Kid ASA

Initial public offering of shares with an indicative price range of NOK 31 to NOK 37 per Share

Listing of Kid ASA's Shares on Oslo Børs or alternatively Oslo Axess

This Prospectus (the "**Prospectus**") has been prepared by Kid ASA, a public limited liability company incorporated under the laws of Norway (the "**Company**" and together with its subsidiaries "**Kid**" or the "**Group**"), solely for use in connection with (i) the initial public offering of up to 32,516,129 shares of the Company (the "**Offering**") and (ii) the related listing of the Company's shares (the "**Shares**") on Oslo Børs or alternatively Oslo Axess (the "**Listing**").

The Offering comprises 4,729,730 to 5,645,162 new shares to be issued by the Company to raise gross proceeds in the amount of approximately NOK 175 million (the "**New Shares**") and up to 22,908,344 existing shares (the "**Sale Shares**") offered by Gjelsten Holding AS (the "**Selling Shareholder**" or "**Gjelsten Holding**"). The Sale Shares, together with the New Shares and, unless the context indicates otherwise, the Additional Shares (as defined below), are referred to herein as the "**Offer Shares**".

The Offering consists of: (i) a private placement to (a) investors in Norway, (b) institutional investors outside Norway and the United States of America (the "**U.S.**" or the "**United States**"), subject to applicable exemptions from applicable prospectus requirements, and (c) "qualified institutional buyers" ("**QIBs**") in the United States as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") (the "**Institutional Offering**"), (ii) a retail offering to the public in Norway (the "**Retail Offering**") and (iii) an offering to the Group's Eligible Employees as defined below (the "**Employee Offering**"). All offers and sales outside the United States will be made in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**").

In addition, the Selling Shareholder has granted **ABG Sundal Collier ASA** ("**ABG**" or the "**Stabilisation Manager**") an option to purchase up to 15% additional Shares (of the aggregate number of New Shares and Sale Shares sold in the Offering) (the "**Additional Shares**"), exercisable, in whole or in part, within a 30-day period commencing at the time trading in the Shares commences on Oslo Børs to cover any over-allotments made in connection with the Offering on the terms and subject to the conditions described in this Prospectus (the "**Over-Allotment Option**"). Assuming the Over-Allotment Option is exercised in full, the Offering will amount to up to 32,516,129 Shares.

The price at which the Offer Shares are expected to be sold (the "**Offer Price**") is indicatively set to be between NOK 31and NOK 37 per Offer Share (the "**Indicative Price Range**"). The final Offer Price may be set within, below or above the Indicative Price Range. The Offer Price will be determined through a book building process and will be set by the Selling Shareholder and the Company, in consultation with the Managers. See Section 14 "Terms of the Offering" for further information on how the Offer Price is set. The Offer Price, and the number of Offer Shares sold in the Offering, is expected to be announced through a stock exchange notice on or before 29 October 2015 at 07:30 hours (Central European Time, "**CET**"). The offer period for the Institutional Offering will commence at 09:00 hours (CET) on 19 October 2015 and close at 14:00 hours (CET) on 28 October 2015 (the "**Bookbuilding Period**"). The application periods for the Retail Offering and the Employee Offering will commence at 09:00 hours (CET) on 19 October 2015 and close at 12:00 hours (CET) on 28 October 2015 (the "**Application Period**"). The Bookbuilding Period and the Application Period may, at the Selling Shareholder's and the Company's sole discretion, in consultation with the Managers and for any reason, be shortened or extended beyond the set times.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except (i) within the United States to QIBs in reliance on Rule 144A or another applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 15 "Selling and transfer restrictions".

Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, Section 2 ("Risk factors") when considering an investment in the Company.

Prior to the Offering, the Shares have not been publicly traded. The board of directors of Oslo Børs will consider the Company's listing application on 28 October 2015. Completion of the Offering is subject to inter alia the Company's listing application being approved, the Company fulfilling all listing conditions set by Oslo Børs and the Selling Shareholder and the Company, in consultation with the Managers, having approved the Offer Price and the allocation of the Offer Shares to eligible investors following the bookbuilding process. The Shares are and the New Shares will be registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares rank pari passu and will carry one vote each. Reference herein to Shares include the Offer Shares, except where the context otherwise requires.

The due date for the payment of the Offer Shares is expected to be on or about 29 October 2015. Subject to timely payment, delivery of the Offer Shares is expected to take place on or about 30 October 2015. Trading in the Shares on Oslo Børs is expected to commence on or about 30 October 2015 under the ticker code "KID".

Joint Lead Managers and Joint Bookrunners

ABG Sundal Collier ASA **Arctic Securities AS**

The date of this Prospectus is 16 October 2015

IMPORTANT INFORMATION

This Prospectus has been prepared solely for use in connection with the Offering of the Offer Shares and the Listing. Please see Section 16 ("Definitions and glossary") for definitions of terms used throughout this Prospectus.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 No. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described or referred to in this Prospectus.

The Company has engaged ABG Sundal Collier ASA and Arctic Securities AS as joint lead managers and joint bookrunners. The Managers are acting for the Company and no one else in relation to the listing of the Shares on Oslo Børs. The Managers will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Managers or for providing advice in relation to the listing.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Offering or sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company, the Selling Shareholder or the Managers or by any of the affiliates, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of the Shares to occur outside of Norway. Accordingly neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. For further information on the sale and transfer restrictions of the Offer Shares, see Section 15 ("Selling and transfer restrictions").

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time of approval of this Prospectus by the Norwegian FSA and the Listing, will be included in a supplement to this Prospectus. The publication of this Prospectus does not under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Certain financial information in Chapter 9 of this Prospectus has been extracted from the 2011 and 2010 audited financial statements of the Group, which were audited by PricewaterhouseCoopers AS. However, the 2011 and 2010 audited financial statements were prepared in accordance with NGAAP. IFRS differ in certain significant respects from NGAAP and investors should seek their own advice regarding the differences between IFRS and NGAAP. As a result, the 2011 and 2010 financial information is not directly comparable to the information in the Audited Financial Statements, and period to period comparisons may not be meaningful.

Neither the Company, the Selling Shareholder, the Managers, any of their respective affiliates, representatives, advisers or selling agents, are making any representation to any offeree or purchaser of the Shares regarding the legality or suitability of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 2 ("Risk factors").

In the ordinary course of their businesses, the Managers and certain of their respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

This Prospectus and the terms and conditions of the Offering as set out herein are governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering or this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE UNITED STATES

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares. The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offer Shares will not be offered or sold within the United States, except in reliance on the exemption from the registration requirements of the U.S. Securities Act under Rule 144A. The Offer Shares will be offered outside the United States in compliance with Regulation S. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act. See Section 14.23.1 ("Selling and transfer restrictions—Selling restrictions—United States").

Any Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under Section 14.24.1 ("Selling and transfer restrictions—Transfer restrictions—United States").

The securities offered hereby have not been recommended by any United States federal or state securities commission or regulatory authority. Further, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire any Shares.

NOTICE TO UNITED KINGDOM INVESTORS

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "**UK**") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "**EEA**") that has implemented this Prospectus Directive, other than Norway (each a "**Relevant Member State**"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of this Prospectus Directive. This Prospectus has been prepared on the basis that all offers of Offer Shares outside Norway will be made pursuant to an exemption under this Prospectus Directive from the requirement to produce a prospectus for offer of shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or any of the Managers to publish a prospectus or a supplement to a prospectus under this Prospectus Directive for such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by Managers which constitute the final placement of Offer Shares contemplated in this Prospectus.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

a) it is a qualified investor as defined in this Prospectus Directive, and

b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of this Prospectus Directive, (i) such Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in this Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under this Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing this Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

See Section 15.2.4 ("Selling and Transfer Restrictions") for notices to investors in certain other jurisdictions.

STABILISATION

In connection with the Offering, the Stabilisation Manager, or its agents, may engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days commencing at the time at which trading in the Shares commences on Oslo Børs. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail. The Stabilisation Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilisation Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Stabilisation Manager does not intend to disclose the extent of any stabilisation transactions under the Offering.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Company's shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the senior management of the Group (the "**Management**") are not residents of the United States, and all of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or its Board Members and members of Management in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons, including judgments based on the civil liability provisions of the securities laws of the United States or any State or territory within the United States. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

TABLE OF CONTENTS

1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

A.1	Warning	This summary should be read as an introduction to this Prospectus; any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor; where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent to use of the prospectus	Not applicable; financial intermediaries are not entitled to use this Prospectus for subsequent resale or final placement of securities.

Section B – Issuer

B.1	Legal and commercial name	Kid ASA
B.2	Domicile and legal form, legislation and country of incorporation	The Company is a public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company was incorporated in Norway on 23 June 2005, and the Company's registration number in the Norwegian Register of Business Enterprises is 988 384 135.
B.3	Current operations, principal activities and markets	Kid is a specialist home textile retailer in the Norwegian home and interior textile market, controlling and operating all its physical stores, as well as an online sales platform. The product assortment ranges from curtains and bed linens to home accessories and decorations. The main competitors consist of other specialist home textile retail chains and independent stores, but also home and furniture retailers and other adjacent retail concepts. Kid's strategy is to provide an

		attractive value proposition to its customers through high quality, Kid-branded products and an inspirational assortment at affordable prices, with store proximity and ease of use. Kid's business model is based on ensuring full control of the value chain from the design phase, until the products are displayed in stores across the country. Accordingly, the Company has an in-house design team that ensures all products are tailored to the Kid concept. Furthermore, direct sourcing ensures that the Company has complete control over the price and quality of their products. More than 97% of the products sold are part of the Kid brand, with more premium products categorised in sub-brands like Dekosol and Nordun. Approximately 90% of the products are manufactured in Asia from countries like China, India and Pakistan. The Company strives to maintain a high standard of corporate social responsibility, obligating all suppliers to sign its code of conduct as part of the sales contract and regularly performs social audit and quality control of its main suppliers. The audits are carried out on a rotating basis every three to six years and primarily targeted at Kid's suppliers within the top 80% in relevant countries. If issues are discovered during the audits, the Company seeks to address this towards the supplier and contribute towards changing routines or implement other changes if deemed necessary. Kid also has an in-house marketing team that develops marketing material and, along with the store operations team, ensures a unified execution of campaigns and store standards to enable a consistent shopping experience based on best-practices. In addition, the Company has an internal logistics function that secures optimized transportation costs, timely deliveries and efficient replenishment of stores. In June 2015, the Company moved to a new modern warehouse in Lier, which serves all stores and from 15 September 2015 will also be serving the online customers. The replenishment is 99% automated based on inventory levels, and it takes approximately 24-72 hours from order to delivery, depending on location. The structure ensures there is minimal margin leakage throughout the value chain thereby maximising the return for the Company.
B.4a	Significant recent trends affecting the Company and the industries in which it operates	The home textile industry has strong seasonal patterns. Spring starts in April and lasts until late May. By then, most of the winter snow has melted and colourful spring flowers decorate trees and the ground. Summer in Norway lasts from June to mid-August. During these months, the days are long, sunny and warm. Autumn starts when the new school term starts in mid-August, and often presents nature's colours of red, orange and yellow. During the winter, the general climate in Norway is characterised by below freezing temperatures and snowfall. Furthermore, the Christmas season proves an excellent opportunity to give gifts to family and friends, and to create a nice home for the Christmas festivities. The distinct seasons induce households to

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<tr><td></td><td></td><td>decorate their home differently during the year, often expressing colours and themes representative for the current season. Also, varying temperatures represent the need for thicker or thinner down duvets, blankets, and other seasonal products. To best match consumer demand, about 35% to 40% of the product assortment in a Kid store is seasonal, peaking around Christmas.</td></tr>
<tr><td>B.5</td><td>Description of the Group</td><td>Kid ASA is a parent holding company and its operations are carried out through the operating subsidiaries Kid Interiør AS and Kid Logistikk AS.</td></tr>
<tr><td>B.6</td><td>Interests in the Company and voting rights</td><td>As of the date of this Prospectus all the Shares are held by Gjelsten Holding. The major shareholder does not have different voting rights.
Shareholders with ownership exceeding 5% must comply with disclosure obligations according to the Norwegian Securities Trading Act section 4-3.</td></tr>
<tr><td>B.7</td><td>Selected historical key financial information</td><td>Consolidated income statement
<table>
<tr><td></td><td colspan="2">Three months ended</td><td colspan="2">Six months ended</td><td colspan="3">12 months ended</td></tr>
<tr><td></td><td colspan="2">30 June</td><td colspan="2">30 June</td><td colspan="3">31 December</td></tr>
<tr><td><i>(NOK million)</i></td><td>2015</td><td>2014</td><td>2015</td><td>2014</td><td>2014</td><td>2013</td><td>2012</td></tr>
<tr><td></td><td>(Unaudited)</td><td>(Unaudited)</td><td>(Unaudited)</td><td>(Unaudited)</td><td>(Audited)</td><td>(Audited)</td><td>(Audited)</td></tr>
<tr><td>Total revenue</td><td>235.8</td><td>226.0</td><td>468.1</td><td>441.2</td><td>1136.1</td><td>1031.8</td><td>927.9</td></tr>
<tr><td>Total operating expenses .</td><td>(235.3)</td><td>(205.9)</td><td>(466.2)</td><td>(420.4)</td><td>(978.9)</td><td>(893.6)</td><td>(805.4)</td></tr>
<tr><td>Operating profit........</td><td>4.8</td><td>25.3</td><td>12.9</td><td>23.5</td><td>164.2</td><td>151.5</td><td>115.1</td></tr>
<tr><td>Profit before tax...........</td><td>0.9</td><td>12.6</td><td>5.0</td><td>2.0</td><td>120.9</td><td>110.2</td><td>42.3</td></tr>
<tr><td>Net profit or loss for the year..........</td><td>0.6</td><td>9.2</td><td>3.7</td><td>1.5</td><td>88.2</td><td>93.8</td><td>30.3</td></tr>
</table>
Consolidated balance sheet
<table>
<tr><td></td><td colspan="2">Six months ended</td><td colspan="3">12 months ended</td></tr>
<tr><td></td><td colspan="2">30 June</td><td colspan="3">31 December</td></tr>
<tr><td><i>(NOK million)</i></td><td>2015</td><td>2014</td><td>2014</td><td>2013</td><td>2012</td></tr>
<tr><td></td><td>(Unaudited)</td><td>(Unaudited)</td><td>(Audited)</td><td>(Audited)</td><td>(Audited)</td></tr>
<tr><td>ASSETS</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total intangible assets.......................</td><td>1,459.6</td><td>1,459.6</td><td>1,459.6</td><td>1,459.6</td><td>1,460.8</td></tr>
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</td></tr>
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Total tangible assets	**82.6**	**57.7**	**69.9**	**50.7**	**36.6**
TOTAL NON-CURRENT ASSETS	**1,542.2**	**1,517.3**	**1,529.5**	**1,510.3**	**1,497.4**
Total receivables	**21.4**	**15.9**	**13.0**	**13.4**	**18.1**
TOTAL CURRENT ASSETS	**276.6**	**241.1**	**313.1**	**242.8**	**271.7**
TOTAL ASSETS	**1,818.8**	**1,758.4**	**1,842.6**	**1,753.1**	**1,769.0**
EQUITY AND LIABILITIES					
Total paid-in equity	**263.5**	**210.9**	**236.6**	**210.9**	**198.9**
Total retained earnings	**390.1**	**345.1**	**406.1**	**343.6**	**261.9**
TOTAL EQUITY	**653.6**	**556.0**	**642.7**	**554.5**	**460.7**
Total provisions	**390.5**	**391.2**	**389.1**	**390.7**	**403.3**
Total long term liabilities	**575.8**	**596.9**	**581.4**	**591.3**	**718.5**
Total short term liabilities	**198.9**	**214.3**	**229.4**	**216.6**	**186.6**
TOTAL LIABILITIES	**1,165.2**	**1,202.4**	**1,199.9**	**1,198.6**	**1,308.3**
TOTAL EQUITY AND LIABILITIES	**1,818.8**	**1,758.4**	**1,842.6**	**1,753.1**	**1,769.0**

B.8	Selected key pro forma financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimates are made.
B.10	Audit report qualifications	Not applicable. There are no qualifications in the audit reports.
B.11	Working capital	The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements and for the period covering at least 12 months from the date of this Prospectus.

Section C – Securities

C.1	Type and class of securities admitted to trading and	The Company has one class of shares in issue and all shares provide equal rights in the Company. Each of the Shares carries one vote. The Shares have been created under the Norwegian Public Limited Companies Act and are registered

	identification numbers	in book-entry form with the VPS under ISIN NO 001 0743545.
C.2	Currency	The Shares are denominated in NOK.
C.3	Number of shares and par value	The Company's current share capital is NOK 42,000,000 divided into 35,000,000 shares, each with a nominal value of NOK 1.2.
C.4	Right attached to the securities	The Company has one class of shares, and each Share carries one vote and has equal rights to dividend. All the Shares are validly issued and fully paid. All of the Company's shareholders have equal voting rights.
C.5	Restrictions on transferability	The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal upon a transfer of Shares. Share transfers are not subject to approval by the Board of Directors.
C.6	Admission to trading	On 30 September 2015, the Company applied for admission to trading of the Shares on Oslo Børs or alternatively Oslo Axess. The board of directors of Oslo Børs will consider the listing application on 28 October 2015. The Company expects that the listing application will be approved subject to certain conditions such as spread and number of shareholders. The Company expects to satisfy such conditions in connection with the Offering.
C.7	Dividend policy	The Group will deploy a dynamic distribution policy, with the aim of returning excess capital to the shareholders. The Group's initial target ambition is to distribute at least 60-70% of its net profit adjusted for non-recurring and special items.

Section D – Risks

D.1	Key risks specific to the Company or its industry	The key risks relating to the Group and the industry in which it operates are the following: • Kid could face increased competition from other retailers that could adversely affect its ability to generate higher net sales and profits. • Kid depends on key executive management and may not be able to retain or replace these individuals, which could harm the Group's business. • Consumer preferences are changing rapidly and consumers' concern with environmental issues such as reducing the consumption of products may lead to a reduced turnover. • Cotton prices are volatile and are affected by numerous factors beyond the Group's control. High cotton prices may cause increase in the costs of the Group which will adversely affect the Group's revenues and profitability. • The USD exchange rate may fluctuate over time and consequently impact the profitability of the products and may have a material adverse effect on Kid's

		business, income and overall financial condition. • Kid only has one central warehouse and in event of a fire, flooding or other incident damaging the warehouse or the goods stored there or other disruption in the supply to its customers such as problems with Kid's logistic system, the operations will be severely affected which will adversely affect the Group’s revenues and profitability. • The employees of Kid's suppliers or sub-suppliers may operate under poor working conditions, be subject to child labour or contribute to pollution without Kid's knowledge, which if publicly known may have a material adverse effect on Kid's business, income and overall financial condition. • Kid’s revenue, operating profit, cash flows and inventory levels fluctuate on a seasonal basis and may be adversely affected by changes in sales during peak seasons and unusual weather conditions. Historically, the Christmas period has been an important selling period for Kid, with fourth quarter EBITDA typically accounting for approximately 50% of the full-year EBITDA.
D.3	Key risks specific to the securities	The key risks relating to the Shares are the following: • The price of the Shares may fluctuate significantly • There is no existing market for the Shares, and a trading market that provides adequate liquidity may not develop • Future sales, or the possibility for future sales, including by the Selling Shareholder, of substantial numbers of Shares could affect the Shares’ market price

Section E – Offer

E.1	Net proceeds and estimated expenses	The Offering consists of (i) an offer of New Shares, each with a par value of NOK 1.2, to raise gross proceeds of up to approximately NOK 175 million and (ii) an offer of Sale Shares, all of which are existing, validly issued and fully paid-up registered Shares with a par value of NOK 1.2, offered by the Selling Shareholder. In addition, the Joint Bookrunners may elect to over-allot a number of Additional Shares, equalling up to approximately 15% of the aggregate number of New Shares and Sale Shares sold in the Offering. Assuming the Offer Price is set at the mid-point of the Indicative Price Range, the maximum number of Sale Shares are sold at such Offer Price and the Over-Allotment Option is exercised in full, the Offering will amount to up to 32,117,647 Offer Shares, representing up to 80% of the Shares in issue following the Offering.

		The Company's total costs and expenses of, and incidental to, the Offering, assuming the Offer Price is set at the mid-point of the Indicative Price Range, the maximum number of Sale Shares are sold at such Offer Price and the Over-Allotment Option is exercised in full, are estimated to amount approx. NOK 9 million. Based on these assumptions the net proceeds to the Company will be NOK 166 million.
E.2a	Reasons for the Offering and use of proceeds	The Listing is an important element in the Company's strategy. Through the Listing, the Company aims to provide a regulated market place for trading of the Shares. The Listing is further expected to make the Shares more attractive as transaction currency in potential future acquisitions or mergers. In addition, the Company believes that the Listing will help to further strengthen the Group's profile in the markets in which it operates. Subject to the completion of the Offering, the Listing and depending on the final Offer Price, the Company anticipates to receive gross proceeds of approximately NOK 175 million. After deducting estimated costs related to the Listing of approximately NOK 9 million, the net proceeds will amount to approximately NOK 166 million. The net proceeds will be used to optimise the Company's capital structure in connection with the Listing through inter alia repayment of 75 million of the Term Loan and repayment in full of outstanding interest rate swaps. The repayment of the interest swap will amount to NOK 22.5 million (book value of NOK 19.9 million as of 30 June 2015), which means the remaining net proceeds amount to NOK 68.5 million. This amount will be used for general corporate purposes and function as a liquidity buffer for the Group.
E.3	Terms and conditions of the Offering	Completion of the Offering on the terms set forth in this Prospectus is conditional on (i) the Company satisfying the outstanding conditions for listing on Oslo Børs, alternatively Oslo Axess, as determined by the board of Oslo Børs and (ii) the Selling Shareholder and the Company, in consultation with the Managers, having approved the Offer Price and the allocation of the Offer Shares to eligible investors following the bookbuilding process. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended without any compensation to the Applicants.
E.4	Material and conflicting interests	The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a management fee in connection with the Offering and, as such, have an interest in the Offering. The Selling Shareholder will receive net proceeds from the

		sale of the Sale Shares. Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.
E.5	Selling Shareholders and lock-up	The Selling Shareholder is Gjelsten Holding. Gjelsten Holding and the Company are subject to a six month lock-up period from the first day of Listing. The members of the Company's executive management and the board members of the Company are subject to a 12 month lock-up period from the first day of Listing.
E.6	Dilution resulting from the Offering	The issuance of New Shares in the Offering may result in the number of Shares in Kid ASA amounting to a maximum of 40,645,162 assuming the Offer Price is set at the low-end of the Indicative Price Range, which corresponds to a maximum dilution for the existing shareholder of approximately 14%.
E.7	Estimated expenses charged to investor	Not applicable. No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

2 RISK FACTORS

An investment in the Offer Shares involves risks. Before making an investment decision with respect to the Offer Shares, investors should carefully consider the risk factors set forth below and all information contained in this Prospectus, including the Financial Statements and related notes. The risks and uncertainties described in this Section 2 are the known risks and uncertainties faced by the Group as of the date hereof that the Company believes are relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described in that risk factor should not be considered prior to making an investment decision regarding the Offer Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Offer Shares, resulting in the loss of all or parts of the investment made in the Offer Shares.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.

2.1 Risks related to the business of the Company and the industry in which the Company operates

Kid could face increased competition from other retailers that could adversely affect its ability to generate higher net sales and profits

Kid faces competition in the home textile market, both from pure play home textile retailers as well as other retailers, such as furniture retailers or general discount retailers. Kid competes on the basis of a combination of factors, including, among others, price, quality and style of merchandise offered, in-store experience, level of customer service and brand image. Kid competes for customers, good store locations and personnel at a national and local level with a wide variety of large and small retailers of varying size and covering different product categories and geographic markets. Actions taken by the Group's competitors, as well as actions taken by the Group to maintain its competitiveness and reputation have placed and will continue to place pressure on its pricing strategy, net sales growth and profitability. The Group's competitors may also merge or form strategic partnerships, which could cause significant additional competition for the Group.

Kid may not be able to compete as successfully against current competitors or future new entrants as in the past, and the competitive pressures it faces could have a material adverse effect on its business, operating income and overall financial condition.

Kid depends on key executive management and may not be able to retain or replace these individuals, which could harm the Group's business

Kid depends on the leadership and experience of its key executive management. The loss of the services of any of the Group's executive management members could have a material adverse effect on its business and prospects, as it may not be able to find suitable individuals to replace such personnel on a timely basis, without incurring increased costs or at all. Kid believes that its future success will depend greatly on its continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for experienced, successful personnel in the retail industry. If

Kid is not able to meet its staffing requirements this could impair the Group’s growth and profitability and in turn have a material adverse effect on the Group’s business, operating income and overall financial condition.

The store employee turnover rate in the retail industry is generally high and excessive store employee turnover may result in higher employee costs associated with finding, hiring and training new employees

Kid believes that its success depends in part upon its ability to attract, motivate and retain a sufficient number of store employees, including store managers, who understand and appreciate Kid's corporate culture, customers and merchandise, and are able to adequately and effectively represent this culture. The store employee turnover rate in the retail industry is generally high. Excessive store employee turnover may result in higher employee costs associated with finding, hiring and training new store employees. The Group's labour costs are subject to many external factors, including unemployment levels, prevailing wage rates, collective bargaining arrangements, insurance costs and changes in employment and labour legislation. Any increase in labour costs may adversely impact the Group’s profitability, or, if the Group fails to pay such higher wages, it could suffer increased employee turnover, which may in turn have a material adverse effect on the Group’s business, operating income and overall financial condition.

The e-commerce business is expanding, also within the home textile segment, and the development of the e-commerce business may challenge Kid's competitive position in the Norwegian interior textile market

Kid has traditionally operated its business through physical sales stores across Norway. Due to the expanding e-commerce business, home textile products have in recent years been made available for customers online. This development challenges Kid's traditional and existing concept and may make it easier for new participants to enter the market. Increased competition may lead to a decline in the demand for Kid's products which in turn may have a material adverse effect on the Group's business, operating income and overall financial condition.

Consumer preferences are changing rapidly and consumers' concern with environmental issues such as reducing the consumption of products may lead to a reduced turnover

A part of Kid's concept is to introduce new collections of products according to seasonal happenings throughout the year. Around 30-40% of the assortment consists of seasonal products. The success of this concept relies on consumers' interest in the replacement of various products. Changes in consumers' preferences and risk related to Kid’s ability to tailor products to the prevailing interior trends may have an effect on sales for Kid’s product portfolio. Other trends, such as increased environmental awareness and a focus on re-using previously purchased products may lead to decreased demand for the Company's products and have a material adverse effect on Kid's business, income and overall financial condition.

Kid's systems for auditing and monitoring its suppliers and sub-suppliers may not be effective in preventing that their employees operate under poor working conditions, are subject to child labour or contribute to pollution without Kid's knowledge, which may have a material adverse effect on Kid's business, income and overall financial condition.

Kid's business operations rely on suppliers and sub-suppliers for the manufacture of its products. Approximately 90% of the products are manufactured in Asia in countries such as China, India and Pakistan. Even though Kid has systems in place to monitor its suppliers, the employees of its suppliers or sub-suppliers may operate under poor working conditions. Furthermore the suppliers may use child labour or conduct polluting activities whilst manufacturing the products. In the event that such conditions are discovered, it might damage the Kid brand name and costs may incur related to changing supplier or changing the business practice for existing suppliers. Consequently, such issues may have a material adverse effect on Kid's business, income and overall financial condition.

Kid is reliant on information systems and any failure, inadequacy or security failure of those systems could harm the Group's ability to operate its business

Kid relies on information systems and any failure, inadequacy or security failure of those systems could harm the Group's ability to operate its business in the stores, the online store and the warehouse. Even though Kid has established systems for preventing such errors, theft or other similar critical occurrences or errors may considerably affect the business operations of the Group. Kid's facilities and systems may prove to be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and human errors or other similar events. Should such events occur they may have a material adverse effect on Kid's business, income and overall financial condition.

Kid only has one central warehouse and in event of a fire, flooding or other incident damaging the warehouse or the stored goods or other disruption in the supply to its customers such as problems with the logistic system, the operations are likely to be severely affected.

Kid has one central warehouse in Lier, which serves all stores and the Group's online customers. Should this warehouse be damaged in a fire, flooding or other event with similar consequences, or if the logistic system of the Company breaks down, the Group's operations will be substantially harmed. In the case of an event damaging the central warehouse the alternatives for the Group would likely be to move to another facility or operate with reduced capacity for a certain period of time. Such events will have a material impact on the Group and cause severe delays in the delivery of products to customers and thus may have material adverse effects on Kid's business, income and overall financial condition.

Kid is subject to risks associated with leasing substantial amounts of space

Kid leases all of its store locations, its corporate headquarter and warehouse. Kid currently occupies all of its stores under operating leases, typically with a term of five years, the majority of which contain renewal options for an additional five years. The Company’s lease agreement for the central warehouse and headquarter expires in 2030 and contains an option to renew the lease period for five years. The Company’s ability to maintain its existing rates or to renew an expired lease on favourable terms will depend on many factors which are not within its control, such as conditions in the local real estate market, competition for desirable properties and its relationship with current or prospective landlords. In the future, Kid may not be able to negotiate favourable lease terms and any inability to do so may cause the Company’s occupancy costs to increase in future years or it may force the Company to move its warehouse and storage facilities, or close or relocate stores. In addition, new or alternative facilities may not be available for lease at the desired time.

In addition, Kid's ability to lease suitable locations to open new stores depends upon its ability to obtain planning consent on satisfactory terms from local planning authorities and to negotiate satisfactory terms that meet the Company’s financial targets. Kid may not be able to successfully negotiate such lease terms, or may be unable to negotiate its release from obligations under leases in circumstances in which the Company delays or fails to open new stores in respect of the leased location. Furthermore, to the extent Kid closes or relocates existing stores, the Company may be committed to perform its obligations under the applicable lease including, among other things, paying rent for the balance of the lease term. If the Company is unable to terminate or renew existing leases or lease suitable alternative locations, or enter into leases for new locations on favourable terms, the Company's growth and profitability may be negatively impacted, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The interruption of the flow of products from international manufacturers could disrupt Kid's supply chain

The majority of the Company's products are produced outside Norway, primarily in China, India and Pakistan. Political, social or economic instability in Asia could cause disruptions in trade, including exports to Norway. Any event causing disruption of imports, including the insolvency of these suppliers or a significant labour dispute involving these suppliers could have an adverse impact on the Company's operations. Other events that could also cause general disruptions to imports to Norway include, among others, the imposition of additional trade law provisions or regulations and additional duties, tariffs and other charges on imports and exports, foreign currency fluctuations, natural disasters, war or acts of terrorism, restrictions on the transfer of funds, the financial instability or bankruptcy of manufacturers, and significant labour disputes, such as dock strikes. If there is an interruption of the flow of goods from international manufacturers or a disruption in the Company's supply chain, this could have an adverse impact on the Company's ability to manage inventory levels and distribute sufficient quantities of goods to its stores, which could result in a decrease in sales and have a material adverse effect on the Company's business, results of operations and financial condition.

Kid does not manufacture products and is dependent on the ability of its suppliers, the majority of which are located in foreign countries, to provide it with sufficient quantities of goods at acceptable prices, quality and specifications

The Company does not own or operate any manufacturing facilities and relies upon the timely receipt of satisfactory quality products from third-party suppliers. The Company's business is dependent on its relationships and contracts with the suppliers of its products. If a producer or supplier is unable to produce and/or ship orders to the Company in a timely manner, whether due to operational difficulties, such as a reduction in the available production capacity, or otherwise fails to meet the Company's manufacturing and product quality requirements, and the Company is unable to find alternative sources to provide substitute products, there could be a delay in the Company's ability to deliver products to its stores or respond to customer demands, which could have an adverse impact on customer confidence in the quality and value of the Company's brand and have a material adverse effect on the Company's business, results of operations and financial condition.

To the extent the Company is required to locate new suppliers or is unable to successfully negotiate new agreements with existing suppliers, the Company's costs may increase as a result of increased or additional sourcing costs or changes in payment terms from suppliers, and the Company may not be able to relay such costs to its customers, which could adversely affect the Company's business, results of operations and financial condition.

Kid has several suppliers abroad and faces customary risks related to operation in foreign countries

As the majority of the Company's suppliers are located abroad, the Company faces a variety of risks generally associated with doing business in foreign markets and with foreign entities. For example, the Company may be exposed to allegations of noncompliance with acceptable labour practices, applicable laws or fraud, bribery and corruption resulting from its sourcing in foreign markets, and there can be no assurance that the Company will be able to detect or prevent every such instance of this type of activity. The Company's internal controls can only provide reasonable assurance that the objectives of the controls are met, and to the extent that the Company is subject to civil or criminal penalties in any jurisdiction where its employees or agents engage in any impermissible or illegal activity, there could be fines, negative publicity and an adverse impact on the Company's brand and reputation, all of which could be could have a material adverse effect on the Company's business, results of operations and financial condition.

Cotton prices are volatile and are affected by numerous factors beyond the Group's control. High cotton prices may lead to increased costs for the Group which may adversely affect the Group's revenues and profitability.

A crucial production cost in the home textile industry is the price of cotton, since the raw material is used in the majority of home textile products. Thus, any changes in the cotton price will be reflected in the price of the finished products. Cotton prices are volatile and are affected by numerous factors beyond the Group's control, such as for example optimal weather conditions for cotton cultivation. Should the cotton price rise, the manufacturing costs of the Group will consequently increase, and the Company may not be able to relay such costs to customers, which again could adversely affect the Company's business, results of operations and financial condition.

The Norwegian Parliament is considering allowing stores to be open on Sundays which could lead to increased costs greater than the increase in sales resulting from the extended opening hours.

The Norwegian parliament is currently considering expanding the normal operating hours of stores to also include Sundays. If the legislation to allow for extended opening hours is enacted, the general costs of the Group may increase due to increased labour costs, use of electricity and other operating costs. There is no guarantee that the expected increase in sales resulting from extended opening hours exceeds the increased costs. Consequently extended opening hours for stores in Norway may have a material adverse effect on Kid's business, income and overall financial condition.

The USD exchange rate may fluctuate over time and consequently impact the profitability of the business and may have a material adverse effect on Kid's business, income and overall financial condition.

The recent rise of the US Dollar negatively affects the Group's cost of goods sold and revenue growth, as price increases necessary to counteract increases in costs can lead to reduced demand for the Group's products, offsetting the revenue effect from increased prices. Approximately 90% of the goods purchased by the Group are invoiced in USD. Consequently, a strong US Dollar leads to increased purchase costs. Even though increased delivery costs can sometimes be recovered by increasing the price of the Group's products, there is no guarantee that the demand will remain stable or rise after such a price increase. Thus, an increase in the NOK/USD foreign exchange rate may have a material adverse effect on Kid's business, income and overall financial condition.

Kid's revenue, operating profit, cash flows and inventory levels fluctuate on a seasonal basis and may be adversely affected by changes in sales during peak seasons and unusual weather conditions. Historically, the Christmas period has been an important selling period for Kid, with fourth quarter EBITDA typically accounting for approximately 50% of the full-year EBITDA.

Kid's strategy includes tailoring merchandise, store layouts, offers and marketing campaigns to attract customers during seasonal peaks. The Company utilises a campaign strategy to drive footfall and basket size throughout the year, but focuses specifically on magnifying the effect of the change in seasons. This is evident in the assortment strategy, where seasonal products account for approximately 35 to 45% in any Kid store. Kid's sales are therefore contingent upon variations in consumer habits throughout the year. Historically, the most significant season has been in the lead up to, and during, the Christmas holidays. In 2014, Q4 accounted for 35.2% of net sales and gross profit in Q4 represented 35.7% of the Company's total gross profit in 2014. 50.7% of the Company's EBITDA was created in Q4 2014.

As a result of the intra-year seasonal pattern, Kid will typically have negative cash flow during the first half of the year investing in working capital and inventory, and strongly positive cash flow towards the end of the second half of the year. Even though Kid has experienced strong sales in the fourth quarter of previous years, there is no guarantee that this will continue to be the case in the future.

2.2 Risks related to laws and regulations

Violations of and/or changes in laws, including employment laws and laws related to Kid's merchandise, could increase the costs of Kid's business or require a change or an adjustment in the way Kid does business

Kid is subject to numerous regulations relating to labour and employment, customs, truth-in-advertising, consumer protection, zoning and occupancy laws and ordinances that regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of stores and warehouse facilities. If these regulations were violated by the Group's management, employees or vendors, the costs of certain goods could increase, or Kid could experience delays in shipments of its goods, be subject to fines or penalties or suffer reputational harm, which could reduce the demand for Kid's merchandise and negatively affect its business and results of operations.

Similarly, changes in laws could increase the Group's operating costs or require the Group to change or adjust the Group's business operations. For example, changes in laws related to employee hours, wages, job classification and benefits could significantly increase operating costs. In addition, changes in product safety or other consumer protection laws could lead to increased costs for certain merchandise, or additional labour costs associates with readying merchandise for sale. It may be difficult for Kid to foresee regulatory changes impacting its business and the actions needed to respond to changes in the law could be costly and may negatively impact the Group's operations and in turn have a material adverse effect on the Group's operating income and overall financial condition.

2.3 Risks related to the Listing and the Shares

The Group will incur increased costs as a result of being a publicly traded company

As a publicly traded company with its shares listed on Oslo Børs, the Group will be required to comply with Oslo Børs' reporting and disclosure requirements and with corporate governance requirements. The Group will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations, including hiring additional personnel. The Group anticipates that its incremental general and administrative expenses as a publicly traded company will include, among other things, costs associated with annual and quarterly reports to shareholders, shareholders' meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could have a material adverse effect on the Group's business, operating income and overall financial condition.

The price of the Shares could fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly. Securities markets in general have been volatile in the past. Some of the factors that could negatively affect the price of the Shares or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Group's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in consumer preferences, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

There is no existing market for the Shares, and an active trading market may not develop

Prior to the Listing, there was no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop, or be sustained or that the Shares could be resold at or above the Offer Price. The market value of the Shares can be substantially affected by the extent to which a secondary market develops for the Shares following the completion of this Offering.

Future sales, or the possibility for future sales, including by the Selling Shareholder, of substantial numbers of Shares could affect the Shares' market price

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Offering, including by the existing Shareholder (which, following the Offering, will hold in aggregate between approximately 20% - 30% of the Shares depending on the number of Sale Shares sold in the Offering), or the perception that such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares or the Company to sell equity securities in the future at a time and price that they deem appropriate. Although the Company, the Selling Shareholder, directors and managers have agreed to be subject to restrictions, subject to certain exceptions, on their ability to sell or transfer their Shares for a period of 12 months (or in the case of the Company and the Selling Shareholder, 6 months) after the first day of trading of the Shares on Oslo Børs, the Managers may, in their sole discretion and at any time, waive such restrictions on sales or transfer during this period. Additionally, following this period, all Shares owned by the Selling Shareholder, directors, managers and other shareholders of the Company will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions.

Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. There is no assurance that the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to subscribe for or purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders could be diluted.

Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders (the "**General Meeting**"), existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares, and doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares registered in a nominee account (through brokers, dealers or other third parties) could be unable to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. See Section 15 ("Selling and Transfer Restrictions"). In addition, there is no assurance that shareholders residing or domiciled in the United States or other countries will be able to participate in future capital increases or rights offerings.

The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Company's Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Company has distributable reserves and the Company's Board of Directors finds such a declaration to be prudent when considering the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. As a general rule, the General

Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company is a public limited company organised under the laws of Norway. The majority of the members of the Company's Board of Directors and Management resides in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK

The Shares will be priced and traded in NOK on Oslo Børs and any future payments of dividends on the Shares will be denominated in NOK. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB being the Company's VPS Registrar, to issue a check in a local currency, a check will be issued in USD. The issuing and mailing of checks will be executed in accordance with the standard procedures of DNB. The exchange rate(s) that is applied will be DNB's rate on the date of issuance. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

Market interest rates could influence the price of the Shares

One of the factors that could influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Offering and the Listing described herein.

The Board of Directors of Kid ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Lier, 16 October 2015

Henrik Schüssler
Chairman

Bjørn Rune Gjelsten
Board member

Karin Bing Orgland
Board member

Vilde Falck-Ytter
Board member

Pål Frimann Clausen
Board member

4 GENERAL INFORMATION

4.1 Presentation of financial and other information

4.1.1 *Financial information*

The Group’s audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012 have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). The Group’s audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012 are together referred to as the "**Audited Financial Statements"** and are included in Appendix B to this Prospectus. The Group’s unaudited interim consolidated financial statements as of, and for the three- and six-month periods ended, 30 June 2015 and 2014 (the "**Interim Financial Statements**"), have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") are included in Appendix C to this Prospectus. The Audited Financial Statements and Interim Financial Statements are together referred to as the "**Financial Statements**". The Audited Financial Statements have been audited by PricewaterhouseCoopers AS, as set forth in their auditor’s report included herein. PricewaterhouseCoopers AS has issued a review report on the Interim Financial Statements, as set forth in their report on review of interim financial information included herein.

The Company presents the Financial Statements in NOK (presentation currency).

4.1.2 *Non-IFRS financial measures*

In this Prospectus, the Company presents certain non-IFRS financial measures and ratios:

- Like-for-like growth represents the underlying performance against previous years. It is presented as the percentage change in same-store sales in the year compared to the prior year. The stores included in calculating like-for-like growth are redefined annually at the beginning of the year. Same-store sales include stores that have been temporarily closed due to refurbishment, relocation or expansion in the applicable period. Stores that have been permanently closed are excluded from the like-for-like calculation.
- EBITDA represents operating income before depreciation and write-downs ("**EBITDA**").
- EBITDA margin represents EBITDA as a percentage of total operating revenue.
- Capital expenditures represent the sum of purchases of fixed assets and intangible assets.

The non-IFRS financial measures presented herein are not recognised measurements of financial performance under IFRS, but are used by Management to monitor and analyse the underlying performance of the Company’s business and operations. Investors should not consider any such measures to be an alternative to profit and loss for the period, operating profit for the period or any other measures of performance under generally accepted accounting principles.

The Company believes that the non-IFRS measures presented herein are commonly used by investors in comparing performance between companies. Accordingly, Kid discloses the non-IFRS financial measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods. Because companies calculate the non-IFRS financial measures presented herein differently, the non-IFRS financial measures presented herein may not be comparable to similarly defined terms or measures used by other companies.

4.1.3 *Industry and market data*

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in this Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 ("Risk factors") and elsewhere in this Prospectus.

4.1.4 *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.2 Forward-looking statements

This Prospectus includes forward-looking statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. All forward-looking statements included in this Prospectus are based on information available to the Company, and views and assessments of the Company, as at the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words "anticipate", "assume", "believe", "can", "could", "estimate", "expect", "intend", "may", "might", "plan", "should", "will", "would" or, in each case, their negative, and similar expressions, as they relate to the Company, the Group or its management, are intended to identify forward-looking statements. The Company can give no assurance as to the correctness of such forward-looking statements and investors are cautioned that any forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Company and its subsidiaries operate.

Factors that could cause the Company's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to, the competitive nature of the markets, in which the Company operates, technological developments, government regulations, changes in economic conditions or political events. These forward-looking statements reflect only the Company's views and assessment as at the date of this Prospectus. Factors that could cause the Company's actual results, performance or achievements to materially differ from those in the forward-looking statements include, but are not limited to, those described in Section 2 ("Risk factors") and elsewhere in this Prospectus.

Forwards-looking statements are found in Sections 5 ("Industry and market overview"), 6 ("Business of the Group"), 9 ("Operating and financial review), 10 ("Board of directors, management, employees, corporate governance"), 11 ("Corporate information") and 15 (Additional Information").

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

5 INDUSTRY AND MARKET OVERVIEW

5.1 Introduction

Kid is a specialist home textile retailer in the Norwegian home and interior textile market, controlling and operating all its physical stores, as well as an online sales platform. The product assortment ranges from curtains and bed linens to home accessories and decorations. The main competitors consist of other specialist home textile retail chains and independent stores, but also home and furniture retailers and other adjacent retail concepts. Kid's strategy is to provide an attractive value proposition to its customers through high quality, Kid-branded products and an inspirational assortment at affordable prices, with store proximity and ease of use.

5.2 General economic and demographic drivers

The world economy has gradually improved since the weak period following the financial crisis in 2007-2008, although with continued high levels of uncertainty and variability. The US employment rate is approaching a normalised level[1] while leading market indices have continued to climb upward. Sentiment has also gradually improved in Europe, although at a somewhat muted pace due to uncertainty created by the Greek debt crisis and other economies with significant debt levels. A recent fear of decelerating growth and weak economic indicators in the emerging markets caused a worldwide market correction in late August, however markets stabilised relatively quickly.

Norway has in the years since the trough of the financial crisis delivered steady growth and low unemployment, mostly due to a robust economy and favourable terms of trade. Even after the decline in oil prices last year the Norwegian economy has continued growing, albeit at a slower pace, as the central bank has been able to adjust interest rates to support the domestic economy, and exchange rate movements have strengthened the competitiveness of export industries and domestic producers. Still, there is ample room for increased monetary stimulation if growth turns out weaker than expected. The key policy rate in Norway is currently 0.75%, which is one of the highest rates in both the Nordic region and Europe. Unemployment has risen from the low point of 3.2% in 2014 to 4.3% following the recent slowdown in the economy, which is nonetheless low relative to other countries in Europe and the US.[2] Norway has a strong track record of fiscal policy, with a significant budget and current account surplus driven by tax revenue from the oil industry that is allocated to the country's sovereign wealth fund, which is currently valued at NOK 7.04 trillion.[3] Returns from the fund are partly used to finance the national budget, with the fund providing additional budget support during downturns and less support during booming periods, ensuring a counter-cyclical fiscal policy. Norway also has a proven monetary policy framework with flexible inflation targeting and a macro prudential policy, implying that inflation, economic activity and the potential build-up of financial imbalances are taken into account when setting the key policy rate.[4] This further supports the argument that the Norwegian economy will be a safe environment going forward.

5.2.1 *Positive and stable GDP growth in Norway is expected to continue*

Norway has the highest gross domestic product ("**GDP**") per capita adjusted for purchasing-power-parity ("**PPP**") compared to other relevant European economies as

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[1] U.S Bureau of Labor Statistics, Labor Force Statistics From Current Population Survey, accessed 13 October 2015

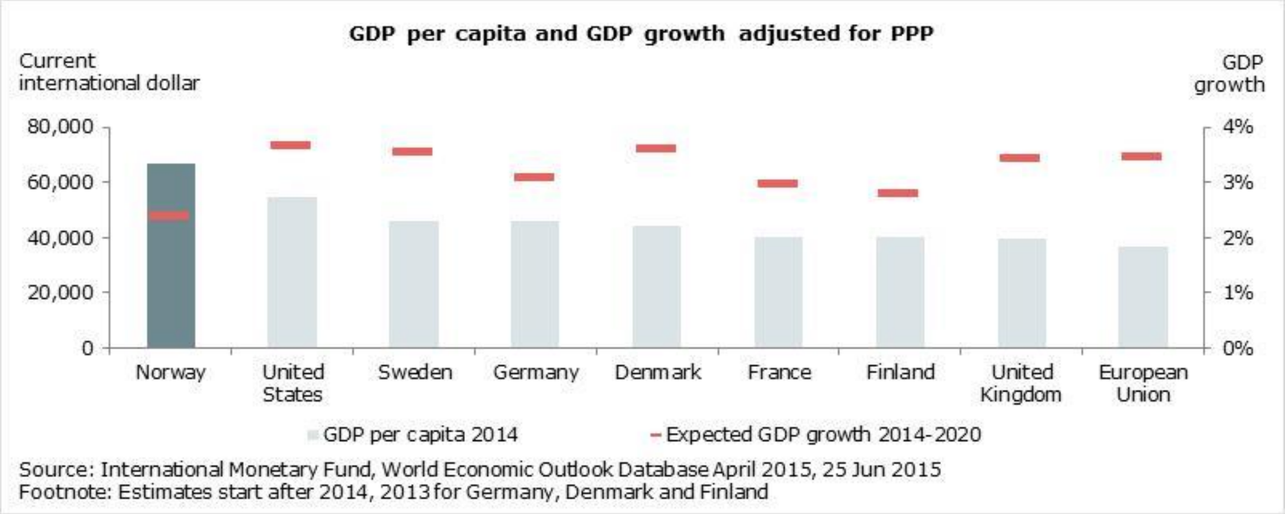
[2] Statistics Norway, Labour Force Survey Seasonally Adjusted Figures July 2015, accessed 28 September 2015

[3] Norges Bank Investment Management (NBIM), NBIM.no, accessed 28 September 2015

[4] Norges Bank (Norwegian Central Bank), Monetary Policy Report With Financial Stability Assessment 2/15, accessed 18 June 2015

shown in the below chart and the European Union.[5] Based on data from The International Monetary Fund's ("**IMF**") World Economic Outlook Database from April 2015, this is expected to continue. GDP growth adjusted for PPP has been lower for Norway than for comparable economies. The compounded annual growth rate ("**CAGR**") between 2000 and 2014 was 2.6% for Norway, whereas the European Union achieved a CAGR of 3.0%. Going forward, the near term outlook in Norway has weakened due to the lower oil price and a slowdown in offshore investments. GDP adjusted for PPP is expected to grow by 0.8% in 2015 and 1.9% in 2016 before stabilising at 2.9% in 2018. Growth is expected to be higher in Europe, which may be a positive sign for the Norwegian economy as it reduces uncertainty related to trading partners and the general global economic activity.

The chart below presents GDP per capita and GDP growth adjusted for PPP for Norway and other relevant countries.



Source: International Monetary Fund, World Economic Outlook Database April 2015, 25 Jun 2015
Footnote: Estimates start after 2014, 2013 for Germany, Denmark and Finland

5.2.2 *Norway has the highest expected population growth rate among comparable countries over the next five years*

Population growth rates have slowed to almost zero in advanced economies over the last decade. Being a fundamental driver for economic growth and total retail sales it can have a potentially significant impact on economic activity. From 2000 to 2014 Norway experienced an annual population growth rate of 1.0%, which is high relative to comparable European countries. Norway is expected to maintain a slightly higher population growth rate of 1.1% from 2014 to 2020, generating a strong and positive impact on domestic demand.[6]

The chart below shows the expected population growth rate from 2014 to 2020 for Norway and other relevant countries:

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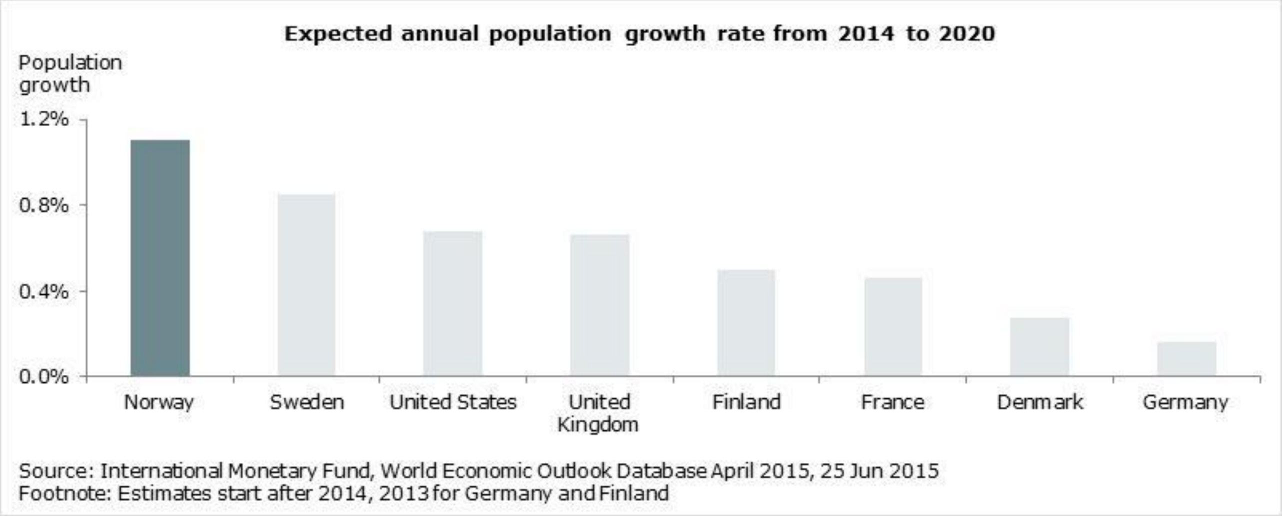
[5] International Monetary Fund, World Economic Outlook Database April 2015, accessed 25 June 2015

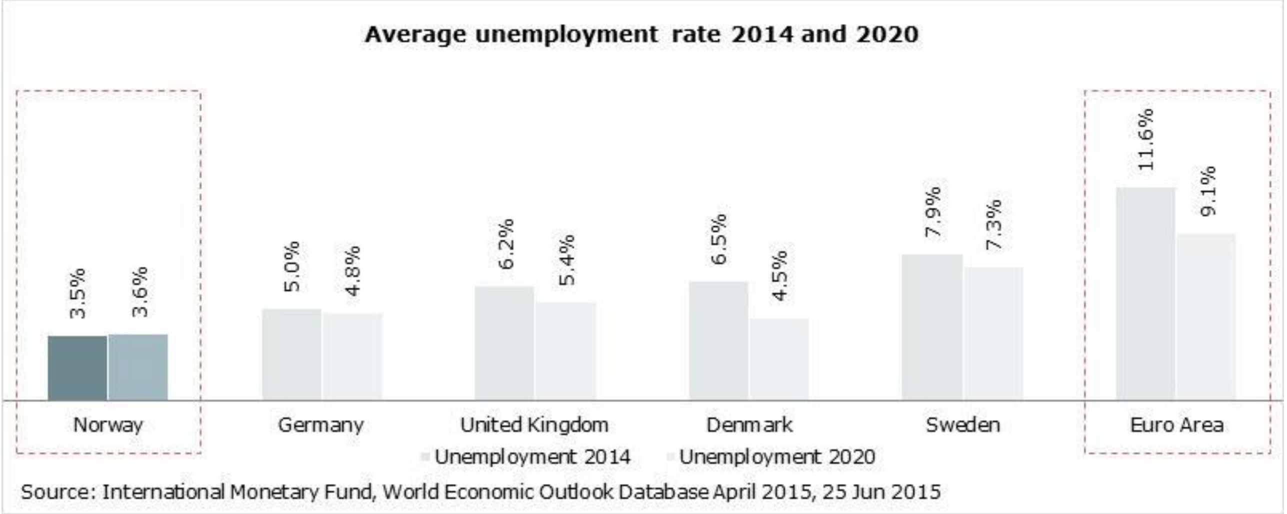
[6] International Monetary Fund, World Economic Outlook Database April 2015, accessed 25 June 2015



5.2.3 *Low unemployment in Norway, with the long term rate expected to be low despite a recent uptick due to lower activity in the oil sector*

Norway has experienced a low and relatively stable unemployment rate, ranging between 2.5% and 4.6% in the period from 2000 to 2014, considerably lower than most other economies. The average unemployment rate in Norway in 2014 was 3.5%, compared to an average unemployment rate of 11.6% in the Euro Area. Following the decline in the oil prices and recent slowdown in economic growth in Norway, the unemployment rate has increased to 4.3% by June 2015[7], which is still low relative to other countries in Europe and the US. The increase is likely to be viewed as temporary, as the Norwegian government has signalled several measures to stifle the growing unemployment, to be presented in October as part of the fiscal budget for 2016. Increased spending on infrastructure, research and education is also planned by the Norwegian government[8]. In April 2015 the WEO, after the recent uptick in unemployment, still expected the unemployment rate in Norway to decrease to 3.6% by 2020, whereas the Euro area is expected to have an unemployment rate of 9.1%.[9]

The chart below presents the average unemployment rate in 2014 and 2020e for Norway and selected other comparable countries



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[7] Statistics Norway, Labour Force Survey Seasonally-Adjusted Figures April 2015, accessed 07 July 2015

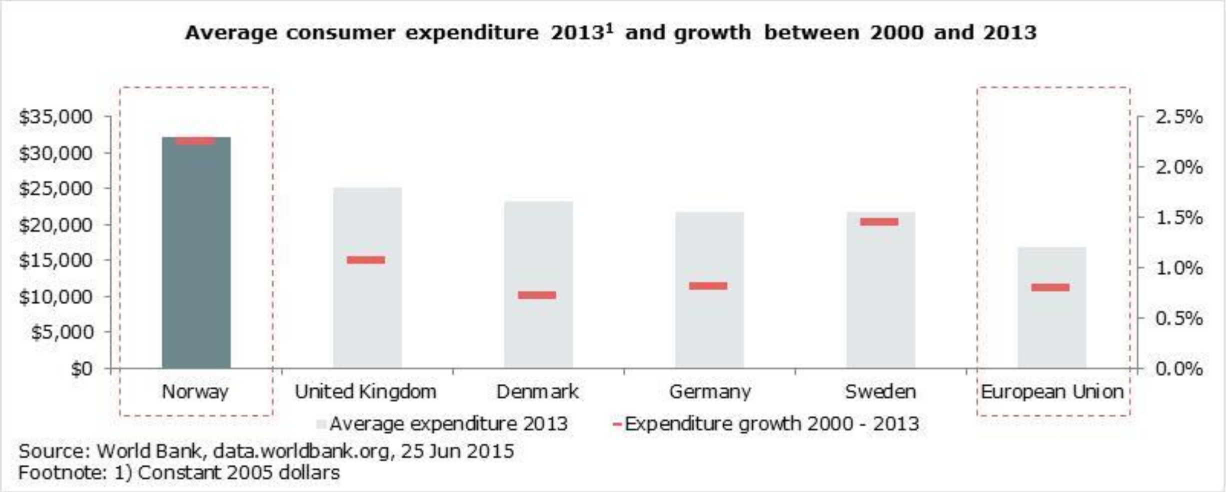
[8] International Monetary Fund, Norway, Staff Report for the 2015 Article IV Consultation, 30 July 2015, accessed 28 September 2015

[9] International Monetary Fund, World Economic Outlook Database April 2015, accessed 07 July 2015

5.2.4 *Growth in consumption expenditure, consumer confidence and retail sales*

Norway has one of the highest consumption levels per capita in the world, with the average consumer expenditure being 91% higher than the average for the European Union in 2013.[10] Historically Norway has also had the highest consumer expenditure growth rate, posting annual growth of 2.2% between 2000 and 2013. In comparison, Sweden has experienced annual growth of 1.4% and the European Union has seen annual growth of 0.8%.

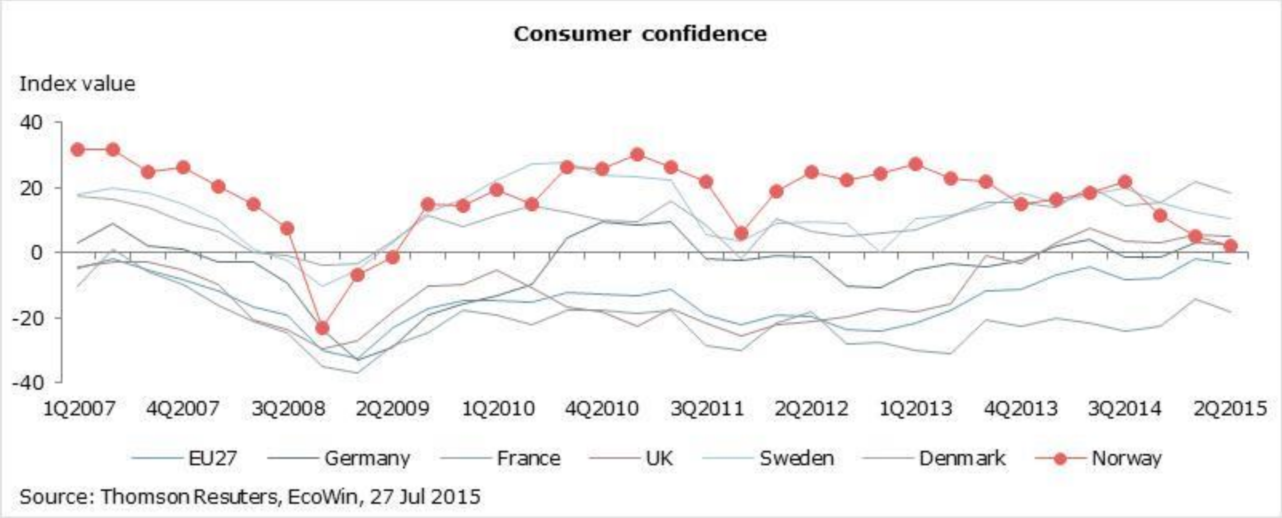
The chart below shows average consumer expenditure in 2013 and the growth rate from 2000 to 2013 for Norway, selected European countries and the European Union.



Source: World Bank, data.worldbank.org, 25 Jun 2015
Footnote: 1) Constant 2005 dollars

Consumer confidence in Norway has had a declining trend since the third quarter of 2014, and saw its lowest value in September since the financial crisis in 2008/2009. The weak sentiment is primarily driven by a slowdown in oil and gas related sectors, which many fear will have a spillover effect on the rest of the economy.

The chart below shows the consumer confidence in Norway, other Nordic countries and selected European countries over time



Source: Thomson Resuters, EcoWin, 27 Jul 2015

Economic policy has been supporting economic growth and taking action to address the current sentiment in Norway. The Central Bank has reduced the key policy rate two times in 2015. The Norwegian Krone has depreciated significantly, increasing the competitiveness of domestic export industries and producers. In addition, moderate

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[10] World Bank, data.worldbank.org, accessed 07 July 2015

wage settlements in 2015 have also helped improve labour competitiveness[11].

Other indicators, such as real estate prices and motor vehicle sales are still growing at a reasonable rate despite the fall in the consumer confidence index[12]. These alternative proxies for consumer sentiment indicate higher optimism than captured by the consumer confidence level, as an investment in a new car or real estate indicates a positive outlook over a longer time horizon.

Overall, household consumption has held up fairly well considering the development in the economy and consumer confidence. The seasonally adjusted volume retail sales have averaged about 3.2% higher in 2015 compared to the corresponding month in 2014, albeit dropping below the average in August. Textiles and furnishing articles sales have, however, performed below the market benchmark. Textiles and furnishing articles sales dropped -0.6% in July year-over-year and -8.1% in August year-over-year[13]. The negative growth may have been driven by poor summer weather affecting the seasonal assortment sales figures, price increases among retailers to compensate for higher sourcing costs as the USD has appreciated, as well as lower consumer sentiment.

5.3 Home and interior market key drivers and trends

5.3.1 *High interest in interior and strong growth in refurbishment expenditure*

The interest for interior design and redecoration in Norway is increasingly strong, as evidenced by growing popularity of home improvement television programs and interior design magazines. It is estimated that the Norwegian population spent approximately NOK 66 billion on refurbishment in 2014[14], including amongst other home improvement and construction products, interior and exterior paint and isolation. Refurbishment expenditure grew at an annual rate of 5.6% between 2010 and 2014.[15] The strong growth is also underpinned by growing wages and low interest rates. Another available market gauge to quantify the increasing popularity of interior design and refurbishment is the annual growth in magazine readership. Out of the top five fastest growing magazines in Norway, three are interior design magazines and they each have more than 100,000 monthly readers.

In the figure below to the left the annual refurbishment expenditure in Norway is presented, to the right the top five fastest growing magazines in Norway are displayed.

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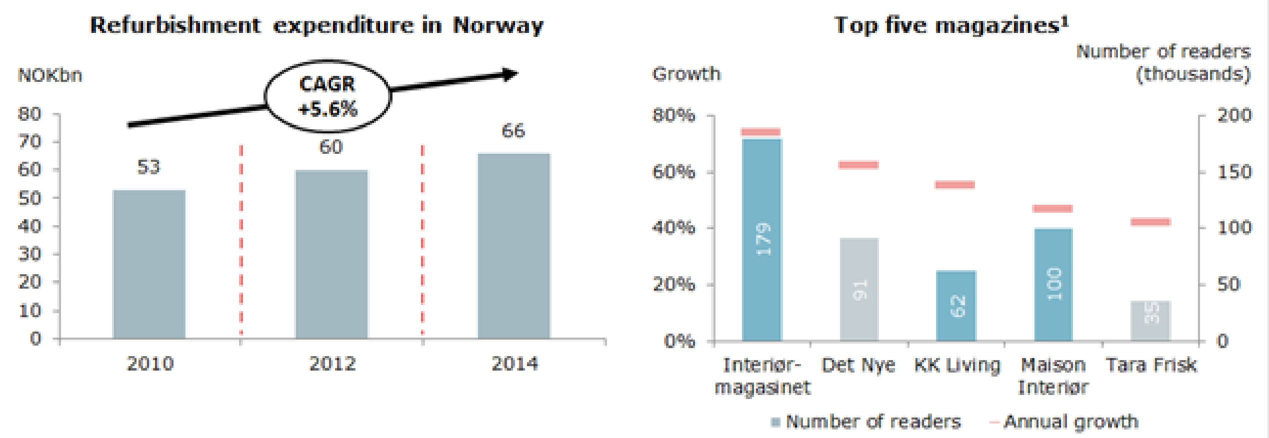
[11] International Monetary Fund, Norway, Staff Report for the 2015 Article IV Consultation, 30 July 2015, accessed 28 September 2015

[12] Statistics Norway, House price index, accessed 28 September 2015; Norwegian Road Federation, New Car Sales Statistics, accessed September 28 2015

[13] Statistics Norway, Index of retail sales for textile and furnishings, accessed 28 September 2015

[14] Prognosesenteret, Halve Norge Foretar Oppussing av Boligen 25 February 2015, accessed 25 June 2015

[15] Prognosesenteret, Halve Norge Foretar Oppussing av Boligen 25 February 2015, accessed 25 June 2015. E24; Vi pusser opp for 60 milliarder i aar, 21 September 2012, accessed 25 June 2015; Dagbladet, Pusser opp for milliarder, 12 October 2010, accessed 25 June 2015

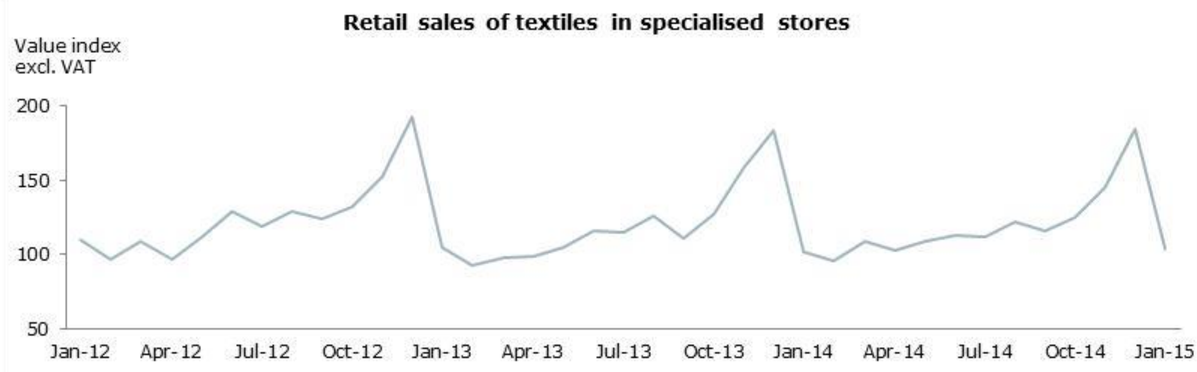


Source: Prognosesenteret, Halve Norge Foretar Oppussing av Boligen 25 February 2015, 25 Jun 2015. e24, vi pusser opp for 60 milliarder i aar 21 September 2012, 25 Jun 2015. Dagbladet, Pusser opp for milliarder 12 October 2010, 25 Jun 2015. Mediebedriftene, Magasiner og Ukeblader 15 Januar, 25 Jun 2015. Note: 1) Dark blue indicates interior magazine.

5.3.2 *Strong seasonal patterns within sales of home textile products*

Spring starts in April and lasts until late May. By then, most of the winter snow has melted and colourful spring flowers decorate trees and the ground. Summer in Norway lasts from June to mid-August. During these months, the days are long, sunny and warm. Autumn starts when the new school term starts in mid-August, and often presents nature's colours of red, orange and yellow. During the winter, the general climate in Norway is characterised by below freezing temperatures and snowfall. Furthermore, the Christmas season proves an excellent opportunity to give gifts to family and friends, and to create a nice home for the Christmas festivities. The distinct seasons induce households to decorate their home differently during the year, often expressing colours and themes representative for the current season. Also, varying temperatures represent the need for thicker or thinner down duvets, blankets, and other seasonal products. To best match consumer demand, about 35% to 40% of the product assortment in a Kid store is seasonal, peaking around Christmas.

The chart below shows retail sales of home textiles in specialised stores by month from January 2012 to January 2015



Source: Statistics Norway, Index of Retail Sales, 25 Jun 2015

5.3.3 *Increasing importance of women as consumers*

Norway has experienced robust consumption growth, with annual growth in consumption for one-person households of 3.8% between 2000 and 2012, and 5.7% between 2006 and 2012.[16] Restricting the sample to females only, the growth rates are 4.3% and 6.3% respectively, indicating that females represent an attractive and growing market.[17]

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[16] Statistics Norway, Survey of Consumer Expenditure 2012, accessed 25 June 2015

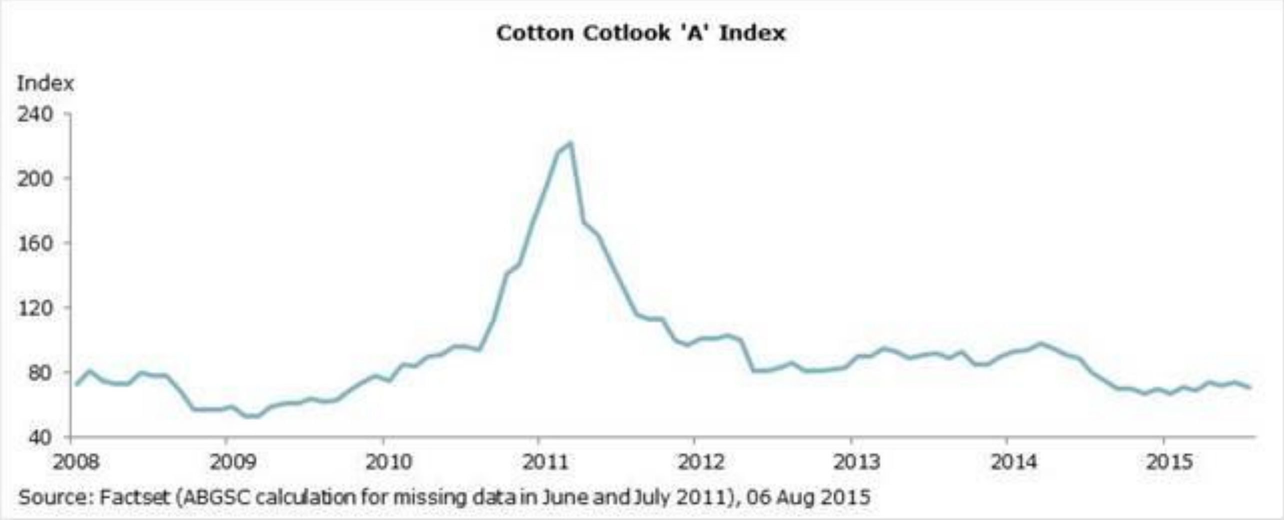
[17] Statistics Norway, Survey of Consumer Expenditure 2012, accessed 25 June 2015

Women are the key target group for Kid, and represent a large majority of the Company's customers. Kid has decided to target women specifically as they generally are more interested in home decoration than men, and historically have been responsible for creating the family home.

5.3.4 *Variation in raw material prices for key commodities used in Kid's products*

An important part of the production cost in home textiles is the price of cotton, since cotton is used in the majority of home textile products. Thus, any changes in the cotton price will be reflected in the price of the finished product if margins are to be kept constant. According to the Cotton Cotlook A Index the cotton prices have been falling steadily since 2011, with a slight pick-up in the beginning of 2015.

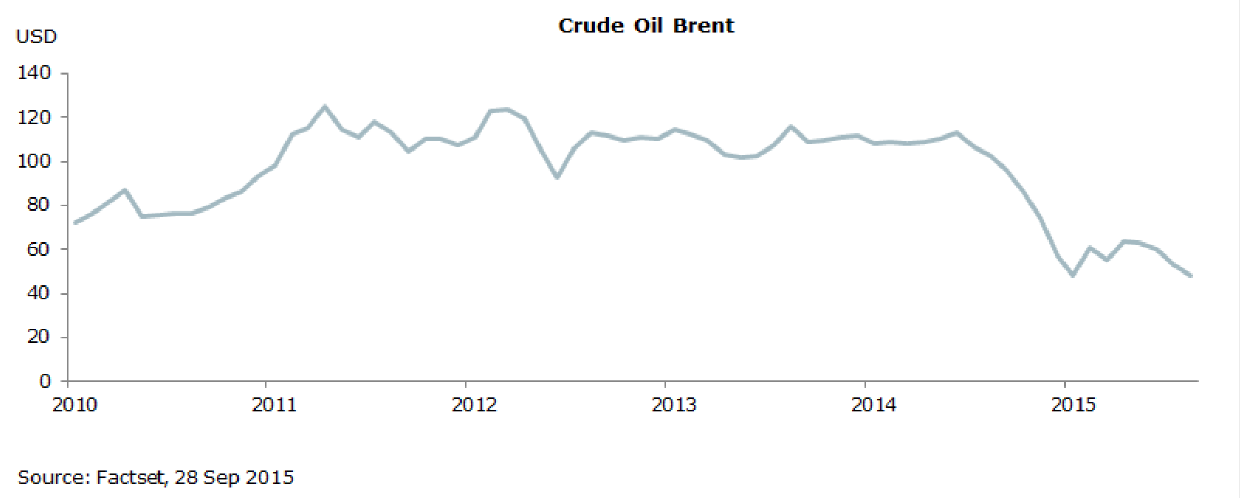
The chart below shows the Cotton Cotlook A Index from January 2008 to August 2015:



Source: Factset (ABGSC calculation for missing data in June and July 2011), 06 Aug 2015

In addition, fluctuations in oil prices may affect cost of goods sold in the home textiles industry in two ways. Firstly, it affects input costs in synthetic textiles like polyester and hard materials like plastic. Secondly, the cost of transport can be significantly impacted by changes in the oil price, especially when sourcing from abroad.

The graph below shows the crude oil brent price from January 2010 to August 2015:

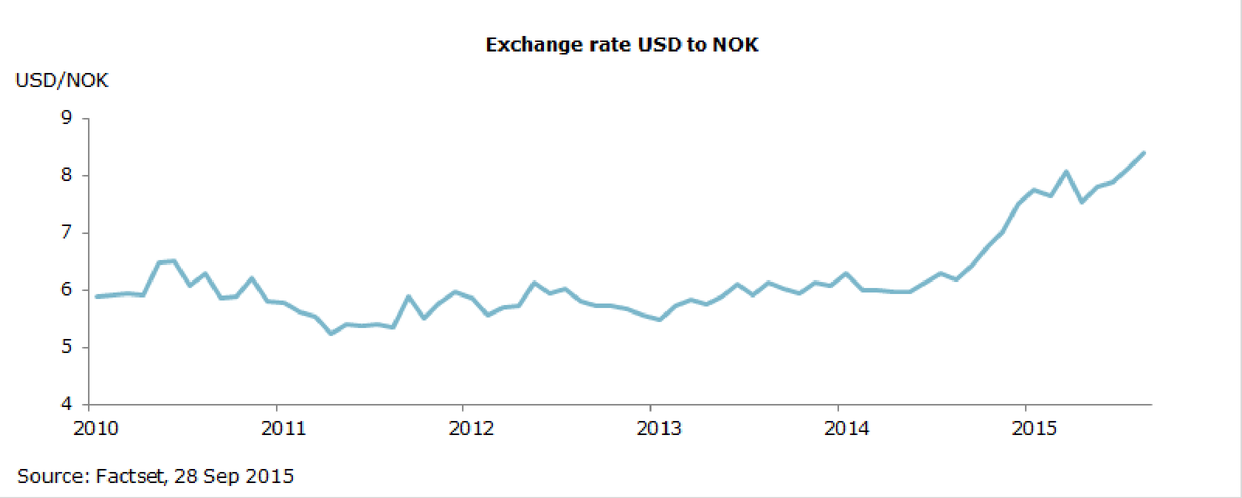


Source: Factset, 28 Sep 2015

5.3.5 *Variation in exchange rates for currencies used as payment to suppliers*

The industry sources the majority of products abroad, often in USD denominated prices. Accordingly, the USD to NOK exchange rate is of significant importance, since any appreciation in the exchange rate directly increases the sourcing costs. Very few of the home textile retailers sell internationally, including Kid, and thus they do not benefit from exchange rate appreciations. Prior to the decline in the oil price, the USDNOK exchange rate fluctuated steadily between 6 and 7. However, following the drop in oil prices, the rate has appreciated considerably, and is currently around 8.6[18].

The chart below presents the USD to NOK exchange rate:



Source: Factset, 28 Sep 2015

5.4 Home and interior market structure

The Norwegian home and interior market amounted to NOK 34.3 billion in 2014, with specialised retailers capturing approximately 85% of the market and the remainder by other retailers such as Europris and Nille. The home and interior market can be segmented into kitchen furniture retailers, furniture retailers, kitchen equipment retailers, home textile retailers and other interior retailers (selling products such as lamps, carpets and wall coverings). The largest part of the home and interior market is captured by furniture retailers such as IKEA and Bohus, representing approximately 50% of the overall market. Specialised home textile retailers like Kid, Princess and Hansen & Dysvik capture about 11% of the market. The retailer segmentation based on the main product type differs from a pure product segmentation, as a furniture-focused retailer such as IKEA can offer products in multiple categories within the overall home and interior market.

The figure below displays the market share for the different retail segments in the home and interior market

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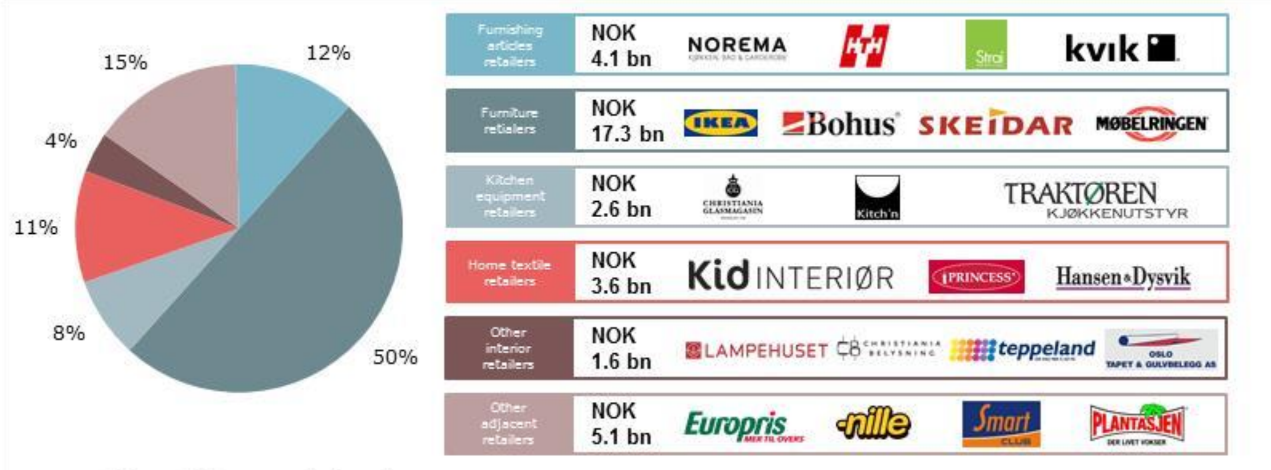
[18] Norges Bank, Exchange rate for US Dollar, 28 September 2015

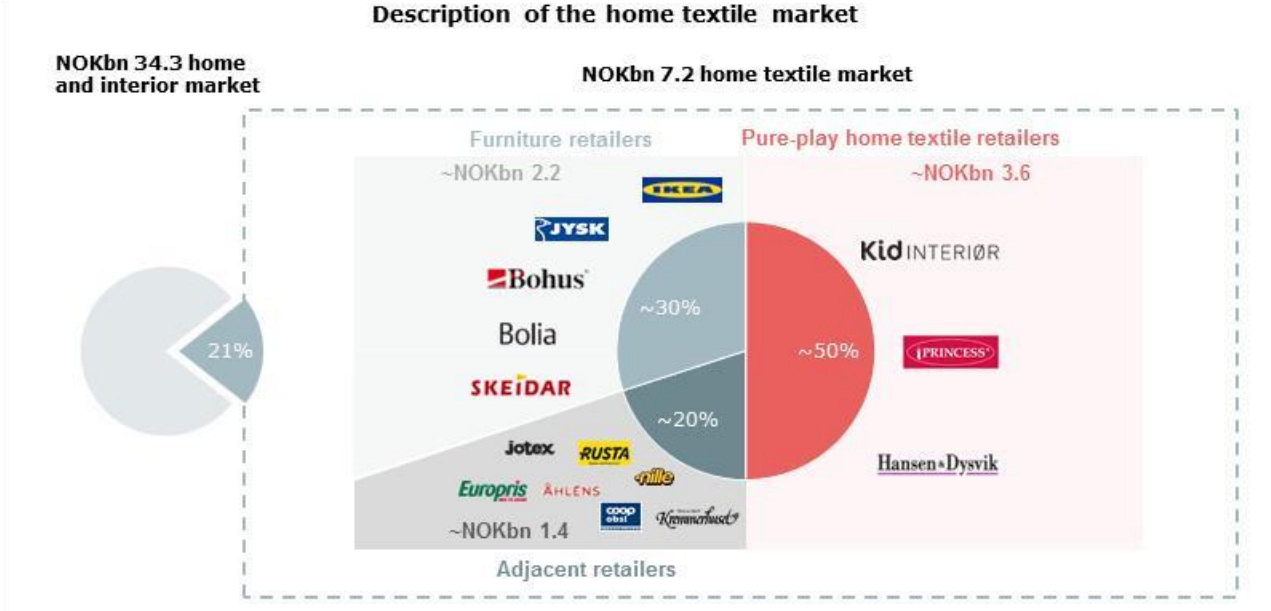


Source: Virke, Møbel- og Interiørbransjene 2014, 25 Jun 2015

5.4.1 *The home textile market*

The home textile market includes products like curtains, bed linens, pillows and duvets, table linens, kitchen textiles, decorative pillows, blankets, accessories and other interior decoration related products. A key characteristic of the home textile market is a low presence of brands, with the large majority of products being sold under the chains' own brands. Branded products in the market are typically in the premium category, with brands like Lexington, Gant, Ralph Lauren and Missoni. The total home textile market is estimated to be worth about NOK 7.2 billion, or 21% of the home and interior market. Specialised home textile retailers account for about 50% of the home textile market.

The figure below displays the market division of the home and interior market and the home textile market.



Source: Virke, Møbel- og Interiørbransjene 2014, 25 Jun 2015. Company presentations, 25 Jun 2015

5.4.2 *Home textile retailers revenue and product price development*

After several years of strong growth, home textile retailers experienced negative growth in 2011 and 2013. Over the last ten accounting years, from 2005 to 2014, the home textile industry has grown by 20.4%, with 5.7% of the growth occurring over the last five years.[19] On average for the last ten years home textile retailers' revenue has grown

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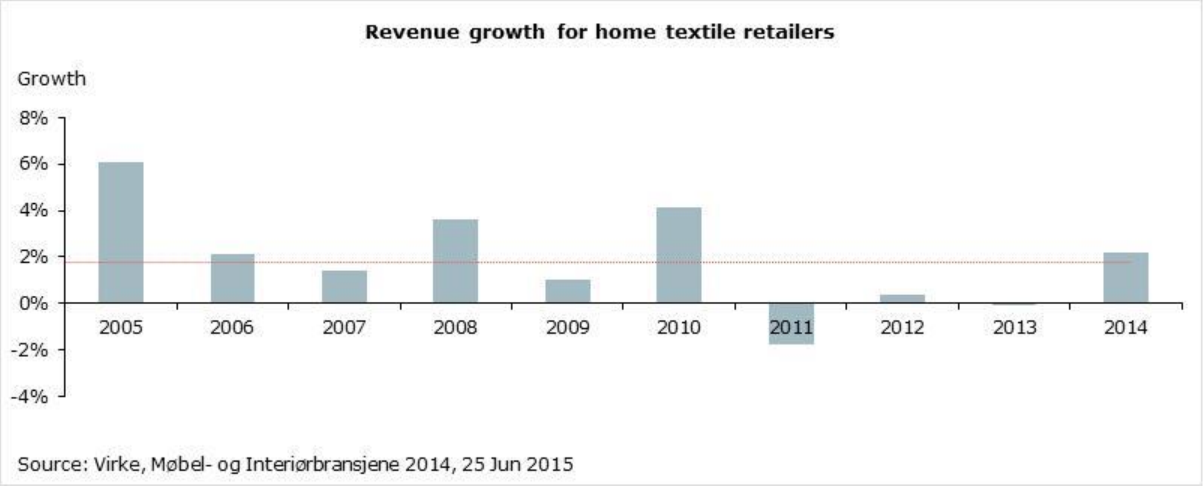
[19] Virke, Møbel- og Interiørbransjene 2014

with 1.9% annually.

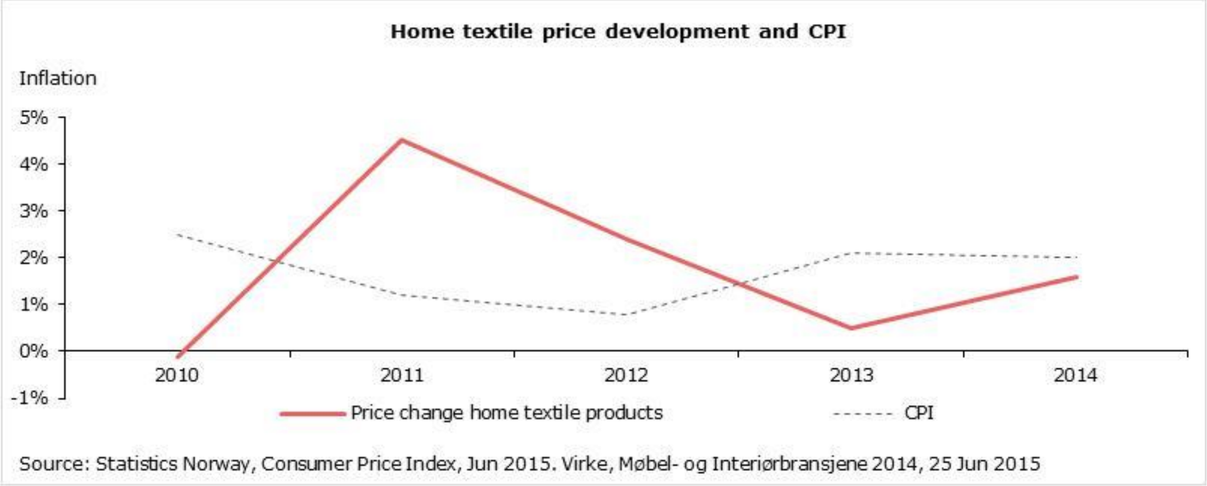
The chart below presents the revenue growth for home textile retailers from 2005 to 2014:



Source: Virke, Møbel- og Interiørbransjene 2014, 25 Jun 2015

Price development for home textiles was negative between 2001 and 2006, but since 2007 prices have increased every year with the exception of 2010. Last year prices on home textiles increased with 1.6%, which is close to the consumer price index ("**CPI**").

The chart below shows the price development in home textile products versus the CPI:



Source: Statistics Norway, Consumer Price Index, Jun 2015. Virke, Møbel- og Interiørbransjene 2014, 25 Jun 2015

5.5 Competitive landscape

The competitive landscape in the home textile market is fairly complex with many different retailers who claim a share of the revenues. In terms of revenue, Kid is the largest home textile retailer and Princess is its only sizeable direct competitor. However, there are several other retailers (e.g. IKEA, Europris, Skeidar) that do not operate directly in the home textile market, but still sell the products as part of a larger assortment.

The figure below shows an illustrative positioning of the different competitors:

Competitor positioning

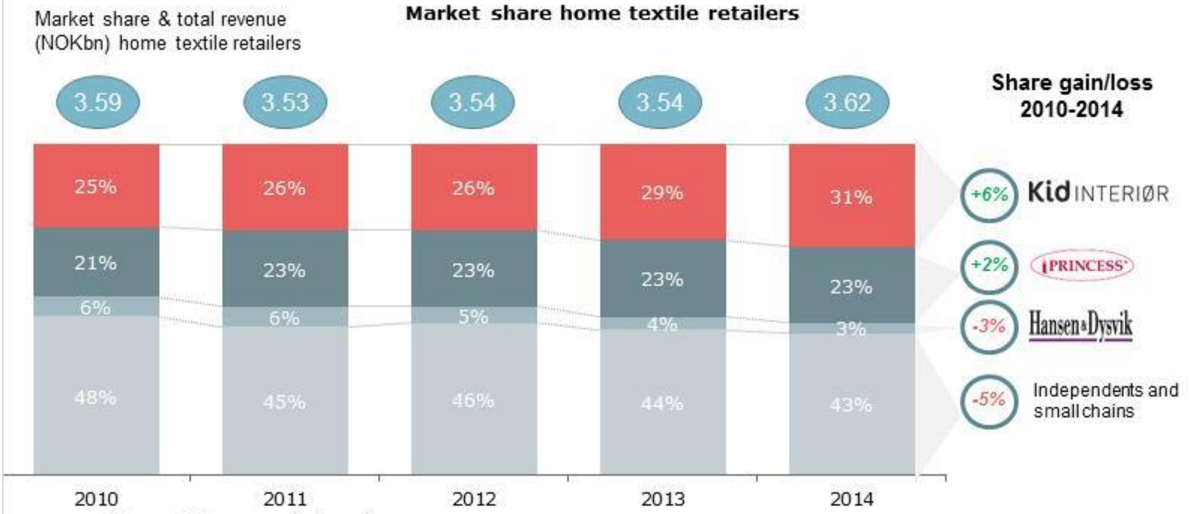
Source: Company presentations, 25 Jun 2015

5.5.1 *Home textile retailers*

The most prevalent retailers in the home textile market are specialist home textile retail chains, with assortment focused around the three main product categories curtains, bed linens, and pillows and duvets. The main participants in this market are Kid, Princess and Hansen & Dysvik. Kid is the market leader with 31% of sales among home textile retailers, followed by Princess with 23%. A large share of the retailers focusing on home textiles is independent stores and smaller chains. From 2010 to 2014, Kid has increased its market share with about 6%, while the market size has remained fairly stable.

The chart below presents the market share development for the different players in the home textile market during the period from 2010-2014:

Market share home textile retailers



Source: Virke, Møbel- og Interiørbransjene 2014, 25 Jun 2015

The store sizes for the home textile retailers are typically in the area of 400 to 450 square meters (sqm) with stores located in shopping centres and highly frequented shopping streets, providing customers with store proximity and ease of use. Store operations vary between franchise and self-owned stores for the different market participants. Below is a brief description of Kid's main competitors.

Princess: Currently the closest competitor to Kid and historically the market leader. The retail concept is similar to that of Kid, with store size around 450sqm and central location at shopping centres and frequently visited shopping streets. Prices are set close to competitors with marketed discount campaigns occurring around the year. Most of the assortment is based on year-round products, with the remainder being made up of seasonal and trend based products. In 2014 Princess had sales of NOK 856 million and at the end of 2014 there were 154 stores, implying revenue per store of approximately NOK 5.6 million annually.[20] Princess had a market share of 23% in 2014.[21]

Hansen & Dysvik: Oslo- headquartered home textile retailer operating 37 stores, where 26 are owned and 11 are franchised. Hansen & Dysvik is currently attempting to move towards a pure franchise model. The assortment is focused on curtains, bed linens and pillows and duvets, but blankets, towels, decoration items and accessories are also significantly represented. Stores are around 450sqm and located in shopping centres and city centres, providing for easy access and drop-by stops. Products are presented in a home-like way to create inspiration and increase the chance for impulse purchases. Hansen & Dysvik had revenues of NOK 121 million in 2014 and a market share of around 3% in 2014.[22]

Independent retailers: In addition to the home textile retail chains, there are several independent home textile retailers with one or few stores. These retailers have a varying degree of market strength, ranging from retailers with a long-standing position in the local community to newer start-ups trying to enter the market. According to Virke most start-ups in the home and interior market are within the interior articles segment, and over the last five years more than 300 bankruptcies have been recorded. These independent retailers are often relying on a strong relationship with the community, or an ability to bring something unique to the market in the form of brands, trends or design. A common trait is low economies of scale and thus high prices, distinct store profiles and small store sizes. Some of the more notable independent retailers include Tinnies Hus, Bolina, Ting, Loftet Interiør and others that sell furniture, curtains, carpets, pillows, blankets and other interior items.

5.5.2 *Furniture retailers*

Retailers focused on furniture are often significantly larger in terms of store size and revenue than the specialist home textile retailers, and they capture about 30% of the home textile market. The largest companies include IKEA, Jysk, Bohus, Skeidar, Bolia and Slettvoll, with IKEA being the dominant player. Their product assortment is normally focused around furniture, with home textiles only having a secondary role.

The retail concept varies considerably between the abovementioned market participants. On one side of the spectre there are no-frills retailers that frequently offer some of the lowest price points in the market, often with less focus on quality. Stores are larger and located in the outskirts of cities and established communities, reducing ease of shopping and drop-in visits. Products are displayed after product groups to make them easier to locate. On the other side there are more high-end retailers that offer premium products from renowned brands at higher price points. Store sizes can vary considerably, but location is usually in shopping centres or highly frequented shopping streets, providing proximity and ease of use for the customer. Products are presented in a home-like manner to create inspiration and motivate redecoration and purchases. Below is a brief description of Kid's main competitors among the furniture retailers.

IKEA: The world's largest furniture retailer is also a significant player in the home textile market. The retail concept is based on a wide assortment of IKEA-branded products offered at low prices. Stores are large and located in the peripheries of cities and large

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[20] Dividing 2013 revenues on 2014 store count does not provide an exact revenue per store number

[21] Virke, Møbel- og Interiørbransjene 2014

[22] Virke Møbel- og Interiørbransjene 2014

communities. Inside the stores the display areas and pick-up areas are separated. Products are often placed according to product areas, but with some areas of the store dedicated to displaying home-building and inspiration. IKEA is not the typical drop-in store of choice for home textiles, but it can generate a significant amount of home textile sales to customers that are already in the store looking for larger items like furniture or a complete home interior renewal.

Jysk: International furniture retailer from Denmark operating under the slogan "everything for your home". Jysk operates more than 2,200 stores in 37 countries with annual revenue of EUR 2.8 billion. The assortment mostly consists of furniture, but duvets, pillows, bed linens, bed sheets, curtains and much more also makes up a large part of their collection. Store sizes are in the mid-sized range, and are often located in city centres and shopping centres. Products are presented in product groups, providing ease of shopping, but less inspiration.[23]

Bohus: Norway's largest furniture retailer with annual revenue of NOK 3 billion, it operates 60 furniture warehouses and has a market share of about 20%. Aside from furniture, the retailer also offers bed linens, bed sheets, curtains, pillows, blankets, carpets and different accessories. Bohus' prices are low, but not market leading. Products are presented to bring associations to a homely setting, with stores still being easy to navigate. The stores are large and located in the outskirts of cities and larger communities, reducing ease of access.[24]

Skeidar: Norwegian furniture retailer with 43 stores at the end of 2014 and annual revenue of NOK 2.1 billion in 2014. The assortment ranges from high quality to budget friendly products, and it includes strong brands like Ekornes, Brunstad, Hjellegjerde, Hødnebø, Svane, Jensen, Wonderland and BoConcept. Product groups that are covered in Skeidar's assortment include duvets, pillows, bed linens, bed sheets, blankets, carpets, curtains and more. Store sizes are typically in the larger end of 4.600sqm and located outside cities and communities.[25]

Bolia: A high-end furniture producer and retailer from Denmark that designs and sells its own furniture in Norway, Denmark, Sweden, Germany and online. Its assortment is focused on customisable furniture, but other items such as pillows, blankets, carpets, decoration items, and lighting are also part of its regular assortment. Bolia typically locates its stores in city centres and at shopping centres, with stores being mid-sized. Products are presented in a home-like fashion to inspire customers, and store proximity and door delivery for larger items motivate drop-by stops and impulse purchases.[26]

Slettvoll: Stranda, Norway based furniture producer and designer that offer high-quality, customisable furniture. It operates 19 stores in Norway and Sweden with the assortment including furnite, as well as other products such as carpets, pillows, blankets, lighting, and accessories. Stores are typically in the mid-size range and located in city centres and shopping malls. Products are presented to inspire home-building with focus on quality and comfort, and prices are set to enhance a feeling of exclusivity and quality.[27]

5.5.3 *Adjacent retailers*

The adjacent retailers mostly consist of department stores, discount and general retailers. The assortment is often far wider than for specialist and furniture retailers, with everything from food and nutrition to toys and tools. These retailers capture about 20%

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[23] Jysk, jysk.no/om-jysk, accessed 30 June 2015

[24] Bohus, bohus.no/om-bohus, accessed 30 June 2015

[25] Skeidar, skeidar.no/om-skeidar, accessed 30 June 2015

[26] Bolia, bolia.com/nn-no/om-bolia, accessed 30 June 2015

[27] Slettvoll, slettvoll.no/om-slettvoll, accessed 30 June 2015

of the home textile market. The most noteworthy companies include Nille, Jernia, Coop Obs!, Maxbo, Rusta and Europris. Although the retail concept varies, most of the chains have a *one-store-for-everything* strategy, with products being a mix of private labels and third-party brands offered at low prices and with low quality. Store sizes vary, but are often in the larger end of the spectrum, and located in the city outskirts. Below is a brief description of Kid's main competitors among the adjacent retailers.

Coop Obs!: Hyper market retail concept with 31 stores and a product range of about 30,000 different articles. The assortment covers close to everything including duvets, pillows, bed linens, towels, bed sheets and more. Stores size is around 4,900sqm and stores are located in the outskirts of cities and larger communities. Revenues per store vary between NOK 120 to 730 million. The retail concept is one-store-for-everything where products are presented to make the shopping experience as simple and tidy as possible with little focus on inspiration.[28]

Europris: Norwegian discount retailer with headquarters and main warehouse in Fredrikstad, Norway. 70% of stores are self-owned and 30% franchised. The assortment is wide with everything from personal grooming products to electrical tools, but it also includes bed linens, curtains, bed sheets, blankets and other accessories. Europris products are presented in groups to increase ease of shopping, and stores are often mid-sized and located outside cities and communities.

Nille: A leading discount retailer with more than 360 stores in Norway and over 30 stores in Sweden, with annual revenues of NOK 1.7 billion. The assortment is highly seasonal and adjusts for mother's day, father's day, Valentine, Halloween, Christmas, summer and more. The products include towels, blankets, pillows and other accessories.[29] Stores are typically between 100 and 400sqm and located in shopping centres and city centres.[30] The retailer focuses on impulse purchases with low prices and high assortment turnover.

5.5.4 *Online retailers*

The market for online retail of home and interior products was estimated at NOK 2.3 billion in 2014. Retailers that are mainly focused on online sales or mail-order captures NOK 546 million worth of revenues from the market. This represents a 43% increase compared to 2013.[31] The majority of the online sales is captured by retailers like Kid, Princess, Hansen & Dysvik, IKEA, Jysk, Bolia and others that operate both physical and online stores. The most notable market participant focused on home textiles that only operates an online store is Jotex, which is a part of the online clothing retailer Ellos. The online market for home and interior products is less developed than many other online markets, which may be due to the large share of private labels and the limited ability for pure online retailers to get a foothold by selling established brands at competitive prices.

The chart below displays revenues for retailers strictly focusing on online sales of home textile products:

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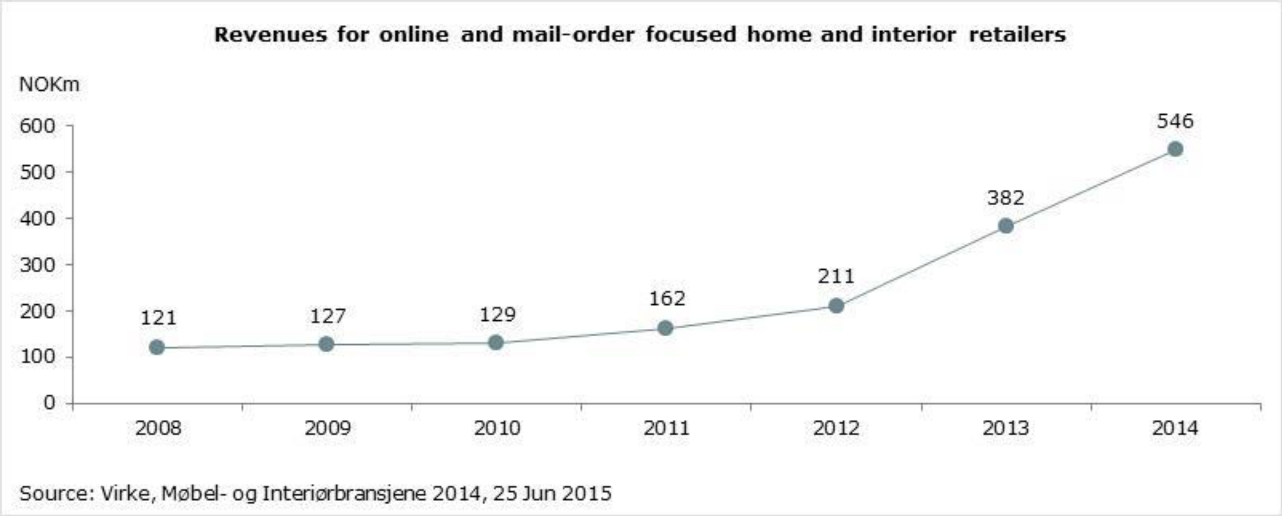
[28] Coop Obs!, Annual Report 2013, p. 22, 30 June 2015

[29] Nille, nille.no/om_nille_s9.html, accessed 30 June 2015

[30] Nille, nille.no/etablering_s47.html, accessed 30 June 2015

[31] Virke, Møbel- og Interiørbransjene 2014



Source: Virke, Møbel- og Interiørbransjene 2014, 25 Jun 2015

Jotex: The most notable specialist retailer in the home textile market, purely operating through an online store and mail-order with no physical stores. The company operates in Sweden, Norway and Finland, with all activity occurring in Borås, Sweden.[32] Prices are set very close to other home textile competitors, in Norway represented by Kid and Princess. The assortment covers curtains, bed linens, carpets, pillows, blankets and much more. Jotex operates a Facebook profile, an Instagram account and a YouTube account where they offer inspirational pictures and movies for their followers. All orders are charged a freight cost of NOK 49.90.[33]

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[32] Jotex, Jotex i Korthet, accessed 30 June 2015

[33] Jotex, Kjøpsinformasjon, accessed 30 June 2015

6 BUSINESS OF THE GROUP

6.1 Overview

Kid is a leading Norwegian retailer in the home textile market, typified by products like duvets, pillows, curtains, bed linens and other accessories and decorating items. Currently Kid operates a total of 128 wholly-owned stores in Norway (126 as of year-end 2014), in addition to an online store. In 2014, Kid had a market share of 31% among the Norwegian home textile retailers, making it the largest player in the market in terms of revenue. Kid reported total operating revenues of NOK 1,136 million and EBIT of NOK 164 million in 2014, corresponding to an EBIT margin of 14.3%. From the year ended 31 December 2012 to the year ended 31 December 2014, the Company was the fastest growing by revenue of the Norwegian home textile retail chains, with a CAGR in operating revenue of 11%[34], relative to the market growth of 2%.[35]

Kid's business model is based on ensuring full control of the value chain from the design phase, until the products are displayed in stores across the country. Accordingly, the Company has an in-house design team that ensures all products are tailored to the Kid concept. Furthermore, direct sourcing ensures that the Company has complete control over the price and quality of their products. More than 97% of the products sold are part of the Kid brand, with more premium products categorised in sub-brands like Dekosol and Nordun. Approximately 90% of the products are manufactured in Asia from countries like China, India and Pakistan.

The Company strives to maintain a high standard of corporate social responsibility, obligating all suppliers to sign its code of conduct as part of the sales contract and regularly performs social audit and quality control of its main suppliers. The audits are carried out on a rotating basis every three to six years and primarily targeted at Kid's suppliers within the top 80% in relevant countries. If issues are discovered during the audits, the Company seeks to address this towards the supplier and contribute towards changing routines or implement other changes if deemed necessary.

Kid also has an in-house marketing team that develops marketing material and, along with the store operations team, ensures a unified execution of campaigns and store standards to enable a consistent shopping experience based on best-practices. In addition, the Company has an internal logistics function that secures optimized transportation costs, timely deliveries and efficient replenishment of stores. In June 2015, the Company moved to a new modern warehouse in Lier, which serves all stores and from 15 September 2015 will also be serving the online customers. The replenishment is 99% automated based on inventory levels, and it takes approximately 24-72 hours from order to delivery, depending on location. The structure ensures there is minimal margin leakage throughout the value chain thereby maximising the return for the Company.

6.2 History

An overview of certain key events in the history of Kid is set out below:

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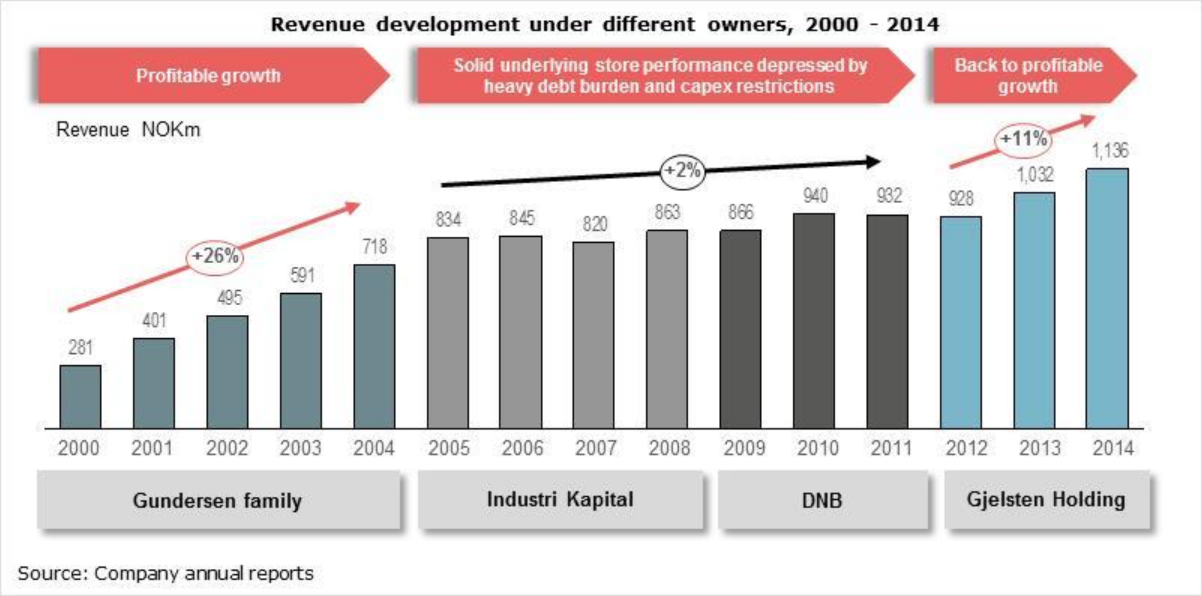
[34] Kid Interiør Annual Report 2014, 2013, 2012

[35] Virke, Møbel og Interiørbransjene 2014

Date	**Important material events**
1937	The JAG shoe factory was established by the Gundersen family
1953	The first store was opened, selling shoes and the first woollen versions of the duvet
Late 1970s	Increased focus on interior textiles. Started own production of products.
1997	The third generation Gundersen takes over the retail chain
2005	Majority share of Kid sold to IK Investment Partners. Expansion into Sweden
2007	Exit from Sweden and sale of Swedish subsidiary "Kid Hemtextil AB"
2009	DNB Bank ASA takes control of Kid
2012	Gjelsten Holding acquires 100% of Kid
2013	Online store opened
2015	Relocated to new headquarter and warehouse. 50% of stores refurbished to new in-store concept



Revenue development under different owners, 2000 - 2014

Source: Company annual reports

The Company has had four owners the last 14 years, growing from 46 stores in 2000 to 126 physical stores and one online store in 2014. Between 2000 and 2004, the Company was still in an entrepreneurial phase and in the hands of the third generation Gundersen family, growing at a CAGR of 26%.

In 2005, the family sold the business to the private equity group IK Investment Partners (IK), with the vision of expanding the successful business to Sweden. To fund the expansion, IK increased leverage significantly and ramped up the organisation. However, a challenging start in Sweden combined with high debt led to financial difficulties.

DNB Bank ASA took over the Company in 2009, abandoning the Swedish expansion to re-focus on the Norwegian market. Under DNB's control, management emphasized cost control and debt repayment with limited attention to growth opportunities and development of the Kid concept.

In 2012, Kid was sold to Gjelsten Holding. The Company blossomed under the new owner through a re-vamped growth strategy with emphasis on new store openings, store upgrades and creative assortment development. This resulted in strong revenue growth, growing at a compounded rate of 11% between 2012 and 2014. Today, Kid is the market leading home textile retailer in Norway with a 31% market share.[36] The Company is continuing its successful growth initiatives, with a recent focus on developing its online strategy.

6.3 Competitive strengths

Kid is confident that they have multiple key competitive strengths that separate them from their competitors. These strengths have enabled the Company to achieve significant growth whilst maintaining a market leading position.

6.3.1 *Star performer within the Norwegian home and interior market, focused on an attractive market niche*

In terms of revenue Kid is the market leader in the Norwegian home textile market[37], and enjoys high standing among the key demographic. The Company primarily sells products under its own brands, either using the Kid brand or selected sub brands to achieve premium pricing and higher margins. In the period from 2010 to 2014 Kid has increased its market share among the home textile retailers from 25% to 31%[38], while simultaneously improving its market standing. See Section 5 ("Industry and Market Overview") for more details on Kid’s market leading position in the home textile retail market.

6.3.2 *Exceptionally strong home textile retail concept with strong brand recognition in the Norwegian market*

Kid offers customers a strong value proposition: consistent quality products at affordable prices. The value proposition can be broken down into five key-elements:

Value for money retail	Kid’s main strategy is to offer products that customers perceive as having significant value for money. Kid has always been at the forefront of sourcing products at attractive prices, which enables the Company to offer great deals at great prices. Kid offers good deals to customers through discount campaigns. In order to give the customer choices, the Company operates with three distinct pricing levels within each assortment category. This allows the Company to appeal to different consumers based on price consciousness and perceived quality.
Wide assortment	Kid’s assortment is divided into 13 different product categories, which all have a wide range of designs and products available for customers. A key strategy for the product developers is to make sure the assortment offers products such that everyone will find something they like. Three different "trend stories" each season form the basis for the design philosophy, and secures that products in each style fit together and provide a uniform and holistic expression across the assortment. Thus, matching/complementary colours and products are found within each trend story providing excellent opportunities for upselling.
Treasure hunting	Key for the product development is to always offer selected popular products at unbeatable value, creating a "*bargain hunting shopping experience*" where customers can discover great deals. The extensive product assortment is continuously updated and new items introduced so that regular customers always will find something new and exciting, drawing them back to the stores on a frequent basis.
Affordable	Kid seeks to offer consistent quality products at affordable prices, and

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[36] Market defined as a total revenue of pure-play home textile retailers

[37] Virke, Møbel- og Interiørbransjene 2014

[38] Virke, Møbel- og Interiørbransjene 2014

quality products	the message is frequently communicated to customers. Kid is constantly working with suppliers to ensure adequate and consistent quality, driving product innovation through continuous communication with suppliers. Kid has also started with developing its own category brands, such as Dekosol and Nordun, which have even stronger focus on quality and signals this to customers.
Inspiration	Kid wants to inspire and motivate their customers to redecorate and create beautiful homes. In all marketing material Kid display the products in everyday life, and the different trend stories ensure that there is something for everyone.

Kid has strong brand recognition in Norway. In the key demographic segment, Norwegian women above the age of 20, approximately 97% are familiar with the brand.[39] Kid also shows the strongest unaided top of mind awareness among a broader set of competitors, with 21% naming Kid the first interior store they can think of.[40] In addition, Kid is the preferred shopping destination across the most important age groups and target audiences.[41] In total, Kid is the preferred shopping destination for home textiles, where 21% stated that they were familiar with the Kid brand and preferred shopping there. Compared with competitors Kid has a unique position, only matched by Nille which operates more than 360 stores[42] in comparison to the 128 stores in addition to the online store operated by Kid at the time of the analysis.

Source: Vizeum research, Kampanjeevaluering – Vår April/Mai 2015, 02 Jul 2015

In total, Kid has a very good standing within its key customer demographics. About 30% of women below 30 consider Kid their preferred shopping destination for home textiles. The corresponding figure for women 30 to 39 and women 40+ is 20% and 19%, respectively.[43] Kid also has a market leading brand ambassadorship, with 56% of respondents saying they would recommend Kid to friends and family.

According to customer surveys, Kid is also the preferred shopping destination for the most important product categories, namely curtains, bed linens, duvets and pillows, and decorative pillows and blankets. Together these categories represent 62% of Kid's

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[39] Opinion Research, Rapport for Kid Interiør: Kategoritracker 16. mars 2015 (Not a public source of information)

[40] Opinion Research, Rapport for Kid Interiør: Kategoritracker 16. mars 2015 (Not a public source of information)

[41] Vizeum Research, Kampanjeevaluering – Vår April/Mai 2015 (Not a public source of information)

[42] Nille, nille.no/om_nille_s9.html, accessed 07 July 2015

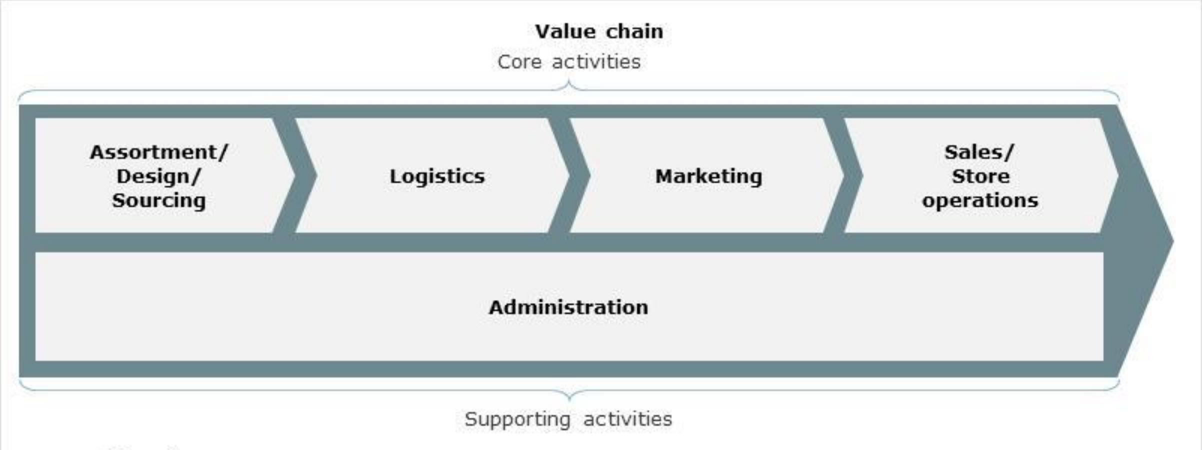
[43] Vizeum Research, Kampanjeevaluering – Vår April/Mai 2015 (Not a public source of information)

revenue, and Kid is the preferred retailer in all categories, with 41% of customers stating that they prefer Kid for bed linens, 45% for curtains, 37% for duvets and pillows, and 36% for decorative pillows and blankets.[44]

Source: Opinion research, Rapport for Kid Interør: Kategoritracker 16. mars 2015, 02 Jul 2015

6.3.3 *A fully integrated value chain with control over all critical aspects of the business*

Kid emphasizes the importance of controlling the entire value chain from the earliest design idea, until the sale is completed in the store. This focus has enabled Kid to reduce margin leakage to a minimum. The Company owns and operates all stores in the chain, and has all critical functions in-house. This is essential for being able to move fast in product and assortment development, have efficient sourcing and logistics with continuous improvement focus. The ownership of the stores is also essential in order to fully control appearance and product focus in stores and to have the ability to control staffing in line with sales development.



Source: Kid Interiør

Assortment, product design and sourcing: A strong assortment and category team is continuously working on developing the Kid concept, and there is strong cooperation across the organization for creating a unified and holistic product portfolio. The figure below shows the process from product development through to the products is displayed in the store. The trend boards will form the basis for what Kid will communicate to its customers over the coming months, and will ensure consistency between products, marketing, campaigns and store layout which again will provide a holistic and unified Kid experience for customers.

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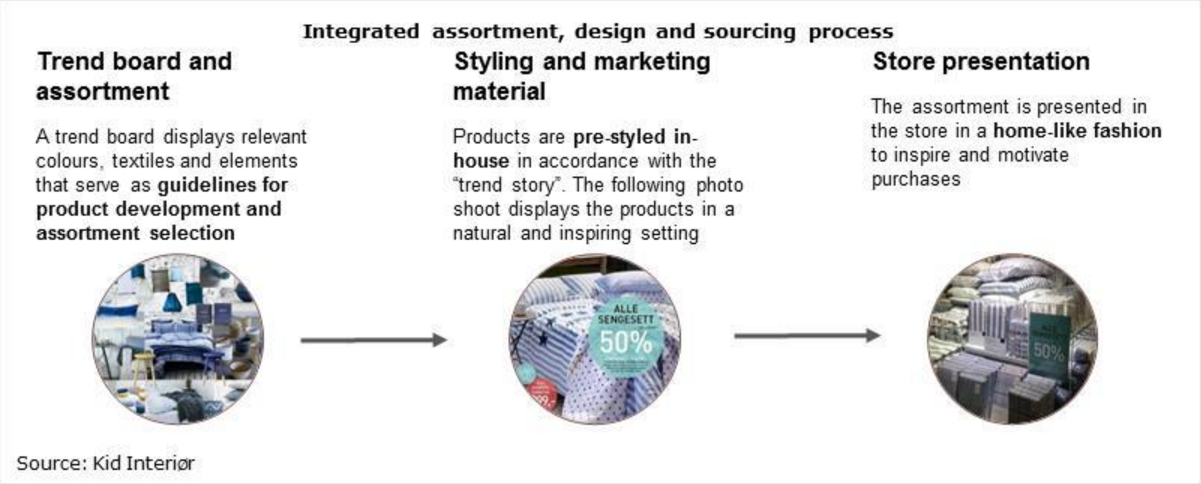
[44] Vizeum Research, Kampanjeevaluering – Vår April/Mai 2015 (Not a public source of information)



Integrated assortment, design and sourcing process

Trend board and assortment

A trend board displays relevant colours, textiles and elements that serve as **guidelines for product development and assortment selection**

Styling and marketing material

Products are **pre-styled in-house** in accordance with the "trend story". The following photo shoot displays the products in a natural and inspiring setting

Store presentation

The assortment is presented in the store in a **home-like fashion** to inspire and motivate purchases

Source: Kid Interiør

The assortment and category teams work closely with suppliers in order to determine the optimal sourcing for new and existing products, and actively manage the supplier portfolio to minimise costs of goods and supplier risk. When the season's assortment is ready, suppliers are located and production contracts agreed. Kid uses several suppliers for increased flexibility and to reduce dependency on any single supplier. The internally managed sourcing with direct and longstanding relationships to the suppliers provides Kid with excellent control over cost and quality. In addition, the fact that prices and volumes are centrally managed provides Kid with a high degree of control over gross margins.

Logistics: In-bound logistics are secured through partners, and deliveries are made to an internally managed warehouse in Lier. An internal outbound logistics function provides Kid with low transportation costs, deliveries on time and highly efficient store replenishment.

Marketing: The in-house marketing function increases flexibility and reduces lead times, laying the ground for tighter and better coordination of campaigns, while at the same time reducing costs. A fully owned store network makes it easier to adjust store layout and appearance to fit with the overall campaign theme, as well as to display products that are highlighted in the campaigns. There is a common communication focus that returns in every Kid campaign to ensure brand consistency and top of mind awareness. The four focus elements in the market communication are: value for money, wide assortment, inspiration and quality.

Sales and store operations: Kid operates a fully owned store network of 128 stores (as of Q2 2015) across the country and one online store with focus on tight store integration in terms of store layout and presentation. To ensure store consistency Kid has systematic routines in place to inform and guide employees on coming campaigns. Before the season begins each store receives the seasonal store presentation guide. The guide is meant to educate personnel on the seasonal themes and how the designers worked with the collection and the underlying inspiration. The guide also includes a full overview of all products for the coming season. In addition to the seasonal store presentation guide, each store receives a campaign recipe and marketing overview. The campaign recipe is meant to educate store personnel on the upcoming campaign and includes store layout instructions, in-store marketing material and which marketing channels will be utilised for the campaign. The marketing overviews present a detailed overview over the products that will be displayed in the Direct Marketing magazines, TV, radio, online etc. Thus, store employees are familiar with requests from customers referring to products they have seen or heard about in a Kid advertisement.

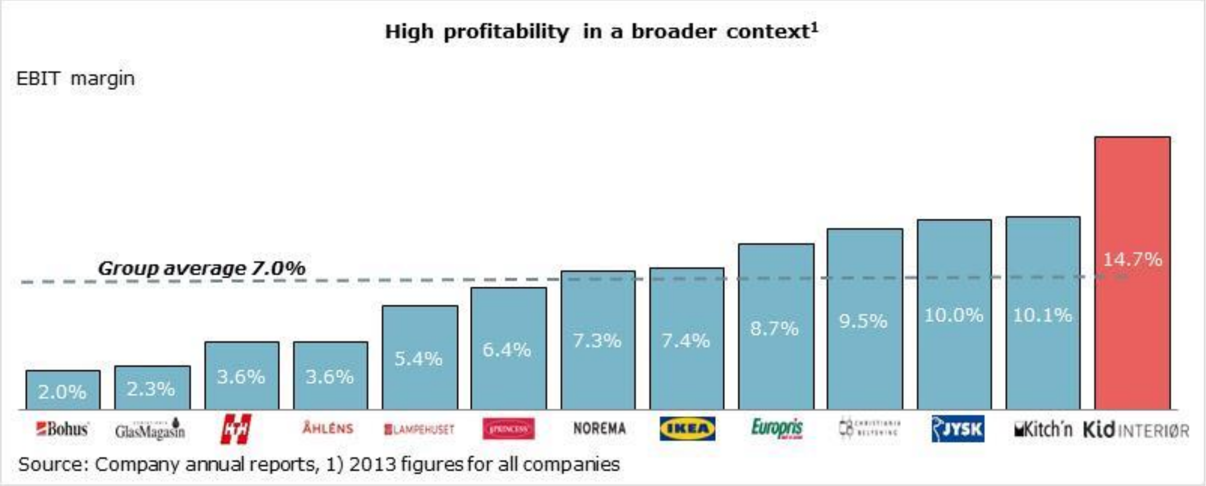
6.3.4 *Seasoned and proven management team supported by a high quality organisation*

Kid has a seasoned management team with significant retail experience, both from Kid and various other Norwegian companies. The strategy laid down five years ago has yielded strong results, strengthening the market leading position, growing revenue well above the market average, and significantly increasing profitability. The focus of the team has been on improving customer service, having an attractive assortment with affordable quality, store design and layout, marketing efficiency and more. EBITDA has grown significantly under the current management team, most of whom have been with the Company since around the end of Industri Kapital’s ownership period in 2009, delivering a CAGR of 19.4% from 2009 to 2014.

A key success factor for Kid has been the high quality organisation and the highly qualified and motivated employees of the Company. The Company’s values of commercial spirit, inspiration and dedication (Norwegian; Kremmerånd, Inspirasjon og Dedikasjon) is prominently displayed in the entrance of the headquarters, which mirrors the importance these values have in the everyday running of the business. Employees express that they are proud to be working for the Company. For more information about personnel and the HR strategy, see section 6.4.1.

6.3.5 *Operational excellence leading to strong financial performance*

Kid has delivered strong results since the new management team entered in 2010/2011, with financial performance well above the average of its industry peers. From 2012 to 2014 Kid grew revenues by 11% annually, whereas the industry in general only achieved a growth rate of 2%. Furthermore, lean and efficient operations with a solid sourcing base abroad have provided Kid with healthy profitability. Comparing Kid’s profitability to home interior retail category leaders, it becomes clear that Kid’s results are significantly above the average in the industry. In 2013 Kid achieved an EBIT margin of 14.7%; Kitch’n had the second best EBIT margin of 10.1% margin. Princess, Kid’s main competitor, achieved an EBIT margin of 6.4%. The strong margins can serve as a buffer against uncertainty related to currency changes and oil or cotton prices.


High profitability in a broader context[1]

Source: Company annual reports, 1) 2013 figures for all companies

6.4 Strategy

The strategy of the Company is to maintain cost leadership, continuously expand, improve and refine the product assortment while growing organically through establishing new stores and re-locating or refurbishing existing stores. The strategy is based on the Company's intention to maintain its status as the market leader in terms of revenue within the home textile market in Norway[45], and capture further market share from both home textile retailers and other retailers offering home textile products.

6.4.1 *Focus on operational excellence and developing people*

Kid is a business built around dedicated and skilled employees. The motto for the new

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[45] Virke, Møbel- og Interiørbransjene 2014

HR strategy finalised in 2014 was "You don’t build a business. You build people and then you build the business". Attracting and retaining the right people is a key factor for Kid, and they have developed a human resource strategy based on four pillars to best serve the purpose of attracting, developing and retaining talented employees. The strategy also focuses on maintaining a professional policy for letting people go.

Attract the best: Kid has made a significant effort to find and hire top talent at all levels in the Company. The key criterion does not only consider experience and competence, but the right values and a professional and positive attitude are also considered highly important. To separate the applicants Kid has developed a professional recruitment process with detailed personality surveys and exhaustive ability testing. To make the right candidates interested, Kid can offer high degree of responsibility, competitive pay and significant personal development.

Develop talent*:* When the right people are hired they have to be developed so unlocked potential can be utilised. Offering employees the chance to grow and learn at work is a key part of Kid’s human resource strategy. Kid has put in place several programs to help employees develop. First and foremost they facilitate for systematic and coordinated education and development, in addition they offer an annual assessment of competence, mentoring programs and three annuals gatherings.

Retain key talent: Motivating and developing skilled talent is essential to make sure that they enjoy their job and stay. Kid employs several initiatives to motivate their employees, including delegating responsibility, increasing task difficulty and providing thorough feedback. This will keep the job interesting and make sure that every day offers new challenges. Furthermore, Kid offers the opportunity for expanded roles as mentors and project managers, which offers a new set of challenges and change in the daily routines. Lastly, Kid has also adopted the use of remuneration/bonuses to further motivate employees.

Letting go: In the few cases that a work relationship does not go as planned, Kid has to let that person go. However, these situations are not comfortable for any party and Kid wants to handle any dismissal in a professional and ethical manner. This is achieved by always providing proper and thorough feedback before any steps are taken, and employees will always receive the opportunity to improve before they are let go.

6.4.2 *Continued expansion of the store network*

Kid has established more than 20 new stores since 2011 and has proven its ability to successfully roll out new stores, even increasing the average revenue per store level in connection with new openings. The Company owned and operated 126 stores across the country and one online store at year-end 2014. Kid believes there is ample room for new stores as the chain is underrepresented in some of the most populated regions in Norway. Kid has conducted a White Space analysis identifying attractive locations in Norway, which has been prepared by the Kid management team in cooperation with external consultants. The report analysed historical establishments in conjunction with an estimated catchment area to identify new priority locations, as well as store performance of existing location categories (the stores being divided into the following categories: (i) top 60 shopping centres, (ii) shopping centres and (iii) standalone). The analysis has identified more than 20 priority locations which have the potential to take Kid above 150 stores by 2020. Kid has a priority pipeline of 21 identified store locations – of which the majority of new store locations are in areas with identified strong potential for further expansion (e.g. Akershus, Oslo, Rogaland, Sogn og Fjordane). A number of the store openings will be targeted at top 60 shopping centres as high traffic numbers in such locations have proven to result in above average revenue generation. However, other shopping centres and standalone locations with acceptable parking opportunities are also considered adequate locations for expansion. Kid has recently opened a "test store" in a smaller local community in order to understand the commercial viability of store openings in smaller catchment areas.

6.4.3 *Upgrade and relocate existing stores to drive revenue and EBITDA growth*

Continuous store upgrades help modernising Kid and attract customers – again resulting in increased sales. The latest store format launched in Q4, 2010 aimed to create a more appealing interior design, displaying products in a more delicate fashion. It was developed using data on consumer behaviour and psychology that the Company has accumulated. Since 2012 the Company intensified the effort of investment in store upgrades, as there had been limited activity in prior years and the store portfolio was under-invested. Since then, approximately 50% of the stores have been upgraded to the new store format, which has proven to deliver increased like-for-like growth and immediate returns on investment, and has secured a well-invested portfolio of stores today. Stores are also relocated to more popular shopping centres or other areas when the opportunity arises, which has also delivered strong results. In the period from 2012 to 2014, stores relocated or refurbished in 2013 delivered a 9% revenue and 16 % EBITDA CAGR, versus 6% and 11% respectively for stores not having been upgraded. When stores are relocated, the Company also updates these stores such that they reflect the most up to date layout, marketing and shopping experience offered by the Company. The Company estimates that going forward; stores will be refurbished approximately on a 10-year cycle.

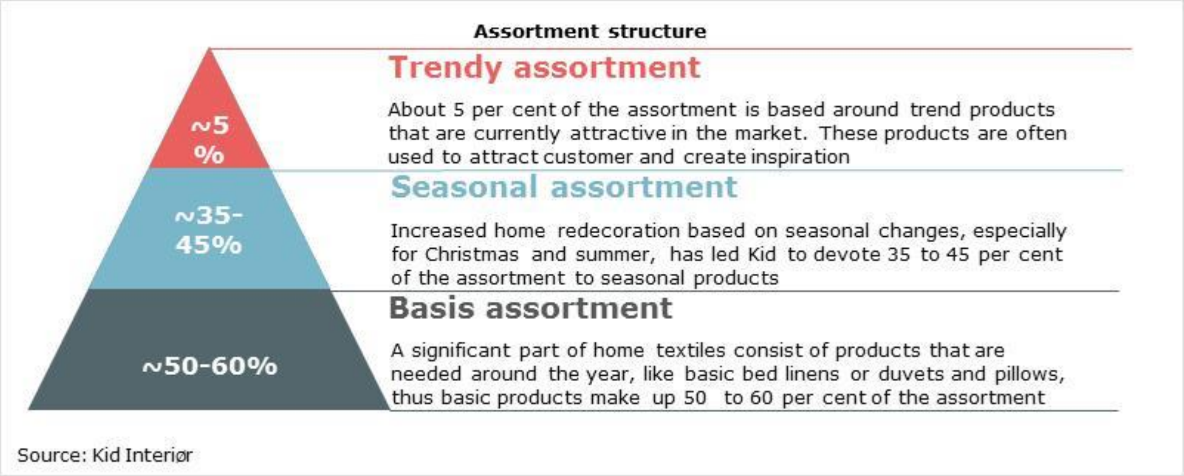
6.4.4 *Capturing digital opportunities*

In 2013 Kid launched its e-commerce platform to take part in the rise of online retail, and, based on the rate of growth in revenue since 2013, the online store is on track to become the largest store in terms of revenue. The store offers Kid’s full assortment and is designed to be the most inspiring online shopping experience within home textile retailers. The online store is designed to motivate redecoration, becoming an online destination where customers can "pre-shop", which implies that consumers view products and envision them in their own home before visiting a Kid store to execute the purchase. The pre-shopping experience can be achieved by either scrolling through the systematically organised products or by visiting the store blog where products are presented in natural environments for easy inspiration. Online sales are increasingly important. Online sales have increased from NOK 7.3 million in 2013 to NOK 13.2 million in 2014. As of May 2015 revenues from online sales are NOK 7.2 million compared to NOK 4.5 million last year. Online sales make it possible to reach customers in areas where it may not be profitable to open a physical store thereby expanding Kid's footprint. Kid is currently in the process of updating the online store with a responsive web design. A responsive web design will enable and enhance the shopping experience on fast growing platforms like tablets and smart phones, crafting a site that provides an optimal viewing and interaction experience with easy reading and navigation on every type of device.

6.5 Merchandise

Kid’s assortment strategy is to be a "fast follower" – fully aligned with the prevailing trends in the interior and fashion markets, but not a trendsetter. This minimises the risk in the assortment, while simultaneously positioning Kid as an attractive and valued retailer among customers that also offers something that fits with the current trends. This approach significantly reduces the risk of not staying relevant and innovative. In order to be a solid trend follower, Kid systematically observes trends in the market and among its customers. In addition it attends fairs, seminars and analyse trends for the latest developments.

A significant part of the home textile assortment consists of essential products that are not related to any specific season or trend. These are basic products that customers are looking for all around the year, and thus represent a stable and constant source of revenue. Kid has taken this into account when structuring their assortment and has devoted 50-60% of its assortment to regular products. This assortment is available in Kid stores throughout the year. Home textiles are also very sensitive to the seasons, as it has become increasingly popular to redecorate to match the seasonal changes, especially for Christmas and summer. To accommodate for this Kid has decided to base 35 to 45% of their assortment around seasonal products. The last 5% of the assortment is dedicated to trendy products. These represent a more risky part of the assortment, but can potentially be a great traffic and revenue generator while building a trendy image. The assortment should be almost identical in each Kid store across the country to ensure a holistic shopping experience, however some regional variations and size limitations in smaller stores may occur.



Assortment structure

Trendy assortment

About 5 per cent of the assortment is based around trend products that are currently attractive in the market. These products are often used to attract customer and create inspiration

Seasonal assortment

Increased home redecoration based on seasonal changes, especially for Christmas and summer, has led Kid to devote 35 to 45 per cent of the assortment to seasonal products

Basis assortment

A significant part of home textiles consist of products that are needed around the year, like basic bed linens or duvets and pillows, thus basic products make up 50 to 60 per cent of the assortment

Source: Kid Interiør

To stay relevant and interesting to customers, Kid has to continuously develop and update their product portfolio, including regular, seasonal and trend assortment. Frequent revitalisation of the product assortment combined with well-executed campaigns will draw customers to the stores and also to the online store. At the same time it is important to gather customer intelligence so that assortment does not only follow market trends, but also takes into account the preferences of Kid's customers.

In 2014 the share of new products was 31.8%, hinting to a successful development of the product portfolio. Kid continuously has a strong innovation and new product pipeline.

Kid is focused around its own brand and store concept with 97% of all products sold being Kid-branded. The objective is to offer an assortment that is unique and differentiates itself from the rest, while at the same time capturing the trends and moods in the market. The advantage of having an own brand is the ability to design products to harmonise with the overall Kid profile, and to build brand trust and knowledge among customers. The majority of Kid branded products is sold under the general Kid brand, but Kid also offers more premium products through sub-brands like Dekosol and Nordun to differentiate products.

In terms of revenue the most important product categories for Kid are bed linens, curtains and duvets and pillows, which together make up 52% of the total revenue of Kid. When customers were asked where they would shop for any of these key categories, all listed Kid as their preferred retailer.[46]

6.5.1 *Assortment development*

The product assortment is developed by a tightly knit and well-structured department that works in close cooperation throughout the year on all processes, following the annual assortment plan. The department ensures that each season's product assortment is refined, varied, complementary and innovative, and that it captures the trends and moods in the market that are represented in the trend boards. The trend boards include examples of the colours, textiles and shapes that will be relevant over the coming

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[46] Vizeum Research, Kampanjeevaluering – Vår April/Mai 2015 (Not a public source of information)

season. Kid has divided the department into three teams with responsibility for a set of product categories, where each team has one destination category (curtains, bed linens, and duvets and pillows) that requires the most attention, and a set of smaller product categories which are secondary to the destination category. Each team is structured with one senior product developer, one category manager and a category and assortment assistant.

6.6 Marketing

Successful marketing campaigns are critical to maintain and increase sales. Kid's market spending is focused on maximizing footfall. The focus for the Company's market communication are "value for money", "wide selection", "inspiration" and "quality".

Total marketing spending in 2014 was NOK 66 million, not including in-house resources used on design and production of campaigns. In 2014 Kid spent 44% of its marketing budget on direct marketing magazines ("**DMs**"), 42% on TV advertisements, 4% on digital advertisements, 4% on store material, 4% on radio and the remaining 2% on newspaper, magazine and other advertisement.

6.6.1 *Our typical customers are women interested in home decoration*

Kid has divided its customer target groups into two categories, a primary target group and a secondary target group. Having knowledge about who is in the target group, how they act, how they live, what they are interested in etc. increases the probability that trend stories and marketing material reaches the intended receivers.

The primary target group is called "Anne", and covers women in the ages 30 to 49 that are very or relatively interested in interior design. These women typically have a full-time job position and the majority have kids and are married or has a domestic partner. Typical household size is 2 to 4 persons and they are mainly located in the suburbs. In Norway there are approximately 367,000 "Annes" and they make up 9.5% of the population.

The secondary target group is called "Anne Lill", which consists of women in the age group 20 to 29, that are very or relatively interested in interior design. About 20% of "Anne Lills" live alone, 42% are married or have a partner and 21% have kids. "Anne Lills" are overrepresented in urban areas with around 60% living in apartments in the city. This group represent a large part of the digital media consumption that occurs today. There are approximately 160,000 "Anne Lills" constituting 4.1% of the population.[47]

6.6.2 *In-house marketing function*

In its effort to control the entire value chain Kid has developed an in-house marketing department that designs and creates all of its marketing material. Kid has put most of its advertising focus on DMs and TV advertisements. This department also has the responsibility of designing in store merchandise to support campaigns and any related artwork. When designing the marketing material it relies on the trend story and product designs for inspiration. This is meant to ensure that the entire campaign appears interrelated and in harmony. The marketing department is also responsible for setting up the photo shoot of next season's assortment, so that pictures displaying the products in a home-setting are ready for DMs and digital marketing. In the cases where the department lacks knowledge, skills or equipment, it has the opportunity to coordinate closely with external resource providers. The advantage of having an in-house marketing department provides Kid with increased flexibility; it also enables it to proactively respond to campaigns.

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[47] Vizeum Research, ICP-process Høsten 2013 (Not a public source of information)

6.6.3 *Campaigns are key traffic and revenue generators*

A central element of Kid's customer strategy is campaigns. These are meant to keep Kid interesting by giving the brand a new look and feel on a regular basis. The objective of any campaign is to generate footfall, and they are considered to be key traffic and revenue generators. The campaigns are organised after season, with the most popular seasons for home redecoration being Christmas and summer.

Every campaign is developed in close cooperation between the different departments. A rough draft of the campaign and marketing plan is developed within general guidelines set by management, and filled out with category and assortment plans provided by the category department, and a marketing plan displaying the theme provided by the marketing department. When the draft is approved by management a biannual workshop between the category and assortment department takes place. Resulting from the workshop is a first draft of the campaign and marketing plan. The first draft is then reviewed and developed by the marketing department and the logistics department before a final draft is sent for approval to management. The approved draft is used by the category department, in close cooperation with the assortment department, to determine volumes and traffic-generating products for the first half of the season. Then, the campaign planning process begins, along with product registration, photo shoots, product preparations and briefing with the stylists. The process is carried out twice a year.

In 2014 Kid ran 26 campaigns throughout the year. Some of these are focused on the changing seasons, but several are also related to special discount offers and sales that occur on a regular basis. In relation to the campaigns Kid distributed 20 DMs and 2 catalogues across the country. Throughout the year Kid also ran 46 weeks with TV campaigns and 8 weeks with radio campaigns.[48]

6.6.4 *Close monitoring and evaluation of campaigns*

After every campaign Kid executes a thorough analysis to learn which elements of the campaign were good, and which elements that left room for improvement. The idea behind the systematic evaluations is that there is always something that can be improved, either with regards to quality or cost efficiency. The increase in marketing efficiency, mostly related to an increased focus on DMs and TV advertisements, becomes clear when looking at marketing spending as percentage of revenue, which has fallen from 6.2% in 2012 to 5.8% in 2014.

Every year the performance of the campaign is measured against the performance of the corresponding campaign in the previous year, both in terms of total revenue (LFL) and revenue on campaign products (LFL). The performance is also broken down to reflect development in the number of visitors, conversion rate, number of products per customer and price per product.

In addition to the more general analysis, Kid monitors sales on a product by product basis related to the campaign. In relation to a campaign, sales of products that are heavily marketed and sales of products on a per page basis are closely evaluated. This forms the basis for rigorous page analysis to ensure that the next campaign is even better designed to maximise basket size and conversion rate.

6.6.5 *Customer club – Kid Interiørklubb*

To improve customer knowledge and insight, and to increase customer loyalty, Kid recently launched a customer club that is gaining strong traction. The club was launched in the second quarter of 2015 and is named "Kid Interiørklubb". The basis for establishing the club was to gain customer insight, improve customer loyalty and build a

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[48] Kid Interiør management

digital communication channel for the future. Several company initiatives have been undertaken to motivate customers to join the customer club. This includes special discount deals, early information about campaigns and inspirational newsletters. In the first 14 days 45,000 members joined the club. The establishment of the customer club is part of Kid's initiative to build for the future, with the intention to form a strong customer base.

The customer club can be used as a channel to recruit customers into digital marketing channels where they will receive highly targeted and effective marketing communication. Among the marketing material that will be sent to customers is a digital newsletter and digital DMs. Eventually the objective is to increase store traffic, conversion rate and basket size. Among the members of the customer club shopping frequency is up 15% and basket size of the customers up 25%.

6.6.6 *Social platforms*

The population is to an increasing degree moving social and communication activity online to various social media platforms. Kid has made an effort to follow their customer online in order to meet them on the platforms where they spend their time. The platforms can be used for two-way communication with messages sent from Kid to customers, and customer providing Kid with invaluable feedback. The feedback can be used to gather customer intelligence and thus better understand the home textile market and the trends that are coming. Currently Kid operates a Facebook profile with over 63,000 likes, this channel can be used for targeted marketing, retargeted ads, campaigns and competitions. It is also an excellent platform for customers to provide feedback, both positive and negative. In addition to the Facebook profile, Kid has an Instagram account with 14,200 followers where they post campaign-related pictures, pages from DMs, as well as the latest news and more general inspirational pictures. Kid also tracks Google searches to attain additional information on their customers, as for example about 55% of all customer "pre-shop" online with regards to furniture and textiles, making it highly important to place products that are popular online visibly in the store.[49]

6.7 Stores

6.7.1 Overview

Kid currently operates a total of 128 (126 as at 31 December 2014) fully owned stores evenly distributed across Norway and an online store. Most of the stores are located in areas with a substantial number of potential customers in the surrounding area with convenient access to transportation. The stores are designed to be destination stores for home textiles, where products are presented in a "natural setting" to inspire and help shoppers envision products in their own home. Kid classifies its store locations by three location types: top 60 shopping centres, shopping centres and standalone stores. Of the 126 stores as at year end 2014, 34 stores were located in top 60 shopping centres, 73 stores were located in other shopping centres and the remaining 19 stores are standalone stores.

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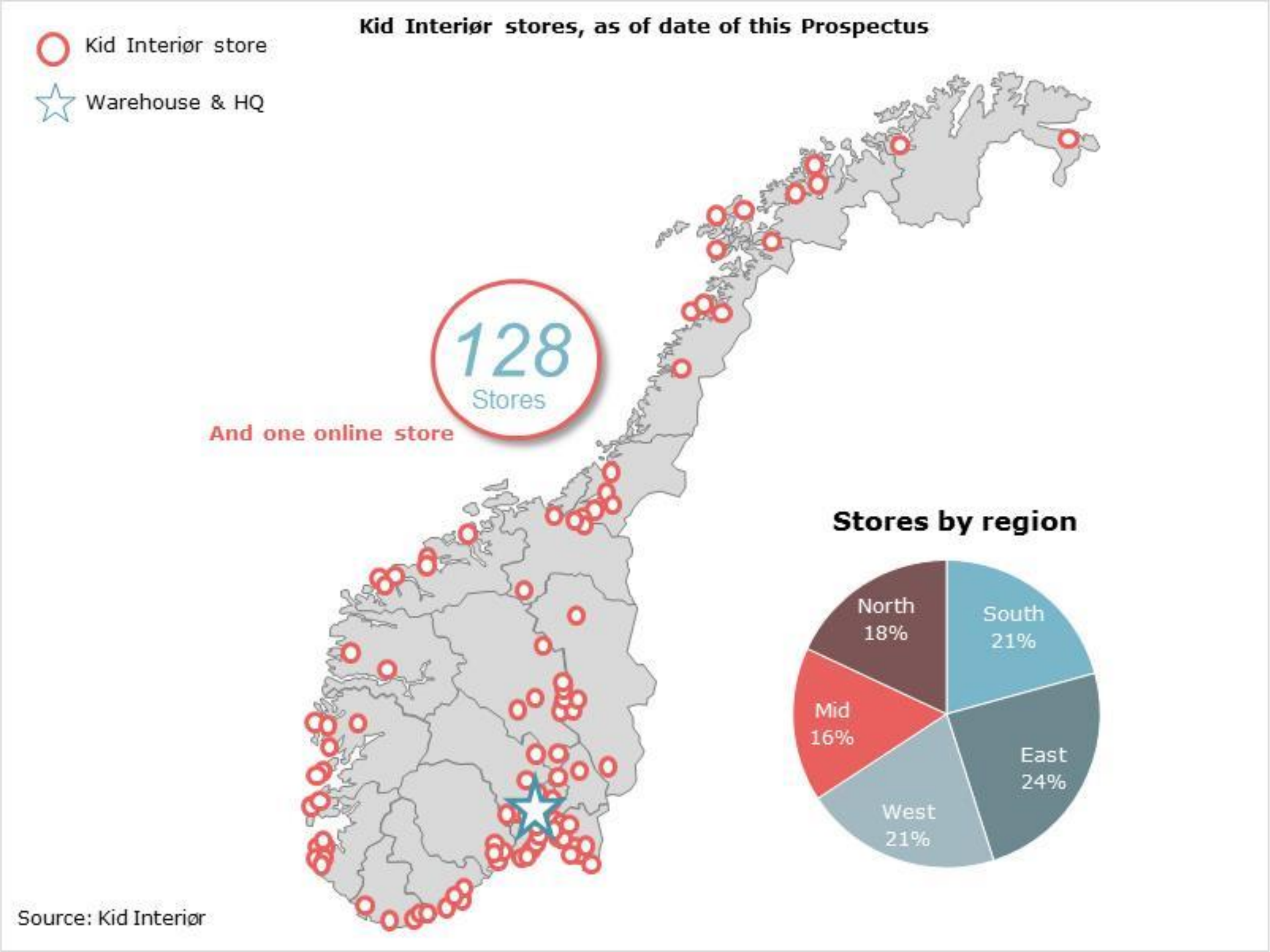
[49] Kid Interiør management



Source: Kid Interiør

6.7.2 Store concepts

The size of Kid stores typically ranges from 300 to 700 square meters, with a preferred store size between 400 and 450 square meters. The Kid concept aims to create a consistent shopping experience across its stores regardless of size. Through their headquarters in Lier, Kid centrally manages the assortment of products available across the chain, facilitating a rotation of products particularly important with respect to campaigns and seasonal products, resulting in a consistent and broad assortment in each product category across the chain. Thus, the product assortment in every store is nearly identical. However, there are some variations between the smallest and largest stores due to in-store capacity constraints. In addition, in-store signage, logos, and marketing are consistent across the chain and match the Company's marketing materials, which, together with the centrally managed assortment of merchandise, can enhance customer experience and recognition, and promote the effectiveness and reach of campaigns and marketing strategies.

6.7.3 Organisation of stores

Most Kid stores follow a similar staffing system with a full-time store manager and a 50 to 80% assistant store manager, for smaller stores the assistant store manager position is removed. Having one full-time employee and one employee at close to full-time ensures that daily tasks are executed on time, continuity in store profile and build-up of experience. Other employees are hired on 10 to 40% contracts to increase flexibility and availability of employees. The performance of each store is measured on key KPIs like sales breakdown and number of hours worked. Kid makes use of several approaches to motivate employees, among them is a performance based bonus scheme that requires EBITDA above budget, the structure of bonus payments vary for the different employees, as well as for regional managers and headquarter employees. All bonuses are capped. In addition to bonuses, Kid arranges weekly and annual competitions on a regional and national level, these are meant to further boost employee motivation and team-spirit.

6.7.4 Lease agreements

6.7.4.1 Overview of lease agreements

The Company has a total of 132 lease agreements related to its stores and warehouse. The 10 most important sites are as follows:

Location	*Primary function*	*Lease expiry*	*Extension option*	*Approx. Size (net m^2)*
Lier, Norway	HQ, Warehouse	2030	Yes	13,571m^2
Oslo, Norway	Store	2016	No	430m^2
Trondheim, Norway	Store	2022	No	697m^2
Trondheim, Norway	Store	2024	Yes	633m^2
Gjøvik, Norway	Store	2019	No	459m^2
Kristiansand, Norway	Store	2017	Yes	446 m^2
Ålesund, Norway	Store	2019	Yes	336 m^2
Tromsø, Norway	Store	2023	Yes	628 m^2
Oslo, Norway	Store	2024	No	444 m^2
Molde, Norway	Store	2024	No	569 m^2

The aggregate annual leasing costs under these lease agreements were approximately NOK 143 million in 2014. The Company does not own any real property.

The following table sets out the Group's future commitments of lease payments based on a standard rental period with minimum payments (i.e. fixed rental costs excluding additional lease payments calculated based on revenue) under (1) 1 year, (2) 1-5 years, (3) after 5 years, as of 31 December 2014.

NOK million	**As of 31 December 2014 (unaudited)**
Minimum payment next year	147.1
Minimum payments 1-5 years	438.5
Minimum payments after 5 years	247.9

6.7.4.2 Estimation of future maintenance capital expenditure (including relocations and refurbishments of stores)

Management estimates that over the medium-term the Company's maintenance capital expenditure (including relocations and refurbishments of stores) will be in the range of NOK 15-20 million per year as set out in section 9.7 ("Investments"). At the date of this Prospectus the Company's committed capital expenditure for 2016 is approximately NOK 5 million.

6.8 Sourcing

To limit margin leakage Kid has explored sourcing opportunities from suppliers in low-cost countries. Kid has mainly sourced its goods from China (~50%), India (~15%) and Pakistan (~10%). Some test orders from Africa have been completed with strong gross margin potential. Kid was among the first home textile retailers in Norway to seize the opportunity for direct sourcing from Asia, and the longstanding relationship it has developed with suppliers represent a significant competitive advantage today, especially over smaller and independent retailers. Kid is continuously attempting to improve its sourcing to further cut costs and increase margins.

The direct sourcing relationships have enabled Kid to charge lower prices while maintaining respectable margins on their products. At the same time, the accumulated experience in sourcing from low-cost countries has given Kid the necessary knowledge to ensure products hold the expected quality, systemic third-party quality assurance is also executed, and that work conditions for employees are acceptable.

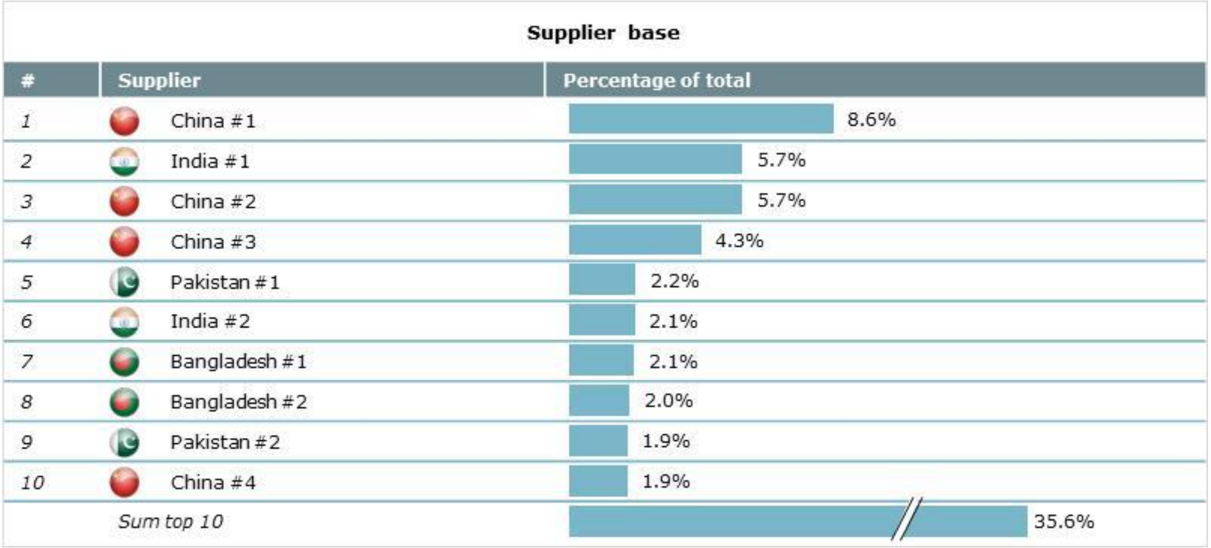
6.8.1 *Sourcing from low cost countries*

Kid's sourcing department identifies new sourcing opportunities and locations. Locating an optimal sourcing partner for new products and designs requires experience and thoroughness, which Kid has built up over several years. Ability to evaluate the risk profile of a country, the supplier and the supply route is essential, both with regard to receiving a product that meets the standards set by Kid and with regard to CSR issues.

Once a possibility is discovered, significant effort is put into establishing and developing a sourcing relationship. With the largest suppliers there is a large focus on maintaining a close relationship, to support a strong focus on quality, profitability and stability. This is especially important with regards to products being delivered on time and according to agreements and terms in the contract. There is also put significant effort into maintaining and nurturing relationships that have been made.

6.8.2 *Supplier base*

To keep costs low Kid finds it important to develop a diverse supplier base so that no single supplier attains supply power, and it also gives Kid the advantage of having diversified the supply risk over several suppliers. Kid has developed a supplier base of over 200 suppliers, with several suppliers within each product category. The top 10 largest suppliers make up about 36% of volume, with the top 52 largest suppliers representing around 80% of the product volume.



Supplier base

#	Supplier	Percentage of total
1	China #1	8.6%
2	India #1	5.7%
3	China #2	5.7%
4	China #3	4.3%
5	Pakistan #1	2.2%
6	India #2	2.1%
7	Bangladesh #1	2.1%
8	Bangladesh #2	2.0%
9	Pakistan #2	1.9%
10	China #4	1.9%
	Sum top 10	35.6%

Kid has developed master supplier agreements with a few large suppliers to ensure that the suppliers are loyal to Kid and do not make available design purchased by Kid to other customers in Norway and Sweden. The contracts are not actively used by Kid, but form a basis for orders from the relevant suppliers. They do not carry any price or volume commitments and are not considered to be material to the business of the Group. The regulation in the contracts enables Kid to get an overview of design with limited exclusivity for them and the right to return products that are not of sufficient quality.

Kid also requires all suppliers to sign its code of conduct as a part of the sales contract. The code of conduct expresses Kid's aim to support ethical trade such as abolition of child labour, employment contracts and sustainable wages for workers. The code of conduct also states the importance of environmental health when producing products.

The code of conduct shall contribute towards improving employee rights and work environment for the workers of Kid's suppliers.

In order to ensure that the regulation set out in Kid's code of conduct is complied with, Kid carries out social audits and quality controls of its suppliers. The audits are carried out by UL (www.ul.com) who are engaged on a case by case basis. UL is a global independent safety science company with long experience in carrying out inspections and audits for retailers. There are between 6-10 audits each year and the suppliers are mainly selected among the Company's top 80 suppliers. After the audits have been carried out, a corrective action plan report is prepared and the suppliers are requested to take action in order to ensure compliance with Kid's code of conduct and other relevant regulation. When the supplier states that the discrepancies have been corrected, an additional follow-up audit is carried out. Certain serious deviations from the code of conduct (such as child labour) lead to Kid terminating the relationship with immediate effect.

6.9 Logistics

6.9.1 *Warehouse*

Kid has one central warehouse in Lier, Norway which serves all the stores. The new warehouse was opened in June 2015 and represents an increase in pallet storage capacity of 43% to the previous warehouse. The warehouse measures 10,700 square meters with a rack height of 6 racks, providing the storage with a 100% filling ratio of 24,000 cubic meters. The maximum pallet accommodation is 16,000. To handle the large flow of inbound and outbound goods, new and advanced machinery has been installed in the warehouse.

To improve operating efficiency, a large part of warehouse operations has been automated, including full automation of receiving goods. In addition, the logistics department utilises a vast array of software for enhanced control of operations. This includes an automatic order generation system based on stock depletion (from store sales figures) in addition to a campaign planner system which feeds stores with products based on store size, revenue and customer profiles. This allows the chain to seamlessly complete campaigns every two weeks with relatively low in-store inventory.

6.9.2 *Inventory management*

Kid has managed to attain excellent control of the inventory, a highly important quality when running a campaigns strategy. The ability to constantly and quickly supply stores across the country with campaign marketed products ensures that no store runs out, thus customers remains satisfied. To implement the robust inventory management system, Kid has made 99% of replenishment automated based on inventory levels, significantly simplifying the replenishment process. In addition, Kid has very low delivery times, with the lead time from order to delivery varying from 24 to 72 hours depending on the location of the store. If the product is in stock, Logistics has a track record of delivering 100% within the pre-set time limit, with daily to twice per weeks deliveries. In addition to quick deliveries, Kid also prefers to have products delivered between 10am and 3pm, and this delivery requirement is reflected in the distribution contracts requiring a precision of 97%.

6.9.3 Distribution

Kid has a very efficient distribution network with inbound logistics from producers taking between four and six weeks, operations at the central warehouse taking one day, and outbound logistics being completed in about two to four days. The inbound and outbound logistics is outsourced to partners. Internally Kid has an Inbound Team that follow up on the inbound logistics. The team’s responsibilities include, among other things, controlling and approving contracts, follow-up on freight and filling up containers, updating shipment dates, daily updates of the main storage report, ensure that payments have been executed and control receivables. The logistics contracts Kid operate with have a fixed price without any volume commitments.

6.10 Material agreements

6.10.1 Lease agreement for the central warehouse

The lease agreement for the Group's central warehouse has been entered into between Gilhus Invest AS and Kid Interiør AS. The main shareholder in Gilhus Invest AS is Fabritius Gruppen AS, a company within the Gjelsten Holding group. Consequently the lease agreement has been entered into between related parties. Please refer to section 15.3 for further information.

The lease runs from 1 July 2015 until 30 June 2030. Kid Interiør AS also has an option to prolong the agreement for a period of five years on the same terms.

The Group has one central warehouse. Thus, the agreement is important for the Group's business operations. However, the lease is long term and with an option to prolong for Kid. Consequently the current warehouse situation for the Group is very satisfactory and stable.

6.10.2 Agreement with Post Nord (distribution)

Kid Logistikk AS and PostNord Logistics AS have entered a supply agreement regarding logistics where PostNord Logistics AS is the sole supplier for all transportation and distribution of Kid products from the Group's warehouse in Lier to Kid stores across Norway.

The agreement runs from the 1 January 2014 to 1 January 2016 with an option to prolong for four years. The notice period under the agreement is six months.

6.10.3 Agreement with Vizeum Norge AS (Marketing distribution for TV, digital and DM)

Kid Interiør AS and Vizeum Norge AS have entered a co-operation agreement where Vizeum Norge AS provides marketing and media counsellor services to the Group. Vizeum is responsible for developing the Group's campaigns and commercials, but Kid holds all the rights to Vizeum's designs and productions. The agreement has a notice period of six months.

6.10.4 Agreement with Norco Interiør AS (Responsible for store building and refurbishment)

Kid Interiør AS and Norco Interiør AS have entered a co-operation agreement concerning refurbishment of existing stores and project work for new store openings. Norco Interiør AS is the sole supplier of such services to Kid. The initial term expires on 31 October 2015, but with automatic renewals. The notice period is six months.

6.10.5 Product supplier agreements

Kid has a supplier base of over 200 suppliers, and the largest supplier is only responsible for 8.6% of the total purchase volume. The three largest suppliers are Zhejiang Grand Import + Export, Eleganza Furnishings Pvt Ltd. and Sinohome Industrial Co. Ltd; all located in Asia. The supplier agreements do not carry any price or volume commitments, and the prices are determined on a purchase-by purchase basis.

7 CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 8 ("Selected Financial and Other Information") and Section 9 ("Operating and Financial Review"), and the Financial Statements and the notes related thereto, included in Appendices B and C of this Prospectus. This Section provides information about the Group's unaudited consolidated capitalisation and net financial indebtedness on an actual basis as of 30 June 2015, and in the "As adjusted 30 June 2015" columns, the Group's unaudited consolidated capitalisation and net financial indebtedness as at 30 June 2015, on an adjusted basis to give effect to the following adjustments if the transactions described in (i) - (iv) below had happened on 30 June:

(i) Subject to the completion of the Offering and Listing, the Company anticipates receiving gross proceeds of approximately NOK 175 million. After deducting estimated costs related to the Listing of approximately NOK 9 million, the net proceeds will amount to approximately NOK 166 million. The net proceeds will be used to optimise the Company's capital structure in connection with the Listing.

(ii) Subject to (i) above, prepayment of NOK 75 million of the Term Loan, equivalent to the amortising part of the Term Loan further described in section 9.9.1 ("The Term Loan").

(iii) Repayment in full of outstanding interest rate swaps equal to an amount of approximately NOK 19.9 million book value (estimated cost of termination of NOK 22.5 million).

(iv) NOK 68.5 million to be applied towards general corporate purposes of the Group and function as a liquidity buffer for the Group.

The repayment of NOK 75 million of the Term Loan is made to cover the instalments originally due on 31 December 2015 (NOK 45 million) and on 31 December 2016 (NOK 30 million). After this payment has been made there are no instalments due prior to the maturity date of the Term Loan. Please see section 9.8.1 for additional information.

As a result of the transactions (i) - (iv) above, and based on a final Offer Price of NOK 34, which is the midpoint of the indicative Price Range, the Company's share capital will be NOK 48,176,471.

Other than as set forth as above, there has been no material change to the Group’s unaudited consolidated capitalisation and net financial indebtedness since 30 June 2015.

7.1 Capitalisation

The following table sets forth information about the Group’s consolidated capitalisation as at 30 June 2015.

In NOK millions	**As of 30 June 2015** *(unaudited)*	**As adjusted 30 June 2015** *(unaudited)*
Indebtedness		
Total Current debt	**198.9**	**153.9**
-Guaranteed	85.4	40.4[1]
- Secured	0	0
- Unguaranteed/unsecured	113.5	113.5
Total Non-Current debt (excluding current portion	**966.2**	**916.3**

In NOK millions	**As of 30 June 2015** *(unaudited)*	**As adjusted 30 June 2015** *(unaudited)*
of long-term debt)		
-Guaranteed	555.9	525.9[2]
- Secured	0	0
- Unguaranteed/unsecured	410.3[50]	390.4[3]
Shareholders' equity	653.6	819.6
a. Share capital	42	48.2[4]
b. Legal reserves	221.5	381.3[5]
c. Other reserves	390.1	390.1
Total	**1,818.8**	**1,889.8**

Adjustments have been made for:

1. Prepayment of an instalment of the existing Term Loan of NOK 45 million following the Listing
2. Prepayment of an instalment of NOK 30 million of the existing Term Loan following the Listing
3. NOK 19.9 million related to the swap agreement on the Term Loan (the book value of the swap was NOK 19.9 million as of 30 June 2015 and has currently an estimated termination cost of NOK 22.5 million). The swap agreement will be terminated following the Listing
4. An increase of the Company's ordinary share capital of NOK 6.2 million by way of issuing new shares
5. Increase of capital injection of NOK 175 million less estimated issuance costs of NOK 9 million and increase in the ordinary share capital of NOK 6.2 million

For both the Overdraft Facility and the Term Loan, DNB Bank ASA has first priority pledge over the shares in the Company and Kid Interiør AS. The pledge over the Company's shares will be released in connection with the Listing. DNB Bank ASA also has a first priority pledge over Kid Interiør's inventory, customer receivables and machinery and plant as security for the Overdraft Facility. The lease agreement for the Group's headquarter and the central warehouse has also been pledged in favour of DNB Bank ASA as security for the Overdraft Facility.

As of the date of this Prospectus, the Company had drawn NOK 87.1 million on its Overdraft Facility, bringing its current guaranteed debt to NOK 87.1 million (as adjusted). Accordingly, the Company's capitalization was NOK 1,936.5million as of the date of this Prospectus (including the Company's draw downs on the Overdraft Facility post Q2 2015). For further information regarding the Company's indebtedness, see section 9.9 "Material indebtedness", with additional details concerning the amendment of the loan agreements highlighted in section 9.9.1 "The Term Loan".

7.2 Net financial indebtedness

The following table sets forth information about the Group's net financial indebtedness as at 30 June 2015.

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[50] Includes NOK 390.4 million of deferred tax

In NOK millions		**As of 30 June 2015** *(unaudited)*	**As adjusted 30 June 2015** *(unaudited)*
(A)	Cash	8.6	77.1[1]
(B)	Cash equivalents	0	0
(C)	Trading securities	0	0
(D)	**Liquidity (A)+(B)+(C)**	**8.6**	**77.1**
(E)	**Current financial receivables**	**21.4**	**21.4**
(F)	Current bank debt	40.4	40.4
(G)	Current portion of non-current debt	45.0	0[2]
(H)	Other current financial debt	113.5	113.5
(I)	**Current financial debt (F)+(G)+(H)**	**198.9**	**153.9**
(J)	**Net current financial indebtedness (I)-(E)-(D)**	**168.9**	**55.4**
(K)	Non-current bank loans	555.9	525.9[3]
(L)	Bonds issued	0	0
(M)	Derivatives	19.9	0[4]
(N)	**Non-current financial indebtedness (K)+(L)+(M)**	**575.8**	**525.9**
(O)	**Net financial indebtedness (J)+(N)**	**744.7**	**581.3**

Adjustments have been made for

1. Remaining net proceeds of NOK 68.5 million from the issue of the New Shares after prepayment of instalments under the Term Loan and termination of the NOK 19.9 million swap agreement (the book value as of 30 June 2015). The estimated termination costs of the swap per 31 October 2015 is NOK 22.5 million
2. Prepayment of an instalment of the existing Term Loan of NOK 45 million following the Listing
3. Prepayment of an instalment of NOK 30 million of the existing Term Loan
4. NOK 19.9 million (book value as of 30 June 2015) related to the swap agreement on the Term Loan. The swap agreement will be terminated following the Listing

As of the date of this Prospectus, the Company had drawn NOK 87.1 million on its Overdraft Facility, bringing its current guaranteed debt to NOK 87.1 million (as adjusted). Accordingly, the Company's net financial indebtedness was NOK 628.0 million as of the date of this Prospectus (including the Company's draw downs on the Overdraft Facility post Q2 2015).

7.3 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

7.4 Contingent and indirect indebtedness

As at 30 June 2015 and as at the date of this Prospectus, the Group did not have any contingent or indirect indebtedness.

7.5 Intra-group liabilities

The below table provides an overview of intra-group liabilities as of 30 June 2015:

Kid Logistikk AS	**Counterparty**	**Amount**	**Description**
Group receivable	Kid Interiør	1 297 440	Intercompany balance logistics services*
Group debt	Kid Interiør	-1 581 010	Intercompany balance logistics services *
Group debt	Kid ASA	-63 238	Group contribution
Kid Interiør AS			
Group receivable	Kid Logistikk	1 581 010	Intercompany balance logistics services *
Group debt	Kid Logistikk	-1 297 440	Intercompany balance logistics services *
Group debt	Kid ASA	-122 088 679	Group contribution
Kid ASA			
Group receivable	Kid Interiør	122 088 679	Group contribution
Group receivable	Kid Logistikk	63 238	Group contribution

*Kid Logistikk AS provides logistics services to Kid Interiør AS against payment as well as freight costs with mark-up. Kid Interiør AS invoices Kid Logistikk AS for rental costs and common costs.

The Company also provides guarantees for lease agreements entered into by Kid Interiør AS.

8 SELECTED FINANCIAL INFORMATION

8.1 Introduction and basis for preparation

The following selected financial information has been extracted from the Group's unaudited Interim Financial Statements as of, and for the three and six months ended, 30 June 2015 and 2014 and the Audited Financial Statements as of, and for the years ended, 31 December 2014, 2013 and 2012. These financial statements are prepared under the International Financing Reporting Standards as approved by the EU ("**IFRS**").

The Audited Financial Statements as of, and for the years ended, 31 December 2014, 2013 and 2012, included in Appendix B to this Prospectus, have been prepared in accordance with IFRS. The Interim Financial Statements, included in Appendix C to this Prospectus, have been prepared in accordance with IAS 34.

The selected consolidated financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Audited Financial Statements and Interim Financial Statements included in Appendix B and Appendix C, respectively of this Prospectus and should be read together with Section 9 ("Operating and Financial Review"). There has not been any significant change in the financial or trading position of the Group since 30 June 2015.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgements, please refer to Note 2 (summary of significant accounting policies) of the Audited Financial Statements included in this Prospectus as Appendix B.

8.3 Consolidated income statement

The table below sets out a summary of the Company’s consolidated income statement for the three and six months ended 30 June 2015 and 2014, and for the years ended 31 December 2014, 2013 and 2012:

	Three months ended		**Six months ended**		**12 months ended**		
	30 June		**30 June**		**31 December**		
(NOK million)	**2015**	**2014**	**2015**	**2014**	**2014**	**2013**	**2012**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	235.8	226.0	467.7	441.2	1135.9	1031.7	926.7
Other operating income	0.0	0.0	0.4	0.0	0.2	0.1	1.2
Total revenue	**235.8**	**226.0**	**468.1**	**441.2**	**1136.1**	**1031.8**	**927.9**
Cost of goods sold	(95.3)	(80.6)	(194.9)	(170.8)	(439.4)	(404.8)	(352.6)
Employee benefits expense	(61.5)	(56.8)	(125.1)	(117.1)	(260.2)	(232.6)	(214.2)
Depreciation and amortisation expenses	(5.8)	(4.7)	(11.4)	(9.0)	(19.8)	(18.2)	(16.9)
Other operating expenses	(72.7)	(63.8)	(134.7)	(123.5)	(259.4)	(238.0)	(221.8)
Total operating expenses	**(235.3)**	**(205.9)**	**(466.2)**	**(420.4)**	**(978.9)**	**(893.6)**	**(805.4)**
Other (losses)/gains- net	4.3	5.2	11.0	2.7	7.0	13.3	(7.4)
Operating profit	**4.8**	**25.3**	**12.9**	**23.5**	**164.2**	**151.5**	**115.1**
Other financial income	0.2	0.0	0.3	0.1	0.4	0.9	0.3
Changes in fair value of financial current assets	3.0	(4.7)	6.0	(4.9)	(10.8)	0.5	(15.6)
Interest expenses	(6.6)	(7.4)	(13.1)	(15.5)	(30.7)	(39.8)	(54.3)
Other financial expense	(0.5)	(0.5)	1.0.	1.2	(2.2)	(2.9)	(3.2)
Profit before tax	**0.9**	**12.6**	**5.0**	**2.0**	**120.9**	**110.2**	**42.3**
Income tax expense	(0.2)	(3.4)	(1.4)	(0.6)	(32.7)	(16.4)	(12.0)

Net profit or loss for the year	**0.6**	**9.2**	**3.7**	**1.5**	**88.2**	**93.8**	**30.3**
Other comprehensive income:	**-**	**-**	**-**	**-**			
Cash flow hedges	-	-	-	-	-	-	(4.5)
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**(4.5)**
Total comprehensive income for the year	**0.6**	**9.2**	**3.7**	**1.5**	**88.2**	**93.8**	**25.7**
Earnings per share (basic and diluted) (Expressed in NOK per share)	**0.0**	**0.3**	**0.1**	**0.0**	**2.52**	**2.68**	**0.86**

8.4 Consolidated balance sheet

The table below sets out selected data from the Group's consolidated balance sheet as at 31 December 2014, 2013 and 2012, and as at 30 June 2015 and 2014:

	Six months ended 30 June		**12 months ended 31 December**		
(NOK million)	**2015**	**2014**	**2014**	**2013**	**2012**
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
ASSETS					
Trademark	1,459.6	1,459.6	1,459.6	1,459.6	1,459.6
Other intangible assets	-	-	-	0.0	1.2
Total intangible assets	**1,459.6**	**1,459.6**	**1,459.6**	**1,459.6**	**1,460.8**
Fixtures and fittings, tools, office machinery and equipment	82.6	57.7	69.9	50.7	36.6
Total tangible assets	**82.6**	**57.7**	**69.9**	**50.7**	**36.6**
TOTAL NON-CURRENT ASSETS	**1,542.2**	**1,517.3**	**1,529.5**	**1,510.3**	**1,497.4**
Inventories	246.6	203.2	201.1	151.7	142.3
Trade receivables	3.4	2.0	1.8	2.0	1.3
Other receivables	10.8	9.2	11.2	8.8	16.8
Derivatives	7.2	4.8	-	2.6	-
Total receivables	**21.4**	**15.9**	**13.0**	**13.4**	**18.1**
Cash and bank deposits	8.6	21.9	99.1	77.7	111.3
TOTAL CURRENT ASSETS	**276.6**	**241.1**	**313.1**	**242.8**	**271.7**
TOTAL ASSETS	**1,818.8**	**1,758.4**	**1,842.6**	**1,753.1**	**1,769.0**
EQUITY AND LIABILITIES					
Share capital	42.0	42.0	42.0	42.0	42.0
Share premium	156.9	156.9	156.9	156.9	156.9
Other paid-in equity	64.6	12.0	37.7	12.0	-
Total paid-in equity	**263.5**	**210.9**	**236.6**	**210.9**	**198.9**
Other reserves – OCI	-	-	-	-	-
Other equity	390.1	345.1	406.1	343.6	261.9
Total retained earnings	**390.1**	**345.1**	**406.1**	**343.6**	**261.9**
TOTAL EQUITY	**653.6**	**556.0**	**642.7**	**554.5**	**460.7**

Pension liabilities	0.0	0.1	0.0	0.1	0.2
Deferred tax	390.4	391.1	389.1	390.6	403.0
Total provisions	**390.5**	**391.2**	**389.1**	**390.7**	**403.3**
Liabilities to financial institutions	555.9	576.9	555.5	576.3	702.9
Derivatives	19.9	20.0	25.9	15.1	15.6
Total long term liabilities	**575.8**	**596.9**	**581.4**	**591.3**	**718.5**
Liabilities to financial institutions	85.4	91.2	45.0	50.0	50.0
Trade payables	27.0	13.2	22.3	16.3	26.3
Tax payable	8.7	28.9	34.2	28.9	4.7
Public duties payable	36.5	42.2	62.2	65.5	55.8
Derivatives	-	-	-	-	5.1
Other short-term liabilities	41.2	38.7	65.8	55.9	44.7
Total short term liabilities	**198.9**	**214.3**	**229.4**	**216.6**	**186.6**
TOTAL LIABILITIES	**1,165.2**	**1,202.4**	**1,199.9**	**1,198.6**	**1,308.3**
TOTAL EQUITY AND LIABILITIES	**1,818.8**	**1,758.4**	**1,842.6**	**1,753.1**	**1,769.0**

8.5 Consolidated statement of cash flows

The table below sets out selected data from the Group's consolidated statement of cash flows for the years ended 31 December 2014, 2013 and 2012 and its consolidated interim statement of cash flows for the three and six month periods ended 30 June 2015 and 2014:

	Three months ended		**Six months ended**		**12 months ended**		
	30 June		**30 June**		**31 December**		
	2015	**2014**	**2015**	**2014**	**2014**	**2013**	**2012**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Cash flow from operations							
Profit before income taxes	0.9	12.6	5.0	2.0	120.9	110.2	42.3
Adjusted for:							
Depreciation	5.8	4.7	11.4	9.0	19.8	18.2	16.9
Net financing costs	6.9	7.9	13.8	16.6	32.5	41.8	57.2
Change in financial derivatives	(5.5)	(2.8)	(13.2)	2.8	13.4	(8.2)	13.0
Effect of exchange fluctuations	(0.8)	(0.3)	0.0	(0.3)	(0.4)	(0.1)	(1.8)
Gain/loss from sale of fixed assets	-	-	-	-	0.0	(0.0)	(0.0)
Differences in expensed pensions and payments in/out of the pension scheme	-	-	-	-	(0.1)	(0.1)	(0.2)
Changes in net working capital:							
Change in inventory	3.4	(16.4)	(48.1)	(50.9)	(49.6)	(9.3)	38.5
Change in accounts receivable	0.3	0.1	(1.6)	0.0	0.2	(0.7)	0.2
Change in trade payables	(1.6)	0.4	7.3	(3.7)	6.2	(10.2)	(1.2)
Change in other provisions	(4.2)	(2.4)	(48.5)	(38.0)	6.3	29.7	1.1
Taxes paid for the period	(9.1)	-	(18.2)	-	(28.8)	(4.7)	-
Net cash flow from operations	**(3.9)**	**3.9**	**(92.1)**	**(62.4)**	**120.5**	**166.5**	**166.1**
Cash flow from investments							
Proceeds from sale of fixed assets	-	-	-	-	0.2	0.1	0.0
Purchase of fixed assets	(14.2)	(10.9)	(24.1)	(16.0)	(39.2)	(29.3)	(16.4)
Proceeds from sale of other investments	-	-	-	-	-	(0.0)	-
Net cash flow from investments	**(14.2)**	**(10.9)**	**(24.1)**	**(16.0)**	**(39.0)**	**(29.2)**	**(16.4)**
Cash flow from financing							
Interest expense	(7.3)	(9.6)	(14.3)	(18.2)	(32.4)	(39.9)	(53.4)
Repayment of long term loans	(0.2)	(0.3)	(0.5)	(0.6)	(26.2)	(129.2)	(177.2)

Net change in bank overdraft	23.0	20.3	40.4	41.2	-	-	-
New equity received	-	-	-	-	-	-	100.0
Proceeds from other financing activities	-	-	-	-	(1.8)	(2.0)	(2.9)
Net cash flow from financing	**15.4**	**10.4**	**25.7**	**22.4**	**(60.4)**	**(171.1)**	**(133.5)**
Cash and cash equivalents at the beginning of the period	10.6	18.2	99.1	77.7	77.7	111.3	93.4
Exchange gains / (losses) on cash and cash equivalents	**0.8**	**0.3**	**(0.0)**	**0.3**	0.4	0.1	1.8
Net change in cash and cash equivalents	(2.8)	3.4	(90.5)	(56.0)	21.0	(33.7)	16.2
Cash and cash equivalents at the end of the period	**8.6**	**21.9**	**8.6**	**21.9**	**99.1**	**77.7**	**111.3**

8.6 Consolidated statement of changes in equity

The table below sets out selected data from the Group's consolidated statement of changes in equity for the years ended 31 December 2014, 2013 and 2012 and its consolidated interim statement of equity for the three and six month periods ended 30 June 2015 and 2014:

(NOK million)	Share capital	Share premium	Other paid in equity	Other reserves – OCI	Other equity	Total equity
Balance at 1 January 2012	**35.0**	**-**	**-**	**4.5**	**231.6**	**271.1**
Profit for the year	-	-	-	-	30.3	30.3
Other comprehensive income for the year	-	-	-	(4.5)	-	(4.5)
Total comprehensive income for the year	**-**	**-**	**-**	**(4.5)**	**30.3**	**296.9**
Proceeds from shares issued	7.0	156.9	-	-	-	163.9
Group contribution from parent company	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	7.0	156.9	-	-	-	163.9
Balance as at 31 December 2012	**42.0**	**156.9**	**-**	**-**	**261.9**	**460.7**
Balance at 1 January 2013	42.0	156.9	-	-	261.9	460.7
Profit for the year	-	-	-	-	93.8	93.8
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**93.8**	**554.5**
Group contribution from parent company	-	-	12.0	-	(12.0)	-
Dividends	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	12.0	-	(12.0)	-
Balance as at 31 December 2013	**42.0**	**156.9**	**12.0**	**-**	**343.6**	**554.5**
						-
Balance at 1 January 2014	42.0	156.9	12.0	-	343.6	554.5
Profit for the year	-	-	-	-	88.2	88.2
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**88.2**	**642.7**
Group contribution from parent company	-	-	25.7	-	(25.7)	-
Dividends	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	25.7	-	(25.7)	-

Balance as at 31 December 2014	**42.0**	**156.9**	**37.7**	**-**	**406.1**	**642.7**

(NOK million)	**Share capital**	**Share premium**	**Other paid in equity**	**Other reserves – OCI**	**Other equity**	**Total equity**
Balance at 1 January 2014	**42.0**	**156.9**	**12.0**	**-**	**343.6**	**554.5**
Profit for the year	-	-	-	-	1.5	1.5
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1.5**	**556.0**
Proceeds from shares issued	-	-	-	-	-	-
Group contribution from parent company	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	-	-	-
Balance as at 30 June 2014	**42.0**	**156.9**	**12.0**	**-**	**345.1**	**556.0**
Balance at 1 January 2015	**42.0**	**156.9**	**37.7**	**-**	**406.1**	**642.7**
Profit for the year	-	-	-	-	3.7	3.7
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**3.7**	**646.4**
Group contribution from parent company	-	-	26.9	-	(19.6)	7.3
Dividends	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	26.9	-	(19.6)	7.3
Balance as at 30 June 2015	**42.0**	**156.9**	**64.6**	**-**	**390.1**	**653.6**

(NOK million)	**Share capital**	**Share premium**	**Other paid in equity**	**Other reserves – OCI**	**Other equity**	**Total equity**
Balance at 1 April 2014	**42.0**	**156.9**	**12.0**	**-**	**335.9**	**546.8**
Profit for the year	-	-	-	-	9.2	9.2
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**9.2**	**556.0**
Proceeds from shares issued	-	-	-	-	-	-
Group contribution from parent company	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total contributions by and distributions to	-	-	-	-	-	-
Balance as at 30 June 2014	**42.0**	**156.9**	**12.0**	**-**	**345.1**	**556.0**
Balance at 1 April 2015	**42.0**	**156.9**	**37.7**	**-**	**409.1**	**645.7**
Profit for the year	-	-	-	-	0.6	0.6
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**0.6**	**646.3**
Group contribution from parent company	-	-	26.9	-	(19.6)	7.3

Dividends	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	26.9	-	(19.6)	7.3
Balance as at 30 June 2015	**42.0**	**156.9**	**64.6**	**-**	**390.1**	**653.6**

8.7 Segment information

The Group sells home textiles in 128 fully owned stores across Norway and through the Group's online website. Over 97% of the products are sold under own brands. The Group's aggregate online sales are approximately equal to the sales of one physical store and it is therefore not considered as a separate segment. The Norwegian market is not divided into separate geographical regions with distinctive characteristics and Kid's operations cannot naturally be split in further segments.

8.8 Selected other financial information

The non-IFRS financial measures presented in this Prospectus are not recognised measurements of financial performance or liquidity under IFRS, but are used by Management to monitor and analyse the underlying performance of the Company's business and operations. In particular, non-IFRS financial measures should not be viewed as substitutes for any income statement, cash flow or balance sheet items shown herein and in accordance with IFRS. See Section 4.1.2 ("Presentation of financial and other information").

	Three months ended 30 June		**Six months ended 30 June**		**12 months ended 31 December**		
In NOK million, except for percentages and ratios	**2015**	**2014**	**2015**	**2014**	**2014**	**2013**	**2012**
Net profit	0.6	9.2	3.7	1.5	88.2	93.8	30.3
Net profit margin (%)(1)	0.3 %	4.1 %	0.8 %	0.3 %	7.8 %	9.1 %	3.3 %
EBIT	4.8	25.3	12.9	23.5	164.2	151.5	115.1
EBIT margin (%)(2)	2.0 %	11.2 %	2.7 %	5.3 %	14.5 %	14.7 %	12.4 %
EBITDA	10.5	30.0	24.3	32.5	184.1	169.6	132.0
EBITDA margin (%)(3	4.5 %	13.3 %	5.2 %	7.4 %	16.2 %	16.4 %	14.2 %
Net debt(4)	632.7	646.2	632.7	646.2	501.4	548.6	641.6
Net debt to EBITDA ratio (x)(5)	n.m.	n.m.	n.m.	n.m.	2.7x	3.2x	4.9x
Free cash flow(6)	(3.7)	19.0	0.2	16.5	145.0	140.4	115.6
Cash conversion rate (%)(7)	(35.1 %)	63.5 %	0.7 %	50.8 %	78.8 %	82.8 %	86.6 %
Net interest	(3.9)	(12.6)	(7.8)	(21.5)	(43.3)	(41.3)	(72.8)
Interest coverage ratio (x)(9)	1.2x	2.0x	1.6x	1.1x	3.8x	3.7x	1.6x

1) Net profit margin represents Net profit divided by Total revenue

2) EBIT margin represents EBIT divided by Total revenue

3) EBITDA margin represents EBITDA divided by Total revenue

4) Net debt represents the sum of long term liabilities to financial institutions and short term liabilities to financial institutions minus cash and cash equivalents

5) Net debt to EBITDA ratio represents the sum of long term liabilities to financial institutions and short term liabilities to financial institutions minus cash and cash equivalents divided by EBITDA

6) Free cash flow represents EBITDA less total capital expenditures

7) Cash conversion rate represents EBITDA less total capital expenditures as a percentage of EBITDA

8) Net interest expenses represent the sum of Other financial income, Changes in fair value of financial current assets, Interest expenses and Other financial expense

9) Interest coverage ratio represents EBIT divided by the sum of Other financial income, Changes in fair value of financial current assets, Interest expenses and Other financial expense

8.9 Auditor

The Company’s auditor is PricewaterhouseCoopers AS, with registration number 987 009 713 and business address at Dronning Eufemias gate 8, 0191 Oslo, Norway. PricewaterhouseCoopers AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants). PricewaterhouseCoopers AS has been the Group’s auditor throughout the period covered by financial information included in this Prospectus.

PricewaterhouseCoopers AS' audit report on the Audited Financial Statements are included together with the Audited Financial Statements in Appendix B. PricewaterhouseCoopers AS has not audited any other information provided in this Prospectus. They have however carried out a limited review of the Interim Financial Statements which have been included in Appendix C.

9 OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the Company's results of operations and financial condition, based on the Audited Financial Statements and Interim Financial Statements. This operating and financial review should be read together with the other parts of this Prospectus. The Audited Financial Statements as of, and for the years ended, 31 December 2014, 2013 and 2012 have been prepared in accordance with IFRS as adopted by the EU, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act as of 31 December 2014. The Audited Financial Statements have been audited by PricewaterhouseCoopers AS, as set forth in their auditor's reports included herein.

This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 ("Risk Factors") and Section 4.2 ("Forward-looking statements") of this Prospectus, as well as other Sections of this Prospectus.

9.1 Principal factors affecting the Group's results of operations and financial performance

Kid's results of operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Company's control. The factors that management believe have had a material effect on the Company's results of operations, as well as those considered likely to have a material effect in the future are described below.

9.1.1 *New store openings*

New store openings have a clear contribution to Kid's growth in revenue, income and cash flow. For example, 42.4% of the increase in revenue in the year ended 31 December 2014 compared to the year ended 31 December 2013 was related to growth in stores opened in the year ended 31 December 2014. 10.4% of the increase in revenue in the year ended 31 December 2014 compared to the year ended 31 December 2013 was related to growth in stores opened in the year ended 31 December 2013. Further, 6.6% of the increase in revenue in the year ended 31 December 2013 compared to the year ended 31 December 2012 was related to growth in new stores opened in the year ended 31 December 2013. 31.8% of the increase in revenue in the year ended 31 December 2013 compared to the year ended 31 December 2012 was related to growth in stores opened in the year ended 31 December 2012.

From 1 January 2012 to the year ended 31 December 2014, the Company has opened 20 new stores and closed five stores, leaving the Company with net store openings of 15 stores. For the 6 months period up until 30 June 2015, three new stores were opened and one store was closed, leaving the Company with net store openings of two stores. The following table shows the Company's store roll-out from 1 January 2012 to the date of this Prospectus. Note that certain of the Company's stores have been relocated. Relocations are not considered as new store openings. The table below does not include the opening of the online store in 2013.

	Six months ended 30 June	**Year ended 31 December**	**Year ended 31 December**	**Year ended 31 December**
	2015	2014	2013	2012
New	3	12	3	5
Closed	1	1	4	0
Total end	128	126	115	116

In the period from 1 January 2012 up until 30 June 2015, the Company has opened six new stores in the top 60 shopping centres, 15 new stores in other shopping centres, and two new standalone stores.

Capital expenditures related to new stores

In connection with the opening of new stores, the Company incurs capital expenditures primarily relating to in-store fixtures, fittings and equipment. Average capital expenditure in connection with the opening of new stores, on a per store level is estimated to be between NOK 1.4 and 1.7 million. This estimate is based on the capital expenditures related to the 20 physical stores opened between 1 January 2012 and 31 December 2014.

NOK million	**Six months ended 30 June**	**Year ended 31 December**	**Year ended 31 December**	**Year ended 31 December**
	2015	**2014**	**2013**	**2012**
Capex related to new store openings	4.9	17.1	5.8[51]	7.7
# of new stores	3	12	3	5

See section 9.7 ("Investments") for further description of capital expenditures.

New store opening development patterns

In general, stores opened during different years have experienced a consistent revenue growth pattern. Stores are assumed to reach normalised, like-for-like state after around four full years of operations. In the second, third and fourth full year of operations the stores on average have had a revenue growth rate of 11.9%, 7.2% and 8.9%, respectively. In the fifth full year of operations the stores on average have had a revenue growth rate of 3.0%, which is regarded as mature level for a store.[52]

When analysing incremental EBITDA contribution from new stores, the Company looks at direct EBITDA per store before allocation of indirect overhead costs.[53] The EBITDA margin is typically increasing with store maturity. In the first, second and third year of operations the average EBITDA margin is 23.9%, 27.4% and 26.9%, respectively. In the fourth and fifth year of operations the average EBITDA margins reaches 28.0% and 28.6%, respectively.[54] There is some variation between different store formats in terms of maturity, with e.g. good locations in highly frequented shopping centers reaching maturity faster than average.

	1. full year	**2. full year**	**3. full year**	**4. full year**	**5. full year**
Revenue growth	N/A	11.9%	7.2%	8.9%	3.0%
EBITDA margin	23.9%	27.4%	26.9%	28.0%	28.6%
Number of stores in revenue analysis	19	14	15	15	27

Recently opened stores in general need around four years of operations before reaching

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[51] Includes approximately NOK 1.5 million related to opening of online store

[52] Calculated as the weighted average of revenue growth for all stores in the respective year based on revenue data per store for the period 2009-2014. E.g. revenue growth in the second full year is based on revenue growth from 2009 to 2010 for all stores opened in 2008, from 2010 to 2011 for stores opened in 2009 and so on. The analysis only includes stores that have not been refurbished or relocated in any of the relevant years or preceding years.

[53] Indirect overhead costs including marketing expenses

[54] EBITDA before allocation of indirect overhead costs and marketing expenses

a normalised, steady state. Thus, stores opened in 2013[55] and 2014 still holds a significant potential before they reach maturity. Stores opened in 2014, 2013, 2012 and 2011 respectively earned an average EBITDA in 2014 of NOK 0.7 million, NOK 1.6 million, NOK 2.1 million and NOK 2.5 million, respectively[56].

	2014 vintage	**2013 vintage**	**2012 vintage**	**2011 vintage**
Average EBITDA per store (2014) NOKm	0.9	2.1	2.7	3.0
Number of stores opened	12	3	5	4

Geographic mix

In the period from 1 January 2012 up until 30 June 2015, the Company has opened four new stores in the Oslo region, five new stores in the South region, three new stores in the West region, three new stores in the East region, four new stores in the Central region, and four new stores in the North region.

	# of stores	**2014 revenues NOKm**	**Share of revenue**
Oslo region	16	159.6	14.1%
South region	20	173.5	15.3%
West region	24	205.7	18.1%
East region	25	205.8	18.1%
Central region	21	196.9	17.3%
North region	20	180.5	15.9%

The Company has a balanced distribution of revenue across the country, representing the wide geographic reach and national presence of the chain. The chain is nonetheless underrepresented in some of the large population areas in Norway, and has potential to increase revenue in these regions.

Store size

Stores opened in the year ending 31 December 2014 had an average size (including store area, office, stock and staff facilities) of 403 square meters. Stores opened in the year ending 31 December 2013 had an average size of 400 square meters. Stores opened in the year ending 31 December 2012 had an average size of 433 square meters. The largest store opened in the period between the year ending 31 December 2012 and the year ending 31 December 2014 was 938 square meters; the smallest store opened within the same period was 250 square meters. The average store size of the entire portfolio, as of 31 December 2014 was 382 square meters.

Expansion of store portfolio

Kid aims at operating more than 150 stores within 2020, targeting annual openings of between three and five new stores. With an aggregate number of store openings of more than 20 stores since 1 January 2012, the Company has proven its ability to successfully identify under-penetrated areas and effectively establish new profitable stores.

Kid applies a combination of qualitative and quantitative methods when mapping potential new store locations. The qualitative part of the analysis is applied on a county-by-county basis with detailed data analysis of each municipality. The underlying trade numbers receive more weight and focus in the analysis than number of inhabitants; this increases the understanding of local dynamics and opportunities in each area.

Kid has a priority pipeline of 21 identified store locations – of which the majority of new

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[55] Including the online store

[56] Direct EBITDA before allocation of overhead costs and marketing costs

store locations are in areas with an identified strong potential for further expansion. A number of the near term store openings will be targeted at top 60 shopping centres as high traffic numbers in such locations have proven to result in above average revenue generation. Kid has also recently opened a "test store" in a smaller local community in order to understand the commercial viability of store openings in smaller catchment areas.

9.1.2 *Store refurbishments and relocations*

Store refurbishments and continuous store upgrades modernises Kid and is important to attract and retain customers. The store refurbishments and the store upgrades are an important contributor to Kid's growth in revenue, income and cash flow.

Kid has a policy of refurbishing stores on a cycle of approximately 10 years. The latest store format was launched in Q4 2010, and is currently being implemented in Kid stores across the country. For example, 3.4% of the increase in revenue in the year ended 31 December 2014 compared to the year ended 31 December 2013 was related to growth in stores refurbished in the year ended 31 December 2014. 5.0% of the increase in revenue in the year ended 31 December 2014 compared to the year ended 31 December 2013 was related to growth in stores refurbished in the year ended 31 December 2013. Further, 6.5% of the increase in revenue in the year ended 31 December 2013 compared to the year ended 31 December 2012 was related to growth in stores refurbished in the year ended 31 December 2013. 2.1% of the increase in revenue in the year ended 31 December 2013 compared to the year ended 31 December 2012 was related to growth in stores refurbished in the year ended 31 December 2012.

Store relocations have also had a clear contribution to Kid's growth in revenue, income and cash flow. For example, 3.2% of the increase in revenue in the year ended 31 December 2014 compared to the year ended 31 December 2013 was related to growth in stores relocated in the year ended 31 December 2014. 8.8% of the increase in revenue in the year ended 31 December 2014 compared to the year ended 31 December 2013 was related to growth in relocated stores in the year ended 31 December 2013. Further, 6.6% of the increase in revenue in the year ended 31 December 2013 compared to the year ended 31 December 2012 was related to growth in relocated stores in the year ended 31 December 2013. 3.3% of the increase in revenue in the year ended 31 December 2013 compared to the year ended 31 December 2012 was related to growth in relocated stores in the year ended 31 December 2012.

	YTD2015	**2014**	**2013**	**2012**
Relocations	3	10	7	4
Refurbishments	2	4	11	0

So far in 2015 the Company has relocated two stores and refurbished one store, and expects that the total for the year will be five relocations and three refurbishments.

As a case example, presented in the chart below is the average CAGR revenue and EBITDA[57] for the period 2012 to 2014 for all stores refurbished or relocated in 2013, relative to the average CAGR revenue and EBITDA for all stores opened before 2012. The effect on revenue and EBITDA growth from upgrading a store is significant, with upgraded stores achieving a revenue growth rate three percentage point above non-upgraded stores. Considering EBITDA growth the effect is even stronger, with upgraded stores achieving a growth rate five percentage points above non-upgraded stores.

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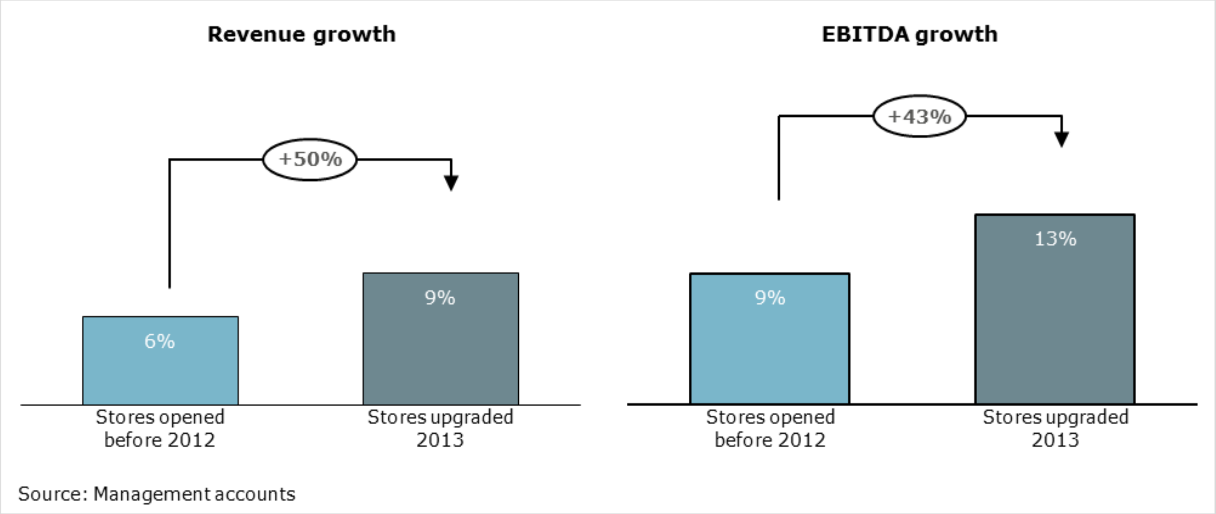
[57] Direct EBITDA before allocation of overhead costs and marketing expenses



Source: Management accounts

Capital expenditures related to store refurbishments and relocations

In connection with refurbishing stores to adapt to a new store format, the Company incurs capital expenditures primarily relating to in-store fixtures and fittings. Average capital expenditure in connection with store refurbishing, on a per store level is estimated to be between NOK 0.9 and 1.2 million. This estimate is based on the capital expenditures related to the 15 store refurbishments between 1 January 2012 and 31 December 2014, of NOK 14.4 million.

In connection with store relocations, the Company incurs capital expenditures primarily relating to in-store fixtures, fittings and equipment. Average capital expenditure in connection with relocating stores, on a per store level is estimated to be between NOK 1.2 and 1.5 million. This estimate is based on the capital expenditures related to the 21 store relocations between 1 January 2012 and 31 December 2014, of NOK 30.6 million.

NOK million	**Six months ended 30 June**	**Year ended 31 December**	**Year ended 31 December**	**Year ended 31 December**
	2015	2014	2013	2012
Capex related to store refurbishments	3.0	4.8	9.6	0
Capex related to store relocations	3.5	14.2	10.3	6.1
# of stores refurbished	2	4	11	0
# of stores relocated	3	10	7	4

See section 9.7 ("Investments") for further description of capital expenditures.

9.1.3 *Like-for-like revenue*

Like-for-like growth is one of the main factors driving the Company's revenue growth, and it is expected to a have a significant impact on the Company's financial performance going forward. Achieving like-for-like revenue growth is contingent on the ability to increase same-store sales through increased customer footfall (number of store visits), conversion rate (number of transactions divided by the number of store visits) and basket size (revenue divided by the number of transactions). Since only a minority of the store base is refurbished, relocated or recently opened in every year, Kid depends on maintaining a high and steady revenue growth in their "unchanged", existing stores.

Stores may continue to exhibit strong like-for-like growth after reaching maturity, and Kid continuously endeavours to increase like-for-like growth through increased customer footfall and growing the average basket size of each customer transaction. Kid targets an annual like-for-like growth of three to four percent going forward, and the Company has employed several strategies to achieve this target. The strategies include: variations in assortment based on trends and seasons, extending the product range to cover a broader area within the home and furniture market, price differentiation through introduction of "premium" own brands, continuous renewal of baseline categories, consistency between marketing material and store presentation based on campaign theme and focus, digital customer communication and discount offers. In addition, Kid has a policy of renewing stores with a new format approximately every ten years.

The table below shows the effect from maturing of stores, refurbishments and relocations:

NOK million	**Revenue in 2013**	**Revenue in 2014**	**Growth y-o-y**
Stores relocated in 2013 or 2014	157.3	169.8	*11.1%*
Stores refurbished in 2013 or 2014	127.4	136.2	*6.9%*
Stores opened in 2012	43.1	48.0	*11.4%*
Stores opened in 2011	34.6	39.6	*14.5%*
All LFL stores[58]	997.1	1052.5	*6.1%*

For the years ended 31 December 2014 and 2013, clean like-for-like growth was 3.8% and 6.5% respectively. If considering all like-for-like stores, the growth rate for the years ended 31 December 2014 and 2013 was 6.1% and 7.8%.

	2010	**2011**	**2012**	**2013**	**2014**	**Q1 2015**	**Q22015**
LFL stores	8.7%	-1.9%	-3.1%	7.8%	6.1%	(0.5%)	(1.8%)

The Company's development in 2011 was negative due to the sharp increase in cotton prices which affected the turnover of Kid's business operations. In addition, the Norwegian Consumer Ombudsman issued an order to readjust Kid's campaigns. These occurrences resulted in a weak development and an inventory build-up.

In 2012 the Company went through a six months long acquisition process which led to the acquisition by Gjelsten Holding which affected the Company's operational focus. The Company implemented measures to reduce personnel costs. These measures contributed to a relatively good turnover for the year 2013. Furthermore, an incentive programme for the management was implemented which lead to increased personnel costs in the Company. In addition the inventory of the Company's warehouse had to be reduced in order to initiate the replacement of the inventory to products which were in high demand.

A new business plan was implemented in 2013 which contributed to economic growth for the Company in 2013. The cost control was maintained, and the Company had a rise in profitability. In 2013, the Company carried out several new establishments and relocations of stores which contributed to the Company's economic growth. In addition, as of 2013, a new plan for the refurbishment of stores was implemented. This implementation lead to increased CAPEX and the refurbishments have led to additional revenue growth.

In 2014, the Company continued to execute on the business plan from 2013 with

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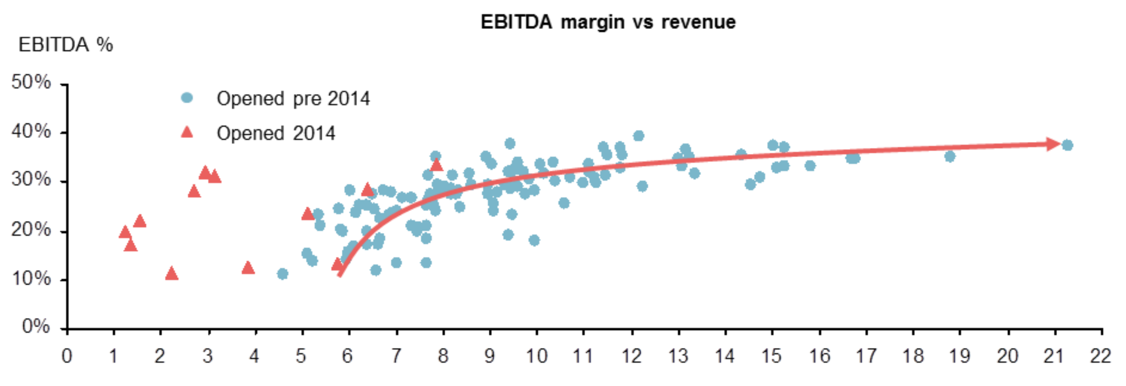
[58] All stores opened in the entire stated year and entire year before, defined as all stores that have been open FY 2013 and FY 2014.

continued focus on store refurbishments, leading to revenue growth with improved results. However, in the fourth quarter, a strong appreciation of the US Dollar lead to increased product cost for products delivered after the turn of the year.

9.1.4 *Profitability by store*

Revenue is a key driver for profitability. Average sales per store[59] for the two years ended 31 December 2014 and 2012 were NOK 9.4 million and NOK 8.3 million, respectively, representing a CAGR of 6.4%.

The highest incremental effect of relative profitability improvement is achieved by bringing revenue per store up to around NOK 7 million per store. In the chart below the EBITDA margin and revenue is displayed in a scatter plot:



Source: Management accounts
Note: EBITDA margin from store pre allocation of overhead costs and marketing

Active store management has resulted in a strong performing store portfolio. 126 of 127 stores, including the online store, generated positive EBITDA before allocated overhead costs in 2014, including the 12 stores opened during the year. One store had negative contribution due to relocation in 2014. Average EBITDA per store before overhead allocation was NOK 2.6 million.

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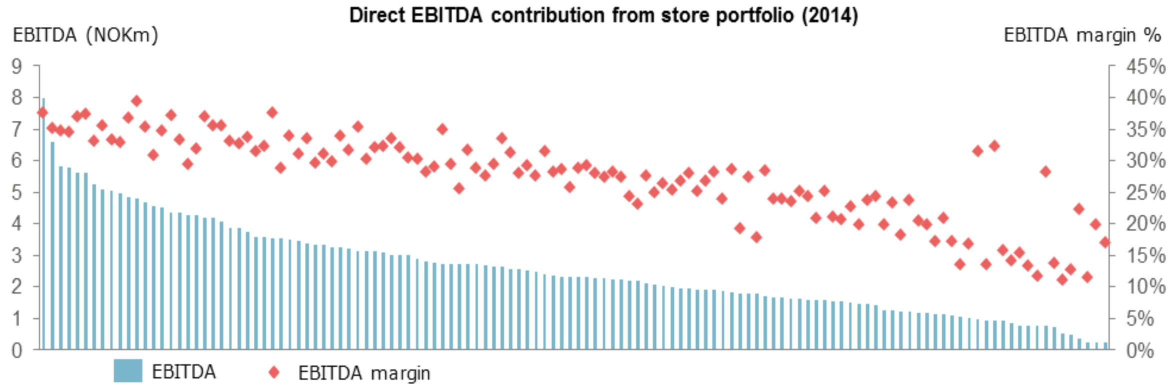
[59] Total revenue divided by average number of stores during the year

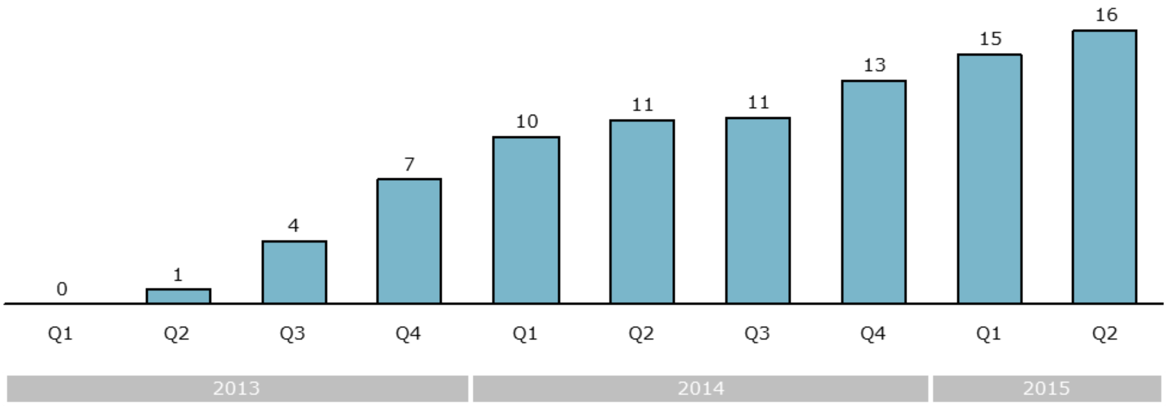


Source: Management accounts
Note: EBITDA from stores pre allocation of overhead costs and marketing

9.1.5 *Online store*

The online store was launched in April 2013, and is already on track to become the highest revenue generating store. A new multichannel platform for online sales will be launched in the second half of 2015 introducing a new interface for shopping from handheld units, launching members club in Q2 2015 in order to gain customer insights, improve customer loyalty and build a digital communication channel for the future. The Company had revenues of NOK 13.2 million from the online store in 2014, representing 1.2% of total revenues, and the online store EBITDA margin was 36.8% pre allocation of overhead and marketing expenses in 2014.

Presented in the chart below is the revenue development for the accumulated last twelve months for the online store.



Source: Management accounts

9.1.6 *Variation caused by seasonal pattern*

The Company's sales are subject to the different seasons and variations in consumer habits throughout the year. The Company utilises a campaign strategy to drive footfall and basket size throughout the year, but focuses specifically on magnifying the effect of the change in seasons. This is evident in the assortment strategy, where seasonal products account for approximately 35 to 45% in any Kid store. Historically, the most significant seasons have been in the lead up to, and during, Christmas and summer holidays. In 2014, Q4 accounted for 35.2% of net sales, Q3 for 26.0%, Q2 for 19.9% and Q1 for 18.9%. Similarly, gross profit in Q4 represented 35.7%, Q3 25.5%, Q2

20.9% and Q1 18.0% of the Company's total gross profit in 2014, and for EBITDA: Q4 50.7%, Q3 31.7%, Q2 16.3% and Q1 1.4% in 2014.

NOKm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Total
Revenue	215	225	295	399	1135
Gross profit	125	145	178	248	697
EBITDA	3	30	58	93	184
EBIT	(2)	25	53	87	164
%					
Revenue	18.9%	19.9%	26.0%	35.2%	100%
Gross profit	18.0%	20.9%	25.5%	35.7%	100.0%
EBITDA	1.4%	16.3%	31.7%	50.7%	100.0%
EBIT	-1.1%	15.4%	32.5%	53.2%	100.0%

During seasonal peaks, especially Christmas, the Company incurs additional expenses related to marketing, logistics, personnel and rent costs. However, Kid works rigorously to trim costs during off-peak seasons. Initiatives include Kid's staffing strategy. The only full-time employee in each store is the store manager, for the largest stores the assisting store manager has a 80% contract while other employees are hired on 10 to 40% contracts to increase flexibility and availability of labour supply. Employees are also encouraged to take vacation during periods where sales are typically lower. Net working capital also typically varies throughout the year driven by changes in inventory. Typical peaks correspond to the month before seasonal sales, with a strong increase in inventory in the build up to Christmas and the summer holidays.

The figure below displays the seasonal patterns in the period from Q1 2012 to Q2 2015, which clearly illustrates Kid's seasonal pattern.

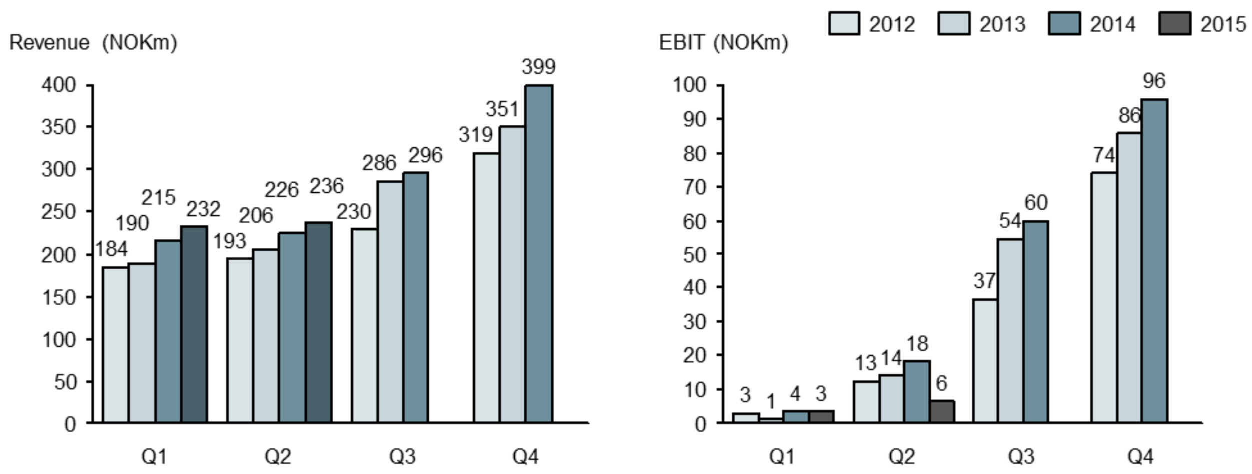
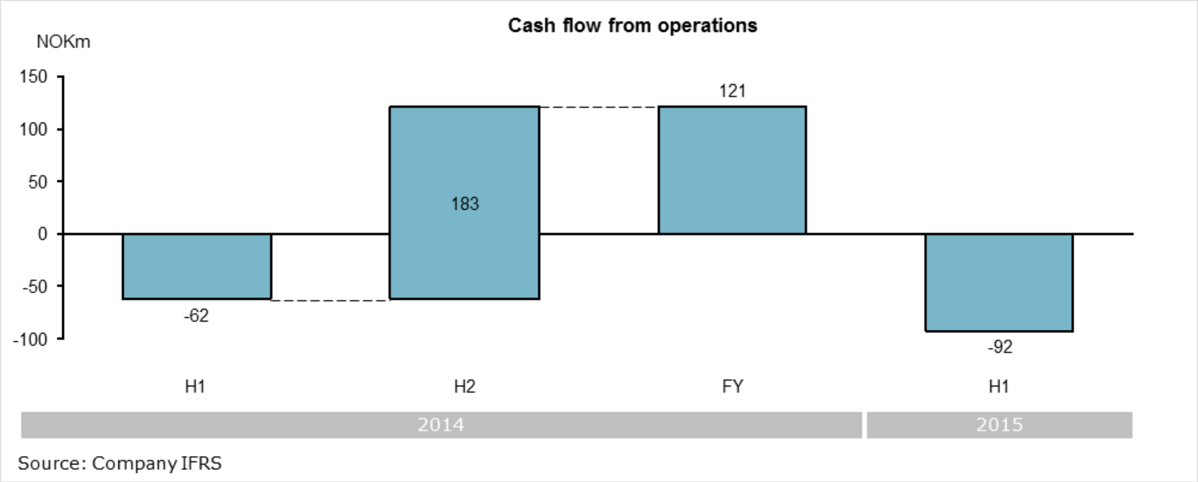


Illustration of seasonal revenue and operating profit pattern

Source: Management accounts, Company IFRS
Note: Quarterly financials Q1 2014 – Q2 2015 based on IFRS adjusted for unrealized losses/gains, equivalent numbers for the financials periods prior to this are based on NGAAP. Certain items may be classified differently under IFRS vs NGAAP and numbers presented may as such not be directly comparable. Q2 2015 is adjusted for cost of relocation to new warehouse and costs related to IPO. Costs related to management incentives have been adjusted for in Q4 2012, 2013 and Q2-Q4 2014

As a result of the intra-year seasonal pattern, Kid will typically have negative cash flow during the first half of the year investing in working capital and inventory, and strongly positive cash flow towards the end of the second half of the year. The figure below illustrates the intra-year cash flow effects by displaying the cash flow from operations through the year from Q1 2014 to Q2 2015.



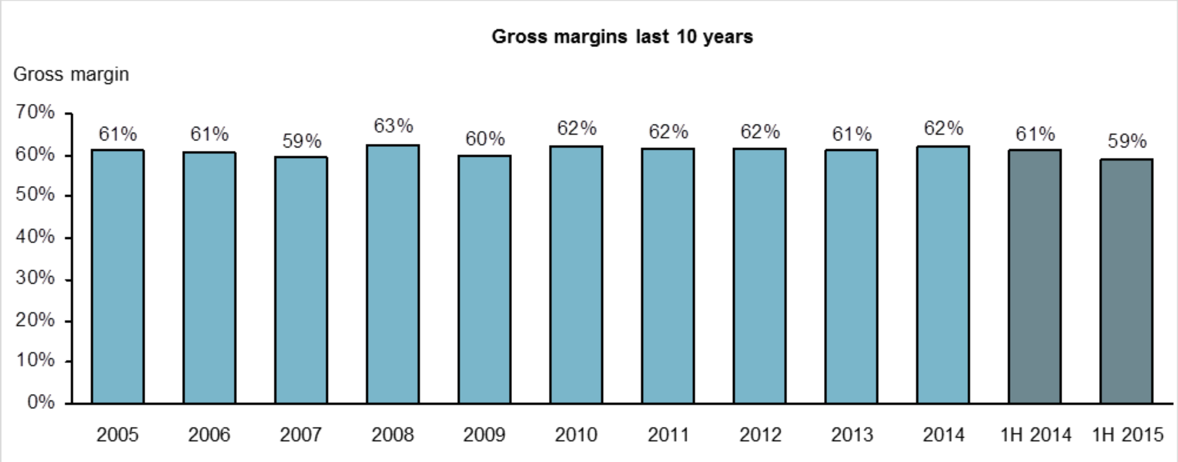
Source: Company IFRS

9.1.7 *Variation caused by weather*

Unseasonal weather can impact the retail sector, and the home textile market is no exception. Kid's sales is somewhat affected by weather conditions, in particular in the second quarter of 2015 when an unusual cold period in May and June affected the Company’s sale of outdoor products that were the focus of a campaign in the period. Longer winters with lower temperatures and few sunny days affect consumer spending on the seasonal summer assortment. Unsold products at the end of the season are stored for sale the next year.

9.1.8 *Gross margin*

An active pricing strategy has resulted in stable gross margins over the last 10 years despite being impacted by fluctuating external costs such as cotton prices, foreign exchange rates and transportation costs. The figure below displays the Company’s gross margin for the period 2005 – 2014 as well as for the six months ended 30 June 2015 and 2014. Although gross margins for 1H 2015 are below that of 1H 2014, they are within the 10 year range of 59-63%.



Source: Company IFRS, management accounts
Note: 2012-H1 2015 financials are based on IFRS adjusted for realized losses/gains, financials prior to 2012 are based on NGAAP

Having full control of the value chain and selling own brands has strengthened Kid’s ability to effectively control gross margins through re-pricing products in periods where costs have fluctuated. The main factors affecting gross margins are sourcing relations, cotton prices, foreign exchange rates and freight rates. Over the past 10 years, the Company has only experienced up to 5% variability in gross margins. In the same period, the USDNOK exchange rate varied by 33%, cotton prices 178% and freight rates 80%[60].

9.1.9 *Supplier base and cotton prices*

Kid's gross margins are among the highest in the retail peer universe[61], due to a consistent low-cost sourcing strategy where products are sourced directly from suppliers, mainly from Asia. The Company is continuously identifying and developing sourcing channels for new sourcing locations. Strong quality and corporate social responsibility (CSR) requirements ensure that top suppliers are chosen to produce Kid branded products. Kid has developed master supplier agreements with a few large suppliers to ensure that the suppliers are loyal to Kid and do not make available design purchased by Kid to other customers in Norway and Sweden. The contracts do not contain any price or volume commitments as these are determined on a purchase-by-purchase basis.

Kid has developed a large supplier base of over 200 suppliers with several suppliers within each product category. This allows the Company to reduce supplier risk and supplier power while also attaining the best possible price for its purchased goods. The most important input factor in textiles is cotton and thus Kid's cost of goods can vary with the cotton price. However, a diverse supplier base in conjunction with an active re-pricing strategy reduces the importance of the cotton price. The top 10 largest suppliers only make up approximately 36% of volume, with the top 52 largest suppliers representing around 80% of the product volume. The Company is also able to uphold geographic diversity among its supplier base, sourcing from China, India, Pakistan, Bangladesh, across Europe, Norway and Africa.

9.1.10 *Foreign exchange*

Kid has exposure to foreign exchange rates as the majority of products sold are sourced from abroad and primarily denominated in USD. For the year ended 2014, 90% of the cost of goods was denominated in USD, 6% in EUR, 3% in NOK and 1% in DKK.

To manage the currency risk associated with this practice, the Group enters into hedging arrangements. The hedging arrangements are made in relation to future deliveries and have duration of 6-12 months. The Group's currency hedging policy ensures that the estimated margins for new products are actually achieved.

Furthermore, under IFRS, the Company is required to measure these contracts at fair value on each balance sheet date. Any change in fair value is recognized as a gain or loss in the income statement for the period without any cash effect for the Company. The gains/(losses) in the twelve months periods ended 31 December 2012, 2013 and 2014 have amounted to NOK (5.1) million, NOK 7.7 million, NOK (2.6) million. The unrealised gains/(losses) in the six months periods ended 30 June 2014 and 30 June 2015 have amounted to NOK 2.2 million and NOK 7.1 million.

9.1.11 *Interest rate hedging*

In connection with Gjelsten Holding's acquisition of the Company in 2012, the Company entered into a NOK 600 million interest rate swap agreement with DNB. Under this agreement, the Company has swapped the floating interest rate for a 2.83% fixed interest rate. The swap agreement will be terminated in connection with the Listing resulting in a one-off termination cost.

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[60] Variability in freight rates for the period 1 January 2009 to 30 June 2015

[61] Based on comparison of 2014 financials for Kid and its peer group consisting of Beter Bed, Dunelm, Williams-Sonoma, Bed Bath & Beyond, Steinhoff, Home Retail Group, Hemtex, Matas, Clas Ohlson, XXL and Byggmax. All companies are calendarized except for Home Retail Group (financial year ended 29/08/2014, Williams Sonoma (financial year ended 31/10/2014), BBB (financial year ended 28/11/2014) and Home Retail Group (financial year ended 30/06/2014)

The interest rate swap agreement has impacted the Company's net profit, partly as a result of interest expense payments made under the swap agreement and partly as a result of fair value adjustments of the swap:

- The interest expense under the swap agreement in the twelve months periods ended 31 December 2012, 2013 and 2014 have amounted to NOK (5.6) million, NOK (6.4) million and NOK (6.8) million. For the six months periods ended 30 June 2014 and 30 June 2015, the interest expense amounted to NOK 3.4 million and NOK 4.1 million.

- Additionally, the changes in fair value of the swap agreement resulted in gains/(losses) in the twelve month periods ended 31 December 2012, 2013 and 2014 of NOK (15.6) million, NOK 0.5 million and NOK (10.8) million. The gains/(losses) from changes in fair value for the six months periods ended 30 June 2014 and 30 June 2015 was NOK (4.9) million and NOK 6.0 million respectively.

- In the twelve month periods ended 31 December 2012, 2013 and 2014, the total gains/(losses & costs) incurred related to the swap agreement (the sum of the interest rate expense and fair value changes) amounted to NOK (21.2) million, NOK (5.9) million and NOK (17.7) million. In the six month periods ended 30 June 2014 and 30 June 2015, the total gains/(losses & costs) amounted to NOK (8.3) million and NOK 1.9 million respectively.

9.1.12 *Freight rates*

The Company utilises various third party logistics providers for delivery from suppliers. The Company's inbound logistics team has a strong focus on optimising utilisation of containers and freights to maintain low transport costs. The Company also maintains good relations to several logistics suppliers in order to reduce supplier control. Transport from suppliers to Kid's warehouse amounted to 5.2% of COGS in 2014.

9.1.13 *Personnel expenses*

The Company's personnel expenses increased by 12% from NOK 232.6 million year end 2013 to 260.2 million year end 2014, and 9% from NOK 214.2 year end 2012 to NOK 232.6 year end 2013. The executive management compensation scheme will be replaced in connection with the Listing. The number of employees decreased from 868 at year end 2012 to 863 at year end 2013 and increased to 891 at year end 2014. However, personnel expenses as a percentage of sales remained constant throughout the period at 23% of sales.

NOKm	**2012**	**2013**	**2014**
Employee benefits expense	214,172	232,633	260,188
Average number of full time employees	406	404	426

9.1.14 *Marketing expenses*

The Company has an effective marketing plan, which is a key driver of like-for-like growth through increasing store footfall and basket size. The Company utilises various targeted marketing strategies, including direct mail leaflets, TV advertisement, dedicated and seasonal catalogues, extra discounts quality guarantees and digital media. The Company's main marketing channels are direct mail leaflets and TV advertising, which represent approximately 85% of the marketing budget for 2014.

NOKm	**2012**	**2013**	**2014**
Marketing	58	62	65
% of sales	6.2%	6.0%	5.8%

In 2014, the Company spent NOK 65 million on marketing, compared to NOK 62 million in 2013 and 58 million in 2012. However, marketing expense as a percentage of sales decreased to 5.8% in 2014, from 6.0% in 2013 and 6.2% in 2012 as a result of scale and positive impact of new store openings.

9.1.15 *Property lease (new HQ, warehouse, stores)*

The Company's stores, warehouse and headquarter are located on properties held on leasehold basis. Stores are typically leased from third party property managers with a contract length of 10 years. The increase in rental costs in the period between 2012 and 2014 relates mainly to the annual CPI regulation of existing contracts and new store openings and relocation of existing stores.

Kid has invested in a new headquarter and warehouse in Lier, Norway and successfully relocated in June 2015. The relocation to Lier increased the annual rent costs. However, Kid believes the relocation was necessary in order to continue the growth of the Group, as the previous warehouse did not have sufficient capacity to meet future demand from an increased store base and ramp up of online sales. Investments related to the relocation of headquarter and warehouse in Lier amounted to NOK 13.1 million.

The new warehouse can store up to 43% more pallets compared to the previous warehouse.

NOKm	**2012**	**2013**	**2014**
Rental costs for stores and storage	124,468	130,319	142,597

9.2 Results of operations for the Group

9.2.1 *Results of operations for the three month period ended 30 June 2015 compared to the three month period ended 30 June 2014*

Revenue

Revenue in the second quarter of 2015 amounted to NOK 235.8 million (NOK 226.0 million), which represents a growth of 4.3% compared to the second quarter of 2014 (13.5%). Sales figures were negatively affected by an early Easter, which similarly affected the first quarter positively. Sales were also negatively affected by the poor weather in Norway in May and June, which depressed sales of our seasonal assortment significantly. Sales in our base assortment showed stronger performance. The LFL growth in the quarter was -1.2%, with LFL growth for the first half of -0.2%. The revenue growth was thus driven by new store openings and online sales.

Cost of goods sold

Cost of goods sold amount to NOK 95.3 million, (NOK 80.6 million). The increase was mainly driven by an adverse development in the NOKUSD foreign exchange rate, as Kid was not fully hedged before the appreciation of the USD dollar. The gross margin in Q2 2015 was 60.3% (63.3%). Accordingly, the gross margin in the second quarter was the larger contributor to the gross margin in the first half which amounted to 59.1% (61.4%).

Other operating expenses and employee benefit expenses

Other operating expenses, including employee benefits expenses came to NOK 134.2 million (NOK 120.6 million).

In the six month period ending on 30 June 2015 the Company incurred IPO costs of NOK 0.4 million. The Company will incur additional IPO costs in the six month period ending on 31 December 2015. IPO costs include, but are not limited to, payments for advisory services in connection with the Listing, hereunder legal fees, accounting services and fees for advisory services in connection with the conversion from NGAAP to IFRS. See section 14.19 for further description of expenses related to the Offering.

In 2015, the Company relocated to a new head office and central warehouse in Lier, and terminated the lease agreement for the existing central warehouse. In connection with the relocation the Company had extraordinary expenses related to transportation of inventory and fixtures, and a cash payment to the landlord related to general wear of the premises in the lease period. This amounted to 3.7 MNOK expensed in Q2 2015. The Company expects no material additional expenses for the remainder of 2015 related to the relocation.

Depreciation and amortisation expense

Depreciation and amortisation expenses amounted to NOK 5.8 million (NOK 4.7 million). The increase was the result of a higher asset base due to investments in fixed assets.

Other financial income

Other financial income amounted to NOK 0.2 million (NOK 0.0 million).

Change in fair value of financial current assets

Change in fair value of financial current assets amounted to NOK 3.0 million (negative NOK 4.7 million), an increase of NOK 7.7 million. The increase was a result of change in market value for the Company's NOK 600 million interest swap agreement.

Interest expenses

Interest expenses amounted to NOK 6.6 million (NOK 7.4 million), a decrease of NOK 1.2 million. The lower interest expenses were mainly a result of lower interest rates and a lower amount of debt on the balance sheet.

Other financial expenses

Other financial expenses amounted to NOK 0.5 million, which was at the same level as Q2 2014.

Profit before tax

Profit before tax was NOK 0.9 million (NOK 12.6 million), which is NOK 11.8 million lower than Q2 2014. This is primarily caused by the increase in cost of goods sold, employee benefit expenses and other operating expenses.

Income tax expense

Income tax expenses amounted to NOK 0.2 million (NOK 3.4 million). The effective income tax rate was 26.6% (27.0%).

Net profit or loss for the year

Due to the effects discussed above, net profit for the six months ended 30 June 2015 was NOK 0.6 million (NOK 9.2 million).

9.2.2 *Results of operations for the six-month period ended 30 June 2015 compared to the six-month period ended 30 June 2014*

See Section 8.3 ("Consolidated statements of income"). All amounts in brackets are comparative figures for the six month period ended 30 June 2014 unless otherwise specifically stated.

Revenue

Revenue amounted to NOK 467.7 million (NOK 441.2 million), an increase of NOK 26.5 million or 6.1%. The increase was primarily a result of the opening of 3 new stores in the six months ended 30 June 2015 and online sales growth, as like-for-like growth was negative 0.2% in the first half of 2015. The poor weather in Norway in May and June 2015 depressed Kid's sales of seasonal assortment significantly.

Other operating income

Other operating income, which is income related to sale of fixed assets, compensations and insurance settlements, was NOK 0.4 million (NOK 0.0 million).

Cost of goods sold

Cost of goods sold amounted to NOK 194.9 million (NOK 170.8 million), an increase of NOK 24.1 million or 14.1% due to increased revenues and the effect of currency appreciations, mainly related to the stronger US Dollar. The gross margin after realised currency effects was 59.1% (61.4%). See section 9.1.8 for further description of gross margins.

Employee benefits expenses

Employee benefits expenses amounted to NOK 125.1 million (NOK 117.1 million), an increase of NOK 8.0 million or 6.9%. The increase was primarily a result of the net new store openings following the first half of 2014.

Depreciation and amortisation expense

Depreciation and amortisation expenses amounted to NOK 11.4 million (NOK 9.0 million), an increase of NOK 2.4 million or 26.4%. The increase was primarily a result of growth in fixtures and fittings from strong growth in capital expenditures.

Other operating expense

Other operating expenses consist of a number of individual items, some of which are semi-variable (for example rent and marketing contributions to landlords) and amounted to NOK 134.7 million (NOK 123.5 million), an increase of NOK 11.2 million or 9.1%. The increase was primarily a result of growth in rent and other expenses related to the opening of new stores in 2015 and full year effect of stores opened during first half 2014.

Other financial income

Other financial income amounted to NOK 0.3 million (NOK 0.1 million), an increase of NOK 0.1 million or 105.3%.

Change in fair value of financial current assets

Change in fair value of financial current assets amounted to NOK 6.0 million (negative NOK 4.9 million), an increase of NOK 10.9 million. The increase was a result of change in market value for the Company's NOK 600 million interest swap agreement.

Interest expenses

Interest expenses amounted to NOK 13.1 million (NOK 15.5 million), a decrease of NOK 2.4 million or 15.6%. The lower interest expenses were mainly a result of lower interest rates and repayment of long term debt.

Other financial expenses

Other financial expenses amounted to NOK 1.0 million (NOK 1.2 million), a decrease of NOK 0.2 million or 16.8%.

Profit before tax

Profit before tax was NOK 5.0 million (NOK 2.0 million), an increase of NOK 3.0 million or 149.8%, due to the reasons explained above.

Income tax expense

Income tax expenses amounted to NOK 1.4 million (NOK 0.6 million), an increase of NOK 0.8 million or 146.3%. The effective income tax rate was 26.9% (27.3%).

Net profit or loss for the year

Due to the effects discussed above, net profit for the six months ended 30 June 2015 was NOK 3.7 million (NOK 1.5 million).

9.2.3 *Results of operations for the year ended 31 December 2014 compared to the year ended 31 December 2013*

See Section 8.3 ("Consolidated statements of income"). All amounts in brackets are comparative figures for 2013 unless otherwise specifically stated.

Revenue

Revenue amounted to NOK 1,135.9 million (NOK 1,031.7 million), an increase of NOK 104.2 million or 10.1%. The increase was primarily a result of like-for-like growth which amounted to 6.1%, the opening of 12 new stores in 2014 and full-year effect of four new stores opened in 2013 (including online store), and the relocation and refurbishment of 14 stores in 2014.

Other operating income

Other operating income, which is income related to sale of fixed assets, compensations and insurance settlements, was NOK 0.2 million (NOK 0.1 million).

Cost of goods sold

Cost of goods sold amounted to NOK 439.4 million (NOK 404.8 million), an increase of NOK 34.7 million or 8.6% due to increased revenue. The gross margin was 61.3% (60.8%), an improvement due to better results from negotiation with suppliers.

Employee benefits expenses

Employee benefits expenses amounted to NOK 260.2 million (NOK 232.6 million), an increase of NOK 27.6 million or 11.8%. The increase was primarily a result of increased salary expenses, due to general wage increase and a higher number of employees, the Company's opening of new stores in 2014 and performance based bonuses.

Depreciation and amortisation expense

Depreciation and amortisation expenses amounted to NOK 18.2 million (NOK 16.9 million), an increase of NOK 1.3 million or 7.5%. The increase was primarily a result of growth in fixtures and fittings from strong increase in capital expenditure in 2013 and 2014.

Other operating expense

Other operating expenses consist of a number of individual items, some of which are semi-variable (for example rent and shared marketing costs for stores located at shopping centres) and amounted to NOK 259.4 million (NOK 238.0 million), an increase of NOK 21.5 million or 9.0%. The increase was primarily a result of growth in rent and other expenses related to the opening of new stores in 2014 and full year effect of stores opened during 2013. The Company also increased marketing spending during 2014 to better support campaigns.

Other financial income

Other financial income amounted to NOK 0.4 million (NOK 0.9 million), a decrease of NOK 0.5 million or 56.6%. The decrease was due to reduced interest income on bank deposits which was a result of (i) a general decrease in interest rates and (ii) decreased bank deposits. The decrease in bank deposits was in line with the Company's financial strategy to repay long term debt and hence reduce available cash.

Change in fair value of financial current assets

Change in fair value of financial current assets amounted to negative NOK 10.8 million (NOK 0.5 million), a decrease of NOK 15.6 million. The decrease was a result of change in market value for the Company's NOK 600 million interest swap agreement.

Interest expenses

Interest expenses amounted to NOK 30.7 million (NOK 39.8 million), a decrease of NOK 9.1 million or 22.8%. The decrease was primarily a result of repayment and reduced margins on long term debt.

Other financial expenses

Other financial expenses amounted to NOK 2.2 million (NOK 2.9 million), a decrease of NOK 0.7 million or 23.9%. The decrease was primarily a result of negotiation better terms for other financial services.

Profit before tax

Profit before tax was NOK 120.9 million (NOK 110.2 million), an increase of NOK 10.6 million or 9.7%, due to the reasons explained above.

Income tax expense

Income tax expenses amounted to NOK 32.7 million (NOK 16.4 million), an increase of NOK 16.3 million or 99.1%. The effective income tax rate was 27.1% (14.9%). 2013 tax expenses reflect changes in deferred tax due to changes in tax rate.

Net profit or loss for the year

Due to the effects discussed above, net profit for the year was NOK 88.2 million (NOK 93.8 million).

9.2.4 *Results of operations for the year ended 31 December 2013 compared to the year ended 31 December 2012*

See Section 8.3 ("Consolidated statements of income"). All amounts in brackets are comparative figures for 2012 unless otherwise specifically stated.

Revenue

Revenue amounted to NOK 1,031.7 million (NOK 926.7 million), an increase of NOK 105.0 million or 11.3%. The increase was primarily a result of like-for-like growth and the relocation and refurbishment of 15 stores in 2013 and opening of four new stores (including the online store).

Other operating income

Other operating income was NOK 0.1 million (NOK 1.2 million) a decrease of NOK 1.1 million or 92.1%.

Cost of goods sold

Cost of goods sold amounted to NOK 404.8 million (NOK 352.6 million), an increase of NOK 52.2 million or 14.8%. The gross margin was 60.8% (62.0%), a decrease due to increased campaign discounts.

Employee benefits expense

Employee benefits expenses amounted to NOK 232.6 million (NOK 214.2 million), an increase of NOK 18.5 million or 8.6%. The increase was primarily a result of increased salary expenses, due to general wage increase, performance based bonuses, opening of new stores in 2013 and the full year effect of stores opened during 2012.

Depreciation and amortisation

Depreciation and amortisation expenses amounted to NOK 18.2 million (NOK 16.9 million), an increase of NOK 1.3 million or 7.5%. The increase was primarily a result of growth in fixtures and fittings. Other operating expenses amounted to NOK 238.0 million (NOK 221.8 million), an increase of NOK 16.2 million or 7.3%. The increase was primarily a result of growth in rent and other real estate expenses, marketing expenses and other operating costs such as cleaning and electricity due to an increased number of stores.

Other financial income

Other financial income amounted to NOK 0.9 million (NOK 0.3 million), an increase of NOK 0.6 million or 214.6%.

Change in fair value of financial current assets

Change in fair value of financial current assets amounted to NOK 0.5 million (negative NOK 15.6 million), an increase of NOK 16.1 million. The increase was primarily a result of change in market value for a NOK 600 million interest SWAP.

Interest expenses

Interest expenses amounted to NOK 39.8 million (NOK 54.3 million), a decrease of NOK 14.5 million or 26.7%. The decrease was primarily a result of repayment and reduced margins on long term debt.

Other financial expenses

Other financial expenses amounted to NOK 2.9 million (NOK 3.2 million), a decrease of NOK 0.3 million or 10.1%. The decrease was primarily a result of the Company achieving better terms for other financial services.

Profit before tax

Profit before tax was NOK 110.2 million (NOK 42.3 million), an increase of NOK 67.9 million or 160.5%, due to the reasons explained above.

Income tax expense

Income tax expenses amounted to NOK 16.4 million (NOK 12.0 million), an increase of NOK 4.4 million or 36.5%. The effective income tax rate was 14.9% (28.4%). The decrease in effective tax rate was primarily due to 2013 tax reflecting changes in deferred tax due to changes in tax rate.

Net profit or loss for the year

Due to the effects discussed above, net profit for the year was NOK 93.8 million (NOK 30.3 million).

9.3 Recent developments and trends

9.3.1 *Trends and developments*

According to data from Kvarud Analyse's "Kjøpesenterindeks" (not publically available, dated August 2015) (*English language "mall index"*), Norwegian shopping centres reported relatively strong shopping figures in July 2015 compared to July 2014, while August trade numbers were weak, adversely affected by the late summer weather. Data from Statistics Norway (SSB data table 07129, downloaded 12 October 2015) shows that the Norwegian market for textiles was down approximately 0.6% in July and 8.1% in August[62]. In the same period, Kid experienced a lower revenue decline compared to the overall market. The Company's marketing campaigns have been maintained at the same level as before. The current slowdown and trends experienced in the market has also affected Kid. However, the revenue decline of the Company was lower than for the overall market.

In total for Q3 2015, management expects total revenue growth to be above market growth, which comes as a result of a higher number of stores compared to the corresponding period in 2014. The Company's management expects that the total revenues will be lower in absolute terms in Q3 2015 compared to Q3 2014, with LFL sales slightly weaker than the overall market decline in the same period. It is worth taking note that the revenue decline was vastly driven by the weak August performance(July was ahead of last year and September delivered sales approximately at 2014 level). The Company's strong online sales trend is expected to continue in Q3 2015.

The Group's costs have increased so far in 2015 compared to 2014. The increased costs are a result of the strong rise in the US Dollar compared to NOK. Over the period 2005 to 2014 Kid's gross margin has been steady in the range 59% to 63%. As a result of the strengthened US Dollar, the gross margin for the first half of 2015 decreased to 59%. The gross margins for Q3 2015 are expected to be around 60%, which is lower compared to Q3 2014, but still within the 59-63% range experienced the last ten years.

The Company's management monitors operations closely with focus on keeping operating costs to a minimum. Despite having a higher number of stores in Q3 2015 compared to the corresponding period in 2014, Kid expects personnel costs to remain approximately the same. In terms of operational costs, trailing twelve months OPEX as percentage of revenue is expected to be in line with the levels experienced the last few years.

The Group moved to a new headquarter in June 2015. The relocation has led to increased costs in relation to relocation, the redelivery of the previous headquarter and large investments in connection with the relocation. Kid has relocated one store since end of 30 June 2015.

9.3.2 *Outlook*

With regards to the outlook for the full year, management remains confident in the Company's prospects for the remainder of the year. As Kid opened six new stores during the fourth quarter of 2014, revenues are expected to increase as a result of full run-rate effect in Q4 2015. Kid has experienced a positive trend in gross margins from Q1/Q2 2015 to Q3 205, which is expected to continue into Q4 further underpinned by hedging of the USDNOK at 7.60 for the fourth quarter. Management remains confident in reaching its long-term financial targets, including LFL sales of 3-4% per year.

For further information about recent market developments and trends, please refer to section 5.3.

9.4 Balance sheet

9.4.1 *Six-month period ended 30 June 2015 compared to the six-month period ended 30 June 2014*

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[62] Statistics Norway, Index of retail sales for textiles and furnishings, accessed 28 September 2015

See Section 8.4 ("Selected statement of financial position") for the balance sheet. All amounts in brackets are comparative figures for the six-month period ended 30 June 2014 unless otherwise specifically stated.

Fixed assets

Total fixed assets was NOK 1,542.2 million (1,517.3 million), an increase of NOK 24.9 million. The increase was mainly related to the net new stores in 2015. Value of trademark was unchanged at NOK 1,459.6 million.

Current assets

Total current assets amounted to NOK 276.6 million (NOK 241.1 million), an increase of NOK 35.6 million. The increase was primarily caused by an increase of inventory, which amounted to NOK 246.6 million (NOK 203.2 million). Cash and bank deposits amounted to NOK 8.6 million (NOK 21.9 million). The decrease was primarily due to repayment of loans (the Overdraft Facility and repayment of long-term loans). See further discussions below in section 9.6 related to cash flows.

Equity and liabilities

Equity increased year on year to NOK 653.6 million (NOK 556 million), an increase of NOK 97.6 million due to profit for the year and the increase of NOK 52.6 million in other paid in equity, which amounted to NOK 64.6 million (NOK 12.0 million). The change in other paid in equity is a result of received group contributions from Gjelsten Holding. See section 9.7 for further details about the effects of group contribution for Kid and Gjelsten Holding.

Total provisions decreased slightly year on year to NOK 390.5 million (NOK 391.2 million).

Total long-term liabilities decreased year on year to NOK 575.8 million (NOK 596.9 million), a decrease of NOK 21.1 million. The decrease was mostly due to a decrease in liabilities to financial institutions.

Total short-term liabilities was NOK 198.9 million (NOK 214.3 million), a decrease of NOK 15.3 million. Decreases in short-term liabilities to financial institutions, tax payable and public duty payables were the main reasons for this. The decrease was partly offset by increases in trade payables and other short-term liabilities.

9.4.2 *Financial year ended 31 December 2014 compared to financial year ended 31 December 2013*

See Section 8.4 ("Selected statement of financial position") for the balance sheet. All amounts in brackets are comparative figures for 2013 unless otherwise specifically stated.

Fixed assets

Total fixed assets was NOK 1,529.5 million (NOK 1,510.3 million), an increase of NOK 19.2 million. The increase was related to investments in fixtures and fittings, tools, office machinery and equipment as a result of the opening of 11 new stores and relocation and refurbishment of 14 existing stores in 2014. Value of trademark was unchanged at NOK 1,459.6 million.

Current assets

Total current assets amounted to NOK 313.1 million (NOK 242.8 million), an increase of NOK 70.4 million. The increase was primarily a result of growth in inventory which amounted to NOK 201.1 million (NOK 151.7 million). As a result of running out of stock of popular low-risk baseline products in 2013 the Company decided in 2014 to invest in higher inventory levels. The inventory also reflects an increased number of stores and the increase of the USD/NOK exchange rate in fourth quarter 2014. The increase in current assets was also due to higher cash and bank deposits which amounted to NOK 99.1 million (NOK 77.7 million). The increase was primarily due to the cash inflow from operating activities. See further discussions below in section 9.6 related to cash flows.

Equity and liabilities

Equity increased during the year to NOK 642.7 million (NOK 554.5 million), an increase of NOK 88.2 million due to profit for the year.

Total provisions decreased slightly during the year to NOK 389.1 million (NOK 390.7 million) due to decrease in deferred tax.

Total long-term liabilities decreased somewhat during the year to NOK 581.4 million (NOK 591.3 million), a decrease of NOK 9.9 million. The decrease was primarily due to repayment of debt during the year partly offset by higher value of derivatives.

Total short-term liabilities amounted to NOK 229.4 million (NOK 216.6 million), an increase of NOK 12.9 million. The increase was due to growth in trade payables, tax payables and other short-term liabilities partly offset by a decrease in liabilities to financial institutions and public duties payables.

9.4.3 *Financial year ended 31 December 2013 compared to financial year ended 31 December 2012*

See Section 8.4 (" Selected statement of financial position") for the balance sheet. All amounts in brackets are comparative figures for 2012 unless otherwise specifically stated.

Fixed assets

Total fixed assets was NOK 1,510.3 million (NOK 1,497.4 million), an increase of NOK 12.9 million. The increase was related to investments in fixtures and fittings, as a result of the relocation and refurbishment of 15 existing stores in 2013. Value of trademark was unchanged at NOK 1,459.6 million.

Current assets

Total current assets amounted to NOK 242.8 million (NOK 271.7 million), a decrease of NOK 28.9 million. The decrease was primarily a result of less cash and bank deposits which amounted to NOK 77.7 million (NOK 111.3 million), primarily due to repayment of debt and increased inventory during the year. See further discussions below in section 9.5 related to cash flows.

Equity and liabilities

Equity increased during the year to NOK 554.5 million (NOK 460.7 million), an increase of NOK 93.8 million due to profit for the year.

Total provisions decreased during the year to NOK 390.7 million (NOK 403.0 million) due to decrease in deferred tax.

Total long-term liabilities decrease during the year and amounted to NOK 591.3 million (NOK 718.5 million), a decrease of NOK 127.2 million. The decrease was primarily due to repayment of debt during the year.

Total short-term liabilities amounted to NOK 216.6 million (NOK 186.6 million), an increase of NOK 30.0 million. The increase was due to growth in tax payables, liabilities to financial institutions and other short-term liabilities partly offset by a decrease in derivatives and trade payables.

9.5 Cash flows

9.5.1 *Three-month period ended 30 June 2015 compared to the three-month period ended 30 June 2014*

Cash flow from operations

Net cash flow from operating activities was negative NOK 3.9 million (NOK 3.9 million). The decrease was mainly related to NOK 9.1 million in taxes paid (NOK 0 million) and NOK -11.8 million in reduced profit before income taxes. These effects were offset by a NOK 19.8 million decrease in inventory build-up this quarter 2015. The operational cash flow during the second quarter is strictly improved in Q2 compared to Q1 in both 2014 and 2015, which is explained by the seasonality in Kid's business model.

Cash flow from investments

Capital expenditure was NOK 14.2 million (NOK 11 million). The group opened two new stores, refurbished 0 stores and relocated 2 stores. In addition, investments in new HQ and warehouse amounted to NOK 7.5 million in the quarter.

Cash flow from financing

Net cash flow from financing activities was NOK 15.4 million (NOK 10.4 million). The main component contributing to this inflow was the net change in the bank overdraft facility of NOK 23.0 million (NOK 20.3 million). Additionally, Kid incurred lower interest payments at NOK 7.3 million (NOK 9.6 million) due to lower debt level and interest rate.

9.5.2 *Six-month period ended 30 June 2015 compared to the six-month period ended 30 June 2014*

See Section 8.5 ("Selected statement of cash flows") for the cash flow statement. All amounts in brackets are comparative figures for the six-month period ended 30 June 2014 unless otherwise specifically stated.

Cash flow from operations

Net cash flow from operational activities amounted to negative NOK 92.1 million (negative NOK 62.4 million), a decrease of NOK 29.6 million. As explained in section 9.1.6 Kid generates most of its earnings in the second half of the year, with the cash flow profile also being back end loaded, typically with investments and build-up of working capital during the first half of the year. The decrease was mainly caused by tax payments of NOK 18.2 million (NOK 0.0 million), change in provisions of negative NOK 48.5 million (negative NOK 38.0 million) and change in financial derivatives of negative NOK 13.2 million (NOK 2.8 million). Kid tends to build inventory in the first half of the year to prepare for the second half, which is associated with capital outflows. Change in inventories was negative NOK 48.1 million (negative NOK 50.9 million) and change in accounts receivable was negative NOK 1.6 million (NOK 0.0 million), which was about the same level as in the six months ended 30 June 2014. The change in trade payables was NOK 7.3 million (negative NOK 3.7 million).

Cash flow from investments

Net cash flow from investing activities was negative at NOK 24.1 million (negative NOK 16.0 million). The cash outflow was higher in the first half of 2015 mainly as a result of investments in new head quarter and central warehouse as further described in section 9.7.

Cash flow from financing

Net cash flow from financing activities was NOK 25.7 million (NOK 22.4 million). The main component contributing to this inflow was the net change in the bank overdraft facility of NOK 40.4 million (NOK 41.2 million). The increased cash inflow was mainly a result of lower interest payments due to lower interest rates and debt level.

9.5.3 *Financial year ended 31 December 2014 compared to financial year ended 31 December 2013*

See Section 8.5 ("Selected statement of cash flows") for the cash flow statement. All amounts in brackets are comparative figures for 2013 unless otherwise specifically stated.

Cash flow from operations

Net cash flow from operational activities amounted to NOK 120.5 million (NOK 166.5 million), a decrease of NOK 45.9 million. The underlying operations represented by EBITDA showed improvements in 2014 compared to 2013. However, change in inventory contributed negatively in 2014 compared to 2013. As a result of running out of stock of popular low-risk baseline products in 2013 the Company decided in 2014 to invest in higher inventory levels. The inventory also reflects an increased number of stores and the increase of the USD/NOK exchange rate in fourth quarter 2014.

Cash flow from investments

Net cash flow from investing activities was negative at NOK 39.0 million (negative NOK 29.2 million). The increased negative cash flow of NOK 9.8 million was primarily a result of investments related to the 11 new stores opened in 2014.

Cash flow from financing

Net cash flow from financing activities was negative at NOK 60.4 million (negative NOK 171.1 million). The improved cash flow of NOK 110.7 million was primarily due to lower repayment of interest bearing liabilities and lower interest expenses in 2014.

9.5.4 *Financial year ended 31 December 2013 compared to financial year ended 31 December 2012*

See Section 8.5 "Selected statement of cash flows" for the cash flow statement. All amounts in brackets are comparative figures for 2012 unless otherwise specifically stated.

Cash flow from operations

Net cash flow from operational activities amounted to NOK 166.5 million (NOK 166.1 million), an increase of NOK 0.4 million. The underlying operations represented by EBITDA showed improvements in 2014 compared to 2013. However, change in working capital, particularly inventory, contributed negatively in 2013 compared to 2012.

Cash flow from investments

Net cash flow from investment activities was negative at NOK 29.2 million (negative NOK 16.4 million). The increased negative cash flow of NOK 12.9 million was primarily a result of investments related to relocation and refurbishment of 15 stores in 2013.

Cash flow from financing

Net cash flow from financing activities was negative at NOK 171.1 million (negative NOK 133.5 million). The increased negative cash flow of NOK 37.6 million was primarily due to zero new equity received (NOK 100 million) partly offset by lower repayment of interest bearing liabilities and lower interest expenses in 2013 compared to 2012.

9.6 Liquidity and capital resources

The Company's liquidity requirements primarily arise from the financing of operating expenses, working capital investments, of which primary inventory, capital expenditures in connection with opening of new stores and upgrading existing stores, including refurbishing and/or relocating existing stores, in addition to debt servicing.

The Company primarily finances its operations and working capital needs with cash generated from operations and amounts available under its overdraft facility of NOK 100 million. The cash generated from revenue is subject to seasonal variations, with most cash being generated in the last six months of the year (see section 9.1.6 for more details about the seasonality of Kid's sales, earnings and cash flow generation). As of 30 June 2015, the Company's main sources of liquidity consisted of cash flow from operating activities in addition to external debt. The Company has amended its senior debt facility in connection with the Offering. Please refer to Section 9.9 ("Material indebtedness") for additional information.

The Company had drawn approximately NOK 40 million on the Overdraft Facility as of end Q2 2015. The Company has continued to draw on this facility to build up inventory for sales in Q4 and as at the date of this Prospectus Kid has drawn approximately NOK 87 million of the Overdraft Facility. Despite lower margins in the first half of 2015 compared to previous years, Kid is forecasted to have a positive liquidity development in the second half of 2015. In line with previous years' seasonal patterns for operational cash inflows and the Company's earnings forecasts, it is estimated that Kid will continue to have sufficient liquidity for running its operations at the date of this Prospectus. In addition to the positive effect from seasonal patterns, the Company's liquidity is further strengthened through the NOK 175 million equity issue, which will be used for advance payments of NOK 75 million on the Term Loan Facility (NOK 45 million of which are due 31 December 2015), termination of the interest rate swap agreement (which will lower the future interest payments) and general corporate purposes. For further information about Kid's financial indebtedness, see Section 9.9 ("Material indebtedness").

The Company intends to finance future planned capital expenditures primarily from operating cash flows. See Section 8.5 for a description of the Company's cash flow statement and Section 9.8 for a description of the Company's investment activities and use of cash.

The Company believes its available liquidity is sufficient to meet its present requirements and its requirements for the foreseeable future.

9.7 Effect of group contributions

Group contributions with tax effect have been paid from Kid to Gjelsten Holding in order to reduce tax payable in Kid, and to utilise tax loss carryforward in Gjelsten Holding. The paid group contribution has reduced tax payable in Kid with 28%/27% of gross group contribution and reduced other equity in Kid with 72%/73% of gross group contribution.

While paying group contributions, Kid has also received group contribution without tax effect from Gjelsten Holding to prevent reduction of its equity. The received group contribution has increased other paid in equity in Kid and has no tax effect in Kid or in Gjelsten Holding.

For the years 2012 to 2014, please see the table below for a summary of the effects arising of the group contributions.

	Kid has paid group contribution with tax effects			**Kid has received group contributions without tax effects**		**Net effects**	
NOK thousand	**Gross group contribution (debt to Gjelsten Holding AS)**	**Reduced tax payable**	**Net reduction other equity**	**Gross group contribution (claim on Gjelsten Holding AS)**	**Net increase other equity**	**Net change other equity Kid**	**Net paid to Gjelsten Holding AS**
2012	16,672	-4,668	-12,004	-12,004	12,004	**0**	**4,668**
2013	35,714	-10,000	-25,714	-25,714	25,714	**0**	**10,000**
2014	26,898	-7,262	-19,636	-26,898	26,898	**7,262**	**0**

9.8 Investments

Overall investment levels are driven by a combination of expansion of business activities and maintenance of existing stores and operations. Expansion investments are primarily related to investments in new stores, upgrading of the existing store portfolio through store refurbishments and/or relocation of existing stores. The Company does not own the properties for any of its stores and expansion capital expenditures are predominantly store fixtures and fittings. Maintenance investments consist primarily of various incidental costs, investments in IT and logistics and general maintenance. In the period from 2008 leading up to 2012 expansion investments were kept at a minimum due to ownership restrictions.

Following Gjelsten Holding's acquisition of the Company in 2012 and renewed focus on growth with a balance sheet allowing for investments, the Company has invested substantially in growth oriented activities such as new stores and store upgrades. In 2012 the Company invested in five new store openings and four store relocations amounting to a total investment of NOK 16.4 million. In 2013 the Company invested in three new store openings and 18 store upgrades, in addition to a new e-commerce platform including opening of an online sales portal amounting to a total investment of NOK 29.4 million. In 2014 the Company invested in 12 new store openings and 14 store upgrades amounting to a total of NOK 39.0 million. For the period 2012 – 2014 the average investment per new store opening was NOK 1.5 million.

For the interim period ending 30 June 2015, the Company has invested in three new stores, two store upgrades and three store relocations, in addition to investing in a new main office and central warehouse which the Company moved into in June 2015. The total investments amounted to NOK 24.1 million.

The table below presents the breakdown of the Company’s capital expenditure for the six-month period ended 30 June 2015 and 2014 and the years ended 31 December 2014, 2013 and 2012.

	Six months ended 30 June		**12 months ended 31 December**		
	2015	**2014**	**2014**	**2013**	**2012**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Maintenance capital expenditure	3.5	1.0	3.0	3.7	2.6
Expansion capital expenditure	20.6[63]	15.0	36.0	25.7	13.8
Total	24.1	16.0	39.0	29.4	16.4

For the year ending 31 December 2015 Management estimates a total net new store opening of five stores. Further, the Company estimates a total of five store upgrades, six store relocations and a total capex of not more than NOK 40 million including

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[63] Including NOK 9.2 million related to the new central warehouse

investments in the new central warehouse and head office. According to management's forecast of financial performance in the second half of 2015 as well as the equity issue in connection with the Listing, the capital expenditures associated with these investments should be well covered (see section 9.6 "Liquidity and capital resources" for more information around Kid's liquidity). As NOK 24 million was incurred in H1 2015, the Company estimates that NOK 16 million will incur in H1 2015. The estimate is based on previous experience and the estimated scope of the upgrades and relocations.

Management estimates that over the medium-term the Company's maintenance capital expenditure (including relocations and refurbishments of stores) will be in the range of NOK 15-20 million per year, which is expected to be financed through cash flow from the Company's operations. At the date of this Prospectus the Company's committed capital expenditure for 2016 is approximately NOK 5 million.

9.9 Material indebtedness

9.9.1 *The Term Loan*

The Company entered into a NOK 825,000,000 loan agreement with DNB Bank ASA dated 24 March 2012 (as amended and restated 14 March 2014, 29 May 2015 and 17 August 2015) (the "**Term Loan**") with an outstanding balance as of 30 June 2015 of NOK 600 million. The last amendment of the Term Loan in August 2015 was made in order to adjust the agreement to the Listing, including deletion of a change of control clause, a covenant limiting the Company's ability to pay dividend and DNB Bank ASA's pledge over the Shares. These deletions will take effect as of Listing. The key financial covenants for the Term Loans are:

- Last 12 months EBITDA of more than NOK 122.7 million
- Interest rate coverage ratio (EBITDA/Net financial costs) of at least 2.33x
- Gearing ratio (NBID/EBITDA) of maximum 3x
- Maximum capex per year (2015 NOK 50 million)

The Company is currently in compliance with the conditions and covenants for the Term Loan and also expects to be in compliance in the foreseeable future. The interest under the Term Loan is floating based on three month NIBOR rate plus a margin of 1%. The Company has swapped the floating interest rate for a 2.83% fixed interest rate. The interest rate swap will be terminated subject to completion of the Offering and the Listing.

The following estimated interest cost for the Term Loan is based on 2.83% fixed rate before Listing and a 1.4% three month NIBOR on average for the term of the loan after Listing. The estimates do not include the costs for termination of the interest swap and are calculated based on current long term debt of NOK 600 million and repayment plan as described above.

NOK million	**2015**	**2016**	**2017**
Estimated interest	21.8	13.3	5.0

The amortisation profile for the Term Loan is as follows: (i) NOK 45 million on 31 December 2015, (ii) NOK 30 million on 31 December 2016 and (iii) NOK 525 million on 24 May 2017 (the final maturity date). The Company intends to use parts of the proceeds from the Offering to prepay parts of the Term Loan. After the prepayment the Term Loan will in practice be a bullet loan as the remaining loan will mature on the final maturity date.

9.9.2 *The Overdraft Facility*

The Company has a NOK 100 million overdraft facility with DNB Bank ASA dated 21 June 2012 (as amended on 28 March 2015 and 1 May 2015) (the "**Overdraft Facility**"). As of

30 June 2015 the Company has drawn NOK 40.4 million on the Overdraft Facility. In line with previous years’ seasonal patterns Kid prepares for sales in Q4 through e.g. build-up of inventory, and has drawn NOK 87.1 million of the Overdraft Facility at the date of this Prospectus.

The Company has not made any estimation of interests on the Overdraft Facility as such estimates must be based on several assumptions not currently known to the Company. The margin payable under the Overdraft Facility is adjusted upwards or downwards based on outstanding amount. The interest under the Overdraft Facility is floating as it is based on the relevant interbank offering rate plus the margin.

9.10 Contractual commitments

9.10.1 *Operating lease payments*

The Group operates its stores and central warehouse under operating lease agreements in Norway (rental agreements). The following table sets out the Group's future commitments of lease payments based on a standard rental period with minimum payments (i.e. fixed rental costs excluding additional lease payments calculated based on revenue) under (1) 1 year, (2) 1-5 years, (3) after 5 years, as of 31 December 2014.

NOK million	**As of 31 December 2014 (unaudited)**
Minimum payment next year	147.1
Minimum payments 1-5 years	438.5
Minimum payments after 5 years	247.9

9.10.2 *Capital lease payments*

The Company has financial leasing agreements that mainly relate to IT equipment and warehouse machinery in the amount of NOK 1.3 million as of 31 December 2014.

9.11 Off-balance sheet arrangements

Kid's off-balance sheet arrangements as of 31 December 2014 were as follows:

(i) Kid has provided a bank guarantee for payment of taxes to the central tax office in the amount of NOK 10 million.

(ii) The remaining commitments under the Group's operating lease contracts related to the stores and the warehouse are NOK 833.5 million.

(iii) The remaining commitment under the Group's capital lease payments (cars, trucks etc.) are NOK 1.4 million.

(iv) Kid has provided rental guarantees of NOK 7.6 million.

(v) Kid has provided guarantees for reimbursements related to goods purchasing of NOK 27 million.

9.12 Financial risk management

The Group is exposed to various financial risks such as currency risk, interest rate risk, liquidity risk and credit risk. The Group uses derivatives to hedge risks associated with fluctuations in currency in accordance with the Group’s strategy for currency exposure.

Currency risk

The Company purchases more than 90% of goods from suppliers and sub-suppliers in USD, while it sells its products in NOK. To manage the currency risk associated with this practice, the Group enters into hedging arrangements. The hedging arrangements are made in relation to future deliveries and have duration of 6-12 months. The Group's currency hedging policy ensures that the estimated margins for new products are actually achieved. The Company holds cash in both USD and NOK. On an annual basis, the distribution of the cash holdings is approximately 50% NOK and 50% USD, with some seasonal fluctuations.

Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its payment obligations when due. The purpose of liquidity and current liability management is to ensure that the Group has sufficient funds available at all times to cover its financial obligations. The Group’s strategy for managing liquidity risk is to maintain sufficient liquid funds at all time to meet its financial obligations. Liquidity management is followed up actively through budgets and continuous forecasting. To ensure sufficient freedom of action in terms of liquidity, and thereby to moderate liquidity risk, the Overdraft Facility of NOK 100 million has been established with DNB.

See Section 9.6 ("Liquidity and capital resources") for further details regarding the Group's liquidity and capital resources, as well as section 9.9 ("Material Indebtedness") for further details on the Overdraft Facility.

Interest rate risk

The Company's interest rate risk mainly arises from its interest bearing debt. See Section 9.9 ("Material Indebtedness") for further details.

The planned restructuring of long term debt will reduce the impact of interest fluctuations, and the Company has therefore decided not implement any financial instruments to offset interest rate risk.

Credit risk

The Company has limited exposure to credit risk as the majority of the Company's sales transactions with customers are settled by cash or debit cards. The Group’s credit risk is thus limited to the risk that suppliers will cause the Group financial loss by failing to fulfil their obligations. The management of credit risk related to trade and other receivables is handled as part of business risk, and is continuously monitored by the Group’s finance department.

9.13 Critical accounting policies and estimates

The Company's significant accounting policies are summaries in Note 2 to the Audited Financial Statements, attached hereto as Appendix B. Summarised below are those accounting policies that require Management to apply judgements which Management believes to have the most significant effect on the amounts recognised in the Audited Financial Statements.

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.

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.

- **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.

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

9.14 Long-term objectives

Corresponding with its strategy as set out in section 6.4, Management has a number of long-term financial objectives. In terms of sales, Kid aims to generate annual like-for-like revenue growth of 3-4%, whilst maintaining stable gross margins, and stable operational costs as a percentage of revenue. In terms of store expansion strategy, Management seeks to open net three-five new stores per year. Kid targets annual maintenance capital expenditures in the range of NOK 15-20 million (including relocations and refurbishments of stores). Capital expenditure for a new store is around NOK 1.5 million, and with the current store upgrade program the capital expenditure for 2015 is expected to be approximately NOK 40 million (including investments in the new central warehouse and head office). In terms of financing strategy, Management aims to run the business with moderate leverage and maintain an efficient balance sheet. Initially, the Company will target a pay-out ratio of 60-70% of its net profit adjusted for non-recurring and special items. The policy is to deploy a dynamic distribution policy, and any excess capital will be returned to the shareholders.

10 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

10.1 Introduction

The general meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Group is vested in the Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Group's business ensuring proper organisation, preparing plans and budgets for its activities ensuring that the Group's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Group's chief executive officer, or CEO, is responsible for keeping the Group's accounts in accordance with applicable law and for managing the Group's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board of Directors about the Group's activities, financial position and operating results at a minimum of one time per month.

10.2 Board of Directors

10.2.1 *Overview*

The Articles of Association provide that the Board of Directors shall consist of a minimum of 3 and a maximum of 9 members.

As at the date of this Prospectus, the Company's Board of Directors consists of the following:

Name of director	Director since	Current term expires
Henrik Schüssler	June 2012	2016
Bjørn Rune Gjelsten	June 2012	2016
Pål Frimann Clausen	December 2010	2017
Karin Bing Orgland	August 2015	2017
Vilde Falck-Ytter	August 2015	2017

The Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (the "**Corporate Governance Code**"), meaning that (i) the majority of the shareholder-elected members of the Board of Directors is independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder-elected members of the Board of Directors are independent of the Company's main shareholders, and (iii) no members of the Company's executive management are on the Board of Directors.

All members of the Board of Directors are independent of the Company's significant business relations. The Company considers Pål Frimann Clausen, Karin Bing Orgland and Vilde Falck-Ytter to be independent of the Company's large shareholder (at the date of this Prospectus Gjelsten Holding holds all the shares in the Company). Vilde Falck-Ytter is married to Bjørn Dæhlie, who has co-invested with Bjørn Rune Gjelsten in a real estate project and been acquainted with Gjelsten for a number of years. However, Vilde Falck-Ytter does not have, and has not had, any contractual relations, employment relationship, co-investments or other financial ties with Bjørn Rune Gjelsten, and in the Company's view she must be considered independent of Gjelsten. Henrik Schüssler and

Bjørn Rune Gjelsten represent the Selling Shareholder. All members of the Board of Directors are independent of the Management.

The Company's registered office, Gilhusveien 1, 3426 Gullaug, Norway, serves as the business address for the members of the Board of Directors in relation to their directorships of the Company.

10.2.2 *Brief biographies of the members of the Board Directors*

Henrik Schüssler, Chairman
Mr. Schüssler (1963) is currently CEO and member of the board of Gjelsten Holding AS. He has previously worked as an accountant/consultant with Ernst & Young, and as CFO and CEO of Norway Seafoods. Mr. Schüssler is married and has two daughters, and has degree from the Norwegian School of Business and Administration as a Chartered Accountant. He is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions	*Kid ASA (chairman), Kid Interiør AS (chairman), Sport 1 Gruppen AS (board member), Ultimovacs, BRG AIR AS (CEO), BRG AIR KS (CEO), Gjelsten Holding AS (CEO), Fireh AS (CEO and chairman), Gjelsten Invest II AS (CEO), BRG Management KS (CEO), Solist Investor AS (chairman), GS Eiendom AS (chairman), Pellestova Hotell AS (chairman), Bølerveien AS (chairman), Fabritius Gruppen AS (chairman), Gjelsten Invest II AS (chairman), Gaiatoppen AS (chairman), Zita Shipping Limited (contact person), Ulven Vakant 4 AS (board member), Ulven Vakant 2 AS (board member), Ulven Vakant 6 AS (board member), Vågsgaten 4 Eiendom AS (board member), Harbitzalléen Bolig AS (board member), Ulven P26 AS, AS Arnstein (board member), Persveien 34/36 ANS (board member), Fabritius Eiendomsdrift AS (board member), ANS Østre Aker vei 24 B (board member), Ulvenveien 90 ANS (board member), Sport 1 Gruppen AS (board member), Huj Eiendom AS (board member), Østre Aker vei 24 B AS (board member), Trollåsveien 8 AS (board member), Østre Rosten Utvikling AS (board member), Ulven Vakant 3 AS (board member), Gasolin Brødløs AS (board member), G&A Air AS (board member), Ulven Vakant AS (board member), Dokka Torg AS (board member), Ulven Vakant 5 AS (board member), Stranden 57 AS (board member), Fabritius Eiendom AS (board member), Østre Aker vei 24 C AS (board member), Ulven Holding AS (board member), Bekkestuene Bolig AS (board member), Persveien 30 ANS (board member), Noah AS (board member), Ulvenveien 88 I AS (board member), Vestnes Park AS (board member), ANS Kinta (board member), Ulvenveien 92 C ANS (board member), Ulvenveien 91 DA (board member), Stensrød Prosjekt AS (board member), Profier AS (board member), BRG Air AS (board member), Ulvenveien 96 ANS (board member), Profier Eiendom AS (board member), Bøler Prosjekt AS (board member), Brøløs Torg AS*

	(board member), Vågsgaten Parkering AS (board member), Zita Shipping Limited (board member), Bekkestua Eiendomsutvikling AS (board member), Fuglesangen Invest AS (board member), Brevik Torg AS (board member), Ulvenveien 91 AS (board member), Ulven P22-24 AS (board member), Profier Gruppen AS (board member), Gilhus Invest AS (board member), Ulven P28 AS (board member), Vågsgaten Utvikling AS (board member), Østre Aker 16 & 24 AS (board member), Ulven AS (board member), Persveien Eiendom 1 AS (board member), Vågsgaten Bolig AS (board member), Fabritius Invest AS (board member), Ulven Disponibel AS (board member), Vågsgaten Handel AS (board member), Fabritius Prosjekt AS (board member), Hafjell Arena AS (board member), Uelandsgate 85 AS (board member), Stiftelsen Molde Fotball (deputy member), Gjelsten Interiør AS (deputy member), Lehmkulstranden AS (board member), Sandviksboder 78 AS (board member) and Lehmkul Utvikling AS (board member)
Previous directorships and senior management positions last five years...	*Fornebuporten Boligutvikling AS (deputy board member), KLP Ulvenveien 75B AS (board member), Bekkestua Senter (board member), Fabritius Invest AS (board member), Fabritius Eiendom AS (chairman), Gjelsten Miljø AS (CEO), Gjelsten Miljø AS (board member), Angvik Areal AS (deputy board member), KLP Østre Rosten 8 AS (chairman), Solist AS (board member), Haraldrud Invest AS (board member), Metallco Eiendom AS (board member), Verkseier Furulundsvei 29 AS (board member), Bekkestua Syd AS (board member), Stensrød Utvikling AS (board member), Brobekkveien Eiendom III AS (board member), Miljøstein AS (board member), Fuglesangen Næringspark AS (board member), Pro Kapital AS (board member), Maries Vei 20 AS (board member), Ausenfjell Eiendom ANS (board member), ANS Jerikoveien 26 (board member), Haraldrud Eiendom KS (board member), E6 Berger AS (board member), GS Eiendom AS (board member), GS Eiendom AS (CEO), Maries vei 20 AS (board member), Berger Eiendomsutvikling AS (chairman), Dyrskueveien 15 AS (board member), Vågsgt 20 AS (board member), Solist Management AS (board member), Solist Eiendom AS (board member) and Rolf Olsens vei 30/32 AS (board member)*

Bjørn Rune Gjelsten, Board member
Mr. Gjelsten (1956) is the owner and chairman of Gjelsten Holding AS. He has extensive experience as an entrepreneur and industrial owner, as well as numerous positions as CEO and/or chairman in various companies. Mr. Gjelsten is married and has one daughter, and holds a Master of Business and Economics from University of Colorado. He

is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions..................	*Kid ASA (board member),Kid Interiør AS (board member), Gjelsten Holding AS (chairman), BRG Air AS (chairman), Sport 1 Gruppen AS (chairman), Zita Shipping Limited (chairman), Profier AS (board member), Kid Interiør AS (board member), Gjelsten Invest II AS (board member), The Prostate Cancer Foundation of Norway (board member), Noah AS (board member), Fabritius Gruppen AS (board member), Profier Gruppen AS (board member), Profier Eiendom AS (board member), Villaksen I Målselvvassdraget (board member), Pellestova Hotell AS (board member), Ultimovacs AS (board member), Stiftelsen Molde Fotball (board member), Gjelsten Drift (Owner)*
Previous directorships and senior management positions last five years...	*Gjelsten Miljø AS (chairman), Angvik Areal AS (board member), Molde Fotball AS (vice chairman), GS Eiendom AS (chairman)*

Pål Frimann Clausen

Mr. Clausen (1947) is currently a board member in Kid ASA, Kid Interiør AS, Expert AS and Nye Notabene AS within the retail sector. He has extensive experience from various positions within the DNB Group in the period 1980-2014. Mr. Clausen resides in Oslo, Norway, and holds a Master of Business and Economics degree from the Copenhagen Business School.

Current directorships and senior management positions..................	*Kid ASA (board member), Kid Interiør AS (board member), Expert AS (board member), Nye Notabene AS (board member), Salvus UAB, Latvia (board member), Intractus UAB, Lithuania (board member), Bolig og Næringssameiet Fagerborggaten 50 (board member) and senior advisor GIEK (part time)*
Previous directorships and senior management positions last five years...	*DNB Eiendomsutvikling AS (board member), Alcaden AS (chairman), DNB Nor Finans AS (deputy chairman), Royston Norway AS (chairman) and Pres. Vac APS, Denmark (board member)*

Karin Bing Orgland

Mrs. Bing Orgland (1959) is currently a professional board member in various companies within the financial, seafood, industry and real estate sectors, including GIEK, Storebrand ASA, Grieg Seafood, Norske Skog ASA, Hav Eiendom AS and INI AS. She has extensive experience from various management and board member positions within the DNB Group in the period 1985-2013. Mrs. Bing Orgland resides in Oslo, Norway, has three children and holds a Master of Business and Economics degree from the Norwegian School of Economics.

Current directorships and senior management positions..................	*Kid Interiør AS (board member), Kid ASA (board member), GIEK (chairman of the board), Storebrand ASA (board member), Røisheim Hotell AS (chairman of the board), Røisheim Eiendom AS (board member), Visit Jotunheimen AS (board member), Grieg Seafood ASA (board*

	member), Norske Skog ASA (board member), Hav Eiendom AS (board member), INI AS (Greenland) (board member), Berghammeren AS (chairman), A11 Bjørvikautstikkeren AS (board member), D5 Lohavn AS (board member), B4 Paulsenkaia AS (board member), A4 Fiskebrygga AS (board member), B6a Bispekaia AS (board member), D6 Loengkaia AS (board member), D8 Grønlikaia AS (board member), A5 Sadelmakerhullet AS (board member) A10 Nyland Bjørvika AS (board member), A1-3 Festingsallmenningen AS (board member), B1 Tomtebrygga AS (board member), B6b Losbrygga AS (board member), D7 Grønlia AS (board member) and D10 Grønlikaia Sjø AS (board member)
Previous directorships and senior management positions last five years	*Norwegian Finans Holding ASA (board member), DNB Livsforsikring AS (board member) and DNB Nor Finans AS (chairman)*

Vilde Falck-Ytter

Mrs. Falck-Ytter (1967) is currently employed in Sisa Invest AS, a privately held, family owned investment company within real estate development, performing tasks within e.g. administration, accounting and contract negotiations. She also holds several board member positions in companies related to Sisa Invest AS. Mrs. Falck-Ytter resides in Nannestad, Norway, has two children and holds a law degree from the University in Oslo, as well as a Business Administration degree from Handelsakademiet.

Current directorships and senior management positions	*Vify AS (chairman and CEO), Dal Næringspark AS (board member), Ski Holding AS (board member), Råholt Sentrum AS (board member) Eidsvoll Stasjon AS (chairman), Støvnervegen 1 AS (board member),Kid Interiør AS (board member) and Kid ASA (board member)*
Previous directorships and senior management positions last five years	*Ski Sandes AS (board member)*

10.2.3 *Remuneration*

The remuneration paid to the members of the Board of Directors of the Company (acting in capacity as board members) in 2014 was NOK 0.

The remuneration paid to the members of the Board of Directors of Kid Interiør AS (acting in capacity as board members) in 2014 was NOK 297,050.

10.2.4 *Shares and options held by members of the Board of Directors*

As at the date of this Prospectus, none of the members of the Board of Directors holds any Shares or options for Shares in the Company, except for Bjørn Rune Gjelsten who indirectly holds all of the shares in the Company through Gjelsten Holding.

10.3 Management

10.3.1 *Overview*

The Management of the Company consists of six individuals. The names of the members of the Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Position	Served since
Kjersti Hobøl	Chief Executive Officer	2010
Petter Schouw-Hansen	Chief Financial Officer	2011
Rune Henriksen	Sourcing Director	2008
Robert Steen	Logistics Director	2005
Mona Kotte-Eriksen	Head of Marketing	2010
Eva-Lena Wechselberger	Head of Store Operations	2011

All members of the Management are employed by Kid Interiør AS.

The Company's registered office, in Gilhusveien 1, 3426 Gullaug, Norway, serves as the business address for the members of management in relation to their positions in the Company.

10.3.2 *Brief biographies of the members of the Management*

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and management positions in subsidiaries of the Company).

Kjersti Hobøl (Chief Executive Officer)

Hobøl has been the Chief Executive Officer at Kid since 2010. Hobøl has extensive senior management experience from various companies, including the position as Senior Vice President at DNB NOR, the position as CFO at Coop Øst and the position as CEO at Princess Gruppen AS. In addition, Hobøl has served as a board member of Expert AS and Kid Interiør. Hobøl holds an M.Sc, specialized in Strategic Marketing Management from the Norwegian Business School (Norwegian: siviløkonom, Handelshøgskolen BI).

Current directorships and senior management positions..................	*Kid Interiør AS (CEO), Kid ASA (CEO), Kid Logistikk (board member) and Kjersti Hobøl (owner)*
Previous directorships and senior management positions last five years..	*DNB Nor (senior vice president), Expert AS (board member), Kid Interiør AS (board member), Kid Skeidar Interiør Alna AS (board member) and Kid ASA (board member)*

Petter Schouw-Hansen (Chief Financial Officer)

Schouw-Hansen has been the Chief Financial Officer at Kid since 2011. Prior to his position as CFO at Kid, he has served as both as an analyst and as a Senior Consultant at Bearing Point. Schouw-Hansen has experience from Operationalizing Strategy, Performance, M&A and Management Coaching within several industries, including retail. In addition, Schouw-Hansen served as a sergeant in the Norwegian army. Schouw-Hansen holds an M.Sc from the Norwegian School of Economics, specialized in Finance (Norwegian: siviløkonom, NHH).

Current directorships and senior management positions..................	*Kid Interiør AS (CFO), Kid Logistikk AS (chairman)*

Previous directorships and senior management positions last five years...	*Kid ASA (CEO), Kid Logistikk AS (board member)*

Robert Steen (Logistics Director)

Steen has been the Logistics Director at Kid since 2005. Prior to his position as Logistics Director at Kid, Steen served as Domestics Director of Operations at B.H Ramberg AS, and Coordinator in Sties Termotransport AS.

Current directorships and senior management positions..................	*Kid Logistikk AS (CEO)*
Previous directorships and senior management positions last five years...	

Rune Henriksen (Sourcing Director)

Henriksen has been the Sourcing Director at Kid since 2008. Prior to his position at Kid, Henriksen served as Director of Logistics and Executive Vice President Supply Chain, Sales and Customer Service at Gresvig AS/Gresvig Holding/Voice Norge AS. In addition, Henriksen has extensive management experience from other companies such as Coca Cola Drikker AS, Ringnes AS and Fred Olsens Lines/Color Lines AS.

Current directorships and senior management positions..................	*Kid Logistikk AS (board member)*
Previous directorships and senior management positions last five years...	*Sameiet Kringelåslia leiligheter tun 1 og 2 (chairman), Kid Skeidar Interiør Alna AS (board member) and Kid Logistikk AS (chairman)*

Mona Kotte-Eriksen (Head of Marketing)

Kotte-Eriksen has been the Head of Marketing at Kid since 2010. Prior to this position, Kotte-Eriksen served as advertising manager at IKEA for nearly 13 years. In addition, Kotte-Eriksen served as a Media Consultant at Carat Mediakanalen, and has held various sales positions within the media and advertising segment industry. Kotte- Eriksen holds a degree as a Business Graduate Economists, specialising in Marketing and Personnel from the Norwegian Business School (Norwegian: Handelshøgskolen BI)

Current directorships and senior management positions..................	*Trysil Bil AS (board member)*
Previous directorships and senior management positions last five years...	

Eva-Lena Wechselberger (Head of Store Operations)

Wechselsberger has been the Head of Store Operations at Kid since 2011. Prior to this position, Wechselberger served as head of marketing regions at the Varner group. Further Wechselsberger has served as Director of Sales at Raise Gruppen AS and Regional Manager at Lindex AS. In addition, Wechselberger also has experience from sale operations at Zara and Benetton. Wechselberg is trained through Komvux, Sweden within marketing, communication and finance.

Current directorships and senior management positions..................

Previous directorships and senior management positions last five years..

10.3.3 *Remuneration and benefits*

The remuneration to the members of the Management in 2014 was NOK 12,946,000. The remuneration to the CEO in 2014 was NOK 5,589,000 as further specified below:

Name	Salary	Bonus	Other remuneration	Pension	Total remuneration
Kjersti Hobøl (CEO)	2,216,000	3,134,000	210,000	30,000	5,589,000
Petter Schouw-Hansen (CFO)	1,289,000	1,504,000	186,000	30,000	3,009,000
Rune Henriksen (Sourcing Director)	1,616,000	407,000	198,000	30,000	2,261,000
Robert Steen (Logistics Director)	1,007,000	815,000	249,000	28,000	2,098,000

Other remuneration is related to benefits such as company car, insurances, newspaper, electronic communication and similar employee benefits.

10.3.4 *Long-term incentive programme*

Kid currently has an incentive programme for certain employees. The incentive programme is based on the Group's annual result before tax (subject to adjustment for any extraordinary impairments or changes to intangible assets). The participants, the size of the bonus pool and the allocation of the bonus pool have been determined by the Board on an annual basis. Since the incentive programme was established in 2012, the size of the bonus pool has been as follows (based on the Group's annual result before tax as described above):

2012: 5%
2013: 6%
2014: 7%
2015: 8%

Management bonuses are typically recognised in the income statement at the end of each quarter, and paid in the following calendar year. The Company's costs for the existing incentive programme recognised in the consolidated income statements in the twelve months periods ended 31 December 2012, 2013 and 2014 as well as the three months period ended 30 June 2014 have amounted to NOK 3.7 million, NOK 7.2 million, NOK 10.7 million and NOK 0.4 million. The Company did not incur management bonus costs during H1 2015. For further details regarding remuneration to key management personnel, reference is made to Appendix B "Annual financial statements 2014, 2013 and 2012", note 6. Bonus payments described in note 6 are net benefits paid, e.g. net bonus paid in 2014 was bonus earned in 2013, net meaning the figures in note 6 are exclusive of Company costs such as national insurance contributions (Norwegian: *"Arbeidsgiveravgift")* and will therefore be different from the total costs recognised in the income statement for the same periods. In addition, note 6 only include management that has been considered as "leading employee" (Norwegian "*ledende ansatt*") as defined in the Norwegian Accounting Act.

As part of the preparation for the Listing, the Board has resolved that the existing incentive programme will be terminated and replaced by a new incentive programme with effect from 1 January 2016. Under the new programme, the participants will receive a bonus equal to up to six months or three months' salary. The participants and the maximum levels will be decided by the Board on an annual basis. For 2016, the following will apply:

Employee	**Maximum bonus**
Mona Kotte Eriksen	3 months
Eva-Lena Wechselberger	3 months
Rune Henriksen	3 months
Robert Steen	6 months
Petter Schouw-Hansen	6 months
Kjersti Hobøl	6 months

Maximum bonus will be payable if the Company reaches or exceeds 110% of the budgeted annual EBITDA on a consolidated basis. No bonus will be payable if the actual annual EBITDA falls below 80% of budget. If the actual annual EBITDA is between 80% and 110% of budget the bonus will be determined based on the following table:

Actual EBITDA as percentage of budgeted EBITDA	**Percentage of maximum bonus**
< 80%	0.0%
80%	50.0%
85%	58.3%
90%	66.7%
95%	75.0%
100%	83.3%
105%	91.7%
110%	100.0%
> 110%	100.0%

Bonus will only be paid to employees who are employed with the Group (without having given or received notice of termination) as of the date of payment. The new programme is different from the existing programme, among other things, in that the bonus is capped to a defined amount and not defined as a share of the Company's adjusted pre-tax profit.

If the new bonus programme had been in effect in the historic period up until 2014, the Company's management estimates that the costs in the twelve months periods ended 31 December 2012, 2013 and 2014 as well as the three months period ended 30 June 2014 would have amounted to NOK 2.0 million, NOK 3.3 million, NOK 3.6 million and NOK 0.5 million. These estimates are based on the criteria for the new incentive programme which the Board of Directors has approved for 2016, the salary levels of the employees in question during the aforementioned periods and actual EBITDA as a percentage of budgeted EBITDA during these periods. The estimate includes the bonuses which would have been payable to all six employees which will be part of the new incentive programme (see the table above) if the programme had been in force in the aforementioned periods. Please note that these estimates do not give any assurance as to future costs relating to the new programme. The actual costs of the Company going forward may be affected by a number of factors, including:

- The size of actual EBITDA as a percentage of budgeted EBITDA going forward.
- The Board of Directors' decisions for the years from 2017 as to maximum bonus and the group of employees included in the new programme

- The development in the salary and other remuneration of relevant employees

Any changes in the management team

The Company also intends to implement a share purchase programme. Such programme will entail that the employees of the Company are offered to buy Shares with a certain discount from the market price. The Company will have the option of acquiring shares in the market or issuing new shares to fulfil its obligations under the share purchase programme. This programme is still under development and is subject to board approval and potentially also an approval from the general meeting of the Company.

10.3.5 *Shares held by members of the Management*

As of the date of this Prospectus, none of the members of the Management own any Shares.

10.4 Benefits upon termination

The CEO and the CFO is entitled to six month's salary as severance pay if their employment is terminated by the Company.

No other members from the Management or the Board of Directors have agreements for severance pay.

10.5 Pension and retirement benefits

For the year ended 31 December 2014, the cost of pension for members of the Company's senior Management was approximately NOK 118,000. All employees of the Group, including the Management, are members of the Group's contribution based pension scheme. Under the scheme the Group contributes 2% of the employees' salary between 1-6 G and 4% between 6G-12G.

For more information regarding pension and retirement benefits, see note 22.1 to the financial statements from 2014.

10.6 Loans and guarantees

No employees have received any loans or guarantees from the Company.

10.7 Nomination committee

Pursuant to the Articles of Association, the Company shall have a nomination committee elected by the Annual General Meeting. The nomination committee consists of Jostein Devold (chairman) and Sten-Arthur Sælør. The nomination committee is elected for a period of two years unless the General Meeting decides otherwise.

The responsibility of the nomination committee is, among other things, to nominate candidates to be elected by the shareholders as members of the Board of Directors and their deputies whenever their respective period of service expires or when a by-election is needed. As far as possible, the nomination committee shall announce its nominations in the shareholders notice of the Company's Annual General Meeting.

The nomination committee proposes remunerations to the members of the Board of Directors. The proposal shall be made in advance for a period of one year counting from the date of the Annual General Meeting. The nomination committee may pass opinions on, and may put forward proposals to the General Meeting, in matters regarding the size, composition and working conditions of the Board of Directors, including proposals regarding the election of the Company's auditor and the auditor’s remuneration. The CEO and the chairman of the Board of Directors attend the meetings of the nomination committee when necessary.

10.8 Audit committee

The Board of Directors has elected an audit committee amongst the members of the

Board of Directors. The audit committee consists of three members. The committee currently consists of Karin Bing Orgland as the chairman and Pål Frimann Clausen and Henrik Schüssler as members. Pursuant to Section 6-43 of the Norwegian Public Limited Liability Companies Act, the audit committee shall:

- prepare the Board of Directors' supervision of the Company’s financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the Company's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

10.9 Conflicts of interests

The member of the Board of Directors Bjørn Rune Gjelsten is the owner of the Selling Shareholder. The following agreements have been entered into by Kid Interiør AS with companies within the Gjelsten Holding group:

- The rental agreement for the Group's store in Sandnes and the rental agreement regarding the new warehouse and headquarter of the Group in Lier are entered into with companies within the Gjelsten Holding group.
- Kid Interiør AS has entered into a lease contract with Profier, a company within the Gjelsten Holding group, for a new store opening at Bekkestua in 2016.

Except as set out above, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Board of Directors or the Management, including any family relationships between such persons.

10.10 Convictions for fraudulent offences, bankruptcy etc.

None of the members of the Board of Directors or the Management have during the last five years preceding the date of this Prospectus:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;

- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or

- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or senior manager of a company or partner of a limited partnership.

10.11 Employees

As at the date of this Prospectus, the Company has 431 full-time equivalents (“FTEs”). As of year-end 2014, the Company employed 891 persons, the corresponding FTE number being 426. Kid hires a substantial proportion of its workforce on part-time contracts in order to increase flexibility and availability of employees. The number of employees who were hired on less than 50% per cent basis was 478 in 2014.

The following table illustrates the number of employees as per the end of each calendar year in addition to full-time equivalents for 2014 and 2013 and 2012:

	2014	2013	2012
Total number of employees	891	863	868
Average number of employees (FTEs)	426	406	404

10.12 Corporate governance

The Company has, with effect from the Listing, adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 30 October 2014.

11 CORPORATE INFORMATION

11.1 Incorporation and address

The Company's legal name is Kid ASA and the Company's commercial name is Kid. The Company changed its name from Nordisk Tekstil Holding AS to Kid AS on 18 August 2015 and then changed its name from Kid AS to Kid ASA on 25 August 2015. Consequently certain documents such as the Audited Financial Statements refer to Nordisk Tekstil Holding AS.

The Company is a Norwegian public limited liability company, incorporated on 23 June 2005 under the laws of Norway as a private limited liability company in accordance with the Norwegian Private Limited Companies AS. It was transformed to a public limited liability company on 25 August 2015, and is now subject to the Norwegian Public Limited Companies Act. The Company's registration number is 988 384 135.

The Company's address is Gilhusveien 1, 3426 Gullaug, Norway, and the Company's telephone number is +47 940 26 000.

11.2 Listing and registration

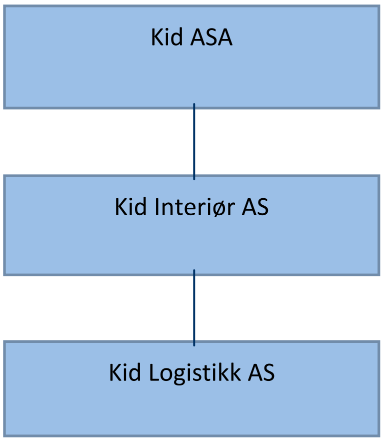
The Company applied for admission to trading of its Shares on Oslo Børs, alternatively Oslo Axess, on 30 September 2015, and the board of directors of Oslo Børs will consider the listing application on 28 October 2015. The Company expects that the listing application will be approved subject to certain conditions such as spread and number of shareholders. The Company expects to satisfy such conditions in connection with the Offering.

The Company currently expects commencement of trading in the Shares on Oslo Børs, alternatively Oslo Axess, on or around 29 October 2015 under the ticker symbol "KID".

The Shares are registered in the Norwegian Central Securities Depository (VPS). The Company's registrar is DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo Norway. The Shares carry the securities number ISIN NO 001 0743545.

11.3 Group structure

The Company is the holding company of the Group and does not carry out any operational activity. Prior to the Listing, the Group structure is as follows:



The following table sets out information about the Company's subsidiaries:

Company	Country of incorporation	Field of activity	% holding
Kid Interiør AS	Norway	Operating company (manage the	100

Company	Country of incorporation	Field of activity	% holding
		business)	
Kid Logistikk AS	Norway	Operating company (operation of warehouse, logistics, distribution)	100 (indirectly)

As at the date of this Prospectus, the Group is of the opinion that its holdings in the entities specified above are likely to have a significant effect on the assessment of its own assets and liabilities, financial condition or profits and losses.

11.4 Share capital and share capital history

The Company's current share capital is NOK 42,000,000 divided into 35,000,000 shares, each with a nominal value of NOK 1.2.

The Company has one class of shares and all the Shares are validly issued and fully paid. Each Share carries one vote and has equal rights to dividend. There are no special provisions in the Company's articles of association limiting the rights of shareholders, which implies that the shareholder rights are as set out in section 11.12.

The table below summarizes the development in the Company's share capital for the periods covered by the historical financial information included in this Prospectus as Appendices B and C:

Date	Type of change	Share capital increase (NOK)	Share capital (NOK)	Subscription price (NOK/share)	Par value (NOK/ share)	Issued shares	Total shares
22.06.2012	Conversion of debt	3,500,000	38,500,000	1.1	1.1	35,000,000	35,000,000
27.06.2012	Issue of equity	3,500,000	42,000,000	1.2	1.2	0	35,000,000

11.5 Own shares

As of the date of this Prospectus, the Company does not own any Shares.

11.6 Shareholder agreements

The Company is not aware of any shareholders' agreements in relation to the Shares.

11.7 Outstanding authorizations

At an extraordinary general meeting of the Company on 25 August 2015 the Board of Directors was granted two authorisations to increase the share capital of the Company. The first authorisation was granted to increase the Company's share capital by up to NOK 10,000,000 in connection with the Offering. The existing shareholders' pre-emptive rights under Section 10-4 of the Public Limited Liability Companies Act may be set aside by the Board of Directors. The authorisation is valid until 31 December 2015.

The second authorisation was granted to increase the Company's share capital by up to NOK 4,200,000. This authorisation may be used for share issues under incentive programmes of the Company, as consideration for acquisitions or for share issues to finance acquisitions. The existing shareholders' pre-emptive rights under Section 10-4 of the Public Limited Liability Companies Act may be set aside by the Board of Directors. The authorisation is valid the annual general meeting in 2016, but no longer than until 30 June 2016.

At an extraordinary general meeting of the Company on 25 August 2015 the Board of Directors was authorised to purchase own shares with a total aggregate nominal amount of up to NOK 4,200,000. The acquisitions may not be done at a price below NOK 1 per Share or above NOK 200 per Share. The authorization is valid until the annual general meeting in 2016, but no longer than 30 June 2016.

11.8 Convertible instruments, warrants and share options

Neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Further, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

11.9 Dividend policy

The Group will deploy a dynamic distribution policy, with the aim of returning excess capital to the shareholders. The Group's initial target ambition is to distribute at least 60-70% of its net profit adjusted for non-recurring and special items. When deciding the annual dividend level the Board of Directors will take into consideration the expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility.

For a description of the legal constraints on the distribution of dividends please see section 11.12 ("Certain Aspects of Norwegian Corporate Law – Distribution of Dividends").

11.10 Shareholders

As of the date of this Prospectus all the Shares are held by Gjelsten Holding. The major shareholder does not have different voting rights. Bjørn Rune Gjelsten owns all the shares in Gjelsten Holding.

Shareholders with ownership exceeding 5% must comply with disclosure obligations according to the Norwegian Securities Trading Act section 4-3. For more detailed description please see section 12.7.

11.11 Articles of association

11.11.1 *Object*

As set forth in the Articles of Associations § 3 the object of the Company is to operate a merchandise business, mainly based on sale and acquisition of interior textiles through import, engross, retailing and franchise, and business closely related thereto, including investments in other companies, and relevant real estate.

11.11.2 *Provisions Related to the Members of the Administrative, Management and Supervisory Bodies*

Pursuant to the Articles of Association, the Board of Directors shall comprise of 3 to 9 members as decided by the General Meeting.

11.11.3 *Calling of the Annual General Meeting*

The annual general meeting shall pursuant to the Norwegian Public Limited Companies Act, be held before the end of June each year, see Section 11.12.1 ("The general meeting of shareholders"). Pursuant to the Articles of Association, the Company may stipulate a registration deadline which may not be earlier than five days before the annual general meeting in the notice of the annual general meeting.

11.12 Certain aspects of Norwegian corporate law

11.12.1 *The general meeting of shareholders*

Under Norwegian law, the Company’s shareholders are to exercise supreme authority in the Company through the general meeting.

In accordance with Norwegian law, the annual general meeting of the Company's shareholders is required to be held each year on or prior to 30 June. The following business must be transacted and decided at the annual general meeting:

- approval of the annual accounts and annual report, including the distribution of any dividend;
- the Board of Directors' declaration concerning the determination of salaries and other remuneration to senior executive officers;
- any other business to be transacted at the general meeting by law or in accordance with the Company's articles of association.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the Board. An extraordinary general meeting must also be convened for the consideration of specific matters at the written request of the Company's auditors or shareholders representing a total of at least 5% of the share capital.

Norwegian law requires that written notice of general meetings needs be sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting. The notice shall set forth the time and date of the meeting and specify the agenda of the meeting. It shall also name the person appointed by the Board to open the meeting. A shareholder may attend the general meeting either in person or by proxy. The Company will include a proxy form with its notices of general meetings.

A shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the Board with notice of the issue within seven days before the three week notice period, together with a proposal to a draft resolution or a basis for putting the matter on the agenda.

11.12.2 *Voting rights*

Subject to the terms of a company's articles of association to the contrary, Norwegian law provides that each outstanding share shall represent a right to one vote.

No voting rights can be exercised with respect to treasury shares held by a company.

In general, decisions that shareholders are entitled to make under Norwegian law or the Company's articles of association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes are elected. However, as required under Norwegian law, certain decisions, including resolutions to set aside preferential rights to subscribe in connection with any share issue, to approve a merger or demerger, to amend the Company's articles of association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants or to authorise the board of directors to purchase shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting of shareholders. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association. Decisions that (i) would reduce the rights of some or all shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of shares, require that at least 90 percent of the share capital represented at the general meeting of shareholders in question vote in favour of the resolution, as well as the majority required for amending the articles of association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the articles of association. There are no quorum requirements for general meetings.

In general, in order to be entitled to vote at a general meeting, a shareholder must be registered as the owner of shares in the Company's share register kept by the VPS, or alternatively, report and show evidence of the shareholder's share acquisition to the Company prior to the general meeting.

Under Norwegian law, a beneficial owner of shares registered through a VPS-registered nominee may not be able to vote the beneficial owner's shares unless ownership is re-registered in the name of the beneficial owner prior to the relevant general meeting. Investors should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account. A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from the nominee account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

11.12.3 *Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus shares (i.e. new Shares issued by a transfer from funds that the Company is allowed to use to distribute dividend), the Company's articles of association must be amended, which requires a two-thirds majority of the votes cast as well as at least two-thirds of the share capital represented at a general meeting.

In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company. Preferential rights may be set aside by resolution in a general meeting of shareholders passed by the same vote required to approve amendments of the articles of association. Setting aside the shareholders' preferential rights in respect of bonus issues requires the approval of the holders of all outstanding Shares.

The general meeting may, in a resolution supported by at least two-thirds of the votes cast and share capital represented, authorize the Board to issue new Shares. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the nominal share capital as at the time the authorization is registered with the Norwegian Register of Business Enterprises. The shareholders' preferential right to subscribe for Shares issued against consideration in cash may be set aside by the Board only if the authorization includes such possibility for the Board.

Any issue of Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United Stated under U.S. securities law. If the Company decides not to file a registration statement, these shareholders may not be able to exercise their preferential rights.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided, amongst other requirements, that the transfer is made from funds that the Company is allowed to use to distribute dividend. Any bonus issues may be effectuated either by issuing Shares or by increasing the nominal value of the Shares outstanding. If the increase in share capital is to take place by new Shares being issued, these new Shares must be allocated to the shareholders of the Company in proportion to their current shareholdings in the Company.

11.12.4 *Minority rights*

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding and following paragraphs. Any shareholder may petition the courts to have a decision of the Board or general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. In certain grave circumstances, shareholders may require the courts to dissolve the Company as a result of such decisions. Shareholders holding in the aggregate 5% or more of the Company’s share capital have a right to demand that the Company convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company’s shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company’s Board of Directors is notified within seven days before the deadline for convening the general meeting and the demand is accompanied with a proposed resolution or a reason for why the item shall be on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

11.12.5 *Distribution of dividends*

The Norwegian Public Limited Liability Companies Act provides several constraints on the distribution of dividends:

- Dividend may only be distributed to the extent that the Company after the distribution has a sound equity and liquidity.
- The Company may only distribute dividends to the extent that its net assets following the distribution are at least equal to the sum of (i) the Company's share capital, (ii) the reserve for valuation differences and (iii) the reserve for unrealized gains. In determining the distribution capacity, deductions must be made for (i) the aggregate amount of any receivables held by the Company and dating from before the balance sheet date which are secured by a pledge over Shares in the Company, (ii) any credit and collateral etc. from before the balance sheet date which according to sections 8-7 to 8-10 of the Norwegian Public Limited Liability Companies Act must not exceed the Company's distributable equity (unless such credit has been repaid or is set-off against the dividend or such collateral has been released prior to the decision to distribute the dividend), (iii) other dispositions carried out after the balance sheet date which pursuant to law must not exceed the Company's distributable equity and (iv) any amount distributed after the balance sheet date through a capital reduction.
- The calculation of the distributable equity shall be made on the basis of the balance sheet in the Company's last approved annual accounts, provided, however, that the registered share capital as of the date of the resolution to distribute dividends shall apply. Dividends may also be distributed by the general meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date which does not lie further back in time than six months before the date of the general meeting's resolution.
- The amount of distributable dividends is calculated on the basis of the Company’s separate annual accounts and not on the basis of the consolidated financial statements of the Company and its subsidiaries.

A distribution of dividends can be resolved by a majority vote at the general meeting on the basis of a proposal from the Board. The general meeting cannot distribute an amount in excess of what is proposed or accepted by the Board. Following the approval of the annual accounts for the last financial year, the general meeting may authorise the Board of Directors to declare dividends on the basis of the Company's annual accounts. Such authorisations cannot be given for a longer period than until the next annual general meeting of the Company.

Dividends may be distributed in cash or in kind.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 13 ("Taxation").

11.12.6 *Manner of dividend payment*

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will, however, receive dividends by check in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB, being the Company’s VPS registrar, to issue a check in a local currency, a check will be issued in USD. The issuing and mailing of checks will be executed in accordance with the standard procedures of DNB. The exchange rate(s) that is applied will be DNB’s rate on the date of the distribution of dividend. Dividends will be credited automatically to the VPS registered shareholders’ NOK accounts, or in lieu of such registered NOK account, by check, without the need for shareholders to present documentation proving their ownership of the Shares.

11.12.7 *Rights of redemption and repurchase of shares*

The Company has not issued redeemable shares (i.e., shares redeemable without the shareholder’s consent).

The Company’s share capital may be reduced by reducing the par value of the Shares. Such a decision requires the approval of two-thirds of the votes cast and share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares if an authorization to the Board to do so has been given by the shareholders at a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and share capital represented. The aggregate nominal value of treasury shares so acquired may not exceed 10 % of the Company’s share capital, and treasury shares may only be acquired if the Company’s distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the shareholders at the general meeting cannot be given for a period exceeding 18 months. A Norwegian public limited liability company may not subscribe for its own shares.

11.12.8 *Shareholder vote on certain reorganisations*

A decision to merge with another company or to demerge requires a resolution of the Company’s shareholders at a general meeting passed by at least two-thirds of the votes cast and share capital represented. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company’s shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the company’s website, at least one month prior to the general meeting to pass upon the matter.

11.12.9 *Liability of board members*

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's board members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's board members from liability or not to pursue claims against the Company's board members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

11.12.10 *Indemnification of board members*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the board members against certain liabilities that they may incur in their capacity as such.

11.12.11 *Distribution of assets on liquidation*

Under Norwegian law, a company may be liquidated by a resolution of the company's shareholders in a general meeting passed by the same vote as required with respect to amendments to the articles of association. The shares rank equally in the event of a return on capital by the Company upon liquidation or otherwise.

12 SECURITIES TRADING IN NORWAY

This Section 12 includes certain aspects of rules pertaining to securities trading in Norway in a Norwegian incorporated company pursuant to Norwegian legislation, but is however not a full or complete description of the matters described herein. The following summary does not purport to be a comprehensive description of all the legal considerations that may be relevant to a decision to purchase, own or dispose of Shares. Investors are advised to consult their own legal advisors concerning the overall legal consequences of their ownership of Shares.

12.1 Introduction

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs is operated by Oslo Børs ASA, which also operates the regulated marketplace Oslo Axess.

Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

12.2 Trading and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system Millenium Exchange. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two days after the transaction, and that the seller will receive payment after two days.

It is mandatory to clear all trades in shares, equity certificates, depositary receipts and exchange traded funds on Oslo Børs and Oslo Axess. Both Oslo Clearing ASA (Oslo Clearing) and LCH. Clearnet Group Ltd. (LCH.Clearnet) offer clearing services to Oslo Børs. Oslo Clearing, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX Group, has a licence from the Norwegian FSA to act as a central counterparty with respect to equities, financial derivative and security lending products. LCH.Clearnet, a majority owned company by the London Stock Exchange, is authorised as a central counterparty to offer services and activities in the European Union in accordance with the European Markets Infrastructure Regulation (EMIR). Further. LCH.Clearnet also has a licence from the Norwegian FSA to act as a central counterparty in accordance with the Norwegian Securities Trading Act. Oslo Clearing and LCH.Clearnet have signed a master link agreement and inter-CCP operational procedures to operate a link to co-clear the equity markets of Oslo Børs and Oslo Axess.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading

Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation of investment firms being members of Oslo Børs to report all trades in stock exchange listed securities.

12.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance. Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

12.4 The VPS and transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is generally prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

The shares of the Company are freely transferable.

12.5 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the issuer and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote on shares at general meetings on behalf of the beneficial owners.

12.6 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

12.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in an issuer with its shares listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that issuer, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the Company's share capital.

12.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

12.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian issuer with its shares listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that issuer. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the issuer and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the issuer in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the issuer or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer is subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is required to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in unfulfilled, exercise rights in the issuer, such as voting on shares at general meetings of the issuer's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian issuer with its shares listed on a Norwegian regulated market is required to make an offer to purchase the remaining shares of the issuer (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40% or more of the votes in the issuer. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the issuer. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, required to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

12.10 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the issuer has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing 90% or more of the total number of issued shares, as well 90% or more of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired 90% or more of the voting shares of an issuer and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory and/or voluntary offer unless specific reasons indicate that another price is the fair price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

12.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian issuer who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

13 TAXATION

*The following is a summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of shares by holders that are residents of Norway for purposes of Norwegian taxation ("**Resident Shareholders**") and holders that are not residents of Norway for such purposes ("**Non-resident Shareholders**").*

The summary is based on applicable Norwegian laws, rules and regulations as they exist as at the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to the Shareholders and does not address foreign tax laws.

Please note that special rules apply for shareholders that cease to be tax resident in Norway or that for some reason are no longer considered taxable to Norway in relation to their shareholding.

Each Shareholder should consult with and rely upon their own tax advisor to determine the particular tax consequences for him or her and the applicability and effect of any Norwegian or foreign tax laws and possible changes in such laws.

For the purpose of the summary below, a reference to a Norwegian or foreign shareholder or company refers to tax residency rather than nationality.

13.1 Taxation of dividends

13.1.1 *Resident corporate Shareholders*

Norwegian corporate shareholders (i.e. limited liability companies, mutual funds, savings banks, mutual insurance companies or similar entities resident in Norway for tax purposes) are generally exempt from tax on dividends received on shares in Norwegian limited liability companies, pursuant to the participation exemption (Norwegian: *Fritaksmetoden*). Unless a Shareholder owns more than 90% of the Shares of the Company, 3% of dividend income is generally deemed taxable as general income at a flat rate of 27%, implying that dividends distributed from the Company to resident corporate Shareholders are effectively taxed at a rate of 0.81%[64].

13.1.2 *Resident personal Shareholders*

Personal shareholders tax resident in Norway are in general tax liable to Norway for their worldwide income. Dividends distributed to personal Shareholders who are individuals resident in Norway for tax purposes, are taxed as ordinary income at a flat rate of 27% to the extent the dividends exceed a statutory tax-free allowance (Norwegian: *Skjermingsfradrag*)[65].

The allowance is calculated on a share-by-share basis, and the allowance for each share is equal the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: "*Statskasseveksler*") with three months maturity. The allowance is allocated to the Shareholder owning the share on 31 December in the relevant income year. Norwegian

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[64] The Norwegian government has recently proposed that the general tax rate shall be reduced to 25% with effect from the income year 2016. The effective tax rate on dividends distributed to corporate shareholders will thus be 0.75 %.

[65] The Norwegian government has recently proposed that taxable dividends to personal shareholders shall be calculated with a factor of 1.15, which will result in a tax rate of 28.75%. If approved by the Parliament, this will take effect from the income year 2016.

personal shareholders who transfer shares during an income year will thus not be entitled to deduct any calculated allowance related to the year of transfer. The Directorate of Taxes announces the risk free-interest rate in January the year after the income. The risk-free interest rate for 2014 was 0.9%.

Any part of the calculated allowance one year exceeding dividend distributed on the same share ("**excess allowance**") can be carried forward and set off against future dividends received on, or capital gains upon realization of the same share. Furthermore, excess allowance can be added to the cost price of the share and included in basis for calculating the allowance on the same share the following year.

13.1.3 *Shares owned through partnerships*

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at partner level, and each partner is taxed for his or her proportional share of the net income generated by the partnership, regardless of whether such income is distributed to the partners or not.

However, dividends from shares in the Company are covered by the participation exemption and are not included in the basis for taxation of the partner's proportional share of the net income generated by the partnership, but are treated as income under the participation exemption. Thus, 3% of tax-free net income under the participation exemption shall generally be entered as general income and taxed at the ordinary tax rate of 27% (implying that such dividend is effectively taxed at a rate of 0.81%), regardless of whether such income is distributed to the partners or not.

Further taxation occurs when the dividends received are distributed from the partnership to the partners. For partners who are Norwegian individuals such distributions will be taxed as general income at a rate of 27%. The Norwegian partner will be entitled to deduct a calculated allowance when calculating their taxable income.

For partners that are Norwegian corporations, 3% of such distributions comprised by the participation exemption will be entered as general income and taxed at the flat rate of 27%, implying that such distributions are effectively taxed at a rate of 0.81%.

13.1.4 *Non-resident Shareholders*

Dividends distributed to Shareholders not resident in Norway for tax purposes are in general subject to withholding tax at a rate of 25%, unless otherwise provided for in an applicable tax treaty or the recipient is covered by the specific regulations for corporate shareholders tax-resident within the European Economic Area ("**EEA**") (ref. the section below for more information on the EEA exemption). The company distributing the dividend is responsible for the withholding. Norway has entered into tax treaties with approximate 80 countries. In most tax treaties the withholding tax rate is reduced to 15%.

In accordance with the present administrative system in Norway, the Norwegian distributing company will normally withhold tax at the regular rate or reduced rate according to an applicable tax treaty, based on the information registered with the VPS with regard to the tax residence of the Non-resident Shareholder. Dividends paid to Non-resident Shareholders in respect of nominee- registered shares will be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for a reduced or zero rate from the Central Office for Foreign Tax Affairs ("**COFTA**") (Norwegian: *Sentralskattekontoret for utenlandssaker*).

Non-resident Shareholders who are exempt from withholding tax and Shareholders who have been subject to a higher withholding tax than applicable in the relevant tax treaty, may apply to the Norwegian tax authorities for a refund of the excess withholding tax.

The application is to be filed with COFTA.

If a Foreign Shareholder is engaged in business activities in Norway, and the shares are effectively connected with such business activities, dividends distributed to such shareholder will generally be subject to the same taxation as that of Norwegian Shareholders, cf. the description of tax issues related to Resident Shareholders above.

Non-resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the ability to effectively claim refunds of withholding tax.

13.1.5 *Non-resident Shareholders tax-resident within the EEA*

Non-resident Shareholders who are individuals tax-resident within the EEA ("**Foreign EEA Personal Shareholders**") are upon request entitled to a deductible allowance. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in an applicable tax treaty or (ii) withholding tax at 25% of taxable dividends after allowance. Foreign EEA Personal Shareholders may carry forward any unused allowance, if the allowance exceeds the dividends.

Foreign Shareholders that are corporations tax-resident within the EEA for tax purposes ("**Foreign EEA Corporate Shareholders**") are exempt from Norwegian tax on dividends distributed from Norwegian limited liability companies, provided that the Foreign EEA Corporate Shareholder in fact is genuinely established within the EEA and performs real economic activity within the EEA.

13.2 Taxation upon realization of shares

13.2.1 *Resident corporate Shareholders*

Sale, redemption or other types of disposal of Shares is considered realization for Norwegian tax purposes.

Norwegian corporate Shareholders are generally exempt from tax on capital gains upon the realization of shares in Norwegian limited liability companies. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purposes.

13.2.2 *Resident personal Shareholders*

Norwegian individual shareholders are taxable in Norway for capital gains upon the realization of shares, and have a corresponding right to deduct losses that arise upon such realization. The tax liability applies irrespective of time of ownership and the number of shares realised. Gains are taxable as general income in the year of realization, and losses can be deducted from general income in the year of realization. The tax rate for general income is currently 27%[66].

The taxable gain or loss is calculated per share as the difference between the consideration received and the cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. Any unused allowance on a share (ref. above) may be set off against capital gains related to the realization of the same share, but may not lead to or increase a deductible loss i.e. any unused allowance exceeding the capital gain upon the realization of the share will be lost. Furthermore, unused allowance may not be set of against gains from realization of other shares.
If a Shareholder disposes of shares acquired at different times, the shares that were first acquired will be deemed as first sold (the FIFO-principle) when calculating a taxable gain or loss.

13.2.3 *Shares owned through partnerships*

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[66] Reference is made to the proposed reduction of the tax rate in footnote 65.

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at partner level, and each partner is taxed for his or her proportional share of the net income generated by the partnership, regardless of whether such income is distributed to the partners or not.

However, capital gains upon realization of shares in the Company is covered by the participation exemption and is not included in the basis for taxation of the partner's proportional share of the net income generated by the partnership, but are treated as income under the participation exemption.

Taxation occurs when the dividends received are distributed from the partnership to the partners. For partners who are Norwegian individuals such distributions will be taxed as general income at a rate of 27%. The Norwegian partner will be entitled to deduct a statutory tax-free allowance (Norwegian: Skjermingsfradrag) when calculating their taxable income[67].

For partners that are Norwegian corporations, 3% of such dividend distributions comprised by the participation exemption will generally be entered as general income and taxed at the flat rate of 27%, implying that such distributions are effectively taxed at a rate of 0.81%.

13.2.4 *Non-resident Shareholders*

As a general rule, capital gains generated by Non-resident Shareholders are not taxable in Norway unless

(i) the shares are effectively connected with business activities carried out or managed in Norway (in which case capital gains will generally be subject to the same taxation as that of Norwegian Shareholders, ref. the description of tax issues related to Norwegian Shareholders above), or

(ii) the shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax calculated on the shares at the time of cessation as Norwegian tax resident.

13.3 Net wealth tax

Norwegian limited liability companies and certain similar entities are exempt from Norwegian net wealth tax.

For other resident Shareholders (i.e. Shareholders who are individual), the shares will form part of the basis for the calculation of net wealth tax. The current marginal net wealth tax rate is 0.85% of taxable values[68].

Listed shares are valued at 100% of their quoted value on 1 January in the assessment year (the year following the income year).

13.4 Inheritance tax

As of 1 January 2014 the Norwegian Inheritance Tax was abolished. However, the heir acquires the donor's tax input value of the shares based on principles of continuity. Thus, the heir will be taxable for any increase in value in the donor's ownership, at the time of the heir's realization of the shares. However, in the case of gifts distributed to other persons than heirs according to law or testament, the recipient will be able to revalue the received shares to market value.

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[67] The proposed factor calculation of 1.15 will also apply to distributions from partnerships to individual partnership participants, provided that the proposition is approved by the Parliament.

[68] The Norwegian government has proposed to reduce the net wealth tax rate to 0.80 %. If approved by the Parliament, the reduced rate will take effect from the income year 2016.

13.5 Stamp duty

There is currently no Norwegian stamp duty or transfer tax on the transfer or issuance of shares.

14 TERMS OF THE OFFERING

This Section 14 ("The terms of the Offering") sets out the terms and conditions pursuant to which all orders/applications for Offer Shares in the Offering are made. Investing in the Offer Shares involves inherent risks. In making an investment decision, each investor must rely on its own examination, analysis of and enquiry into the Company and the terms of the Offering, including the merits and risks involved. None of the Company, the Selling Shareholder or the Managers, or any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality or suitability of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares. This Section 14 ("The terms of the Offering") should be read in conjunction with the other parts of this Prospectus and in particular Section 2 ("Risk factors").

14.1 Background for the Offering

The Listing is an important element in the Company’s strategy. Through the Listing, the Company aims to provide a regulated market place for trading of the Shares. The Listing is further expected to make the Shares more attractive as transaction currency in potential future acquisitions or mergers. In addition, the Company believes that the Listing will help to further strengthen the Group's profile in the markets in which it operates. The Listing will also give the opportunity to employees to become shareholders in the Company and participate in the future value creation of the business.

The Offering will also broaden the Company’s shareholder structure.

The Offer Shares are all of the same class and will have ISIN 001 0743545.

14.2 Use of proceeds

Subject to the completion of the Offering, the Listing and depending on the final Offer Price, the Company anticipates to receive gross proceeds of up to approximately NOK 175 million through issuance of the New Shares. With the Company’s current estimate of listing costs as further described in section 14.19 "Expenses related to the Offering, the net proceeds are expected to amount to NOK 166 million. The proceeds will be used to optimise the Company's capital structure in connection with the Listing through:

(i) repayment of NOK 75 million of the Term Loan;

(ii) repayment in full of outstanding interest rate swaps amounting to NOK 22.5 million (book value of NOK 19.9 million as of 30 June 2015); and

(iii) NOK 68.5 million to be applied towards general corporate purposes of the Group and function as a liquidity buffer for the Group.

The repayment of NOK 75 million of the Term Loan is made to cover the instalments originally due on 31 December 2015 (NOK 45 million) and on 31 December 2016 (NOK 30 million). After this payment has been made there are no instalments due prior to the maturity date of the Term Loan. Please see section 9.9.1 for additional information regarding the Term Loan.

14.3 Offering

The Offering consists of (i) an offer of New Shares, each with a par value of NOK 1.2, to raise gross proceeds of approximately NOK 175 million and (ii) an offer of Sale Shares, all of which are existing, validly issued and fully paid-up registered Shares with a par value of NOK 1.2, offered by the Selling Shareholder, as further specified in Section 14.4 ("The Selling Shareholder"). In addition, the Joint Bookrunners may elect to over-allot a number of Additional Shares, equalling up to approximately 15% of the aggregate number of New Shares and Sale Shares sold in the Offering. The Selling Shareholder has granted to the Joint Bookrunners an Over-Allotment Option, which may be exercised on behalf of the Joint Bookrunners by ABG, as Stabilisation Manager, to purchase a corresponding number of additional Shares to cover any such over-allotments. Assuming the Offer Price is set at the mid-point of the Indicative Price Range, the maximum number of Sale Shares are sold at such Offer Price and the Over-Allotment Option is exercised in full, the Offering will amount to up to 32,117,647 Offer Shares, representing up to 80,0% of the Shares in issue following the Offering.

The Offering comprises:

- An Institutional Offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,000,000.

- A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.

- An Employee Offering, in which Offer Shares are being offered to the Eligible Employees, subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each Eligible Employee. Eligible Employees participating in the Employee Offering will receive full allocation for any application up to and including an amount of NOK 200,000. Each Eligible Employee will receive a fixed cash discount of NOK 1,500 on the aggregate amount payable for the Offer Shares allocated to such employee. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the maximum application limit, the guaranteed allocation and the discount.

All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in compliance with Regulation S.

This Prospectus does not constitute an offer of, or an invitation to purchase, the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see the "Important Information" at the beginning of the Prospectus and Section 15 ("Selling and Transfer Restrictions").

The Bookbuilding Period for the Institutional Offering is expected to take place from 19 October 2015 at 09:00 hours (CET) to 28 October 2015 at 14:00 hours (CET). The Application Period for the Retail Offering and the Employee Offering is expected to take place from 19 October 2015 at 09:00 hours (CET) to 28 October at 12:00 hours (CET). The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, reserve the right to shorten or extend the Bookbuilding Period and/or Application Period at any time at their sole discretion. Any shortening of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs' information system on or before 09:00 hours (CET) on the prevailing expiration date of the Bookbuilding Period, provided, however, that in no event will the Bookbuilding Period and/or Application Period expire prior to 12:00 hours (CET) on 23 October 2015. Any extension of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs' information system on or before 09:00 hours (CET) on the first Business Day following the then prevailing expiration date of the Bookbuilding Period. An extension of the Bookbuilding Period and/or the Application Period can be made one or several times provided, however, that in no event will the Bookbuilding Period and/or Application Period be extended beyond 14:00 hours (CET) on 6 November 2015. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs, alternatively Oslo Axess, may not necessarily be changed.

The Company and the Selling Shareholder have, together with the Joint Bookrunners, set an Indicative Price Range for the Offering from NOK 31 to NOK 37 per Offer Share. The Indicative Price Range may change during the course of the Offering, and the Offer Price may be set within, above or below the Indicative Price Range. Assuming that the Offer Price is set at the mid-point of the Indicative Price Range, the maximum number of Sale Shares are sold in the Offering at such Offer Price and the Over-Allotment Option is exercised in full, the aggregate gross amount of the Offering will be approximately NOK 1,092 million. The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, will determine the number of Offer Shares and the Offer Price on the basis of the bookbuilding process in the Institutional Offering and the number of applications received in the Retail Offering and the Employee Offering. The bookbuilding process, which will form the basis for the final determination of the number of Offer Shares and the Offer Price, will be conducted only in connection with the Institutional Offering. The Indicative Price Range may be amended during the Bookbuilding Period. Any such change to the Indicative Price Range will be announced through Oslo Børs' information system.

Among the factors to be considered in determining the Offer Price, in addition to the prevailing market conditions, will be the Company’s historical performance, estimates or its business potential and earnings prospects, an assessment of the Company’s management and consideration of the above factors in relation to the market valuation of companies in related businesses.

The Selling Shareholder, the Company, and the Joint Bookrunners have entered into a secondary sale agreement with respect to the sale of the Sale Shares to be sold by the Selling Shareholder in the Offering (the "**Secondary Sale Agreement**").

In addition, the Selling Shareholder has granted the Joint Bookrunners the Over-Allotment Option, which may be exercised on behalf of the Joint Bookrunners by the Stabilisation Manager, to purchase a number of Additional Shares, equalling up to approximately 15% of the final aggregate number of Offer Shares at the Offer Price, exercisable, in whole or in part, not later than the 30th day following the time at which trading in the Shares commences on Oslo Børs, which is expected to be at 09:00 hours (CET) on 30 October 2015. The Over-Allotment Option is granted to cover over-allotments, if any, made in connection with the Offering on the terms and subject to the conditions described in this Prospectus. In order to permit delivery in respect of over-allotments made, if any, the Selling Shareholder will, pursuant to the Secondary Sale Agreement and a share lending agreement to be entered into on or around the date of the Secondary Sale Agreement, grant to the Stabilisation Manager an option (the "**Lending Option**") to require the Selling Shareholder to lend to the Stabilisation Manager, on behalf of the Joint Bookrunners, up to a number of Shares equal to the number of Additional Shares. See Section 14.13 ("Over-allotment and stabilisation activities") for further details.

In connection with the Secondary Sale Agreement, the Selling Shareholder will give an undertaking that will restrict its ability to sell or transfer Shares for six months after Listing. In addition, the Company and the management have undertaken to restrict their ability to sell or transfer Shares subscribed for in the Offering for a period of 12 months after Listing. For more information on these restrictions, see Section 14.20 ("Lock-up").

Completion of the Offering is conditional upon the Company satisfying the listing conditions and being listed on Oslo Børs, alternatively Oslo Axess, as further described in Section 14.17 ("Conditions for completion of the Offering")

See Section 14.19 ("Expenses related to the Offering") for information regarding fees expected to be paid to the Joint Bookrunners and costs expected to be paid by the Company in connection with the Offering.

14.4 The Selling Shareholder

Gjelsten Holding AS, a private limited liability company organised under the laws of Norway, with registered address at Stranden 11, 0250 Oslo, Norway, being the sole shareholder of Kid ASA, is offering to sell a number of Sale Shares resulting in a free float of up to 80% of the Shares (after issuance of the New Shares, assuming that the Over-Allotment Option is exercised in full), corresponding to a shareholding for the Selling Shareholder after the Offering of 20%. Assuming the Offer Price is set at the mid-point of the Indicative Price Range, the Selling Shareholder will sell up to a maximum of 22,781,330 Sale Shares.

14.5 Timetable

The timetable set out below provides certain indicative key dates for the Offering (subject to shortening or extensions):

Bookbuilding Period commences	19 October 2015 at 09:00 hours CET
Bookbuilding Period ends	28 October 2015 at 14:00 hours CET
Application Period commences	19 October 2015 at 09:00 hours CET
Application Period ends	28 October 2015 at 12:00 hours CET
Allocation of the Offer Shares	28 October 2015
Publication of the results of the Offering	On or about 29 October 2015
Distribution of allocation notes/contract notes	On or about 29 October 2015
Registration of the capital increase and issuance of New Shares	On or about 29 October 2015
Listing and commencement of trading in the Shares	On or about 30 October 2015
Payment Date Retail and Employee Offering	On or about 30 October 2015
Payment Date Institutional Offering	On or about 2 November 2015
Delivery of the Offer Shares	On or about 2 November 2015

Note that the Company, the Selling Shareholder and the Joint Bookrunners reserve the right to shorten or extend the Bookbuilding Period and/or the Application Period. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

14.6 Institutional Offering

14.6.1 *Determination of the number of Offer Shares and the Offer Price*

The Company and the Selling Shareholder have, together with the Joint Bookrunners, set an Indicative Price Range for the Offering from NOK 31 to NOK 37per Offer Share. The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, will determine the number of Offer Shares and the Offer Price on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering and the Employee Offering. The Offer Price will be determined on or about 28 October 2015. The Offer Price may be set within, below or above the Indicative Price Range. Investors' applications for Offer Shares in the Institutional Offering will, after the end of the Bookbuilding Period, be irrevocable and binding regardless of whether the Offer Price is set within, above or below the Indicative Price Range. The final Offer Price is expected to be announced by the Company through Oslo Børs' information system on or about 29 October 2015 under the ticker code "KID".

14.6.2 *Bookbuilding Period*

The Bookbuilding Period for the Institutional Offering will last from 19 October 2015 at 9:00 hours (CET) to 28 October 2015 at 14:00 hours (CET), unless shortened or extended.

The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, may shorten or extend the Bookbuilding Period at any time, on one or several occasions. The Bookbuilding Period may in no event expire prior to 12:00 hours (CET) on 26 October 2015 or extended beyond 17:30 hours (CET) on 6 November 2015. In the event of a shortening or an extension of the Bookbuilding Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed. This implies that Offer Shares will not be delivered later than 8 November 2015 if the Bookbuilding Period is extended to 6 November 2015.

14.6.3 *Minimum application*

The Institutional Offering is subject to a minimum application of NOK 2,000,000 per application. Investors in Norway who intend to place an application for less than NOK 2,000,000 must do so in the Retail Offering and/or for Eligible Employees in the Employee Offering.

14.6.4 *Application procedure*

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Joint Bookrunners shown below of the number of Offer Shares that the investor wishes to order, and the price per share that the investor is offering to pay for such Offer Shares.

ABG Sundal Collier
Munkedamsveien 45D
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Phone: + 47 22 01 60 00
Fax: + 47 22 01 60 62
Email: subscription@abgsc.no
www.abgsc.com

Arctic Securities
Haakon VII's gt 5
P.O. Box 1833 Vika
N-0123 Oslo
Norway
Phone: + 47 21 01 30 40
Fax: + 47 21 01 31 36
Email: subscription@arcticsec.no
www.arcticsec.no

All applications in the Institutional Offering will be treated in the same manner regardless of which Joint Bookrunner the applicant chooses to place the application with. Any orally placed application in the Institutional Offering will be binding upon the investor and subject to the same terms and conditions as a written application. The Joint Bookrunners may, at any time and in their sole discretion, require the investor to confirm any orally placed application in writing. Applications made may be withdrawn or amended by the investor at any time up to the end of the Bookbuilding Period. At the close of the Bookbuilding Period, all applications in the Institutional Offering that have not been withdrawn or amended are irrevocable and binding upon the investor.

14.6.5 *Allocation, payment for and delivery of Offer Shares*

The Joint Bookrunners expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 29 October 2015, by issuing contract notes to the applicants by mail or otherwise.

Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 2 November2015 (the "**Institutional Closing Date**").

For late payment, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (the "**Norwegian Act on Overdue Payment**"), which, at the date of this Prospectus, is 9.00% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicants, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit). The original applicant remains liable for payment for the Offer Shares allocated to the applicant, together with any interest, cost, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding.

14.7 The Retail Offering

14.7.1 *Offer Price*

The price for the Offer Shares offered in the Retail Offering will be the same as in the Institutional Offering, see Section 14.6.1 ("Determination of the number of Offer Shares and the Offer Price").

Each applicant in the Retail Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix D (the "**Retail Application Form**"), that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e. NOK 37 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

14.7.2 *Application Period*

The Application Period during which applications for Offer Shares in the Retail Offering will be accepted will last from 19 October 2015 at 9:00 hours (CET) to 28 October 2015 at 12:00 hours (CET), unless shortened or extended. The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, may shorten or extend the Application Period at any time, and extension may be made on one or several occasions. The Application Period may in no event expire prior to 12:00 hours (CET) on 25 October 2015 or extended beyond 17:30 hours (CET) on 6 November 2015. In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed. This implies that Offer Shares will not be delivered later than 8 November 2015 if the Application Period is extended to 6 November 2015.

14.7.3 *Minimum and maximum application*

The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 1,999,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999. If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the online application system or applications made both on a physical application form and through the online application system, all applications will be counted. Investors who intend to place an order in excess of NOK 1,999,999 must do so in the Institutional Offering.

14.7.4 *Application procedures and application offices*

Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: www.abgsc.com and www.arcticsec.no. Applicants in the Retail Offering not having access to the VPS online application system must apply using the Retail Application Form attached to this Prospectus as Appendix D "Application Form for the Retail Offering". Retail Application Forms, together with this Prospectus, can be obtained from the Company, the Joint Bookrunners' websites listed above or the application offices set out below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application offices for physical applications in the Retail Offering are:

ABG Sundal Collier
Munkedamsveien 45D
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Phone: + 47 22 01 60 00
Fax: + 47 22 01 60 62
Email: subscription@abgsc.no
www.abgsc.com

Arctic Securities
Haakon VII's gt 5
P.O. Box 1833 Vika
N-0123 Oslo
Norway
Phone: + 47 21 01 30 40
Fax: + 47 21 01 31 36
Email: subscription@arcticsec.no
www.arcticsec.no

All applications in the Retail Offering will be treated in the same manner regardless of which of the above Joint Bookrunners the applications are placed with. Further, all applications in the Retail Offering will be treated in the same manner regardless of whether they are submitted by delivery of a Retail Application Form or through the VPS online application system.

Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. Properly completed Retail Application Forms must be received by one of the application offices listed above or registered electronically through the VPS application system by 12:00 hours (CET) on 28 October 2015, unless the Application Period is being shortened or extended. None of the Company, the Selling Shareholder or any of the Joint Bookrunners may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office.

Subject to Section 14.7.1 ("Offer Price") above, all applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

14.7.5 *Allocation, payment and delivery of Offer Shares*

ABG, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 29 October 2015, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it, may contact one of the application offices listed above on or about 29 October 2015 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 29 October 2015.

In registering an application through the VPS online application system or completing a Retail Application Form, each applicant in the Retail Offering will authorise ABG (on behalf of the Joint Bookrunners), to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 30 October 2015 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 29 October 2015. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (expected to be30 October 2015).

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 29 October 2015, or can be obtained by contacting ABG Sundal Collier ASA at +47 22 01 60 00 or Arctic Securities AS at + 47 21 01 30 40.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 9.00 % per annum. ABG (on behalf of the Joint Bookrunners) reserves the right (but has no obligation) to make up to three debit attempts through 6 November 2015 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 30 October 2015.

14.8 The Employee Offering

14.8.1 *Eligible Employees and Offer Price*

Subject to applicable laws, (i) all employees of the Group, as of the last day of the Application Period, and (ii) members of the Board of Directors (collectively "**Eligible Employees**") are eligible for participating in the Employee Offering.

The price for the Offer Shares offered in the Employee Offering will be the same as in the Institutional Offering, see Section 14.6.1 ("Determination of the number of Offer Shares and the Offer Price"). However, each Eligible Employee will receive a fixed cash discount of NOK 1,500 on the aggregate amount payable for the Offer Shares allocated to such employee. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the discount and the guaranteed allocation. The discount will be allocated to the New Shares.

Each applicant in the Employee Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the application form to be used to apply for Offer Shares in the Employee Offering, attached to this Prospectus as Appendix E (the "**Employee Application Form**"), that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e. NOK 37 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Employee Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

14.8.2 *Application Period*

The Application Period during which applications for Offer Shares in the Employee Offering will be accepted will last from 19 October 2015 at 9:00 hours (CET) to 28 October 2015 at 12:00 hours (CET), unless shortened or extended. The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, may shorten or extend the Application Period at any time, on one or several occasions. The Application Period may in no event be shortened to expire prior to 12:00 hours (CET) on 25 October 2015 or extended beyond 17:30 hours (CET) on 6 November 2015. In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed. This implies that Offer Shares will not be delivered later than 8November 2015 if the Bookbuilding Period is extended to 6 November 2015.

14.8.3 *Minimum and maximum application*

The Employee Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 1,999,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Employee Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999. If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the online application system or applications made both on a physical application form and through the online application system, all applications will be counted.

14.8.4 *Application procedures and application offices*

To participate in the Employee Offering, each Eligible Employee must have a VPS account. For the establishment of VPS accounts, please see Section 14.11 ("VPS account") for further details.

Eligible Employees in the Employee Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for New Shares through the VPS online application system by following the link to such online application system on the following website: www.abgsc.com. Eligible Employees in the Employee Offering not having access to the VPS online application system must apply using the Employee Application Form attached to this Prospectus as Appendix E "Application Form for the Employee Offering". Employee Application Forms, together with this Prospectus, can be obtained from the Company or the application office set out below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application office for physical applications in the Employee Offering is:

ABG Sundal Collier
Munkedamsveien 45D
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Phone: + 47 22 01 60 00
Fax: + 47 22 01 60 62
Email: subscription@abgsc.no
www.abgsc.com

All applications in the Employee Offering will be treated in the same manner regardless of whether they are submitted by delivery of an Employee Offering Form or through the VPS online application system.

Employee Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period may be disregarded without further notice to the applicant. Properly completed Employee Application Forms must be received by the application office listed above or registered electronically through the VPS application system by 12:00 hours (CET) on 28 October 2015, unless the Application Period is being shortened or extended. None of the Company, the Selling Shareholder or any of the Joint Bookrunners may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by the application office.

Subject to Section 14.8.1 ("Eligible Employees and Offer Price") above, all applications made in the Employee Offering will be irrevocable and binding upon receipt of a duly completed Employee Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

14.8.5 *Allocation, payment and delivery of Offer Shares*

Eligible Employees participating in the Employee Offering will receive full allocation for any application up to and including an amount of NOK 200,000.

ABG, acting as settlement agent for the Employee Offering, expects to issue notifications of allocation of Offer Shares in the Employee Offering on or about 29 October 2015, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact the application office listed above on or about 29 October 2015 during business hours. Applicants who have access to investor services through an institution that operates the applicant's VPS account should be able to see how many Offer Shares they have been allocated from on or about 29 October 2015.

In registering an application through the VPS online application system or completing an Employee Application Form, each applicant in the Employee Offering will authorise ABG to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Employee Application Form. Accounts will be debited on or about the Payment Date (30 October 2015), and there must be sufficient funds in the stated bank account from and including 29 October 2015. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (30 October 2015).

Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 29 October 2015, or can be obtained by contacting ABG at +47 22 01 60 00.

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 9.00% per annum. ABG (on behalf of the Joint Bookrunners) reserves the right (but has no obligation) to make up to three debit attempts through 6 November 2015 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Employee Offering is expected to take place on or about 30 October 2015.

14.8.6 *Subscription by Eligible Employees as of the date of this Prospectus*

As of the date of this Prospectus, the following Eligible Employees have subscribed for, and will be allocated, shares for the following amounts:

Name	**Position**	**Amount (NOK)**
Kjersti Hobøl	CEO	2,000,000
Petter Schouw-Hansen	CFO	1,000,000
Henrik Schüssler	Chairman of the Board	1,000,000

14.9 Mechanism of Allocation

It has been provisionally assumed that approximately 90% of the Offering will be allocated in the Institutional Offering and that approximately 10% of the Offering will be allocated in the Retail Offering and the Employee Offering. The final determination of the number of Offer Shares allocated in the Institutional Offering, the Retail Offering and the Employee Offering will only be decided, however, by the Selling Shareholder and the Company, in consultation with the Joint Bookrunners, following completion of the bookbuilding process for the Institutional Offering, based on among other things the level of orders or applications received from each of the categories of investors. The Selling Shareholder, the Company and the Joint Bookrunners reserve the right to deviate from the provisionally assumed allocation between tranches without further notice and at their sole discretion.

No Offer Shares have been reserved for any specific national market.

In the Institutional Offering, the Selling Shareholder and the Company, together with the Joint Bookrunners, will determine the allocation of Offer Shares. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principles will, in accordance with normal practice for institutional placements, include factors such as premarketing and management road-show participation and feedback, timeliness of the order, price level, relative order size, sector knowledge, investment history, perceived investor quality and investment horizon. The Company, the Selling Shareholder and the Joint Bookrunners further reserve the right, at their sole discretion, to take into account the creditworthiness of any applicant. The Company, the Selling Shareholder and the Joint

Bookrunners may also set a maximum allocation, or decide to make no allocation to any applicant.

In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant provided, however, that all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will hence be adjusted accordingly. One or multiple orders from the same applicant in the Retail Offering with a total application amount in excess of NOK 1,999,999 will be adjusted downwards to an application amount of NOK 1,999,999. In the Retail Offering, allocation will be made solely on a pro rata basis using the VPS' automated simulation procedures. The Company, the Selling Shareholder and the Joint Bookrunners reserve the right to limit the total number of applicants to whom Offer Shares are allocated if the Company, the Selling Shareholder and the Joint Bookrunners deem this to be necessary in order to keep the number of shareholders in the Company at an appropriate level and such limitation does not have the effect that any conditions for the Listing regarding the number of shareholders will not be satisfied. If the Company, the Selling Shareholder and the Joint Bookrunners should decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated will be determined on a random basis by using the VPS' automated simulation procedures and/or other random allocation mechanism.

In the Employee Offering, no allocation will be made for a number of Offer Shares of an aggregate value of less than NOK 10,500 (calculated on the basis of the final Offer Price), provided, however, that all allocations will be rounded down to the nearest number of whole Offer Shares). Further, the applicants will receive full allocation for any application for a number of Offer Shares representing an aggregate value of up to NOK 200,000. To the extent any applications exceed such amount, the excess number of Offer Shares will be allocated based on the same general allocation principles as in the Retail Offering.

14.10 Trading in Allocated Offer Shares

In order to ensure the prompt registration of the capital increase in the Company in the Norwegian Register of Business Enterprises in connection with the issuance of the New Shares, the Managers will make a pre-payment for the New Shares on or about 29 October 2015.

The Offering is expected to be registered in the Norwegian Register of Business Enterprises on or about 29 October 2015, and it is accordingly expected that it will be possible to trade allotted Offer Shares through Oslo Børs from and including 30 October 2015. This applies both to Offer Shares in the Institutional Offering and in the Retail Offering. However, delivery of Offer Shares is conditional upon settlement being received in accordance with the payment instructions set out in sections 14.6.5, 14.7.5 and 14.8.5 above. Anyone who wishes to dispose of Offer Shares before delivery has taken place, runs the risk that payment does not take place in accordance with the procedures set out above, so that the Offer Shares sold may not be delivered in time. Applicants selling Offer Shares from 30 October 2015 and onwards must ensure that payment for such Offer Shares is made within the deadline set out above. Accordingly, an applicant who wishes to sell its Offer Shares before actual delivery must ensure that payment is made in order for such Offer Shares to be delivered in time to the purchaser.

14.11 VPS account

To participate in the Offering, each applicant must have a VPS account. The VPS account number must be stated when registering an application through the VPS online application system or on the Retail Application Form for the Retail Offering. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the

Norwegian Ministry of Finance. Establishment of VPS accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation (see Section 14.12 "Mandatory anti-money laundering procedures").

14.12 Mandatory anti-money laundering procedures

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Managers must verify their identity to the Manager with whom the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Managers. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.

14.13 Over-Allotment and stabilisation activities

14.13.1 *Over-allotment of Additional Shares*

In connection with the Offering, the Managers may elect to over-allot up to 4,241,234 Additional Shares, equalling up to approximately 15% of the aggregate number of New Shares and Sale Shares allocated in the Offering and, in order to permit the delivery in respect of over-allotments made, the Stabilisation Manager may, pursuant to the Lending Option, require the Selling Shareholder to lend to the Stabilisation Manager up to a number of Shares equal to the number of Additional Shares. Further, pursuant to the Over-Allotment Option, Gjelsten Holding has granted to the Stabilisation Manager, an option to purchase up to 15% Additional Shares at a price equal to the final Offer Price in the Offering, which may be exercised by the Stabilisation Manager not later than the 30th day following commencement of trading in the Shares on Oslo Børs, as may be necessary to cover over-allotments and short positions, if any, made or created in connection with the Offering. To the extent that the Managers have over-allotted Shares in the Offering, the Managers have created a short position in the Shares. The Stabilisation Manager may close out this short position by buying Shares in the open market through stabilisation activities and/or by exercising the Over-Allotment Option.

A stock exchange notice will be made on the first day of trading (expected to take place on 30 October 2015) announcing whether the Managers have over-allotted Shares in connection with the Offering. Any exercise of the Over-Allotment Option will be promptly announced by the Stabilisation Manager through Oslo Børs' information system.

14.13.2 *Price stabilisation*

The Stabilisation Manager may, upon exercise of the Lending Option, from the first day of the Listing effect transactions with a view to support the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the commencement of trading in the Shares on Oslo Børs.

Any stabilisation activities will be conducted in accordance with Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

The Selling Shareholder and the Managers have agreed that any profit or loss resulting from stabilisation activities conducted by the Stabilisation Manager will be for the account of Gjelsten Holding.

Within one week after the expiry of the 30 calendar day period of price stabilisation, the Stabilisation Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (i) the total amount of Shares sold and purchased; (ii) the dates on which the stabilisation period began and ended; (iii) the price range between which stabilisation was carried out, as well as the highest, lowest and average price paid during the stabilisation period; and (iv) the date at which stabilisation activities last occurred.

It should be noted that stabilisation activities might result in market prices that are higher than what would otherwise prevail. Stabilisation may be undertaken, but there is no assurance that it will be undertaken and it may be stopped at any time.

14.14 Publication of information related to the Offering

In addition to press releases at the Company’s website, the Company will use Oslo Børs’ electronic information system to publish information in respect of the Offering, such as information related to changes to the Indicative Price Range, changes to the timetable of the Offering, including the Bookbuilding Period and the Application Period, number of Offer Shares, allotment percentages and determination of Offer Price.

General information on the result of the Offering, including the final determination of the Offer Price, the number of Offer Shares allocated and the total amount of the Offering, is expected to be published on or about 29 October 2015 in the form of a release through Oslo Børs’ electronic information system.

14.15 The rights conferred by the Offer Shares

The Shares of the Company are created under the Norwegian Public Limited Liability Companies Act. The Offer Shares carry full shareholders’ rights in the Company on an equal basis as any other Shares in the Company, including the right to any dividends. For a description of the rights attached to the Shares, see Section 11 ("Corporate Information").

14.16 VPS registration

The Offer Shares and any Additional Shares have been created under the Norwegian Public Limited Companies Act. The Shares are registered in book-entry form with the VPS and have ISIN NO 001 0743545. The Company’s register of shareholders with the VPS is administrated by DNB Bank ASA.

14.17 Conditions for completion of the Offering

Completion of the Offering on the terms set forth in this Prospectus is conditional on (i) the Company's listing application being approved and the Company satisfying any outstanding conditions for listing on Oslo Børs, alternatively Oslo Axess, as determined by the board of directors of Oslo Børs, (ii) the Selling Shareholder and the Company, in consultation with the Managers, having approved the Offer Price and the allocation of the Offer Shares to eligible investors following the bookbuilding process and (iii) the Board of Directors resolving to issue the New Shares. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended without any compensation to the Applicants.

Assuming that the conditions are satisfied, the first day of trading on Oslo Børs, alternatively Oslo Axess, is expected to be on or about 30 October 2015.

Prior to the Listing and the Offering, the Shares are not listed on any stock exchange or authorised market place, and no application has been filed for listing on any other stock exchanges or regulated market places other than Oslo Børs. The Company and the Managers cannot assure that a liquid trading market for the Shares can be created or sustained. The prices at which the Shares will trade after the Offering may be lower than the Offer Price. The Offer Price may bear no relationship to the market price of the Shares subsequent to the Offering.

14.18 Managers and advisers

ABG Sundal Collier ASA and Artic Securities AS act as Joint Lead Managers and Joint Bookrunners for the Offering. Advokatfirmaet Wiersholm AS acts as Norwegian legal counsel to the Company. Advokatfirmaet Schjødt AS acts as Norwegian legal advisor to the Managers in connection with the Offering. Ernst & Young AS has acted as financial due diligence advisor to the Managers.

14.19 Expenses related to the Offering

The gross proceeds to the Company will be approximately NOK 175 million. The Company's total costs and expenses of, and incidental to, the Offering, assuming the Offer Price is set at the mid-point of the Indicative Price Range, the maximum number of Sale Shares are sold at such Offer Price and the Over-Allotment Option is exercised in full, are estimated to amount to approximately NOK 9 million. Based on these assumptions the net proceeds to the Company will be NOK 166 million.

No expenses or taxes will be charged by the Company or the Managers to the applicants in the Offering.

14.20 Lock-up

It is expected that the Selling Shareholder and the Company will agree with the Joint Bookrunners that, subject to certain exceptions, for a period of six months after the first day of trading and official listing customary lock-up obligations.

In addition, members of the Board of Directors and members of Management are also expected to agree customary lock-up obligations for shares subscribed for and allocated in the Offering for a period of 12 months after the first day of trading and official listing of the Offer Shares, subject to certain exceptions.

The lock-up agreements entail that they will not without the prior written consent of the Joint Bookrunners, (1) issue (in the case of the Company), offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in (1) or (2) above is to be settled by delivery of the Shares or other securities, in cash or otherwise, or (3) submit to the Company's shareholders a proposal to effect any of the foregoing. For Gjelsten Holding the following restrictions will not apply to (A) the sale of Sale Shares or the Additional Shares, (B) the lending of any Shares to the Settlement Agent in relation to the Over-Allotment Option or (C) the acceptance or pre-acceptance of any takeover offer pursuant to the Norwegian Securities Trading Act chapter 6. For the Company the restrictions will not apply to (i) grants or sales of Shares and employee share options for Shares and issuances of Shares upon such grants of Shares or upon exercise of such options pursuant to any Company employee incentive program and (ii) issuance or sales of up to 10% of its Shares during the lock-up period as part of the consideration in one or more acquisitions, in whole or in part, of any company or business.

14.21 Interests of natural and legal persons involved in the Offering

The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers will receive a management fee in connection with the Offering and, as such, have an interest in the Offering.

The Selling Shareholder will receive net proceeds from the sale of the Sale Shares.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

SELLING AND TRANSFER RESTRICTIONS

14.22 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

14.23 Selling restrictions

14.23.1 *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A; or (ii) to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 18.3.1 "—Transfer restrictions—United States".

Any offer or sale in the United States will be made by affiliates of the Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the U.S. Securities Act and in connection with any applicable state securities laws.

14.23.2 *United Kingdom*

This Prospectus and any other material in relation to the Offering described herein is only being distributed to, and is only directed at persons in the United Kingdom who are qualified investors within the meaning of Article 2(1)I of the Prospectus Directive ("qualified investors") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom distributions may otherwise lawfully be made (all such persons together being referred to as "Relevant Persons"). The Offer Shares are only available to, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, Relevant Persons). This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not Relevant Persons should not take any action on the basis of this Prospectus and should not rely on it.

14.23.3 *European Economic Area*

In relation to each Relevant Member State, with effect from and including the date on which this Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Prospectus may not be made in that Relevant Member State, other than the offering in Norway as described in this Prospectus, once this Prospectus has been approved by the competent authority in Norway and published in accordance with this Prospectus Directive (as implemented in Norway), except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under this Prospectus Directive, if they have been implemented in that Relevant Member State:

a) to legal entities which are qualified investors as defined in this Prospectus Directive;

b) to fewer than 150, natural or legal persons (other than qualified investors as defined in this Prospectus Directive), as permitted under this Prospectus Directive, subject to obtaining the prior consent of the Managers for any such offer, or in any other circumstances falling within Article 3(2) of this Prospectus Directive; provided that no such offer of Offer Shares shall require the Company, the Selling Shareholder or any Manager to publish a prospectus pursuant to Article 3 of this Prospectus Directive or supplement a prospectus pursuant to Article 16 of this Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Member State by any measure implementing this Prospectus Directive in that Member State the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

14.23.4 *Additional jurisdictions*

14.23.4.1 Canada

This Prospectus is not, and under no circumstance is to be construed as, a prospectus, an advertisement or a public offering of the Offer Shares in Canada or any province or territory thereof. Any offer or sale of the Offer Shares in Canada will be made only pursuant to an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

14.23.4.2 Hong Kong

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

14.23.4.3 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

14.23.5 *Other jurisdictions*

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Japan, Australia or any other jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

14.24 Transfer restrictions

14.24.1 *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this Section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that the Company, the Selling Shareholder, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares.
- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The Offer Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares, as the case may be.
- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that the Company, the Selling Shareholder, the Managers and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

14.24.2 *European Economic Area*

- Each person in a Relevant Member State (other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway) who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Manager and the Company that:

- it is a qualified investor as defined in this Prospectus Directive; and

- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of this Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in this Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under this Prospectus Directive as having been made to such persons.

- For the purposes of this representation, the expression an "offer" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing this Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

15 ADDITIONAL INFORMATION

15.1 Legal Proceedings

There are no governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened, during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Group's financial position or profitability.

15.2 Material Contracts

Neither the Group nor any member of the Group has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, the Group has not entered into any other contract outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

15.3 Related party transactions and intra-group agreements

15.3.1 *Related party transactions*

The Group is controlled by Gjelsten Holding which owns 100% of the Company's shares. For the period of 2012-2014, no purchase or sales transaction were entered into between the Group and Gjelsten Holding. Furthermore the Group does not have any loans to related parties at the balance sheet dates in 2012, 2013 and 2014. At 31 December 20111 the Group was owned 100% by Dnb Bank ASA and the loans to DNB amounted to NOK 988,874.

In 2014 the Group paid NOK 110,000 to Vågsgaten Handel AS under a lease agreement. Please refer to section 15.3.2 for further information regarding this agreement.

15.3.2 *Agreements with related parties*

Below is a summary of the Group's current agreements with related parties.

Lease agreements

The lease agreement for the Group's store in Sandnes has been entered into with Vågsgaten Handel AS as lessor. Vågsgaten Handel AS is owned by companies within the Gjelsten Holding group.

The lease agreement for the Group's store in Bekkestua has been entered into with Bekkestua Eiendomsutvikling AS as lessor. Bekkestua Eiendomsutvikling AS is owned by Profier AS in which Gjelsten Holding AS is the majority owner. The Bekkestua store has not yet opened and will not open until the second half of 2016.

The lease agreement for the new headquarters in Lier, has been entered into with Gilhus Invest AS as lessor. The main shareholder in Gilhus Invest AS is Fabritius Gruppen AS, a company within the Gjelsten Holding Group.

All of the above lease agreements have been concluded at arm's length and with Kid Interiør AS as lessee. The Group has not made any allowances related to the lease agreements and there are no intercompany balances between the companies. Rent is paid in cash quarterly for the stores and monthly for the head quarter. There are no receivables related to the lease agreements which are uncertain or subject to loss.

Further details on the above agreements are included in the below table:

Store	**Lessor**	**Expiry of lease**	**Current rent per year (NOK)**	**Rent paid in 2014 (NOK)**	**Rent paid in 2013**	**Rent paid in 2012**	**Guarantee**

					(NOK)	(NOK)	
Sandnes	Vågsgaten Handel AS	14.11.2019	840,000 (as of 1 January 2016 and CPI adjusted for two years)	110,173	N/A	N/A	Yes, from the Company
Bekkestua	Bekkestua Eiendomsutvikling AS	10 years from opening of store	1,100,000	N/A	N/A	N/A	Yes, from the Company
Lier (HQ)	Gilhus Invest AS	31.5.2030	12,650,000	N/A	N/A	N/A	Yes, from the Company

Store	**Rent paid in Q2 2015 (NOK)**	**Rent paid in H1 2015 (NOK)**	**Rent paid in Q2 2014 (NOK)**	**Rent paid in H1 2014 (NOK)**
Sandnes	163 316	326 632	N/A	N/A
Bekkestua	N/A	N/A	N/A	N/A
Lier (HQ)*	1 054 167	1 054 167	N/A	N/A

* The HQ was taken over in June 2015

Logistics agreement

Kid Interiør AS has entered into a logistics agreement with Kid Logistikk AS regarding the purchase of logistics services. Kid Logistikk AS is the supplier of logistics services and the payment made by Kid Interiør for the services provided is as follows:

- 9% of product deliveries to stores (ex. VAT) with freight adjustments subtracted; and
- Domestic freight costs with a mark-up of 1%.

The consideration payable by Kid Interiør AS is subject to review on a regular basis and the agreement has been entered into on arm's length. The Group has not made any allowances related to the logistics agreement and there are no intercompany balances between the companies related to this agreement. There are no receivables related to the agreement which are uncertain or subject to loss. The agreement is continuous with a mutual notice period of six months.

15.4 Property and plants

The Group does not own any real property. See section 6.7.4 "Lease Agreements" for further information about the Group's leasing agreements.

15.5 Documents on display

Copies of the following documents will be available for inspection at the Company's offices at Gilhusveien 1, 3426 Gullaug, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus.

- The Company's Articles of Association and Certificate of Incorporation.
- The Group's audited consolidated annual financial statements for the years ended 31 December 2014, 2013 and 2012.

- This Prospectus.

15.6 Statement regarding sources

The Company confirms that when information in this Prospectus has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16 DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus.

ABG	ABG Sundal Collier ASA.
Additional Shares	Up to a number of additional Shares sold in the Offering pursuant to the over-allotment by the Stabilisation Manager, equalling up to approximately 15% of the aggregate number of the Sale Shares and the Offer Shares to be sold in the Offering.
Application Period	The application period for the Retail Offering and the Employee Offering
Anti-Money Laundering Legislation	Applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302.
Articles of Association	The articles of association of the Company.
Audited Financial Statements	Audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012.
Basket size	Revenue divided by the number of transactions
Board Members	The members of the Board of Directors.
Board of Directors or Board	The board of directors of the Company.
Bookbuilding Period	The bookbuilding period for the Institutional Offering
Business Day	Any day which the banks in Norway are open.
CAGR	Compounded annual growth rate.
CAPEX	Capital expenditure
CET	Central European Time.
COGS	Cost of goods sold
CPI	Consumer price index.
Company	Kid ASA.
Conversion rate	Number of transactions divided by the number of store visits
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance dated 30 October 2014.
Customer footfall	Number of store visits
DNB	DNB Bank ASA.

DMs	Direct marketing magazines.
EBITDA	Operating income before depreciation and write-downs.
EEA	The European Economic Area.
Eligible Employees	All Company employees, as of the last day of the Application Period, and members of the Board of Directors of the Company.
Employee Offering	The offering of Offer Shares to the Company's Eligible Employees as part of the Offering, subject to a lower limit of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each Eligible Employee, as further described in this Prospectus.
EU	The European Union
EU Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.
Financial Statements	The Audited Financial Statements and the Interim Financial Statements.
Forward-looking statements	Statements made that are not historic and thereby predictive as defined in Section 4.2 "General Information—Forward-looking statements".
FTE	Full-time equivalent
G	The social security based amount (Norwegian "*Folketrygdens grunnbeløp*")
GDP	Gross domestic product
General Meeting	The Company's general meeting of shareholders.
Gjelsten Holding	Gjelsten Holding AS, org. no. 979 580 193
Group	The Company and its subsidiaries.
IFRS	International Financial Reporting Standards as adopted by the EU.
IMF	International Monetary Fund.
Indicative Price Range	The indicative price range in the Offering of NOK 31 to NOK 37 per Offer Share.
Institutional Offering	An institutional offering, in which Offer Shares are being offered to (a) institutional and professional investors in Norway, (b) to investors outside Norway and the United States, subject to applicable exemptions from the prospectus requirements, and (c) in the United States, to QIBs, as defined in, and in reliance on Rule 144A under the U.S. Securities Act, subject to a lower limit application of NOK 2,000,000.

Interim Financial Statements	The Group's unaudited interim consolidated financial statements as of, and for the three- and six-month periods ended, 30 June 2015 and 2014.
ISIN	Securities number in the Norwegian Central Securities Depository (VPS).
Kid	Kid ASA.
Joint Bookrunners	ABG Sundal Collier ASA and Arctic Securities AS
Like-for-like growth	Like for like growth is growth from stores that were in operation at the start of last year's period and end of current period. Refurbished and relocated stores are included in the definition
Listing	The listing of the Shares on Oslo Børs, alternatively Oslo Axess.
Management	The Group's senior management team.
Managers	ABG Sundal Collier ASA and Arctic Securities AS
New Shares	New Shares to be issued in the Offering to raise gross proceeds of approximately NOK 175 million.
n.m.	Not meaningful
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian FSA	The Financial Supervisory Authority of Norway (Norwegian: Finanstilsynet).
Norwegian Act on Overdue Payment	The Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (Norwegian: forsinkelsesrenteloven).
Norwegian corporate shareholders	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian personal shareholders	Personal shareholders resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Norwegian: verdipapirhandelloven).
Offer Price	The final offer price for the Offer Shares in the Offering.
Offer Shares	Sale Shares and New Shares offered in the Offering.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended.
Oslo Børs	Oslo Børs ASA or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.

Over-Allotment Option	Option granted by Gjelsten Holding AS to the Stabilisation Manager on behalf of the Joint Lead Managers and Joint Bookrunners, to purchase a number of shares equal to approximately 15% of Additional Shares, exercisable, in whole or in part within a 30 day period commencing at the time trading in the Shares commences, to cover any over allotments made in connection with the Offering.
Overdraft Facility	The Company's overdraft facility with DNB Bank ASA as lender in the amount of NOK 100 million
PPP	Purchasing-power-parity.
Prospectus	This Prospectus.
Prospectus Directive	The Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in Prospectuses, as amended, and as implemented in Norway.
IBs	Qualified institutional buyers, as defined in Rule 144A under the U.S. Securities Act.
Relevant Persons	High net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
Relevant Member State	Each Member State of the EEA which has implemented the EU Prospectus Directive.
Regulation S	Regulation S under the U.S. Securities Act.
Retail Application Form	The retail application form attached to the Prospectus as Appendix D.
Retail Offering	A retail offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 1,999,999 for each investor.
Risk factors	The risk factors described in Section 2 of the Prospectus.
Rule 144A	Rule 144A under the U.S. Securities Act.
Sale Shares	The existing Shares of the Company offered by the Selling Shareholder pursuant to the Offering.
Secondary Sale Agreement	Agreement entered into by the Selling Shareholder, the Company and the Managers regarding the sale of the Sales Shares.
Securities Trading Act	Norwegian Securities Trading Act of 29 June 2007 No. 75
Selling Shareholder	Gjelsten Holding AS
Share(s)	Shares in the share capital of the Company, each with a nominal value of NOK 1.2 or any one of them.
Stabilisation Manager	ABG Sundal Collier ASA

Term Loan	The Company's term facility with DNB in the original amount of NOK 825 million
UK	The United Kingdom
US or United States	The United States of America
USD	United States Dollar, the lawful currency of the United States of America.
U.S. Exchange Act	The United States Securities Exchange Act of 1934, as amended
U.S. Securities Act	The United States Securities Act of 1933, as amended
VPS	The Norwegian Central Securities Depository (*Norwegian: Verdipapirsentralen*).

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Norway

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Appendix A

VEDTEKTER

Kid ASA

(vedtatt 25. august 2015)

§1

Selskapets foretaksnavn er Kid ASA. Selskapet er et allmennaksjeselskap.

§2

Selskapets forretningskontor er i Lier kommune.

§3

Selskapets virksomhet er drift av handelsvirksomhet, hovedsakelig basert på kjøp og salg av interiørtekstiler gjennom import, engros- og detaljsalg og franchise, og virksomhet som naturlig er knyttet til dette, herunder også investeringer i andre foretak og relevant fast eiendom.

§4

Selskapets aksjekapital er kr. 42.000.000,- fordelt på 35.000.000 aksjer hver pålydende kr. 1,2.

§5

Selskapets styre skal ha fra tre til ni medlemmer i henhold til generalforsamlingens beslutning.

Selskapets firma tegnes av styrets leder alene eller av to styremedlemmer i fellesskap.

Styret kan meddele prokura.

§6

Selskapet skal ha en valgkomité bestående av 2-3 medlemmer etter generalforsamlingens nærmere beslutning.

Valgkomitéens medlemmer skal være aksjeeiere eller representanter for aksjeeiere.

Valgkomitéens medlemmer, herunder dens leder, velges av generalforsamlingen.

Tjenestetiden for valgkomitéens medlemmer skal være to år med mindre generalforsamlingen beslutter noe annet. Tjenestetiden regnes fra valget når noe annet ikke er bestemt. Den opphører ved avslutningen av den ordinære generalforsamling i det året tjenestetiden utløper. Selv om tjenestetiden er utløpt, skal medlemmet bli stående i vervet inntil nytt medlem er valgt.

Honorar for valgkomitéens medlemmer skal fastsettes av generalforsamlingen.

Valgkomitéen skal ha følgende oppgaver:

(i) Å avgi innstilling til generalforsamlingen om valg av aksjonærvalgte styremedlemmer

(ii) Å avgi innstilling til generalforsamlingen om honorar for styrets medlemmer

(iii) Å avgi innstilling til generalforsamlingen om valg av medlemmer av valgkomitéen

(iv) Å avgi innstilling til generalforsamlingen om honorar for valgkomitéens medlemmer.

Generalforsamlingen kan fastsette nærmere retningslinjer for valgkomitéens arbeid.

§7

Den ordinære generalforsamling skal behandle og avgjøre:

1. Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
2. Andre saker som i henhold til loven eller vedtektene hører under generalforsamlingen.

Når dokumenter som gjelder saker som skal behandles på generalforsamlinger i selskapet, er gjort tilgjengelige for aksjeeierne på selskapets internettsider, kan styret beslutte at dokumentene ikke skal sendes til aksjeeierne. En aksjeeier kan i så fall kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen. Selskapet kan ikke kreve noen form for godtgjøring for å sende dokumentene til aksjeeierne.

Aksjeeiere kan avgi skriftlig forhåndsstemme i saker som skal behandles på generalforsamlinger i selskapet. Slike stemmer kan også avgis ved elektronisk kommunikasjon. Adgangen til å avgi forhåndsstemme er betinget av at det foreligger en betryggende metode for autentisering av avsender. Styret avgjør om det foreligger en slik metode i forkant av den enkelte generalforsamling. Styret kan fastsette nærmere retningslinjer for skriftlige forhåndsstemmer. Det skal fremgå av generalforsamlings-innkallingen om det er gitt adgang til forhåndsstemming og hvilke retningslinjer som eventuelt er fastsatt for slik stemmegivning.

I innkalling til generalforsamling kan det fastsettes at aksjeeier som vil delta i generalforsamlingen må meddele dette til selskapet innen en bestemt frist. Fristen kan ikke utløpe tidligere enn fem dager før møtet.

Generalforsamlinger kan avholdes i Selskapets forretningskommune eller i Oslo kommune.

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

		Group Year ended 31 December		
	Note	**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					
Tradmark	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**

Lier, 17. august 2015

Henrik Schüssler

Rune Marsdal

Bjørn Rune Gjelsten

Pål Frimann Clausen

Petter Schouw-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**
						0
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 approximatly one shop and are therefore not considered a reportable segment. The group consists of 3 individal companies who all support the sales of goods on the Norwegian market. The Norwegian market is not separated info 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 initatied 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 derivates 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 were there is an agreement in place that gives the group the ability to control the reveral 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 96% 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 Decemeber 2012.

(b) Credit risk

The group's turnover comes mainly from cash sales or debit/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, counterparts are limited to financial institutions with high creditworthiness. Historically, default and losses related to credit risk have been low.

(c) Liquidity risk

Liquity 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)	(77 653)	(111 325)
Net interest bearing debt debt	502 273	549 869	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 derivativ	9 601	5 604	-2 321
Urelized (losses)/gains on foreign exchange derivative	-2 599	7 652	-5 054
Other (losses)/gains - net	**7 002**	**13 256**	**-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	26 078	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 Hobøl	CEO	2 216	30	3 134	210	5 589
Petter Schouw-Hansen	CFO	1 289	30	1 504	186	3 009
Rune Henriksen	Sourcing Directc	1 616	30	407	198	2 251
Robert Steen	Logistics Directo	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 Hobøl	CEO	2 098	29	1 630	202	3 960
Petter Schouw-Hansen	CFO	1 062	29	543	173	1 807
Rune Henriksen	Sourcing Directc	1 427	29	543	202	2 202
Robert Steen	Logistics Directo	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
		5 584	**113**	**3 261**	**827**	**9 784**

		2012				
Key Management Personnel	**Position**	**Salary**	**Pension**	**Bonus**	**Other benefits**	**Total**
Kjersti Hobøl	CEO	1 931	37	300	160	2 428
Petter Schouw-Hansen	CFO	1 061	36	150	147	1 393
Rune Henriksen	Sourcing Directc	1 478	36	0	188	1 703
Robert Steen	Logistics Directo	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
		5 506	**146**	**570**	**709**	**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.

6c 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 tac 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**	**57 516**
Finance income			
Interest income on short-term bank deposits	150	290	264
Other finance income	167	0	0
Currency gains	76	617	24
Total finance income	**393**	**907**	**288**
Changes in fair value of financial current assets	-10 825	501	-15 568
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 spesification 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	**32 705**	**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	7 651	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.

11 Property, plant and equipment

	Facilities under construction	Leased movables	Leased shop fitting	Fixtures	Total
At 1 January 2012					
Cost	1 174	3 240	64 500	161 299	230 213
Accumulated depreciation	0	-2 793	-60 010	-132 714	-195 517
Net book amount	**1 174**	**447**	**4 490**	**28 585**	**34 696**
Year ended 31 December 2012					
Opening net book amount	1 174	447	4 490	28 585	34 696
Additions	226	0	1 598	16 189	18 013
Reclassifications	0	0	0	0	0
Disposals	0	0	0	0	0
Depreciation charge	0	-252	-3 679	-12 203	-16 134
Closing net book amount	**1 400**	**195**	**2 409**	**32 571**	**36 575**
At 31 December 2012					
Cost	1 400	3 240	66 098	177 488	248 226
Accumulated depreciation	0	-3 045	-63 689	-144 917	-211 651
Net book amount	**1 400**	**195**	**2 409**	**32 571**	**36 575**
Year ended 31 December 2013					
Opening net book amount	1 400	195	2 409	32 571	36 575
Additions	0	230	1 806	29 130	31 167
Reclassifications	-1 400	0	0	1 400	0
Disposals	0	0	0	-58	-58
Depreciation charge	0	-217	-1 839	-14 911	-16 966
Closing net book amount	**0**	**208**	**2 377**	**48 132**	**50 718**
At 31 December 2013					
Cost or valuation	0	3 470	67 904	206 560	277 935
Accumulated depreciation	0	-3 262	-65 528	-159 828	-228 619
Net book amount	**0**	**208**	**2 377**	**48 132**	**49 318**
Year ended 31 December 2014					
Opening net book amount	0	208	2 377	48 132	50 718
Additions	160	0	0	39 039	39 199
Reclassifications	0	0	0	0	0
Disposals	0	0	0	-178	-178
Depreciation charge	0	-38	-1 181	-18 626	-19 846
Closing net book amount	**160**	**170**	**1 196**	**68 367**	**69 890**
At 31 December 2014					
Cost or valuation	160	3 470	67 904	246 341	317 875
Accumulated depreciation	0	-3 300	-66 710	-177 974	-247 984
Net book amount	**160**	**170**	**1 196**	**68 367**	**69 890**

Disposals for fixtures in 2014 includes accumulated depreciation for the items and are therefore presented as net value of 178.

Facilities under construction contains shop fittings related to stores not yet opened. As such, these items are not depreciated until actual opening of the stores.

Bank borrowings (note 20) are secured on fixed assets.

12 Intangible assets

Cost	Time-limited tenancy right	Software	Trademark	Total
At 1 January 2012	3 550	11 500	1 459 585	1 474 635
Additions	0	0	0	0
As at 31 December 2012	**3 550**	**11 500**	**1 459 585**	**1 474 635**
At 1 January 2013	3 550	11 500	1 459 585	1 474 635
Additions	0	0	0	0
As at 31 December 2013	**3 550**	**11 500**	**1 459 585**	**1 474 635**
At 1 January 2014	3 550	11 500	1 459 585	1 474 635
Additions	0	0	0	0
As at 31 December 2014	**3 550**	**11 500**	**1 459 585**	**1 474 635**
Accumulated amortisation and impairment				
At 1 January 2012	-2 139	-10 934	0	-13 073
Impairment charge	0	0	0	0
Amortisation charge	-361	-412	0	-773
As at 31 December 2012	**-2 500**	**-11 346**	**0**	**-13 846**
At 1 January 2013	-2 500	-11 346	0	-13 846
Impairment charge	0	0	0	0
Amortisation charge	-1 050	-152	0	-1 202
As at 31 December 2013	**-3 550**	**-11 498**	**0**	**-15 048**
At 1 January 2014	-3 550	-11 498	0	-15 048
Impairment charge	0	0	0	0
Amortisation charge	0	-2	0	-2
As at 31 December 2014	**-3 550**	**-11 500**	**0**	**-30 098**
Net book value				
Cost	3 550	11 500	1 459 585	1 474 635
Accumulated amortisation and impairment	-2 139	-10 934	0	-13 073
As at 1 January 2012	**1 411**	**566**	**1 459 585**	**1 461 559**
Cost	3 550	11 500	1 459 585	1 474 635
Accumulated amortisation and impairment	-2 500	-11 346	0	-13 846
As at 31 December 2012	**1 050**	**154**	**1 459 585**	**1 460 786**
Cost	3 550	11 500	1 459 585	1 474 635
Accumulated amortisation and impairment	-3 550	-11 498	0	-15 048
As at 31 December 2013	**0**	**2**	**1 459 585**	**1 459 587**
Cost	3 550	11 500	1 459 585	1 474 635
Accumulated amortisation and impairment	-3 550	-11 500	0	-30 098
As at 31 December 2014	**0**	**0**	**1 459 585**	**1 459 585**
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 Interiør. Kid Interiør was founded in 1937 and has long traditions within its business area. Kid Interiør 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 eachother. As such, the cash flow generating unit is defined as being the group on an aggreated 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 impairme	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				
Assets as per balance sheet	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Available-for-sale**	**Total**
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 as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities at amortised cost**	**Total**
Borrowings (excluding finance lease liabilities)	0	0	600 000	600 000
Finance lease liabilities	0	0	1 344	1 344
Derivative financial instruments	25 892	0	0	25 892
Trade and other payables excluding non-financial liabilities	0	0	17 545	17 545
Total	25 892	0	618 889	644 781

	31 December 2013				
Assets as per balance sheet	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Available-for-sale**	**Total**
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 as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities at amortised cost**	**Total**
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	637 367	652 424

	31 December 2012				
Assets as per balance sheet	**Loans and receivables**	**Assets at fair value through profit or loss**	**Derivatives used for hedging**	**Available-for-sale**	**Total**
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 as per balance sheet	**Liabilities at fair value through profit or loss**	**Derivatives used for hedging**	**Other financial liabilities at amortised cost**	**Total**
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				
	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	-	-	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	2 599	0	1 875
Current portion	**13 013**	**13 405**	**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	2 599	0	1 875
Fair value of trade and other receivables	**13 013**	**13 405**	**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	13 405	30 066	20 887
Other currencies	0	0	0	0
	13 013	**13 405**	**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
Unused amounts reversed	0	0	0	0
Unwind of discount	0	0	0	0
At 31 December	**25**	**25**	**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	180 366
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: 352 607)

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 overd	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	61 869	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	581 388	591 323	718 499	992 393
Current				
Ban 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	627 236	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 Interiør AS.

The bank overdraft are secured by inventory, trade reciviables, 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	45 424	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	642 589	770 455	994 397
Other currencies	0	0	0	0
Total	627 235	642 589	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	1 266	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
	1 344	2 522	2 586	5 523

21 Deferred income tax

The analaysis 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
	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
	-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	-1 455 901	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	-606	611
Profit and loss account	-716	179	-895	224	-1 119	280	-1 399
Pension	15	-75	90	34	56	-355	411
Forward currency contracts		2 599	-2 599	-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	1 499	-390 582	-2 022	-403 028	-6 600	-397 427
Tax effect of change in tax rate*				14 466			
Net change deferred tax in other comprehensive income						-1 768	
Net change deferred tax in income tax expense		1 499		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% til 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' pensions 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 Interiør 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 gradully 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	2 189
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	126 507
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:			
Minimumrent	104 426	96 593	92 010
Prosentage rent (based on turnover)	7 072	5 619	5 961
Joint costs	27 867	25 635	25 109
Other storeage 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	1 466
Storage facilities	6 764	6 483	7 091
Rental outlets	134 355	122 430	116 172
Totalt	**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 ompensation

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 988 874.

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	285 588	493 548	566 733	664 261
Adjustment 1a - revaluation of trademark and deffered tax	A	388 706	388 706	388 706	388 706
Adjustment 1b - deferred tax trademark	A	-299 846	-299 846	-289 137	-289 137
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 tas 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	-25 892
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	80 068
Tax effect of adjustments		-110 984	-103 844	-102 424	-101 646
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 deffered 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 exhange 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 exhange rate

Under NGAAP goods in transit were recorded at the forward exchange conctract 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 agio, 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							
Tradmark	1 070 879	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	1 858	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	18 062
Cash and bank deposits	85 719	7 651	93 370	D	112 887	-1 562	111 325
		0					
TOTAL CURRENT ASSETS	**283 651**	**11 384**	**295 035**		**281 018**	**-9 339**	**271 680**
		0				0	
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							
Tradmark	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
						0	
Property, plant and equipment	50 718	0	50 718		69 890	0	69 890
Total property, plant and equipment	50 718	0	50 718		69 890	0	69 890
TOTAL NON-CURRENT ASSETS	1 122 578	387 727	1 510 305		1 142 469	387 006	1 529 475
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	B			
Total receivables	10 806	2 599	13 406		13 012	0	13 012
Cash and bank deposits	77 557	96	77 653	D	97 971	1 099	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	-26 899	37 718
Other reserves	0	0	0		0	0	0
Retained earnings	330 141	13 501	343 642		400 770	5 320	406 090
TOTAL EQUITY	566 733	-12 213	554 520		664 261	-21 578	642 683
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
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	582 235
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	165 037	50 262	215 299		175 464	53 132	228 596
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	356 363	-3 756	352 607	C, D, H	399 482	5 280	404 762
Employee benefits expence	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	805 625	-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	151 480
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

Consolidated income statement

	Note	NGAAP 2014	IFRS adjustments	IFRS 2014
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 expence		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

Consolidated statement of cash flows

	NGAAP 2012	IFRS adjustments	IFRS 2012	Note	NGAAP 2013	IFRS adjustments	IFRS 2013
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	-16 416	0	-16 416		-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	85 719	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	27 168	-10 965	16 203	D	-35 330	1 580	-33 750
Cash and cash equivalents at the end of the period	112 887	-1 562	111 326		77 557	96	77 563

Consolidated statement of cash flows

	Note	NGAAP 2014	IFRS adjustments	IFRS 2014
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	3, 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		85 614	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	-30 579	-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

Consolidated statement of comprehensive income

	Note	IFRS 2012	IFRS 2013	IFRS 2014
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

To the Shareholders' Meeting of Nordisk Tekstil Holding AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of the group Nordisk Tekstil Holding AS, which comprise the balance sheet as at 31 December 2012, 2013 and 2014, income statements, changes in equity and cash flows for each of the three years then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Nordisk Tekstil Holding AS as at 31 December 2012, 2013 and 2014, and its financial performance and its cash flows for each of the three years then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company’s accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Drammen, 17 August 2015
PricewaterhouseCoopers AS

Sigmund Landaas
State Authorised Public Accountant (Norway)

Appendix C

Kid

Interim report Q2 2015

Introduction to Kid

Kid is a leading Norwegian retailer in the home textile market, typified by products like duvets, pillows, curtains, bed linens and other accessories and decorating items. Currently Kid operates 128 wholly-owned stores in Norway in addition to an online store.

Kid's business model is based on ensuring full control of the value chain from the production and design phase, until the products are displayed in stores across the country. Accordingly, the Company has an in-house design team that ensures all products are tailored to the Kid concept. Furthermore, direct sourcing ensures that the Company has complete control over the price and quality of their products. More than 97% of the products sold are part of the Kid brand, with more premium products categorised in sub-brands like Dekosol and Nordun.

Definitions

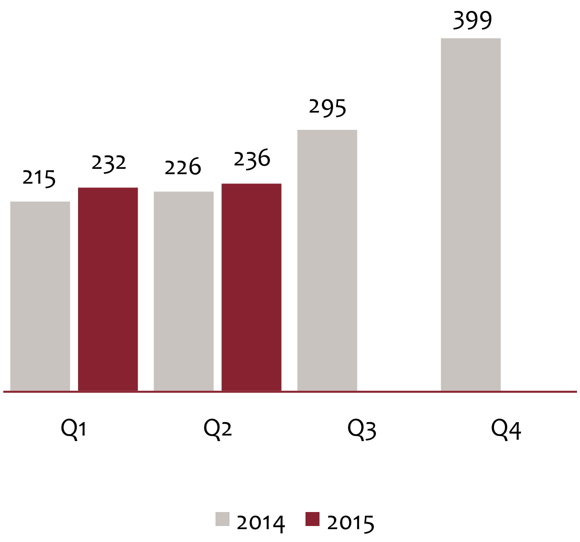
- **Like for like** are stores that were in operation at the start of last year's period and end of current period. Refurbished and relocated stores are included in the definition
- **Gross profit** is revenue less cost of goods sold (COGS) including realized losses/gains on currency hedging contracts
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) is operating profit excluding depreciation and amortization.
- **Adjusted EBITDA** is EBITDA adjusted for non-recurring items. In Q2, the adjustments are related to IPO costs, relocation of HQ and unrealized FX effects
- **EBIT** (earnings before interest, tax) is operating profit
- **Adjusted EBIT** is EBIT adjusted for non-recurring items.
- **Capital expenditure** is the use of funds to acquire intangible or fixed assets
- **Net Income is** profit (loss) for the period
- **Adjusted Net Income** is Net Income adjusted for non-recurring items, financial costs related to interest SWAP and "other unrealized (losses)/gains"

Second quarter in brief

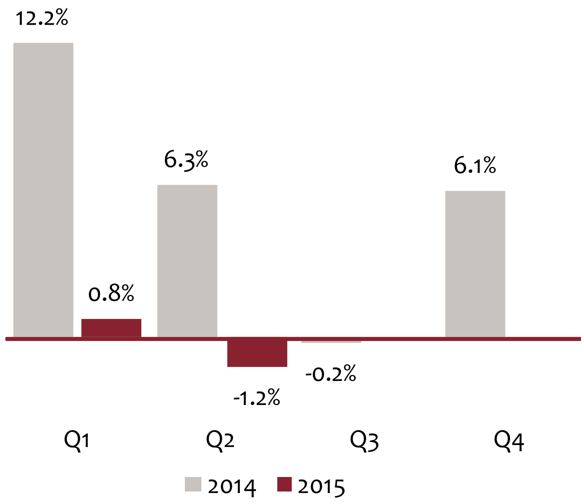
(Figures from corresponding period the previous year in brackets)

- Revenues of NOK 236 million (NOK 226 million), up 4.3%. A lower sales growth than expected due to an unusually cold summer impacting the outdoors assortment
- Like for like sales growth of -1.2% in the quarter and -0.2% YTD
- Gross margin after realised currency effects of 60.3% (63.3%). A strengthening dollar affected the gross margin negatively in the quarter. Actions to compensate for this have been initiated
- Adjusted EBITDA of NOK 12.1 million (NOK 22.8 million)
- 2 net new store openings and 2 store relocations
- Successful relocation of Headquarters and logistics to new warehouse completed in June with minimum downtime

Revenues, NOK million



Like for like growth

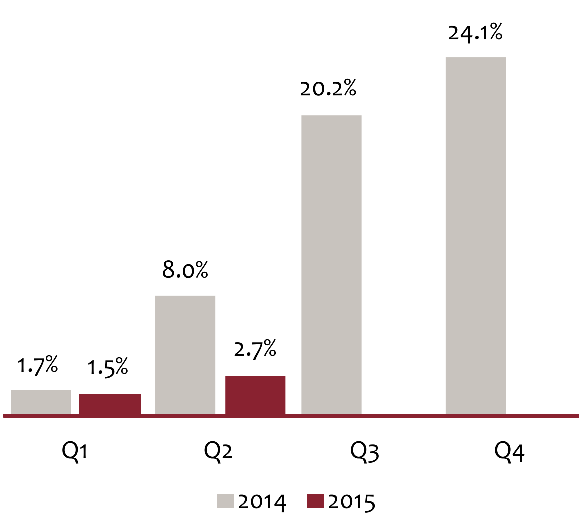


Key figures

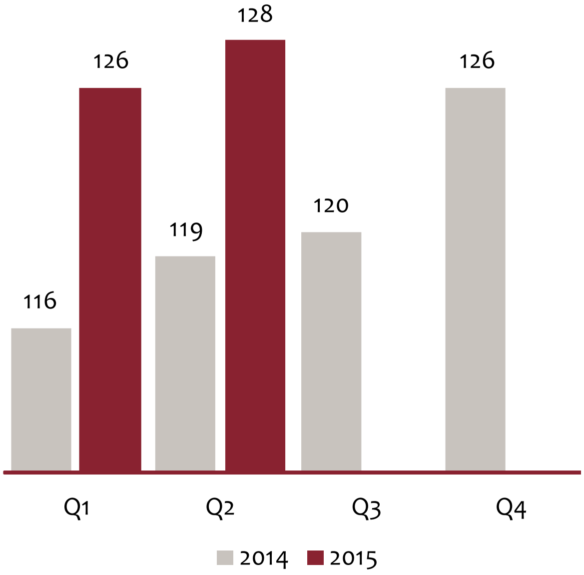
(Amounts in NOK million)	Q2 2015	Q2 2014	H1 2015	H1 2014	Full Year 2014
Revenues	235,8	226,0	467,7	441,2	1 135,9
Growth	4,3%	13,5%	6,0%	11,6%	10,1 %
LFL growth	-1,2%	6,3%	-0,2%	9,2%	6,0%
No. of shopping days in period	72	71	148	147	303
No. of physical stores at period end	128	119	128	119	126
COGS including realized FX-effects	-93,6	-82,9	-191,2	-170,3	-429,8
Gross profit	**142,2**	**143,0**	**276,5**	**270,9**	**706,1**
Gross margin (%)	60,3%	63,3%	59,1%	61,4%	62,2%
Adj. EBITDA*	**12,1**	**22,8**	**21,1**	**30,7**	**197,4**
EBITDA margin (%)	5,1%	10,1%	4,5%	7,0%	17,4%
Adj. EBIT*	**6,3**	**18,1**	**9,7**	**21,7**	**177,5**
EBIT margin (%)	2,7%	8,0%	2,1%	4,9%	15,6%
Adj. Net Income*	**1,1**	**8,6**	**0,0**	**6,2**	**110,9**
Adj. Earnings per share	0,03	0,25	0,00	0,18	3,17

*Adjusted for non-recurring items related to IPO process, management incentive, unrealized FX gains/ losses and a Swap contract that will be terminated in relation to the IPO

Adjusted EBIT margin



Number of physical stores (period end)



Operational review

Kid operates in a market characterised by seasonal patterns, where the second half is most important with regards to revenue and profit. Kid Interiør's revenues grew by 4.3% in the second quarter of 2015, compared to 13.5%the second quarter of 2014. In the same period the sale of home textiles in specialised stores in Norway declined with -2%, according to Statistics Norway. Kid's growth was driven by new store openings. Like for like stores declined by -1.2% due to poor summer weather.

The results in the second quarter of 2015 were affected by the poor weather in Norway in May and June, which affected the seasonal product assortment that was targeting the outdoors environment. In addition, the results in the quarter were affected by the strong appreciation in the US Dollar relative to the Norwegian Krone. As the company was unhedged for currency risk entering 2015, the gross margin decline in the quarter is considered temporary as USD/NOK is now hedged for 2015 at comfortable levels. Actions have also been made to increase prices on current in-store inventory.

Our main focus has been to continue our focus on growth-enhancing strategic and operational initiatives. The key initiatives and milestones this quarter have been:

- Improvement of our seasonal implementation (i.e. the summer season) and preparing for a "Back to School" launch immediately after the Summer break.
- During the second quarter we relocated our headquarters and warehouse to new premises in Lier, a process that ran smoothly. The new warehouse will provide increased storage capacity, process automation and state-of-the-art equipment to improve efficiency and delivery times. The relocation incurred a non-recurring cost of NOK 3.7 million
- In June, Kid launched a new online customer loyalty program aimed at increasing store traffic, shopping frequency and basket size. The customer club managed to recruit over 45,000 members in the first two weeks, well above expectations. The platform will also recruit customers into digital marketing channels for targeted and effective marketing.

Financial review

The figures reported in the Q2 report has been subject to a limited review by the Group's auditor PwC, and the preparation has required management to make accounting judgements and estimates that impact the figures. Figures from corresponding period the previous year are in brackets, unless otherwise specified.

Profit and loss

Revenue in the second quarter of 2015 amounted to NOK 235.8 million (NOK 226.0 million), which represents a growth of 4.3% compared to the second quarter of 2014 (13.5%). Sales figures were negatively affected by an early Easter, which similarly affected the first quarter positively. Sales were also negatively affected by the poor weather in Norway in May and June, which depressed sales our seasonal assortment significantly. Sales in our base assortment showed stronger performance. The LFL growth in the quarter was -1.2%, with LFL growth for the first half of -0.2%. The revenue growth was thus driven by new store openings and online sales.

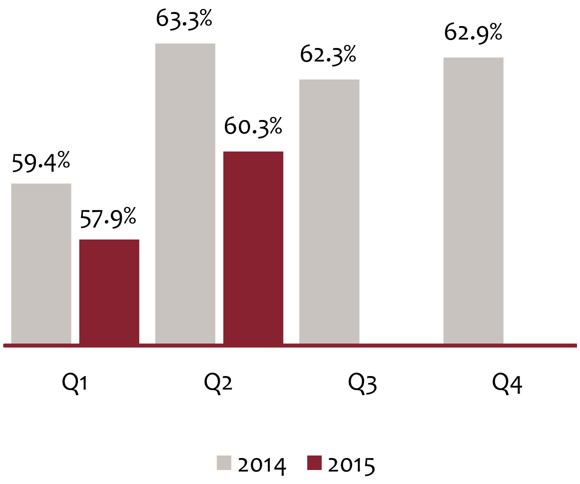
Online sales grew 71% in the second quarter of 2015 compared to the second quarter of 2014. Last twelve month (LTM) online revenues from the online store were NOK 16 million as of the June 30, 2015.

For the first half of 2015, revenues came to NOK 467.8 million (NOK 441.2 million), growing by 6.0% compared to the first half of 2014. The main driver for the increase in revenue is related to new store openings, in line with the second quarter results.

During the first half of 2015, we opened three new stores, with one opening in the first quarter and two in the second quarter. In March, we opened a new store at Bergen Storsenter. In May, we opened a new store at Nordbyen, Larvik and in June we opened the new store at Buskerud Storsenter. Kid also refurbished several stores during the period. Kid Torgata, Oslo was refurbished in March, while the store expansion at Jekta, Tromsø was completed in June. The Company also relocated two stores during the second quarter. Kid Linderud relocated in May and the store in Kirkenes relocated in June. Kid closed the store at OTI Senteret, Orkanger in January.

Gross margin after realised currency effects was 60.3% (63.3%) for the quarter, and 59.1% (61.4%) for the first half of 2015. The gross margin was impacted by continued headwinds from foreign currency exchange rates, as Kid was not fully hedged before the appreciation of the US Dollar exchange rate.

Gross margin



Other operating expenses, including employee benefits expenses came to NOK 130.1 million (NOK 120.6 million). Other operating expenses and employee benefits include adjustments of NOK 4.1 million (NOK 0.4 million) for the quarter. These adjustments are non-recurring items related to the relocation of the warehouse and HQ and IPO costs. For Q2 2014, the adjustment is related to a management bonus scheme that will be concluded in relation to the IPO.

For the first half of 2015, other operating expenses, including employee benefits amounted to NOK 255.8 million (NOK 240.6 million). Adjustments for the first half of 2015 amounted to NOK 4.1 million (NOK 0.4 million). Adjustments for full year 2014 came to NOK 10.7 million.

Adjusted EBITDA came to NOK 12.1 million (NOK 22.8 million) in the second quarter. EBITDA is adjusted for unrealized losses/gains related to fluctuations in spot rates vs currency derivative hedging values. For the second quarter, Kid had an unrealized gain of NOK 2.5 million (NOK 7.5 million). EBITDA was significantly affected by the almost 5% lower gross margins realised in the period compared to the corresponding period last year. The negative LFL growth and bad weather also had a negative impact on the figures. Newly opened stores contributed positively to revenue growth and negatively to EBITDA growth, as newly opened stores typically have lower margins in the ramp-up period.

Adjusted EBITDA for the first half of 2015 came to NOK 21.1 million (NOK 30.7 million), representing a decrease of 31%. Adjustments in relation to unrealized gains/losses amounted to a gain of NOK 7.2 million (NOK 2.1 million) in the corresponding period. For full year 2014, the adjustment amounted to an unrealized loss of NOK 2.6 million.

Adjusted EBIT came to NOK 6.3 million (NOK 17.7 million) for the quarter, corresponding to an EBIT margin of 2.7% (7.8%). The main reasons for the performance are described above in relation to adjusted EBITDA.

Adjusted EBIT for the first half year totalled NOK 9.7 million (NOK 21.7 million).

Adjusted net financial expenses amounted to NOK 4.9 million (NOK 6.3 million) in the second quarter. Net financial expenses are adjusted for expenses and fair value adjustments related to a swap contract that will be discontinued in connection with the IPO. The total adjustment in relation to the swap contract was NOK 1.0 million (6.4 million). The decline in net financial expenses is also related to a positive effect of decreased margins on short- and long-term debt.

Adjusted net financial expenses for the first half of 2015 amounted to 9.8 million (NOK 13.2 million), adjusted for NOK -1.9 million (NOK 8.3 million) in relation to the swap contract. For full year 2014, the adjustment in relation to the swap contract amounted to NOK 17.7 million.

Adjusted net profit for the period was NOK 1.1 million (NOK 8.6 million). For the first half of 2015, adjusted net profit came to NOK 0 million (NOK 6.2 million).

Adjustments affecting EBITDA	**Q2 2015**	**Q2 2014**	**H1 2015**	**H1 2014**	**FY 2014**
Cost of relocation to new warehouse	3.7		3.7		
Cost related to IPO	0.4		0.4		
Cost related to management incentives		0.4		0.4	10.7
Unrealized losses/gains					
Operational adjustments	**4.1**	**0.4**	**4.1**	**0.4**	**10.7**
Adjustments affecting net profit					
SWAP contract	-1.0	6.4	-1.9	8.3	17.7
Financial adjustments	**-1.0**	**6.4**	**-1.9**	**8.3**	**17.7**

Cash flow

Net cash flow from operating activities was NOK **-3.9** million (NOK **3.8** million). The decrease was mainly related to NOK 9.1 million in taxes paid (NOK 0 million) and NOK -11.8 million in reduced profit before income taxes. These effects were offset by a NOK 19.8 million decrease in inventory build-up this quarter 2015.

Capital expenditure was NOK 14.2 million (NOK 11 million). The group opened two new stores, refurbished 0 stores and relocated 2 stores. In addition, investments in new HQ and warehouse amounted to NOK 7.5 million in the quarter.

Financial position

Net interest bearing debt as of 30 June 2015 was NOK 633 million (NOK 646 million). The Company's senior debt facility will be amended in connection with the IPO and maintain an interest margin of 100bps above three months NIBOR. Kid also has a NOK 100 million overdraft facility in place.

Oslo, 25th August 2015

The board of Kid ASA

Henrik Schüssler
Chairman of the board

Bjørn Rune Gjelsten
Board member

Pål Frimann Clausen
Board member

Rune Marsdal
Board member

Kid ASA Q2 2015

Financial statements

Interim condensed consolidated statement of profit and loss for the period ended 30 June 2015 and 2014

(Amounts in NOK thousand)	Note	**Q2 2015** Unaudited	**Q2 2014** Unaudited	**H1 2015** Unaudited	**H1 2014** Unaudited	**Full Year 2014** Audited
Revenue		235,758	225,970	467,687	441,169	1,135,914
Other operating income		27	3	406	44	190
Total revenue		**235,785**	**225,974**	**468,093**	**441,212**	**1,136,104**
Cost of goods sold		95,326	80,631	194,940	170,807	439,417
Employee benefits expense		61,487	56,808	125,150	117,110	260,188
Depreciation and amortisation expenses	9	5,782	4,699	11,395	9,018	19,848
Other operating expenses		72,729	63,786	134,696	123,452	259,446
Total operating expenses		**235,325**	**205,925**	**466,180**	**420,386**	**978,900**
Other realized (losses)/gains- net	**6**	1,775	-2,316	3,707	527	9,601
Other unrealized (losses)/gains- net	**6**	2,529	7,541	7,243	2,153	-2,599
Operating profit		4,764	25,274	12,863	23,506	164,206
Other financial income		173	11	282	137	393
Other financial expense		7,059	7,958	14,099	16,716	32,907
Changes in fair value of financial current assets		2,995	-4,701	6,003	-4,906	-10,825
Net financial income (+) / expense (-)		**-3,892**	**-12,648**	**-7,814**	**-21,485**	**-43,338**
Profit before tax		**873**	**12,625**	**5,050**	**2,022**	**120,868**
Income tax expense		232	3,414	1,358	552	32,705
Net profit (loss) for the period		**640**	**9,211**	**3,691**	**1,470**	**88,163**
Interim condensed consolidated statement of comprehensive income						
Profit for the period		640	9,211	3,691	1,470	88,163
Other comprehensive income						
Total comprehensive income		**640**	**9,211**	**3,691**	**1,470**	**88,163**
Attributable to equity holders of the parent		640	9,211	3,691	1,470	88,163
Basic and diluted Earnings per share (EPS):		**0.02**	**0.26**	**0.11**	**0.04**	**2.52**
Profit for the period attributable to ordinary equity holders of the parent		640	9,211	3,691	1,470	88,163

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of financial position for the six months ended 30 June 2015 and 2014

(Amounts in NOK thousand) **Assets**	**Note**	**Q2 2015** Unaudited	**Q2 2014** Unaudited	**Full Year 2014** Audited
Trademark	9	1,459,585	1,459,587	1,459,585
Deferred tax asset		0	0	0
Total intangible assets		**1,459,585**	**1,459,587**	**1,459,585**
Fixtures and fittings, tools, office machinery and equipment	9	82,595	57,707	69,890
Total tangible assets		**82,595**	**57,707**	**69,890**
Total fixed assets		**1,542,180**	**1,517,294**	**1,529,475**
Inventories		246,611	203,244	201,053
Trade receivables		3,401	2,019	1,844
Other receivables	6	10,799	9,167	11,169
Derivatives	6	7,243	4,752	0
Total receivables		**21,444**	**15,938**	**13,013**
Cash and bank deposits	6	8,572	21,888	99,070
Total current assets		**276,626**	**241,070**	**313,136**
Total assets		**1,818,806**	**1,758,364**	**1,842,611**

Interim condensed consolidated statement of financial position for the six months ended 30 June 2015 and 2014

(Amounts in NOK thousand) **Equity and liabilities**	**Note**	**Q2 2015** Unaudited	**Q2 2014** Unaudited	**Full Year 2014** Audited
Share capital		42,000	42,000	42,000
Share premium		156,874	156,874	156,874
Other paid-in-equity		64,617	12,005	37,718
Total paid-in-equity		**263,491**	**210,879**	**236,592**
Other reserves - OCI				
Other equity		390,146	345,113	406,090
Total retained earnings		390,146	345,113	406,090
Total equity		**653,637**	**555,991**	**642,683**
Pensions liabilities		15	90	15
Deferred tax		390,442	391,134	389,084
Other provisions				
Total provisions		**390,457**	**391,224**	**389,099**
Liabilities to financial institutions		555,883	576,912	555,496
Derivatives	6	19,889	19,973	25,892
Total long-term liabilities		**575,772**	**596,885**	**581,388**
Liabilities to financial institutions		85,422	91,203	45,000
Trade creditors		27,018	13,236	22,255
Tax payable		8,743	28,873	34,205
Public duties payable		36,538	42,236	62,186
Dividends				
Derivatives	6			
Other short-term liabilities		41,220	38,716	65,798
Total short-term liabilities		**198,941**	**214,263**	**229,443**
Total liabilities		**1,165,170**	**1,202,372**	**1,199,930**
Total equity and liabilities		**1,818,806**	**1,758,364**	**1,842,611**

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2015 and 2014

(Amounts in NOK 1000)	**Total paid - in equity**	**Other equity**	**Total equity**
Balance at 1 January 2014	210,879	343,641	554,520
Profit for the period H1 2014	0	1,470	1,470
Balance as at 30 June 2014	**210,879**	**345,111**	**555,990**
Balance at 1 January 2015	236,592	406,090	642,682
Profit for the period H1 2015	0	3,691	3,691
Group contribution to/from parent company	26,899	-19,636	7,263
Balance as at 30 June 2015	**263,491**	**390,145**	**653,636**

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Interim condensed consolidated statement of cash flows for the three and six months ended 30 June 2015

(Amounts in NOK thousand)	Note	Q2 2015	Q2 2014	H1 2015	H1 2014	Full Year 2014
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flow from operations						
Profit before income taxes		873	12,625	5,050	2,022	120,868
Taxes paid in the period		-9,100	0	-18,199	0	-18,873
Gain/loss from sale of fixed assets		0	0	0	0	23
Depreciation & impairment	9	5,782	4,699	11,395	9,018	19,848
Change in financial derivatives		-5,524	-2,840	-13,246	2,753	13,424
Differences in expensed pensions and payments in/out of the pension scheme		0	0	0	0	-75
Effect of exchange fluctuations		-753	-286	32	-276	-352
Items classified as investments or financing		6,887	7,947	13,817	16,578	32,514
Change in working capital						
Change in inventory		3,425	-16,410	-48,116	-50,868	-49,598
Change in trade debtors		270	135	-1,557	8	183
Change in trade creditors		-1,592	428	7,322	-3,701	6,239
Change in other provisions		-4,199	-2,441	-48,547	-37,968	6,251
Net cash flow from operations		**-3,932**	**3,858**	**-92,051**	**-62,434**	**130,451**
Cash flow from investments						
Net proceeds from investment activities		0	0	0	0	158
Purchase of fixed assets	9	-14,243	-10,950	-24,100	-16,007	-39,199
Net cash flow from investments		**-14,243**	**-10,950**	**-24,100**	**-16,007**	**-39,041**
Cash flow from financing						
Change in debt		22,753	20,008	39,962	40,593	-26,179
Net interest		-7,348	-9,561	-14,278	-18,192	-34,186
Equity received		0	0	0	0	0
Payment of dividend		0	0	0	0	0
Group contribution		0	0	0	0	0
Net cash flow from financing		**15,405**	**10,447**	**25,685**	**22,400**	**-60,365**
Exchange gains / (losses) on cash and cash equivalents		753	286	-32	276	372
Net change in cash and cash equivalents		-2,768	3,355	-90,466	-56,041	21,045
Cash and cash equivalents at the beginning of the period		10,587	18,247	99,070	77,653	77,653
Cash and cash equivalents at the end of the period		**8,572**	**21,888**	**8,572**	**21,888**	**99,070**

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

Note 1 Corporate information

Kid ASA (former known as Nordisk Tekstil Holding AS) and its subsidiaries` (together the "company" or the "Group") operating activities are related to the resale of home textiles on the Norwegian market.

All amounts in the interim financial statements are presented in NOK 1000 unless otherwise stated.

Due to rounding, there may be differences in the summation columns.

These condensed interim financial statements have been subject to a limited review from the Group's auditor.

Note 2 Basis of preparations

Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2014.

Amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the group.

The Group has not early adopted standards, interpretations or amendments that have been issued but is not yet effective.

Note 4 Estimates, judgements and assumptions

The Preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements the significant judgements made by management inn applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2014.

Note 5 Segment information

The Group sells home textiles in 128 fully owned stores across Norway and through the Group's online website. Over 97% of the products are sold under own brands. The Group's aggregate online sales are approximately equal to the sales of one physical store and it is therefore not considered as a separate segment. The Norwegian market is not divided into separate geographical regions with distinctive characteristics and Kid's operations cannot naturally be split in further segments.

Note 6 Financial instruments

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2014.

There have been no changes in any risk management policies since the year end.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 30 June 2015 and 31 December 2014.

	30 Jun 2015		31 Dec 2014	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables				
Trade and other receivables excluding pre-payments	3,401	3,401	1,844	1,844
Cash and cash equivalents	8,572	8,572	99,070	99,070
Total	**11,973**	**11,973**	**100,914**	**100,914**
Financial liabilities				
Borrowings (excluding finance lease liabilities)	640,422	640,422	600,000	600,000
Finance lease liabilities	883	883	1,344	1,344
Trade and other payables excluding non-financial liabilities	33,077	33,077	28,775	28,775
Total	**674,382**	**674,382**	**630,119**	**630,119**
Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Foreign exchange forward contracts	7,243	7,243	0	0
Total	**7,243**	**7,243**	**0**	**0**
Derivatives – liabilities				
Interes rate swaps	19,889	19,889	25,892	25,892
Foreign exchange forward contracts	0	0	0	0
Total	**18,889**	**18,889**	**25,892**	**25,892**

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Levels or changes in valuation techniques during the period.
All of the Group's financial instruments that are measured at fair value are classified as level 2.

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

Note 7 Earnings per share

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

	Q2 2015	Q2 2014	**H1 2015**	H1 2015	FY2014
Number of shares	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Net profit or loss for the period	640	9,211	3,691	1,470	88,163
Earnings per share (basic and diluted) (Expressed in NOK per share)	0.02	0.26	0.11	0.04	2.52

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

Note 8 Related party transactions

The Group's related parties include it associates, key management, members of the board and majority shareholders.

None of the Board members have been granted loans or guarantees in the current year. Furthermore, none of the Board members are included in the Group's pension or bonus plans.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2015 and 2014:

Lease agreements:	**2015**	**2014**
Vågsgaten Handel AS (Store rental)	511	0
Gilhus Invest AS (Headquarter rental)	1,063	0
Total	**1,574**	**0**

Note 9 Fixed assets and intangible assets

(amounts in NOK million)	**PPE**	**Trademark**
Balance 01.01.2015	69.9	1459.6
Additions	24.1	
Disposals and write downs		
Depreciation and amortisation	-11.4	
Balance 30.06.2015	**82.6**	**1459.6**

(amounts in NOK million)	**PPE**	**Trademark**
Balance 01.01.2014	50.7	1459.6
Additions	9.8	
Disposals and write downs		
Depreciation and amortisation	-9	
Balance 30.06.2014	**51.5**	**1459.6**

To the Board of Directors of Kid ASA

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Kid ASA as of 30 June 2015 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with standards on auditing adopted by Den Norske Revisorforening, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Drammen, 25 August 2015
PricewaterhouseCoopers AS

Sigmund Landaas
State Authorised Public Accountant

Disclaimer

This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate,", "may," "assume," "plan," "intend," "will," "should," "estimate," "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

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www.kid.no

Appendix D

APPLICATION FORM FOR THE RETAIL OFFERING – KID ASA

General information: The terms and conditions for the Retail Offering are set out in the prospectus dated 16 October 2015 (the **"Prospectus"**), which has been issued by Kid ASA (the **"Company"**) in connection with the offer to issue new shares by the Company, offer to sell existing shares in the Company by the Company's sole shareholder Gjelsten Holding AS (**"Selling Shareholder"**) and the listing of the Company's Shares on Oslo Børs. All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus.

Application procedure: Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares by using the following websites: www.abgsc.com and www.arcticsec.no. Applications in the Retail Offering can also be made by using this Retail Application Form. Retail Application Forms must be correctly completed and submitted by the applicable deadline to one of the following application offices:

ABG Sundal Collier ASA
Munkedamsveien 45E
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Tel: +47 22 01 60 00
Fax: +47 22 01 60 62
Email: subscription@abgsc.no
www.abgsc.com

Arctic Securities As
Haakon VII´s gt 5
P.O. Box 1833 Vika
N-0123 Oslo
Norway
Phone: +47 21 01 30 40
Fax: +47 21 01 31 36
Email: subscription@arcticsec.no
www.arcticsec.no

The applicant is responsible for the correctness of the information filled in on this Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. **Subject to any shortening or extension of the Application Period, applications made through the VPS online application system must be duly registered by 12:00 hours (CET) on 28 October 2015, while applications made on Retail Application Forms must be received by one of the application offices by the same time.** None of the Company, the Selling Shareholder or any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any of the application offices. All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

Price of Offer Shares: The indicative price range (the "**Indicative Price Range**") for the Offering is from NOK 31 to NOK 37 per Offer Share. The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, will determine the final Offer Price on the basis of applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering. The Offer Price will be determined on or about 28 October 2015. The Offer Price may be set within, below or above the Indicative Price Range. Each applicant in the Retail Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the Retail Application Form that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e. NOK 37 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range.

Allocation, payment and delivery of Offer Shares: ABG Sundal Collier ASA, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 29 October 2015, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact one of the application offices from on or about 29 October 2015 during business hours. Applicants who have access to investor services through an institution that operates the applicant's VPS account should be able to see the number of Offer Shares they have been allocated from on or about 29 October 2015. In registering an application through the VPS online application system or by completing and submitting a Retail Application Form, each applicant in the Retail Offering will authorise ABG Sundal Collier ASA (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. Accounts will be debited on or about 30 October 2015 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 29 October 2015. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 29 October 2015, or can be obtained by contacting ABG Sundal Collier ASA at +47 22 01 60 00 or Arctic Securities AS at + 47 21 01 30 40. ABG Sundal Collier ASA (on behalf of the Managers) is only authorised to debit each account once, but reserves the right (but has no obligation) to make up to three debit attempts through 6 November 2015 if there are insufficient funds on the account on the Payment Date. Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 9.00 % per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 2 November 2015.

Guidelines for the applicant: Please refer to the second page of this Retail Application Form for further application guidelines.

Applicant's VPS-account (12 digits):	**I/we apply for shares for a total of NOK (minimum NOK 10,500 and maximum NOK 1,999,999):**	**Applicant's bank account to be debited (11 digits):**

OFFER PRICE: My/our application is conditional upon the final Offer Price not being set above the high-point of the Indicative Price Range as of the date of your receipt of this Retail Application Form (insert cross) **(must only be completed if the application is conditional upon the final Offer Price not being set above the prevailing high-point of the Indicative Price Range):**	☐

I/we hereby (i) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth in the Prospectus, (ii) irrevocably (a) order the number of Offer Shares allocated to me/us up to the amount specified above subject to the terms and conditions set out in the Prospectus, (b) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Retail Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, on my/our behalf, and (c) authorise ABG Sundal Collier ASA to debit my/our bank account set out above for the amount of the Offer Shares allotted to me/us.

Date and place(1):	**Binding signature(2):**

(1) Must be dated during the Application Period

(2) The applicant must be of age. If the Retail Application Form is signed by a proxy, documentary evidence of authority to sign must be attached in the form of a Power of Attorney or Company Registration Certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED

First name:	Surname / Family name / Company name:
Home address / For companies: registered business address:	Zip code and town:
Identity number (11 digits) / For companies: registration number:	Nationality:

Telephone number (daytime):	E-mail address:

See next page for additional application guidance.

GUIDELINES FOR THE APPLICANT

THIS RETAIL APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA JAPAN, SINGAPORE OR HONG KONG OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.

Regulatory Matters: Legislation passed throughout the EEA pursuant to the Markets in Financial Instruments Directive ("**MiFID**") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect the Managers must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorised as Non-professional clients. The applicant can by written request to the Managers ask to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation the applicant may contact the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

Execution Only: As the Managers are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

About the Managers; Information Barriers: The Managers are securities firms, offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

VPS Account; Anti-Money Laundering: The Retail Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Retail Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Retail Application Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA.

Selling Restrictions: The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 15 "Selling and Transfer Restrictions" of the Prospectus. Neither the Company, the Selling Shareholder nor the Managers assumes any responsibility in the event there is a violation by any person of such restrictions.

Stabilisation: In connection with the Offering, ABG Sundal Collier ASA (as the "**Stabilisation Manager**"), or its agents, may, upon exercise of the Lending Option, engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the first day of the Listing. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager and its agents to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the first day of the Listing.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and Conditions for Payment by Direct Debiting; Securities Trading: Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.

2. Costs related to the use of "payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.

3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payers bank account.

4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.

5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account is being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.

6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.

7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Late or Missing Payments: Should any investor have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976, No. 100, which at the date of this Prospectus was 9.00% per annum. The non-paying investors will remain fully liable for payment of the Offer Shares allocated to them, irrespective of any payment for the Offer Shares allocated to them by any of the Managers. The Offer Shares allocated to such investors will be transferred to a VPS account operated by one of the Managers and will be transferred to the non-paying investor when payment of the relevant Offer Shares is received. The Managers reserve the right, without further notice, to sell or assume ownership of such Offer Shares if payment has not been received by the third day after the payment due date. If Offer Shares are sold on behalf of the investor, such sale will be for the investor's account and risk (however so that the investor shall not be entitled to profits therefrom, if any) and the investor will be liable for any loss, costs, charges and expenses suffered or incurred by the Company, the Selling Shareholder and/or the Managers as a result of or in connection with such sales, and the Company, the Selling Shareholder and/or the Managers may enforce payment of any amount outstanding in accordance with Norwegian law.

Appendix E

APPLICATION FORM FOR THE EMPLOYEE OFFERING – KID ASA

General information: The terms and conditions for the Employee Offering are set out in the prospectus dated 16 October 2015 (the "**Prospectus**"), which has been issued by Kid ASA (the "**Company**") in connection with the offer to issue new shares by the Company, offer to sell existing shares in the Company by the Company's sole shareholder Gjelsten Holding AS (**"Selling Shareholder"**) and the listing of the Company's Shares on Oslo Børs. All employees of the Group, as of the last day of the Application Period, and members of the Board of Directors (collectively **"Eligible Employees"**) are eligible for participating in the Employee Offering. All capitalised terms not defined herein shall have the meaning as assigned to them in the Prospectus.

Application procedure: Eligible Employees who are residents of Norway with a Norwegian personal identification number may apply for Offer Shares by using the following website: www.abgsc.com. Applications in the Employee Offering can also be made by using this Employee Application Form. Employee Application Forms must be correctly completed and submitted by the applicable deadline to the following application office, who receives the Employee Application Forms on behalf of both the Managers:

ABG Sundal Collier ASA
Munkedamsveien 45E
P.O. Box 1444 Vika
N-0115 Oslo
Norway
Tel: +47 22 01 60 00
Fax: +47 22 01 60 62
Email: subscription@abgsc.no
www.abgsc.com

The applicant is responsible for the correctness of the information filled in on this Employee Application Form. Employee Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. **Subject to any shortening or extension of the Application Period, applications made through the VPS online application system must be duly registered by 12:00 hours (CET) on 28 October 2015, while applications made on Employee Application Forms must be received by the application office by the same time.** None of the Company, the Selling Shareholder or any of the Managers may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by the application office. All applications made in the Employee Offering will be irrevocable and binding upon receipt of a duly completed Employee Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

Price of Offer Shares: The indicative price range (the "**Indicative Price Range**") for the Offering is from NOK 31 to NOK 37 per Offer Share. The Selling Shareholder and the Company, in consultation with the Joint Bookrunners, will determine the final Offer Price on the basis of applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Employee Offering. The Offer Price will be determined on or about 28 October 2015. The Offer Price may be set within, below or above the Indicative Price Range. However, each Eligible Employee will receive a fixed cash discount of NOK 1,500 on the aggregate amount payable for the Offer Shares allocated to such employee. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the discount and the guaranteed allocation. The discount will be allocated to the New Shares. Each applicant in the Employee Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the Employee Application Form, that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e. NOK 37 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Employee Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

Allocation, payment and delivery of Offer Shares: Eligible Employees participating in the Employee Offering will receive full allocation for any application up to and including an amount of NOK 200,000. ABG Sundal Collier ASA, acting as settlement agent for the Employee Offering, expects to issue notifications of allocation of Offer Shares in the Employee Offering on or about 29 October 2015, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact the application office from on or about 29 October 2015 during business hours. Applicants who have access to investor services through an institution that operates the applicant's VPS account should be able to see the number of Offer Shares they have been allocated from on or about 29 October 2015. In registering an application through the VPS online application or by completing and submitting an Employee Application Form, each applicant in the Employee Offering will authorise ABG Sundal Collier ASA (on behalf of the Managers) to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. Accounts will be debited on or about 30 October 2015 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 29 October 2015. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 29 October 2015, or can be obtained by contacting ABG Sundal Collier ASA at +47 22 01 60 00. ABG Sundal Collier ASA (on behalf of the Joint Bookrunners) is only authorised to debit each account once, but reserves the right (but has no obligation) to make up to three debit attempts through 6 November 2015 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Employee Offering is expected to take place on or about 2 November 2015 (or such later date the relevant account is successfully debited).

Guidelines for the applicant: Please refer to the second page of this Employee Application Form for further application guidelines.

Applicant's VPS-account (12 digits):	**I/we apply for shares for a total of NOK (minimum NOK 10,500 and maximum NOK 1,999,999):**	**Applicant's bank account to be debited (11 digits):**

OFFER PRICE: My/our application is conditional upon the final Offer Price not being set above the high-point of the Indicative Price Range as of the date of your receipt of this Employee Application Form (insert cross) **(must only be completed if the application is conditional upon the final Offer Price not being set above the prevailing high-point of the Indicative Price Range):**	☐

I/we hereby (i) confirm and warrant to have read the Prospectus and that I/we are aware of the risks associated with an investment in the Offer Shares and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth in the Prospectus, (ii) irrevocably (a) order the number of Offer Shares allocated to me/us up to the amount specified above subject to the terms and conditions set out in the Prospectus, (b) authorise and instruct each of the Managers (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Employee Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, on my/our behalf, and (c) authorise ABG Sundal Collier ASA to debit my/our bank account set out above for the amount of the Offer Shares allotted to me/us.

Date and place(1):	**Binding signature(2):**

(1) Must be dated during the Application Period

(2) The applicant must be of age. If the Employee Application Form is signed by a proxy, documentary evidence of authority to sign must be attached in the form of a Power of Attorney or Company Registration Certificate.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name:	Surname / Family name / Company name:
Home address / For companies: registered business address:	Zip code and town:
Identity number (11 digits) / For companies: registration number:	Nationality:

Telephone number (daytime):	E-mail address:

See next page for additional application guidance.

GUIDELINES FOR THE APPLICANT

THIS EMPLOYEE APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA JAPAN, SINGAPORE OR HONG KONG OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.

Regulatory Matters: Legislation passed throughout the EEA pursuant to the Markets in Financial Instruments Directive ("**MiFID**") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect the Managers must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Managers will be categorised as Non-professional clients. The applicant can by written request to the Managers ask to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation the applicant may contact the Managers. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

Execution Only: As the Managers are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Managers will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

About the Managers; Information Barriers: The Managers are securities firms, offering a broad range of investment services. In order to ensure that assignments undertaken in the Managers' corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Managers' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

VPS Account; Anti-Money Laundering: The Employee Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Managers must verify their identity to one of the Managers in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Employee Application Form are exempted, unless verification of identity is requested by a Manager. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Employee Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Employee Application Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA.

Selling Restrictions: The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 15 "Selling and Transfer Restrictions" of the Prospectus. Neither the Company, the Selling Shareholder nor the Managers assumes any responsibility in the event there is a violation by any person of such restrictions.

Stabilisation: In connection with the Offering, ABG Sundal Collier ASA (as the "**Stabilisation Manager**"), or its agents, may, upon exercise of the Lending Option, engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the first day of the Listing. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager and its agents to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the first day of the Listing.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

Terms and Conditions for Payment by Direct Debiting; Securities Trading: Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.

2. Costs related to the use of "payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.

3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payers bank account.

4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.

5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account is being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.

6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.

7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Late or Missing Payments: Should any investor have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976, No. 100, which at the date of this Prospectus was 9.00% per annum. The non-paying investors will remain fully liable for payment of the Offer Shares allocated to them, irrespective of any payment for the Offer Shares allocated to them by any of the Managers. The Offer Shares allocated to such investors will be transferred to a VPS account operated by one of the Managers and will be transferred to the non-paying investor when payment of the relevant Offer Shares is received. The Managers reserve the right, without further notice, to sell or assume ownership of such Offer Shares if payment has not been received by the third day after the payment due date. If Offer Shares are sold on behalf of the investor, such sale will be for the investor's account and risk (however so that the investor shall not be entitled to profits therefrom, if any) and the investor will be liable for any loss, costs, charges and expenses suffered or incurred by the Company, the Selling Shareholder and/or the Managers as a result of or in connection with such sales, and the Company, the Selling Shareholder and/or the Managers may enforce payment of any amount outstanding in accordance with Norwegian law.

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