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ANNUAL
REPORT
2015

ANNUAL REPORT 2015

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Kid

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.

FINANCIAL HIGHLIGHTS FOR 2015

REVENUES

Q1	2014	215 MNOK
	2015	232 MNOK
Q2	2014	226 MNOK
	2015	236 MNOK
Q3	2014	295 MNOK
	2015	288 MNOK
Q4	2014	399 MNOK
	2015	433 MNOK

ADJUSTED EBITDA

Q1	2014	8 MNOK
	2015	9 MNOK
Q2	2014	22 MNOK
	2015	12 MNOK
Q3	2014	61 MNOK
	2015	49 MNOK
Q4	2014	95 MNOK
	2015	100 MNOK

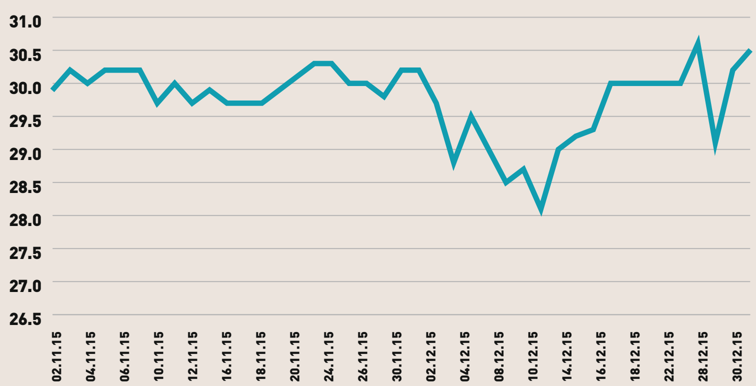
NUMBER OF PHYSICAL STORES (period end)

Q1	2014	116
	2015	126
Q2	2014	119
	2015	128
Q3	2014	121
	2015	128
Q4	2014	126
	2015	130

LIKE-FOR-LIKE GROWTH

Q1	2014	12.2%
	2015	0.8%
Q2	2014	6.3%
	2015	-1.2%
Q3	2014	-0.2%
	2015	-8.1%
Q4	2014	6.1%
	2015	3.2%

SHARE PRICE 2015 - KID ASA



REVENUES OF NOK

1,188

MILLION

(NOK 1,136 million), increasing by 4.6 percent compared to 2014

Our mission

To inspire and make every home a beautiful home – Kid Interiør

ABOUT KID

Founded in 1937, Kid Interiør AS, daughter company to Kid ASA (listed on the Oslo Stock Exchange under the ticker symbol KID) operates as a home textile retailer in the Norwegian market. The company offers a full range of home and living products, including textiles, curtains, bed linens and other interior products. We design, source, market and sell these products nationwide through our stores – which at the end of 2015 numbered 130 – as well as through our online site. At the end of 2015 we had 900 employees.

The company is headquartered in new offices in Lier, and includes a modern logistics operation.

Kid's business model is based on ensuring full control of the value chain from the production and design phase, through to direct product sourcing and manufacturing, primarily in low-cost countries in Asia, including China, India, Pakistan and Bangladesh. Over 97 percent of our products sold are under the Kid brand, with more premium products categorised in sub-brands such as Dekosol and Nordun.

Our strategy is to closely monitor and quickly adapt to underlying consumer trends and demands. Through in-depth market analysis, supported by our own design and sourcing competence, we bring high quality, yet value for money, product ranges to our customers.

Kid is the market leader in Norway with 31 percent market share, which has been growing steadily year-on-year by delivering consistent quality products at affordable prices. We have unbeatable brand recognition, with top of mind awareness well ahead of our peers, research indicates a 97 percent familiarity of the Kid brand by Norwegian women.

We have dedicated and experienced employees, who provide creative guidance to our customers and a commitment to developing the best product mix and most inspirational marketing communication on the market. The Kid spirit is driven by our commitment to our company values of entrepreneurial spirit, inspiration and dedication.

KID KEY HISTORICAL MILESTONES

From its beginnings as a small shoe factory in Drammen, Kid has grown to become the largest Norwegian interior and home textile retailer. We take a look at some of the important milestones in the history of the company.

Photo: Gorm Kallestad / NTB Scanpix

Establishment
1937

Kid Interiør was established by Jul Andrew Gundersen as JAG shoe factory

The first shop
1953

The first shop was opened in Drammen in 1953, called "Fabrikkutsalget" (Factory Outlet). At first, the store sold just shoes, but moved into interior products, including sale of the first woollen versions of its duvet

Own production
1970s

An increased focus on interior textiles and the start of its own production

Change of name
1994

The company changed its name to Kid Interiør and began using the Kid brand for selected products

1997 — **Growing**
The third generation of the Gundersen family takes over the business, which has now grown to 24 stores

2005 — **Shares sold**
The Gundersen family relinquishes control of Kid as its majority shareholding is sold to IK Capital Partners. The Kid store network has grown to 92

2009 — **DNB Bank**
DNB Bank takes control of Kid Interior following a long-term debt default

2012 — **Successful turnaround**
Gjelsten Holding takes 100 percent ownership of the company, which now comprises 111 stores after a successful turnaround

2015 — **Oslo Stock Exchange**
The company turns public as its shares are listed on the Oslo Stock Exchange. Kid registers a strong financial performance and central warehouse and administration functions are relocated to new facilities in Lier

COMPANY FACTS

31%
MARKET SHARE
At the end of 2015

1.7%
ONLINE SHARE
of total revenues

9.8%

RETURN ON EQUITY

in 2015
(based on adjusted
net profit)

1,188

MILL NOK

in revenues
for 2015

894

EMPLOYEES

corresponded to 431
full-time equivalents

DEAR SHAREHOLDERS,

It gives me great pleasure to welcome you to this year's annual report for Kid ASA, our first report since the company's share began trading on the Oslo Børs on 2nd November.

2015 was a very busy year for Kid – not least due to a number of events that presented significant challenges. But, through the dedication of our employees we were able to meet and deal with these circumstances head-on, which resulted in Kid ending the year positively. I am sure that these efforts made by our staff, allied to the robust business procedures and practices we have developed over recent years, will help carry this success through 2016 and beyond.

Within the pages of this report you will be able to gain an in-depth understanding of Kid and our development during 2015. However, I would like to highlight some of those significant events and milestones that drove our performance across the year.

During 2015, volatility increased in the currency market and the Norwegian kroner (NOK) depreciated substantially against the US dollar (USD). Our currency exposure was only partially hedged. As much as 90 percent of our goods are imported and denominated in USD, meaning our cost of goods sold increased considerably, which initially reduced our margins. In response, we adjusted prices, refocused our product lines and product range, as well as maintaining a continuous focus on managing product costs. The numerous actions secured acceptable gross margins without significant impact on our bottom line. We have since changed our hedging strategy and our USD risk is now fully hedged to mitigate the risk of future currency fluctuations.

While we always strive to ensure that Kid has the right products on the shelves at the right time for our customers, the weather is one event we cannot control. And though we may not like this, it will always have a major impact upon our business, quarter-on-quarter The unusual later spring and summer period in 2015 will go down as one of the coldest of the past century. Not surprisingly, sales of our summer lines were hit as the idea of shopping for summertime interior and exterior furnishings was far from people's minds. Then, as we moved into sales of our back-to-school range in August, the weather was historically hot, slowing our autumn lines. However, with some short-term discounting we were able to move stock and mitigate much of the adverse effects the weather brought during this time.

The Christmas season truly brought a highly successful end to the year. Despite the tough trading conditions in Norwegian retail, the efforts of staff over the Christmas period – that accounts for some 40 per cent of our trading year – meant that we were able to post some particularly strong numbers. Revenue growth for the quarter was 8.5 percent up on the corresponding quarter in 2014, driven by our seasonal marketing campaign.

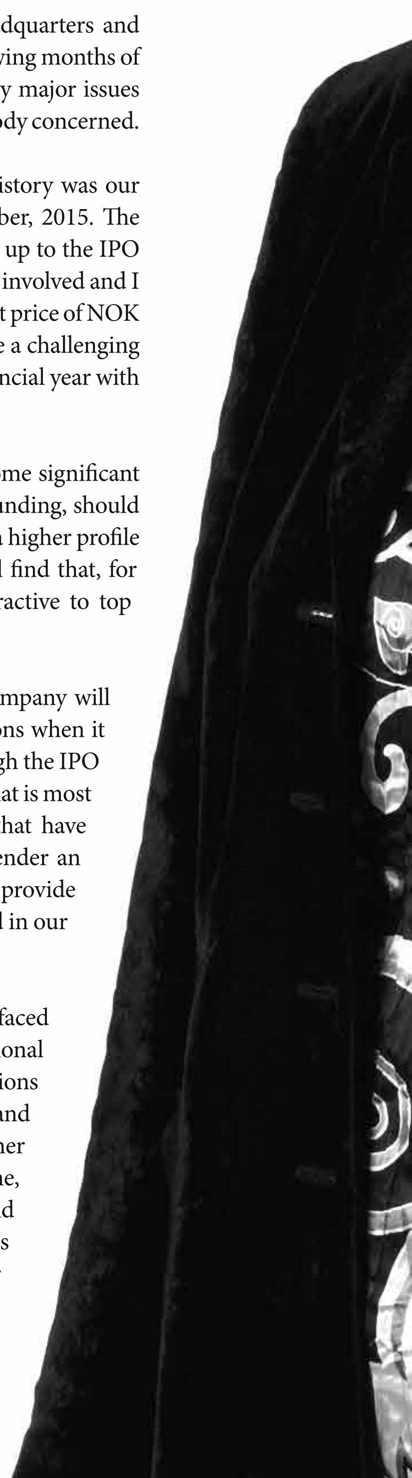
In June, we moved into our brand-new headquarters and logistics centre in Lier, near Drammen. Following months of planning, the move was achieved without any major issues or delays. This was a fantastic effort by everybody concerned.

Another great milestone in the company's history was our initial public offering (IPO) on 2nd November, 2015. The work undertaken in the final months leading up to the IPO required a major effort on the part of all those involved and I am pleased that the hard work paid off. Our list price of NOK 31 was within the expected range and, despite a challenging retail environment in 2015, we closed the financial year with a share price of NOK 30.5.

Going forward as a listed company brings some significant benefits. We will be able to raise additional funding, should we ever wish to do so; we certainly now have a higher profile within the financial community; and we will find that, for the future, we have made the company attractive to top talent to support our employees.

Having said that, the fact we are a public company will have little day-to-day impact on our operations when it comes to our stores and our customers. Though the IPO was, indeed, a historic event in our history, what is most important is that we adhere to the values that have brought us success in recent years – to engender an entrepreneurial spirit among our employees, provide inspiration to our customers and be dedicated in our efforts towards all of our stockholders.

2015 was a year in which the challenges we faced could have severely impacted our operational performance. However, the strategic decisions of our management, supported by our store and other staff, resulted in Kid delivering another year with good margin. At the same time, figures from Statistics Norway show that Kid outperformed growth in the home textiles retail sector by 5.4 percent for the full year 2015.



I believe we are in a strong position to have a good 2016. We have a new logistics and administrative centre that will help efficiency; we are able to adapt to market changes; and the completion of our IPO and headquarters relocation means our management can again focus on our core business activities.

Finally, I want to thank all of our stakeholders – whether employees or customers, partners or shareholders. Working together, we can create further success in the coming year.

Yours sincerely,

Kjersti H Hobøl

Kjersti Hobøl
CEO, Kid Interiør AS

KID MANAGEMENT REPORT

2015 will go down as a defining year in Kid Interiør's history. The company faced particularly challenging market and financial conditions during the year, while we also managed the process of a stock market listing and the relocation to our new headquarters and logistics facilities.

Revenues amounted to NOK 1,188 million, compared to NOK 1,136 million in 2014, an increase of 4.6 percent; the company was able to achieve a gross revenue margin of 60 percent; and we outperformed the market within the home textiles sector, according to data from Statistics Norway. Analysis indicate that the retail environment in Norway may see a slowdown in market conditions during 2016, but Kid is confident that the initiatives we have undertaken over the past 12 months lay the foundation for continued success.

SUCCESSFUL IPO

Preparations for our initial public offering (IPO) began in May 2015 and concluded on 2nd November, when Kid ASA was formally listed on the Oslo Stock Exchange (Oslo Børs). The final listing price of the share was at NOK 31, within our target range, and despite retail trading conditions being difficult towards the end of 2015, the share price has held up well since.

As a publicly-traded company, we expect that the profile of Kid will be raised considerably. The listing also confers upon us a level of professionalism that will aid us in the wider business community and we hope it provides our employees and other stakeholders with a much-warranted pride in the company.

The listing will increase demand for reporting and transparency, which can be challenging for a lean management team. Conversely, we believe that a continuous focus from analysts and the stock exchange, as well as publicity regarding the KID brand name and our products, will enhance our performance. Furthermore, we think that the transparency will further strengthen the company spirit and customer satisfaction.

FOCUSED PRODUCT RANGE

The home textile market is experiencing shifting trends and styles. By understanding our market and customer needs, we have developed a product range that is primarily based on basic, traditional style, with day-to-day lines such as duvets, pillows and curtains. Sales of our traditional products account for 50-60 percent of sales. These foundation lines are supplemented by seasonal products – for example Christmas and summer – accounting for a further 30-40 percent of sales. The remaining 10 percent of products are focused towards our trend lines, featuring a more modern style and aimed at a younger customer.

During 2015, the company's performance was strongly impacted by the historically cold spring and summer periods across the country. During May and June our summer campaigns for both indoor and outdoor furnishings and textiles were significantly adversely affected. Conversely, while August was an unseasonally warm month, again this had a detrimental impact on the campaign of the season as customers were disinclined to shop during the warm weather. The result was that we needed to undertake a series of product line discounts in order to bring in revenues and mitigate any impact on margins.

Norwegians are increasingly focusing on matching their home furnishings with the season and this is particularly true in the Christmas period. Kid's Christmas campaign is the most important of the year, driving sales in a period which brings around 40 percent of our year's revenues. 2015 proved to be a major success, with all-time high revenues built on well-received Christmas campaigns.

Innovation in our assortment is a key driver to customer perception and growth. In addition to our normal high rate of renewal on product lines, we launched several new products in 2015 that were well received by our customers. These included a new product line named Dekosol that contains blind systems such as plissé and roller blinds; new products within our kitchen assortment; a range of ecological hand cremes and soaps under the self-developed sub-brand Gren and high quality bed linens produced from Egyptian cotton.

QUALITY AND VALUE FOR MONEY

Kid is constantly working with suppliers to ensure adequate and consistent quality and drive product innovation through continuous communication between our design department, product teams and store managers. Our main strategy is to offer products that our customers perceive as having significant value for money. We were one of the first Norwegian companies to undertake significant sourcing of products from Asia and we continue to develop our sourcing of products at attractive prices. During the year, Kid continued to offer market-leading deals to customers through its discount campaigns, which numbered 26 in 2015. Our assortment is in accordance with local regulatory and other standards as described in the Corporate Social Responsibility section of this annual report, and we believe that social and environmental responsibility go hand-in-hand with financial performance.

Kid Interiør is a nationwide company for textiles, home & living, offering a large variety of curtains, bed linen and other interior products.

STORE GROWTH

At the end of 2015, Kid operated a total of 130 wholly-owned stores throughout Norway. The fact that we have a fully-owned store network means we can retain full control of our locations, appearance, staffing and incentive mechanisms. During 2015, we opened new stores in Stavanger (Klubbgata), Sarpsborg (Storbyen), Krokstad (Buskerud Storsenter) and in Bergen (Bergen Storsenter). Additionally, stores in Rygge, Stathelle, Bodø and Kirkenes were relocated, while the stores in Torggata (Oslo) and Linderud (Oslo) were refurbished.

Kid's 'bricks and mortar' stores are supported by an online e-commerce offering, originally launched in 2013. In 2015, revenues increased significantly over 2014, from NOK 13.2 million to NOK 20.4 million. Kid's online store is on track to become the largest individual store in terms of revenue. In addition, many customers go to the Kid website to view products and envision them in their own home prior to visiting a Kid store to make purchases.

GETTING CLOSER TO CUSTOMERS

In order to drive both new and existing customers to Kid stores and to our online offering we launched a new customer loyalty programme in June 2015. The customer club offers

Kjersti Hobøl
Chief Executive Officer

Hobøl has been the Chief Executive Officer at Kid since 2010. She has extensive senior management experience from various companies, including the position of Senior Vice President at DNB NOR, CFO at Coop Øst and CEO at Princess Gruppen AS. In addition, Hobøl has served as a board member of Expert AS and Kid Interiør.

Petter Schouw-Hansen
Chief Financial Officer

Schouw-Hansen has been the Chief Financial Officer at Kid since 2011. Prior to this he served as both an analyst and a Senior Consultant at Bearing Point. Schouw-Hansen has experience from operationalizing strategy, performance, M&A and management coaching within several industries, including retail. Schouw-Hansen holds an M.Sc from the Norwegian School of Economics, specialized in Finance (Norwegian: siviløkonom, NHH).

Robert Steen
Logistics Director

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

Eva-Lena Wechselsberger
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.

Mona Kotte-Eriksen
Head of Marketing

Kotte-Eriksen has been the Head of Marketing at Kid since 2010. Prior to this, she 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 industry. She holds a degree in Business Graduate Economics, specialising in Marketing and Personnel from the Norwegian Business School (Norwegian: Handelshøgskolen BI).

special discounts and incentives to members and is intended to gain Kid greater customer insight while improving customer loyalty. By the end of the year, the programme had surpassed our initial target of 200,000 members, with over 260,000 members signed-up.

NEW HEADQUARTERS

During the second quarter we relocated our headquarters and warehouse to new premises in Lier. The new warehouse provides increased storage capacity, process automation and state-of-the-art equipment to improve efficiency and delivery times.

Through the combination of our logistics operation linked to inventory management software and rolling forecasting, we have attained better control of our inventory – which is imperative to any product campaign strategy. Our ability to constantly and swiftly supply stores across the country with campaign-marketed products ensures that few stores runs out, keeping customers satisfied.

EMPLOYEES

The past 12 months have seen Kid focus further on our human resources activities. We are working hard to attract the best employees in the retail sector. We have a structured programme in place to nurture and develop talent through the organisation, and retain this talent by developing and motivating skilled employees. At the same time, we incentivise our employees through various performance-based bonus schemes for in-store employees, regional managers and headquarter staff.

FOREIGN CURRENCY

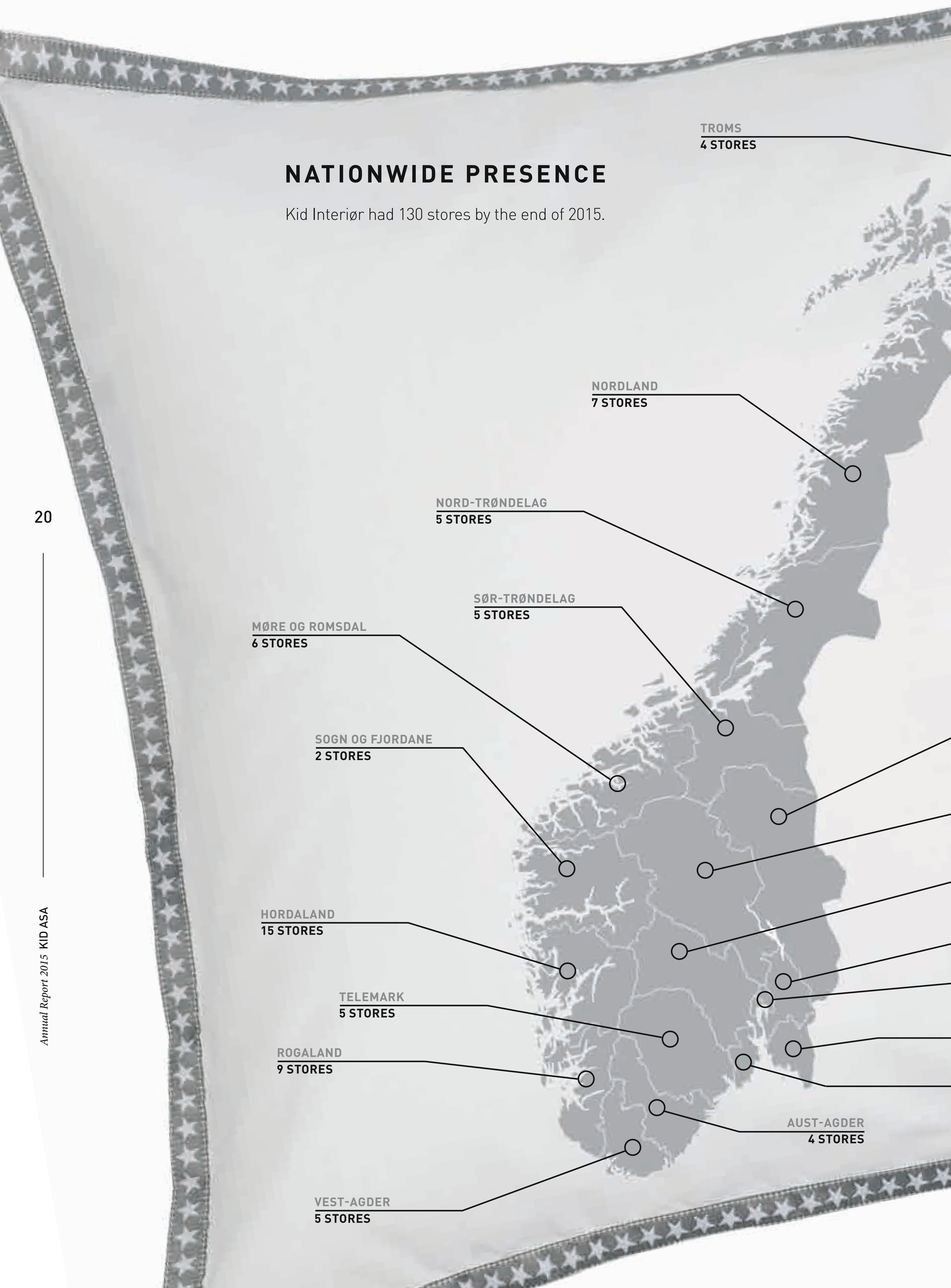
Around 90 percent of the goods we source are paid for in USD and our exposure were unhedged entering 2015. Due to the depreciation of the NOK throughout the year, we adjusted our prices accordingly, reviewed our product lines and range, and focused on reducing product costs. For 2016, we aim to hedge USD to mitigate any risk in fluctuations against the NOK.

New administration offices – a combination of free setting and office cubicles is used to optimize work processes.

New administration reception – Kids own assortment is used as decoration to set the seasonal mood.

NATIONWIDE PRESENCE

Kid Interiør had 130 stores by the end of 2015.



AT A GLANCE 2015

The online store increased revenues to
NOK 20.4 million
(NOK 13.2 million)

Gross margin after realised currency effects of
60.0
percent (62.2 percent)

The board of directors proposes a dividend of NOK
1.50
per share for 2015

Adjusted EBITDA of
NOK 169.3 million
(NOK 186.7 million)

Outperformed the market
within the home textiles sector, according to data from Statistics Norway

Opened five new stores,
closed one store, refurbished two stores and relocated four stores

Relocated to a
new central administration
and warehouse building in Lier, near Drammen

Listed on **Oslo Stock exchange**
on 2nd November 2015

BOARD OF DIRECTORS' REPORT

The Kid group was established on 29th July 2005 and consists of Kid ASA, the parent company for Kid Interiør AS and Kid Logistikk AS, together defined as "the group", "the company" or "Kid". Kid ASA was formerly known as Nordisk Tekstil Holding AS and, later, Kid AS upon the initial public offering (IPO) on 2nd November 2015.

The business activities of the company are commercial activities, mainly based on the purchase and sale of interior textiles through import, wholesale, retail and other related activities, including investments in other enterprises and relevant real estate property.

Kid Interiør is the leading specialist home textile retailer in Norway, with a nationwide portfolio of 130 directly-owned stores, in addition to an online sales platform. The product assortment ranges from curtains and bed linens to home accessories and decorations. Kid's strategy is to provide an attractive value proposition to customers through quality Kid-branded products and an inspirational assortment. These products are offered at affordable prices both online and through stores located in Norway's major population centres. The main office and warehouse is located in the municipality of Lier.

SUMMARY OF THE YEAR

2015 was a demanding year for Kid. The company's headquarters, including its warehouse and logistics centre, was relocated in June, and the company was listed on the Oslo Stock Exchange (Oslo Børs) in November. The company also experienced challenging foreign exchange rates and unfavourable weather conditions that adversely impacted its revenues. Despite this, Kid delivered strong results and outperformed the market, which reflects Kid's strength as an agile and flexible company.

FINANCIAL RESULTS

(*Figures from 2014 are in brackets, unless otherwise specified*)

The board of directors is of the opinion that the financial statement, together with its notes, gives a true and fair view of the operations and financial position of the group for the year ending 31st December, 2015. There have been no events after the balance sheet date that are of importance to the assessment of the group.

INCOME STATEMENT FOR THE GROUP

Revenues for 2015 were NOK 1,188.4 million (NOK 1,135.9 million), which represents an increase of 4.6 percent over 2014. The like-for-like sales growth[1] was -1.1 percent, and was negatively affected by unfavourable weather in the second and third quarters of the year. Online sales grew 54.6 percent in 2015, accounting for 1.7 percent of total revenues.

During 2015, Kid opened five new stores, closed one store, refurbished two stores and relocated four stores. Kid also relocated to a new central administration and warehouse building in Lier.

Gross margin[2] after realised currency effects was 60.0 percent percent (62.2 percent) for 2015. The gross margin was affected by the strengthening of the USD vs. NOK from 2014 to 2015, as approximately 90 percent percent of sourced goods are denominated in USD.

Other operating expenses, including employee benefit expenses, ended at 46.6 percent of 2015 revenues compared to 45.7 percent in 2014. The increase was due to costs related to the relocation of the central warehouse and the IPO. Adjusted for these one-off costs, the OPEX was 45.8 percent for 2015, in line with the previous year.

Operating profit (EBIT) was NOK 149.6 million (NOK 164.2 million). Adjusted for one off-costs and unrealised currency losses/gains, the adjusted EBIT was NOK 144.9 million (NOK 166.8 million). The decrease was caused by a reduced gross margin.

Net financial expenses amounted to NOK 20.2 million (NOK 43.3 million). The net financial expenses contains interest expenses and unrealised gains related to an interest swap that was terminated in connection with the IPO. Adjusted for the interest swap, net financial expenses ended at NOK 18.4 million (NOK 25.7 million). The decrease is driven by reduced long-term debt and lower interest rates.

Net income for 2015 was NOK 124.1 million (NOK 88.2 million). Adjusted net income amounted to NOK 92.8 million (NOK 103.0 million). Net income is adjusted for a change in deferred tax related to trademark of NOK -29.2 million, caused by the reduced tax rate from 27 percent percent to 25 percent, which took effect from 1st January 2016.

[1] Like-for-like stores 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.

[2] Gross profit is revenue less the cost of goods sold (COGS) including realised losses/gains on currency hedging contracts. Gross margin is gross profit as a percentage of revenue.

Henrik Schüssler
Chairman
Appointed: June 2012

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. Schüssler has adegree from the Norwegian School of Business and Administration in chartered accountancy. He is a Norwegian citizen, and resides in Norway.

Bjørn Rune Gjelsten
Board Member
Appointed: June 2012

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. Gjelsten holds a Master of Business and Economics from the University of Colorado. He is a Norwegian citizen, and resides in Norway.

Karin Bing Orgland
Board Member
Appointed: August 2015

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, Hav Eiendom AS and INI AS. She has extensive experience from various management and board member positions within the DNB Group between 1985 and 2013. Bing Orgland resides in Oslo, Norway and holds a Master of Business and Economics degree from the Norwegian School of Economics.

Adjustments overview *(NOK million)*	**FY 2015**	**FY 2014**
Cost of relocation to new warehouse	3,7	
Cost related to IPO	5,8	
Unrealised losses/gains	-14,2	2,6
EBITDA adjustments	**-4,7**	**2,6**
SWAP	1,8	17,7
Profit adjustments before tax	**-2,9**	**20,3**
Deferred tax effect of lower tax rate	-29,2	
Tax effect of profit adjustments	0,8	-5,5
Net profit (loss) adjustments	**-31,3**	**14,8**

BALANCE SHEET FOR THE GROUP

Total assets were NOK 2,031.8 million, an increase of NOK 189.2 million, mainly due to higher cash at year end (+ NOK 131.3 million). Fixed assets increased by NOK 16.2 million due to investments in stores and in the central warehouse of NOK 40.7 million, while depreciation was NOK 24.5 million. Inventories amounted to NOK 215.2 million at the end of the year, an increase of NOK 14.2 million, driven by higher levels of USD-NOK currency and an increased number of stores. Total receivables were NOK 40.5 million, an increase of NOK 27.5 million from 2014. This increase was partly due to NOK 14.2 million of unrealised currency gains (NOK 0 million) and an increase of NOK 12.2 million in other receivables.

Net interest-bearing debt was NOK 485.3 million (NOK 588.3 million). Net interest-bearing debt was 1.7 times (2.7 times) higher than adjusted EBITDA. The decrease was due to debt instalments of NOK 75 million and a primary share issue of NOK 175 million in connection with the IPO. Long-term debt at the end of 2015 was NOK 525 million and cash and bank deposits were NOK 230.4 million. The group has an additional overdraft facility of NOK 100 million. The equity ratio at the end of the year stood at 47 percent compared to 35 percent in 2014.

CASHFLOW FOR THE GROUP

Cashflow from operations was NOK 128.6 million (NOK 120.5 million). Significant changes from 2014 included reduced inventory build-up, with a cash effect of NOK -23.3 million (NOK -49.6 million) and the cash effect of changes in financial derivatives of NOK -19.7 million (NOK +13.4 million).

Cashflow from investments was NOK -40.6 million (NOK -39.2 million). The investment level in 2015 reflects the opening, relocation and refurbishment of stores, fixtures and fittings for the new central warehouse and administration building, as well as investments in developing a new online platform which will be launched in the first quarter of 2016.

Cashflow from financing was NOK 44.1 million (NOK -60.4 million), positively affected by the primary share issue, providing the company with a net NOK 169.5 million in cash. The debt instalments and swap termination had a negative cash impact of NOK 95.9 million, whereas in 2014 the company paid an instalment of NOK 26.2 million.

Net changes in cash and cash equivalents came to NOK 230.4 million (NOK 99.1 million), predominantly driven by the net effect of the primary issue of shares, as well as debt instalments.

ANNUAL RESULT ALLOCATION

The board of directors proposes a dividend payout of NOK 1.5 per share. The proposed dividend equals 66 percent of adjusted net income, which is within the current dividend policy of 60-70 percent. Adjustments were made for:

1. Costs related to relocation of headquarter and central warehouse;
2. Costs related to the IPO;
3. Interest swaps; and
4. The deferred tax effect of a lower tax rate.

Remaining profits were transferred to other equities.

Dividend payout	NOK 61 million
Transferred to other equity	NOK 63 million
Total allocated	**NOK 124 million**

GOING CONCERN

The financial statement has been prepared in accordance with IFRS standards as adopted by the EU and under the going concern assumption. The board of directors has 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.

Pål Frimann Clausen

Board Member
Appointed: December 2010

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 between 1980 and 2014. Clausen resides in Oslo, Norway, and holds a Master of Business and Economics degree from the Copenhagen Business School.

Vilde Falck-Ytter

Board Member
Appointed: August 2015

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

For this reason, the board of directors continues 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 2015, the equity ratio was 47 percent. The board of directors is of the opinion that the equity is sufficient given the company's operational commitments, future plans and achieved results.

ORGANISATION, WORKING CONDITIONS AND THE ENVIRONMENT

THE WORKING ENVIRONMENT AND PERSONNEL

The Group had a total of 894 employees, which corresponded to 431 full-time equivalents at the end of 2015. The parent company has no employees.

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 percent in 2015 (6.2 percent in 2014), of which 1.1 percent was characterised as short-term leave and 5.1 percent as long-term leave. Sick leave is monitored on a monthly basis at store and department level and appropriate actions are taken for the sick leave that the company can influence. The working environment is monitored continuously and is considered to be good.

During the year, no severe workplace accidents or other accidents occurred or were reported that 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 non-discrimination policy, with full gender equality. Furthermore, the group promotes 'equal pay for equal work', whereby the most qualified shall hold a position, regardless of gender. The group promotes the objective of laws against discrimination through recruitment, salary and employment conditions, promotion, development possibilities and protection against harassment.

Despite an average acceptable gender equality, there are still some traditional patterns of employment within both the retail division and the warehouse. More than 95 percent of in-store employees are women, while more than 95 percent of the employees in the warehouse are men. Approximately 90 percent of employees at the head office are women and the management team consists of five women and three men. The board of directors of the parent company consists of three men and two women.

The group aims to be a workplace in which 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 knowledge of the board of directors, the group's operations do not result in pollution or emissions that may cause damage to the external environment. Furthermore, the group's operations are not regulated by licenses or other duties.

Kid believes that environmental and financial performance often go hand-in-hand and is constantly striving to identify and implement measures that support this. One of the group's main areas of environmental focus is in the reduction of power consumption through measures based on time-monitoring of consumption, as well as the installation of LED lighting in all stores.

The group works actively to prevent environment- and ethics-related issues. It works with suppliers to ensure that Kid's products are produced in clean and safe environments, that workers are treated with respect, earn a reasonable wage and that suppliers work within the relevant local laws and regulations.

More information about sustainability and the environment is provided in the next section of the annual report.

FINANCIAL RISKS

CURRENCY RISK

To reduce foreign currency risks, Kid Interiør AS hedges net foreign currency cashflows by entering into futures contracts. This is done in order to mitigate the currency risk of the approximately 90 percent of goods it sources, which are denominated in foreign currencies.

In order to mitigate currency risk, futures contracts must be entered into at least four months before payment of goods as prices and quantities are set with a long lead-time. Entering 2015, Kid was unhedged, but resumed its hedging strategy during the first four months of the year. Consequently, Kid was unhedged for the first half of 2015. The company has a policy to hedge 100 percent of foreign currency goods purchases going forward, which has been formally approved by the board of directors.

LIQUIDITY RISK

During 2015, Kid and its subsidiaries entered into a loan agreement with DNB Bank ASA, giving Kid Interiør AS access to an overdraft facility of NOK 100 million, in addition to a general guarantee limit of NOK 87 million.

INTEREST RATE RISK

Kid has a floating interest rate for its NOK 525 million of outstanding long-term debt. The long-term debt was previously hedged through an interest swap, but in connection with the IPO this swap was terminated. The board of directors finds the exposure to interest risk acceptable when viewed against the cost of hedging, the current debt and liquidity levels, as well as the outlook for Norwegian floating interest rates.

To the extent of the board of directors' knowledge, the above-mentioned risk factors represent the most material financial risk factors that may be of importance in order to evaluate the company's assets, liabilities, financial position and profits.

OUTLOOK FOR 2016

Despite some uncertainty in the Norwegian retail sector so far in 2016, the board of directors is confident that Kid has a compelling value and quality proposition to offer customers, which will help Kid to retain and even increase its market share going forward. The board of directors believes that Kid understands the needs of its customers and will work hard to focus on the core business.

Kid has a firm plan for the opening, relocation and refurbishment of a number of stores in the first half of 2016, to ensure that all of the premises are well located, with modern and inspirational store fittings. The new and updated online store will also go live early in the first quarter and we believe that this will help to drive online sales, as well as push traffic to the store locations. Kid will ramp-up efforts to further improve its store-level service, giving customers the best textiles and furnishings purchasing experience in Norway.

2015 was an very busy, yet productive, year and the efforts made over those 12 months will stand the company in good stead for 2016. The objectives for Kid in the medium-term future remain as follows:

- A strong financial performance driven by like-for-like growth of 3-4 percent, stable gross margins in line with the past 10 years and operating expenses relative to sales at current levels
- Increasing the store portfolio with the opening of 3-5 (net) new stores annually. Capital expenditures are expected to be NOK 15-20 million annually in relation to maintenance, with an additionally NOK 1.5 million per new store opening.
- Maintain a moderate leverage level and an efficient balance sheet.
- An initial target of 60-70 percent pay-out ratio of adjusted net profit. The distribution policy is dynamic and any excess capital will be returned to shareholders.

Oslo, 13.04.2016

The board of Kid ASA

Henrik Schüssler Chairman of the board	Bjørn Rune Gjelsten Member of the board	Pål Frimann Clausen Member of the board
Vilde Falck-Ytter Member of the board	Karin Bing Orgland Member of the board	Kjersti Helen Krokeide Hobøl General manager

CORPORATE SOCIAL RESPONSIBILITY

Kid recognises the value and importance that corporate social responsibility (CSR) has to play in any progressive organisation today, both for employees and the wider community. As well as making our customers' home more colourful and attractive places in which to live, we appreciate that throughout the supply chain we must act responsibly towards our employees, suppliers and the environment.

The company has begun a process to integrate all of our CSR activities into a defined programme that we can activate, measure and respond to on behalf of all stakeholders. We have in place a number of initiatives, both internally and in conjunction with partners, that are making a difference to the way we will conduct our business in the future.

For Kid, CSR means ensuring we have the best possible sustainable production and safe and well-managed working conditions. It also means operating in partnership with our suppliers – ensuring we undertake business that is mutually beneficial. Our social responsibility means that we seek to ensure good working conditions throughout the supply chain, protecting the environment, while delivering quality products to our customers.

ETHICAL SUPPLY CHAIN

In 2008, Kid became a member of the Initiativ for Etisk Handel (IEH), in English known as the Ethical Trading Initiative Norway (ETI), a resource centre and a driving force for ethical trade. IEH works to promote responsible supply chains so that international trade safeguards both human and labour rights, sustainable development and sound environmental management.

Meeting ethical standards is of major importance to Kid, and we are committed to working only with companies that have appropriate working and environmental conditions, and as a member of IEH we are actively working with our suppliers to ensure this.

Kid is also a member of Grønt Punkt Norge – Green Dot Norway – a national, non-profit, member-based organisation set up to manage the collection and recycling of used packaging. Kid partners with Grønt Punkt Norge to manage a proper collection and recycling of all our plastic, metal and glass packaging, beverage cartons and corrugated cardboard in Norway. By using this service, we are licensed to use the Grønt Punkt mark on our packaged products.

ENVIRONMENTAL MEASURES

During 2015, Kid continued the replacement of old-fashioned lighting with the latest LED lighting systems. This new energy-saving lighting system is also in use throughout our headquarters and logistics centre. Further initiatives include the development of an environmental audit which will analyse, among other things, the company's use of electricity, with a view to improving our environmental footprint.

The company is actively working to reduce concentrations and quantities of hazardous materials and we use an industry-standard chemical guide that lays out strict requirements for the use of chemicals in production. We support our suppliers in their efforts to produce the lowest possible levels of local contamination during production, and the least chemical substance residues in their produced goods. We also focus on using the most appropriate materials and try to produce the least amount of waste products as possible.

Alessia towels are a good example of this, where the towels are only made from textile remnants from other towel productions.

We have established a textile recycling scheme in collaboration with UFF Norway for the collection, re-use and recycling of used interior textiles. UFF Norway operates a large humanitarian aid network, developed through projects related to the re-use of fabrics and textiles. The organisation has developed a robust system for ensuring that the handling of fabrics occurs in an ethical and responsible manner, and is a member of Fundraising Control in Norway.

Kid stores act as reception centres for unwanted interior fabrics – such as curtains, tablecloths, towels and bed linen – which are dropped off by the public in plastic bags, which Kid then sends off for use by UFF.

SAFE AND QUALITY PRODUCTS

Kid wants all of our customers to be certain in the knowledge that there are no products that they buy from our stores which are detrimental to health or environmentally hazardous. Through continuous testing, we ensure that all the products we offer are safe ard produced under strict production techniques.

All of our fabrics carry the Oeko-Tex label. This means that they are produced to conform with the current Oeko-Tex Standard 100, which sets strict requirements on the level of chemicals used in clothing products. For example, all of our baby fabric products meet the Oeko-Tex Standard 100, Class 1 - the most stringent requirements, with very low limits for chemical residues – while linen, bed sets, blankets and pillows for adults are produced according to Oeko-Tex Standard 100, Class 2.

Oeko-Tex has test laboratories throughout the world to ensure equal testing methods and common standards. A certificate number and the name of the test institute which carry out the product's testing must be on the Oeko-Tex label to be valid. This tracking capability is one of the principles of the certification system and is the consumer's assurance that the product is legally marked.

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Öko-Tex Standard 100
No.SHXX028298 TESTEX Zurich

Additionally, Kid is working with other certification schemes, including GOTS and Swan labelling. GOTS (Global Organic Textile Standard) is an international labelling scheme for organic textiles, which demonstrates that they meet environmental, health, social and worker safety criteria throughout the production process.

The Swan is the official Nordic eco-label and demonstrates that a product is a good environmental choice. Kid's candles carry the swan label as they are made using animal fats rather than palm oil, whose production is a major contributor to rainforest deforestation and threatens animal diversity. Kid napkins also carry the swan label.

CHARITABLE ACTIVITIES

Kid has determined that it will make the greatest positive impact on the community by supporting a single charity and doing all we can to raise funds and awareness of a single cause. For this reason, the company has chosen to support Pink Ribbon, a breast cancer awareness campaign.

Kid is among the main sponsors of the Pink Ribbon campaign in Norway. Every October, we sell Pink Ribbon pins and our bespoke-designed Pink Ribbon products in all of our Kid stores, with all profits going directly to the campaign. In 2015, we contributed more than NOK two million to Pink Ribbon.

SUPPLIER PARTNERSHIPS

Kid Interior purchases goods from many parts of the world, and there is a large and complex supply chain with many links. We do not own production sites ourselves, so it is particularly important for us to know that both workers and the environment are well taken care of within supplier companies.

Kid recognises that we need to work closely with our suppliers in order to monitor and assist them in their own social responsibility initiatives – particularly in relation to working conditions, environmental impact and business conduct.

To ensure that our production is undertaken in ethical conditions, all our suppliers are obliged to sign and comply with our Code of Conduct and restricted substance requirements for chemical content. These agreements will ensure sound employee working conditions, that no child labor is in use, that environmental considerations are taken into account – especially in relation to the protection of exotic woods and forests – and that there is good animal welfare.

We conduct regular business and factory site audits of our suppliers – most of whom are operating in China, India, Pakistan and Bangladesh – in order to evaluate their CSR performance. Here, the health, safety & environment, wages and working conditions, along with business practices, are evaluated, so we may vouch for a CSR-compliant supply chain.

Audits are undertaken every three-to-six years. If issues are discovered during the audits, wherever possible and appropriate Kid will work with the supplier to tackle non-compliance issues by changing routines or implement other changes. It is neither in our interests, or those of our suppliers, to drop them as a partner if we can help them to meet ours and their social responsibility targets.

DOWN PRODUCTS

Kid is proud to offer a wide range of quality products from NORDUN, our own brand of duvets and pillows adapted specifically to the Norwegian climate.

All of our down products undertake regular laboratory testing for purity, correct down content – duck or goose feather – fill-weight and down-proofing of the cover. They are also produced in an ethical manner, which means that the animals are not force fed, nor the down and feathers picked from live animals. All of our down products carry a Down Pass certification, issued by the European Down and Feather Association (EDFA) and controlled by the International Down and Feather Testing Laboratory (IDFL).

MORE DETAILS

Full details of Kid's corporate social responsibility programme are available at: www.kid.no/vaart-samfunnsansvar

CORPORATE GOVERNANCE AT KID ASA

1. IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE PRINCIPLES

Kid ASA (Kid or the company) sees good corporate governance as key to creating shareholder value through the principles of transparency, fairness and trustworthiness. The company has developed these principles in compliance with laws, regulations and ethical standards. The Norwegian Corporate Governance Board has, for companies listed on the Oslo Stock Exchange, issued the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). Kid complies with this Code of Practice and it is detailed in this report with section numbers that refer to the Code of Practice's articles. The Code of Practice is available at *www.nues.no*

2. BUSINESS

Kid's objectives are defined in the company's articles of association and state that: "The business activities of the company are commercial activities, mainly based on the purchase and sale of interior textiles through import, wholesale, retail, franchise and other related activities, including investments in other enterprises and relevant real property". (Articles of association are made available at *investor.kid.no*)

The company's strategy is to ensure growth while maintaining cost control, in line with previous years, to ensure a continued strong cashflow. Growth will be achieved through:

a. Concept development to ensure like-for-like sales growth
b. Opening of new stores in markets with under-representation
c. Upgrading stores through new fit-outs, and
d. Digital footprint and e-commerce

3. EQUITY AND DIVIDENDS

Kid considers its equity to be adequate considering the group's strategy and risks profile. The dividend policy is to pay out 60-70 percent of adjusted net profit. Adjustments are made for any significant one-off events, as well as a swap contract that was terminated in connection with the initial public offering (IPO) in 2015. The prospectus, which is made available on *investor.kid.no*, provides more details on this subject.

The board of directors does not have the authority to approve dividends. The board has proposed a dividend of NOK 1.5 for 2015, which equals 66 percent of adjusted net income. The dividend is subject to approval at the annual general meeting (AGM) on 11th May 2016.

The general assembly decided on 25th August 2015 to authorise the board of directors to increase the company's share capital by a maximum of 4.2 MNOK. The authorization was limited to the purpose of financing takeover(s) or to launch stock- or incentive programme for employees in the company. The authorisation was time-limited to the general assembly in 2016. The authorisation has not been used.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Kid has one class of shares.

Any purchase or sale by the company of its own shares will either be carried out through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

Any transaction between the company and a related party will be based on arm's length terms. If relevant, the transaction will be supported with a valuation obtained from an independent third-party. The company has guidelines to ensure that board members and senior management disclose any material interest to the board in transactions where the company is a party.

5. FREELY NEGOTIABLE SHARES

All shares in the company have equal rights and are freely tradeable.

6. GENERAL MEETINGS

The general meeting is the arena in which all investors can exercise their right to make fundamental decisions for the company.

The company 's goal is to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and that the meetings are an efficient forum for shareholders and the board to express their views.

Notices of general meetings are made available at *investor.kid.no* and a separate notice to the Oslo Stock Exchange no later than 21 days prior to the AGM. The date of the meeting will also be made available in the financial calendar. The notice clearly states deadlines for shareholders to give notice of attendance and provide information on the procedure for casting their votes by proxy.

All supporting documentation for the AGM is prepared in sufficient detail and comprehension to allow shareholders to form a view on all matters to be considered at the meeting. The information will be accessible on the company's website. In accordance with the Norwegian Public Act a shareholder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PLACE
Take
a break

can demand that documents concerning matters that are to be dealt with at a general meeting be sent to him or her by ordinary mail.

The board of directors and the person chairing the meeting will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies.

Members of the board, members of the nomination and the auditor will attend the general meeting.

7. NOMINATION COMMITTEE

The general meeting has elected a nomination committee and approved a set of guidelines for the committee's work. The nomination committee is also laid down in the articles of association. The nomination committee's main purpose is to propose candidates for election to the board and their respective remuneration. In order to solve this, the committee has contact with shareholders, the board of directors and the company's executive management.

The nomination committee consists of two members, who are independent of the board and the company's executive management. The current members are Sten-Arthur Sælør and Jostein Devold.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITIONS AND INDEPENDENCE

In accordance with the articles of association, the board of directors of Kid shall consist of a minimum of three and a maximum of nine members, as decided by the general meeting.

Kid does not have a corporate assembly, but instead has three employee representatives on the board of Kid Interiør AS. The five board members of Kid are also members of the board of Kid Interiør AS. Board meetings for both companies are held concurrently, at which Kid Interiør AS is responsible for reporting day-to-day operations and employees, while Kid ASA, as the listed parent company is responsible for equity, long-term debt and the incentive programme for executive management.

The composition of the board of directors ensures that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. The board members have a combined experience in the fields of retail and consumer goods, as well as finance, property and in other listed companies.

40 percent of the board members are women, and the executive management team are not members of the board.

The shareholder-elected members of the board have a term of two years and the chairman is elected by the board.

9. WORK OF THE BOARD OF DIRECTORS

The board of directors produces an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The chairman of the board and CEO have regular contact between the meetings to evaluate the running of the business and they keep the board updated on any matters that need to be addressed. In the event where the chairman has been personally involved in consideration of any material matter, another board member will chair the board's consideration of this particular matter. Board meetings always include the CEO's perspective on current events and progress of business plans, while the CFO provides the board with an overview of the company's financial development and forecasted cashflow.

The current board was established in connection with the IPO in August 2015, and will therefore carry out its first annual evaluation of its performance during 2016.

The board has established an audit committee consisting of three board members.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Kid is exposed to financial risks related to foreign exchange (FX) and interest rates. FX risks are managed by hedging six months forward. The board deems the interest risks as manageable given the current debt levels. Other operational risk areas are reported to the board on a regular basis.

The company provides the board with monthly reports on the group's financial performance and prepares quarterly reports that are made public. The audit committee and the auditor together review the quarterly and annual reports before they are approved by the board.

The board of directors, with assistance from the audit committee, carries out regular, or at least annual, reviews of the company's most significant areas of exposure to risk and its internal control arrangements.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The board of directors are presented separately in the annual report.

The nomination committee proposes the remuneration of the board of directors at the annual meeting. The proposition takes into account the board's responsibility, expertise, time commitment and the complexity of the company's activities. The board has one sub-committee in the audit committee.

The remuneration of the board in 2015 is disclosed in the notes to the consolidated accounts. As the board was established in connection with the IPO, no remuneration was paid to new board members or representatives from Gjelsten Holding AS, pending a decision at the AGM.

Members of the board of directors and/or companies with which they are associated do not, as a rule, take on specific assignments for the company in addition to those as members of the board. If, however, they do take on such assignments these will be disclosed immediately to the full board and the remuneration for such additional duties will be agreed by the board.

12. REMUNERATION OF EXECUTIVE MANAGEMENT

The board of directors has a set of guidelines for the remuneration of executive personnel. The board also directly determines the remuneration for the CEO. The CEO is, in consultation with the chairman of the board, responsible for determining the remuneration of other members of the executive management.

The board of directors has approved a new incentive programme for executive management for 2016 which aims to align the financial interests of Kid's senior management and its shareholders. The incentive programme is based on EBITDA budget achievement and includes no share options or rights.

The board of directors will prepare a statement on the remuneration of executive personnel as a separate appendix to the agenda for the AGM. The remuneration for the executive management is also disclosed in the notes to the consolidated accounts in the annual report.

13. INFORMATION AND COMMUNICATIONS

Kid has established an investor relation policy (available at *investor.kid.no*) that clearly states that any communication with shareholders outside the company's general meeting will take place in accordance with applicable equal treatment requirements and applicable legislation regarding inside information.

The company publishes a financial calendar for the upcoming year in the fourth quarter. The calendar includes an overview of major events such as its AGM, publication of interim reports, publication of revenue reports and any planned public presentations.

All information that is distributed to shareholders is made available simultaneously on the company's web page. All information which the company is required to disclose will be given in English.

14. TAKEOVERS

Kid has guidelines for how it will act in the event of a takeover bid in accordance with its code of conduct. These guidelines clearly state that the board will not take any obstructive action unless it is agreed upon at the general meeting. In the event of a takeover bid, the board will act in the best interests of the shareholders and ensure that the company's operations are affected as little as possible.

The shareholders will be provided with timely and sufficient information in the case of a takeover bid, with the intention to enable the investors to form a point of view. The board of directors will also issue a statement making a recommendation as to whether shareholders should or should not accept the offer.

15. AUDITOR

The auditor annually submits to the audit committee the main features of its plan for the audit of the company. The auditor participates in meetings of the board of directors that deal with the annual accounts. At these meetings the auditor reviews any material changes in the company's accounting principles, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the company.

The auditor presents annually to the audit committee a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.

The CEO and CFO of Kid are present at all board meetings. Once a year the board of directors has a meeting with the auditor at which neither the chief executive nor any other member of the executive management is present.

Kid has clear guidelines for the use of the auditor by the company's executive management for services other than the audit. The board of directors reports the remuneration paid to the auditor at the AGM, including details of the fee paid for audit work and any fees paid for other specific assignments.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in NOK 1000 unless otherwise stated)

	Note	Year ended 31st December 2015	2014
Revenue	2	1,188,433	1,135,914
Other operating income		1,294	190
Total revenue		**1,189,726**	**1,136,104**
Cost of goods sold	15	498,267	439,417
Employee benefits expense	6, 22	271,342	260,188
Depreciation and amortisation expense	11, 12	24,447	19,848
Other operating expenses	19	282,690	259,446
Total operating expenses		**1,076,745**	**978,900**
Other realized (losses)/gains - net	5	22,405	9,601
Other unrealized (losses)/gains - net	5	14,206	-2,599
Operating profit		**149,592**	**164,206**
Financial income	7	471	393
Financial expense	7	26,225	32,907
Changes in fair value of financial assets	7, 13	5,537	-10,825
Net financial income (+) / expense (-)		**-20,217**	**-43,339**
Profit before tax		**129,375**	**120,868**
Income tax expense	9, 21	5,297	32,705
Net profit (loss) for the year		**124,078**	**88,163**
Consolidated statement of comprehensive income			
Profit for the period		124,078	88,163
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		**124,078**	**88,163**
Attributable to equity holders of the parent		124,078	88,163
Basic and diluted Earnings per share (EPS):	10	**3.45**	**2.52**

Notes 1 to 23 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in NOK 1000 unless otherwise stated)

		Group	
	Note	**31st December 2015**	31st December 2014
ASSETS			
Trademark	12	1,459,585	1,459,585
Total intangible assets		**1,459,585**	**1,459,585**
Fixture and fittings, tools, office machinery and equipment	11	86,081	69,890
Total tangible assets		**86,081**	**69,890**
TOTAL FIXED ASSETS		**1,545,666**	**1,529,475**
Inventories		**215,211**	**201,053**
Trade receivables	14	2,996	1,844
Other receivables	14	23,322	11,169
Derivative financial instruments	13	14,206	0
Total receivables		**40,524**	**13,013**
Cash and bank deposits	16	**230,373**	**99,070**
TOTAL CURRENT ASSETS		**486,108**	**313,136**
TOTAL ASSETS		**2,031,774**	**1,842,611**

Notes 1 to 23 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
CONTINUED

(All amounts in NOK 1000 unless otherwise stated)

		Group	
	Note	**31st December 2015**	31st December 2014
EQUITY AND LIABILITIES			
Share capital	17	48,774	42,000
Share premium	17	321,049	156,874
Other paid-in equity		64,617	37,718
Total paid-in-equity		**434,440**	**236,592**
Other reserves	18	0	0
Retained earnings		510,532	406,090
TOTAL EQUITY		**944,972**	**642,683**
Pension liabilities	22	0	15
Deferred tax liability	21	371,143	389,084
Total provisions		**371,143**	**389,099**
Liabilities to financial institutions	3, 13, 20	525,761	556,343
Derivatives	3, 13	0	25,892
Total long-term liabilities		**525,761**	**582,235**
Liabilities to financial institutions	20	0	45,000
Trade creditors		38,785	22,255
Tax payable	9	21,739	34,205
Public duties payable		69,634	62,186
Derivative financial instruments	3, 13	0	0
Other short-term liabilities		59,740	64,950
Total short-term liabilities		**189,898**	**228,595**
TOTAL LIABILITIES		**1,086,802**	**1,199,929**
TOTAL EQUITY AND LIABILITIES		**2,031,774**	**1,842,611**

Notes 1 to 23 are an integral part of these financial statements


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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in NOK 1000 unless otherwise stated)

	Group					
	As at 31st December					
	Share capital	**Share premium**	**Other paid - in equity**	**Other reserves**	**Retained earnings**	**Total equity**
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 to/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 31st December 2014	**42,000**	**156,874**	**37,719**	**0**	**406,090**	**642,683**
						0
Balance at 1 January 2015	42,000	156,874	37,719	0	406,090	642,683
Profit for the year	0	0	0	0	124,078	124,078
Other comprehensive income for the year	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	0	124,078	124,078
Group contribution to/from parent company	0	0	26,898	0	-19,636	7,262
Contributions of equity, net of transaction costs	6,774	164,175	0	0	0	170,949
Dividends	0	0	0	0	0	0
Total contributions by and distributions to owners of the parent, recognised directly in equity	6,774	164,175	26,898	0	-19,636	178,211
Balance as at 31st December 2015	**48,774**	**321,049**	**64,617**	**0**	**510,532**	**944,972**

Notes 1 to 23 are an integral part of these financial statements

Oslo, 13.04.2016

The board of Kid ASA

Henrik Schüssler
Chairman of the board

Bjørn Rune Gjelsten
Member of the board

Pål Frimann Clausen
Member of the board

Vilde Falck-Ytter
Member of the board

Karin Bing Orgland
Member of the board

Kjersti Helen Krokeide Hobøl
General manager

CONSOLIDATED STATEMENT OF CASHFLOWS

(All amounts in NOK 1000 unless otherwise stated)

		Group	
		Year ended 31st December	
	Note	**2015**	2014
Cashflow from operations			
Profit before income taxes		129,375	120,868
Taxes paid in the period	9	-26,942	-28,873
Gain/loss from sale of fixed assets	11	0	23
Depreciation & impairment	11	24,447	19,848
Change in financial derivatives	7, 13	-19,743	13,424
Differences in expensed pensions and payments in/out of the pension scheme	22	-15	-75
Effect of exchange fluctuations		761	-352
Items classified as investments or financing	7	25,754	32,514
Change in working capital			
Change in inventory	15	-23,282	-49,598
Change in accounts receivable	14	-1,152	183
Change in trade payables	19	25,654	6,239
Change in other provisions		-6,213	6,251
Net cashflow from operations		**128,644**	**120,451**
Cashflow from investments			
Proceeds from sale of fixed assets	11	0	158
Purchase of fixed assets	11	-40,638	-39,199
Net cashflow from investments		**-40,638**	**-39,041**
Cashflow from financing			
Interest expense	7	-29,456	-32,401
Net payments from other financing activities		0	-1,785
Repayment of long term loans	20	-95,937	-26,179
New equity received	17	169,451	0
Net from financing		**44,058**	**-60,365**
Cash and cash equivalents at the beginning of the period	16	**99,070**	**77,653**
Net change in cash and cash equivalents		132,065	21,045
Exchange gains / (losses) on cash and cash equivalents		-761	372
Cash and cash equivalents at the end of the period	16	**230,373**	**99,070**

Notes 1 to 23 are an integral part of these financial statements


NEVER
ENDING
STORY...

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1
General Information

Kid ASA and its subsidiaries (together, `the group') sell interior products through wholly owned stores. The group operates nationwide and has more than 130 stores around Norway and one online store. The domicile of the group is Lier, Norway.

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

Note 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 Kid ASA 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
There have been no changes in the IFRS interpretations for the fiscal year 2015.

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 130 fully owned shops across Norway and through their website - www.kid.no. Over 98 % 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 presentational 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 cashflow 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 cashflow 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	5 years
Fixtures	3-5 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 initiatied until the assets are brought into use when a store opens.

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 9-10 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 in-flows (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 – that is 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 de-recognised when the rights to receive cashflows 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 counter-party.

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 cashflows 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 cashflows, such as changes in arrears or economic conditions that correlate with defaults.

For the 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 cashflows (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

The 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.

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 are 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 cashflows, cash and cash equivalents include 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. The deferred tax is calculated using a tax rate of 25% which will take effect from 2016.

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 the 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 home 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 operates a customer loyalty program that rewards customer with special discounts.

(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 delivery. Revenue is adjusted for the value of expected returns. Transactions are settled by credit or debit 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 cashflow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans 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 shops, central warehouse facilities and 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 an 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 an employee benefit expense when they are due. Pre-paid 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 pension scheme (AFP). The new AFP scheme, in force from 1st 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.

Note 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 cashflow 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 US dollars (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 100% of anticipated cashflows (mainly for the purchase of inventory) in USD for the subsequent 4-7 months. Management may not deviate from the policy. At 31st December 2015, the group had future contracts for 100% of the anticipated USD cashflow for a period of six months.

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

At 31st December 2015	+10% change	-10% change
Effect on profit (loss) after tax	17,222	-17,222
Effect on equity	17,222	-17,222
At 31st December 2014		
Effect on profit (loss) after tax	525	-525
Effect on equity	525	-525

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

In 2015 the company had USD 21.5 million in outstanding foreign exchange contracts.

(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 cashflow interest rate risks 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 group's interest rate risk was hedged using an interest rate swap in 2014 and 2015 which was at an amount equal to one of the long-term loan tranches to financial institutions. The swap contract was terminated in November 2015 as the group found the interest rate risk acceptable after reducing the net interest-bearing debt following completion of the IPO in 2015.

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 31st December, and the financial instrument (interest swap) held at each reporting date that are sensitive to changes in interest rates.

At 31st December 2015	+1%-point change	-1%-point change
Effect on profit (loss) after tax	0	0
Effect on equity	0	0
At 31st December 2014		
Effect on profit (loss) after tax	14,741	-14,741
Effect on equity	14,741	-14,741

As at 31st December 2014, the above mentioned interest rate swap covered 96% of the principal amount of long-term borrowings, leaving the company with very little exposure to interest rate risk. The interest swap was terminated in November 2015.

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

Cashflow 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 18) 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 pay out dividends and 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 cashflows.

At 31st December 2015	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings (ex finance lease liabilities)	0	525,000	0
Finance lease liabilities	512	249	0
Trade and other payables	189,386	0	0
	189,898	**525,249**	**0**
At 31st December 2014			
Borrowings (ex finance lease liabilities)	46,928	614,455	0
Finance lease liabilities	847	496	0
Trade and other payables	183,597	0	0
	231,372	**614,951**	**0**

Borrowings consist mainly of a long-term loan to DnB (refer note 18). 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 its 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, excluding 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 on reducing long-term borrowings and to reach and maintain a sustainable gearing ratio below 3. The gearing ratios at 31st December 2014 and 2015 were as follows:

	2015	2014
Total borrowings (note 18)	525,761	601,343
Less: cash and cash equivalents (note 16)	(230,373)	(99,070)
Net interest bearing debt debt	295,388	502,273
EBITDA	174,038	184,054
Gearing ratio	**1.70**	**2.73**

For more information about covenant limits, refer to 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 31st December 2015.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives				
– Interest rate contracts	0	0	0	0
– Currency future contracts	0	14,206	0	14,206
Total assets	**0**	**14,206**	**0**	**14,206**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Trading derivatives				
– Interest rate contracts	0	0	0	0
– Currency future contracts	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**

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

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives				
– Interest rate contracts	0	0	0	0
– Currency future contracts	0	0	0	0
Total assets	**0**	**0**	**0**	**0**

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Trading derivatives				
– Interest rate contracts	0	25,892	0	25,892
– Currency future contracts	0	0	0	0
Total liabilities	**0**	**25,892**	**0**	**25,892**

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 31st December 2015.

(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 foreign exchange outright deals and are all included in level 2. Market values are calculated using mid-rates (excluding margin) as determined by DnB Markets and are 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 31st December 2015.

Note 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 the use of estimates. See note 12 – Intangible assets for more information.

4.2 Critical judgements in applying the entity's accounting policies
No critical judgementshavebeen identified in applying the entity's accounting policies.

Note 5 Other (losses)/gains - net

	2015	2014
Realised (losses)/gains on foreign exchange derivative contracts	22,405	9,601
Unrealised (losses)/gains on foreign exchange derivative contracts	14,206	-2,599
Other (losses)/gains - net	36,611	7,002

Note 6
Employee remuneration and audit fees

6a Employee benefit expense

	2015	2014
Wages and salaries	228,749	220,138
Social security costs	31,928	29,518
Pension costs - defined benefit plans (note 21)	4,178	3,853
Other benefits	6,487	6,678
Total employee benefit expense	**271,342**	**260,187**
Average number of employees	431	426

There have not been any loans to employees or guarantees granted to employees for either 2014 or 2015.

6b Benefits key management personnel

2015						
Key Management Personnel	**Position**	**Salary**	**Pension**	**Bonus**	**Other Benefits**	**Total**
Kjersti Hobøl	CEO	2,317	30	4,707	221	7,277
Petter Schouw-Hansen	CFO	1,406	30	2,354	197	3,988
Rune Henriksen	Sourcing Director	1,644	30	672	196	2,543
Robert Steen	Logistics Director	1,028	28	1,009	245	2,311
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				200	200
		6,396	**120**	**8,742**	**1,060**	**16,318**

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 Director	1,616	30	407	198	2,251
Robert Steen	Logistics Director	1,007	28	815	249	2,098
Board of Directors						
Henrik Schüssler	Chairman of the Board				0	0
Bjørn Rune Gjelsten	Board Member				0	0
Rune Marsdal	Board Member				0	0
Pål Frimann Clausen	Board Member				200	200
		6,126	**117**	**5,860**	**1,042**	**13,146**

There have not been any loans or guarantees granted to key management personnel for either 2014 or 2015.
The CEO and CFO have six months salary as a termination benefit.
There are no share based payments.

6c Audit fees

	2015	2014
Statutory audit (incl. preparation of financial statements)	446	382
Other attestation services	238	8
Tax-related services (incl. preparation of income tac form)	25	33
Other services	873	178
Total fees	**1,582**	**601**

Other services are related to IFRS conversion and prospectus

Note 7
Finance income and costs

	2015	2014
Finance costs		
Bank borrowings	16,747	23,793
Interest expense from interest rate swaps	7,363	6,843
Bank charges	2,113	2,176
Currency losses	195	152
Other finance costs	-193	-58
Total finance costs	**26,225**	**32,907**
Finance income		
Interest income on short-term bank deposits	237	150
Other finance income	151	167
Currency gains	83	76
Total finance income	**471**	**393**
Changes in fair value of financial current assets	5,537	-10,825
Net finance costs	**-20,217**	**-43,339**

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

Note 8
Investments in subsidaries

The group had the following subsidiaries at 31st December 2015:

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

All subsidiary undertakings are included in the consolidation.

The specification above were identical at year-end 2014.


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Note 9
Income tax expense

	2015	2014
Current tax		
Current tax on profits for the year	23,238	34,205
Adjustments in respect of prior years	0	0
Total current tax	**23,238**	**34,205**
Deferred tax (note 20)		
Origination and reversal of temporary differences	11,751	-1,499
Changes in deferred tax due to changes in tax rate	-29,691	0
Income tax expense	**5,297**	**32,706**

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

	2015	2014
Profit before tax	**129,375**	**120,868**
Tax calculated at domestic tax rate applicable to profits	34,931	32,634
Tax effects of:		
Expenses not deductible for tax purposes/(Income not subject to tax)	57	71
Changes in deferred tax due to changes in tax rate	-29,691	0
Income tax expense	**5,297**	**32,706**
Tax charge in percent of profit before tax	4 %	27 %

The tax charge in percent of profit before tax was 4% in 2015 (27 % in 2014). The decrease in the tax charge in percent between 2015 and 2014 came as a result of the change in the corporation tax rate from 27% to 25% that was changed by law in 2015 and became effective from 1 January 2016. The relevant deferred tax balances have consequently been re-measured.

There are no tax (charge)/credit relating to components of other comprehensive income is as follows:

There were no other comprehensive incomes for 2014 and 2015.

Note 10
Earnings per share

There exists only one class of shares.

	2015	2014
Weighted average number of shares	35,940,860	35,000,000
Net profit for the year	124,078	88,163
Earnings per share (basic and diluted) (Expressed in NOK per share)	**3.45**	**2.52**

Note 11
Property, plant and equipment

	Facilities under construction	Leased movables	Leased shop fitting	Fixtures	Total
Year ended 31st December 2015					
Opening net book amount	160	170	1,194	68,367	69,891
Additions	1,632	0	227	38,858	40,717
Reclassifications	0	0	0	0	0
Disposals	0	0	0	-79	-79
Depreciation charge	0	-38	-842	-23,567	-24,447
Closing net book amount	**1,792**	**131**	**579**	**83,579**	**86,081**
At 31st December 2015					
Cost or valuation	1,792	3,470	68,131	283,617	357,010
Accumulated depreciation	0	-3,339	-67,552	-200,039	-270,930
Net book amount	**1,792**	**131**	**579**	**83,579**	**86,081**
Year ended 31st 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 31st 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 2015 includes accumulated depreciation for the items and are therefore presented as a net value of 79.

Facilities under construction contains shop fittings related to stores not yet opened. As such, these items are not depreciated until the actual opening of the stores.

Bank borrowings (note 19) are secured on fixed assets.

Note 12
Intangible assets

Cost	Software	Trademark	Total
At 1 January 2014	11,500	1,459,585	1,474,635
Additions	0	0	0
As at 31st December 2014	**11,500**	**1,459,585**	**1,474,635**
At 1 January 2015	11,500	1,459,585	1,474,635
Additions	0	0	0
As at 31st December 2015	**11,500**	**1,459,585**	**1,474,635**
Accumulated amortisation and impairment			
At 1 January 2014	-11,498	0	-15,048
Impairment charge	0	0	0
Amortisation charge	-2	0	-2
As at 31st December 2014	**-11,500**	**0**	**-15,050**
At 1 January 2015	-11,500	0	-15,050
Impairment charge	0	0	0
Amortisation charge	0	0	0
As at 31st December 2015	**-11,500**	**0**	**-15,050**
Net book value			
Cost	11,500	1,459,585	1,474,635
Accumulated amortisation and impairment	-11,500	0	-15,050
As at 31st December 2014	**0**	**1,459,585**	**1,459,585**
Cost	11,500	1,459,585	1,474,635
Accumulated amortisation and impairment	-11,500	0	-15,050
As at 31st December 2015	**0**	**1,459,585**	**1,459,585**
Useful life	**4-7 years**	**Indefinite**	

Trademark
The Kid 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 group tests whether its trademark has suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations which require the use of assumptions. The calculations use cashflow projections based on financial budgets approved by management covering a five-year period. Cashflows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports.

The following table sets out the key assumptions:	2015	2014
Sales volume (% annual growth rate)	3.1	4.0
Gross margin (%)	60.9	60.8
Other operating costs (%)	45.0	43.8
Annual capital expenditure (%)	2.0	2.2
Long-term growth rate (%)	2.0	2.5
Discount rate after tax (%)	**7.7**	**8.8**

The recoverable amount of the trademark is estimated to be MNOK 2433 (2014 – MNOK 2317). This exceeds the carrying amount of the trademark at 31st December 2015 by MNOK 837 (2014 – MNOK 723)

The recoverable amount of the trademark would equal its carrying amount if the key assumptions were to change as follows:

	2015		2014	
	From	To	From	To
Sales volume (% annual growth rate)	3.1	1.4	4.0	3.0
Budgeted gross margin (%)	60.9	56.2	60.8	56.1
Long-term growth rate (%)	2.0	-2.7	2.5	-1.9
Discount rate after tax (%)	7.7	10.8	8.8	11.7

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the trademark to exceed its recoverable amount.

Note 13
Financial instruments

13.1 Financial instruments by category

	31st December 2015				
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
Assets as per balance sheet					
Derivative financial instruments	0	14,206	0	0	14,206
Trade and other receivables excluding pre-payments	2,996	0	0	0	2,996
Financial assets at fair value through profit or loss	0	0	0	0	0
Cash and cash equivalents	230,373	0	0	0	230,373
Total	**233,369**	**14,206**	**0**	**0**	**247,575**

	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	525,000	525,000
Finance lease liabilities	0	0	761	761
Derivative financial instruments	0	0	0	0
Trade and other payables excluding non-financial liabilities	0	0	41,602	41,602
Total	**0**	**0**	**567,363**	**567,363**

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

	Liabilities at fair value through profit or losss	Deriva-tives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	0	0	600,000	600,000
Finance lease liabilities	0	0	1,344	1,344
Derivative financial instruments	25,892	0	0	25,892
Trade and other payables excluding non-financial liabilities	0	0	28,775	28,775
Total	**25,892**	**0**	**630,119**	**656,011**

Note 14
Trade and other receivables

	2015	2014
Trade receivables - net	3,021	1,869
Provision for loss on trade receivables	-25	-25
Trade receivables - net	**2,996**	**1,844**
Other receivables	23,322	11,169
Derivatives	0	0
Current portion	**23,322**	**11,169**

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

	2015	2014
Trade receivables	2,996	1,844
Other receivables	23,322	11,169
Derivatives	14,206	0
Fair value of trade and other receivables	**40,524**	**13,013**

As of 31st December 2015, trade receivables of 3 021 (2014: 1 869) were fully performing.

As of 31st December 2015, trade receivables of 930 (2014: 1 160) 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:

	2015	2014
Up to 3 months	934	1,164
3 to 6 months	-4	-4
	930	**1,160**

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

	2015	2014
NOK	40,524	13,013
Other currencies	0	0
	40,524	**13,013**

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

	2015	2014
At 1st January	25	25
Provision for receivables impairment	0	0
Receivables written off during the year as uncollectible	0	0
Unused amounts reversed	0	0
Unwind of discount	0	0
At 31st December	**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.

Note 15
Inventories

Provision for obsolescence

	2015	2014
Finished goods	218,687	204,362
Provision for obsolescence	-3,476	-3,309
Net inventories	**215,211**	**201,053**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to 498 267 (2014: 439 417)

Net recognised loss on inventories

	2015	2014
Recognised loss	6,689	4,129
Change in provision	-167	1,663
Net recognised loss on inventories	**6,522**	**5,792**

Note 16
Cash and cash equivalents

	2015	2014
Cash at bank and in-hand	225,643	93,847
Short-term bank deposits	4,730	5,223
Cash and cash equivalents (excluding bank overdrafts)	**230,373**	**99,070**

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

	2015	2014
Cash and cash equivalents	230,373	99,070
Bank overdrafts	0	0
Cash and cash equivalents	**230,373**	**99,070**

Note 17
Share capital and premium

Share capital

	Numbers of shares	Ordinary shares	Face value	Total face value
At 31st December 2014	35,000,000	35,000,000	1.2	42,000,000
At 31st December 2015	40,645,162	40,645,162	1.2	48,774,194

All shares were owned by Gjelsten Holding AS at 31st December 2014. The company was listed on the Oslo Stock Exchange in November 2015 and, as per 31st December 2015 the top 20 shareholders are as follows:

Company	Ownership
Gjelsten Holding AS	48.9 %
Tvenge , Torstein Ingvald	3.7 %
Goldman Sachs International Equity	3.1 %
Skandinaviska Enskilda Banken AB	2.9 %
The Resource Group Trg AS	2.9 %
Verdipapirfondet Pareto Investment	2.6 %
Merrill Lynch Prof. Clearing Corp	1.8 %
Skandinaviska Enskilda Banken S.A.	1.7 %
Verdipapirfondet DNB SMB	1.6 %
Statoil Pensjon	1.6 %
Viola AS	1.3 %
Fram Realinvest AS	1.2 %
The Bank Of New York Mellon Sa/Nv	1.2 %
Eika Norge	1.2 %
Barclays Capital Sec. Ltd Firm	1.2 %
Morgan Stanley & Co. International	1.0 %
Nykredit Bank A/S	1.0 %
NHO - P665ak	1.0 %
Op-Europe Equity Fund	1.0 %
Storebrand Verdi	1.0 %

Share premium

	Amount
At 31st December 2013	156,874
At 31st December 2014	156,874
Equity issue	164,175
At 31st December 2015	**321,049**

Note 18
Borrowings

	2015	2014
Non-current		
Bank borrowings	525,000	555,000
Finance lease liabilities	249	496
Derivatives	0	25,892
Total non-current borrowings	**525,249**	**581,388**
Current		
Bank overdraft	0	0
Bank borrowings	0	45,000
Finance lease liabilities	512	847
Total current borrowings	**512**	**45,847**
Total borrowings	**525,761**	**627,235**

(a) Bank borrowings
Bank borrowings mature in June 2017 and bear an average interest rate of 2,6% annually (2014: 3,5%)

Total borrowings include secured liabilities (bank and collateralised borrowings) of TNOK 525 000 (2014: TNOK 600 000). Bank borrowings are secured by 100% of the shares in Kid Interiør AS.

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

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

	2015	2014
Six months or less	256	423
6-12 months	256	45,424
1-5 years	525,249	581,388
Over five years	0	0
Total borrowings	**525,761**	**627,235**

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

	2015	2014
Bank borrowings	525,000	600,000
Derivatives	0	25,892
Finance lease liabilities	761	1,343
Total carrying amount of borrowings	**525,761**	**627,235**

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:

	2015	2014
NOK	525,761	627,235
Other currencies	0	0
Total	**525,761**	**627,235**

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

	2015	2014
Unused bank overdraft	100,000	100,000
Withheld employee taxes	10,000	10,000
Letter of credit limit	65,000	65,000
Bank guarantee limit	12,000	45,000
Total	**187,000**	**220,000**

The following covenants are regulated by contract:

	Interval	Limit 2015	Limit 2014
Gearing ratio (NIBD/EBITDA)	annually	3.00	4.32
Interest coverage ratio	quarterly	2.33	2.25
CAPEX YTD	annually	50.00	46.00
EBITDA LTM	quarterly	122.72	125.68

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:

	2015	2014
No later than one year	512	847
Later than one year and no later than five years	249	496
Later than five years	0	0
	761	**1,343**

Note 19 Other expenses

	2015	2014
Rental costs for shops and storage	153,565	142,597
Advertising and other marketing costs	67,736	65,746
Other expenses	61,389	51,103
Total other expenses	**282,690**	**259,446**

Note 20
Deferred income tax

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

	2015	2014
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	0	7,986
- Deferred tax assets to be recovered within 12 months	303	898
	303	**8,884**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	-364,352	-394,578
- Deferred tax liability to be recovered within 12 months	-7,094	-3,390
	-371,446	**-397,968**
Deferred tax liabilities (net)	**-371,143**	**-389,084**

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 (-)	2015	Movement	2014	Movement	2013
Tangible and intangible assets	-1,456,835	-934	-1,455,901	711	-1,456,612
Trade receivables	25	0	25	0	25
Fair value gains	-6,527	7,127	-13,654	-10,543	-3,111
Inventories	-7,561	-10,870	3,309	1,837	1,472
Financial lease	51	71	-20	21	-41
Profit and loss account	-573	143	-716	179	-895
Provisions	1,055	1,040	15	-75	90
Forward currency contracts	-14,206	-14,206	0	2,599	-2,599
Interest rate swap	0	-25,892	25,892	10,825	15,067
Sum temporary differences	**-1,484,572**	**-43,522**	**-1,441,050**	**5,554**	**-1,446,604**
Tax loss carried forward					
Basis for deferred tax	-1,484,572	-43,522	-1,441,050	5,554	-1,446,604
Deferred tax in the balance sheet	**-371,143**	**-11,751**	**-389,083**	**1,499**	**-390,583**
Tax effect of change in tax rate*		29,691		0	
Net change deferred tax in other comprehensive income					
Net change deferred tax in income tax expense		**17,940**		**1,499**	

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

* From 2016 the tax rate in Norway was reduced from 27% til 25%. Deferred tax is calculated with 25% rate in 2015.

Note 21
Post-employment benefits

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

	2015	2014
Balance sheet obligations for:		
- Defined pension benefits (note 21.1)	0	15
Liability in the balance sheet	**0**	**15**
Income statement charge included in operating profit for:		
- Defined pension benefits (note 21.1)	4,769	4,407
	4,769	**4,407**

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.

21.1 AFP scheme

The subsidiary Kid Logistikk AS and 13 stores have an agreed early retirement scheme (AFP). The new AFP scheme, in force from 1 January 2011, is a defined benefit multi-enterprise scheme, but is recognised in the accounts as as defined contribution scheme until reliable and sufficient information is available for the group to recognise its proportional share of pension costs, pension liabilities 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. The pension costs for the year no longer includes provision as the under-coverage in the former AFP scheme has been terminated (2014: 15, 2013: 90, 2012: 233, 2011: 411). The provision has in former years been recognised in the balance sheet as non-current debt.

As of 31st December 2015, the deposit fund amounts to NOK 82 (2014: 53), and the members pension capital is 17 858 (2014: 15 606)

Net pensions expenses	2015	2014
Pensions earned this year - the group pension scheme	3,605	3,375
Pensions earned this year - the agreed early retirement scheme (AFP)	588	554
Differences/estimate changes charged to income - the previous early retirement scheme (AFP)	-15	-75
Social security fees	591	554
Net pension expenses	**4,769**	**4,407**

Note 22
Commitments

Operating lease commitments
The group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between three and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

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

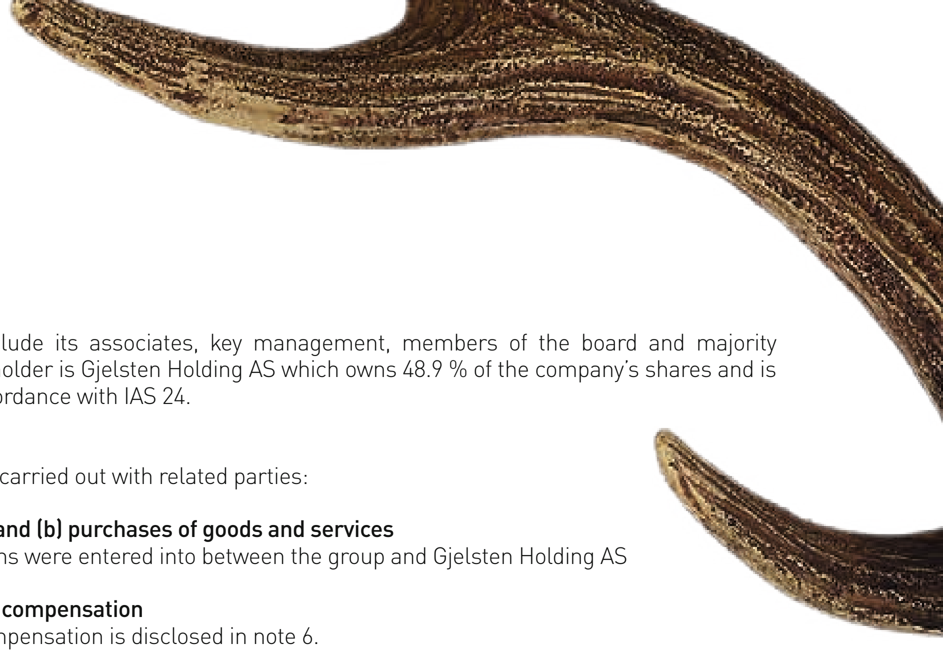
	2015	2014
No later than one year	157,549	147,082
Later than one year and no later than five years	420,881	438,540
Later than five years	212,696	247,942
Total	**791,127**	**833,564**

Operating lease expense

	2015	2014
Lease expenses for the year consists of:		
Minimumrent	115,290	106,158
Percentage rent (based on turnover)	6,530	7,072
Joint costs	30,501	27,867
Other storage costs	1,245	1,542
Total	**153,565**	**142,639**

	2015	2014
Lease expenses by category of asset:		
Office rentals	2,167	1,520
Storage facilities	9,396	6,764
Rental outlets	142,002	134,355
Totalt	**153,565**	**142,639**

	2015	2014
Number of lease contracts	137	132
Right to renewal of lease contract	51	35
Percentage of lease contracts with option to renewal	37 %	27 %



Note 23 Related parties

The group's related parties include its associates, key management, members of the board and majority shareholders.The largest shareholder is Gjelsten Holding AS which owns 48.9 % of the company's shares and is defined as a related party in accordance with IAS 24.

The following transactions were carried out with related parties:

(a) Sales of goods and services and (b) purchases of goods and services
No purchase or sales transactions were entered into between the group and Gjelsten Holding AS

(b) Key management personnel compensation
Key management personnel compensation is disclosed in note 6.

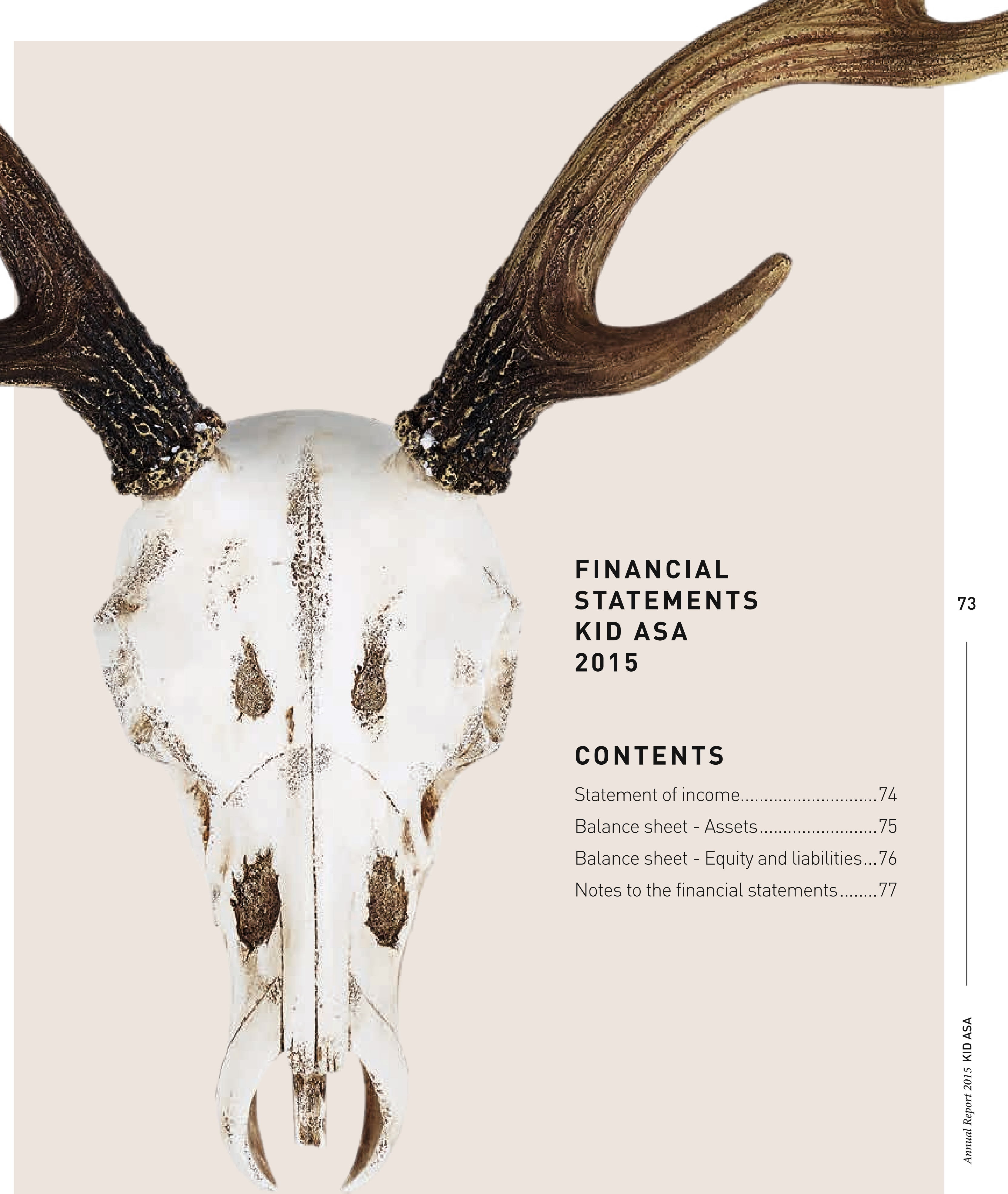
(c) Loans to related parties
The group does not have any loans to related parties at the balance sheet dates in 2014 and 2015.

The following transactions with Gjelsten Holding AS occurred during the year:

Group contributions	2015	2014
Group Contribution given (gross amount before tax)	0	35,714
Group Contribution received	0	25,714
Interest cost	0	620

Lease agreements	2015	2014
Vågsgaten Handel AS with subsidiaries (store rental)	996	0
Gilhus Invest AS (headquarters rental)	7,465	0
Total	**8,460**	**0**
Mortensrud Næring AS*	-700	0

*Pre-payment of lessor contribution to lessee fit-out costs. Classified as short-term debt.



FINANCIAL STATEMENTS KID ASA 2015

CONTENTS

KID ASA - STATEMENT OF INCOME

(All amounts in NOK 1000 unless otherwise stated)

	Note	2015	2014
Payroll expenses	7	11,270	10,742
Other operating expenses	7	6,393	60
Total operating expenses		**17,664**	**10,802**
Operating profit		**-17,664**	**-10,802**
Income from subsidiaries and associated companies	3	146,464	167,002
Other interest income		103	15
Interest expenses to group entities		0	-620
Other Interest expenses	8	-42,840	-29,039
Other financial expenses		-49	-1
Profit before tax		**86,014**	**126,554**
Tax on ordinary result	6	23,238	34,205
Net profit or loss for the year		**62,777**	**92,349**
Profit attributable to:			
Allocated dividend		60,968	0
Group contribution to parent company		0	19,636
To other equity		1,809	72,713
Total allocation		**62,777**	**92,349**

KID ASA - BALANCE SHEET

ASSETS

(All amounts in NOK 1000 unless otherwise stated)

	Note	2015	2014
FIXED ASSETS			
Financial fixed assets			
Investments in subsidiaries	1, 2	1,144,158	1,144,158
Total financial fixed assets		**1,144,158**	**1,144,158**
Total fixed assets		**1,144,158**	**1,144,158**
CURRENT ASSETS			
Debtors			
Other receivables	3	146,930	167,002
Total debtors		**146,930**	**167,002**
Cash and bank deposits		173,752	1,253
Total current assets		**320,682**	**168,255**
TOTAL ASSETS		**1,464,840**	**1,312,413**

KID ASA - BALANCE SHEET
EQUITY AND LIABILITIES

(All amounts in NOK 1000 unless otherwise stated)

	Note	2015	2014
Restricted equity			
Share capital	5	48,774	42,000
Share premium reserve		321,049	156,874
Additional paid-in capital		64,617	64,617
Total restricted equity		**434,440**	**263,491**
Retained earnings			
Other equity		406,527	404,718
Total retained earnings		**406,527**	**404,718**
TOTAL EQUITY	4	**840,967**	**668,209**
Other long-term liabilities			
Liabilities to financial institutions	2	525,000	600,000
Total of other long-term liabilities		**525,000**	**600,000**
Current liabilities			
Trade creditors		1,587	0
Tax payable	6	21,739	26,942
Dividends	6	60,968	0
Other short-term liabilities		14,579	17,262
Total short-term liabilities		**98,873**	**44,204**
TOTAL LIABILITIES		**623,873**	**644,204**
TOTAL EQUITY AND LIABILITIES		**1,464,840**	**1,312,413**

Oslo, 13.04.2016

The board of Kid ASA

Henrik Schüssler
Chairman of the board

Bjørn Rune Gjelsten
Member of the board

Pål Frimann Clausen
Member of the board

Vilde Falck-Ytter
Member of the board

Karin Bing Orgland
Member of the board

Kjersti Helen Krokeide Hobøl
General manager

KID ASA - NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also requires management to apply assessments. In areas which either to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, these are described in the notes.

Investments in other companies
The cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contributions from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

Classification of balance sheet items
Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year instalments on long-term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Purchase costs
The purchase costs of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets, purchase costs also include direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Interest expenses incurred in connection with the production of fixed assets are expensed.

Asset impairments
Impairment tests are carried out if there is an indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount. Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Liabilities
Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry-forward losses for tax purposes at year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry-forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

The tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Cashflow statement
The cashflow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Note 1
Subsidiaries, associated companies, and joint ventures

Parent company

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Kid Interiør AS	Lier	100%	68,180	106,289	1,144,158
Balance sheet value at 31st December 2015					**1,144,158**

Note 2
Debtors and liabilities

	2015	2014
Liabilities to credit institutions	525,000	600,000
Other long-term liabilities	0	0
Total	**0**	**0**
Liabilities secured by mortgage	**525,000**	**600,000**
Balance sheet value of assets placed as security:		
Shares	1,144,158	1,144,158
Intangible assets	0	0
Fixed assets	0	0
Inventory	0	0
Trade debtors	0	0
Total	**1,144,158**	**1,144,158**

Note 3
Balance with group companies, etc.

	Other short-term liabilities		Other debtors	
	2015	2014	2015	2014
Group companies	0	7,263	146,464	167,002
Total	**0**	**7,263**	**146,464**	**167,002**

Note 4
Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 1st January 2015	42,000	156,874	64,617	404,718	668,209
Contributions of equity, net of transaction costs	6,774	164,175 0		0	170,949
Profit for the year	0	0	0	1,809	1,809
Equity 31st December 2015	**48,774**	**321,049**	**64,617**	**406,527**	**840,967**

Note 5
Share capital and shareholder information

The share capital of NOK 48 774 194 consist of 40 645 162 shares with a nominal value of NOK 1.2 each. Kid ASA is listed on the Oslo Stock Exchange. Top 20 shareholders as of 31st December 2015 was:

Shareholder	Ownership
Gjelsten Holding AS	48.9 %
Tvenge, Torstein Ingvald	3.7 %
Goldman Sachs International Equity	3.1 %
Skandinaviska Enskilda Banken AB	2.9 %
The Resource Group Trg AS	2.9 %
Verdipapirfondet Pareto Investment	2.6 %
Merrill Lynch Prof. Clearing Corp	1.8 %
Skandinaviska Enskilda Banken S.A.	1.7 %
Verdipapirfondet DNB SMB	1.6 %
Statoil Pensjon	1.6 %
Viola AS	1.3 %
Fram Realinvest AS	1.2 %
The Bank Of New York Mellon Sa/Nv	1.2 %
Eika Norge	1.2 %
Barclays Capital Sec. Ltd Firm	1.2 %
Morgan Stanley & Co. International	1.0 %
Nykredit Bank A/S	1.0 %
NHO - P665ak	1.0 %
Op-Europe Equity Fund	1.0 %
Storebrand Verdi	1.0 %

Note 6
Taxes

Basis for income tax expenses, changes in deferred tax and tax payable

	2015	2014
Result before taxes	86,014	126,554
Permanent differences	-5,498	131
Basis for the tax expense for the year	80,516	126,685
Change in temporary differences	0	0
Basis for payable taxes in the income statement	**80,516**	**126,685**
+/- Group contributions received/given	0	0
Taxable income (basis for payable taxes in the balance sheet)	**80,516**	**126,685**

Components of the income tax expenses

	2015	2014
Tax rate	27%	27%
Payable tax on this year's result	21,739	34,205
Tax effect of transaction costs related to primary issue of shares	1,498	0
Total payable tax	23,237	34,205
Change in deferred tax based on original tax rate	0	0
Change in deferred tax due to change in tax rate	0	0
Tax expense	**23,237**	**34,205**
Tax expense as a percentage of profit before tax	27%	27%
Payable taxes in the balance sheet		
Payable tax in the tax charge	21,739	34,205
Tax effect of group contribution	0	-7,263
Payable tax in the balance sheet	**21,739**	**26,942**

Note 7
Payroll expenses, number of employees, remunerations, loans to employees, etc.

Payroll expenses

	2015	2014
Salaries/wages	9,678	9,414
Social security fees	1,365	1,327
Board remuneration	196	0
Pension expenses	0	0
Other remuneration	32	0
Total	**11,270**	**10,741**

There are no employees in Kid ASA.
The CEO of Kid ASA has not received salary in relation to her role in this company.

No loans/sureties have been granted to the general manager, board chairman or other related parties.

Expensed audit fees

	2015	2014
Statutory audit (incl. technical assistance with financial statements)	63	62
Other assurance services		
Tax advisory fee (incl. technical assistance with tax return)	8	8
Other assistance (IFRS conversion, assistance with supplementary prospectus and Q3 report)	711	0
Total audit fees	**781**	**70**

Note 8
Specification of financial income and expenses

Financial income

	2015	2014
Interest income	103	15
Other financial income	0	0
Total financial income	**103**	**15**

Financial expenses

	2015	2014
Interest expenses / Interest swap	42,840	29,659
Other financial expenses	49	1
Total financial expenses	**42,889**	**29,660**

Note 9
Related-party transactions

Remuneration to executives is disclosed in note 7 and the balance with group companies is disclosed in note 3.

There were no related-party transactions in 2015.

Note 10
Financial market risk

Kid ASA is exposed to interest rate risk on long-term debt.

Interest risk
The company's interest rate risk arises from long-term borrowings and bank deposits. Borrowings issued at variable rates expose the group to cashflow interest rate risk which is partially offset by cash held at variable rates.

The company's interest rate risk was hedged using an interest rate swap in 2014 and 2015 which was of equal amount to one of the long-term loan tranches to financial institutions. The swap contract was terminated in November 2015 as the company found the interest rate risk acceptable after reducing the net interest-bearing debt after completing the IPO in 2015.

To the Annual Shareholders' Meeting of Kid ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Kid ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2015, income statement, changes in equity and cash flow for the year 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 the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group 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.

PricewaterhouseCoopers AS, Strømsø Torg 9, Postboks 2078 Strømsø, NO-3003 Drammen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Kid ASA as at 31 December 2015, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

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 Kid ASA as at 31 December 2015, and its financial performance and its cash flows for the year 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 and the statements on Corporate Governance and Corporate Social Responsibility

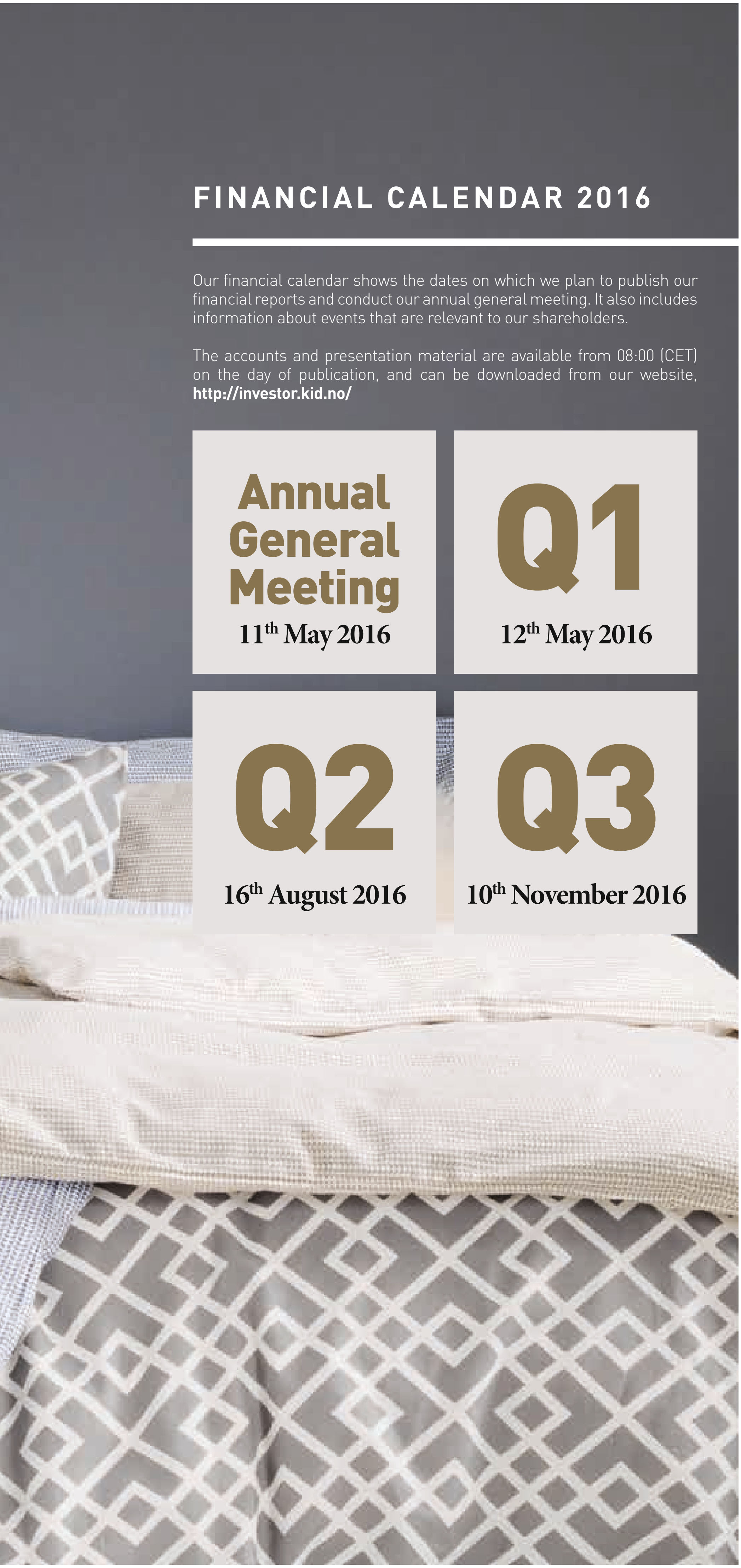
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit 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, 13 April 2016
PricewaterhouseCoopers AS

Sigmund Landaas
State Authorised Public Accountant (Norway)



FINANCIAL CALENDAR 2016

Our financial calendar shows the dates on which we plan to publish our financial reports and conduct our annual general meeting. It also includes information about events that are relevant to our shareholders.

The accounts and presentation material are available from 08:00 (CET) on the day of publication, and can be downloaded from our website, **http://investor.kid.no/**

Annual General Meeting
11th May 2016

Q1
12th May 2016

Q2
16th August 2016

Q3
10th November 2016

REVENUE UPDATES

Kid ASA will announce revenue updates on the following dates:

Q4 2015 revenue - 08.01.2016
Q1 2016 revenue - 08.04.2016
Q2 2016 revenue - 08.07.2016
Q3 2016 revenue - 07.10.2016

All dates are subject to change.

This information is published pursuant to the requirements set out in the continuing obligations.

INVESTOR SITE

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