKK 1,927,000 (in 2005/2006 DKK 506,000). The average term is 6.5 years.

27 RELATED PARTIES

BoConcept Holding A/S' related parties with significant influence include the class A-shareholders of the company, the supervisory board, the executive board and executives as well as the said persons' family members.

Related parties also include companies in which the above-mentioned group of persons have considerable interests.

Furthermore, the related parties include group enterprises in which BoConcept Holding A/S has control or a significant influence, cf. Group overview on page 16.

No other transactions have been conducted with the supervisory board, the executive board, executives, major shareholders or other related parties during the year, apart from remuneration to the management as per note 3, and the purchase of consultancy services from HR Resursen ApS (which is owned by Viggo Mølholm's wife), amounting to DKK 508 ('000) (2005/2006 DKK 27,000) and this has taken place on arm's length terms. Outstanding payables to HR Resursen ApS amount to DKK 134,000 as at 30 April 2007 (DKK 27,000 as at 30 April 2006).

INCOME STATEMENT, PARENT COMPANY
DKK'000

New accessories, cushions, rugs and lamps provide a fast and eye-catching way of adding a touch of luxury and glamour to your home. Accessories generate traffic and are genuine profit drivers in the Brand Stores. In 2006/07 the share rose by 80 per cent

1 MAY - 30 APRIL

		2006/07	2005/06
	Revenue	0	0
	Production costs	0	0
	Gross profit	0	0
	Sales and distribution costs	0	0
2	Administrative expenses	(6,194)	(4,554)
3	Other operating income	4,803	4,500
	Other operating expenses	0	0
	Profit/loss before financial income and expenses	(1,391)	(54)
4	Pre-tax profit/loss from ordinary activities in group enterprises	63,190	28,639
5	Financial income	1,327	2,832
6	Financial expenses	(1,320)	(3,825)
	Profit/loss before tax	61,806	27,592
7	Tax on profit for the year	(19,377)	(15,005)
	Profit for the year	42,429	12,587
	Recommended appropriation of profits		
	Transfer to net revaluation reserve	22,192	16,546
	Dividend proposed DKK 2 per share	5,200	0
	Retained earnings	15,037	(3,959)
		42,429	12,587

BALANCE SHEET, PARENT COMPANY

DKK'000

AS AT 30 APRIL

Note		2007	2006
	ASSETS		
8	Land and buildings	15,821	13,911
	Total property, plant and equipment	15,821	13,911
4	Investments in group enterprises	179,462	168,270
9	Securities	105	105
	Total investments	179,567	168,375
	Total fixed assets	195,388	182,286
	Receivable non-current income tax	432	0
	Receivables in group enterprises	0	26,924
	Total current assets	432	26,924
	TOTAL ASSETS	195,820	209,210
	LIABILITIES		
	Share capital	26,000	26,000
	Net revaluation according to the equity method	61,657	39,465
	Translation reserve	(2,802)	(577)
	Retained earnings	58,412	43,251
	Dividend proposed	5,200	0
10|14	**Total equity**	148,467	108,139
11	Deferred tax	28,055	26,460
12	Credit institutions	11,043	16,295
	Total non-current liabilities	39,098	42,755
12	Credit institutions	5,263	14,425
	Payables group enterprises	1,431	41,779
	Other payables	1,561	1,572
	Income taxes	0	540
	Total current liabilities	8,255	58,316
	Total equity and liabilities	87,353	101,071
	TOTAL LIABILITIES AND EQUITY	195,820	209,210
13	Contingent liabilities and security		
14	Related parties		

STATEMENT OF EQUITY MOVEMENTS, PARENT COMPANY

DKK'000

Note		Share capital	Net revaluation according to the equity method **	Translation reserve	Retained earnings	Dividend proposed	Total
14	**Equity as at 1 May 2005**	26,000	33,697	(481)	38,996	0	98,212
	Correction relating to deferred tax assets and re-taxation balances*		12,610		(16,786)		(4,176)
	Translation reserve		181	(96)			85
	Profit for the year		16,546		(3,959)		12,587
	Dividend from group enterprises		(25,000)		25,000		0
	Value adjustment of hedging instruments, beginning of the year		1,420				1,420
	Value adjustment of hedging instruments, year-end		11				11
	Equity as at 30 April 2006	26,000	39,465	(577)	43,251	0	108,139
	Profit for the year		52,498		(15,269)		37,229
	Dividend from group enterprises		(30,000)		30,000		0
	Translation reserve		(1,327)	(2,225)			(3,552)
	Gain on sale of treasury shares				430		430
	Value adjustment of hedging instruments, beginning of the year		(11)				(11)
	Value adjustment of hedging instruments, year-end		1,032				1,032
	Dividend proposed					5,200	5,200
	Equity as at 30 April 2007	26,000	61,657	(2,802)	58,412	5,200	148,467

* Please see note 15 deferred tax in consolidated accounts

** Undistributable reserves

NOTES, PARENT COMPANY
DKK'000

Organic shapes are really hot. Architect Anders Nørgaard has designed the Alpha line which combines modern design and relaxed seating comfort. The line comprises sofa, footstool and chair – here in white leather

1 DEVIATIONS FROM PARENT COMPANY ACCOUNTING POLICIES

The annual report for the parent company has been prepared in accordance with the Danish Financial Statements Act and the Danish accounting standards. The accounting policies applied are identical with those applied to the consolidated financial statements except for the following areas:

Investments in subsidiaries
Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of BoConcept Holding A/S are not recognised in the reserve for net revaluation.

2 COSTS

	2006/07	2005/06
Staff costs		
With reference to note 3 in the consolidated financial statement on page 43.		
No employees in the company neither this year nor last year.		
Share option schemes		
With reference to note 3 in the consolidated financial statement on pages 43 and 44.		
Depreciation, amortisation, write-downs and impairment losses		
Depreciation of property, plant and equipment	2,134	1,884
Impairment of property, plant and equipment	0	0
	2,134	1,884
Depreciation, amortisation, write-downs and impairment losses are recognised in the income statement as follows:		
Administrative expenses	2,134	1,884
Fees to auditors appointed at the annual general meeting		
Aggregate fee PricewaterhouseCoopers (KPMG)	75	230
Aggregate fee other auditors	164	0
	239	230
That break down as follows:		
Audit PricewaterhouseCoopers (KPMG)	75	75
Other audit-related services KPMG	164	155
	239	230

NOTES, PARENT COMPANY
DKK'000

3 OTHER OPERATING INCOME

	2006/07	2005/06
Lease	3,885	3,660
Management fee	840	840
Gain on sale of shares in group enterprises	78	0
	4,803	4,500

4 INVESTMENTS IN GROUP ENTERPRISES

	2006/07	2005/06
Cost at the beginning of the year	128,805	108,805
Additions during the year	0	20,000
Disposals during the year	(11,000)	0
Cost at year-end	117,805	128,805
Revaluations at the beginning of the year	39,465	33,697
Correction relating to deferred tax assets	0	12,610
Disposals, disposal of companies	5,920	0
Dividend from group enterprises	(30,000)	(25,000)
Profit for the year after tax	44,963	17,980
Change in intercompany profit	5,575	(1,344)
Exchange adjustment of group enterprises	(3,553)	181
Value adjustment of hedging instruments	1,032	917
Purchase of shares	(1,745)	0
Tax on items recognised in equity	0	424
Revaluations at year-end	61,657	39,465
Carrying amount at year-end	179,462	168,270

Name and registered office

	Ownership share	Share capital	Equity	Profit/loss from ordinary activities before tax	Profit for the year
BoConcept A/S, Ølgod	100%	2,000	179,462	63,190	44,963

5 FINANCIAL INCOME

	2006/07	2005/06
Other interest income	91	2
Interest income group enterprises	1,236	2,830
Total financial income	1,327	2,832

6 FINANCIAL EXPENSES

	2006/07	2005/06
Foreign exchange losses	(30)	19
Interest expenses group enterprises	334	1,707
Other interest expenses	1,016	2,099
Total financial expenses	1,320	3,825

7 TAX FOR THE YEAR

	2006/07	2005/06
Tax for the year breaks down as follows:		
Tax on profit for the year	(19,377)	(14,581)
Tax on changes in equity	0	(424)
	(19,377)	(15,005)
Tax on profit for the year may be subdivided as follows:		
Current tax	445	(8,190)
Current joint taxation contribution	(18,227)	130
Deferred tax	(1,595)	(5,846)
Adjustment of tax related to previous years	0	(1,099)
	(19,377)	(15,005)
Tax on profit for the year may be explained as follows:		
Calculated 28% tax on profit for the year before tax	(17,278)	(7,595)
The tax effect of:		
Non-taxable income	102	0
Deviation in foreign group enterprises' tax rate compared to Danish tax rate (net)	(726)	0
Non-deductible expenses	(1,475)	(6,311)
Adjustment of tax related to previous years	0	(1,099)
	(19,377)	(15,005)
Effective tax rate	31.4	55.7

NOTES, PARENT COMPANY
DKK'000

8 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	
	2007	2006
Acquisition cost at the beginning of the year	56,134	54,880
Additions	4,044	1,254
Acquisition cost at year-end	60,178	56,134
Depreciation at the beginning of the year	42,223	40,339
Depreciation for the year	2,134	1,884
Depreciation at year-end	44,357	42,223
Carrying amount at year-end	15,821	13,911
Depreciated over a period of	25 years	25 years

According to the official assessment as at 1 October 2006 (2005) properties are valued at DKK 53,000 ('000) (48,000 ('000)).

9 INVESTMENTS

	Securities	
	2007	2006
Cost at the beginning of the year/year-end	105	105

10 SHARE CAPITAL

	Number of shares		Nominal value	
	2007	2006	2007	2006
A-shares, at the beginning of the year/year-end	240,000	240,000	2,400	2,400
B-shares, at the beginning of the year/year-end	2,360,000	2,360,000	23,600	23,600
	2,600,000	2,600,000	26,000	26,000

The share denomination was changed from DKK 100 to DKK 10 at the general meeting on 28 August 2006. Each class A-share carries 10 votes whereas each class B-share carries 1 vote.

	Number of shares		Nominal value		Percentage of share capital	
Treasury shares	2007	2006	2007	2006	2007	2006
1 May	129,000	129,000	1,290	1,290	4.96	4.96
Acquisition	0	0	0	0	0.00	0.00
Sale	(7,200)	0	(72)	0	(0.28)	0.00
Treasury shares at 30 April	121,800	129,000	1,218	1,290	4.68	4.96

11 DEFERRED TAX

	2006/07	2005/06
Deferred tax at the beginning of the year	26,460	1,681
Correction of the retaxation balance at the beginning of the year	0	16,786
Deferred tax for the year	1,595	7,993
Adjustment of deferred tax related to previous years	0	0
Deferred tax at year-end	28,055	26,460
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	0	0
Deferred tax (liability)	28,055	26,460
Net deferred tax at year-end	28,055	26,460
Deferred tax relates to:		
Intangible assets	0	0
Property, plant and equipment	2,783	2,770
Financial assets (internal profits)	0	(1,582)
Provisions	25,272	25,272
Current assets	0	0
	28,055	26,460

Please see note 15 deferred tax in consolidated financial statements.

12 CREDIT INSTITUTIONS

	2007	2006
Credit institutions, non-current liabilities	16,171	30,720
Credit institutions, current liabitilities	135	9,432
	16,306	40,152
Can be divided as follows:		
After 5 years	0	0
Due between 1 and 5 years	11,043	16,295
Total long-term debt	11,043	16,295
Due during year 1	5,128	14,425
Credit institutions	135	9,432
Total short-term debt	5,263	23,857

DKK'000

13 CONTINGENT LIABILITIES AND SECURITY

	2007	2006
Land and buildings recognised at:	15,821	13,911
Are charged in addition to the mortgage debt of:	0	0
Securities:		
Subject to letter of indemnity of:	25,000	25,000
Mortgage of:	30,000	30,000

BoConcept Holding A/S has provided guarantees for the bank loans raised by its subsidiaries.

14 RELATED PARTIES

Reference is made to note 27 in consolidated financial statements on page 57.

Monochrome rooms – all kept in one colour – ooze serenity and focus on design. The choice of products and materials plays an important part and adds suppleness and contrast to the room

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