Annual Report

01.05.2015 – 30.04.2016

CVR no. 34 01 84 13

BoConcept Holding A/S

BoConcept in Brief

BoConcept is a global brand and an international furniture retail chain with a position in the 'affordable luxury' segment. Our furniture and accessories collections are sold through a franchise chain consisting of 254 brand stores and 43 studios worldwide, with BoConcept as the business developer, sole supplier and international distributor.

Our vision is to make BoConcept the world's leading urban interior design brand. With our brand promise 'Make the most out of your space', we set ourselves apart from our competitors by offering a complete concept which, combining a modern, functional and fully coordinated collection with a unique personal interior design service, optimises customer space management. All the elements of the concept are unified by a single global communications platform and store concept that emphasises BoConcept's ability to create individualised options.

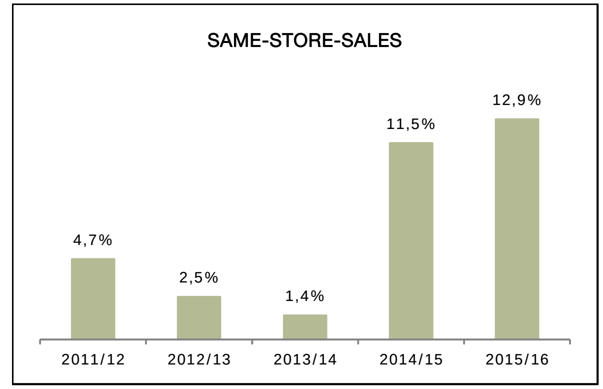
HORIZON 16/17 HAS RESTORED EARNINGS CAPACITY

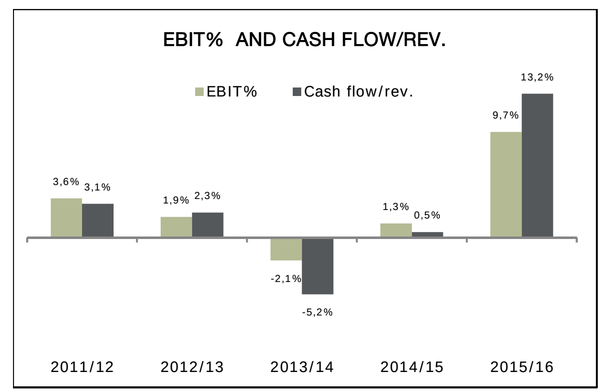
BoConcept's 'asset-light' business model is based on sourcing, efficiency and economies of scale in product development, marketing, distribution, support and administration. In this model, rising revenues generate a high earnings contribution and cash flow without the necessity of heavy capital expenditure.

Value is created through three key value drivers: growth in same-store-sales, expansion of the franchise chain and a high level of productivity to achieve economies of scale. During the past years, BoConcept has rolled out its Horizon 16/17 (hereafter referred to as Horizon) strategy, which has ensured high quality and class in the franchise chain, increased store revenues and restored the group's earnings capacity. By simplifying our business base, differentiating ourselves from our competitors and improving operational efficiency, we aim to exploit the potential of our business model and realise growth in revenue and earnings both in the group and in the franchise chain.

With its non-capital-intensive business model, BoConcept is aiming for a normalised equity ratio of 40 to 50% over the course of a business cycle that includes possible short-term fluctuations. Once the equity ratio has reached the company's long-term target, and no investments are made in new growth initiatives, any excess liquidity will be paid out to shareholders.

Same-store-sales
Same-store-sales are an expression of annual growth in order intake in a brand store that has been part of the chain for at least 13 months and that uses the group's Axapta system.





Contents:

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

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Financial Highlights & Key Figures

	2015/16	2014/15	2013/14	2012/13	2011/12
INCOME STATEMENT IN DKK MILLION					
Revenue	1.234,9	1.147,5	1.049,5	1.026,1	1.022,2
Gross profit	518,3	465,7	448,8	442,9	451,6
Profit before special items, interests, depreciation and amortisation (EBITDA)	148,9	68,6	15,6	51,3	75,5
Profit/loss before special items (EBIT before special items)	119,5	15,1	(21,7)	19,5	36,7
Profit/loss from operating activities (EBIT)	119,5	(50,7)	(21,7)	19,5	36,7
Financing, net	(0,1)	(7,9)	(2,0)	(2,1)	2,8
Profit/loss before tax and minority interests	119,4	(58,6)	(23,7)	17,4	39,6
Profit/loss after tax	93,2	(57,1)	(12,8)	11,3	25,6
Balance sheet details in DKK million					
Non-current assets	178,3	216,7	249,2	240,2	244,7
Current assets	405,0	309,5	332,6	292,1	296,9
Balance sheet total	583,4	526,2	581,9	532,3	541,6
Equity	251,8	157,3	210,3	228,0	224,9
Interest bearing debt	81,6	117,3	128,2	74,7	86,8
Cash flow in DKK million					
Cash flow from operating activities	165,3	18,6	5,0	55,2	53,1
Cash flow from investing activities	(2,7)	(13,2)	(59,4)	(31,9)	(21,2)
Cash of which invested in property, plant and equipment	(4,1)	(8,2)	(28,4)	(16,5)	(10,2)
Cash flow before financing activities	162,6	5,4	(54,5)	23,4	31,9

	2015/16	2014/15	2012/13	2011/12	2010/11
Financial ratios					
Operating margin (EBIT% before special items)	9,7	1,3	(2,1)	1,9	3,6
Return on invested capital (ROIC)	52,3	5,2	(7,2)	6,7	12,3
Cash flows before financing activity as a % of revenue	13,2	0,5	(5,2)	2,3	3,1
Net working capital in % of revenue	4,0	5,6	8,8	9,2	10,7
Earnings per share of DKK 10	33	(20)	(4)	4	9
Return on equity	45,6	(31,1)	(5,9)	5,0	12,0
Equity ratio, %	43,2	29,9	36,1	42,8	41,5
Book value per share of DKK 10	88	55	73	80	79
Average number of employees, full-time	533	612	627	586	579

	2015/16	2014/15	2012/13	2011/12	2010/11
Stock market ratios					
Dividend, DKK million	0,0	0,0	0,0	0,0	5,7
Market price at year-end	440	92	97	110	112
Share capital, DKK million	28,6	28,6	28,6	28,6	28,6
Price/book value	5,0	1,7	1,3	1,4	1,4
Price/earnings ratio, year-end	13,5	-	-	27,8	12,5

The financial ratios have been calculated in accordance with the 'Recommendation & Financial Ratios 2015' issued by the Danish Society of Financial Analysts.

Financial Highlights

FROM BOCONCEPT HOLDING A/S' 2015/2016 ANNUAL REPORT

FINANCIAL REVIEW

- **We maintained the high momentum of our strategic optimisation initiative under Horizon** throughout the past financial year, and we will continue to focus on improving the performance and health of the franchise chain; enhancing the integration of our brand, development and distribution processes; and increasing store sales per square metre
- **Revenue rose to DKK 1,235 million, which is the highest ever for BoConcept, and corresponds to growth at a rate of 7.6%.** The rise in revenue was driven by improved brand store performance and a 4% positive contribution from foreign exchange rates
- **Same-store-sales in terms of order intake increased by 12.9%.** This is the second consecutive financial year we have seen same-store-sales rise month by month, as a result of a transformation of the collection and the successful implementation of initiatives to support the brand and promote sales
- **19 stores opened and 18 closed**
- **The operating margin was a record-high 9.7%** due to adjustments in the store network, improved store performance, greater efficiency throughout the value chain and positive exchange rate effects
- **Profit for the year was DKK 93 million**
- Cash flow from operations rose from DKK 19 million last year to DKK 165 million this year. After net investments totalling DKK 3 million, **cash flow before financing activities was an inflow of DKK 163 million, or 13.2% of revenue**

FORECAST

Management expects to increase revenue by 3-5% for the 2016/2017 financial year, based on anticipated higher same-store-sales and a larger number of stores. We expect the operating margin to be in the region of 10%. Our forecast is based on the premise that current market conditions and foreign exchange rates continue to prevail.

VOLUNTARY PUBLIC OFFER TO BUY, ADDRESSED TO ALL THE SHAREHOLDERS OF BOCONCEPT HOLDING A/S

As disclosed in Stock Exchange Announcement 5/2016 of 7 June 2016, Layout Bidco A/S, which is affiliated with the 3i Group plc and certain investment entities managed by 3i, has submitted a voluntary conditional public offer to buy all the class B-shares in BoConcept Holding A/S (BoConcept) for DKK 500 in cash per class B-share and all unlisted class A-shares in BoConcept for DKK 615 in cash per share. The offer document has been approved by the Danish Financial Supervisory Authority. The supervisory board of BoConcept Holding A/S recommends the company's shareholders to accept the offer.

DIVIDEND SUSPENSION FOR THE 2015/2016 FINANCIAL YEAR

In view of the recommended voluntary public offer to buy all the shares in BoConcept Holding A/S submitted by Layout Bidco A/S on 7 June 2016, BoConcept's supervisory board has decided to suspend its previous dividend policy until it has been decided whether or not the share purchase will be effected, at which time the company's future capital requirements and ownership situation will be known.

Letter to our shareholders

PETER THORSEN
CHAIRMAN OF THE BOARD

Targets reached, but key optimisation elements still outstanding

BoConcept increased revenues by 7.6% and achieved an operating margin of 9.7% in the 2015/2016 financial year. With many financially distressed franchisees, stagnating same-store-sales and rising costs, it was very hard to imagine just a few years ago that the company would be able to produce the results we see today.

Our current success is the result of a targeted and close collaboration with the executive board, which saw its beginnings with the appointment of a new supervisory board in the autumn of 2013, with then chairman and controlling shareholder Viggo Mølholm as the only remaining member of the old board.

Starting a turnaround

The new supervisory board wanted to change the group in significant ways, for example by creating a scalable business model that was capable of generating a 10% operating margin. Accordingly, the executive board, the expanded management team and a team of external advisers drafted a strategy and developed operational initiatives in close consultation with the supervisory board in order to pave the way for the achievement of the company's targets.

The **first step** was to introduce a new credit policy, which was approved by the supervisory board in the summer of 2014. This policy, which provided the executive board with clear and structured guidelines for how to handle the poorest-performing stores, proved to be a key element in the subsequent clean-up in the chain of stores. The **next step** was taken in the autumn of 2014, with the introduction of the turnaround plan, Horizon, which was to restore the company's health by closing a large number of poorly performing stores, cutting costs and optimising business procedures, allowing BoConcept to deliver an operating margin of between 5 and 7% by the end of the 2016/2017 financial year. The **third step** was to consolidate the organisation in key areas. With this in mind, the supervisory board added a new member to the executive board, appointing Peter Linnet as COO in May 2015.

Significant improvement in strategic and financial position

Today, a little over 18 months after implementing Horizon, we are very pleased to see that the turnaround plan – executed in full force and with a firm hand by the executive board, but certainly also by dedicated staff and highly committed franchisees – had the intended effect. The results speak for themselves: we have created a BoConcept that is considerably stronger than before, both strategically and financially, and that has surpassed even our own targets.

However, we have to say that the optimisation process is not yet complete. Some stores are still failing to deliver satisfactory results. We lack penetration in some markets, and a great deal of investment is necessary, also in a full-scale upgrade of our IT systems. We must address these issues so that the chain can improve its earnings power and become less susceptible to future financial setbacks.

Recommended offer by Layout Bidco A/S

In the second half of 2015, Viggo Mølholm gave notice that he intended to sell his shareholding and give up the control of the company. Concurrently with rolling out Horizon, the supervisory board launched a structured selling process that led to an agreement under which Layout Bidco A/S, a company affiliated with 3i Group plc and certain investment entities and managed by 3i, on 2 June 2016 submitted a voluntary conditional offer to buy all the shares in BoConcept Holding A/S.

The supervisory board and I am convinced that, with access to Layout Bidco's business development skills, international network and financial resources, BoConcept will have the best possible conditions for overcoming the challenges of the future and continue to grow. Against this backdrop, and taking an overall view of the terms of purchase submitted by Layout Bidco, we on the supervisory board recommend to the company's shareholders that you accept the offer. However, it is you, as the rightful owners of BoConcept, that have the right to decide the future of BoConcept.

If you all accept the offer, we believe it would be a good way to end BoConcept's time as a listed company. As the same time, it would mark the beginning of a new exciting journey for the brand and for the many franchisees and employees the world over, all of whom have turned BoConcept into a great success with their hard work and diligence. And we members of the supervisory board wish to express our heartfelt gratitude for their work.

Determined execution produced record results

TORBEN PAULIN
PRESIDENT & CEO

The 2015/2016 financial year was a landmark year for BoConcept. With DKK 1,235 million in revenues, an operating profit of DKK 120 million and DKK 163 million in cash flow before instalments on long-term debt, our results for the year by far exceeded our original expectations.

Foreign exchange trends did lend us a hand, but the main reason for the excellent increase in earnings and rise in activity level was a consistent and determined improvement of fundamentals, starting with the introduction of our strategy plan, Horizon, in the autumn of 2014, which has continued unabated during the 2015/2016 financial year.

Optimised conditions for growth, improved efficiency and significantly better company health

We enjoyed progress in three areas in particular: First, we increased same-store-sales by 12.9% in the financial year. This impressive trend was attributable to a strong collection, the establishment of BoConcept Business for the business segment, and the introduction of MUST-HAVE STUDIOS in our stores, with our global best sellers presented in seven showroom displays.

Second, we significantly improved efficiency throughout the group. We have now implemented a new dynamic collection launch strategy that - together with a redesigned product-to-market process - makes for a smoother development process and reduces time-to-market. In addition, we have optimised our supply chain, for example by adding new sales and production planning models, and we have reduced our claims rate and improved the quality level.

Third – and this is a key parameter for adding value throughout BoConcept – we improved the health of the chain through a tight credit policy, a continuing effort to rid ourselves of poorly performing stores, and our targeted support of franchisees facing a turnaround. As a result, the average performance and earnings levels of the stores are rising, and we cut bad debt costs to below 1% of revenue.

We must maintain our focus to address remaining challenges

With our targeted execution during the past years, we have created the strongest business base ever at BoConcept. However, we know from experience that foundations can be shaken when the world around us changes and sales conditions in our markets deteriorate. With crucial political elections in the UK and the USA on the horizon combined with a difficult Chinese market, the financial year ahead will see several events of the kind that can have a decisive impact on the future of the group and our stores. It is thus paramount that we stay on course and keep up the momentum of our continued roll-out of Horizon. In future, we will especially focus on improving store sales and earnings per square metre and on driving more efficiency improvements through the value chain.

In conclusion, I should like to thank our franchisees, employees, management team, and executive and supervisory boards for their outstanding work over the past year. Together we have managed to take the brand and BoConcept to entirely new heights and to create unique results and a high level of value. This should make us all very proud.

Highlights of 2015/2016

BOCONCEPT RESTORED PROFITABLE GROWTH IN THE 2015/16 FINANCIAL YEAR. THANKS TO A SIGNIFICANT IMPROVEMENT IN THE QUALITY OF THE FRANCHISE CHAIN, IMPROVED INTEGRATION AND STRUCTURING OF BRAND, DEVELOPMENT AND DISTRIBUTION PROCESSES, OPTIMISATION OF THE GROWTH POTENTIAL OF STORES, AND IMPROVED EFFECTIVENESS THROUGHOUT THE VALUE CHAIN, THE COMPANY REPORTED RECORD-HIGH REVENUE, PROFIT AND CASH FLOW.

IMPROVED PERFORMANCE AND NEW INITIATIVES PUSHED SAME-STORE-SALES UPWARDS FOR 24 CONSECUTIVE MONTHS

Same-store-sales increased by 12.9% in the 2015/2016 financial year, with positive numbers in all the 12 months of the financial year for the second year in a row. Accordingly, the brand stores in the chain continued their rising revenue trend throughout the year and consistently improved their performance.

The collection's strong appeal to customers – with its attractive entry prices and a unique, value-based communications platform – drove the progress of same-store-sales, in combination with our launch of MUST-HAVE STUDIOS in September 2015. Especially MUST-HAVE STUDIOS, which is seven strongly recommended showroom displays, designed and coordinated centrally from the best-selling product configurations in each category on a global scale, was highly effective in increasing store sales per square metre.

DYNAMIC COLLECTION LAUNCH AND NEW PRODUCT-TO-MARKET PROCESS

Following a historically large-scale collection update in 2014, phase two of our new collection strategy was implemented in September 2015. Under this new strategy, BoConcept went from two annual collection updates to a dynamic launch system that has elements added and phased out at regular intervals.

This dynamic launch strategy will stimulate traffic to the stores continually all through the year, and it will also provide tactical opportunities to increase awareness of the brand and concept and thereby add to the effect of BoConcept's branding and promotional campaigns. Finally, the launch strategy and a newly designed product-to-market process with optimised structures and a lower complexity will make our development and manufacturing processes more flexible and reduce time-to-market.

Even though we more or less maintained the collection as it was in September 2015, price increases were introduced in connection with the publication of our new catalogue. Monaco, a new sofa in the mid-segment optimised for small-space living, was launched in the autumn of 2015, along with Harvard, BoConcept's first reclining chair. In February 2016, BoConcept launched its completely new wall system, Copenhagen, along with Torino, a new dining table concept, that is very attractively priced to target the BoConcept Business segment.

> ” The financial results for the 2015/2016 financial year were brought about by a targeted improvement of the fundamental business prerequisites, namely the optimisation of sales and profit per sqm in our stores, greater efficiency in the group and a significant reduction in costs for bad debts.

NEW BRANDING AND MARKETING STRATEGY TARGETED CORE & GROWTH MARKETS

Our new collection catalogue was launched along with a large-scale global promotional campaign. We retained our brand promise – Make the most out of your space – as a fundamental element of our communications platform. Our communication style continues to focus on individuality, functionality and advice. Our collaboration with actor Mads Mikkelsen to front the campaign was extended and expanded to include a catalogue, a film and modelling work, all of which has made our branding more coherent.

With a view to increasing awareness of BoConcept, the company launched a new marketing model in 2015 that incorporates and organises all processes related to product launches, branding and tactical campaigns in a structured annual wheel of branding and marketing initiatives. This annual wheel is based on a new marketing strategy that uses seasonal variation, form and printed materials to target our core and growth markets and to increase the impact on these important markets. To ensure agility and coherence, Collection, Marketing and Retail representatives have been appointed to a new campaign board whose job is to approve campaigns and promotional materials. As a result, products and messages will be adjusted to match each other so there will be uniformity across the many communications channels, ensuring maximum effect and continual assessment, which are vital in the effort to increase brand awareness and provide a higher rate of converting leads into customers.

NEW CONTRACT SALES DEPARTMENT DEMONSTRATES POTENTIAL FOR MORE SALES TO BUSINESS CLIENTS

The contract sales department, which was set up in 2015 to handle sales to hotels, receptions, meeting premises, lounges etc., contributed substantially to revenue in the 2015/2016 financial year. We obtained the greatest degree of success in the core and growth markets, where there is considerable potential.

The 2015/2016 financial year built the foundations for growing contract sales even more. We gave the activities a dedicated name and logo, BoConcept Business, and we rolled out a new B2B infrastructure with its own website and dedicated sales tools. Furthermore, we set up a central competence centre that trains and supports franchisees in their efforts to increase professional sales.

IMPROVED HEALTH IN THE CHAIN AND A REVISED CREDIT POLICY RESULTED IN SIGNIFICANTLY REDUCED COSTS RELATED TO BAD DEBTS

A tight credit policy and improved health in the franchise chain significantly reduced costs related to bad debts from DKK 63 million last year to DKK 10 million this year, a figure that corresponds to just below 1% of revenue in the 2015/2016 financial year.

As a result of the Task Force Management's work with poorly performing stores, BoConcept's outstanding receivables are now secured through a number of initiatives, and several brand stores on the brink of closing have been successfully turned around. In addition to measuring the improvement on lower provisions for bad debts, we can see that the number of store closures has dropped, and some of the stores previously affected are now among the very best performing globally.

THE CHAIN IS PREPARING FOR EXPANSION

On 30 April 2016, BoConcept's chain had 254 brand stores. There was a net addition of one store after opening 19 and closing 18 in the 2015/2016 financial year.

Following a clear-out of the poorest-performing stores in 2014 and 2015, BoConcept's Business Development function intensified its efforts to expand the franchise chain in 2016. They implemented a new recruitment and opening model, in which they grant new stores support for up to eight months after opening – assistance in marketing, visuals, staff and budget follow-up – after which BoConcept's retail organisation takes over.

At the same time, the company tripled investment in franchise marketing in the 2015/2016 financial year e.g., a separate franchise section was created at the website, and BoConcept intensified its participation in franchise fairs in London, Paris and Milan in 2016 and plans to participate in fairs in the USA and the UK in the autumn of 2016. The objective of this investment and targeted work to set up multi-store franchisees – i.e. franchisees with several stores – is to strengthen the store opening pipeline, which was radically revised in the 2015/2016 financial year with the introduction of more restrictive requirements for franchisee business plans and required skills. The pipeline is now divided into three phases:

PRE-PIPELINE
Generating leads from fairs, website, headhunters etc.
Only a few of these leads will result in store openings within the next 12-18 months

PHASE I
Initial approval of candidates based on skills, finances and general location. Many of these candidates will open stores within the next 12 months.

PHASE II
A location is found and deemed suitable, and there is a business plan that includes a budget and financing. Interviews are conducted in Herning, and formal approval is obtained.
About 80% of candidate stores will open within 6-12 months.

PHASE III
Signed lease, store design in progress and opening date fixed.
Nearly all our candidates open a store on a fixed date within the first 3-6 months.

With the new requirements and changed structure, the pipeline will be better equipped to roll out stores, which means a greater likelihood that stores in the pipeline are actually opened and that leads can progress to store openings more quickly. Finally, the addition of new stores ensures that the level of quality obtained in the chain as a result of recent years' closing of the poorest-performing stores remains high.

SIGNIFICANTLY IMPROVED DELIVERY RELIABILITY, GREATER EFFICIENCY AND HIGHER PRODUCTIVITY

The implementation of efficiency improvements, continued strengthening of our supply chain and improved delivery reliability, which now exceeds 99%, were areas of focus in the 2015/2016 financial year.

We have introduced new centrally monitored sales and operations planning methods that estimate demand more accurately and thus optimise the company's own production and supply chain. At the same time, we have improved quality by systematically examining and regularly following up on problems, both within our own production and with our suppliers. This has reduced the claims rate by 13%. Finally, we optimised our distribution channel, also by closing down our warehouse in the USA. As a result, the logistics situation in the American market has returned to normal after the problematic delivery conditions prevailing last year, and overheads have dropped.

The optimised production process and distribution structure resulted in faster and more efficient processing of orders and a an improved delivery reliability in the 2015/2016 financial year, which has contributed to increasing same-store-sales.

DIVIDEND POLICY SUSPENDED

In view of the recommended voluntary public offer to buy all the shares in BoConcept Holding A/S submitted by Layout Bidco A/S on 7 June 2016, BoConcept's supervisory board has decided to suspend its previous dividend policy until it has been decided whether or not the share purchase will be effected, at which time the company's future capital requirements and ownership situation will be known.

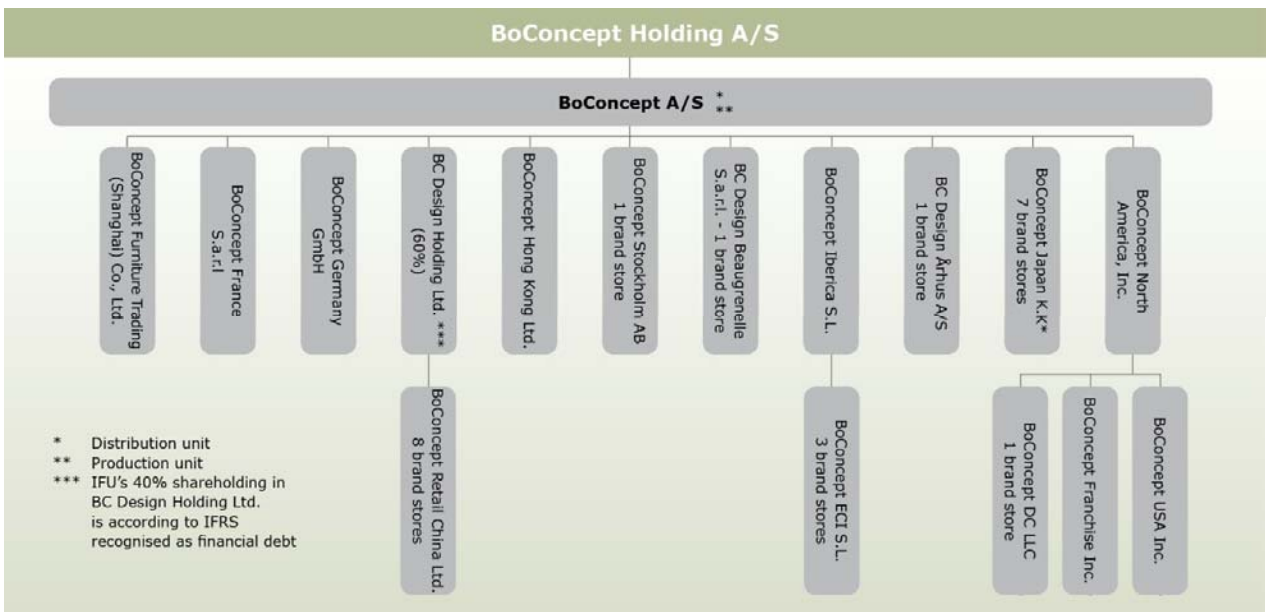
POST-BALANCE-SHEET EVENTS

As disclosed in Stock Exchange Announcement 5/2016 of 7 June 2016, Layout Bidco A/S, which is affiliated with the 3i Group plc and certain investment entities managed by 3i, has submitted a voluntary conditional public offer to buy all the class B-shares in BoConcept Holding A/S (BoConcept) for DKK 500 in cash per class B-share and all unlisted class A-shares in BoConcept for DKK 615 in cash per share. The offer document has been approved by the Danish Financial Supervisory Authority.

The announcement by Layout Bidco A/S is the result of a structured process that was launched after BoConcept's controlling shareholder, Viggo Mølholm, approached the supervisory board in the autumn of 2015 and informed them of his intention to sell his controlling shareholding in BoConcept. Against this backdrop, the supervisory board hired a financial adviser to identify potential buyers interested in making an offer for all the shares in BoConcept. Subsequently, the board held discussions with several potential buyers, which led to Layout Bidco A/S submitting a voluntary conditional public offer to buy.

Shareholders Viggo Mølholm, his family, the holding company BoConcept Invest A/S, owned by Viggo Mølholm and his family, SmallCap Danmark A/S, Kirk & Thorsen Invest A/S, and a number of other shareholders and members of BoConcept's executive and supervisory boards have indicated that they would accept the offer to buy all their BoConcept shares. At the time of publication, Layout Bidco A/S had received indications of offer acceptance from shareholders representing a total of 67.5% of the company capital and 81.5% of the voting rights in BoConcept (excluding treasury shares).

The supervisory board of BoConcept Holding A/S recommends the company's shareholders to accept the offer.



Sucessful execution of Horizon

TARGETED EXECUTION ACCELERATED ACHIEVEMENT OF THE ORIGINAL FINANCIAL TARGETS FOR THE HORIZON STRATEGY PLAN. FOCUS ON GROWTH IN REVENUE AND EARNINGS POWER IN BRAND STORES, CONTROLLED STORE EXPANSION AND IMPROVED EFFICIENCY FURTHER STRENGTHENS BOCONCEPT'S BUSINESS MODEL.

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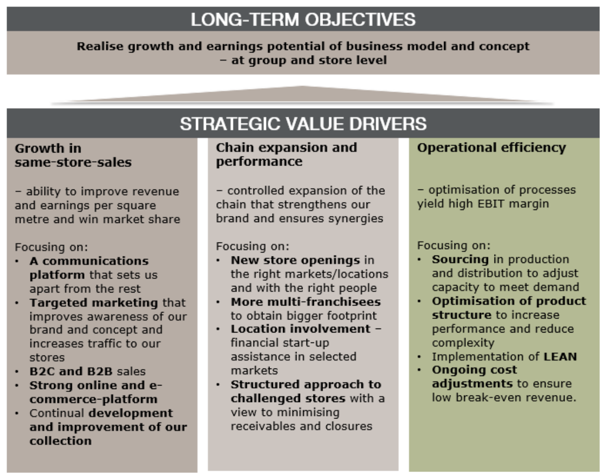
Through sourcing and economies of scale in product development, marketing, support and administration, BoConcept's franchise-based business model is designed to ensure that revenue growth can generate an EBIT margin in excess of 25% from the additional revenue alone. Such growth is not capital-intensive, and the company has set itself a long-term equity ratio target of 40-50%.

The value created by the model depends on the ability of the franchise chain to increase sales and maintain a healthy level of operational store earnings while guaranteeing an effective allocation of resources throughout the value chain. The three key factors in value creation are therefore: increased same-store-sales, expansion and improved performance of the franchise chain, and economies of scale brought about by a high level of efficiency and productivity.



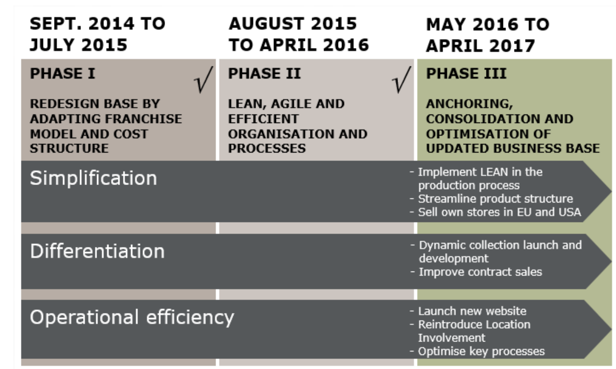
SIMPLIFICATION, DIFFERENTIATION AND OPERATIONAL EFFICIENCY ARE THE KEY ELEMENTS OF THE STRATEGY

Since September 2014, we at BoConcept have been focusing on the implementation of Horizon, a strategic optimisation of the company's business model aimed at restoring the growth and earnings power of the group and the chain.

Initiatives under Horizon are divided into three main categories – simplification, differentiation and operational efficiency across BoConcept's strategic value drivers – and will take place in three phases up until the 2016/2017 financial year.

> The value created by the model depends on the ability of the franchise chain to increase sales and maintain a healthy level of operational store earnings while guaranteeing an effective allocation of resources throughout the value chain.

After having completed continual optimisation of the underlying business base and a number of central processes in the value chain, we will shift our focus to improving store sales and earnings per square metre and driving additional efficiency improvements throughout the value chain during the third stage of implementing Horizon.



New sales channels and launch strategy will improve same-store-sales

Higher same-store-sales and improved earnings power in the chain are prerequisites for further improving the health of the chain and a key element in motivating current and new franchisees to open more stores.

The dynamic launch strategy and new product-to-market process will strengthen same-store-sales and improve efficiency by creating greater flexibility. With an expected 10-20% of the collection being replaced annually, BoConcept will be developing and launching a steady stream of new products spread over the whole year, and this will continue to stimulate traffic to its stores and build brand loyalty.

BoConcept Business' contract sales has shown great potential. Expanding the market to include the professional segment and providing access to our chain of stores, collection and brand will lay the groundwork for considerable growth in the chain's same-store-sales. We will therefore be accelerating contract sales through marketing and product development and by supporting the markets and franchisees with the greatest potential.

Another important step to stimulate traffic to our stores will be taken when we begin rolling out a new website at the end of 2016 with e-commerce facilities and considerably enhanced user friendliness. The site will integrate our digital and physical presence much more effectively and utilise cross- and omni-channel marketing in creating more brand awareness and loyalty to BoConcept.

Business Development geared for expansion of pipeline and franchise chain

In phase III of Horizon, Business Development will shift its focus from restructuring to expansion of the chain. This will result in intensified franchise marketing activities in our Core & Growth markets with the objective of adding to the total number of stores. At the same time, we expect fewer closures than in the 2015/2016 financial year due to a higher level of quality in the chain.

To support its expansion, BoConcept will re-introduce Location Involvement in the 2016/2017 financial year, which will allow the company to employ its strong financial resources in accelerating growth by offering selected franchisees in selected markets financial backing for store openings.

Continued focus on efficient implementation

BoConcept launched a comprehensive LEAN-project in the spring of 2016 with the aim of further improving efficiency in its own production processes. These initiatives will, together with migration to Axapta as ERP-system and optimisation of the company's logistics model, improve performance and raise BoConcept's gross profit in the years ahead.

The introduction of LEAN systems in production, logistics and administration will, in combination with an optimisation of key processes in the value chain and regular adjustments in capacity costs, further expand the basis for economies of scale in BoConcept's business model in the time ahead.

GROWTH AND MAINTAINING HIGH OPERATING MARGIN IN 2016/2017

The original objectives for Horizon were to restore profits in the 2015/2016 financial year and increase the operating margin to 5-7% in the 2016/2017 financial year. As early as December 2015, management realised that the initiatives had been implemented faster and more efficiently than expected. This trend has since become more pronounced, and the revised operating margin target for the 2016/2017 financial year of 8-10% was realised as early as in the 2015/2016 financial year.

Management expects to increase revenue by 3-5% for the 2016/2017 financial year, based on anticipated higher same-store-sales and a larger number of stores. We expect the operating margin to be in the region of 10%.

Our forecast is based on the premise that market conditions and foreign exchange rates remain unchanged.

> After having completed continual optimisation of the underlying business base and a number of central processes in the value chain, we will shift our focus to improving store sales and earnings per sqm and driving additional efficiency improvements throughout the value chain during the third stage of implementing Horizon 16/17.

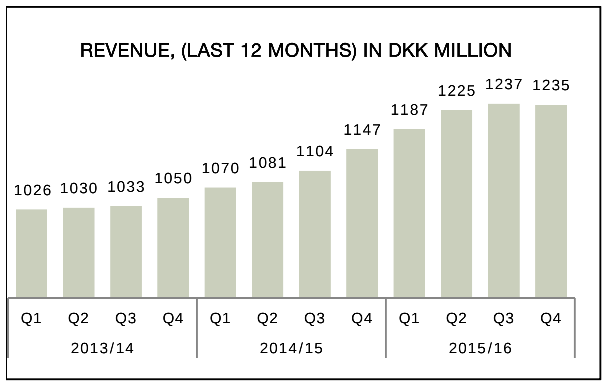
2015/2016 Financial Review

THANKS TO A HIGH LEVEL OF ACTIVITY IN ITS CHAIN OF STORES AND A SHARP FOCUS ON EFFICIENCY IMPROVEMENTS, BOCONCEPT REPORTED RECORD-HIGH REVENUE, PROFIT AND CASH FLOW FOR THE 2015/2016 FINANCIAL YEAR.

BoConcept improved revenue by 7.6% to reach DKK 1,235 million in the 2015/2016 financial year - the highest revenue ever in the company's history. The improvement in revenue exceeded our original expectations of 2% and was in line with the most recent stock exchange announcement, No. 2/2016 of 3 March 2016, which forecast revenue growth of about 8%. A favourable trend in underlying store sales contributed growth at 3.7%, and the declining DKK rate against the USD, GBP and JPY rates had a positive effect on revenue to the tune of DKK 46 million, corresponding to 4.0% growth.

REVENUE TREND		
(in DKK million)	**Q4**	**Year to date**
Actual 2014/15	**310,4**	**1147,5**
Exchange rate effect	-3,8	46,2
Net change, brand stores	0,4	42,1
Net change, studios	0,8	-0,8
Actual 2015/16	**307,8**	**1235,0**

Revenue was DKK 308 million in the fourth quarter of 2015/2016, which represents a slight decline on last year. A decline in the USD and GBP rates against the DKK reduced revenue by just under DKK 4 million, while brand store sales were affected by the fact that Easter came early this year and there was a reduction in the number of stores over the year.



Significant improvement in same-store-sales and growth in all regions

In the 2015/2016 financial year, revenue in terms of DKK rose in all regions, especially in Asia. The lower number of stores and exchange rates in our growth markets, the UK and the USA, had a negative impact on revenue in the last quarter of the financial year, whereas momentum was maintained in our core markets.

> Considerable growth, in combination with an improvement in the gross profit as a result of significant efficiency enhancements, and lower costs for bad debts significantly increased earnings power in the 2015/2016 financial year.

In France, we saw excellent store performance throughout the year, with 14% revenue growth and consistently increasing same-store-sales, thanks to our stores and country organisation making a targeted effort to implement the full concept, which – along with massive branding of the company – produced absolute and relative progress in the face of the challenging market conditions. We were also successful in turning around a number of distressed stores.

In Germany, revenue increased by 13% in the 2015/2016 financial year. Several stores in the chain produced most of the growth, but same-store-sales also remained positive in all quarters thanks to a consistent roll-out of the concept.

In Japan, BoConcept's own stores continue their favourable trend of continual improvement in performance aided by strong activity levels in contract sales. This boosted same-store-sales and revenue in the face of the challenging underlying market conditions.

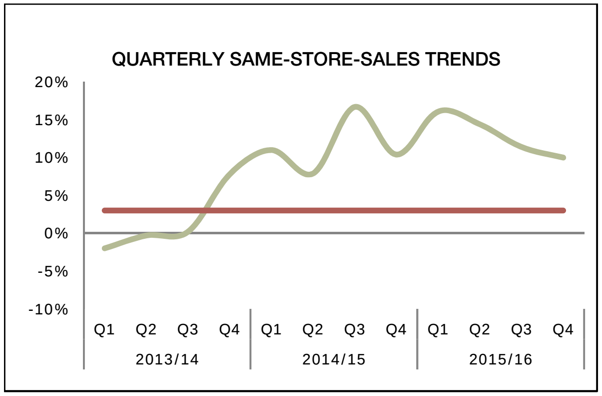
Activities in the UK were affected by BoConcept's sale of its London store to an external franchisee in the 2015/2016 financial year and the closure of three stores. After a period with improved market conditions, the increasing uncertainty over the UK's future membership of the European Union has recently caused diminished consumer confidence and affected store traffic. As a result, the same-store-sales growth rate declined in the last quarter despite a general rising trend throughout the year.

In the USA, the 2015/2016 financial year was characterised by a continual focus on improving the health of and consolidating the chain through refranchising and the closure of several stores. This affected sales in the USA generally, especially in the fourth quarter of 2015/2016, despite an underlying improvement in same-store-sales.

In China, BoConcept increased sales. More stores have been opened, and both existing and new stores have become better at following and rolling out the full concept, with the assistance of our country organisation, which is reflected in the excellent progress made in same-store-sales over the year.

For the second year in a row, same-store-sales grew month by month. In other words, the positive trend continued into the fourth quarter of 2015/2016, with 10.0% total growth in same-store-sales. For the full 2015/2016 financial year, BoConcept generated 12.9% total growth in same-store-sales.

This progress in same-store-sales surpassed our original expectations. This was attributable to the successful transformation of the collection in the preceding financial year, the introduction of MUST-HAVE STUDIOS and BoConcept Business and a high return on investment in BoConcept's branding and marketing campaigns, all of which have been key in increasing brand awareness and stimulating traffic to our websites and stores. A key element of our success was the consistent and targeted focus on brand rather than product in our marketing – effectively supported and executed with Mads Mikkelsen serving as a recurring figure in BoConcept's promotional activities.



REVENUE TRENDS IN THE REGIONS AND VARIOUS PRINCIPAL MARKETS

(in DKK million)	2015/16 Q4	2014/15 Q4	Index	2015/16 YTD	2014/15 YTD	Index
Europe	**178**	**184**	**97**	**682**	**659**	**104**
France	52	50	105	187	165	114
Germany	44	42	104	165	146	113
UK	18	22	81	75	75	100
Middle East & Africa	**12**	**8**	**152**	**45**	**45**	**101**
North America	**23**	**33**	**69**	**136**	**133**	**102**
USA	19	28	70	115	114	101
Latin America	**18**	**18**	**101**	**71**	**64**	**111**
Asia	**77**	**68**	**114**	**301**	**248**	**122**
China	21	21	100	92	76	122
Japan	35	32	109	124	112	111
Total	**308**	**310**	**99**	**1.235**	**1.148**	**108**

EXPANSION EFFORTS DIRECTED AT FRANCHISE MARKETING AND PIPELINE BUILD-UP

We opened five franchise stores in our core markets in France and Germany as well as in Austria and China in the fourth quarter of 2015/2016.

We opened a total of 19 stores in the 2015/2016 financial year, just under half of them in our core and growth markets.

At year-end, the average brand store had an average floorage of 465 sqm and generated annual retail sales of about EUR 1.2 million on average, compared with roughly EUR 1.1 million last year. No new loans were granted under the Location Involvement programme in the 2015/2016 financial year; the total outstanding on loans totalling DKK 33 million is DKK 13 million (last year DKK 19 million).

The 18 closures in the 2015/2016 financial year primarily took place in the UK, the USA and China.

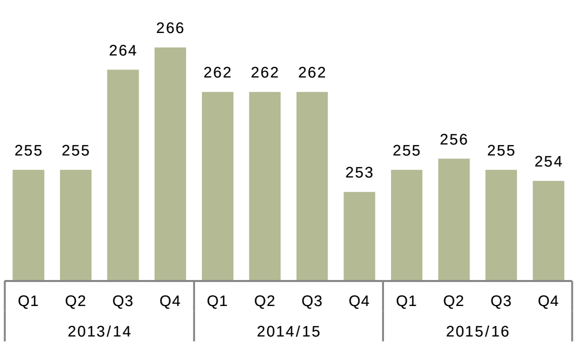
On a full-year basis, the newly opened stores made an average contribution to group revenue of about DKK 3 million, although a single closed store reduced revenue by about DKK 2 million.

At the end of April 2016, the number of own stores was 22. Of these, the company expects to keep the 15 in China and Japan itself and sell off the remainder.

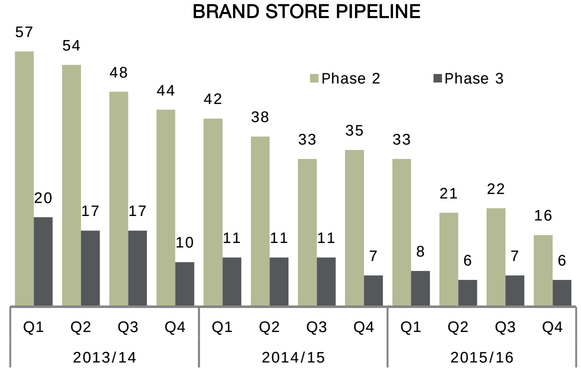
Towards the end of the year, the Business Development department gradually shifted its focus to expansion of the pipeline for new stores, for example by attending franchise fairs in Europe and the USA and stepping up marketing targeted at potential franchisees. As a result, the early stages of the pipeline are being expanded in Europe, the USA and Asia.

	2015/16		No. of stores 30 April 2016			Pipeline 30 April 2016	
	Openings	Closures	Stores	Of this own stores	Studios	Phase II	Phase III
Europe	**9**	**7**	**140**	**6**	**41**	**8**	**1**
France	2	1	33	1	0	2	1
Germany	4	1	31	0	0	2	0
UK	0	3	11	0	2	1	0
Middle East & Africa	**1**	**1**	**13**	**0**	**0**	**1**	**0**
North America	**1**	**4**	**23**	**1**	**0**	**1**	**0**
USA	1	4	19	1	0	1	0
Latin America	**2**	**2**	**23**	**0**	**0**	**4**	**1**
Asia & Australia	**6**	**4**	**55**	**15**	**2**	**2**	**4**
Japan	0	0	16	7	0	0	1
China	2	3	21	8	0	0	1
Total	**19**	**18**	**254**	**22**	**43**	**16**	**6**

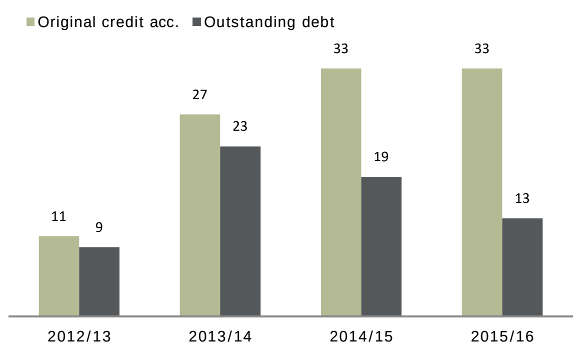
NUMBER OF BRAND STORES



BRAND STORE PIPELINE



LOCATION INVOLVEMENT IN DKK MILLION



SIGNIFICANTLY IMPROVED CHAIN EFFICIENCY AND HEALTH TRANSLATES REVENUE GROWTH INTO RECORD-HIGH OPERATING MARGIN AND CASH FLOW

As a result of improved production efficiency and price increase, BoConcept significantly increased its operating margin despite a negative foreign exchange rate effect in the fourth quarter of 2015/2016, a traditionally cost-heavy quarter.

DKK'000	Q4 * 2014/15	Business model etc.	Net own stores	Currency	Proceeds from sale of store	Q4 2015/16
Revenue	310,4	4,4	(3,3)	(3,8)	0,0	307,7
Production costs	(188,5)	12,7	0,0	(0,8)	0,0	(176,6)
Gross profit/loss	121,9	17,1	(3,3)	(4,6)	0,0	131,1
Capacity costs	(114,4)	(2,1)	3,4	0,1	0,0	(113,0)
EBIT before special items	7,5	15,0	0,1	(4,5)	0,0	18,1
as a % of revenue	2,4%	340,9%				5,9%
Special items	(1,9)	1,9	0,0	0,0	0,0	0,0
EBIT	5,6	16,9	0,1	(4,5)	0	18,1

*) Special items have been changed compared to the annual report 2014/2015

Considerable growth and an improvement in the gross profit as a result of significant efficiency enhancements combined with fewer own stores and lower costs for bad debts significantly increased BoConcept's earnings power in the 2015/2016 financial year and generated the highest operating margin in the company's history.

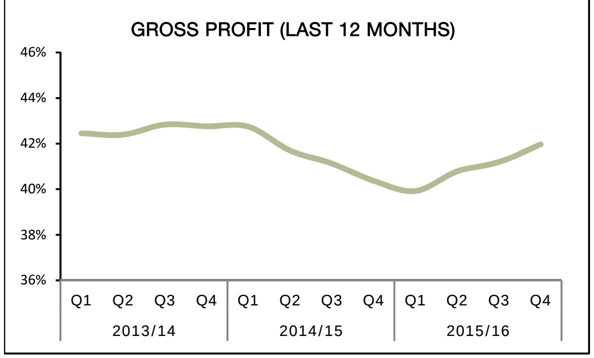
DKK'000	Year to date 2014/15	Business model etc.	Net own stores	Currency	Proceeds from sale of store	Year to date 2015/16
Revenue	1.147,5	58,1	(16,9)	46,2	0,0	1.234,9
Production costs	(681,8)	(6,9)	0,0	(27,9)	0,0	(716,6)
Gross profit/loss	465,7	51,2	(16,9)	18,3	0,0	518,3
Capacity costs	(450,6)	22,9	30,3	(5,9)	4,5	(398,8)
EBIT before special items	15,1	74,1	13,4	12,4	4,5	119,5
as a % of revenue	1,3%	127,5%				9,7%
Special items	(65,8)	65,8	0,0	0,0	0,0	0,0
EBIT	(50,7)	139,9	13,4	12,4	4,5	119,5

HIGHER GROSS PROFIT DUE TO HIGHER PRICES AND IMPROVED EFFICIENCY

The gross profit improved by 3.3 percentage points in the fourth quarter of 2015/2016 compared with the same period last year. A total rise in the gross profit of 5.0 percentage points was the result of improved efficiency in our supply chain and production processes that enhanced the quality and delivery reliability. This rise was also a result of the price increases introduced in September 2015 and a significantly lower degree of inventory obsolescence compared with last year, whereas the exchange rate effect of the CNY, USD, GBP and JPY against the DKK reduced the gross profit by 1.0 percentage point. The gross profit for the quarter is 0.7 percentage points lower than the same time last year as a result of the lower number of own stores.

In total, BoConcept improved its gross profit to reach 42.0% for the full 2015/2016 financial year. This improvement on a full-year basis was also attributable to improved efficiency and higher prices, which together increase the gross profit by 2.3 percentage points, whereas the net effect of a lower number of own stores was a reduction of 0.9 percentage points.

The sourcing ratio was 79% in the 2015/2016 financial year.



GROSS PROFIT TREND	Q4	Year to date
2014/15	**39,3%**	**40,6%**
Exchange rate effect	-1,0%	0,0%
Own stores, net	-0,7%	-0,9%
Business model and other	5,0%	2,3%
2015/16	**42,6%**	**42,0%**

LOWER CAPACITY COSTS DUE TO IMPROVED DISTRIBUTION PROCESSES AND LOWER COSTS FOR BAD DEBTS

At the end of the fourth quarter of 2015/2016, distribution costs were DKK 87 million, compared with DKK 91 million last year, the main reason being lower costs for bad debts, whereas BiC (BoConcept inspiration Camp) held in May 2016 pushed costs up compared with last year, when the event was regional and less cost-intensive.

Distribution costs totalled DKK 314 million in the 2015/2016 financial year, compared with last year's DKK 369 million, or a respective 25.4% of revenue against 32.2% last year. The amount invested in Business Development and BoConcept Business gradually grew over the year, but distribution costs were still lower, thanks to improved efficiency in the distribution processes, a lower number of own stores and considerably reduced costs for bad debts, which were down from DKK 25 million last year to DKK 10 million this year. Accordingly, costs were below 1% of revenue, compared with the original forecast of 2%.

Administrative expenses rose slightly from DKK 83 million last year to DKK 87 million, corresponding to a respective 7.0% and 7.3% of revenue. The main reason for the rise was the reclassification of certain costs, which were previously categorised as distribution costs.

BoConcept posted DKK 3 million in net other operating income for the 2015/2016 financial year, which represents the difference between proceeds from the sale of assets – primarily from the sale of the company's own London store – and the costs of restructuring and closing down the warehouse in the USA and liquidation costs relating to a company in Poland.

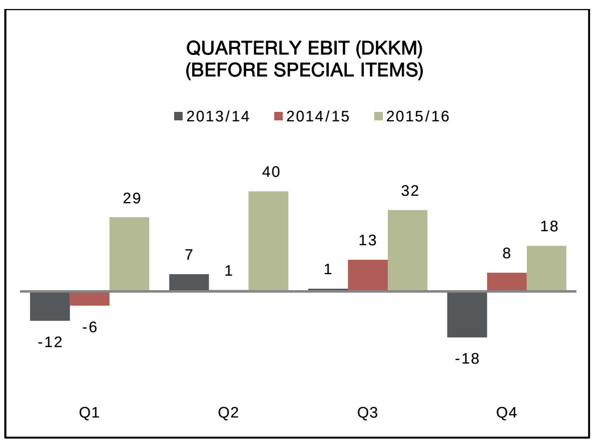
Record-high operating margin and profit

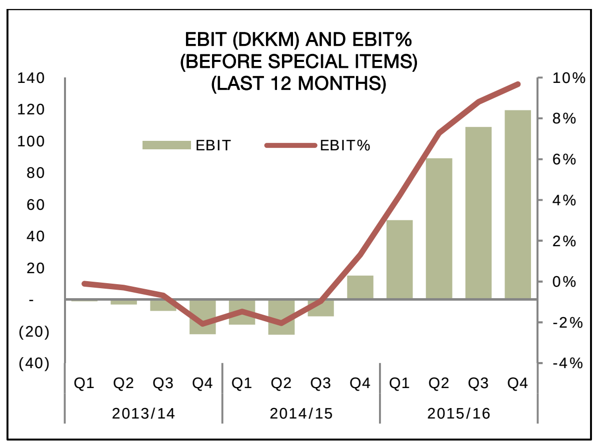
The operating profit (EBIT) was DKK 18 million in the fourth quarter of 2015/2016, resulting in an operating margin of 5.9%, against 2.4% last year.

For the full 2015/2016 financial year, BoConcept generated the highest EBIT in the company's history: an operating profit totalling DKK 120 million, compared with DKK 15 million last year, before special items of DKK 66 million. The company thus increased its operating margin from 1.3% last year to 9.7% this year, surpassing by far the original forecast of 4%, but in line with the most recent predictions of an operating margin of about 9% set out in Stock Exchange Announcement 2/2016 of 3 March 2016

Financial items were reduced from a net expense of DKK 8 million last year to a net of DKK 0 million for the 2015/2016 financial year, mainly as a result of a reduction in net interest-bearing debt, which in turn brought down interest expenses. Accordingly, the company posted a pre-tax profit of DKK 119 million, versus a loss of DKK 59 million last year, after special items attributable to the implementation of Horizon.

For the full year, the group posted a profit after tax of DKK 93 million, compared with a loss of DKK 57 million last year. The executive and supervisory boards consider the results for the 2015/2016 financial year – strategic as well as financial – to be highly satisfactory.





LOWER INVESTMENT LEVEL REFLECTS ASSET-LIGHT MODEL

The balance sheet total was DKK 583 million at 30 April 2016, corresponding to an increase of DKK 57 million on last year. The sole reason for the higher balance sheet total is the fact that the group holds more cash due to its considerably improved performance. Investment in property, plant and equipment and intangible non-current assets in the 2015/2016 financial year were thus half what they were the previous year and considerably less than the depreciation charges for the year. Financial assets were also reduced, since no additional allocations were made for start-up capital under the Location Involvement programme, only received instalment on existing receivables.

Tight control of working capital

At the balance sheet date, the net working capital represented DKK 50 million, compared with last year's figure of DKK 68 million. Relative to revenue, net working capital was 4.0%, versus 5.9% last year.

Inventories were reduced further in the fourth quarter of 2015/2016 and totalled DKK 119 million at 30 April 2016, compared with DKK 151 million at the beginning of the year and DKK 137 million at the end of the third quarter of 2015/2016, despite a higher level of activity. The reasons for this reduction were a lower number of item numbers, the closure of the warehouse in the USA, fewer own stores, a generally higher rate of inventory turnover and improved delivery reliability.

Since the beginning of the financial year, receivables have risen by a moderate DKK 8 million to reach DKK 131 million. Debtor days were 38 compared with 43 last year, reflecting the implementation of our new credit policy and the generally improved ability of stores to pay. As a result, total provisions were down from DKK 186 million last year to DKK 162 million this year, representing a respective 60% and 55% of total receivables.

Trade creditors fell by DKK 19 million compared to last year to reach DKK 103 million, whereas prepayments from customers were down by DKK 6 million.

Exceptionally strong capital base and high return on invested capital

Since the beginning of the financial year, equity has increased by DKK 95 million to reach DKK 252 million. As a result, the group's equity ratio rose from 29.9% last year to 43.2% this year. The return on equity for the year was a highly satisfactory 45.6% for the 2015/2016 financial year.

At the balance sheet date, interest-bearing debt was DKK 82 million, compared with DKK 117 million last year, primarily as a result of a reduction in short-term debt, which was DKK 17 million at 30 April 2016, versus DKK 51 million at the same time last year. Cash was DKK 139 million at the end of the 2015/2016 financial year, as opposed to DKK 12 million the previous year, as a result of the significant improvement in profit for the financial year. Accordingly, BoConcept had DKK 57 million in net interest-bearing deposits at the balance sheet date and unused credit facilities of DKK 95 million.

Invested capital totalled DKK 194 million at the end of the financial year, compared with DKK 257 million last year. Return on invested capital for the year (ROIC) was 52.3%.

Cash flows were 13.2% of revenue

BoConcept generated cash flows from operating activities totalling DKK 60 million for the fourth quarter of 2015/2016, compared with DKK 31 million for the same period last year. BoConcept posted DKK 165 million in cash flow from operating activities in the 2015/2016 financial year, against DKK 19 million last year. This significant improvement was the result of the higher operating profit and of less funds tied up in the working capital net.

After net investments representing a negative figure of DKK 3 million against DKK 13 million last year, cash flow before instalments on long-term debt was an impressive cash inflow of DKK 163 million compared with a cash inflow of DKK 5 million last year, corresponding to a respective 13.2% and 0.5% of revenue.

Risk Management

EFFECTIVE RISK MANAGEMENT IS A KEY ACTIVITY FOR BOCONCEPT. BY ADOPTING POLICIES FOR CORPORATE GOVERNANCE, DEMONSTRATING ACCOUNTABILITY AND ESTABLISHING INTERNAL PROCEDURES, RULES AND STANDARDS, THE COMPANY'S MANAGEMENT ENDEAVOURS TO IDENTIFY, ASSESS, MONITOR AND REDUCE RISKS THAT COULD AFFECT THE GROUP'S BUSINESS BASE AND STRATEGY.

The group's risk management is handled by the executive board in accordance with a set of guidelines stipulated and approved by the company's supervisory board. Risk management procedures focus on risk identification, evaluation of risk probabilities and consequences, and measures for reducing risk, and the executive board presents a risk statement to the supervisory board at least once a year in connection with the adoption of targets and strategy. Risks are discussed at every board meeting according to need.

MACRO-ECONOMIC RISK

Due to BoConcept's global activity in the area of durable consumer goods, revenue and profit correlate positively with market fluctuations and developments in global economic trends and regional conditions, especially GNP growth, disposable income, consumer confidence and housing sales.

Dramatic shifts in the ordering patterns of stores at market level are significant indicators of change in the underlying markets, which BoConcept monitors so it will be able to adjust support and marketing activities, should the situation change. To reduce the earnings-related impact of macro-economic fluctuations and to ensure market position and operational efficiency, BoConcept implements process-optimising and cost-cutting measures on an ongoing basis.

BoConcept's global sales structure comprises stores in 63 markets worldwide. The company' strategic focus is on markets with a large growth potential and on markets where the BoConcept brand already has or can obtain a strong position, enabling critical mass and favourable contribution margins. BoConcept's principal markets, which all represent 10% or more of the company's revenue, include Germany, France, the USA and Japan.

MARKET AND COMPETITION RISK

As an international furniture and design business, the BoConcept collection must always adopt and reflect changes in fashion and lifestyle in order to meet the target group's preferences. To optimise the collection's share of new items and marketability BoConcept continuously conducts market analyses. The BoConcept collection is then based on the results of these analyses.

Since 2015 BoConcept has introduced products on an ongoing basis instead of the previous collection updates twice a year. The dynamic introduction of new products enables BoConcept to adjust the collection to changes in its target group's preferences much faster and to strengthen the continuous interest in the brand. In the course of a year, the expected collection update share will account for approx. 20%.

The success of BoConcept relies on its image, brand and differentiation strategy, a strategy that positions company products at the top end of the medium market, which is characterised by less competition on price. Protecting the BoConcept brand against negative publicity and developing the positive view of the brand and the products through an active CSR policy is a high priority for the company. The brand positioning is supported strategically as well as through marketing events and sponsorship activities at home and abroad.

The competition to which BoConcept is exposed is characterised by a number of major international brands and a vast number of local brands in some markets.

A key element in the BoConcept brand is quality. All the group's products undergo quality inspection at all stages of production, and BoConcept staff pay frequent visits to subcontractors to ensure that their level of quality also satisfies the group's requirement that they provide attractive high-quality design.

SUPPLIER RISK

79% of group revenue is sourced from external suppliers in Asia, Eastern Europe and Denmark. BoConcept attaches a great deal of importance to building and maintaining good and long-standing relationships with its suppliers. This secures the supplier a critical mass which promotes a close integration, which again enables BoConcept to meet its delivery and quality targets without having to invest huge sums in its own production facilities.

The close integration with BoConcept's strategic suppliers is key to fulfilling the group's ambitious target for reliability of delivery.

The group has secured supplies of goods through single-sourcing agreements, of critical goods, or, where it is more expedient, in collaboration with several different suppliers.

DEBTOR RISK

BoConcept's collection is sold globally through 297 brand stores and studios. None of BoConcept's stores or franchisees accounts for more than 5% of group revenue.

We make a credit assessment of our franchisees when they first join the chain and follow this with regular assessments in accordance with the group's debtor policy. Where necessary, the group uses bank guarantees or personal guarantees to safeguard its outstanding receivables.

In the 2014 BoConcept set up a credit committee and implemented a revised credit policy including stricter credit limits and follow-up. In the 2015/2016 financial year the chairman of the supervisory board took part in two credit committee meetings. At the same time, a task force department was established, which serves to reduce costs related to losses on debtors and strengthen payment terms in distressed stores. In the 2015/2016 financial year the introduction of these initiatives has stabilised the costs related to losses on debtors at a normal level of approx. 1% of the group's revenue.

EMPLOYEES

BoConcept aims to be an attractive workplace for its employees. The group works to improve itself in this respect by creating self-developing, exciting and challenging jobs and working environments and offering attractive employment contracts. This also ensures that BoConcept can attract and retain the skilful key employees it needs to secure its innovative ability in future.

FINANCIAL RISK

The group has adopted a financial policy which lays down the general framework for financial risk management. The BoConcept Holding finance department is responsible for drafting a risk management procedure: it has been approved by the supervisory board, and its primary objective is to minimise the impact of fluctuations in foreign exchange rates, interest rates and liquidity on the group's financial results.

FOREIGN EXCHANGE RISK

The share of group revenue produced outside Denmark is 97%. 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 USD, while the major exposure on the outflow side is denominated in CNY.

Foreign exchange risk is managed centrally and is to some extent 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 effect on the operating profit (EBIT) of a 5% increase in foreign exchange rates in the principal currencies is shown below, compared with the average foreign exchange rate actualised in the 2015/2016 financial year:

(DKK'000)	2015/2016	2014/2015
USD	6,448	2,629
JPY	2,990	2,752
GBP	3,612	3,182
CNY	(1,985)	(1,731)

USD purchase in China is affected by the CNY development compared to USD. A 5% strength of the CNY compared to USD affects the EBIT negatively by USD 0.7 million in 2015/2016 and USD 1.1 million in 2014/2015.

The group's net monetary items that are denominated in foreign currencies are set out in note 30.

INTEREST RATE RISK

BoConcept's interest rate risk is primarily related to interest-bearing liabilities. Average interest-bearing debt totalled DKK 82 million at 30 April 2016. The average maturity of debt is 7.8 years, and the overall interest rate sensitivity in the case of a one-percentage-point change in interest rates is calculated to be approximately DKK 0.3 million on profit before tax.

To manage the interest rate risk on most of BoConcept's debt to mortgage credit institutions, the group has concluded an interest rate swap with a fixed interest rate of 2.0% and a six-year maturity (see note 30).

LIQUIDITY RISK

The strong cash flow has resulted in the fact that the company has net bank deposits. Consequently, the group has the needed liquidity for the coming 12 months' operation.

The group's financial planning is intended to ensure the best possible capital structure and adequate financial resources while also minimising costs of capital. Liquidity is managed by combining short- and long-term credit facilities. Bank deposits are placed in systemic banks.

Unutilised credit facilities amounted to DKK 95 million at the end of the financial year, compared with DKK 69 million the year before.

INSURANCE

Despite implementing intensive and systematic preventive measures, the risk of losses cannot be completely eliminated. Insurance against industrial accidents, transportation, and business interruption loss combined with all-risk, business and product liability insurance is therefore an integral part of the group's risk management.

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

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

IT RISK

BoConcept relies on the group's IT systems to ensure and support efficient processes in the company's supply chain, marketing, sales and distribution activities. In addition to continued investments in supporting and developing its IT architecture, BoConcept endeavours to mitigate IT-related risk through back-up systems, firewalls, emergency plans, etc.

In the coming years, our IT systems in production, supply chain, distribution and finance will undergo a complete upgrade. Next, all of our stores using Axapta will undergo an IT system upgrade.

ENVIRONMENTAL MATTERS

At our own BoConcept production facilities, we have a long-standing tradition for dealing with all safety, health and environmental issues. Pollution from the Ølgod production facilities in the form of smoke, noise and wastewater is negligible. Considerable and continual efforts are made to optimise safety in the workplace from a safety perspective.

BoConcept is committed to compliance with the UN's Global Compact principles and the company's own Code of Conduct that provide directions for the company's business targets in an ethically responsible manner. To ensure accountability and compliance with national and international environmental standards and legislation, BoConcept has drafted and implemented a code of conduct for environmental and social matters with which the company's own entities and its external suppliers are expected to comply.

'Green accounting' regulations do not apply to group companies.

The mandatory environmental approval is held by the production company.

INTERNAL CONTROLS AND RISK MANAGEMENT IN CONNECTION WITH FINANCIAL REPORTING

BoConcept's internal controls and procedures in connection with financial reporting are integrated into the company's social responsibility statement, which is part of the management review included in the 2015/2016 annual report (as set out in section 107b of the Danish Financial Statements Act). The corporate social responsibility statement is available from the company's website at www.boconcept.com/en-gb/investor-relations/corporate-governance/corporate-social-responsibility-statement.

OVERVIEW OF MAJOR TYPES OF RISK THAT MAY AFFECT BOCONCEPT'S OPERATIONS AND EARNINGS:

	Risk	Cover
Macro-economic risk	Regional GNP trends Regional consumer spending trends Regional consumer confidence trends Developments in the number of home sales	• Diversified global sales structure in 63 markets • Focus on markets with large growth potential and markets where the brand already has or can obtain a strong position, enabling critical mass and favourable contribution margins • Deselection of markets of no financial interest
Market risk	Marketability of collection	• Continual analyses of markets and target groups • Continual introduction of new products to be able to adjust the collection to the target group's preferences and to strengthen the continuous interest in the brand • Flexible product-to-market process to increase innovation speed and reduce operational pressure in connection with product launch
	Image and brand	• Proactive development and protection of brand • Established CSR profile • Centrally controlled marketing and communications platform
	Differentiation	• Design • Marketing • More sales channels to ensure complete utilisation of collection and store platform
	Competition on price	• Design • Maintain position at high end of medium market
Operational risk	Quality	• Own quality inspection with suppliers
	Reliability of delivery	• Flexible product-to-market process to increase innovation speed and reduce operational pressure in connection with product launch • Continual replacement of the collection • Secure critical mass of suppliers • More suppliers for all main product categories
	Competitiveness of own production	• Lean philosophy • Tight cost controlling
	Stock management	• Prognoses and tight controlling of discontinuances
	Losses on debtors	• Restrictive credit policy monitored by credit committee • Dedicated task force business unit in charge of analysing stores with poor payment ability
	Earnings capacity of franchisees	• Attractive franchise model • High earnings on own products • Operational support
	Access to skilled labour	• Attractive salary and wage packages • Further management training programmes • E-learning
Financial risk	Capitalisation	• Maintaining financial latitude to support growth strategy
	Currency	• Part hedging through forward and options contracts • New loans in foreign currencies • Production and sales in the same currency
	Interest rate trend	• Interest rate instruments are used to hedge debt
	Liquidity	• Access to cash reserves and drawing facilities

Management

TO SAFEGUARD BOCONCEPT'S LONG-TERM DEVELOPMENT AND VALUE CREATION, THE SUPERVISORY AND EXECUTIVE BOARDS MUST SATISFY THEMSELVES THAT THE COMPANY IS ALWAYS MANAGED IN ACCORDANCE WITH PRACTICAL AND SOUND PRINCIPLES.

The basis of good corporate governance at BoConcept and its subsidiaries is the company's articles of association, values and policies as well as relevant Danish and international legislation on and 'Rules related to the issuing of shares' on NASDAQ OMX Copenhagen A/S.

CORPORATE GOVERNANCE RECOMMENDATIONS

BoConcept has adopted the recommendations issued by the Danish Committee on Corporate Governance, which are posted at www.corporategovernance.dk. The latest update of the recommendations took place in May 2013, and a minor adjustment was introduced in 2014.

The supervisory board regularly considers the issue of how these recommendations can help ensure a maximum creation of value for the company's shareholders. Once a year, the supervisory board reviews the recommendations and the extent to which BoConcept has implemented them. It is the considered view of the supervisory board that the group complies with the fundamentals of the corporate governance recommendations issued by the Committee and adopted by NASDAQ OMX Copenhagen.

BoConcept has presented its views and comments on the recommendations as such in the company's statutory corporate social responsibility statement as specified in section 107b of the Danish Financial Statements Act, which is available at the company's website, www.boconcept.com/en-gb/investor-relations/corporate-governance/corporate-social-responsibility-statement.

The mandatory corporate social responsibility statement, cf. section 107b of the Danish Financial Statements Act is an integral part of the management review included in the company's 2015/2016 annual report and covers the same period as the report, viz. 1 May 2015 to 30 April 2016.

DUTIES OF THE SUPERVISORY AND EXECUTIVE BOARDS

The duties of the supervisory board consist of determining the company's targets, policies and fields of activity and deciding on matters of an exceptional nature or key importance. In addition, the supervisory board approves the executive board's business strategies and action plans and ensures that these are complied with and reviewed when necessary. The duties are described in the supervisory board's rules of procedure.

Furthermore, the supervisory board oversees the organisation of the company and the management work of the executive board and ensures that BoConcept is operated properly and in compliance with the company's articles of association, relevant guidelines, policies as well as current legislation and regulations. The supervisory board stipulates guidelines for the allocation of the duties of the supervisory and executive boards, but takes no part in the day-to-day management of the company.

The BoConcept supervisory board hires members of the company's executive board and stipulates the board's working conditions and duties. The supervisory board holds the executive board – which on 1 May 2015 was joined by COO Peter Linnet and now consists of three members - responsible for ensuring that the day-to-day management of BoConcept and its affiliates is conducted in a business-like and legally responsible manner. At a formal annual meeting the chairman of the board evaluates the results presented by as well as the cooperation with the executive board according to a number of set criteria.

SUPERVISORY AND EXECUTIVE BOARDS

The shareholders in general meeting, the body that has the ultimate authority in BoConcept, elects a supervisory board made up of three to nine members, plus representatives elected by employees. The board elects its own chair and up to two deputy chairpersons.

The current supervisory board consists of four members elected by the shareholders in general meeting and two representatives elected by the employees.

Supervisory board members elected by the shareholders in general meeting serve for terms of one year at the time, and supervisory board members elected by the employees serve for terms of four years at the time. The articles of association of BoConcept Holding stipulate no age limits for board members. The supervisory board takes the view that the experience and qualifications of a board member are more important than that person's age.

In view of the company's size, the supervisory board has decided not to appoint separate committees but instead to allow the full supervisory board to perform the tasks described in section 31 of the Danish Act on Approved Auditors and Audit Firms. The duties of the audit committee as set out in section 31 of the Danish Act on Approved Auditors and Audit Firms are thus fulfilled by the entire board.

A description of the different board members' competencies in relation to the duties of the BoConcept Holding board appears from the website and the annual report. The supervisory board takes the view that its members represent a wide range and depth of skills in their approach to their work on the board. For a full description of the competencies the company wants its supervisory board to possess, please visit the company's website.

SUPERVISORY BOARD DUTIES IN 2015/2016

The supervisory board held seven ordinary meetings in the 2015/2016 financial year, which is considered normal meeting activity. In the 2015/2016 financial year the supervisory board has focused on the strategic transformation of BoConcept's business base and the implementation of the Horizon initiatives.

Due to the intensive work process related to the structured sales process, the supervisory board chairman's annual evaluation of the work of the supervisory board, the chairman and each member of the board is postponed.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Unless a special majority is required in pursuance of the Danish Companies Act or the articles of association, the general meeting of shareholders shall adopt amendments to the articles of association and shall determine all other decisions by a simple majority of votes.

REMUNERATION POLICY

BoConcept's remuneration policy is intended to ensure that BoConcept is able to attract and retain individuals who qualify for membership of the company's supervisory and executive boards as well as for other management positions and that the interests of these individuals are aligned with the interests of the company's shareholders. This means that remuneration must be competitive and fair compared with similar listed and internationally operated companies, based on long-term creation of value.

Members of the company's supervisory board, both those elected by the shareholders in general meeting and the employee representatives, are paid a fixed annual base fee based on the nature and scope of the board work to be performed and the level of compensation paid in comparable listed companies. The chairman of the supervisory board receives triple the base fee; the deputy chairman receives 1.5 times the base fee.

Members of the supervisory board may receive separate compensation for specific ad hoc work beyond the usual duties as set out in the rules of procedure. As an example of this, the supervisory board has concluded a separate agreement with Viggo Mølholm for certain consultancy services in the fields of design and concept development that are not related to the work of the supervisory board. The agreement is renegotiated once a year with the chairman of the supervisory board and will terminate on 30 June 2016.

The total remuneration of the executive board of BoConcept is composed of up to three fixed and two variable elements:

Fixed elements

- A fixed base salary
- Non-monetary benefits (company car, telephone, newspapers)
- Defined contribution plans

Variable elements

- Incentive schemes not based on shares
- Long-term incentive scheme

The total remuneration of the executive board is determined once a year by the chairmanship of the supervisory board with due regard to the responsibility assumed and the market level of compensation, as well as the past performance of the executive board and the expectations to the company's development in the coming year.

The variable element of the executive board's compensation package is a bonus scheme based on the fulfilment of specific targets set by the supervisory board. The package is based both on the company's earnings and on individual circumstances. Normally, the bonus granted can maximum constitute 50% of the fixed annual base salary of the recipient.

Other elements of the variable compensation package may consist of long-term share-based incentive schemes such as options and/or warrants. These intend to help motivate members of the executive board and other executives to focus on performance and value creation in a manner consistent with the interests of the company's shareholders. Currently, there are no share-based incentive schemes.

There are no special notices of termination or severance agreements for members of the executive board. An executive board member must be given 12 months' notice of termination by BoConcept.

The company's remuneration policy was approved at the annual general meeting held in August 2012. Further details about the company's remuneration policy and the current incentive scheme may be found on the company's website: www.boconcept.com/en-gb/investor-relations/remuneration-policy

REPORT ON THE GENDER COMPOSITION OF MANAGEMENT IN COMPLIANCE WITH SECTION 99B OF THE DANISH ANNUAL FINANCIAL STATEMENTS ACT

As an international enterprise, BoConcept has for a number of years been actively promoting diversity throughout its organisation in its endeavour to be an attractive workplace, ensure that customers' needs are understood and met, encourage the development of talent and consolidate its corporate culture while also laying the foundations for a successful roll-out of its global business model.

With this in mind, BoConcept drafted a diversity policy in 2013 to sustain these efforts and emphasise diversity throughout the group. Diversity is an integral part of our HR strategy. It is the task of HR to ensure that BoConcept is in a position to attain its business objectives by recruiting, retaining and training the best-qualified candidates for all positions in the company. Recruitment and development are based on each employee's skills, qualifications and personality and on how well the employee matches up with BoConcept's basic values. HR is also responsible for guaranteeing all employees equal opportunities to develop their skills and for ensuring this development irrespective of employee gender, age, religion, ethnicity, nationality etc.

The objective of BoConcept's diversity policy is for the percentage of women in senior and middle management to reflect the percentage of women in the organisation as a whole. Management focused on implementing Horizon and restoring BoConcept's earnings power, also on the HR side, in the 2015/2016 financial year. Our efforts in the HR area were therefore primarily concentrated on addressing notices of dismissal and reducing the number of staff as a result of the ongoing efficiency enhancements. The pro rata share of female executives and middle managers has therefore not changed compared with last year, which means that we have not yet fully reached our target of a representative ratio of women across the organisation.

Our target is to raise the ratio of women to men on our executive and supervisory boards from zero today to at least 20% by the end of 2017. The ratio remains unchanged from last year as no members joined or resigned from the supervisory board in 2015/2016.

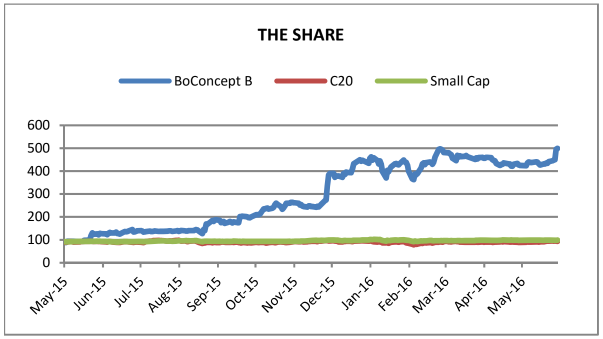
RESULT	2015/2016	2014/2015
Women employees at BoConcept A/S and its subsidiaries	227 out of 533 (43%)	273 out of 612 (45%)
Women in senior and middle management at BoConcept A/S and its subsidiaries	13 out of 43 (31%)	15 of 48 (31%)
Women members of the executive board of BoConcept Holding A/S	0 out of 3 (0%)	0 of 3 (0%)
Women members of the executive board of BoConcept Holding A/S elected by its shareholders in general meeting	0 out of 4 (0%)	0 of 4 (0%)

Our diversity policy and report can be found at the company's website at www.boconcept.com/da-dk/boconcept/about-boconcept/diversity-policy. The report constitutes the statutory diversity report for 2015/2016, which has been prepared in accordance with section 99 b of the Danish Financial Statements Act and is part of and covers the same period as BoConcept's 2015/2016 annual report.

Investor Relations

BOCONCEPT'S OVERALL GOAL IS TO CONTINUALLY CREATE GREATER VALUE AND AN ATTRACTIVE RETURN OF INVESTMENT FOR THE SHAREHOLDERS THROUGH A NON-CAPITAL INTENSIVE BUSINESS MODEL

BoConcept Holding's share capital consists of class A- and class B-shares. Since 1984 the class B-shares have been listed by NASDAQ OMX Copenhagen in the SmallCap segment and traded under ID code DK00600050201.



The total volume of trade in class B-shares in the 2015/2016 financial year totalled 1,287,443 shares, corresponding to an average daily trade volume of roughly DKK 5,253 shares or approx. twice as much as in the previous financial year. This is a significant increase in trading activities compared to the previous financial year.

SHARE CAPITAL

The share capital of BoConcept Holding amounts to nominally DKK 28,621,190 divided into 240,000 class A-shares of a nominal value of DKK 10 carrying ten votes each as well as 2,622,119 class B-shares of a nominal value of DKK 10 carrying one vote each. Apart from the differentiation in votes, neither share class carries any special preferences over the other.

SHARE DATA	Class A-shares	Class B-shares	Total
Number of shares	240,000	2,622,119	2,862,119
Nominal value per share	DKK 10	DKK 10	DKK 10
Number of votes.%	2,400,000 (47.8%)	2,622,119 (52.2%)	5,022,119 (100%)

Until the next annual general meeting, the supervisory board has authority to arrange for loans to be raised in return for the issue of convertible bonds, waiving any rights of pre-emption held by existing shareholders. The supervisory board will stipulate the terms and conditions governing such conversion. In connection with the conversion, the supervisory board is also authorised to increase the share capital by issuing new class B-shares for a period of five years after the issue of convertible bonds.

Pursuant to section 198 of the Danish Companies Act, the supervisory board of BoConcept Holding is authorised to acquire treasury shares for up to 10% of the company's total share capital until the company's next annual general meeting.

At 30 April 2016 the company's portfolio of treasury shares amounted to 11,400 shares, corresponding to 0.4% of the share capital. The company's holding of treasury shares is recognised at zero value.

CAPITAL STRUCTURE

The supervisory board of BoConcept regularly reviews the company's share and capital structure and has set the company a long-term equity ratio target of 40-50% of the balance sheet total.

Subject to an equity ratio that is at least on a par with our long-term objective and provided that cash flows and liquidity are not invested in organic growth or acquisitions, excess liquidity after tax from any one year will be disbursed to the company's shareholders, either as dividends or through share buy-back programmes or as combinations thereof. In deciding on the pay-back method, the supervisory board will apply the best interests of the company and its shareholders.

DIVIDEND

BoConcept Holding wishes to offer its shareholders access to long-term value creation and a continuous dividend flow in order to obtain an attractive direct return on a share investment in the company.

The supervisory board of BoConcept Holding regularly reviews the company's share and capital structure. Provided that the targets for capital structure are met, it is a priority that excess liquidity - after any investment in organic or acquisitive growth initiatives, serving to increase the long-term return on the invested capital - is paid back to the shareholders.

Payment may be in the form of dividends, share buy-back or as a combination hereof, if this is considered appropriate for company and shareholders.

In view of the recommended voluntary public offer to buy all the shares in BoConcept Holding A/S submitted by Layout Bidco A/S on 7 June 2016, BoConcept's supervisory board has decided to suspend its previous dividend policy until it has been decided whether or not the share purchase will be effected, at which time the company's future capital requirements and ownership situation will be known.

COMPOSITION OF SHAREHOLDERS

	Number of Class A-shares	Number of Class B-shares	Number of shares	Capital %	Votes %
BoConcept Invest ApS Mørupvej 16, Herning	240,000	272,960	512,960	17.92	53.22
SmallCap Danmark A/S Dronningens Tværgade 41, København		393,667	393,667	10.26	5.85
Kirk & Thorsen Invest A/S Toldvagten 2, Vejle		180,850	180,850	6.32	3.60
Other shareholders		1,863,242	1,863,242	65.11	37.10
Total excluding treasury shares	240,000	2,610,719	2,850,719	99.61	99.77
Treasury shares		11,400	11,400	0.39	0.23
Total	240,000	2,622,119	2,862,119	100.00	100.00

SHAREHOLDERS

The number of registered shareholders amounted to 1,576 at 30 April 2016 compared with 1,220 the year before. The above table shows the shareholders who - according to section 29 of the Danish Securities Trading Act - have registered a shareholding in excess of 5% of the company's total share capital.

BoConcept Holding's register of shareholders is kept by:
VP Securities A/S,
Weidekampsgade 14, PO Box 4040, DK-2300 Copenhagen S

GENERAL MEETINGS

The annual general meeting of BoConcept Holding will be held on 25 August 2016 at 4 p.m. at the company's head office at Mørupvej 16, DK-7400 Herning.

INVESTOR RELATIONS

The purpose of the BoConcept investor relations activities is to ensure a high level of disclosure of relevant, precise and timely information on the group's business base and development vis-à-vis the share market and other stakeholders on a uniform basis. The management thus seeks to increase the liquidity in the company share and allow a fair and effective price formation that at all times reflects the company's ability to create value for its shareholders.

STOCK EXCHANGE ANNOUNCEMENTS

Any information affecting prices and other important information relating to BoConcept is first published via NASDAQ OMX Copenhagen, and immediately afterwards, the same information is distributed to the media, shareholders, investors, analysts and other stakeholders who have signed up for the company's investor service at the website: www.boconcept.com/en-gb/investor-relations/irserviceandcontact

In addition to the annual report and the printed financial statements BoConcept Holding publishes interim financial reports as well as announcements relating to important measures in connection with the company's strategic, operational and financial development. All news will be posted on the company's website immediately after publication.

INVESTOR MEETINGS AND ANALYSTS

BoConcept is in contact with investors and share analysts on an ongoing basis. Presentations, meetings and telephone conferences with discussions on results, strategies and risks are held on a regular basis. BoConcept holds no investor meetings for a period of three weeks before any publication of its financial results.
At 23 June 2016 BoConcept was being monitored by the following share analyst: Poul Ernst Jessen, Danske Bank Equities.

CONTACT

Contact to shareholders, potential investors and share analysts is handled by:
Hans Barslund, CFO
E-mail: hb@boconcept.com Telephone: (+45) 70 13 13 66

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

STOCK EXCHANGE ANNOUNCEMENTS 2015/2016

30.06.2015		Annual report 2014/2015
05.08.2015		Annual general meeting 2014/2015
14.08.2015	7/2015	Notification of the acquisition or disposal of majority shareholdings
27.08.2015	8/2015	Quarterly report Q1 – 2015/2016
31.08.2015	9/2015	Revised articles of association
23.09.2015	10/2015	Upward adjustment of forecast for 2015/2016 financial year
02.12.2015	11/2015	Quarterly report Q2 – 2015/2016
03.12.2015	12/2015	Major shareholder announcement – Mitiska NV
25.02.2016	1/2016	Finance calendar
03.03.2016	2/2016	Quarterly report Q3 – 2015/2016
02.06.2016	3/2016	Early announcement of the BoConcept Holding A/S financial results for Q4 2015/2016 and the full year 2015/2016
02.06.2016	4/2016	Layout Bidco A/S to make a recommended conditional voluntary offer to buy all of the shares in BoConcept Holding A/S
07.06.2016	5/2016	Offer document, offer advertisement, and acceptance form as well as the statement from the Board of Directors regarding the recommended conditional voluntary public offer from Layout Bidco A/S
20.06.2016	7/2016	The condition concerning regulatory approvals in connection with Layout Bidco A/S' public offer to buy all outstanding shares of BoConcept Holding A/S has now been met

FINANCE CALENDAR FOR THE 2016/2017 FINANCIAL YEAR

25.08.2016	Interim financial report, Q1 2016/2017
29.11.2016	Interim financial report, Q2 2016/2017
03.03.2017	Interim financial report, Q3 2016/2017

Corporate **Social Responsibility**

OUR COMMITMENT TO ACT RESPONSIBLY IN RELATION TO PEOPLE, THE ENVIRONMENT AND SOCIAL CONDITIONS IS A KEY ELEMENT OF BOCONCEPT'S GLOBAL BRAND. THE OBJECTIVE OF THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY IS TO STRIKE AND MAINTAIN A HEALTHY BALANCE BETWEEN ENVIRONMENTAL AND BUSINESS INTERESTS AND DETERMINE AN ENVIRONMENTAL CODE OF CONDUCT FOR THE COMPANY, ITS EMPLOYEES AND SUPPLIERS.

By adhering to the group's standards of ethics and acting in a sustainable manner locally and globally, BoConcept endeavours to uphold human rights and act in the most environmentally responsible way while also promoting high ethical standards and corporate social responsibility throughout the group. With better branding, risk management and quality control, this work also helps social responsibility (CSR) is an integrated strategic management tool at BoConcept.

FOCUS AREAS AND ACTIVITIES RELATED TO ENVIRONMENT AND CLIMATE

BoConcept became a signatory to the UN Global Compact in 2009, so the group's CSR policy, which forms the framework for the group's initiatives and priorities in this area, is based on the ten principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.
The group's CSR strategy is divided into two focus areas: ensuring that the production processes of BoConcept and its suppliers are environmentally friendly and comply with safety procedures and minimising CO_2 emissions from transportation and logistics.

BoConcept's suppliers must adhere to the company's code of conduct. Based on Danish and international standards of quality, environmental standards and recommended work routines BoConcept seeks – through its code of conduct and regular supplier visits - to ensure that BoConcept's products are manufactured in a way that safeguards the interests of workers and has a minimal adverse impact on the environment. In the 2015/2016 financial year, BoConcept has focused on working environment improvements, which has resulted in a decrease of 50% in occupational injuries compared to the year before. More of our Asian sub-suppliers of e.g. upholstery, metal, glass and wooden products have either optimised their production facilities or moved these, and through this ensured increased efficiency and safer working conditions. At the end of the 2015/2016 financial year more than 70% of the BoConcept buying volume was sourced from suppliers with established CSR- and Global Compact-related action plans. In future, BoConcept will be focusing on ensuring that at least 80% of the sourced volume comes from suppliers with established CSR- and Global Compact-related action plans.

Transport and logistics are crucial elements in the worldwide distribution of the BoConcept collection. An efficient supply chain is a key element, both in optimising productivity and in reducing the CO_2 emissions generated by the company directly or indirectly.
In the 2015/2016 financial year BoConcept's suppliers of transport and logistics have focused on reductions in CO_2 emission and fuel consumption. The air freight volume was reduced due to improved control within the supply chain, and the use of Euro norm 5-6 trucks increased to 83%. In the coming financial year BoConcept seeks to ensure that the use of Euro norm 5-6 trucks is increased to at least 85%. Also, focus is on continued optimisation of the company's distribution set-up.

For a detailed review of BoConcept's operational initiatives with respect to corporate social responsibility in the 2015/2016 financial year and an introduction to initiatives, objectives and expectations for the future, please see the progress report BoConcept submitted to the UN Global Compact. BoConcept is including the progress report in its corporate social responsibility statement; as specified in section 99 a of the Danish Financial Statements Act. The progress report is available from the company's website at www.boconcept.com/da-dk/boconcept/corporate-responsibility/global-compact and is part of and covers the same period as BoConcept's 2015/2016 annual report.

PEOPLE OUR MOST VALUABLE ASSET

BoConcept had 533 staff at the end of April 2016, compared with 612 last year. Of the total headcount, 286 were employed in Denmark.
BoConcept's management style is value-based, and the company has developed a proactive HR strategy to support its business base. HR is visible at all levels of the organisation since, to a large extent, BoConcept's development and growth depends on people and the skills they apply towards creating solid results, using our unique business concept.
By providing an agreeable physical and mental working environment, BoConcept hopes to continue to be perceived as a desirable workplace that is always able to recruit and retain the best-qualified and most highly skilled employees.

PERFORMANCE AND DEVELOPMENT THROUGH BREAKTHROUGH LEADERSHIP

BoConcept implemented a new performance-oriented management strategy 'Breakthrough Leadership', throughout its organisation over the course of 2013. With a far more targeted management philosophy focus is on optimising all our processes and removing administrative 'noise' so we can concentrate on sales, customers and efficiency. The strategy thus forms the basis for an entirely new and considerably more ambitious framework for realising the full potential of our staff members and stores.
Breakthrough Leadership means constant training, motivation and monthly follow-up meetings for all our employees and giving them feedback on the basis of specific personal development and sales plans. All members of senior and middle management, franchisees and store managers at BoConcept will be following a fixed training plan aimed at helping them to translate strategy into specific sales-optimising initiatives and providing them with tools to do so through coaching, planning and follow-up.

Supervisory & Executive **Boards**

Peter Thorsen (chairman)
Born 1966, joined the supervisory board of BoConcept in 2013

OTHER DIRECTORSHIPS:

EBP Holding A/S (Denmark), Kirk & Thorsen A/S (Denmark), Kirk & Thorsen Invest A/S (Denmark), Modulex Holding ApS (Denmark), Genan A/S (Denmark), Genan Holding A/S (Denmark), Genan Invest A/S (Denmark), Modulex A/S (Denmark), TK Development A/S (Denmark), Droob ApS (Denmark), Friheden Invest A/S (Denmark), Starco Europe A/S (Denmark)

INDEPENDENCY:

Complies with the Committee on Corporate Governance's definition of the concept independency.

Peter Thorsen, Managing Director Kirk & Thorsen A/S, has held management positions with Louis Poulsen, Bison A/S, Basta and Marwi International. Peter deals thoroughly with strategic management and business development and has special core competencies within accounting and finance as well as risk management.

Viggo Mølholm (deputy chairman)
Born 1952, joined the supervisory board of BoConcept in 2012

OTHER DIRECTORSHIPS:

Ball Group A/S (Denmark), Brands4kids A/S (Denmark), Leander A/S (Denmark), Mads Eg Damgaards Familiefond (Denmark), Karup Partners A/S (Denmark), MEDF Holding A/S (Denmark)

INDEPENDENCY:

Does not comply with the Committee on Corporate Governance's definition of the concept independency due to previous employment with BoConcept Holding A/S.

Viggo Mølholm has been employed with associated companies within BoConcept Holding since 1977 – in the period 1997-2012 as CEO. Through his leadership, BoConcept has gone through a distinctive transformation from furniture producer to global retail-oriented concept holder within lifestyle furniture. In addition to his management experience within retailing, Viggo possesses core competencies within furniture industry, concept development and design.

Preben Bager
Born 1948, joined the supervisory board of BoConcept in 2013

OTHER DIRECTORSHIPS:

Jensens Bøfhus (Denmark)

INDEPENDENCY:

Complies with the Committee on Corporate Governance's definition of the concept independency.

During his career Preben Bager has held management positions with Nobia AB, Magnet Ltd. and HTH Køkkener A/S. His special competencies include international store operations and sourcing, development of global and regional brands as well as marketing.

Henrik Burkal
Born 1967, joined the supervisory board of BoConcept in 2013

OTHER DIRECTORSHIPS:

REMA 1000 Franchise AS (Norway), REMA Distribution AS (Norway), REMA Koin AS (Norway), REMA Etablering A/S (Denmark), EDC-gruppen a/s (Denmark)

INDEPENDENCY:

Complies with the Committee on Corporate Governance's definition of the concept independency.

Henrik Burkal, Managing Director of Rema 1000 Danmark A/S, has during his career held management positions with NETTO and CCI Europe and has for years dealt with development of international retail concepts and organisations – strategically as well as operationally. His special competencies include franchising, planning and implementation of growth strategies, efficiency improvements as well as value-based management.

Tommy Jensen Graugaard
(employee representative)
Born 1969, joined the supervisory board of BoConcept in 2015

OTHER DIRECTORSHIPS:

None

INDEPENDENCY:

Does not comply with the Committee on Corporate Governance's definition of the concept independency due to employment with BoConcept A/S.

Since 2006, Tommy Jensen Graugaard has been employed with BoConcept A/S, first as Warehouse Manager, and now as Lean Coordinator. Before this, he was employed as team leader with Bodum Denmark A/S, and before that as realtor with EDC Mæglerne.

Poul Brændgaard
(employee representative)
Born 1961, joined the supervisory board of BoConcept in 2011

OTHER DIRECTORSHIPS:

None

INDEPENDENCY:

Does not comply with the Committee on Corporate Governance's definition of the concept independency due to employment with BoConcept A/S.

Poul Brændgaard has been employed with BoConcept since 1991 e.g. as Department Manager in Ølgod. Before this, he was employed with Bema Industrilakering A/S as Foreman.

Torben Paulin (CEO)
Born 1965, employed in BoConcept since 1994

OTHER DIRECTORSHIPS:

Nordisk Dæk Import A/S (Denmark)

Hans Barslund (CFO)
Born 1957, employed in BoConcept since 2002

OTHER DIRECTORSHIPS:

Compo Tech A/S (Denmark)

Peter Raupach Linnet (COO)
Born 1963, employed in BoConcept since 2015

OTHER DIRECTORSHIPS:

None

BOCONCEPT HOLDING SHARES HELD BY THE SUPERVISORY AND THE EXECUTIVE BOARDS

	Shareholding 01.05.2015	Additions 2015/2016	Disposals 2015/2016	Shareholding 30.04.2016	Market value DKK'000
Supervisory board					
Peter Thorsen*, chairman	180,850	0	0	180,850	81,383
Viggo Mølholm**, deputy chairman	613,672	0	0	613,672	276,152
Henrik Burkal	0	0	0	0	0
Preben Bager	12,953	0	0	12,953	5,829
Tommy Graugaard	0	50	0	50	23
Poul Brændgaard	602	0	0	602	271
Executive board					
Torben Paulin	75,812	0	0	75,812	34,115
Hans Barslund	67,784	0	0	67,784	30,503
Peter Raupach Linnet	0	0	0	0	0

*The shareholding of Peter Thorsen is owned by Kirk & Thorsen Invest A/S in which Peter Thorsen is part owner and board member.
** The shareholding of Viggo Mølholm includes all of the shares owned by BoConcept Invest ApS in which Viggo Mølholm has a controlling interest.

Statement by the Executive & Supervisory Boards

The executive and supervisory boards have today discussed and approved the annual report of BoConcept Holding A/S for the financial year 2015/2016.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements of the parent company, BoConcept Holding A/S, are prepared in accordance with the Danish Financial Statements Act. Moreover, the consolidated financial statements and the parent company's financial statements ('the Financial Statements') are prepared in accordance with additional Danish disclosure requirements for listed companies. The management report is also prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated accounts and the annual report give a true and fair view of the financial position at 30 April 2016 of the Group and the parent company and of the results of the Group and parent company's operations and consolidated cash flows for the financial year 1 May 2015-30 April 2016.

In our opinion, the management report includes a true and fair account of the development in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

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

Herning, 23 June 2016

EXECUTIVE BOARD

Torben Paulin CEO	Hans Barslund CFO	Peter Raupach Linnet COO

SUPERVISORY BOARD

Peter Thorsen Chairman	Viggo Mølholm Deputy chairman	Preben Bager
Henrik Burkal	Tommy Jensen Graugaard*	Poul Brændgaard*

*Employee representative

Independent Auditor's Report

To the shareholders of BoConcept Holding A/S

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BoConcept Holding A/S for the financial year 1 May 2015 to 30 April 2016, which comprise income statement, balance sheet, statement if change in equity, cash flow statement and notes, including summary of significant accounting policies for both the Group and the Parent Company, as well as statement of comprehensive income for the Group. 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 under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for preparing Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

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

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 April 2016 and of the results of the Group's operations and cash flows for the financial year 1 May 2015 to 30 April 2016 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 April 2016 and of the results of the Parent Company's operations and cash flows for the financial year 1 May 2015–30 April 2016 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Herning, 23 June 2016

PRICEWATERHOUSECOOPERS, STATSAUTORISERET REVISIONSPARTNERSELSKAB (CVR. 33 77 12 31)

Claus Lindholm Jacobsen
State Authorised Public Accountant

Henrik Skjøtt Sørensen
State Authorised Public Accountant

Income Statement & Total Income

Consolidated Accounts

DKK'000

CONSOLIDATED INCOME STATEMENT 1 MAY - 30 APRIL

Note		2015/16	2014/15
3	**Revenue**	1.234.912	1.147.513
4,5	Production costs	(716.564)	(681.779)
	Gross profit	518.348	465.734
4,5	Distribution costs	(313.984)	(369.358)
4-6	Administrative expenses	(87.485)	(83.216)
7	Other operating income	7.075	1.891
8	Other operating expenses	(4.420)	0
	Operating profit / loss before special items (EBIT before special items)	119.534	15.051
9	Special items	0	0
	Profit / loss from operating activities (EBIT)	119.534	15.051
10	Financial income	4.291	7.064
11	Financial expenses	(4.433)	(14.932)
	Profit / loss before tax	119.392	7.183
12	Tax on profit/loss for the year	(26.207)	1.500
	Profit / loss for the year	93.185	8.683
	Broken down as follows:		
	Shareholders of BoConcept Holding A/S	93.185	(56.874)
	Minority interests	0	(238)
		93.185	(57.112)
13	Earnings per share		
	Earnings per share	32,7	(20,1)
	Diluted earnings per share	32,7	(20,1)

TOTAL INCOME

	2015/16	2014/15
Profit/loss for the period	93.185	(57.112)
Items that later can be recirculated to income statement:		
Revaluation of hedging instruments before tax	532	(994)
Settlement of hedging instruments	(573)	(507)
Foreign currency translation, foreign units	1.345	4.250
Tax on total income items	9	353
Total income for the period	94.498	(54.010)
Broken down as follows:		
Shareholders of BoConcept Holding A/S	94.498	(53.772)
Minority interests	0	(238)
Total income for the period	94.498	(54.010)

Balance Sheet
Consolidated Accounts

DKK'000

AS AT 30 APRIL

		2016	2015
	ASSETS		
	Goodwill	13.488	12.574
	Master rights	36.599	36.599
	Software	16.526	24.570
	Intangible assets in progress	2.483	798
14	**Total intangible assets**	69.096	74.541
	Land and buildings	53.571	59.138
	Leasehold improvements	5.696	14.605
	Plant and machinery	11.771	16.776
	Fixtures and operating equipment	4.062	5.484
	Property, plant and equipment in progress	984	292
15	**Total tangible assets**	76.084	96.295
16	Deferred tax	6.102	12.424
17	Other financial assets	15.232	21.838
17	Deposits	11.832	11.631
	Total other non-current assets	33.166	45.893
	Total non-current assets	178.346	216.729
18	Inventories	118.707	151.252
19	Trade receivables	131.126	122.631
20	Other receivables	16.192	23.199
	Cash and cash equivalents	139.019	12.416
	Total current assets	405.044	309.498
	TOTAL ASSETS	583.390	526.227

Balance Sheet

Consolidated Accounts

DKK'000

AS AT 30 APRIL

Note		2016	2015
	LIABILITIES AND EQUITY		
	Share capital	28.621	28.621
	Translation reserve	(691)	(2.036)
	Hedging reserve	(2.156)	(2.124)
	Retained earnings	226.051	132.866
	Dividend proposed	0	0
21	**Equity share, BoConcept Holding A/S shareholders**	251.825	157.327
21	**Total equity**	251.825	157.327
16	Deferred tax	7.283	12.192
22	Other provisions	8.509	10.316
23,30	Mortgage credit institutions and banks	64.660	66.287
	Total non-current liabilities	80.452	88.795
23,30	Mortgage credit institutions and banks	16.896	51.001
	Trade payables	102.908	122.197
	Prepayment from customers	34.585	40.555
	Income tax payable	17.665	0
	Other payables	79.059	66.352
	Total current liabilities	251.113	280.105
	Total liabilities	331.565	368.900
	TOTAL LIABILITIES AND EQUITY	583.390	526.227
24	Contingent liabilities and security		
28	Currency risk		
29	Related parties		
31	New accounting regulations		

Statement of Equity Movements
Consolidated Accounts

DKK'000

CONSOLIDATED STATEMENT OF EQUITY MOVEMENTS

	Share capital	Hedging reserve	Translation reserve	Retained earnings	Dividend proposed	Total
Equity at 1 May 2014	28.621	(976)	(6.286)	188.897	0	210.256
Share-based payments warrants				843		843
Sale of treasury shares				0		0
Distributed dividend					0	0
Dividend proposed					0	0
Dividend treasury shares						0
Total transactions with shareholders	0	0	0	843	0	843
Result for the year	0		0	(56.874)	0	(56.874)
Other total income	0	(1.148)	4.250	0	0	3.102
Total income for the period	0	(1.148)	4.250	(56.874)		(53.772)
Equity at 30 April 2015	28.621	(2.124)	(2.036)	132.866	0	157.327
Share-based payments warrants				0		0
Distributed dividend					0	0
Dividend proposed					0	0
Total transactions with shareholders	0	0	0	0	0	0
Result for the year	0	0	0	93.185	0	93.185
Other total income	0	(32)	1.345	0	0	1.313
Total income for the period		(32)	1.345	93.185		94.498
Equity at 30 April 2016	28.621	(2.156)	(691)	226.051	0	251.825

Information as to what reserves are available for distribution, reference is made to the parent company's statement of equity movements.

The appropriation of profit is shown in the parent company's income statement, including dividend per share.

Reserve for hedging transactions covers interest hedging instruments only.

Cash Flow Statement

Consolidated Accounts

DKK'000

CONSOLIDATED CASH FLOW STATEMENT

Note		2015/16	2014/15
	Revenue	1.234.912	1.147.513
	Operating expenses	(1.115.378)	(1.198.257)
25	Adjustment for non-cash items	33.327	117.251
26	Change in net working capital	15.989	(33.094)
	Cash flow from operating activities before financial items	168.850	33.413
	Interest income etc.	4.291	7.064
	Interest paid	(4.732)	(15.690)
	Income taxes paid	(3.103)	(6.210)
	Cash flow from operating activities	165.306	18.577
	Acquisition of intangible assets	(4.742)	(8.589)
	Sale of intangible assets	0	0
	Acquisition of tangible assets	(4.050)	(8.247)
	Sale of tangible assets	0	0
	Acquisition of financial assets	(738)	(5.651)
	Sale of financial assets	2.262	9.280
27	Acquisition of companies	0	0
27	Sale of companies	4.552	0
	Cash flow for investing activities	(2.716)	(13.207)
	Cash flow before financing activities	162.590	5.370
	Raising of long-term loans	4.406	9.846
	Instalments on long-term debt	(11.380)	(11.695)
	Employee bonds	0	(1.299)
	Shareholders:	0	0
	Acquired minority share	0	843
	Dividend paid	0	0
	Cash flow from financing activities	(6.974)	(2.305)
	Cash inflow/outflow for the year	155.616	3.065
	Cash and cash equivalents less short-term bank debt, beginning of the year	(27.889)	(888)
	Revaluation of cash and cash equivalents	299	(468)
	Cash and cash equivalents, year-end	128.026	1.709
	The amount may be broken down as follows:		
	Cash without restrictions	139.019	12.416
	Short-term debt to credit institutions, cf. note 30	(10.993)	(40.305)
		128.026	(27.889)

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

1 ACCOUNTING POLICIES APPLIED

The consolidated financial statements for the period 1 May to 30 April have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Further, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports of listed companies, cf. provisions of the Danish Financial Statements Act to annual reports of listed companies, the Danish Financial Statements Act and the IFRS order issued in pursuance of the Danish Financial Statements Act.

For the group, additional Danish disclosure requirements for annual reports are stipulated in accordance with the IFRS order issued in pursuance of the Danish Financial Statements Act and NASDAQ OMX Copenhagen. For the parent company, additional Danish disclosure requirements for annual reports are stipulated in accordance with the Danish Financial Statements Act and NASDAQ OMX Copenhagen.

Basis of preparation

The annual report has been prepared under the historical cost method, except for the derivative financial instruments for hedging purposes, recognised at fair value.

Non-current assets and groups of assets held for sale are measured at the lower of carrying amount prior to the reclassification and fair value less costs to sell.

The accounting policies as described below have been applied consistently over the financial year and in respect of the comparative figures.

The accounting policies remain unchanged from previous year.

The annual report is presented in DKK 000.

Implementation of new financial reporting standards

No new standards or interpretations of importance to net profit and equity were implemented in 2015/2016.

A description of new standards and interpretations that are not yet effective is included in note 31 to the consolidated accounts.

Consolidated financial statements and business combinations

The consolidated financial statements include the parent, BoConcept Holding, as well as subsidiaries and enterprises in which BoConcept Holding holds more than 50 per cent of the votes, directly or indirectly, or in any other way exercises a controlling influence (subsidiaries). BoConcept Holding A/S and the subsidiaries are collectively referred to as the group. Please refer to pages 10 and 77 for the group chart.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements by consolidating accounting items of a similar nature and subsequently eliminating intra-group income and expenses, shareholdings, intra-group accounts and dividends as well as unrealised gains and losses on transactions between the consolidated enterprises. The consolidated financial statements have been prepared in compliance with the accounting policies applicable to the BoConcept group.

The acquisition of new enterprises is accounted for under the purchase method. For acquisitions made after 1 July 2009, cost is determined as the fair value of the acquired assets, liabilities taken over and shares issued. Cost includes the fair value of any earn-outs. Acquisition costs are charged to the period in which they are incurred.

On initial recognition, identifiable assets, liabilities and contingent liabilities that have been acquired or taken over in connection with a business combination are recognised at their fair values at the time of acquisition. Any positive differences between the cost and the fair value of the group's share of the identifiable net assets acquired are recognised as goodwill.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

New acquisitions or enterprises which have been sold or closed down are recognised in the consolidated income statement from the date of acquisition or up to the date of disposal. Any proceeds or losses compared with the carrying amount at the time of disposal are charged to the income statement upon divestment where control of the subsidiary is relinquished at the same time.

Comparative figures are not restated to take into account enterprises which are newly acquired, sold or closed down. However, comparative figures relating to the income statement are restated for discontinued operations.

Goodwill from acquired enterprises may, due to the measurement of net assets, be adjusted for up to one year after the date of acquisition where the goodwill has been determined on a preliminary basis upon initial recognition.

In the consolidated financial statements the accounting items of the subsidiaries are recognised in full.

Leasing

Leases where all the significant risks and rewards of ownership are transferred to the company (finance leases) are recognised at the time for the start of the leasing contract in the balance sheet at the fair value of the activity or the present value of the minimum lease payment, whichever is the lower, determined on the basis of the internal rate of interest of the lease agreement or a discount rate that is an approximation thereof. Assets under finance leases are written down and off according to the same accounting policies as the group's other non-current assets.

The capitalised residual commitment under the lease is recognised as a liability in the balance sheet, and the interest portion of the lease payment is charged to the income statement as it is incurred.

All other leases, including rent agreements, are considered operating leases. Payments under operating leases are recognised on a straight line basis in the income statement over the term of the lease.

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 on receivables, payables and other monetary items are taken to the income statement as financial items.

Receivables, debts 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 in other comprehensive income and classified 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.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge are recognised in other comprehensive income and classified under a separate hedging reserve in equity. 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 under financial income and expenses.

Segment information

The identified reportable segment constitutes all of the group's external revenue, produced from the sale of furniture, home furnishings and accessories. The reportable segment is identified on the basis of the group's internal management structure, from which follows the duty to report to the main decision-makers, the executive board.

Profit, revenue and costs are recognised according to the same principles in the segment information and in the group's annual financial statements. Segment information may be gleaned from the group's income statement, balance sheet and cash flow statement. In the information pertaining to various geographical regions, assets and investments in non-current assets are recognised in accordance with the location of the production facilities.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

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.

Distribution costs

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.

Special items

The item 'special items' includes sizeable amounts that are not attributable to ordinary operations, for instance special provisions for impairment losses on intangible assets and property, plant and equipment as well as reorganisation measures. Special items may also contain reversals or adjustments related to previous impairments and provisions.

Special items as described above are shown on a separate line in the income statement.

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 other comprehensive income and equity respectively as regards the portion attributable to amount included in other comprehensive income or 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.

If the BoConcept group obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based payment schemes, the tax effect of the schemes is recognised in tax on the profit/loss for the year. However, if the total tax deduction exceeds the total tax expense, the tax benefit for the excess deduction is recognised directly in equity.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

BALANCE SHEET

INTANGIBLE ASSETS

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under 'The Consolidated Financial Statements and 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. Management estimates that the smallest cash-generating units to which the carrying amount of goodwill can be allocated are the subsidiaries.

At least once a year the carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill is allocated.

Master rights

Master rights acquired to run and start up new BoConcept Brand 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.

Development costs

The company conducts no research. New products and product innovations are developed in consultation with external consultants. Development costs are not included in the balance sheet, since these cannot be stated dependably, in addition to which these are often related to product replacements.

Software

Software is acquired externally an 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 to eight 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 – including borrowing costs.

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:

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Buildings	10-25 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, or where there seems to be a need for testing, 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 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.

Other financial assets

Securities are recognised at fair value.

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 price, which is equal to the nominal value less meet of loss write-downs. Provisions for losses are settled on the basis of individual assessments of receivables based on concrete risks of inability to pay. Further group write-downs on franchisees are based on a general assessment of risk of inability to pay. This is based on experiences from previous years.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

Prepayments

Prepayments measured at cost price and 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 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.

Hedging transaction reserve

Hedging instruments are recognised at fair value, and fair value adjustments are effected in the equity for unsettled instruments.

LIABILITIES

Income taxes and deferred tax

In pursuance of the joint taxation provisions BoConcept Invest 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 and
- not deductible for tax purposes 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.

Notes, Consolidated Accounts

ACCOUNTING POLICIES APPLIED

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.

Prepayments from customers

Prepayments from customers recognised under liabilities are measured at cost and include prepayments received concerning ordered, but not yet delivered, furniture.

CASH FLOW

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 indirectly 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.

Notes, Consolidated Accounts

NOTE 2

2 ACCOUNTING ESTIMATES AND ASSESSMENT

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 very 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.

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 next financial year.

For BoConcept Holding the measurement of goodwill DKK 13.5 million (last year DKK 12.6 million), master rights DKK 36.0 million (last year DKK 36.0 million) and trade receivables DKK 131.1 million (last year DKK 122.6 million) may be significantly affected by major changes in the estimates and underlying assumptions of the calculations. For a description of impairment tests for intangible assets reference is made to note 14, where the amounts are also stated. Trade receivables are measured at amortised cost or net realisable value in the balance sheet, corresponding to the nominal value less write-downs for bad and doubtful debts. Write-downs to provide for losses are determined on the basis of an individual assessment of each receivable and the specific risk of the debtor being unable to pay. Collective write-downs in respect of other franchisees are determined on the basis of a general assessment of the risk that the group of debtors is unable to pay in the light of the company's experience from previous years. The determination is therefore to some extent based on estimates.

Material judgements

Based on the company's accounting policies, management makes material judgements in connection with the recognition of master rights and goodwill.

Master rights acquired to run and start up new BoConcept stores in specific markets are recognised in the balance sheet. The rights have no fixed term and have the characteristics of goodwill. Upon acquisition of enterprises and activities, management will evaluate whether such acquisition is deemed to constitute an enterprise or individual assets, including master rights and liabilities. Where no staff members, key net assets, are acquired, and where other contractual conditions otherwise support this position, management will deem the acquisition to consist of individual assets, typically including master rights.

The BoConcept group recognises deferred tax assets, including the tax value of tax losses allowed for carryforward, if the management estimates that the tax asset can be offset against future income within the foreseeable future. The assessment is made once a year based on the budgets and business plans for the years ahead, including any business initiatives scheduled.

In the 2014/2015 financial year the deferred tax liabilities were realised in connection with the withdrawal from the joint taxation.

Further, the group expects to exercise DKK 2.2 million of deferred tax assets within one year.

Notes, Consolidated Accounts

NOTES 3, 4

3 **SEGMENT INFORMATION (DKK MILLION)**

BoConcept is a global brand represented in 63 markets worldwide.
The reportable segment information is stated in the income statement, balance sheet and cash flow statement.

	Revenue		Segment assets		Investments in tangible and intangible assets	
Geographic	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15
Nordic countries	96,3	128,8	451,9	413,1	7,0	14,2
Remainder of Europe	585,7	529,8	32,1	26,4	0,2	0,0
North America	135,8	132,9	3,8	6,5	0,4	0,0
Latin America	71,1	63,9	0,0	0,0	0,0	0,0
Asia	301,1	247,6	95,6	80,2	1,2	2,6
Middle East & Africa	44,9	44,5	0,0	0,0	0,0	0,0
Group total	1.234,9	1.147,5	583,4	526,2	8,8	16,8

Revenue in the geographic information has been determined according to the customer's physical location, whereas segment assets and investments in tangible and intangible assets have been determined by location of the investing company.

No single customers at BoConcept have an external revenue above 10% of the total revenue, and no further division is thus available. For further description, see accounting policies applied.

4 **COSTS (DKK'000)**

Staff costs	**2015/16**	2014/15
Wages and salaries	(200.434)	(202.708)
Pensions	(9.314)	(9.602)
Other social security costs	(16.880)	(16.461)
Other staff costs	(3.845)	(4.095)
	(230.473)	(232.866)
Staff costs are recognised as follows:		
Production costs	(67.053)	(66.717)
Distribution costs	(109.022)	(116.156)
Administrative expenses	(54.398)	(49.993)
	(230.473)	(232.866)
Average number of employees	533	612

Remuneration of the supervisory board, the executive board and executives	**2015/16**			2014/15		
	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	(1.665)	(4.703)	(2.702)	(1.597)	(3.377)	(4.855)
Bonus	0	(2.667)	(2.091)	0	(265)	(392)
Pensions	0	(362)	(205)	0	(259)	(350)
	(1.665)	(7.732)	(4.998)	(1.597)	(3.901)	(5.597)

The total remuneration of the group management was DKK (14,395,000) (last year DKK (11,095,000)).

Remuneration of the supervisory board includes consultancy fee and company car costs of DKK (528,000) (last year DKK (459,000) for the chairman and the deputy chairman. The remuneration covers a number of consultancy services.

Notes, Consolidated Accounts

NOTES 5, 6, 7, 8, 9

5 DEPRECIATION, AMORTISATION, WRITE-DOWNS AND IMPAIRMENT LOSSES (DKK'000)

	2015/16	2014/15
Amortisation of intangible assets	(9.695)	(11.948)
Write-downs of intangible assets	0	(13.067)
Depreciation of tangible assets	(19.675)	(23.030)
Write-downs of tangible assets	0	(5.543)
	(29.370)	(53.588)
Depreciation, amortisation, write-downs and impairment losses are recognised in the income statement as follows:		
Production costs	(9.942)	(10.708)
Distribution costs	(8.970)	(8.245)
Administrative expenses	(10.458)	(16.026)
Special items	0	(18.609)
	(29.370)	(53.588)
All write-downs are recognised in special items		
Development costs		
Development costs paid during the year	(6.814)	(6.663)

6 FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING (DKK'000)

	2015/16	2014/15
Aggregate fee	(1.247)	(1.717)
may be broken down as follows:		
Audit	(1.052)	(1.089)
Other assurance engagements	0	0
Other services	(91)	(358)
Tax consultancy	(104)	(270)
	(1.247)	(1.717)

7 OTHER OPERATING INCOME (DKK'000)

	2015/16	2014/15
Refunds	855	1.883
Gevinst salg aktivitet i UK	4.552	0
Gain on sale of tangible assets	1.668	8
	7.075	1.891

Refunds concerning activities in China.

8 OTHER OPERATING EXPENSES (DKK'000)

	2015/16	2014/15
Loss disposal of assets	(1.917)	0
Restructuring and closing down costs	(2.503)	0
	(4.420)	0

Restructuring and closing down costs related to closing down of warehouse in the USA and liquidation costs related to company in Poland.

9 SPECIAL ITEMS (DKK'000)

	2015/16	2014/15
Provisions for bad debts	0	(38.220)
Write-downs intangible and tangible assets	0	(18.609)
Law costs Sweden	0	(1.859)
Restructuring and closing down costs	0	(7.107)
	0	(65.795)

In the financial year 2014/2015 the implementation of Horizon has resulted in costs for provisions for bad debts incidental to the closure of stores and refranchising and amortisation of goodwill and master rights. Restructuring and closing down costs in 2014/2015 relate to closing of stores in Denmark, Sweden, the USA and Spain as well as restructuring costs related to staff under notice in Denmark and closing of warehouse in the USA.

Notes, Consolidated Accounts

NOTES 10, 11, 12, 13

10 FINANCIAL INCOME (DKK'000)

	2015/16	2014/15
Other interest income	4.291	7.064
	4.291	7.064

11 FINANCIAL EXPENSES (DKK'000)

	2015/16	2014/15
Other interest expenses	(2.751)	(8.750)
Settlement of hedging instruments	(573)	(507)
Foreign exchange losses	(1.109)	(5.675)
	(4.433)	(14.932)

12 TAX (DKK'000)

	2015/16	2014/15
Tax for the year breaks down as follows:		
Tax on profit for the year	(26.216)	1.500
Tax on total income items	9	353
	(26.207)	1.853
Tax on profit/loss for the year may be subdivided as follows:		
Current tax	(25.506)	99
Revaluation deferred tax asset	0	0
Deferred tax	711	649
Adjustment of tax related to previous years	(1.412)	1.105
	(26.207)	1.853
Tax on profit/loss for the year may be explained as follows:		
Calculated 22/23.5% tax on profit/loss for the year before tax	(26.266)	13.774
Tax on total income items	9	353
The tax effect of:		
Deviation in foreign companies' tax rate compared to Danish tax rate (net)	(459)	278
Non-taxable income and non-deductible costs	(421)	(3.877)
Losses with no recognition of tax and no tax effect upon withdrawal from the international joint taxation scheme	0	0
Tax on foreign loss, not recognised	2.342	(5.094)
Revaluation deferred tax asset	0	(4.686)
Adjustment of tax related to previous years	(1.412)	1.105
	(26.207)	1.853
Effective tax rate	22,0	3,2

13 EARNINGS PER SHARE (DKK'000)

	2015/16	2014/15
Profit/loss for the year	93.185	(57.112)
Minority interests	0	(238)
Result of the year, BoConcept Holding A/S shareholders	93.185	(57.350)
Average number of shares in circulation	2.862.119	2.862.119
Number of treasury shares	(11.400)	(11.400)
Number of shares in circulation	2.850.719	2.850.719
Average dilution effect of outstanding share options and warrants	0	0
Diluted number of shares in circulation	2.850.719	2.850.719
Earnings per share (EPS) of DKK 10	32,7	(20,1)
Earnings per diluted share of DKK 10	32,7	(20,1)

Notes, Consolidated Accounts

NOTE 14

14 INTANGIBLE ASSETS (DKK'000)

2016	Goodwill	Master rights	Software	Intangible assets in progress	Total
Acquisition cost, beg./year	26.214	42.038	79.848	798	148.898
Foreign exchange rate adjustments	(658)	0	75	0	(583)
Additions	0	0	2.618	2.124	4.742
Carried forward	1.800	0	439	(439)	1.800
Disposals for the year	(301)	0	(5.259)	0	(5.560)
Acquisition cost, year-end	27.055	42.038	77.721	2.483	149.297
Amortisation and impairment losses, beg./year	(13.640)	(5.439)	(55.278)	0	(74.357)
Foreign exchange rate adjustments	(228)	0	(91)	0	(319)
Write-downs for the year	0	0	0	0	0
Amortisation for the year	0	0	(9.695)	0	(9.695)
Disposals for the year	301	0	3.869	0	4.170
Amortisation and impairment losses, year-end	(13.567)	(5.439)	(61.195)	0	(80.201)
Carrying amount, year-end	13.488	36.599	16.526	2.483	69.096
Depreciated over a period of			3-8 years		

Master rights relate to acquisition of master rights in China, the UK, Spain, Sweden, Portugal and Denmark.

An impairment test of the carrying amounts of goodwill and master rights has been carried out at 30 April 2015 and 30 April 2016. The carrying amount of goodwill and master rights is based on cash flow generating stores in Denmark, the USA, the UK, Spain, Portugal, Sweden and China.

The main factors in the determination of the recoverable amount are revenue and contribution margin and the discount rate used.

The recoverable amounts of goodwill and master rights are based on the capital value, which is determined by applying expected cash flows based on the budget for the next year and an estimated projection for the next three years at an annual growth rate of 3% except for China with 20% growth, followed by the calculation of a terminal value without annual growth. All amounts have been discounted at 10.26% before tax.

The calculated recoverable amounts of the remaining values are significantly higher than the carrying amounts.

2015	Goodwill	Master rights	Software	Intangible assets in progress	Total
Acquisition cost, beg./year	21.886	42.225	65.446	6.572	136.129
Foreign exchange rate adjustments	4.828	0	179	0	5.007
Additions	0	0	7.790	799	8.589
Carried forward	0	0	6.573	(6.573)	0
Disposals for the year	(500)	(187)	(140)	0	(827)
Acquisition cost, year-end	26.214	42.038	79.848	798	148.898
Amortisation and impairment losses, beg./year	(5.563)	0	(43.361)	0	(48.924)
Foreign exchange rate adjustments	(949)	0	(109)	0	(1.058)
Write-downs for the year	(7.628)	(5.439)	0	0	(13.067)
Amortisation for the year	0	0	(11.948)	0	(11.948)
Disposals for the year	500	0	140	0	640
Amortisation and impairment losses, year-end	(13.640)	(5.439)	(55.278)	0	(74.357)
Carrying amount, year-end	12.574	36.599	24.570	798	74.541
Depreciated over a period of			3-8 years		

Write-downs of goodwill and master rights for 2014/2015 relate to goodwill in the USA and master rights in Spain and Denmark.

Notes, Consolidated Accounts

NOTE 15

15 **TANGIBLE ASSETS (DKK'000)**

2016

	Land and buildings	Leasehold improve-ments	Plant and machinery	Fixtures and operating equipment	Property, plant and equipment in progress	Total
Acquisition cost, beg./year	191.033	42.811	171.507	37.093	292	442.736
Foreign exchange rate adjustments	0	1.261	0	(136)	0	1.125
Additions	576	936	456	1.390	692	4.050
Carried forward	0	(7.800)	0	6.000	0	(1.800)
Additions purchases for the year	0	0	0	0	0	0
Disposals for the year	0	(9.285)	(5.820)	(8.645)	0	(23.750)
Acquisition cost, year-end	191.609	27.923	166.143	35.702	984	422.361
Depreciation and impairment losses, beg./year	(131.895)	(28.206)	(154.731)	(31.609)	0	(346.441)
Foreign exchange rate adjustments	0	(796)	0	69	0	(727)
Carried forward	0	4.182	0	(4.182)	0	0
Depreciation on purchase	0	0	0	0	0	0
Depreciation for the year	(6.143)	(3.930)	(5.385)	(4.217)	0	(19.675)
Write-downs	0	0	0	0	0	0
Disposals for the year	0	6.523	5.744	8.299	0	20.566
Depreciation and impairment losses, year-end	(138.038)	(22.227)	(154.372)	(31.640)	0	(346.277)
Carrying amount, year-end	53.571	5.696	11.771	4.062	984	76.084
Depreciated over a period of	10-25 yrs	3-10 yrs	5-9 yrs	3-7 yrs		

Plant and machinery includes leased assets at a carrying amount of DKK 6.7 million (last year DKK 10.5 million).
The fitting out of rented premises includes the maintenance obligation recognised in the carrying amount of DKK 0.5 million (last year DKK 1.8 million).

2015

	Land and buildings	Leasehold improve-ments	Plant and machinery	Fixtures and operating equipment	Property, plant and equipment in progress	Total
Acquisition cost, beg./year	191.033	43.974	167.587	35.426	514	438.534
Foreign exchange rate adjustments	0	3.221	0	1.608	0	4.829
Additions	0	1.996	4.397	1.582	272	8.247
Additions purchases for the year	0	0	0	494	(494)	0
Carried forward	0	0	0	0	0	0
Disposals for the year	0	(6.380)	(477)	(2.017)	0	(8.874)
Acquisition cost, year-end	191.033	42.811	171.507	37.093	292	442.736
Depreciation and impairment losses, beg./year	(125.613)	(20.326)	(149.701)	(27.553)	0	(323.193)
Foreign exchange rate adjustments	0	(1.675)	0	(1.322)	0	(2.997)
Carried forward	0	0	0	0	0	0
Depreciation for the year	(6.282)	(6.932)	(5.495)	(4.321)	0	(23.030)
Write-downs	0	(5.170)	0	(373)	0	(5.543)
Disposals for the year	0	5.897	465	1.960	0	8.322
Depreciation and impairment losses, year-end	(131.895)	(28.206)	(154.731)	(31.609)	0	(346.441)
Carrying amount, year-end	59.138	14.605	16.776	5.484	292	96.295
Depreciated over a period of	10-25 yrs	3-10 yrs	5-9 yrs	3-7 yrs		

Write-downs of assets for 2014/2015 relate to closing of stores.

Notes, Consolidated Accounts

NOTES 16, 17, 18

16 DEFERRED TAX (DKK'000)

	2016	2015
Deferred tax, beg./year	232	(3.137)
Deferred tax for the year	5.717	7.714
Transferred current tax	(7.496)	(4.909)
Change due to tax rate	0	0
Foreign exchange rate translation	366	564
Deferred tax, year-end	(1.181)	232
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	6.102	12.424
Deferred tax (liability)	(7.283)	(12.192)
Net deferred tax, year-end	(1.181)	232
Deferred tax relates to:		
Intangible assets	(8.004)	(7.210)
Tangible assets	(1.763)	1.978
Current assets	443	5.152
Tax loss carry forwards	8.143	312
	(1.181)	232

BoConcept Invest ApS is the administrator of the joint taxation scheme, and in the capacity it settles all payments of incoming tax with the tax authorities.

The supervisory and executive boards have decided to withdraw from the international joint taxation scheme at 26 April 2014 resulting in the tax of the retaxation balance being recognised as deferred tax.

The company has tax loss carryforwards in foreign entities that are unrecognised since the management estimates that utilisation of such losses is uncertain. At the end of the year the tax value of such loss carryforwards amounted to DKK 27.5 million (last year DKK 28,4 million).

The recognised tax asset can be utilised in accordance with special rules governing tax carryforwards, and a utilisation period of 1-3 years is therefore associated with the asset.

17 OTHER FINANCIAL ASSETS AND DEPOSITS (DKK'000)

	Deposits		Other financial assets	
	2016	2015	2016	2015
Acquisition cost, beg./year	11.631	13.202	21.838	24.863
Foreign exchange rate adjustments	897	756	(594)	1.160
Additions	738	226	0	5.425
Depreciation for the year	0	0	(902)	(2.883)
Disposals for the year	(1.434)	(2.553)	(5.110)	(6.727)
Acquisition cost, year-end	11.832	11.631	15.232	21.838

18 INVENTORIES (DKK'000)

	2016	2015
Raw materials and consumables	7.048	8.354
Goods in progress	7.738	8.140
Manufactured goods and goods for sale	103.921	134.758
	118.707	151.252
Cost of sales for the year which is included in production costs	641.159	609.333
Write-down of inventories	(6.411)	(12.487)
Reversal of write-downs for the year	8.277	4.557

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

Notes, Consolidated Accounts

NOTES 19, 20, 21

19 TRADE RECEIVABLES (DKK'000)

	2016	2015
Trade receivables	131.126	122.631
Provisions for losses have been recognised in the above item as follows:		
Provisions, beg./year	(185.623)	(115.875)
Provisions for the year	(22.259)	(86.638)
Losses recognised for the year	33.643	5.263
Exchange rate adjustments for the year	16	(11.562)
Reversed provisions for the year	12.031	23.189
Provisions, year-end	(162.192)	(185.623)

The annual operational effect of provisions and losses recognised amount to DKK 10.3 million (last year 62,8 million).
In the 2014/2015 financial year a credit committee was established and a revised credit policy was implemented, which has resulted in a reorganisation of the chain of stores, resulting in special provisions for losses on bad debts of DKK 38 million.

Provisions for 2015/2016 were adversely affected by individual items relating to stores in the USA, France and Germany (last year France, Belgium and Greece).

Write-downs primarily relate to amounts falling due after more than 60 days. Receivables that fall due after more than 90 days have been written off in full.

	2016	2015
Maturities of trade receivables, before depreciation, may be classified as follows:		
Due in 0-60 days	16.114	14.714
Due in 61-180 days	638	0
Due after more than 180 days	0	0
	16.752	14.714

20 OTHER RECEIVABLES (DKK'000)

	2016	2015
Other receivables	6.132	11.548
Tax receivables	0	3.699
Prepayments	10.060	7.952
	16.192	23.199

21 SHARE CAPITAL (DKK'000)

	Number of shares		Nominal value	
	2016	2015	**2016**	2015
Beg. year/ year-end class A-shares	240.000	240.000	2.400	2.400
Class B-shares, beg./year	2.622.119	2.622.119	26.221	26.221
	2.862.119	2.862.119	28.621	28.621

Each class A-share carries 10 votes whereas each class B-share carries 1 vote.

	Number of shares		Nominal value		% share capital	
Treasury shares	**2016**	2015	**2016**	2015	**2016**	2015
1 May	11.400	11.400	114	114	0,40	0,40
Acquisition	0	0	0	0	0,00	0,00
Sale	0	0	0	0	0,00	0,00
Treasury shares at 30 April	11.400	11.400	114	114	0,40	0,40

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22 OTHER PROVISIONS (DKK'000)

	2016	2015
Acquisition cost, beg./year	10.316	9.484
Foreign rate adjustments	(41)	1.254
Additions for the year	0	876
Disposals for the year	(1.766)	(1.298)
	8.509	10.316

Other provisions relate to re-establishment of leaseholds.

23 AMOUNTS OWED TO CREDIT INSTITUTIONS (DKK'000)

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

	2016			2015		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
0-1 year	1.566	(197)	1.369	2.994	(261)	2.733
1-5 years	4.600	(442)	4.158	5.030	(582)	4.448
>5 years	1.333	(23)	1.310	2.447	(49)	2.398
	7.499	(662)	6.837	10.471	(892)	9.579

Leased equipment comprises production, plant and machinery. The term remaining of the leases is approx. 1-6 years. The leases have been concluded in DKK and EUR with fixed as well as variable leasing payments for the remainder of the term.

24 CONTINGENT LIABILITIES AND SECURITY (DKK'000)

	2016	2015
Land and buildings recognised at:	53.571	59.138
Production plant and machinery recognised at:	5.027	6.298
Are charged in addition to the mortgage debt of:	49.594	51.918
Subject to letter of indemnity of:	50.000	50.000
Security in the following BoConcept A/S assets:		
Goodwill, domain names and various rights	36.600	36.600
Plant, operating equipment and machinery	4.844	10.057
Inventory value	98.712	127.971
Receivables and location involvement	123.446	122.558
Total	263.602	297.186
Registered value of company security	125.000	125.000
Non-terminable operating leases are as follows:		
0-1 year	43.256	40.629
1-5 years	49.635	50.355
>5 years	4.169	29.682
	97.060	120.666

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.

Paid operating leases for the year amount to DKK 41.9 million (last year DKK 41.7 million).

BoConcept A/S has provided guarantee for franchisees' landlords for rent of DKK 45.5 million (last year DKK 8.2 million).
BoConcept A/S has provided guarantee for bank loans raised by franchisees of DKK 9.0 million (last year DKK 11.7 million).

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25 **ADJUSTMENT FOR NON-CASH ITEMS (DKK'000)**

	2016	2015
Depreciation and impairment losses for the year	29.370	53.588
Tilbageført indtægt ved salg af selskab	(4.552)	0
Provisions for re-establishment of leaseholds	(1.807)	832
Provisions for losses on bad debts	10.316	62.831
	33.327	117.251

26 **CHANGES IN WORKING CAPITAL (DKK'000)**

	2016	2015
Change receivables	(2.257)	(28.465)
Change inventories	29.618	(3.669)
Change trade payables, etc.	(11.372)	(960)
	15.989	(33.094)

27 **ACQUISITION/DISPOSAL OF GROUP ENTERPRISES AND ACTIVITIES (DKK'000)**

Acquisition of companies	**2015/16**	2014/15
	Fair value at acquisition date	Fair value at acquisition date
Tangible assets	0	0
Inventories	0	0
Receivables	0	0
Cash	0	0
Trade payables	0	0
Other payables	0	0
Prepayment from customers	0	0
Acquired net assets	0	0
Goodwill	0	0
Acquisition costs in cash	0	0

Sale of companies	**2015/16**	2014/15
	Fair value at acquisition date	Fair value at acquisition date
Intangible assets	5.015	0
Tangible assets	2.883	470
Financial assets	97	933
Inventories	2.854	4.202
Receivables	1.212	1.059
Cash	1.257	0
Prepayments from customers	(2.780)	(1.864)
Other payables	(4.729)	(4.800)
Sales sum	5.809	0
Of which cash	(1.257)	0
Sales sum	4.552	0

On 30 June 2015 BoConcept A/S sold the company Tottenham Court Road Ltd.
Except from the profit, which is booked as other income, the sale has not affected revenue and operating profit/loss significantly.

On 31 December 2014 BoConcept A/S sold the company BC Design København A/S.
The sale has not affected the revenue and operating profit/loss significantly.

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28 FOREIGN EXCHANGE RISKS (DKK'000)

2016

Foreign currencies	Pre-payment/ maturity	Receiv-ables	Liabilities other than provisions	Hedged by forward exchange contracts	Net position
PLN	<1 year	2.454	(61)	0	2.393
	>1 year	483	0	0	483
GBP	<1 year	2.741	(442)	(52.902)	(50.603)
	>1 year	2.796	0	0	2.796
JPY	<1 year	30.071	(22.092)	(46.730)	(38.751)
	>1 year	0	0	0	0
SEK	<1 year	5.890	(2.820)	(3.085)	(15)
	>1 year	0	0	0	0
USD	<1 year	67.839	(25.846)	(34.729)	7.264
	>1 year	1.866	0	0	1.866
EUR	<1 year	137.460	(43.798)	0	93.662
	>1 year	6.442	(38.411)	0	(31.969)
CNY	<1 year	10.979	(27.944)	7.651	(9.314)
	>1 year	0	0	0	0
Other	<1 year	10.988	(1.169)	0	9.819
	>1 year	0	(8.343)	0	(8.343)
		280.009	(170.926)	(129.795)	(20.712)
Sale/purchase of currencies in accordance with agreements				129.035	
Unrealised net loss				(760)	

2015

Foreign currencies	Pre-payment/ maturity	Receiv-ables	Liabilities other than provisions	Hedged by forward exchange contracts	Net position
PLN	<1 year	6.218	(830)	0	5.388
	>1 year	3.104	0	0	3.104
GBP	<1 year	18.325	(10.729)	(46.471)	(38.875)
	>1 year	906	0	0	906
JPY	<1 year	17.563	(27.409)	(30.976)	(40.822)
	>1 year	0	0	0	0
SEK	<1 year	1.043	(5.635)	(3.217)	(7.809)
	>1 year	0	0	0	0
USD	<1 year	86.710	(28.544)	(23.724)	34.442
	>1 year	7.903	0	0	7.903
EUR	<1 year	159.237	(42.466)	0	116.771
	>1 year	2.749	(42.344)	0	(39.595)
CNY	<1 year	8.937	(41.682)	8.153	(24.592)
	>1 year	0	0	0	0
Other	<1 year	3.137	(1.082)	(132)	1.923
	>1 year	0	(3.714)	0	(3.714)
		315.832	(204.435)	(96.367)	15.030
Sale/purchase of currencies in accordance with agreements				91.479	
Unrealised net loss				(4.888)	

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29 TRANSACTIONS WITH RELATED PARTIES

BoConcept Holding A/S' related parties with significant influence include the Class A-shareholder (BoConcept Invest ApS) of the company, 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. There have been no transactions with Class A-shareholders, except for payment of company taxes.

Furthermore, the related parties include group enterprises in which BoConcept Holding has control or significant influence, cf. group overview on page 10.

Transactions conducted with the executive board only include normal management remuneration, cf. note 4 in the consolidated accounts as well as the transactions shown below.

Transactions conducted with other executives include normal remuneration, cf. note 4 in the consolidated accounts.

Except for the employee representatives on the board, no board member was employed with the group.

Peter Thorsen receives DKK (250,000) for special consultancy services (last year DKK 0). Viggo Mølholm receives DKK (278,000) (last year DKK (459,000) in consultancy fee and company car for the consultancy services that are not related to the work of the supervisory board.

30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000)

The group's policy for financial risk management
On account of its operations, investments and financing the BoConcept group is exposed to a number of foreign exchange and interest rate fluctuations. The management identifies the scope and concentration of risks and puts in place policies for addressing such risks on the basis of an ongoing review of the business. In addition, the group is subject to credit and liquidity risk. It is the group's policy not to speculate actively in financial risks. The sole purpose of the group's financial management is therefore to manage or eliminate financial risks associated with the group's operations and financing.

The group's policy for financial risk management is unchanged from last year and appears from Management. As a result, the carrying amount of financial instruments approx. corresponds to the fair value.

Credit risk
The group's credit risk is primarily associated with receivables and bank deposits as well as derivative financial instruments.

Credit risks related to bank deposits are hedged by placing bank deposits is systemic banks.

Credit risk associated with receivables arise when BoConcept A/S and subsidiaries make sales that are not prepaid. By far the majority of receivables are payable by franchisees who have submitted opening budgets in advance. Due to the close business relation to the franchisees, the group is unable to hedge these receivables with a third party.

35% (2014/2015 36%) of BoConcept's customers had not defaulted on the due dates at 30 April 2016. Measured on net receivables the percentage constitutes 77% (last year 65%). In the past the majority of our customers have been paying their debts by the due dates agreed upon. Receivables that are due more than 90 days after the normal due date have been written off in full.

	2016	2015
The maximum credit risk without taking into account security provided for trade receivables	131.126	122.631
The maximum credit risk associated with bank deposit, securities and derivative financial instruments	154.251	34.254
The maximum credit risk associated with other receivables	16.192	23.199
	301.569	180.084

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30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) - CONTINUED

Liquidity risks

The liquidity risk means the risk that BoConcept may not be able to fulfil its obligations as a result of a failure to realise assets or obtain adequate financing. The group ensures to maintain the best possible liquidity in order that it can continue to fulfil its financial commitments, under normal as well extraordinary circumstances. The introduced liquidity procedures have improved the group's debt ratio significantly, and sufficient cash resources are maintained to fulfil expected operational and financial obligations as well as bearing unforeseeable operating costs.

Unutilised credit facilities amounted DKK 95.1 million at the end of the financial year compared to DKK 68.9 million the year before. Cash amounted to DKK 139.0 million compared to DKK 12.4 million last year.

Below is a time table of cash flows associated with financial liabilities and hedging instruments:

2016			Cash flows			
	Nominal value	Fair value	<1 year	1-5 years	>5 years	Total
Measured at amortised cost (loans and other commitments)						
Amounts owed to mortgage credit institutions	49.594	49.655	3.563	21.313	29.526	54.402
Amounts owed to credit institutions	11.748	11.748	5.036	5.490	1.309	11.835
Other long-term payables	9.385	9.385	1.042	0	10.721	11.763
Bank loans	10.993	10.993	11.296	0	0	11.296
	81.720	81.781	20.937	26.803	41.556	89.296
Trade payables	102.908	102.908	102.908	0	0	102.908
Lease guarantees and guarantees provided for franchisees (contingent liabilities)	0	0	11.334	13.268	20.945	45.547
Other payables	87.568	122.159	78.572	8.996	0	87.568
	272.196	306.848	213.751	49.067	62.501	325.319
Total financial liabilities	272.196	306.848	213.751	49.067	62.501	325.319
Measured at amortised cost (deposits and receivables)						
Other financial assets	15.232	15.232	0	15.232	0	15.232
Trade receivables	131.126	131.126	131.126	0	0	131.126
Other receivables	6.132	6.132	6.132	0	0	6.132
Cash	139.019	139.019	139.019	0	0	139.019
	291.509	291.509	276.277	15.232	0	291.509
Derivative financial instruments						
Forward exchange contracts			(129.795)	0	0	(129.795)
	0	0	(129.795)	0	0	(129.795)
Total financial assets	291.509	291.509	146.482	15.232	0	161.714

In 2015, The Industrialisation Fund for Developing Countries (IFU) invested HKD 5.0 million and in 2014 HKD 4.2 million in share capital in the BoConcept A/S subsidiary BC Design Holding Ltd. According to the exit-agreement between BoConcept A/S and IFU with put/call option IFU's investment in BC Design Hong Kong Ltd. is - in line with the IFRS rules - included as loan capital. The loan capital from IFU carries interest cf. IFU and BoConcept A/S' exit-agreement.

The loan agreement with IFU includes a change of control clause, giving IFU the option of repayment before termination of the loan agreement.

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30 **DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) - CONTINUED**

	2015					
			Cash flows			
	Nominal value	Fair value	<1 year	1-5 years	>5 years	Total
Measured at amortised cost (loans and other commitments)						
Amounts owed to mortgage credit institutions	51.918	51.993	2.857	20.543	33.062	56.462
Amounts owed to credit institutions	17.472	17.472	6.491	8.358	3.659	18.508
Other long-term payables	7.595	7.595	2.954	1.166	6.525	10.645
Bank loans	40.305	40.305	41.695	0	0	41.695
	117.290	117.365	53.997	30.067	43.246	127.310
Trade payables	122.197	122.197	122.197	0	0	122.197
Lease guarantees and guarantees provided for franchisees (contingent liabilities)	0	0	1.028	4.109	3.082	8.219
Other payables	76.668	76.668	66.352	8.253	2.063	76.668
Total financial liabilities	316.155	316.230	243.574	42.429	48.391	334.394
Total financial liabilities	316.155	316.230	243.574	42.429	48.391	334.394
Measured at amortised cost (deposits and receivables)						
Other financial assets	21.838	21.838	6.961	11.934	3.707	22.602
Trade receivables	122.631	122.631	122.631	0	0	122.631
Other receivables	11.548	11.548	11.548	0	0	11.548
Cash	12.416	12.416	12.416	0	0	12.416
Total financial assets	168.433	168.433	153.556	11.934	3.707	169.197
Derivative financial instruments						
Forward exchange contracts			(96.367)	0	0	(96.367)
	0	0	(96.367)	0	0	(96.367)
Total financial assets	168.433	168.433	57.189	11.934	3.707	72.830

Cash flows for both the hedged assets and hedged liabilities as well as the hedging instruments are recognised in the income statement for the same period.

In the balance sheet, the value of derivative financial instruments is included in other receivables and other payables, respectively.

Generally, the fair value of financial liabilities and financial assets is determined in accordance with discounted cash flow models at the market rate of interest and subjects to the credit terms prevailing at the balance sheet date.

Financial instruments measured at fair value are categorised into the following levels of the fair value hierarchy:
Level 1: Observable market prices for identical instruments
Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments.
Level 3: Valuation techniques primarily based on observable prices

The fair value of BoConcept's forward exchange contracts of other derivative instruments (commodity instruments) and debt to mortgage debt institutions is measured according to level 2 as the fair value can be established directly based on exchange rates published and forward interest rates specified at the balance sheet date.

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30 **DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) - CONTINUED**

Market risks
In BoConcept's case, market risks associated with financial instruments consist of foreign exchange risks and interest rate risks.

Foreign exchange risks
97% (last year 95%) 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 selling currencies are matched whenever possible.

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

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 less extent, by raising loans in foreign currencies.

Foreign currency translation adjustments of investments in group enterprises with a functional currency different from that of the parent company are recognised directly in equity. Associated foreign exchange risks are not hedged since the group takes the view that ongoing hedging of such long-term investments would not be the best policy based on an overall evaluation of the risks and costs involved.

The isolated effects of a 5% increase in the foreign exchange rate at 30 April vis-a-vis DKK by translation of assets and obligations may be broken down as follows:

	2016	2015
USD		
Equity	(38)	1.282
Profit for the year	(38)	1.282
GBP		
Equity	(1.954)	(908)
Profit for the year	(1.954)	(908)
CNY		
Equity	111	74
Profit for the year	111	74
JPY		
Equity	(1.570)	(1.237)
Profit for the year	(1.570)	(1.237)

The below table states the EBIT effect of 5% foreign exchange increase compared with the average exchange rate realised per financial year.

	2016	2015
USD EBIT effect	6.448	2.629
JPY EBIT effect	2.990	2.752
GBP EBIT effect	3.612	3.182
CNY EBIT effect	(1.985)	(1.731)

USD purchase in China is affected by the CNY development compared to USD. A 5% strength of the CNY compared to USD affects the EBIT negatively by USD 0.7 million in 2015/2016 and USD 1.1 million in 2014/2015.

Particulars of the currencies having the greatest impact on the equity and profit for the year have been provided above.

The above analysis is based on the assumption that all other variables, especially the interest rate, remain constant. The expectations are based on current market data.

A corresponding drop in the exchange rates of the above currencies would have the same effect in reverse on the equity and profit/loss for the year.

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30 DERIVATIVE FINANCIAL INSTRUMENTS AND RISK AND CAPITAL MANAGEMENT (DKK'000) - CONTINUED

Interest rate risks

The group's interest rate risk is related to interest rate fluctuations that may affect the group's cash flows related to interest receivable and interest payable as well as the fair value of financial instruments. The group does not hedge the risk of interest rate fluctuations related to the group's loans, as management in each case assesses whether to use fixed-rate or floating-rate loans.

Analysis of sensitivity to interest rate risks

BoConcept A/S expects the level interest rates in Denmark to be affected by the interest rates in the euro-zone and in the USA. Based on analyses in euro-zone and in the USA, BoConcept expects the level of interest rates to change by up to 1 percentage point either way. A rise in the level of interest rate of 1 percentage point would have the effect outlined below of the equity and loss for the year:

	2016	2015
Equity	(62)	(289)
Loss for the year	(296)	(513)

A fall would have the same effect in reverse.

Most of the debt to mortgage credit institutions and other bank loans takes the form of contracts carrying variable rates of interest, this year as well as last year. However, this year we have concluded an interest rate swap agreement with a term of 6 years and a fixed rate of interest of 2%, covering 61% of our total debt to mortgage credit institutions (last year 58%). The weighted effective rate of interest measured at the balance sheet date, was 2.2% compared with 2.2% last year.

The market value of the interest rate swap agreement in negative before tax DKK 2.8 million (last year a negative value of DKK 2.8 million).

Capital management

In its capital management it is the group's aim to create the necessary calm to ensure the company's strategic progress and to produce a competitive return on shareholders' investments. At the same time the group aims to reduce the costs of capital.

The supervisory board of BoConcept Holding A/S regularly reviews the company's share and capital structure, and since the company's growth strategy is not capital-intensive, the board has decided that the company is to set itself a target of an equity ratio of at least 40% and at most 50% in future. The equity ratio has been calculated in accordance with the recommendations made by the Danish Society of Financial Analysts.

This implies that an excess liquidity from the profit for the year after tax must be paid back to the shareholders, either as divided or via share buy back programmes or as a combination of the two. The supervisory board will determine the specific form of repayment based on the shareholders' best interest. However, dividend will always be distributed with due regard to the group's growth and cash requirements.

Besides we refer to Risk Management.

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31 NEW ACCOUNTING STANDARDS

At 30 April 2016, IASB had approved the following new accounting standards (IFRSs and IASs) and interpretations (IFRICs) that are effective for the 2015/2016 financial year or later and are assessed to be of relevance to the BoConcept group.

IFRS 9 Financial Instruments

It addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets and obligations: amortised cost, fair value through Other comprehensive income and fair value through Profit & Loss. A new expected credit loss model replaces the incurred loss impairment model used in IAS 39. IFRS 9 simplifies the requirements for hedge accounting in order to ensure a higher degree of agreement between the company's financial risk management and the application of the requirements for hedge accounting. E.g. the requirements for hedge effectiveness are relaxed. The BoConcept group is yet to assess the full impact of IFRS 9.

IFRS 15 Revenue from contracts with customers

It deals with revenue. Revenue is recognised when a customer obtains control of a good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. It is assessed to be of no relevance to BoConcept.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016. The standard, which will enter into force for financial years beginning on 1 January 2019 or later, substantially changes the accounting for rent and lease contracts that today are treated as operating leases. Thus, the standard requires the lessee to recognize all types of leases, with a few exceptions, in the lessee's balance sheet as an asset together with the associated lease liability. At the same time, the lessee's income statement will be affected as annual lease payments will consist of two elements in future - a depreciation charge and an interest expense - unlike today where the annual payments for operating leases are recognized as one amount under operating expenses.

An in-depth analysis of the significance of the new standard for the BoConcept group is yet to be made. However, it is assessed to have some impact as the BoConcept group at the end of the 2015/2016 financial year had operating leases with lease obligations of DKK 97 million corresponding to about 16% of the balance sheet total, potentially to be recognized in the balance sheet in future.

As a part of the annual improvement project IASB has approved several changes to existing standards.

IASB has approved several accounting standards and interpretations which are not relevant to BoConcept and will have no effect on the accounts.

Income Statement Parent Company

DKK'000

1 MAY - 30 APRIL

Note		2015/16	2014/15
	Revenue	0	0
2	Administrative expenses	(9.112)	(5.098)
3	Other operating income	5.340	5.340
	Profit before financial income and expenses	(3.772)	242
4	Profit/loss from activities in group enterprises	92.143	(55.253)
5	Financial income	2.593	2.659
6	Financial expenses	(132)	(212)
	Profit/loss before tax	90.832	(52.564)
7	Tax on profit/loss for the year	(1.023)	(1.712)
	Profit/loss for the year	89.809	(54.276)
	Recommended appropriation of profits:		
	Transfer to net revaluation reserve	38.958	0
	Dividend proposed DKK 0 (DKK 0) per share	0	0
	Retained earnings	50.851	(54.276)
		89.809	(54.276)

Balance Sheet Parent Company

DKK'000

Note	AT 30 APRIL	2016	2015
	ASSETS		
8	Land and buildings	13.356	14.455
	Total tangible assets	13.356	14.455
4	Investment in group enterprises	156.763	63.306
9	Securities	105	105
	Total investments	156.868	63.411
	Total non-current assets	170.224	77.866
	Receivables in group enterprises	85.440	83.857
	Prepaid costs	64	0
	Cash	38	0
	Total current assets	85.542	83.857
	TOTAL ASSETS	255.766	161.723
	LIABILITIES & EQUITY		
	Share capital	28.621	28.621
	Net revaluation according to the equity method	38.958	0
	Retained earnings	163.544	111.379
	Dividend proposed	0	0
10	**Total equity**	231.123	140.000
11	Deferred tax	7.283	12.192
	Provisions	7.283	12.192
12	Credit institutions	6.859	7.467
	Total non-current liabilities	6.859	7.467
12	Credit institutions	589	1.109
	Income taxes	4.456	(936)
	Other payables	5.456	1.891
	Total current liabilities	10.501	2.064
	Total liabilities	17.360	9.531
	TOTAL LIABILITIES AND EQUITY	255.766	161.723
13	Contingent liabilities and security		

Statement of equity movements
Parent Company

DKK'000

STATEMENT OF EQUITY MOVEMENTS, PARENT COMPANY

	Share capital	Net revaluation according to the equity method*	Retained earnings	Dividend proposed	Total
Equity at 1 May 2014	28.621	0	161.710	0	190.331
Cost of capital increase		0			0
Dividend distributed			0	0	0
Dividend treasury shares			0		0
Profit/loss for the year		0	(54.276)		(54.276)
Reserve for exchange rate adjustments		0	4.250		4.250
Revaluation of hedging instruments		0	(1.148)		(1.148)
Sale of treasury shares		0	0		0
Share-based payments		0	843		843
Divided proposed			0	0	0
Equity at 30 April 2015	28.621	0	111.379	0	140.000
Dividend distributed			0	0	0
Dividend treasury shares		0	0		0
Profit/loss for the year		38.958	50.851		89.809
Reserve for exchange rate adjustments		0	1.346		1.346
Revaluation of hedging instruments		0	(32)		(32)
Sale of treasury shares		0	0		0
Share-based payments		0	0		0
Dividend proposed				0	0
Equity at 30 April 2016	28.621	38.958	163.544	0	231.123

* Undistributable reserves

Notes, Parent Company

NOTE 1

1 **ACCOUNTING POLICIES OF THE PARENT COMPANY**

The parent company's annual report is presented in accordance with the Danish Financial Statements Act and NASDAQ OMX Copenhagen's disclosure requirements for listed companies.

The same accounting policies are applied to the consolidated financial statements with the following exceptions:

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the pro rata share of the company's equity value, calculated in accordance with the accounting policies applied by the group with the addition or deduction of unrealised intra-group profits and losses and with the addition or deduction of the balance of goodwill or negative goodwill, calculated in accordance with the purchase method.

Investments in subsidiaries with negative equity value are measured at zero, and any receivable from these enterprises is written down to the extent that it represents a bad debt. Where the parent company has an actual or constructive obligation to cover the company's losses, the balance will be recognised under the heading of provisions.

Net revaluation of investments in subsidiaries is recognised as a net revaluation reserve or accounted for under the equity method to the extent that the carrying amount exceeds the cost. Dividend from subsidiaries that is to be received before the adoption of the annual report of BoConcept Holding A/S will not be tied to the net revaluation reserve.

Goodwill and master rights

Goodwill in BoConcept A/S and its subsidiaries is amortised over the expected useful life of the asset, which is determined on the basis of the experience gained by the management within the individual business segments. Goodwill is amortised by the straight-line method over a period not exceeding ten years, the amortisation period being the longest for companies that have been acquired for strategic reasons and that have a strong marketing profile and a long-term earnings profile.

The carrying amount of goodwill is assessed at regular intervals, and if the carrying amount exceeds the estimated future net income generated by the business or activity to which the goodwill is attached, goodwill is written down to the recoverable amount via the income statement. Master rights acquired to run and start up new BoConcept stores in a specific market are recognised in the balance sheet. Master rights are measured at cost less accumulated amortisation.

Master rights acquired to operate and start-up new BoConcept stores in a specific market are recognised in the balance sheet. Master rights are measured at cost price less accumulated amortisation. Master rights are amortised by the straight-line method during the amortisation period (maximum 10 years).

Notes, Parent Company

NOTES 2, 3

2 COSTS (DKK'000)

	2015/16	2014/15
Staff costs		
Reference is made to note 4 in the consolidated financial statement. The remuneration of directors has been settled by the parent company.		
No employees in the company neither this year nor last year.		
Depreciation, amortisation, write-downs and impairment losses		
Depreciation of tangible assets	(1.675)	(1.762)
	(1.675)	(1.762)
Depreciation, amortisation, write-downs and impairment losses are recognised in the income statement as follows:		
Administrative expenses	(1.675)	(1.762)
Fees to auditors appointed at the annual general meeting		
Aggregate fee	(234)	(233)
Aggregate fee, other auditors	0	(2)
	(234)	(235)
That breaks down as follows:		
Audit	(85)	(60)
Tax consultancy	(104)	(157)
Other assurance engagements	0	0
Other service	(45)	(16)
Other audit-related service, other auditors	0	(2)
	(234)	(235)

3 OTHER OPERATING INCOME (DKK'000)

	2015/16	2014/15
Rent	4.500	4.500
Management fee	840	840
	5.340	5.340

Notes, Parent Company

NOTES 4, 5, 6

4 **INVESTMENTS IN GROUP ENTERPRISES (DKK'000)**

	2015/16	2014/15
Cost at the beginning of the year	117.805	117.805
Additions during the year	0	0
Disposals during the year	0	0
Cost at year-end	117.805	117.805
Revaluations at the beginning of the year	(54.499)	(3.191)
Disposals, sale	0	0
Dividend from group enterprises	0	0
Profit/loss for the year after tax	92.143	(55.253)
Exchange adjustment of group enterprises	1.346	4.250
Revaluation of hedging instruments	(32)	(1.148)
Acquisition of shares in BoConcept Holding A/S	0	0
Additional value, acquisition/sale of minority interest	0	843
Cost of share options	0	0
Revaluations at year-end	38.958	(54.499)
Carrying amount at year-end	156.763	63.306

Name and registered office

	Ownership share	Share capital	Equity	Profit/loss from ordinary activities before tax	Profit/loss for the year
BoConcept A/S, Ølgod	100%	2.000	156.763	115.254	92.143

Consolidated accounts for BoConcept Invest ApS - the ultimate owner - are available.

Overview of subsidiaries appears from note 15 under the parent company.

5 **FINANCIAL INCOME (DKK'000)**

	2015/16	2014/15
Interest income, group enterprises	2.581	2.659
Adjustments, mortgage credit loans	12	0
Total financial income	2.593	2.659

6 **FINANCIAL EXPENSES (DKK'000)**

	2015/16	2014/15
Other interest expenses	(132)	(212)
Total financial expenses	(132)	(212)

Notes, Parent Company

NOTES 7, 8, 9

7 **TAX FOR THE YEAR (DKK'000)**

	2015/16	2014/15
Tax for the year breaks down as follows:		
Tax on profit/loss for the year	(1.023)	(1.712)
	(1.023)	(1.712)
Tax on profit/loss for the year may be subdivided as follows:		
Current tax	(5.522)	(1.051)
Adjustment previous years	(460)	(1.049)
Excess income tax set aside last year	0	0
Value adjustment of the retaxation balance due to the withdrawal from the international joint taxation scheme	0	0
Adjustment in deferred tax due to a percentage change	0	0
Deferred tax	4.959	388
	(1.023)	(1.712)
Tax on profit/loss		
Calculated 22/23.5% tax on profit/loss for the year before tax	(110)	(632)
Excess income tax set aside last year	0	0
Adjustment previous years	(460)	(1.049)
Value adjustment of the retaxation balance due to the withdrawal from the international joint taxation scheme	0	0
The tax effect of:		
Adjustment of deferred tax as a percentage	0	(26)
Non-taxable income and non-deductible expenses etc.	(453)	(5)
	(1.023)	(1.712)
Effective tax rate	78,0	(63,7)

8 **TANGIBLE ASSETS (DKK'000)**

	Land and buildings	
	2016	2015
Acquisition cost at the beginning of the year	69.503	69.503
Additions	576	0
Disposals	0	0
Acquisition cost at year-end	70.079	69.503
Depreciation at the beginning of the year	(55.048)	(53.286)
Depreciation for the year	(1.675)	(1.762)
Depreciation related to disposals	0	0
Depreciation at year-end	(56.723)	(55.048)
Carrying amount at year-end	13.356	14.455
Depreciated over a period of	10-25 yrs	10-25 yrs

9 **INVESTMENTS (DKK'000)**

	Securities	
	2016	2015
Cost at the beginning of the year/year-end	105	105

Notes, Parent Company

NOTES 10, 11, 12

10 **SHARE CAPITAL (DKK'000)**

	Number of shares		Nominal value	
	2016	2015	**2016**	2015
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	2.622.119	2.622.119	26.221	26.221
	2.862.119	2.862.119	28.621	28.621

Each class A-share carries 10 votes whereas each class B-share carries 1 vote.

	Number of shares		Nominal value		% of share capital	
Treasury shares	**2016**	2015	**2016**	2015	**2016**	2015
1 May	11.400	11.400	114	114	0,40	0,40
Acquisition	0	0	0	0	0,00	0,00
Sale	0	0	0	0	0,00	0,00
Treasury shares at 30 April	11.400	11.400	114	114	0,40	0,40

11 **DEFERRED TAX (DKK'000)**

	2016	2015
Deferred tax at the beginning of the year	12.192	12.580
Value adjustment due to the withdrawal from the international joint taxation scheme	0	0
Transferred to current tax	(4.909)	(388)
Deferred tax for the year	0	0
Internal transferred joint taxation charge	0	0
Deferred tax at year-end	7.283	12.192
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	0	0
Deferred tax (liability)	7.283	12.192
Net deferred tax at year-end	7.283	12.192
Deferred tax relates to:		
Tangible assets	7.283	12.192
Provisions	0	0
	7.283	12.192

Please see note 16 deferred tax in consolidated financial statements.

12 **CREDIT INSTITUTIONS (DKK'000)**

	2016	2015
Credit institutions, mortgage credit institutions and banks	7.448	8.048
Credit institutions, overdraft facility	0	528
	7.448	8.576
May be classified as follows:		
Due within year one	589	1.109
Due within one to five years	2.370	2.355
Due after five years	4.489	5.112
Total credit institutions	7.448	8.576

Notes, Parent Company

NOTES 13, 14, 15

13 CONTINGENT LIABILITIES AND SECURITY (DKK'000)

	2016	2015
Land and buildings recognised at:	13.356	14.455
Are charged in addition to the mortgage debt of:	7.448	8.048
Subject to letter of indemnity of:	25.000	25.000
Mortgage of:	49.594	51.918

BoConcept Holding A/S has provided guarantees for affiliated companies' loans with credit institutions for max. DKK 106.6 million. On 30 April 2016 the amount drawn was DKK 11.5 million.

14 RELATED PARTIES

Reference is made to note 29 in the consolidated financial statements.

15 SUBSIDIARIES

Subsidiary	Domicile		Owner share in %
BoConcept A/S	Ølgod	Denmark	100
BC Design Århus A/S	Ølgod	Denmark	100
BoConcept Stockholm AB	Stockholm	Sweden	100
BoConcept Germany GmbH	Dusseldorf	Germany	100
BoConcept France Sarl	Paris	France	100
BoConcept Beaugrenelle Sarl	Paris	France	100
BoConcept Ibericia SL	Madrid	Spain	100
BoConcept Explotaciones Comercciale SL	Madrid	Spain	91
BoConcept North America Inc.	Kansas	USA	100
BoConcept USA Inc.	Deleware	USA	100
BoConcept Franchise Inc.	Kansas	USA	100
BoConcept DC LLc	WDC	USA	100
BoConcept Japan KK	Tokyo	Japan	100
BC Design Holding Ltd.	Hong Kong	Hong Kong	60
BoConcept Hong Kong ltd	Hong Kong	Hong Kong	100
BoConcept Furniture Trading Co Ltd.	Shanghai	China	100
BoConcept Retail China Ltd	Shanghai	China	100
Non-active subsidiaries			
BC Design A/S	Ølgod	Denmark	100
BC Design Odense A/S	Ølgod	Denmark	100
BC Urban Design Berlin GmbH	Dusseldorf	Germany	100