

Directors' report for Nordisk Tekstil Holding AS and group companies

The nature of the business

Nordisk Tekstil Holding AS is the parent company of Kid Interiør AS, which operates the specialist home textile retail chain Kid Interiør, typified by products like duvets, pillows, curtains, bed linens and other accessories and decorating items. As of year end 2014, Kid Interiør AS operated a total of 126 own stores across Norway in addition to an online store.

The group was established 29 July 2005, and consists today of Nordisk Tekstil Holding AS in addition to the subsidiaries Kid Interiør AS and Kid Logistikk AS. The group is 100% owned by Gjelsten Holding AS.

The company's registered address is in Lier.

Going concern

The financial statements have been prepared in accordance with IFRS as adopted by the EU and under the going concern assumption. The Directors have made appropriate enquiries and formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements in accordance with the Norwegian Accounting Act and the Norwegian Company Act. This is further supported by the group's budgets and strategy

As of the end of the accounting year 2014, the equity ratio is 35%. The Board of Directors is of the opinion that the equity is sufficient given the company's operational commitments, future plans and achieved results.

Work environment and personnel

The parent company has no employees. As of 31 December 2014, the group had a total of 891 employees which corresponded to 426 full-time equivalents. The parent company and the group keep records of total absence due to sickness in accordance with laws and regulations. Total sick leave was 6.2% in 2014, of which 0.9% was characterised as short-term leave and 5.3% as long-term leave. The working environment is monitored continuously and considered to be good. Management and personnel meetings are held regularly within the group.

During the year, no severe work accidents or other accidents have occurred or been reported that have resulted in major personal injuries or material losses.

All divisions of the group operate with a dedicated focus on occupational health, environment, and safety.

Gender equality and discrimination

The group encourages diversity and pursues a no-discrimination policy with full gender equality. Further, the group promotes 'equal pay for equal work' where the most qualified shall hold the positions regardless of gender. The group promotes the objective of the Law against Discrimination through recruitment, salary and employment conditions, promotion, development possibilities and protection against harassment.

More than 90% of the in-store employees are women, whereas more than 90% of the employees of Kid Logistikk AS are men. Approximately 90% of the employees at the head office are women. The management team consists of five women and three men. The Board of Directors of the parent company consists of four men, whereas the Board of Directors of Kid Interiør AS, where all major operational decisions are made, consists of six men and four women.

Further, the group aims to be a workplace where no discrimination based on disabilities occurs. As far as possible, individual adjustments are made to adapt the workplace and work tasks for employees or job applicants with disabilities.

Environmental reporting

To the Director's knowledge, the group's operations do not result in pollution or emissions that may cause damage to the external environment. Further, the group's operations are not regulated by licenses or other duties.

The group works actively to prevent environmental and ethics related issues and work with suppliers to ensure that Kid's products are produced in clean and safe environments, that workers are treated with respect and earn a reasonable wage and that suppliers work within the relevant local laws and regulations. The group, through Kid Interiør AS, is a member of Ethical Trading Initiative Norway (IEH) and Grønt Punkt Norge.

Financial risk factors

Financial market risk: A significant proportion of cost of goods sold is denominated in foreign currencies. In order to reduce foreign currency risks, Kid Interiør AS has in 2014 hedged foreign currencies through entering into futures contracts covering approximately 90% of the company's cost of goods sold denominated in foreign currencies.

Liquidity risk: Nordisk Tekstil Holding AS and subsidiaries has entered into a loan agreement with DNB Bank ASA giving Kid Interiør AS access to a revolving credit facility of NOK 100 million in addition to a general guarantee limit of NOK 87 million.

Interest rate risk: The group has hedged parts of its borrowings from credit institutions through interest rate swaps.

To the extent of the Directors knowledge, the abovementioned risk factors represent the most material financial risk factors that may be of importance to evaluate the company's assets, liabilities, financial position and profits.

The financial statements

The Directors is of the opinion that the financial statements together with its notes give a true and fair view of the operations and financial position of the group as for the year ending 31 December 2014. There have been no events after the balance sheet date that are of importance to the assessment of the group.

There was no turnover in Nordisk Tekstil Holding AS in 2014. A group contribution of NOK 167 million from subsidiaries has been recorded.

Kid Interiør AS's revenue increased 10.1% to NOK 1,136.1 million in 2014 from NOK 1,031.8 million in 2013. The group's operating profit was NOK 164.2 million, an increase

from NOK 151.5 million. The consolidated net profit for the year was NOK 88.2 million compared to NOK 93.8 million in 2013. The cash flow from operational activities was NOK 118.8 million compared to NOK 166.5 million in 2013.

Company development

Kid experienced competition from both other specialist home textile retail chains and independent stores, but also home and furniture retailers and other adjacent retail concepts in addition to e-commerce. Kid further increased its market share during 2014 strengthening the position as the no.1 home textile retailer in Norway.

The Board of Directors and management have in 2014 adopted a business plan that has resulted in high growth for 2014. The Board of Directors is satisfied with the relative profitability. The company aims to increase its total selling space and is actively working with concept development and plans for new stores in larger market areas currently underpenetrated. The Directors are of the belief that Kid is well placed to continue the successful growth story in the foreseeable future.

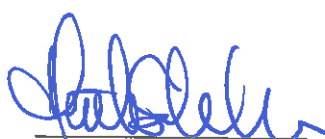
Result for the year


The Directors propose the profits of NOK 88.2 million in Nordisk Tekstil Holding AS to be allocated as follows:

Group contributions	NOK 25,7 million
Retained earnings	NOK 62,4 million
Total allocated	NOK 88.2 million

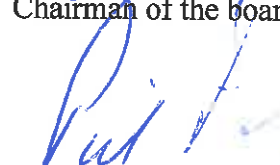
Oslo, 17th August 2015

The board of Nordisk Tekstil Holding AS


Henrik Schüssler
Chairman of the board


Bjørn Rune Gjelsten
Board member


Rune Marsdal
Board member


Pål Frimann Clausen
Board member


Petter Schouw-Hansen
CEO

Nordisk Tekstil Holding AS

(All amounts in NOK 1000 unless otherwise stated)

Consolidated income statement

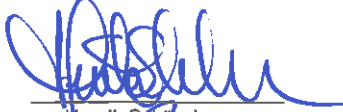
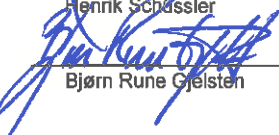
	Note	Group Year ended 31 December		
		2014	2013	2012
Revenue	2	1 135 914	1 031 685	926 727
Other operating income		190	94	1 192
Total revenue		1 136 104	1 031 779	927 919
Cost of goods sold	15	439 417	404 762	352 607
Employee benefits expense	6, 22	260 188	232 633	214 172
Depreciation and amortisation expense	11, 12	19 848	18 168	16 907
Other operating expenses	19	259 446	237 992	221 754
Total operating expenses		978 900	893 556	805 440
Other (losses)/gains - net	5	7 002	13 256	-7 375
Operating profit		164 206	151 480	115 104
Finance income	7	393	906	288
Changes in fair value of financial current assets	7, 13	-10 825	501	-15 568
Finance costs	7	32 907	42 668	57 516
Profit before tax		120 868	110 219	42 308
Income tax expense	9, 21	32 705	16 429	12 036
Net profit or loss for the year		88 163	93 790	30 272
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Net gains/losses of cash flow hedges	18, 25	0	0	-4 546
Other comprehensive income for the year, net of tax		0	0	-4 546
Total comprehensive income for the year		88 163	93 790	25 726
Earnings per share (basic and diluted) (Expressed in NOK per share)	10	2,52	2,68	0,86

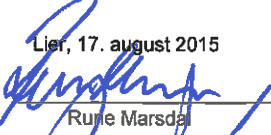

Nordisk Tekstil Holding AS

(All amounts in NOK 1000 unless otherwise stated)

Consolidated balance sheet

		Group			
	Note	31 December 2014	31 December 2013	31 December 2012	1 January 2012
ASSETS					
Trademark	12	1 459 585	1 459 585	1 459 585	1 459 585
Other intangible assets	12	0	2	1 201	1 974
Total intangible assets		1 459 585	1 459 587	1 460 786	1 461 559
Property, plant and equipment	11	69 890	50 718	36 575	34 696
Total property, plant and equipment		69 890	50 718	36 575	34 696
TOTAL NON-CURRENT ASSETS		1 529 475	1 510 305	1 497 360	1 496 255
Inventories					
		201 053	151 717	142 292	180 779
Trade receivables	14	1 844	2 027	1 306	1 535
Other receivables	14	11 169	8 779	16 756	17 478
Derivatives	13	0	2 599	0	1 875
Total receivables		13 012	13 405	18 062	20 887
Cash and bank deposits	16	99 070	77 653	111 325	93 370
TOTAL CURRENT ASSETS		313 134	242 775	271 680	295 035
TOTAL ASSETS		1 842 612	1 753 080	1 769 040	1 791 290
EQUITY AND LIABILITIES					
Share capital	17	42 000	42 000	42 000	35 000
Share premium	17	156 874	156 874	156 874	0
Other paid-in equity		37 718	12 005	0	0
Other reserves	18	0	0	0	4 546
Retained earnings		406 090	343 642	261 856	231 584
TOTAL EQUITY		642 683	554 520	460 729	271 130
Pension liabilities	22	15	90	233	411
Deferred tax liability	21	389 084	390 582	403 027	397 427
Total provisions		389 099	390 672	403 260	397 838
Liabilities to financial institutions	3, 13, 20	555 496	576 256	702 930	992 393
Derivatives	3, 13	25 892	15 067	15 568	0
Total long term liabilities		581 388	591 323	718 499	992 393
Liabilities to financial institutions	20	45 000	50 000	50 000	0
Trade payables		22 255	16 278	26 343	27 578
Tax payable	9	34 205	28 873	4 668	0
Public duties payable		62 186	65 492	55 833	51 330
Derivatives	3, 13	0	0	5 054	3 212
Other short-term liabilities		65 798	55 920	44 654	47 809
Total short term liabilities		229 443	216 563	186 551	129 928
TOTAL LIABILITIES		1 199 930	1 198 560	1 308 310	1 520 160
TOTAL EQUITY AND LIABILITIES		1 842 612	1 753 080	1 769 040	1 791 290


Henrik Schüssler

Bjørn Rune Gjelsten

Lier, 17. august 2015

Rune Marsdal

Pål Frimann Clausen


Petter Schauw-Hansen

Nordisk Tekstil Holding AS

(All amounts in NOK 1000 unless otherwise stated)

Consolidated statement of changes in equity

	Group					
	As at 31 december					
	Share capital	Share premium	Other paid -in equity	Other reserves	Retained earnings	Total equity
Balance at 1 January 2012	35 000	0	0	4 546	231 584	271 130
Profit for the year	0	0	0	0	30 272	30 272
Other comprehensive income for the year	0	0	0	-4 546	0	-4 546
Total comprehensive income for the year	0	0	0	-4 546	30 272	296 856
Proceeds from shares issued	7 000	156 874	0	0	0	163 874
Group contribution from parent company	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners of the parent, recognised directly in equity	7 000	156 874	0	0	0	163 874
Balance as at 31 December 2012	42 000	156 874	0	0	261 856	460 729
Balance at 1 January 2013	42 000	156 874	0	0	261 856	460 729
Profit for the year	0	0	0	0	93 790	93 790
Other comprehensive income for the year	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	0	93 790	554 519
Group contribution from parent company	0	0	12 005	0	-12 005	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	12 005	0	-12 005	0
Balance as at 31 December 2013	42 000	156 874	12 005	0	343 641	554 520
Balance at 1 January 2014	42 000	156 874	12 005	0	343 641	554 520
Profit for the year	0	0	0	0	88 163	88 163
Other comprehensive income for the year	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	0	88 163	642 683
Group contribution from parent company	0	0	25 714	0	-25 714	0
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	25 714	0	-25 714	0
Balance as at 31 December 2014	42 000	156 874	37 719	0	406 090	642 683

Nordisk Tekstil Holding AS

(All amounts in NOK 1000 unless otherwise stated)

Consolidated statement of cash flows

		Group Year ended 31 December		
	Note	2014	2013	2012
Cash flow from operations				
Profit before income taxes		120 868	110 219	42 308
Taxes paid in the period	9	-28 873	-4 668	0
Gain/loss from sale of fixed assets	11	23	-37	-27
Depreciation and amortisation of non-current assets	11	19 848	18 168	16 907
Change in inventory	15	-49 598	-9 302	38 486
Change in accounts receivable	14	183	-721	229
Change in trade payables	19	6 239	-10 186	-1 232
Change in financial derivatives	7, 13	13 424	-8 154	12 971
Differences in expensed pensions and payments in/out of the pension scheme	22	-75	-143	-178
Effect of exchange fluctuations		-352	-78	-1 752
Net financing costs	7	32 514	41 762	57 228
Change in other provisions		6 251	29 693	1 142
Net cash flow from operations		120 451	166 554	166 081
Cash flow from investments				
Proceeds from sale of fixed assets	11	158	95	28
Purchase of fixed assets	11	-39 199	-29 340	-16 416
Proceeds from sale of other investments		0	-4	0
Net cash flow from investments		-39 041	-29 249	-16 388
Cash flow from financing				
Interest expense	7	-32 401	-39 904	-53 362
Repayment of long term loans	20	-26 179	-129 194	-177 234
New equity received	17	0	0	100 000
Net payments from other financing activities		-1 785	-1 957	-2 895
Net cash flow from financing		-60 365	-171 055	-133 491
Cash and cash equivalents at the beginning of the period	16	77 653	111 325	93 370
Exchange gains / (losses) on cash and cash equivalents		372	78	1 752
Net change in cash and cash equivalents		21 045	-33 750	16 203
Cash and cash equivalents at the end of the period	16	99 070	77 653	111 325

Notes to the consolidated financial statements

1 General information

Nordisk Tekstil Holding AS and its subsidiaries (together, 'the group') sell interior products through wholly owned stores. The group operates nationwide and have more than 125 stores around Norway. The domicile of the group is Lier, Norway.

The company is 100 % owned by Gjelsten Holding AS.

Group's head office is at Gilhusveien 1, 3426 Gullaug.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Nordisk Tekstil Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Norwegian Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

2.1.1 Changes in accounting policy and disclosures

This is the first consolidated financial statements prepared in accordance with IFRS. IFRS 1 First Time Adoption of International Financial Reporting Standards have been consequently applied to prepare the financial statements in accordance with these accounting policies.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the group.

IFRS 9, 'Financial Instruments', addresses the classification, measurement, and recognition of financial assets, and financial liabilities and hedge accounting. IFRS 9 was issued in November 2009, and October 2010 and November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. The group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the board.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, subject to EU adoption. The group is yet to assess IFRS 15's full impact.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that would be expected to have a material impact on the group.

2.2 Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

2.3 Segment reporting

The company sells home textiles in 125 fully owned shops across Norway and through their website - www.kid.no. Over 95 % of products sold are own branded under the name KID Interiør. The groups internet sales accumulate to the sales of approximately one shop and are therefore not considered a reportable segment. The group consists of 3 individual companies who all support the sales of goods on the Norwegian market. The Norwegian market is not separated into geographical regions and the group therefore reports one segment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in NOK, which is the functional currency of all group entities.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net'.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leased movables and shop fittings	2-5 years
Fixtures	3-9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

Property, plant and equipment classified as facilities under construction is held at cost less any recognised provision for impairment. Depreciation is not initiated until the assets are brought into use on store opening.

2.6 Intangible assets

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives of 9 to 10 years. Trademarks have an indefinite useful life.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives of four to seven years.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.9 Financial assets

2.9.1 Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.14 and 2.15).

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.12 Derivative financial instruments

Det group has entered into certain derivative contracts to provide economic hedges for parts of the group's exposure to currency and interest risk. The group does not apply the principles of hedge accounting in IAS 39 for this type of hedging. Hedge accounting practiced under previous Norwegian GAAP does not meet the conditions for hedge accounting in accordance with IAS 39 and has therefore been terminated in 2012 in accordance with IFRS 1.

Derivatives are measured as financial assets held for trading and are initially recognised at fair value on the date a derivative contract is entered into. They are subsequently measured at fair value through profit and loss.

Changes in fair value of currency derivatives are recognised in "other (losses)/gains net" in the period in which they arises, whereas changes in fair value of interest rate derivatives are recognised in finance income/finance loss.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises direct costs, import duty and freight. It excludes borrowing costs and also warehouse/storage costs which is classified as other operating expense. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade receivables

Trade receivables are amounts due from customers with credit for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

The group operates a chain of retail outlets for selling interior products. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by debit/credit card.

It is the group's policy to sell its products to the retail customer with a right to return within 14 days. Accumulated experience is used to estimate and provide for such returns at the time of sale. Revenue is adjusted for the value of expected returns. The group does not operate any loyalty programmes.

(b) Internet revenue

Revenue from the sale of goods over the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Revenue is adjusted for the value of expected returns. Transactions are settled by credit or payment card.

2.22 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain equipment. Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.24 Dividend distribution and group contribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.25 Employee benefits

The company has various pension schemes. The pension schemes are financed through payments to insurance companies, with the exception of the early retirement pension scheme (AFP). The company has both defined contribution plans and the AFP scheme.

(a) Pension obligations

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company also has an agreed early retirement scheme (AFP). The new AFP-scheme, in force from 1 January 2011, is a defined benefit multi-employer scheme, but is recognised in the accounts as a defined contribution scheme until reliable and sufficient information is available for the group to recognise its proportional share of pension cost, pension liability and pension funds in the scheme. The company's liabilities are therefore not recognised as debt in the balance sheet.

The AFP-liability following the old scheme was recognised in the balance sheet as debt and is recognised as income in 2010, with the exception of the liability relating to previous employees who are now retirees in this scheme.

3 Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. The company does not apply hedge accounting in accordance with IAS 39.

The group's risk management is performed by a central finance department, in accordance with instructions which have been presented to and approved by the board of directors. The group's finance department identifies, evaluates and manages financial risk in close cooperation with the different operational units. The board of directors approves the principles for overall risk management, and provides guidelines for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of financial derivatives and use of surplus cash.

(a) Market risk

(i) Foreign exchange risk

Exposures to currency exchange rates arise from the group's international purchases, which are primarily denominated in USD. The group uses future contracts to hedge foreign exchange risk which are recorded at fair value. The group has no net investments in international operations recognised in the balance sheet.

Management has set up a policy to hedge between 50% and 100% of anticipated cash flows (mainly purchase of inventory) in USD for the subsequent 12 months. Management may deviate from policy if a specific assessment of market risk factors deem it reasonable. At 31. December 2014, the group had no future contracts for foreign exchange risk due to a specific assessment of the expected movement in the USD exchange rate.

The following table illustrates the sensitivity on the company's financial instruments of a 10% change in USD against the Norwegian kroner with all other variables (e.g. changes of prices on products sold) held constant.

At 31 December 2014	+10% change	-10% change
Effect on profit (loss) after tax	-525	525
Effect on equity	-525	525
At 31 December 2013		
Effect on profit (loss) after tax	-6 035	6 035
Effect on equity	-6 035	6 035
At 31 December 2012		
Effect on profit (loss) after tax	-16 951	16 951
Effect on equity	-16 951	16 951
At 1 December 2012		
Effect on profit (loss) after tax	-10 479	10 479
Effect on equity	-10 479	10 479

The reason for the low sensitivity for exchange rate differences at 31. December 2014 is due to the fact that the company had no future contracts for foreign exchange risk at the balance sheet date.

(ii) Interest risk

The group's interest rate risk arises from long-term borrowings and bank deposits. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The company is also subject to interest rate risk related to short term bank overdraft drawn during the financial year.

The purpose of the group's interest rate risk management is to reduce interest costs and at the same time keep the volatility of future interest payments within acceptable limits. Interest rate swaps have been established to minimize the interest risk related to borrowings issued at variable rates. One of the long term loan tranches to financial institutions and the interest rate swap agreement have equal principal amounts.

The following table illustrates the sensitivity of the group to potential interest rate changes. The calculations are based on a 1%-point change in the average market interest as at 31 December, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

At 31 December 2014	+1%-point change	-1%-point change
Effect on profit (loss) after tax	14 741	-14 741
Effect on equity	14 741	-14 741
At 31 December 2013		
Effect on profit (loss) after tax	20 741	-20 741
Effect on equity	20 741	-20 741
At 31 December 2012		
Effect on profit (loss) after tax	26 741	-26 741
Effect on equity	26 741	-26 741
At 1 January 2012		
Effect on profit (loss) after tax	32 758	-32 758
Effect on equity	32 758	-32 758

As at 31 December 2014, the above mentioned interest rate swap covered 98% of the principal amount of the long term borrowings, leaving the company with very little exposure to interest rate risk. Equivalent ratio was 86% as at 31 December 2013 and 45% as at 31 December 2012.

(b) Credit risk

The group's turnover comes mainly from cash sales or debt/credit card based sales where settlement in cash takes place within a few days of the sales transaction. As such, the group has limited exposure to credit risk relating to accounts receivable balances. Credit risk also arises from derivative financial instruments and deposits with banks and financial institutions. However, counterparties are limited to financial institutions with high creditworthiness. Historically, default and losses related to credit risk have been low.

(c) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group has capital-intensive inventory in central warehouse and stores and has fluctuations related to working capital due to seasonality and the timing of the deliveries and payments.

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 20) at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash is used to reduce long term borrowings.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2014	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings (ex finance lease liabilities)	46 928	614 455	0
Finance lease liabilities	847	564	0
Trade and other payables	183 597	0	0
	231 372	615 019	0
At 31 December 2013			
Borrowings (ex finance lease liabilities)	52 313	661 049	0
Finance lease liabilities	1 266	1 415	0
Trade and other payables	165 297	0	0
	218 876	662 464	0
At 31 December 2012			
Borrowings (ex finance lease liabilities)	52 520	823 622	0
Finance lease liabilities	1 956	759	0
Trade and other payables	124 874	0	0
	179 350	824 381	0
At 1 January 2012			
Borrowings (ex finance lease liabilities)	0	1 013 187	0
Finance lease liabilities	2 004	3 888	0
Trade and other payables	124 713	0	0
	126 717	1 017 075	0

Borrowings consist mainly of a long term loan to DnB (refer note 20). The loan is due June 2017.

3.2 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, reduce excess loan repayments, exploit available credit facilities or sell financial assets.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net interest bearing debt divided by EBITDA. Net interest bearing debt is calculated as total borrowings (including current and non-current borrowings) as shown in the consolidated balance sheet excluded financial derivatives) less cash and cash equivalents. EBITDA is calculated as earnings before interest, tax, depreciation and amortisation.

The company has had a strategic focus to reduced long term borrowings and reach and maintain a sustainable gearing ratio below 3. The gearing ratios at 31 December 2014, 2013 and 2012 were as follows:

	2014	2013	2012
Total borrowings (note 31)	601 343	627 522	754 886
Less: cash and cash equivalents (note 24)	(99 070)	(77 853)	(111 325)
Net interest bearing debt debt	502 273	549 669	643 561
EBITDA	184 054	169 648	132 011
Gearing ratio	2.73	3.24	4.88

For more information about covenant-limits, refer note 20

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2014.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives				
- Interest rate contracts	-	-	-	-
- Currency future contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Trading derivatives				
- Interest rate contracts	-	25 892	-	25 892
- Currency future contracts	-	-	-	-
Total liabilities	-	25 892	-	25 892

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2013.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives				
- Interest rate contracts	-	-	-	-
- Currency future contracts	-	2 599	-	2 599
Total assets	-	2 599	-	2 599
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Trading derivatives				
- Interest rate contracts	-	15 067	-	15 067
- Currency future contracts	-	-	-	-
Total liabilities	-	15 067	-	15 067

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2012.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives				
- Interest rate contracts	-	-	-	-
- Currency future contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Trading derivatives				
- Interest rate contracts	-	15 568	-	15 568
- Currency future contracts	-	5 054	-	5 054
Total liabilities	-	20 622	-	20 622

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The group has no such instruments at 31 December 2014.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The group's financial assets and liabilities measured at fair value consist of interest rate swaps and FX-outright deals and are all included in level 2. Market values are calculated using mid-rates (excluding margin) as determined by DnB Markets based on available market rates.

(c) Financial instruments in level 3

All other financial instruments measured at fair value are included in level 3. The group has no such instruments at 31 December 2014.

4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of trademark

The group tests annually whether the group's trademark has suffered any impairment in accordance with the accounting policy stated in note 2. The recoverable amounts of the defined cash-generating unit have been determined based on value-in-use calculations. These calculations require use of estimates. See note 12 -- Intangible assets for more information.

4.2 Critical judgements in applying the entity's accounting policies

There has not been identified any critical judgements in applying the entity's accounting policies.

5 Other (losses)/gains - net

	2014	2013	2012
Realized (losses)/gains on foreign exchange derivative	9 601	5 604	-2 321
Unrealized (losses)/gains on foreign exchange derivative	-2 599	7 652	-5 054
Other (losses)/gains - net	7 002	13 266	-7 375

6 Employee remuneration and audit fees

6a Employee benefit expense

	2014	2013	2012
Wages and salaries	220 138	198 281	180 816
Social security costs	29 518	28 078	25 196
Pension costs (note 22)	3 853	3 256	2 726
Other benefits	6 676	5 018	5 435
Total employee benefit expense	260 187	232 633	214 173

Average number of employees	426	406	404
-----------------------------	-----	-----	-----

There has not been any loans to employees or guarantees granted to employees for either 2012, 2013 or 2014.

6b Benefits key management personnel

2014						
Key Management Personnel	Position	Salary	Pension	Bonus	Other benefits	Total
Kjersti Hobel	CEO	2 216	30	3 134	210	5 689
Petter Schouw-Hansen	CFO	1 289	30	1 504	186	3 009
Rune Henriksen	Sourcing Director	1 616	30	407	198	2 261
Robert Steen	Logistics Director	1 007	28	815	249	2 098
Board of Directors						
Henrik Schüssler	Chairman of the Board				0	0
Bjørn Rune Gjelsten	Board Member				0	0
Rune Marsdal	Board Member				0	0
Pål Frimann Clausen	Board Member				0	0
		6 126	117	5 860	842	12 946

2013						
Key Management Personnel	Position	Salary	Pension	Bonus	Other benefits	Total
Kjersti Hobel	CEO	2 098	29	1 830	202	3 960
Petter Schouw-Hansen	CFO	1 062	28	543	173	1 807
Rune Henriksen	Sourcing Director	1 427	29	543	202	2 202
Robert Steen	Logistics Director	996	27	543	249	1 816
Board of Directors						
Henrik Schüssler	Chairman of the Board				0	0
Bjørn Rune Gjelsten	Board Member				0	0
Rune Marsdal	Board Member				0	0
Pål Frimann Clausen	Board Member				0	0
		5 684	113	3 261	627	9 784

2012						
Key Management Personnel	Position	Salary	Pension	Bonus	Other benefits	Total
Kjersti Hobel	CEO	1 931	37	300	160	2 428
Petter Schouw-Hansen	CFO	1 061	36	150	147	1 393
Rune Henriksen	Sourcing Director	1 478	36	0	188	1 703
Robert Steen	Logistics Director	1 035	37	120	214	1 406
Board of Directors						
Reidar Gustav Mueller	Chairman of the Board (01.01-30.06)				0	0
Henrik Schüssler	Chairman of the Board (01.07-31.12)				0	0
Bjørn Rune Gjelsten	Board Member				0	0
Rune Marsdal	Board Member				0	0
Pål Frimann Clausen	Board Member				0	0
		5 508	146	670	708	6 930

There has not been any loans or guarantees granted to key management personnel for either 2012, 2013 or 2014.

CEO and CFO have 6 months salary as termination benefit.

There are no share based payments.

5c Audit fees

	2014	2013	2012
Statutory audit (incl. preparation of financial statements)	382	422	380
Other attestations services	8	8	6
Tax related services (incl. preparation of income tax form)	33	33	22
Other services	178	0	3
Total fees	601	463	411

7 Finance income and costs

	2014	2013	2012
Finance costs			
Bank borrowings	23 657	33 214	48 675
Interest expense from interest rate swaps	6 843	6 436	5 646
Bank charges	2 174	2 858	3 167
Currency losses	152	160	14
Other finance costs	4	0	15
Total finance costs	32 830	42 668	67 516
Finance income			
Interest income on short-term bank deposits	150	290	264
Other finance income	167	0	0
Currency gains	78	617	24
Total finance income	393	907	288
Changes in fair value of financial current assets	-10 825	501	-15 588
Net finance costs	-43 338	-41 261	-72 796

There are no material differences between finance costs and interest paid during the period.

8 Investments in subsidiaries

The group had the following subsidiaries at 31 December 2014

Name	Place of business	Nature of business	Proportion of shares directly held by parent (%)
Kid Interiør AS	Norway	Interior goods retailer	100
Kid Logistikk AS	Norway	Logistics	100

All subsidiary undertakings are included in the consolidation.

The specification above were identical at year end 2013, 2012 and at 1. January 2012.

9 Income tax expense

	2014	2013	2012
Current tax			
Current tax on profits for the year	34 205	28 873	4 668
Adjustments in respect of prior years	0	0	0
Total current tax	34 205	28 873	4 668
Deferred tax (note 21)			
Origination and reversal of temporary differences	-1 499	2 022	7 369
Changes in deferred tax due to changes in tax rate	0	-14 466	0
Income tax expense	32 706	16 429	12 036

Reconciliation between tax expense and product of accounting profit, multiplied by the applicable tax rate:

	2014	2013	2012
Profit before tax	120 868	110 219	42 308
Tax calculated at domestic tax rate applicable to profits	32 634	30 861	11 846
Tax effects of:			
Expenses not deductible for tax purposes/(income not subject to tax)	71	33	190
Changes in deferred tax due to changes in tax rate	0	-14 466	0
Income tax expense	32 705	16 429	12 036
Tax charge in percent of profit before tax	27 %	15 %	28 %

Tax charge in percent of profit before tax was 27 % in 2014 (15 % in 2013, 28 % in 2012). The increase in tax charge in percent between 2014 and 2013 came as a result of the change in the corporation tax rate from 28% to 27% that was changed by law in 2013 and became effective from 1 January 2014. The relevant deferred tax balances have been re-measured consequently.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2012		
	Before tax	Tax charge	After tax
Fair value gains in relation to effective cash flow hedges:			
Forward currency contract	1 875	525	1 350
Exchange differences related to bank account in USD	7 851	2 142	5 509
Interest rate swap	-3 212	-899	-2 312
Other comprehensive income	6 314	1 768	4 546
Current tax	0		
Deferred tax (note 21)		1 768	
		1 768	

Items in other comprehensive income for 2012 are related to the termination of cash flow hedging practiced under previous Norwegian GAAP.

There were no other comprehensive income for 2013 and 2014.

10 Earnings per share

All shares are owned by Gjelsten Holding AS in the period and there exists only one class of shares.

	2014	2013	2012
Number of shares	35 000 000	35 000 000	35 000 000
Net profit for the year	88 163	93 790	30 272
Earnings per share (basic and diluted)			
(Expressed in NOK per share)	2,52	2,68	0,86

The weighted average number of ordinary shares is 35 000 000 each year.

12 Intangible assets

Useful life	9-10 years	4-7 years	Indefinite
-------------	------------	-----------	------------

Trademark

Trademark was acquired in 2005 and is related to the original cost of the subsidiaries and the company brand Kid Interior. Kid Interior was founded in 1937 and has long traditions within its business area. Kid Interior is a well known brand among the population in Norway and there is a clear intention to retain and further develop this brand. As a consequence, the brand name is not depreciated, but tested for impairment annually.

Impairment tests for trademark

The trademark is annually tested for impairment by comparing book value and recoverable amount (greater of fair value less cost to sell and value in use). Even though the group generates separated incoming cash flows, those are considered to be dependant of each other. As such, the cash flow generating unit is defined as being the group on an aggregated basis.

The recoverable amount of a cash-generating unit is calculated based on the value that the asset will provide to the business (value in use). In this calculation the forecasts of future cash flows are based on budgets and long-term plans approved by management covering a five-year period.

The recoverable amount was determined based on the following estimates:

- Future sales are estimates based on budget and long term plans covering a five-year period
- Risk premium and small business premium totaling 7%
- Long-term average growth rate is set at 2,5%
- Risk-free interest rate is the 10-year government bond yield
- Beta value is based on figures from international companies listed on the stock exchange

Sensitivity discount rate	2014	2013	2012	01.01.2012
Discount rate after tax	8,75 %	10,24 %	9,26 %	9,78 %
Risk-free interest rate	1,6 %	3,0 %	2,0 %	2,4 %
Increase in the discount rate before possible impairment	4,1 %	0,3 %	1,9 %	1,4 %
Decrease in long-term average growth rate before pos	3,1 %	0,4 %	2,2 %	1,8 %

13 Financial Instruments

13.1 Financial Instruments by category

31 December 2014					
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
Assets as per balance sheet					
Derivative financial instruments	0	0	0	0	0
Trade and other receivables excluding pre-payments	1 844	0	0	0	1 844
Financial assets at fair value through profit or loss	0	0	0	0	0
Cash and cash equivalents	99 070	0	0	0	99 070
Total	100 914	0	0	0	100 914

	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	0	0	600 000	600 000
Finance lease liabilities	0	0	1 344	1 344
Derivative financial instruments	25 882	0	0	25 882
Trade and other payables excluding non-financial liabilities	0	0	17 545	17 545
Total	25 882	0	618 889	644 781

31 December 2013					
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
Assets as per balance sheet					
Derivative financial instruments	0	2 599	0	0	2 599
Trade and other receivables excluding pre-payments	2 027	0	0	0	2 027
Financial assets at fair value through profit or loss	0	0	0	0	0
Cash and cash equivalents	77 653	0	0	0	77 653
Total	79 680	2 599	0	0	82 279

	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	0	0	625 000	625 000
Finance lease liabilities	0	0	2 522	2 522
Derivative financial instruments	15 067	0	0	15 067
Trade and other payables excluding non-financial liabilities	0	0	9 835	9 835
Total	15 067	0	637 357	652 424

31 December 2012					
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
Assets as per balance sheet					
Derivative financial instruments	0	0	0	0	0
Trade and other receivables excluding pre-payments	1 306	0	0	0	1 306
Financial assets at fair value through profit or loss	0	0	0	0	0
Cash and cash equivalents	111 325	0	0	0	111 325
Total	112 631	0	0	0	112 631

	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	0	0	752 300	752 300
Finance lease liabilities	0	0	2 586	2 586
Derivative financial instruments	20 622	0	0	20 622
Trade and other payables excluding non-financial liabilities	0	0	19 508	19 508
Total	20 622	0	774 394	795 016

1 January 2012				
	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
Assets as per balance sheet				
Derivative financial instruments	-	1 875	-	1 875
Trade and other receivables excluding pre-payments	1 535	-	-	1 535
Financial assets at fair value through profit or loss	-	-	-	-
Cash and cash equivalents	93 370	-	-	93 370
Total	94 905	1 875	-	96 780

	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	0	0	988 874	988 874
Finance lease liabilities	0	0	5 523	5 523
Derivative financial instruments	0	0	0	0
Trade and other payables excluding non-financial liabilities	0	0	22 652	22 652
Total	0	0	1 017 049	1 017 049

14 Trade and other receivables

	2014	2013	2012	01.01.12
Trade receivables - net	1 869	2 052	1 331	1 560
Provision for loss on trade receivables	-25	-25	-25	-25
Trade receivables - net	1 844	2 027	1 306	1 535
Other receivables	11 169	8 779	28 760	17 478
Derivatives	0	2 589	0	1 875
Current portion	13 013	13 406	30 066	20 887

The fair values of trade and other receivables are as follows:

	2014	2013	2012	01.01.12
Trade receivables	1 844	2 027	1 306	1 535
Other receivables	11 169	8 779	28 760	17 478
Derivatives	0	2 589	0	1 875
Fair value of trade and other receivables	13 013	13 406	30 066	20 887

As of 31 December 2014, trade receivables of 1 869 (2013: 2 052, 2012: 1 331, 01.01.2012: 1 560) were fully performing.

As of 31 December 2014, trade receivables of 1 160 (2013: 1 482, 2012: 585, 01.01.2012: 759) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014	2013	2012	01.01.12
Up to 3 months	1 160	1 469	1 298	1 534
3 to 6 months	0	13	7	1
	1 160	1 482	1 305	1 535

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2014	2013	2012	01.01.12
NOK	13 013	13 406	30 066	20 887
Other currencies	0	0	0	0
	13 013	13 406	30 066	20 887

Movements on the group provision for impairment of trade receivables are as follows:

	2014	2013	2012	01.01.12
At 1 January	25	25	25	25
Provision for receivables impairment	0	1	0	0
Receivables written off during the year as uncollectible	0	-1	0	0
Unwind amounts reversed	0	0	0	0
Unwind of discount	0	0	0	0
At 31 December	25	26	25	25

The creation and release of provision for impaired receivables have been included in 'other expenses' in the income statement. Unwind of discount is included in 'finance costs' in the income statement (note 7). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The group does not hold any collateral as security.

15 Inventories

Provision for obsolescence

	2014	2013	2012	01.01.12
Finished goods	204 362	153 189	143 535	180 368
Provision for obsolescence	-3 309	-1 472	-1 243	-1 446
Net inventories	201 053	151 717	142 292	178 920

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to 439 417 (2013: 404 762, 2012: 352 807)

Net recognized loss on inventories

	2014	2013	2012
Recognized loss	4 129	5 340	4 247
Change in provision	1 663	362	-118
Net recognized loss on inventories	5 792	5 702	4 129

16 Cash and cash equivalents

	2014	2013	2012	01.01.12
Cash at bank and in hand	93 847	73 401	106 188	91 025
Short-term bank deposits	5 223	4 252	5 137	2 345
Cash and cash equivalents (excluding bank overdrafts)	99 070	77 653	111 325	93 370

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2014	2013	2012	01.01.12
Cash and cash equivalents	99 070	77 653	111 325	93 370
Bank overdrafts	0	0	0	0
Cash and cash equivalents	99 070	77 653	111 325	93 370

17 Share capital and premium

Share capital	Number of shares	Ordinary shares	Face value	Total face value
At 1 January 2012	35 000 000	35 000 000	1,0	35 000 000
At 31 December 2012	35 000 000	35 000 000	1,2	42 000 000
At 31 December 2013	35 000 000	35 000 000	1,2	42 000 000
At 31 December 2014	35 000 000	35 000 000	1,2	42 000 000

All shares are owned by Gjelsten Holding AS.

Share premium	Amount
At 1 January 2012	0
Capital increase	156 874
At 31 December 2012	156 874
At 31 December 2013	156 874
At 31 December 2014	156 874

18 Other reserves

	Hedging	Total
At 1 January 2012	4 546	4 546
Cash flow hedge		
Fair value gains in year	3 212	3 212
Tax on fair value gains	-899	-899
Fair value loss in year	-9 526	-9 526
Tax on fair value loss	2 667	2 667
At 31 December 2012	0	0

The cash flow hedge reserve represents the cumulative effective fair value gains and losses on cash flow hedging practiced under previous Norwegian GAAP.

19 Other expenses

	2014	2013	2012
Rental costs for shops and storage	142 597	130 319	124 468
Advertising and other marketing costs	65 746	61 889	57 973
Other expenses	51 103	45 804	39 313
Total other expenses	259 446	237 992	221 754

20 Borrowings

	2014	2013	2012	01.01.12
Non-current				
Bank borrowings	555 000	575 000	702 300	988 874
Finance lease liabilities	496	1 256	630	3 519
Derivatives	25 892	15 067	15 568	0
Total non-current borrowings	681 388	691 323	718 499	992 393
Current				
Bank overdraft	0	0	0	0
Bank borrowings	45 000	50 000	50 000	0
Finance lease liabilities	847	1 266	1 956	2 004
Total current borrowings	45 847	51 266	51 956	2 004
Total borrowings	627 235	642 589	770 455	994 397

(a) Bank borrowings

Bank borrowings mature until June 2017 and bear an average interest rate of 3,5% annually (2013: 4,6%, 2012: 5,4 %, 2011: 5,0 % annually).

Total borrowings include secured liabilities (bank and collateralised borrowings) of TNOK 600 000 (2013: TNOK 625 000, 2012: 752 300, 01.01.2012: 988 874). Bank borrowings are secured by 100% of the shares in Nordisk Tekstil Holding AS and Kid Interier AS.

The bank overdraft are secured by inventory, trade receivables, property, plant and equipment, 100% of the shares in Kid Logistikk AS and the rental agreement related to the HQ in Drammen.

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	2014	2013	2012	01.01.12
6 months or less	423	633	978	1 002
6-12 months	46 424	50 633	50 978	1 002
1-5 years	581 388	591 323	718 499	992 393
Over 5 years	0	0	0	0
Total borrowings	627 235	642 589	770 455	994 397

The carrying amounts and fair value of the non-current borrowings are as follows:

	2014	2013	2012	01.01.12
Bank borrowings	600 000	625 000	752 300	988 874
Derivatives	25 892	15 067	15 568	0
Finance lease liabilities	1 344	2 522	2 586	5 523
Total carrying amount of borrowings	627 235	642 589	770 455	994 397

The fair value of current borrowings equals their carrying amount, as the loans bear a floating interest priced at market rate.

The carrying amounts of the group's borrowings are denominated in the following currencies:

	2014	2013	2012	01.01.12
NOK	627 235	642 588	770 455	994 397
Other currencies	0	0	0	0
Total	627 235	642 588	770 455	994 397

The group has the following granted borrowing facilities and restricted bank deposits:

	2014	2013	2012	01.01.12
Unused bank overdraft (note 24)	100 000	100 000	100 000	100 000
Withheld employee taxes	10 000	10 000	10 000	10 000
Letter of credit limit	65 000	65 000	65 000	65 000
Bank guarantee limit	45 000	45 000	45 000	30 000
Total	220 000	220 000	220 000	205 000

Following covenants is regulated by contract:

	Interval	Limit 2014	Limit 2013	Limit 2012
Gearing ratio (NIBD/EBITDA)	annually	3,00	4,98	5,84
Interest coverage ratio	quarterly	2,33	2,1	1,7
CAPEX YTD	annually	50,00	35,0	27,0
EBITDA LTM	quarterly	122,72	124,16	119,60

The group has been compliant with covenants during the whole period.

(b) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The carrying amount of finance lease liabilities is as follows:

	2014	2013	2012	01.01.12
No later than 1 year	847	1 268	1 956	2 004
Later than 1 year and no later than 5 years	496	1 256	630	3 519
Later than 5 years	0	0	0	0
Total	1 344	2 522	2 586	5 523

21 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014	2013	2012	01.01.12
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	7 986	4 892	5 030	1 650
- Deferred tax assets to be recovered within 12 months	898	397	2 157	13 044
Total	8 884	5 289	7 187	14 694
Deferred tax liabilities:				
- Deferred tax liability to be recovered after more than 12 months	-394 578	-394 356	-408 997	-409 076
- Deferred tax liability to be recovered within 12 months	-3 390	-1 515	-1 218	-3 045
Total	-397 968	-395 871	-410 215	-412 121
Deferred tax liabilities (net)	-389 084	-390 582	-403 028	-397 427

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Specification of temporary differences Asset/Liability (-)	2014	Movement	2013	Movement	2012	Movement	01.01.12
Tangible and Intangible assets	-1 455 801	711	-1 456 612	811	-1 457 423	499	-1 457 922
Trade receivables	25	0	25	0	25	0	25
Fair value gains	-13 654	-10 543	-3 111	-324	-2 787	6 217	-9 004
Inventories	3 309	1 837	1 472	230	1 242	-204	1 446
Financial lease	-20	21	-41	-46	5	-806	611
Profit and loss account	-716	179	-895	224	-1 119	280	-1 389
Pension	15	-75	90	34	56	-355	411
Forward currency contracts		2 589	-2 589	-7 653	5 054	6 929	-1 875
Interest rate swap	25 892	10 825	15 067	-501	15 568	12 356	3 212
Sum temporary differences	-1 441 050	5 554	-1 446 604	-7 225	-1 439 379	25 116	-1 464 495
Tax loss carryforward						-45 115	45 115
Basis for deferred tax	-1 441 050	5 554	-1 446 604	-7 225	-1 439 379	-19 999	-1 419 380
Deferred tax in the balance sheet	-389 084	1 489	-390 582	-2 022	-403 028	-6 600	-397 427
Tax effect of change in tax rate*						14 486	
Net change deferred tax in other comprehensive income							-1 768
Net change deferred tax in income tax expense		1 489		12 444			-7 368

Deferred tax liability/Deferred tax asset is net presented in the financial statements.

* From 2013 the tax rate in Norway was reduced from 28% to 27%. Deferred tax is calculated with 27% rate in 2013.

22 Post-employment benefits

The table below outlines where the group's post-employment amounts and activity are included in the financial statements.

	2014	2013	2012	01.01.12
Balance sheet obligations for:				
- Defined pension benefits (note 22.1)	15	90	233	411
Income statement charge included in operating profit for:				
- pension expenses (note 22.1)	4 407	3 878	3 313	3 049

The income statement charge included within operating profit includes current service cost, interest cost, past service costs and gains and losses on settlement and curtailment.

22.1 AFP scheme

All employees participate in a group pension scheme. The company's pension schemes meet the requirements of the law on compulsory occupational pension. The main scheme is a contribution plan where the company makes annual contributions to the employees' pension plans, and where the future pension is determined by the amount of contributions and the return on the pension plan assets. Additionally, the group has an agreed early retirement scheme (AFP). The new AFP-scheme, in force from 1 January 2011, is a defined benefit multi-employer defined benefit plan, but is recognised in the accounts as a defined contribution plan. This is in line with the Ministry of Finance's conclusion regarding the new AFP. Companies that participate in the AFP scheme are jointly responsible for two-thirds of the payable pension. Kid Logistikk AS and some departments in KID Interior AS participate in the AFP scheme. The premium for the new AFP scheme will increase from 2.2 % in 2014 to 2.4 % in 2015 of total payments of wages between 1 and 7,1 times the average basic amount. This change in premium is in line with the announced change whereby the premium for the new scheme for the years 2011-2015 is gradually to be increased as the premiums and the employer's contributions for the old AFP scheme are phased out. The AFP-liability following the old scheme is recognised in the balance sheet as debt and covers an expected payment relating to undercoverage in the former AFP-scheme.

As of 31 December 2014, the deposit fund amounts to NOK 53 (2013: 445, 2012: 172, 2011: 0), and the members pension capital is 15 606 (2013: 13 218, 2012: 10 567, 2011: 8 463)

Net pension expenses	2014	2013	2012	01.01.12
Pensions earned this year - the group pension scheme	3 375	2 834	2 421	2 188
Pensions earned this year - the agreed early retirement scheme (AFP)	554	565	482	483
Differences/estimate changes charged to income - the old agreed early retirement scheme (AFP)	-75	-143	-178	-319
Social security fees	554	479	409	377
Net pension expenses	4 407	3 735	3 135	2 730

23 Commitments

Operating lease commitments

The group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 3 and 10 years,

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014	2013	2012
No later than 1 year	147 082	136 527	128 507
Later than 1 year and no later than 5 years	438 540	362 015	247 648
Later than 5 years	247 942	67 908	38 405
Total	833 564	566 450	412 560

Operating lease expense

	2014	2013	2012
Lease expense for the year consists of:			
Minimum rent	104 426	98 593	92 010
Proportionate rent (based on turnover)	7 072	5 619	5 981
Joint costs	27 867	25 635	25 109
Other storage costs	3 275	548	1 648
Total	142 639	130 396	124 728

	2014	2013	2012
Lease expense by category of asset:			
Office rentals	1 520	1 482	1 468
Storage facilities	6 784	6 483	7 091
Rental outlets	134 355	122 430	116 172
Total	142 639	130 396	124 728

	2014	2013	2012
Number of lease contracts	132	119	118
Right to renewal of lease contract	35	24	19
Percentage of lease contracts with option to renewal	27 %	20 %	16 %

24 Related parties

The group is controlled by Gjelsten Holding AS, which owns 100 % of the company's shares. The group's ultimate controlling party is Bjørn Rune Gjelsten.

The following transactions were carried out with related parties:

(a) Sales of goods and services and (b) purchases of goods and services

No purchase or sales transactions were entered into between the group and Gjelsten Holding AS

(b) Key management personnel compensation

Key management personnel compensation is disclosed in note 6.

(c) Loans to related parties

The group does not have any loans to related parties at the balance sheet dates in 2012, 2013 and 2014. At 31.12.2011 the group was owned 100 % by DNB Bank ASA and the loans to DNB amounted to 988 674.

Group

The following transactions with Gjelsten Holding AS occurred in the year.

	2014	2013	2012	01.01.12
Group Contribution given (gross amount before tax)	35 714	16 672	0	0
Group Contribution received	25 714	12 004	0	0
Interest cost	620	233	0	0

Note 25 First-time adoption of IFRS

This is the first time the Group's financial statements are prepared using IFRS. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP). IFRS 1 First-time Adoption of International Standards have been applied consequently in the preparation of the consolidation of the financial statements for 2014 and the comparable figures for 2013 and 2012.

The transition date is 1 January 2012. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements.

Changes in equity (NOK 1000)

		01.01.2012	31.12.2012	31.12.2013	31.12.2014
Equity in accordance with reported NGAAP	Note	285 688	493 548	566 733	664 261
Adjustment 1a - revaluation of trademark and deferred tax	A	388 706	388 706	388 706	388 706
Adjustment 1b - deferred tax trademark	A	-299 848	-299 846	-289 137	-269 137
Adjustment 2 - open forward exchange contracts	B	1 875	-5 054	2 599	0
Adjustment 3 - profit / (loss) realization of exchange contracts	C	0	0	0	0
Adjustment 4 - bank account in USD - conversion to spot exchange rate	D	7 651	-1 562	96	1 099
Adjustment 5 - goods in transit - conversion to spot exchange rate	E	0	0	0	0
Adjustment 6 - reclassification finance to operating expenses	F	0	0	0	0
Adjustment 7 - netting of deferred tax / deferred tax asset	G	0	0	0	0
Adjustment 8 - inventory - conversion to spot exchange rate	H	1 353	4 349	3 015	12 555
Adjustment 9 - Fair value swap	I	-3 212	-15 568	-15 067	-25 692
Adjustment 10 - reclassification next years repayment long-term loan	J	0	0	0	0
Adjustment 11 - group contribution	K	0	0	0	-7 263
Total adjustments		96 527	71 026	90 212	90 068
Tax effect of adjustments		-110 984	-103 844	-102 424	-101 846
Total adjustment to equity		-14 458	-32 819	-12 213	-21 579
Equity in accordance with IFRS		271 130	460 729	554 520	642 683

A)

Adjustment 1a - revaluation of trademark and deferred tax / Adjustment 1b - deferred tax trademark

Under Norwegian GAAP, there is no obligation to do revaluations of intangible assets unless there are indicators showing that book value might be incorrect. Under IFRS, revaluations shall be made with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value. Valuation of trademark at 1 January 2012 shows that previous writedown can be reversed (note 12).

Deferred tax related to trademark was not recorded in the previous financial statements which was prepared in accordance with NGAAP. IFRS requires that relevant deferred tax is recorded from 1 January 2012.

B)

Adjustment 2 - open forward exchange contracts

Under NGAAP, open forward exchange contracts have not been recognized in the balance sheet as a consequence of using hedge accounting in accordance with NGAAP. Forward exchange contracts at 31 December 2012, 2013 and 2014 are recognized at fair value in the balance sheet under IFRS.

C)

Adjustment 3 - profit / (loss) realization of exchange contracts

As a consequence of using hedge accounting in accordance with NGAAP, realized gains/losses on exchange contracts were recognized as cost of goods sold. Under IFRS realized gains/losses on forward exchange contracts are classified as other (losses)/gains.

D)

Adjustment 4 - bank account in USD - conversion to spot exchange rate

Under NGAAP the bank account in USD is recorded at the forward exchange contract rate as hedging was applied. Under IFRS the same bank account is recorded using spot rate at year end as hedge accounting is not effective under IFRS.

E)

Adjustment 5 - goods in transit - conversion to spot exchange rate

Under NGAAP goods in transit were recorded at the forward exchange contract rate as hedging was applied. Under IFRS goods in transit are recorded at the value of the spot exchange rate at year end as hedge accounting is not effective under IFRS.

F)

Adjustment 6 - reclassification finance to operating expenses

Cost related to aglo, provision to credit card company and letter of credit is reclassified as other operating expenses under IFRS.

G)

Adjustment 7 - netting of deferred tax / deferred tax asset

It is made several adjustments affecting deferred tax, including adjustments related to the trademark (adjustment 1b). Deferred taxes are presented as a net value under IFRS, as it also is under Norwegian GAAP. It is made an adjustment to ensure that deferred taxes is presented as a net value in the financial statements prepared in accordance with IFRS.

H)

Adjustment 8 - inventory - conversion to spot exchange rate

Under NGAAP inventory is recorded at the value of the hedging rate as hedging was applied. Under IFRS inventory is recorded using spot rate at year end as hedge accounting is not effective under IFRS.

I)

Adjustment 9 - Fair value Interest rate swap

Under NGAAP only accrued interest regarding the interest rate swap is recognized in the balance sheet as there is no obligation in Norwegian GAAP to record the negative value of the swap related to bankloan. Under IFRS the same derivative is recorded at fair value at year.

J)

Adjustment 10 - reclassification next years repayment long-term loan

Next years repayment long-term loan is reclassified as short-term debt under IFRS as this is due within the next 12 months.

K)

Adjustment 11 - group contribution

Group contribution that the Parent Company receives from a subsidiary or gives to a subsidiary is recognized according to the same principles as ordinary dividends. Dividend payable under IFRS should be recognized when the issuance of dividend is properly authorized. Dividend is authorized for issue when it is approved by the shareholders. Under IFRS no liability in respect of dividends shall be recognized where dividends are declared after the end of the reporting period.

Consolidated balance sheet

	NGAAP 2011	IFRS adjustments	IFRS 2011	Note	NGAAP 2012	IFRS adjustments	IFRS 2012
ASSETS							
Trademark	1 070 878	388 706	1 459 585	A	1 070 879	388 706	1 459 585
Deferred tax asset	13 403	-13 403	0	A	663	-663	0
Other intangible assets	1 974	0	1 974		1 201	0	1 201
Total intangible assets	1 086 256	375 303	1 461 559		1 072 742	388 043	1 460 786
Property, plant and equipment	34 696	0	34 696		36 575	0	36 575
Total property, plant and equipment	34 696	0	34 696		36 575	0	36 575
TOTAL NON-CURRENT ASSETS	1 120 952	375 303	1 496 255		1 109 317	388 043	1 497 360
Inventories							
	178 920	1 856	180 779	H	138 065	4 227	142 292
Trade receivables	1 535	0	1 535		1 306	0	1 306
Other receivables	17 478	0	17 478	K	28 760	-12 004	16 756
Derivatives		1 875	1 875	B	0	0	0
Total receivables	19 012	1 875	20 887		30 066	-12 004	18 082
Cash and bank deposits	86 719	7 651	93 370	D	112 887	-1 562	111 325
TOTAL CURRENT ASSETS	283 651	11 384	295 035		281 018	-8 339	271 680
TOTAL ASSETS	1 404 604	386 687	1 791 290		1 390 335	378 704	1 769 040
EQUITY AND LIABILITIES							
Share capital	35 000	0	35 000		42 000	0	42 000
Share premium	0	0	0		156 874	0	156 874
Other paid-in equity	0	0	0	K	12 004	-12 004	0
Other reserves	0	4 546	4 546		0	0	0
Retained earnings	250 588	-19 004	231 584		282 670	-20 814	261 856
TOTAL EQUITY	285 588	-14 458	271 130		493 548	-32 819	460 729
Pension liabilities	411	0	411		233	0	233
Deferred tax liability	0	397 427	397 427		0	403 027	403 027
Total provisions	411	397 427	397 838		233	403 027	403 260
Liabilities to financial institutions	994 397	0	994 397	J	754 886	-50 000	704 886
Derivatives	0	0	0	I	0	15 568	15 568
Total long term liabilities	994 397	0	994 397		754 886	-34 432	720 455
Liabilities to financial institutions	0	0	0	J	0	50 000	50 000
Trade creditors	27 072	506	27 578	E	26 465	-122	26 343
Tax payable	0	0	0	K	0	4 668	4 668
Public duties payable	51 330	0	51 330		55 833	0	55 833
Derivatives	0	3 212	3 212	B	0	5 054	5 054
Other short-term liabilities	45 806	0	45 806	K	59 370	-16 672	42 698
Total short term liabilities	124 208	3 717	127 925		141 668	42 927	184 595
TOTAL LIABILITIES	1 119 016	401 145	1 520 160		896 787	411 523	1 308 310
TOTAL EQUITY AND LIABILITIES	1 404 604	386 687	1 791 291		1 390 335	378 704	1 769 040

Consolidated balance sheet

	NGAAP 2013	IFRS adjustments	IFRS 2013	Note	NGAAP 2014	IFRS adjustments	IFRS 2014
ASSETS							
Trademark	1 070 879	388 706	1 459 585	A	1 070 879	388 706	1 459 585
Deferred tax asset	979	-979	0	A	1 700	-1 700	0
Other intangible assets	2	0	2		0	0	0
Total intangible assets	1 071 860	387 727	1 459 587		1 072 579	387 006	1 459 585
Property, plant and equipment	50 718	0	50 718		69 890	0	69 890
Total property, plant and equipment	60 718	0	60 718		69 890	0	69 890
TOTAL NON-CURRENT ASSETS	1 122 578	387 727	1 510 305		1 142 469	387 006	1 629 475
Current Assets							
Inventories	148 440	3 277	151 717	H	187 629	13 424	201 053
Trade receivables	2 027	0	2 027		1 844	0	1 844
Other receivables	8 779	0	8 779	K	11 169	0	11 169
Derivatives		2 599	2 599	E			
Total receivables	10 806	2 699	13 406		13 012	0	13 012
Cash and bank deposits	77 557	96	77 653	D	97 971	1 089	99 070
TOTAL CURRENT ASSETS	236 803	5 972	242 775		298 611	14 523	313 134
TOTAL ASSETS	1 359 381	393 699	1 753 080		1 441 083	401 529	1 842 612
EQUITY AND LIABILITIES							
Share capital	42 000	0	42 000		42 000	0	42 000
Share premium	156 874	0	156 874		156 874	0	156 874
Other paid-in equity	37 719	-25 714	12 005	K	64 617	-28 899	37 719
Other reserves	0	0	0		0	0	0
Retained earnings	330 141	13 501	343 642		400 770	5 320	406 090
TOTAL EQUITY	568 733	-12 213	556 520		664 261	-21 578	642 683
Provisions							
Pension liabilities	90	0	90		15	0	15
Deferred tax liability	0	390 582	390 582		0	389 084	389 084
Total provisions	90	390 582	390 672		15	389 084	389 099
Long term liabilities							
Liabilities to financial institutions	627 522	-50 000	577 522	J	601 343	-45 000	556 343
Derivatives	0	15 067	15 067	I	0	25 892	25 892
Total long term liabilities	627 522	-34 933	592 589		601 343	-19 108	682 235
Short term liabilities							
Liabilities to financial institutions	0	50 000	50 000	J	0	45 000	45 000
Trade creditors	16 016	262	16 278	E	21 385	870	22 255
Tax payable	18 873	10 000	28 873	K	26 942	7 263	34 205
Public duties payable	65 492	0	65 492		62 186	0	62 186
Other short-term liabilities	64 654	-10 000	54 654	K	64 951	0	64 951
Total short term liabilities	166 037	50 262	216 299		176 464	53 132	229 696
TOTAL LIABILITIES	792 648	405 912	1 198 560		776 822	423 108	1 199 930
TOTAL EQUITY AND LIABILITIES	1 359 381	393 699	1 753 080		1 441 083	401 529	1 842 612

Consolidated income statement

	NGAAP 2012	IFRS adjustments	IFRS 2012	Note	NGAAP 2013	IFRS adjustments	IFRS 2013
Revenue	926 727	0	926 727		1 031 685	0	1 031 685
Other operating income	1 192	0	1 192		94	0	94
Total revenue	927 919	0	927 919		1 031 779	0	1 031 779
Cost of goods sold	358 363	-3 756	352 607	C, D, H	399 482	5 280	404 762
Employee benefits expense	214 172	0	214 172		232 633	0	232 633
Depreciation and amortisation expenses	16 907	0	16 907		18 168	0	18 168
Other operating expenses	218 183	3 570	221 754	F	233 232	4 760	237 992
Total operating expenses	806 625	-186	806 440		883 515	10 041	893 556
Other (losses)/gains- net	0	-7 375	-7 375	B, C	0	13 256	13 256
Operating profit	122 294	-7 189	115 104		148 264	3 216	161 480
Finance income	288	0	288		906	0	906
Changes in fair value of financial current assets	0	15 568	15 568	I		-501	-501
Finance cost	61 086	-3 570	57 516	F	47 428	-4 760	42 668
Profit before tax	61 495	-19 187	42 308		101 742	8 477	110 219
Income tax expense	17 409	-5 372	12 036		28 558	-12 129	16 429
Net profit or loss for the year	44 087	-13 815	30 272		73 184	20 606	93 790

	Note	NGAAP 2014	IFRS adjustments	IFRS 2014
Consolidated income statement				
Revenue		1 135 914	0	1 135 914
Other operating income		190	0	190
Total revenue		1 136 104	0	1 136 104
Cost of goods sold	C, D, H	440 359	-942	439 417
Employee benefits expense		260 188	0	260 188
Depreciation and amortisation expenses		19 848	0	19 848
Other operating expenses	F	253 782	5 664	259 446
Total operating expenses		974 177	4 723	978 900
Other (losses)/gains- net	B, C	0	7 002	7 002
Operating profit		161 927	2 279	164 206
Finance income		393	0	393
Changes in fair value of financial current assets	I		10 825	10 825
Finance cost	F	38 571	-5 664	32 907
Profit before tax		123 749	-2 881	120 868
Income tax expense		33 483	-778	32 705
Net profit or loss for the year		90 266	-2 103	88 163

	NGAAP 2012	IFRS adjustments	IFRS 2012	Note	NGAAP 2013	IFRS adjustments	IFRS 2013
Consolidated statement of cash flows							
Cash flow from operations							
Profit before income taxes	61 495	-19 187	42 308	B, D, H, I	101 742	8 477	110 219
Taxes paid in the period	0	0	0		0	-4 668	-4 668
Gain/loss from sale of fixed assets	-27	0	-27		-37	0	-37
Depreciation and amortisation of non-current assets	16 907	0	16 907		18 168	0	18 168
Change in inventory	40 855	-2 369	38 486	E, I	-10 374	1 072	-9 302
Change in trade receivables	229	0	229		-721	0	-721
Change in trade payables	-604	-628	-1 232	E, I	-10 448	262	-10 186
Change in financial derivatives	0	12 971	12 971	B, D, I	0	-8 154	-8 154
Differences in expensed pensions and payments	-178	0	-178		-143	0	-143
Effect of exchange fluctuations	0	-1 752	-1 752	D	0	-78	-78
Net financing costs	0	57 228	57 228	F	0	41 762	41 762
Change in other provisions	2 113	-971	1 142	K	24 928	4 765	29 693
Net cash flow from operations	120 790	45 291	166 081		123 116	43 439	166 554
Cash flow from investments							
Proceeds from sale of fixed assets	28	0	28		95	0	95
Purchase of fixed assets	-18 416	0	-18 416		-29 340	0	-29 340
Proceeds from sale of other investments	0	0	0		0	-4	-4
Net cash flow from investments	-16 388	0	-16 388		-29 249	0	-29 249
Cash flow from financing							
Interest expense	0	-53 362	-53 362	F	0	-39 904	-39 904
Repayment of long term loans	-177 234	0	-177 234		-129 194	0	-129 194
New equity received	100 000	0	100 000		0	0	0
Net payments from other financing activities	0	-2 895	-2 895		0	-1 957	-1 957
Net cash flow from financing	-77 234	-56 257	-133 491		-129 194	-41 861	-171 055
Cash and cash equivalents at the beginning of the period	65 719	7 651	93 370	D	112 887	-1 562	111 325
Exchange gains / (losses) on cash and cash equivalents	0	1 752	1 752	D	0	78	78
Net change in cash and cash equivalents	27 169	-10 985	16 203	D	-35 330	1 580	-33 750
Cash and cash equivalents at the end of the period	112 887	-1 662	111 326		77 557	96	77 653

	Note	NGAAP 2014	IFRS adjustments	IFRS 2014
Consolidated statement of cash flows				
Cash flow from operations				
Profit before income taxes	B, D, H, I	123 749	-2 881	120 868
Taxes paid in the period		-18 873	-10 000	-28 873
Gain/loss from sale of fixed assets		23	0	23
Depreciation and amortisation of non-current assets		19 848	0	19 848
Change in inventory	E, I	-39 189	-10 409	-49 598
Change in trade receivables		183	0	183
Change in trade payables	E, I	5 369	870	6 239
Change in financial derivatives	B, D, I	0	13 424	13 424
Differences in expensed pensions and payments		-75	0	-75
Effect of exchange fluctuations	D	0	-352	-352
Net financing costs	F	0	32 514	32 514
Change in other provisions	K	-5 421	11 672	6 251
Net cash flow from operations		65 614	34 837	120 451
Cash flow from investments				
Proceeds from sale of fixed assets		158	0	158
Purchase of fixed assets		-39 199	0	-39 199
Proceeds from sale of other investments		0	0	0
Net cash flow from investments		-39 041	0	-39 041
Cash flow from financing				
Interest expense	F	0	-30 729	-30 729
Repayment of long term loans		-26 179	0	-26 179
New equity received		0	0	0
Net payments from other financing activities		0	150	150
Net cash flow from financing		-26 179	-30 679	-56 758
Cash and cash equivalents at the beginning of the period	D	77 577	76	77 653
Exchange gains / (losses) on cash and cash equivalents	D	0	372	372
Net change in cash and cash equivalents	D	20 394	651	21 045
Cash and cash equivalents at the end of the period		97 971	1 099	99 070

		IFRS	IFRS	IFRS
	Note	2012	2013	2014
Consolidated statement of comprehensive income				
Profit for the year				
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Gains on revaluation of land and buildings		0	0	0
Remeasurements of post employment benefit obligations		0	0	0
		0	0	0
Items that may be subsequently reclassified to profit or loss				
Net gains/losses on cash flow hedges	B, D, I	-4 546	0	0
Other comprehensive income for the year, net of tax		-4 546	0	0
Total comprehensive income for the year		-4 546	0	0