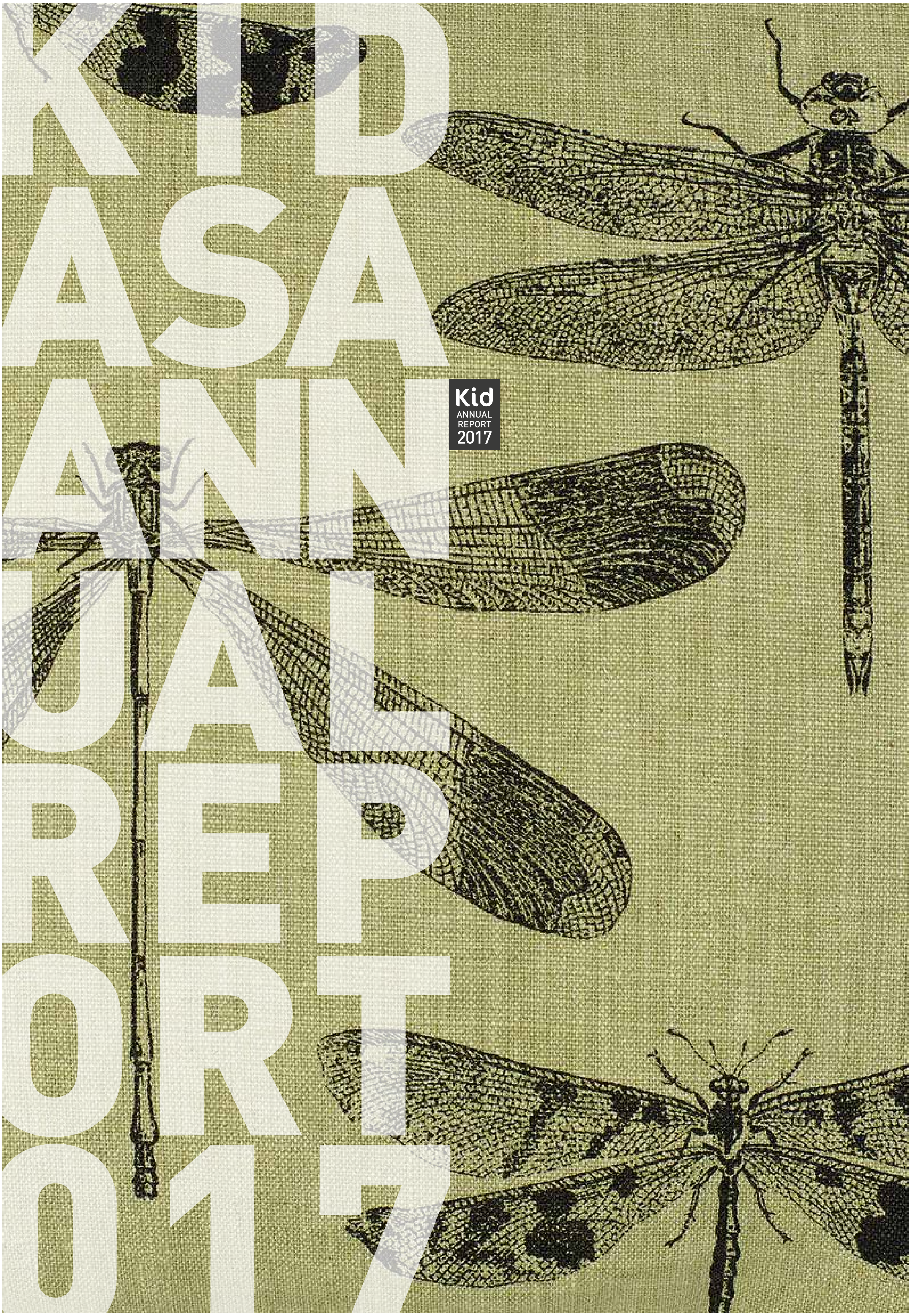

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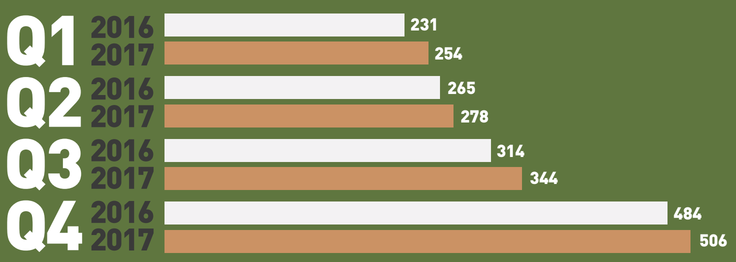
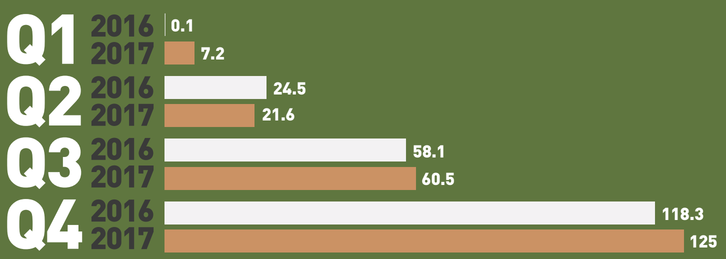
Kid

FINANCIAL HIGHLIGHTS 2017

REVENUES (MNOK)

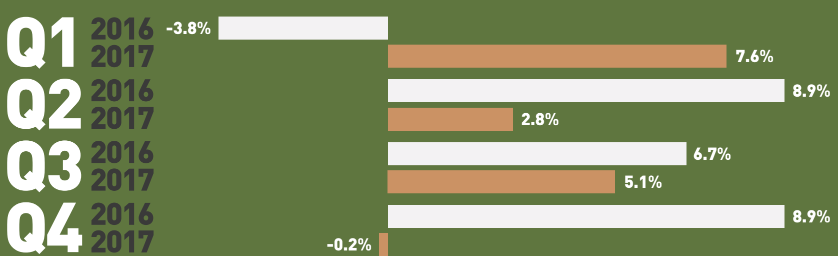


EBITDA (MNOK)



NUMBER OF PHYSICAL STORES (period end)

LIKE-FOR-LIKE GROWTH



REVENUES OF
MNOK
1.382
(MNOK 1.294), an increase of 6.8 percent compared to 2016

SHARE PRICE 2017 - KID ASA

Our mission

To inspire and make every home a beautiful one

ABOUT KID

Founded in 1937, Kid Interiør AS, subsidiary of 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 interior 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 2017 numbered 140 – as well as through our online sales platform. At the end of 2017 we had 999 employees.

The company is headquartered 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, to direct product sourcing and manufacturing, primarily in lowcost 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 within home textiles in Norway with 33 percent market share, which has been growing steadily every 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 98 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 store at Fornebu S.

COMPANY FACTS

3.1%
LIKE-FOR-LIKE GROWTH
in 2017

33%
MARKET SHARE
at the end of 2017

3.1%
ONLINE SHARE
of total revenues

1937 – Establishment

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

1953 – The first shop

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

1970s – Own production

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

1994 – Change of name

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

DEAR SHAREHOLDERS,

2017 marked the company's 80th anniversary and our eight decades of experience is of great value as we continue to reach new milestones and to grow our business in line with our strategic priorities and financial objectives. Over the last year we have taken measures to strengthen our corporate & social responsibility activities and have also refined our focus on the digital retail space. These initiatives ensure that we are even better positioned to take advantage of new opportunities within digital retail and, at the same time, grow our business in a sustainable way.

KID is the market leader within the home textile sector in Norway with a market share of 33%. Our customer loyalty, our design capabilities and integrated value chain are our greatest assets in supplying affordable and inspirational products through our network of stores and online platform. In 2017, we generated a total revenue growth of 6.8%. Seven new stores were opened, one store was closed and seven stores were refurbished or relocated. We generated a EBITDA growth of MNOK 13.4, equvalent to 7%.

Our innovative use of technology remains key for our success, in terms of improving our customer interface and experience and as a tool to strengthen our most important asset, our people. Tailoring customer communication through new initiatives is paying off. Our online store is attracting more visitors, and through partnerships with prominent bloggers we are seeking to influence and serve a broader, but more targeted, audience. Our customer club, started in 2015, has grown by almost 50% over the last year from 620,000 to over 900,000 individual members by year-end 2017. This important channel for digital communication drives traffic and turnover to both stores and the online site.

Internally, training apps engage our employees and give them the ability to track progress against their KPIs in real time. Our interactive simulation-based training app for tablets makes learning fun and is being used actively across all stores. By automating our internal reporting process, we have improved efficiency and boosted our business analytics at the same time. The business analytics is also supporting more dynamic stock management.

The EU General Data Protection Regulation (GDPR) is expected to be enforced as Norwegian law in late May 2018 and requires us to gather acceptance of new terms and conditions from all existing members of the customer club. Through this process we have been able to learn more about our customers in a responsible way. This progress has given us a head start in being GDPR compliant before the May deadline.

Over the past year we have opened seven new stores, closed one, relocated four and refurbished three. This is important to ensure continued growth in the physical retail space. An important part of our store rollout in 2017 was the acquisition of five store lease agreements from Hansen & Dysvik, which complemented and strengthened Kid Interiør's position significantly in the important Oslo area.

Responsible growth through corporate & social responsibility is a key priority for us. A key focus this year has been to offer our customers a textile recycling scheme, where our stores act as delivery points for unwanted interior fabrics which are later handed over to UFF Norway for reuse and recycling. This initiative has become increasingly popular, and the volume of textiles collected increased by 300% from 2016 to 2017.

We have continued to expand our product range in 2017 and strategic initiatives, such as focusing on less weather dependent product lines, have yielded solid results. Building on strong growth over the past two years, we started to distribute the full assortment of our window blind private label 'decosol' to all of our stores, which has been another successful initiative. During the third quarter, we launched the Guppyfriend washing bag and a Re:Down duvet that contains only recycled down. Both products have received positive feedback from a growing customer group that actively seeks more sustainable shopping options.

These and other initiatives have enabled us to continue to grow our market share throughout 2017.

Going forward, product innovation will take our assortment onwards and upwards. Our growth will come from pursuing new value through innovation and creating more value from existing product lines. A core objective is to increase sales per square metre through optimizing our categories space in our stores in accordance with sales performance and seasonal changes.

We strive to lift Kid's performance across the entire value chain and we our goal is to exploit our multi-channel approach to ensure Kid's expanding range of products is top-of-mind when customers are planning their home improvement activities.

2017's progress is further proof that we are heading purposefully in the right direction, and I want to thank the whole team for their outstanding efforts – and also our suppliers, partners and shareholders.

E-commerce is changing the shape of the consumer retail industry. Already, we see a reduction of footfall to Norwegian shopping centres where most of our stores are located as shoppers migrate online. At the same time, we find that customers entering our stores are much more prepared as they have already started the customer journey online and both basket size and conversion rate increases as a result. The competitive arena is also shifting as both foreign and domestic online stores more easily can enter the Norwegian market without the traditional physical store investments. Of course, this also presents an opportunity for Kid to expand online in Norway, across borders and into new sales channels. We look forward to exploring the new opportunities and overcome the challenges that we see ahead. Retail is changing, and so will we.

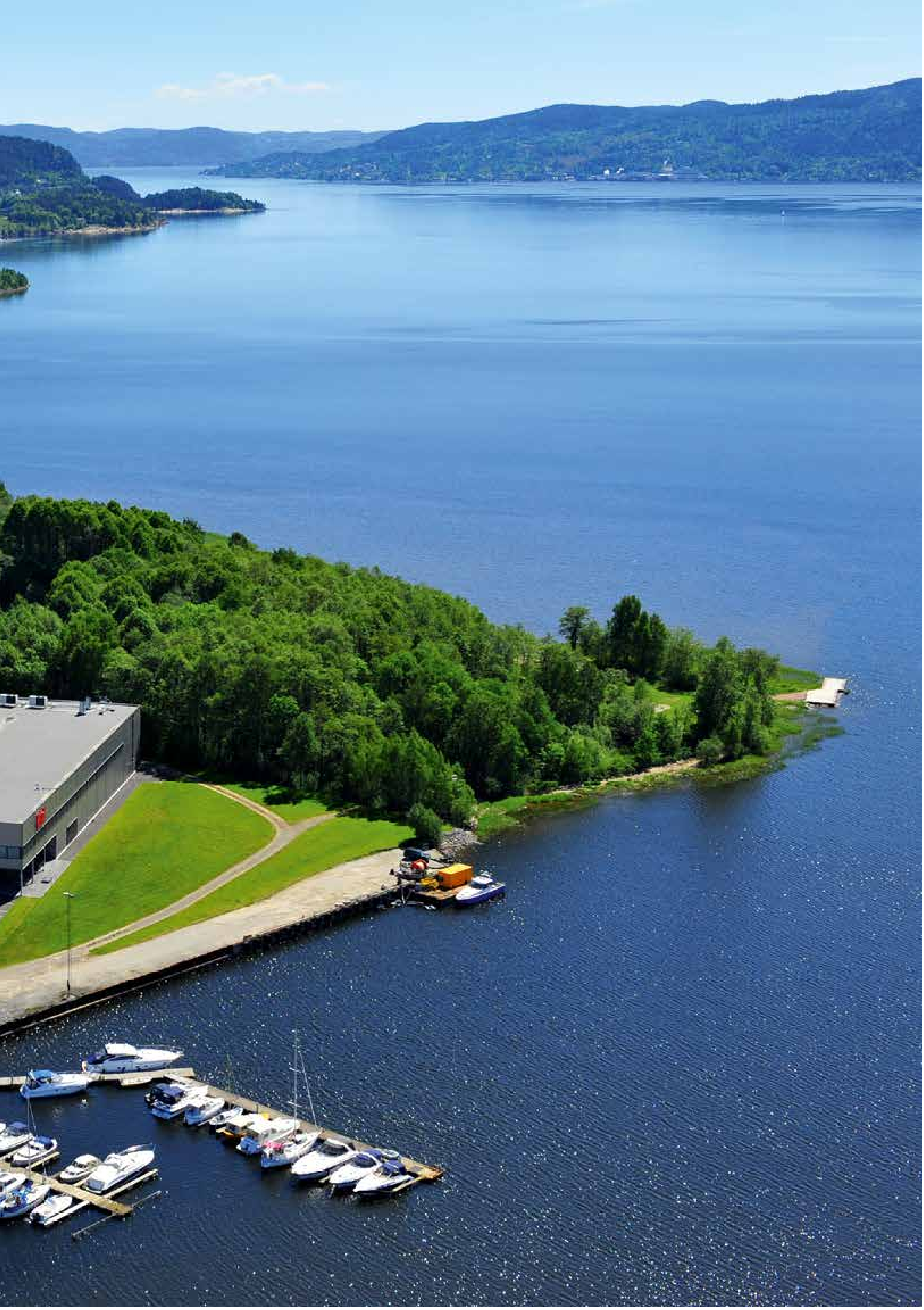
Kid is well prepared for the future in both physical and digital retail, and we look forward to yet another exciting year in 2018!

Yours sincerely,

Kjersti H Hobøl

Kjersti Hobøl
CEO, Kid Interiør AS


Kid



KID MANAGEMENT

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.

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: Handelshøyskolen BI).

Marianne Fulford
Head of Sourcing

Marianne Fulford has been the Head of Sourcing at Kid since April 2016. Prior to her current position, she served as Category Manager at Kid since 2008 and she has been a board member (employee representative) of Kid Interiør AS since 2011. Further, she has served several years as both Head of Sales and Regional Manager at Tempur Norway AS and she has additional experience from other Marketing positions. Fulford holds a Master of Science in Marketing from the Norwegian Business School (Norwegian: Handelshøyskolen BI).

Svein Faksvåg
Head of Store operations

Faksvåg has been head of store operations since 2016. Prior to this he held various positions within Gresvig Holding's sports retail businesses. These include, most recently, two years as sales director at both G-Sport and G-MAX. Faksvåg was previously an officer in the armoured battalion of the Norwegian Army. He holds an engineering degree from NTNU, Trondheim.

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

Kid store in Pilestredet, Oslo

From the headquarter in Lier


From the headquarter in Lier

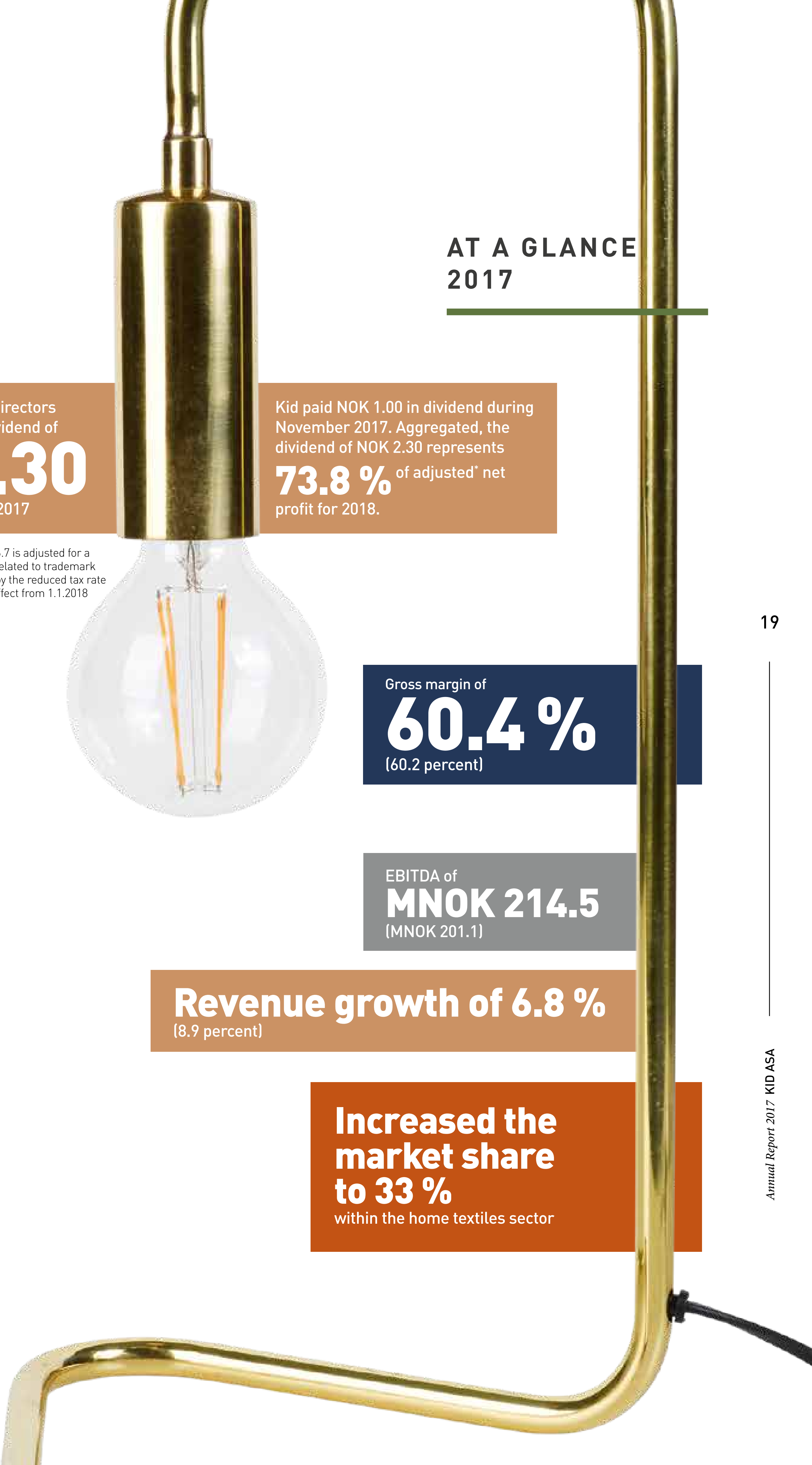
NATIONWIDE PRESENCE

Kid Interiør had

140 physical stores in Norway,
at year end (134 stores)

Opened seven new stores,
closed one store, refurbished three and relocated four stores

AT A GLANCE 2017



The board of directors proposes a dividend of

NOK 1.30

per share for 2017

*Net profit of MNOK 126.7 is adjusted for a change in deferred tax related to trademark of MNOK -14.6 caused by the reduced tax rate from 24% to 23% with effect from 1.1.2018

Kid paid NOK 1.00 in dividend during November 2017. Aggregated, the dividend of NOK 2.30 represents **73.8 %** of adjusted* net profit for 2018.

Gross margin of

60.4 %

(60.2 percent)

EBITDA of

MNOK 214.5

(MNOK 201.1)

Revenue growth of 6.8 %

(8.9 percent)

Increased the market share to 33 %

within the home textiles sector

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' homes more colourful and attractive places in which to live, we appreciate that throughout the supply chain we must act responsibly towards our customers, employees, suppliers and the environment.

In 2016, we started to transform our CSR activities through an initiative called "Act with your heart" (Handle med hjertet). In implementing "Act with your heart" we want to clearly define for our partners, employees, and external stakeholders how Kid uses its commitment to create and maintain sustainable, safe and well-managed working conditions in our supply chain. We also want to protect the environment by creating more sustainable products and processes and delivering safe, quality products to the consumer, along with contributing to local communities. To help in these goals, in 2016 Kid appointed a head of CSR.

Our focus within CSR is founded in the United Nations sustainable development goals;

5. Gender equality
8. Decent work and economic growth
6. Clean water and sanitation
12. Responsible consumption and production

The areas of focus are selected based on the challenges we find related to reduction of greenhouse gas emissions, securing a sustainable development of water and natural resources and women's right to education, health and work in the countries we source from.

We already 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.


Kid
kid.no

ETHICAL SUPPLY CHAIN

In 2008, Kid became a member of the Initiativ for Etisk Handel (IEH), the Norwegian sister organisation of the international Ethical Trading Initiative (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. As a member of IEH we are actively working with our suppliers to ensure this. During 2016, we re-examined our Code of Conduct and updated it so that it is in alignment with the ETI, the leading international alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. This update makes it easier for our suppliers to follow up on the code as it now adheres to an international standard, as well as giving clear reference to the legislation behind the different requirements in the code.

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 the 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.

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 us that are detrimental to health or environmentally hazardous. Through continuous testing, we ensure that all the products we offer are safe and produced under stringent production techniques.

All of our fabrics that are used directly against skin carry the Oeko-Tex label. This means that they are produced to conform to 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 requirement, 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 carries out the product's testing must be on the Oeko-Tex label in order 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.

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 and ethical choice. The Swan label has strict requirements for the whole lifecycle of the product. This includes the choice of raw materials, how the product is produced (including working conditions), and how it may be recycled. Kid's candles carry the swan label as they are made using animal fats. This is a responsible alternative to palm oil, the production of which is a major contributor to rainforest deforestation and threatens animal diversity. Kid napkins, selected sheets and pillow covers also carry the swan label.

ENVIRONMENTAL MEASURES

In 2016, the company joined Textile Exchange. Textile Exchange is a global non-profit organization that works to make the textile industry more sustainable. Through our membership, we have started the process of material change. This includes using more sustainable fibres, such as responsible wool and responsible down. Textile Exchange identifies and shares best practices regarding farming, materials and processing so we can reduce the impact on the world's water, soil, air and human population.

Kid 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 encourage 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 made only from textile remnants from other towel productions. Another example is baskets, placemats and potholders sourced from Bokhari (Pakistan) which are made of remnants from production of jersey cotton sheets.

We have established a textile recycling scheme in collaboration with UFF Norway for the collection, reuse and recycling of used interior textiles. UFF Norway operates a large humanitarian aid network, developed through projects related to the reuse 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, towels, duvets and bed linen – which are dropped off by the public. Kid then sends on these fabrics for use by UFF.

In 2017 KID collected 19 990 kg of used interior textiles, which contributed to a reduction of an equivalent of 100 tonnes of CO2. For 2018, we aim to collect 30 000 kg of used interior textiles.

One specific issue Kid began to focus on in 2016 was microplastics. Microplastics present a threat to marine life, as well as being a pathway for the transport of harmful chemicals through the food chain. As a direct result of our focus on this subject Kid has phased out the use of all plastic shopping bags in our stores, and only supplies paper bags to our customers.

Guppyfriend washing bag was launched in our stores during 2017. The washing bag reduces microfibers that enter rivers and oceans as a result of the washing process by 70-100%. The washing bag is a practical solution for our customers to impact an environmental issue.

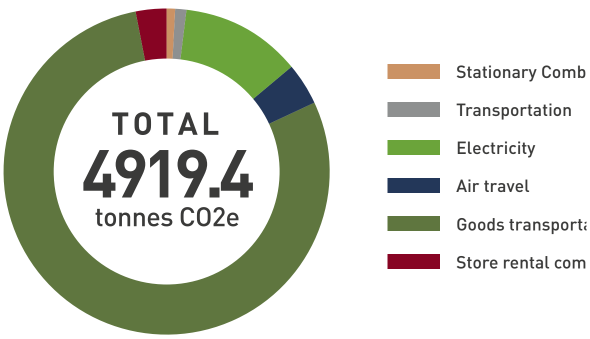
During 2017, Kid continued the replacement of old-fashioned lighting with the latest LED lighting systems. This new energy-saving lighting is also in use throughout our headquarters and logistics centre. Further initiatives include the development of an environmental audit which will analyse, among other things, the company's use of electricity, with a view to improving our environmental footprint.

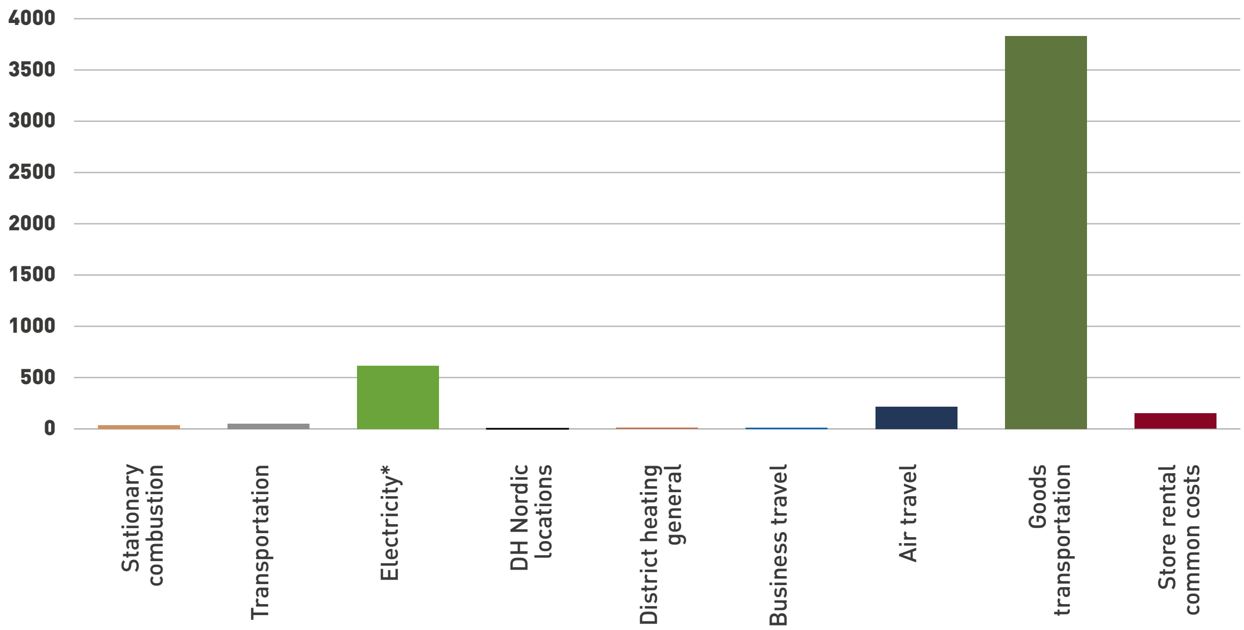
CARBON FOOTPRINT

Kid completed its first carbon footprint calculations in 2017 in order to measure and analyse carbon emissions and set goals and strategies for reduction. This will be supportive of Norway's international obligations to reduce global warming. We use the CEMAsys model which is based on the international standard Greenhouse Gas Protocol Initiative (The GHG Protocol) and includes an extensive database covering worldwide emission factors. The GHG Protocol is the most widely used method to manage greenhouse gas emissions and was the basis for the ISO 14064-I standard (2006).

We report scope 1, 2 and 3 emissions and include all emissions from the point where goods are delivered on dock in the country of production until goods are sold to the end consumer in Norway. All direct emissions from our warehouse and stores are also included.

Scope 3 represent more than 80% of our emissions, and is mainly related to transportation of goods from country of origin to the main warehouse in Norway. Our total emissions in 2017 was 4 919,4 tonnes CO2 equivalents, and is further specified in the below figures;





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 2017, we contributed MNOK 2.3 to Pink Ribbon.

SUPPLIER PARTNERSHIPS

Kid Interior purchases goods from many parts of the world, which involves 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 labour is in use, that environmental considerations are taken into account when it comes to raw materials – 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 and environment, wages and working conditions, along with business practices, are evaluated, so we may vouch for a CSR-compliant supply chain.

Full audits are undertaken every three-to-six years at a factory. If issues are discovered during an audit, a corrective action plan is created with clear timelines. Wherever possible and appropriate, Kid will work with the supplier to tackle non-compliance issues by changing routines or implementing other changes. It is neither in our interests, nor those of our suppliers, to drop them as a partner if we can help them to meet our and their social responsibility targets.

As an additional means of driving change and compliance in our supply chain, as well as our partnership with IEH and ETI, we are now implementing a social dialogue project in collaboration with QuizRR. QuizRR is helping global buyers to manage risk, helping suppliers to generate business and training millions of workers on their workplace rights and responsibilities. We have a pilot with two factories to train both management and workers on employee engagement which focuses on improving dialogue and engagement at the workplace. Improved dialogue should empower the workers to improve their working conditions, both when it comes to environment, health and safety, but also regarding remuneration.

DOWN PRODUCTS

All of our down products are subject to 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 neither force fed, nor are 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).

As a step towards a more circular economy, Kid launched the Re:Down duvet and pillow in September 2017. The products contain only recycled down based on a process whereby 97% of collected goods are recycled.

The production process is in accordance with Global Recycled Standard og Sustainable Textile Production of Oeko-tex (STeP by Oeko-Tex). Through our textile recycling scheme in collaboration with UFF, we are able to increase the amount of used down pillows and duvets that are collected at our stores and later become the basis for the Re:Down value chain.

More information is available on www.kid.no/redown/.

COTTON PRODUCTS

The cotton plant is grown on approximately 2.5 percent of the world's arable land, however approximately 25 percent of all pesticide and 10 percent of all herbicides are used to produce cotton. In cotton farming today there is also a heavy use of fertilizer and water.

More than 50 percent of our total product range contains cotton, so in 2016, Kid decided to transform our cotton usage to meet the highest possible environmental standards. We have set a goal that by 2020 Kid will procure only 100 percent-sustainable cotton. This change will happen through the increased use of organic cotton, by purchasing Cotton made in Africa-, Swan- and GOTS-certified products, but mainly through our membership of the Better Cotton Initiative (BCI).

We are a proud member of the Better Cotton Initiative (BCI). BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the industry's future.

Better Cotton means producing cotton in a way that cares for the environment through processes that minimise the negative impact of fertilisers and pesticides, and care for water, soil health and natural habitats. In addition, producing Better Cotton can also improve farmers' livelihoods and increase access to global markets.

In 2017, we reached two important milestones. All towels and all bed sheets are now produced by using sustainable cotton.

FURTHER DETAILS

For more details of Kid's corporate social responsibility programme, please visit: www.kid.no/ 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 Practise 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. Upgrading and relocation of stores
c. Opening of new stores in markets with under-representation
d. Digital footprint and e-commerce
e. Cross-border online expansion
f. Building a business to business sales channel

In addition, Kid is continuously considering acquisitions of other companies.

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.

The Annual General Meeting approved the proposed dividend of NOK 2.0 per share in May 2017. The board of directors were also given the authority to approve and distribute a half –year dividend in light of the results of the third quarter of 2017. A half-year dividend of NOK 1.0 was distributed in November 2017.

The board has proposed a half-year dividend of NOK 1.3 per share for 2017 and the authority to decided and distribute an additional half-year dividend in light of the results of the third quarter of 2018. The dividend is subject to approval at the annual general meeting on May 8th 2018.

The board have a mandate to increase the company's share capital by up to NOK 4,877,419. The authority may only be used to issue shares as consideration and to raise new equity in order to strengthen the Company's financing. The authority remain in force until the annual general meeting in 2018, but in no event later than 30 June 2018. The board will propose to the AGM in 2018 that the mandate is extended to 30. June 2019.

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 is 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 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 ASA 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 ASA 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 one or two years and the chairman is elected by the general meeting.

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 board evaluate its performance and expertise annually.

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 the interest rate. 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 remuneration is 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 2017 is disclosed in the notes to the consolidated accounts.

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 have approved an incentive programme for executive management 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 is 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.

BOARD OF DIRECTORS' REPORT

The Kid group consists of Kid ASA, the parent company for Kid Interiør AS and Kid Logistikk AS, together defined as "the group", "the company" or "Kid".

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

Kid Interiør is the leading specialist home textile retailer in Norway, with a nationwide portfolio of 140 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

In 2017, Kid continued its strong record of revenue growth and profitability through continued development of the customer experience both in physical stores and online. The introduction of new product lines, renewal of assortments, attractive campaigns and training in customer service have yielded results, as customers increasingly prefer Kid as their home interior retailer. The customer club had grown to 900,000 individual members at year end, and is a testament to the high customer appreciation, as well as key asset for our online sales platform A customer club with membership of nearly 20% of the Norwegian population represent a potential for further growth and enhancing our customer loyalty.

Seven new stores were opened, and one was closed, along with a number of refurbishments and relocations. Online revenues increased significantly as customers are now able to interact with Kid more seamlessly between online and offline channels. All of these individual activities helped to collectively drive an increased performance for the business, resulting in a 6.8 percent rise in full-year revenues and an increase of 6.7 percent in EBITDA. For the eighth consecutive year we have increased our market share, which was 33 per cent at year end 2017.

FINANCIAL RESULTS

(Figures from last year are in brackets, unless otherwise specified)

INCOME STATEMENT FOR THE GROUP

Revenues for 2017 were MNOK 1,381.7 (MNOK 1,293.9), which represents an increase of 6.8 percent over 2016. The like-for-like sales growth[1] was 3.1 percent. Online sales grew 35.4 percent in 2017, accounting for 3.1 percent of total revenues.

Gross[2] margin was 60.4 percent (60.2 percent) for 2017. Other operating expenses, including employee benefit expenses, ended at 44.9 percent of 2017 revenues compared to 44.8 percent in 2016. The ratio is in line with the current target of maintaining cost-efficiency at the previous year's level.

Operating profit (EBIT) was MNOK 179.7 (MNOK 172.1). The increase was due to revenue growth and increased gross margin.

Net financial expenses amounted to MNOK 12.7 (MNOK 12.7). A new lending agreement with DNB Bank was made effective during the second quarter of 2017. The agreement replaced the MNOK 525 long term debt with (1) MNOK 100 flexible credit facility, and (2) MNOK 425 long term debt. Kid ASA is not obligated to pay any instalments under the agreement, and the interest margin represents a small increase from the previous level based on longer duration. The lending agreement expires in May 2020.

Net income for 2017 was MNOK 141.3 (MNOK 134.0). Adjusted net income amounted to MNOK 126.7 (MNOK 119.4). Net income is adjusted for a change in deferred tax related to trademark of MNOK -14.6 (MNOK -14.6) caused by the reduced tax rate from 24 percent (25 percent) to 23 percent (24 percent) with effect from 1 January 2018 (1 January 2017).

BALANCE SHEET FOR THE GROUP

Total assets were MNOK 2,030.9, a decrease of MNOK 72.0. Fixed and intangible assets increased by MNOK 11.2 due to investments in stores and the online platform of MNOK 37.6, while depreciation was MNOK 34.8. Kid also acquired store lease rights of MNOK 9.5 from Hansen & Dysvik AS. Inventories amounted to MNOK 302.0 at the end of the year, an increase of MNOK 79.8, due to a planned rise in safety

[1] Like-for-like are stores that were in operation at the start of last year's period and the end of the current period. Refurbished and relocated stores, as well as online sales, are included in the definition.

[2] Gross profit is revenue less the cost of goods sold (COGS).

stock and inventory build-up for Q1 2018 combined with weak October 2017 sales. Total receivables were MNOK 36.2, a decrease of MNOK 1.1 from 2016. This decrease was partly due to MNOK 4.2 of unrealised currency gains (MNOK 8.4) and an increase of MNOK 3.1 in trade and other receivables.

Net interest-bearing debt was MNOK 299.4 (MNOK 234.7). Net interest-bearing debt was 1.4 times (1.2 times) the EBITDA. The increase was driven by a reduction of cashflow as described in the next section. Long-term debt at the end of 2017 was MNOK 425 (MNOK 525) and cash and bank deposits were MNOK 130.1 (291.9). The group has an additional overdraft facility of MNOK 100 and a flexible credit facility of MNOK 100. The equity ratio at the end of the year was 50 percent compared to 48 percent in 2016.

CASH FLOW FOR THE GROUP

Cash flow from operations was MNOK 118.2 (MNOK 172.0). Significant changes from 2016 included increased inventory build-up, with a cash effect of MNOK - 79.8 (MNOK -17.9) and the cash effect of taxes paid of MNOK -40.8 (MNOK -21.7).

Cash flow from investments was MNOK -47.1 (MNOK -31.8). The investment level in 2017 reflects the opening, relocation and refurbishment of stores, and development of the IT and online platform. Kid also acquired six lease contracts from Hansen & Dysvik for MNOK -9.5 in 2017.

Cash flow from financing was MNOK -233.6 (MNOK -72.9), negatively affected by dividend payment of MNOK -121.9 (MNOK -61.0) and repayment of the flexible credit facility of MNOK -100 (MNOK 0).

Net changes in cash and cash equivalents came to MNOK -162.5 (MNOK 64.3), mainly driven by repayment of flexible credit facility, increased dividend payments and increased inventory level.

ANNUAL RESULT ALLOCATION

The Board of Directors proposes a dividend of NOK 1.30 per share for 2017. Kid paid NOK 1.00 per share in dividend during November 2017. Aggregated, the dividend of NOK 2.30 represents 73.8% of adjusted net income for 2017. Adjustments were made for the deferred tax effect of a lower tax rate.

Remaining profits were transferred to other equities.

Dividend payout	MNOK	53
Transferred to other equity	MNOK	75
Total allocated	**MNOK**	**128**

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 a degree 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.

Pål Frimann Clausen
Board Member
Appointed: December 2010

Clausen (1947) is currently a board member in Kid ASA, Kid Interiør AS, Power International AS and previously 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.

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. 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 2017, the equity ratio was 50 percent. The board of directors is of the opinion that the equity and liquidity 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 999 employees, which corresponded to 456 full-time equivalents at the end of 2017. The parent company has no employees.

The group keep records of total absence due to sickness, in accordance with laws and regulations. Total sick leave was 6.4 percent in 2017 (5.8 percent in 2016), of which 1.1 percent was characterised as short-term leave and 5.4 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 is able to 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, DISCRIMINATION AND HARASSMENT

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.

The group prohibits harassment of any kind, including sexual harassment, and will take appropriate and immediate action in response to complaints or knowledge of violations of this policy.

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 four women and five 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 occurs based on disabilities. 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 significant 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. Carbon dioxide emissions are monitored in accordance with the Greenhouse Gas Protocol.

The group works actively to prevent adverse environmental- 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 corporate social responsibility section of the annual report.

FINANCIAL RISKS

CURRENCY RISK

To reduce foreign currency risks, Kid Interiør AS hedges net foreign currency cash flows 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 US Dollars.

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. The company has a policy to hedge 100 percent of USD currency goods purchases for the consecutive four- to-seven months. The policy has been formally approved by the board of directors.

LIQUIDITY RISK

Kid and its subsidiaries have a loan agreement with DNB Bank ASA, giving Kid Interiør AS access to an overdraft facility of MNOK 100, a flexible credit facility of MNOK 100 and a general guarantee limit of MNOK 87.

INTEREST RATE RISK

Kid has a floating interest rate for its MNOK 425 of outstanding long-term debt. 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 2018

2017 was a good year for Kid – both in terms of increased revenues and market share. We believe that the company's efforts during the past 12 months is a platform for further growth in 2018.

Kid will continue its successful shop expansion programme with the opening, relocation and refurbishment of a number of stores in 2018. Through the development of well-located and continually modernised stores, Kid will ensure that customers are provided with a positive and inspirational retail experience.

Kid will continue to focus on and improve its store-level service, particularly through the use of interactive staff training and customer feedback. Customers are also increasingly emphasising a responsible value chain when making their purchases and even more efforts will be made to communicate the ongoing CSR initiatives. When modern stores, good service and a responsible brand is combined with a continually refreshed and on-trend product assortment, this will ensure that customers find reasons to make Kid their primary home textile and furnishing retailer in Norway.

The online store is under constant development, which will help to drive online sales, as well as push traffic to the bricks-and-mortar locations. Digital interaction with customers are becoming increasingly important, and for the year to come there are several planned initiatives to further develop the Omni channel approach. The customer club is an important part of this, and going forward it will be prioritised to build big data capabilities, within the GDPR regulations, that can make digital interaction even more relevant to individual customers and providing more insights for further concept development.

The objectives for Kid in the medium-term 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
- An increase in the store portfolio, with the net opening of 3-5 new stores annually. Capital expenditures are expected to be MNOK 30 annually in relation to maintenance, with an additional MNOK 1.7 per new store opening
- To maintain a moderate leverage and an efficient balance sheet
- A target of 60-70 percent dividend payout ratio of adjusted net profit with semi-annual payments. The distribution policy is dynamic and any excess capital will be returned to shareholders.

Lier, 17 April 2018

The board of directors, Kid ASA

Henrik Schüssler Chairman	Bjørn Rune Gjelsten Board member	Pål Frimann Clausen Board member
Vilde Falck-Ytter Board member	Karin Bing Orgland Board member	Kjersti Helen Krokeide Hobøl Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in NOK 1000 unless otherwise stated)

		Year ended 31st December	
	Note	**2017**	2016
Revenue	2	1,381,675	1,293,932
Other operating income		667	1,604
Total revenue		**1,382,342**	**1,295,536**
Cost of goods sold	14	547,627	515,299
Employee benefits expense	5, 20	306,471	289,547
Depreciation and amortisation expense	10,11	34,839	28,953
Other operating expenses	18	313,716	289,627
Total operating expenses		**1,202,653**	**1,123,426**
Operating profit		**179,689**	**172,110**
Financial income	6	821	1,008
Financial expense	6	13,480	13,678
Net financial income (+) / expense (-)		**-12,659**	**-12,670**
Profit before tax		**167,030**	**159,440**
Income tax expense	8,19	25,705	25,413
Net profit		**141,325**	**134,027**
Consolidated statement of comprehensive income			
Profit for the period		141,325	134,027
Items that may be reclassified to P&L			
Cash flow hedges		-9,420	-212
Tax effect from cash flow hedges		2,284	137
Total comprehensive income for the period		**134,189**	**133,952**
Attributable to equity holders of the parent		134,189	133,952
Basic and diluted Earnings per share (EPS):	9	**3.48**	**3.30**

The notes 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 2017**	31st December 2016
ASSETS			
Trademark and software	11	1,462,354	1,463,023
Store lease rights	11	8,423	
Total intangible assets		**1,470,777**	**1,463,023**
Property, plant and equipment	10	91,896	88,492
Total tangible assets		**91,896**	**88,492**
TOTAL FIXED ASSETS		**1,562,672**	**1,551,515**
Inventories	14	**301,997**	**222,190**
Trade receivables	12,13	3,500	2,527
Other receivables	13	28,506	26,435
Derivative financial instruments	12	4,180	8,372
Total receivables		**36,185**	**37,334**
Cash and cash equivalents	12,15,24	**130,071**	**291,852**
TOTAL CURRENT ASSETS		**468,252**	**551,376**
TOTAL ASSETS		**2,030,924**	**2,102,891**

The notes 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 2017**	31st December 2016
EQUITY AND LIABILITIES			
Share capital	16	48,774	48,774
Share premium	16	321,049	321,049
Other paid-in equity		64,617	64,617
Total paid-in-equity		**434,440**	**434,440**
Other reserves	23	3,205	6,370
Retained earnings		580,872	561,482
TOTAL EQUITY		**1,018,516**	**1,002,292**
Deferred tax liability	19	334,585	350,349
Total provisions		**334,585**	**350,349**
Liabilities to financial institutions	3,12,24	429,433	526,544
Total long-term liabilities		**429,433**	**526,544**
Trade creditors	12	45,161	40,626
Taxes payable	8	40,415	40,849
Public duties payable		104,674	80,729
Other short-term liabilities		58,139	61,502
Total short-term liabilities		**248,390**	**223,706**
TOTAL LIABILITIES		**1,012,408**	**1,100,600**
TOTAL EQUITY AND LIABILITIES		**2,030,924**	**2,102,891**

The notes are an integral part of these financial statements.

Lier, 17 April 2018

The board of directors, Kid ASA

Henrik Schüssler
Chairman

Bjørn Rune Gjelsten
Board member

Pål Frimann Clausen
Board member

Vilde Falck-Ytter
Board member

Karin Bing Orgland
Board member

Kjersti Helen Krokeide Hobøl
Chief Executive Officer

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 2016	48,774	321,049	64,617	15,549	488,423	938,412
Profit for the year	-	-	-	-	134,027	134,027
Cash flow hedges	-	-	-	-75	0	-75
Total comprehensive income for the year	-	-	-	-75	134,027	133,952
Transfer from Cash Flow Hedge Reserve	-	-	-	-12,139	-	-12,139
Tax effect of transfer from Cash Flow Hedge Reserve	-	-	-	3,035	-	3,035
Dividends	-	-	-	-	-60,968	-60,968
Total contributions by and distributions to owners of the parent, recognised directly in equity	0	0	0	-9,104	-60,968	-70,072
Balance as at 31 December 2016	48,774	321,049	64,616	6,370	561,483	1,002,292
						0
Balance at 1 January 2017	48,774	321,049	64,616	6,370	561,483	1,002,292
Profit for the year	-	-	-	-	141,325	141,325
Cash flow hedges	-	-	-	-7,136	-	-7,136
Total comprehensive income for the year	-	-	-	-7,136	141,325	134,189
Transfer from Cash Flow Hedge Reserve	-	-	-	5,200	-	5,200
Tax effect of transfer from Cash Flow Hedge Reserve	-	-	-	-1,229	-	-1,229
Dividends	-	-	-	-	-121,935	-121,935
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	3,971	-121,935	-117,965
Balance as at 31 December 2017	**48,774**	**321,049**	**64,616**	**3,205**	**580,873**	**1,018,517**

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in NOK 1000 unless otherwise stated)

		Group	
		Year ended 31st December	
	Note	**2017**	2016
Cash flow from operations			
Profit before income taxes		**167,030**	**159,440**
Taxes paid in the period	8	-40,849	-21,739
Gain/loss from sale of fixed assets	10	-	-
Depreciation & impairment	10.11	34,839	28,953
Change in financial derivatives	6.12	-	-
Differences in expensed pensions and payments in/out of the pension scheme	21	-	-
Items classified as investments or financing	6	13,736	12,670
Change in working capital			
Change in inventory	14	-79,807	-17,875
Change in trade receivables	13	-972	469
Change in trade creditors	18	4,536	3,990
Change in other short-term liabilities		19,633	6,091
Net cash flow from operations		**118,146**	**171,999**
Cash flow from investments			
Purchase of store lease rights		-9,500	
Purchase of fixed assets	10.11	-37,573	-34,803
Net cash flow from investments		**-47,073**	**-34,803**
Cash flow from financing			
Repayment of long term loans	17	-97,111	783
Repayment of short term loans		-100,000	
Net change in bank overdraft		100,000	0
Interest and other bank charges	6	-14,517	-12,705
Dividend payments to shareholders		-121,935	-60,968
Net proceeds from shares issued	16	-	-
Net cash flow from financing		**-233,564**	**-72,889**
Cash and cash equivalents at the beginning of the period	15	**291,852**	**230,373**
Net change in cash and cash equivalents		-162,491	64,307
Exchange gains / (losses) on cash and cash equivalents		710	-2,829
Cash and cash equivalents at the end of the period	15	**130,071**	**291,852**

The notes are an integral part of these financial statements.

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 have 140 stores around Norway and one online store. The domicile of the group is Lier, Norway.

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 policies

There have been no significant changes to the Group's accounting policies in 2017.

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 140 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 accounts for 3% of total sales 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 cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within `finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within `Other (losses)/gains – net'.

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

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

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

Leased movables and shop fittings	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 initatied until the assets are brought into use on store opening.

2.6 Intangible assets

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

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

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

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

2.9 Financial assets

2.9.1 Classification
The Group classifies its financial assets in the following categories: at fair value through profit or loss or amortised cost. The Group does not have any financial assets at fair value over OCI. The classification is based on the SPPI model (Soley payments of principal and interest) in IFRS 9.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are derivative instruments not designated as hedging instruments. The Group currently does not have any financial assets at fair value through profit or loss.

(b) Financial assets at amortised cost
Trade receivables, based on the classification model SPPI are held at amortized cost. All trade receivables are classified as current assets.

2.9.2 Recognition and measurement
Trade receivables are initially recognised at their fair value and subsequently measured at amotised cost. Trade receivables are evaluated for possible impairment each reporting period using the simplified credit loss model. See section 2.11. Trade receivables are derecognised when the right to receive cash flows has expired.

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

2.11 Impairment of financial assets

Financial assets carried at amortised cost - trade receivables
The majority of the Group's sales are "over the counter" in the KID stores to individuals, where payment is received from the customer at the time of the sale. Therefore in the majority of sales transactions, a trade receivable is not recognised. Sales to businesses or governement institutions, for example schools or hospitals, a trade receivables is recognised at delivery of the inventory to the customer. These receivables have low credit risk and all receivables over the past several years have been collected in full and on time. The Group monitors credit risk on their trade receivables and has evaluated that there is no impairment loss recognition required for the trade receivables outstanding as of year-end 2017 or 2016.

2.12 Derivative financial instruments and hedge accounting policies
The Group enters into certain derivative contracts to provide economic hedges for parts of the Group's exposure to currency and interest rate risk.

Derivatives that are designated as hedging instruments for cash flow hedges are measured at fair value over Other comprehensive income as long as the hedge meets IFRS 9 hedge criteria. The Group does not designate any derivatives as fair value hedges.

For any derivative instrument that is not designated as a hedging instrument, the change in the fair value for currency derivatives is recognised in "other (losses)/gains net".

2.13 Inventories and cost of goods sold
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods available for sale comprises the direct costs (purchase price), import duties and freight as well as the hedging reserve. A significant part of the inventory purchases are denominated in USD and hedged to Norwegian kroner with currency derivatives designated as cash flow hedges. The hedged kroner rate is the inventory purchase price for inventory purchases in USD. Cost of goods sold is determined using a ccombination of specific identification and weighted-average costing. Cost of goods sold also includes a provision for obsolesence and lost goods.

2.14 Cash and cash equivalents
In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. As of year-end 2017 and 2016 the Group did not have any outstanding bank overdrafts.

Cash is initially recognised at fair value and subsequently measured at amortised cost.

2.15 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.

2.16 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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.

2.17 Liabilities from financial institutions
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 and commission costs paid on the establishment and maintenance of short-term bank borrowing facilities are recognised as bank transaction costs in the accounting period when the costs are paid. These costs are not amortised and deferred as the loans are usually re-paid within a few months.

2.18 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 23% which will take effect from 2018.

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

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

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

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

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

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

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

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

2.21 Interest income
Interest income arises primarily from interest received on short-term bank deposits, and is recognised as earned.

2.22 Leases

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

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

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

2.23 Dividend distribution

Dividend distributions to the shareholders is recognised as a liability in the Group financial statements in the period in which the dividends are approved by the shareholders at the annual shareholder meeting.

2.24 Employee benefits

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

(a) Pension obligations

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

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

2.25 New standards disclousre for KID ASA financial statements YE 2017

Standards and amendments adopted as of 1 January 2017

From 1 January 2017 there are several new standards and amendments that are effective for the current reporting period, but none of these have had a material impact for the 2017 group financial statements. The most relevant of the new standards applied as of 1 January 2017 are:

- Amendment to IAS 12 - Recognituion of Deferred Tax Assets for unrealized Losses
- Amendments to IAS 7 - Disclosure Initiative

The group also elected to adopt the following standard early:

- IFRS 9 - Financial Instruments (adopted as of 01.01.2015)

Accounting standards and interpretations issued, but not yet adopted as of 31 December 2017.

Standards to be implemented in 2017 or later years

As of 31 December 2017 the following standards, interpretations and amendments have been issued but were not yet mandatory for annual reporting periods ending 31 December 2017:

- IFRS 15 Revenue from Contracts with Customers, and associated amendments to other standards
- IFRS 16 Leases

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue, IFRS 15 Revenue from Contracts with Customers, with an effective date of 1 January 2018. IFRS 15 has been approved by the EU and earlier application is permitted. IFRS 15 replaces IAS 18 Revenue which covers contracts for goods and services and IAS 11 Construction Contracts. IFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. This concept of control replaces the existing IAS 18 notion of risks and rewards, and is a broader concept that includes the transfer of risk and reward as one of the control criteria.

IFRS 15 requires that a five-step process be used to evaluate all customer contracts to determine revenue recognition and measurement. The five steps are:

1. identify contracts with customers,
2. identify the separate performance obligations,
3. determine the transaction price of the contract,
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied.

Currently, revenues from the sale of goods are recognised when delivery has occurred, and the associated risk and control has been transferred to the customer. A significant amount of group sales are point in time sales with immediate delivery of the goods and receipt of payment from the customer, when the transaction occurs in the KID retail stores. The group also has internet sales to both private individuals and businesses, and revenue is recognised for these sales at the date of delivery of the goods. The group sells gift cards and currently recognizes revenue on the expired cards at the date of expiration. IFRS 15 requires revenue recognition of expired gift cards based on an estimation model over the time period of the gift card, which will give earlier recognition as compared to today's accounting principle. The change in the timing of expired gift card revenue upon adopting IFRS 15 is not expected to have a material effect on the financial statements.

IFRS 15 permits entities to apply the guidance retrospectively, which means restating and disclosing 2017 comparative financial statements upon adoption (full retrospective approach). Alternatively, an entity is permitted to recognize the cumulative effect of initially applying the guidance as an opening balance sheet adjustment to equity in the period of initial application (modified approach, and 2017 is not restated). The group will adopt IFRS 15 as of 1 January 2018 using the full retrospective approach. The implementation of IFRS 15 will not have an material effect on total reported revenues, expenses, assets or liabilities, but can increase the level of disclosures related to revenue.

IFRS 16 Leases

IFRS 16 was approved by the IASB in January 2016 and will replace IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 was approved by EU during 2017 and must be adopted no later than 1 January 2019. It is possible to early adopt, if the group also adopts IFRS 15 Revenue from Contracts with Customers at the same time. The group will not early adopt IFRS 16.

The group will implement IFRS 16 from 1.1.2019 by applying the modified retrospective approach. At the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019.

The group rent facilities for all stores and the central warehouse, which is the main source of arrangements recognized as lease agreements under IFRS16. The rental agreements define a store or warehouse premises as the lease object in exchange for a defined lease payment. Only fixed rental costs are considered as an obligation under the IFRS 16 definition, while marketing contributions and common operation costs at shopping centres are considered to be outside of the scope. The lease agreements are considered to have a duration equal to the expiration date of the rental contract with the addition of any extension options that are likely to be used. As the agreements do not contain an implicit interest rate, the valuation of the lease agreements will be based on an incremental borrowing rate.

The group have analysed the effects of IFRS 16 under the hypothetical assumption that it was implemented on 1.1.2018 by using the modified retrospective approach. The effects represent changes from the accounting principles applied in the annual report for 2017. The analysis is based on an incremental borrowing rate in the range of 2.7% - 5.0% and indicates an expected lease asset and lease liability at the time of application in the range of MNOK 700 – 1,000. The effects on profit and loss in the first year after implementation are expected to be a reduction in operating costs in the range of MNOK 115 – 160, an increase in depreciation in the range of MNOK 104 – 145 and an increase of interest expenses in the range of MNOK 19 – 26. Based on this, the total effect on profit before tax one year after implementation is a decrease in the range of MNOK 8 – 11.

Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised losses
Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

The amendments to IAS 12 has been adopted as of 1 January 2017 without material effect on the group financial statements.

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative
The amendment to IAS 7 now requires entities in their annual reporting to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

The amendments to IAS 7 has been adopted as of 1 January 2017 and the new disclosures, as relevant, are provided in the 2017 annual report.

There are no other IFRSs or IFRIC interpretations issued by the IASB as of 31 December 2017 that are not yet effective that would be expected to have a material impact on the Group.

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 cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. The company applies hedge accounting in accordance with IFRS 9.

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

(a) Market risk

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

The board has approved a hedging policy to hedge 100% of anticipated cash flows (highly probable purchase of goods) in USD for the subsequent 4 to 7 months. Management may not deviate from the policy. At 31. December 2017, the group had future contracts for 100% of the anticipated USD cashflow for a period of 6 months. The Group has adopted IFRS 9 and uses hedge accounting, see note 23 for further information.

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

At 31st December 2017	+10% change	-10% change
Effect on OCI (FX derivatives)	15,424	-15,424
At 31st December 2016		
Effect on OCI (FX derivatives)	16,070	-16,070

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

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

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

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed loan facilities (note 17) 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 cash flows.

At 31 December 2017	Less than 1 year	Between 1 and 5 years
Borrowings (ex finance lease liabilities)	-	425,000
Finance lease liabilities	1,560	2,873
Trade and other payables	248,390	-
	249,950	**427,873**

At 31 December 2016		
Borrowings (ex finance lease liabilities)	-	525,000
Finance lease liabilities	332	1,212
Trade and other payables	223,706	-
	224,038	**526,212**

Loans consist of a long term loan to DnB (note 17). The loan of TNOK 425 000 is due in its entirety May 2020.

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

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

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

The company has had a strategic focus to reduced long term borrowings and reach and maintain a sustainable quarterly gearing ratio below 2,5. The gearing ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
Total borrowings (note 17)	425,000	525,000
Less: cash and cash equivalents (note 15)	(130,071)	(291,852)
Net interest bearing debt debt	294,929	233,148
EBITDA	214,528	201,063
Gearing ratio	**1.37**	**1.16**

For more information about covenant-limits, refer note 17.

EBITDA (earnings before interest, tax, depreciation and amortisation) is operating profit excluding depreciation and amortizaton. Gearing ratio is net interest bearing debt devided on EBITDA.

3.3 Fair value estimation

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

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

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2017.

Assets	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Derivatives at fair value				
– Foreign currency derivative contracts		4,180		4,180
Total liabilities	**-**	**4,180**	**-**	**4,180**

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2016.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives				
– Currency future contracts		8,372		8,372
Total assets	**-**	**8,372**	**-**	**8,372**

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

(a) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The group has no such instruments at 31 December 2017 or 31 December 2016.

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

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

(c) Financial instruments in level 3
All other financial instruments measured at fair value are included in level 3. The group has no such instruments at 31 December 2017.

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

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

Estimated impairment of trademark
The Group tests annually whether the Group's trademark has suffered any impairment in accordance with IAS 36. The recoverable amounts of the defined cash-generating unit have been determined based on value-in-use calculations. These calculations require use of estimates. The imairment test is sensitive for negative changes in long-term growth or gross margin.
See note 12 – Intangible assets for more information.

4.2 Critical judgements in applying the entity's accounting policies

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

Note 5 Employee remuneration and audit fees

5a Employee benefit expense

	2017	2016
Wages and salaries	256,804	246,002
Social security costs	35,519	31,918
Board remuneration	1,505	898
Pension costs - defined benefit plans (note 21)	4,777	4,254
Other benefits	7,866	6,475
Total employee benefit expense	**306,471**	**289,547**
Average number of employees	456	439

There has not been any loans to employees or guarantees granted to employees for either 2016 or 2017.

5b Benefits key management personnel and board of directors

Cash paid benefits

		2017				
Key Management Personnel	**Position**	**Salary**	**Pension**	**Bonus**	**Other Benefits**	**Total**
Kjersti Hobøl	CEO	2,968	34	1,086	215	4,303
Petter Schouw-Hansen	CFO	1,973	34	690	178	2,875
Robert Steen	Logistics Director	1,179	34	470	257	1,940
Board of Directors						
Henrik Schüssler	Chairman of the Board				265	265
Karin Bing Orgland	Board Member				215	215
Bjørn Rune Gjelsten	Board Member				175	175
Vilde Falck-Ytter	Board Member				175	175
Pål Frimann Clausen	Board Member				215	215
Nomination committee						
Jostein Devold	Nomination committee				30	30
Sten Arthur Sælør	Nomination committee				30	30
		6,120	102	2,246	1,755	10,223

Key Management Personnel	Position	Salary	Pension	Bonus	Other Benefits	Total
				2016		
Kjersti Hobøl	CEO	2,391	31	4,839	216	7,477
Petter Schouw-Hansen	CFO	1,530	31	2,420	189	4,170
Robert Steen	Logistics Director	1,150	31	907	256	2,345
Board of Directors						
Henrik Schüssler	Chairman of the Board				105	105
Karin Bing Orgland	Board Member				105	105
Bjørn Rune Gjelsten	Board Member				75	75
Vilde Falck-Ytter	Board Member				75	75
Pål Frimann Clausen	Board Member				72	72
Nomination committee						
Jostein Devold	Nomination committee				15	15
Sten Arthur Sælør	Nomination committee				15	15
		5,071	**94**	**8,166**	**1,123**	**14,454**

There has not been any loans or guarantees granted to key management personnel for either 2016 or 2017. CEO and CFO have 6 months salary as termination benefit. There are no share based payments.

5c Audit fees

	2017	2016
Statutory audit (incl. preparation of financial statements)	587	592
Other assurance services	8	8
Tax related services (incl. preparation of income tax form)	36	38
Other services (quarterly reports and new IFRS standards)	388	53
Total fees	**1,019**	**691**

Note 6
Finance income and costs

	2017	2016
Finance costs		
Bank borrowings	11,363	11,786
Bank transaction costs	1,856	1,855
Other finance costs	261	38
Total finance costs	**13,480**	**13,678**
Finance income		
Interest income on short-term bank deposits	786	833
Other finance income	35	175
Total finance income	**821**	**1,008**
Net finance costs	**-12,659**	**-12,670**

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

Note 7
Investments in subsidaries

The group had the following subsidiaries at 31 December 2017:

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

All subsidiary undertakings are included in the consolidation.

The spesification above were identical at year end 2016.

Note 8
Income tax expense

	2017	2016
Current tax		
Current tax on profits for the year	40,415	40,849
Total current tax	**40,415**	**40,849**
Deferred tax (note 20)		
Origination and reversal of temporary differences	-1,217	-4,009
Correction of tax on direct capitalized differences included in the calculation of deferred taxes	1,055	3,171
Changes in deferred tax due to changes in tax rate	-14,547	-14,598
Income tax expense	**25,705**	**25,413**

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

	2017	2016
Profit before tax	**167,030**	**159,440**
Tax calculated at domestic tax rate applicable to profits	40,087	39,860
Tax effects of:		
Expenses not deductible for tax purposes/(Income not subject to tax)	123	67
Changes in deferred tax due to changes in tax rate	-14,547	-14,598
Other	42	83
Income tax expense	**25,705**	**25,413**
Tax charge in percent of profit before tax	15 %	16 %

Tax charge in percent of profit before tax was 15 % in 2017 (16 % in 2016). The decrease in tax charge in percent between 2017 and 2016 came as a result of the change in the corporation tax rate from 25% to 24% that was changed by law in 2016 and became effective from 1 January 2017. The relevant deferred tax balances have been re-measured consequently.

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

	2017		
	Before tax	Tax charge	After tax
Forward currency derivative contracts	-9,420	2,284	-7,136
Other comprehensive income	**-9,420**	**2,284**	**-7,136**

	2016		
	Before tax	Tax charge	After tax
Forward currency derivative contracts	-212	137	-75
Other comprehensive income	**-212**	**137**	**-75**

Note 9
Earnings per share

There exists only one class of shares.

	2017	2016
Weighted average number of shares	40,645,162	40,645,162
Net profit for the year	141,325	134,027
Earnings per share (basic and diluted) (Expressed in NOK per share)	**3.48**	**3.30**

Note 10
Property, plant and equipment

	Facilities under construction	Leased movables	Leased shop fitting	Fixtures	Total
Year ended 31 December 2017					
Opening net book amount	3,634	93	1,403	83,363	88,492
Additions	-	-	3,756	32,904	36,660
Reclassifications	(443)	-	-	609	166
Depreciation charge	-	-38	-685	-32,699	-33,422
Closing net book amount	**3,191**	**54**	**4,474**	**84,177**	**91,896**
At 31 December 2017					
Cost or valuation	3,191	230	73,251	345,061	421,733
Accumulated depreciation	0	-176	-68,777	-260,884	-329,837
Net book amount	**3,191**	**54**	**4,474**	**84,177**	**91,896**
Year ended 31 December 2016					
Opening net book amount	1,792	131	579	83,576	86,077
Additions	1,842	-	1,356	27,477	30,675
Depreciation charge	-	-38	-532	-27,690	-28,260
Closing net book amount	**3,634**	**93**	**1,403**	**83,363**	**88,492**
At 31 December 2016					
Cost or valuation	3,634	230	69,496	311,549	384,909
Accumulated depreciation	0	-138	-68,093	-228,187	-296,417
Net book amount	**3,634**	**93**	**1,403**	**83,363**	**88,492**

Disposals for fixtures in 2017 includes accumulated depreciation for the items and are therefore presented as net value of 0 (2016: 0).

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

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

Note 11
Intangible assets

Cost	Store lease rights	Time-limited tenancy right	Software	Trademark	Total
At 1 January 2016	-	3,550	11,500	1,459,585	1,474,635
Additions	-	-	4,131	-	4,131
As at 31 December 2016	**-**	**3,550**	**15,631**	**1,459,585**	**1,478,766**
At 1 January 2017		3,550	15,631	1,459,585	1,478,766
Additions	9,500	-	748	-	10,248
As at 31 December 2017	**9,500**	**3,550**	**16,379**	**1,459,585**	**1,489,014**
Accumulated amortisation and impairment					
At 1 January 2016	-	-3,550	-11,500	-	-15,050
Amortisation charge	-	-	-693	-	-693
As at 31 December 2016	**-**	**-3,550**	**-12,193**	**-**	**-15,743**
At 1 January 2017	-	-3,550	-12,193	-	-15,743
Amortisation charge	-1,077	-	-1,417	-	-2,494
As at 31 December 2017	**-1,077**	**-3,550**	**-13,610**	**-**	**-18,237**
Net book value					
Cost	-	3,550	15,631	1,459,585	1,478,766
Accumulated amortisation and impairment	-	-3,550	-12,193	-	-15,743
As at 31 December 2016	**-**	**-**	**3,438**	**1,459,585**	**1,463,023**
Cost	9,500	3,550	16,379	1,459,585	1,489,014
Accumulated amortisation and impairment	-1,077	-3,550	-13,610	0	-18,237
As at 31 December 2017	**8,423**	**-**	**2,769**	**1,459,585**	**1,470,777**
Useful life	**5 years**	**9-10 years**	**4-7 years**	**Indefinite**	

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

Impairment tests for trademark
The group tests whether 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 cash flow projections based on financial budgets approved by board covering a five-year period. Cash flows 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:	2017	2016
Sales volume (% annual growth rate)	2.5	2.5
Gross margin (%)	60.8	60.8
Other operating costs (%)	44.7	45.2
Annual capital expenditure (%)	2.3	2.0
Long term growth rate (%)	1.0	1.0
Discount rate after tax (%)	**7.6**	**8.2**

The recoverable amount of the trademark is estimated to be MNOK 2645 (2016 – MNOK 2151). This exceeds the carrying amount of the trademark at 31 December 2017 by MNOK 979 (2016 – MNOK 539).

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

	2017		2016	
	From	To	From	To
Sales volume (% annual growth rate)	2.5	-0.2	2.5	0.7
Budgeted gross margin (%)	60.8	55.3	60.8	57.3
Long-term growth rate (%)	1.0	-6.0	1.0	-2.9
Discount rate after tax (%)	7.6	11.6	8.2	10.7

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 12
Financial instruments

12.1 Financial instruments by category

	31 December 2017		
	Financial assets at amortised cost	Financial assets (cash flow hedge derivatives) at fair value over OCI	Total
Assets as per balance sheet			
Trade receivables	3,500	-	3,500
Cash and bank deposits	130,071	-	130,071
Total	**133,570**	**0**	**133,570**

		Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet			
Derivative financial instruments	-	4,180	4,180
Liabilities to financial institutions (excluding finance lease liabilities)	-	425,000	425,000
Finance lease liabilities	-	4,433	4,433
Trade creditors	-	147,832	147,832
Total		**581,445**	**581,445**

	31 December 2016		
	Financial assets at amortised cost	Financial assets (cash flow hedge derivatives) at fair value over OCI	Total
Assets as per balance sheet			
Derivative financial instruments	-	8,372	8,372
Trade receivables	2,527	-	2,527
Cash and bank deposits	291,852	-	291,852
Total	**294,379**	**8,372**	**302,751**

		Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet			
Derivative financial instruments	-	-	0
Liabilities to financial institutions (excluding finance lease liabilities)	-	525,000	525,000
Finance lease liabilities	-	1,544	1,544
Trade creditors	-	121,355	121,355
Total		**647,899**	**647,899**

Note 13
Trade receivables

Trade receivables
The carrying amounts of the Group's trade and other receivables are entirely denominated in NOK.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. The Group has not pledged any of the trade receivables as collateral or security. Management has evaluated the trade receivables credit risk to be insignificant and the trade receivables are recognised in the financial statements at full face value.

Other receivables
Other receivables consists mainly of prepayments for operating expenses and rental payments for retail locations.

Note 14
Inventories

	2017	2016
Inventory at purchase cost	296,457	234,124
Inventory at fair value less cost to sell	340	205
Adjustment to inventory from cash flow hedges	5,200	-12,139
Inventories	**301,997**	**222,190**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to 547 627 (2016: 515 299). Cost of goods sold also includes write-downs of inventory during the year as shown in the table below.

Recognized loss on inventories

	2017	2016
Lost goods	9,612	9,994
Change in provision for obsolescence	134	42
Recognized loss on inventories in cost of goods sold	**9,747**	**10,036**

Note 15
Cash and cash equivalents

	2017	2016
Cash in bank and in hand	124,881	287,674
Short-term bank overnight deposits	5,190	4,178
Cash and cash equivalents (excluding bank overdrafts)	**130,071**	**291,852**

The Group does not have any restricted cash bank accounts. See note 18 for further information.

Note 16
Share capital and premium

Share capital (all amounts in NOK)

	Number of shares	Ordinary shares	Face value	Total face value
At 31 December 2016	40,645,162	40,645,162	1.2	48,774,194
At 31 December 2017	40,645,162	40,645,162	1.2	48,774,194

The company was listed on the Oslo Stock Exchange in November 2015, and per 31.12.2017 the top 20 shareholders are the following:

	31 December 2017		31 December 2016	
	# Shares	Ownership	# Shares	Ownership
Gjelsten Holding AS	14,879,309	36.6 %	14,879,309	36.6 %
Pareto Aksje Norge	2,077,869	5.1 %	2,200,000	5.4 %
Verdipapirfondet Alfred Berg Gamba	1,908,883	4.7 %	-	0.0 %
Verdipapirfondet Pareto Investment	1,801,000	4.4 %	1,841,000	4.5 %
Banque De Luxembourg S.A.	1,128,717	2.8 %	853,717	2.1 %
Goldman Sachs International	1,097,859	2.7 %	1,150,000	2.8 %
Stenshagen Invest AS	963,245	2.4 %	-	0.0 %
Storebrand Verdi Verdipapirfond	907,654	2.2 %	1,048,149	2.6 %
Anaxo Capital AS	789,889	1.9 %	-	0.0 %
Verdipapirfondet Delphi Norge	752,412	1.9 %	565,000	1.4 %
Midelfart Invest AS	643,000	1.6 %	820,000	2.0 %
VPF Nordea Kapital	613,543	1.5 %	610,100	1.5 %
Forsvarets Personellservice	575,000	1.4 %	575,000	1.4 %
VJ Invest As	534,357	1.3 %	607,798	1.5 %
N-Ucit Nordea Private Bk No Ak Pt	493,451	1.2 %	314,919	0.8 %
Eika Norge	485,000	1.2 %	485,000	1.2 %
VPF Nordea Avkastning	462,503	1.1 %	409,503	1.0 %
Salt Value AS	408,679	1.0 %	-	0.0 %
VPF Nordea Norge Verdi	406,055	1.0 %	256,055	0.6 %
Verdipapirfondet DNB SMB	402,452	1.0 %	689,149	1.7 %

Key Management Personnel Share holdings	31.12.2017	31.12.2016
Kjersti Hobøl	64,516	64,516
Petter Schouw-Hansen	32,258	32,258
Robert Steen	-	8,064
Stian Brandhagen	3,225	3,225
Board of Directors		
Henrik Schüssler (100% Fireh AS)	32,258	32,258
Karin Bing Orgland	32,629	32,629
Bjørn Rune Gjelsten (100% of Gjelsten Holding AS)	14,879,309	14,879,309
Vilde Falck-Ytter	6,451	6,451
Pål Frimann Clausen	8,064	8,064
Nomination committee		
Jostein Devold	-	-
Sten Arthur Sælør	-	-

Note 17
Liabilities to financial institutions

	2017	2016
Long term		
Bank loans	425,000	525,000
Finance lease liabilities	2,873	1,212
Total long term liabilities to financial institutions	**427,873**	**526,212**
Short term		
Bank loans	0	0
Finance lease liabilities	1,560	332
Total short term liabilities to financial institutions	**1,560**	**332**
Total liabilities to financial institutions	**429,433**	**526,544**

(a) Bank loans
Bank loans mature until May 2020 and bear an average interest rate of 2,2% annually (2016: 2,1%).

Total loans include secured liabilities (bank and collateralised loans) of TNOK 525 000 (2016: TNOK 525 000). Effective from May 2017, TNOK 100 000 of the long term loan was converted to a short term flexible credit facility and TNOK 425 000 remain as long term bank loan. The short term facility is used during the year, but not at year end. The Bank loans are secured by 100% of the shares in Kid Interiør AS.

The bank overdraft are secured by inventory, trade reciviables, property, plant and equipment, 100% of the shares in Kid Logistikk AS and the rental agreement related to the HQ in Drammen. As of year end 2017 and 2016 the bank overdraft was not utilized, and therefore none of the assets were pledged as collateral.

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

	2017	2016
6 months or less	780	166
6-12 months	780	166
1-5 years	427,873	526,212
Total liabilities to financial institutions	**429,433**	**526,544**

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

	2017	2016
Bank loans	425,000	525,000
Finance lease liabilities	4,433	1,544
Total carrying amount of liabilities to financial institutions	**429,433**	**526,544**

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

The carrying amounts of the Group's loans are denominated in the following currencies:

	2017	2016
NOK	429,433	526,544
Other currencies	-	-
Total	**429,433**	**526,544**

The group has the following granted loan facilities:

	2017	2016
Unused bank overdraft	100,000	100,000
Employee tax guarantee	10,000	10,000
Letter of credit limit	65,000	65,000
Bank guarantee limit	12,000	12,000
Total	**187,000**	**187,000**

The following covenants are regulated by contract:

	Interval	Limit 2017	Limit 2016
Gearing ratio (NIBD/EBITDA)	annually	3.00	3.00
Interest coverage ratio	quarterly	N/A	2.33
CAPEX YTD	annually	40.00	50.00
EBITDA LTM	quarterly	135.00	122.72

The Group has been compliant with covenants at all intervals.

(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. See note 22 for operating lease payments.

The estimated total cash outflows in connection with the finance lease liabilities are as follows:

	2017	2016
within 1 year	1,560	332
1 year to no later than 5 years	2,873	1,212
Total	**4,433**	**1,544**

Note 18
Other expenses

	2017	2016
Rental costs for shops and storage	187,266	168,421
Advertising and other marketing costs	65,271	66,067
Other expenses	61,179	55,139
Total other expenses	**313,716**	**289,627**

Note 19
Deferred income tax

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

	2017	2016
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	0	0
- Deferred tax assets to be recovered within 12 months	1,448	1,328
	1,448	**1,328**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	-335,049	-349,665
- Deferred tax liability to be recovered within 12 months	-983	-2,012
	-336,032	**-351,677**
Deferred tax liabilities (net)	**-334,585**	**-350,349**

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 (-)	2017	Movement	2016	Movement	2015
Tangible and intangible assets	-1,456,369	-111	-1,456,480	-355	-1,456,835
Trade receivables	25	0	25	0	25
USD Bank account	17	-27	-10	-6,517	-6,527
Inventories	5,146	-1,072	4,074	-2,888	1,186
Financial lease	-95	144	48	3	51
Deferred gain - sale of fixed assets	-367	-92	-458	-115	-573
Provisions	1,106	280	1,386	-331	1,055
Forward currency contracts	-4,180	-4,192	-8,372	-5,834	(14,206)
Interest rate swap		-	-	0	0
Sum temporary differences	**-1,454,717**	**-5,071**	**-1,459,788**	**-16,037**	**-1,475,825**
Basis for deferred tax	-1,454,717	-5,071	-1,459,788	-16,037	-1,475,825
Tax rate	23 %	24 %	24 %	25 %	25 %
Deferred tax in the balance sheet	**-334,585**	**-1,217**	**-350,349**	**-4,009**	**-368,956**
Tax effect of change in tax rate*		-14,547		-14,598	
Net change deferred tax in income tax expense		**-15,764**		**-18,607**	

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

* From 2018 the tax rate in Norway was reduced from 24% til 23%, and from 2017 the tax rate was reduced from 25% to 24%. The movement in the deferred taxes related to the change in tax rates is primarily due to the book value of the trademark as compared to the tax basis of zero.

Note 20
Post-employment benefits

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

Income statement charge included in operating profit for:	2017	2016
Pensions earned this year - the group pension scheme	4,001	3,461
Pensions earned this year - the agreed early retirement scheme (AFP)	776	793
Social security fees	674	600
Net pension expenses	**5,451**	**4,854**

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.

20.1 AFP scheme

The subsidiary Kid Logistikk AS and 12 of our stores have an agreed early retirement scheme (AFP). The AFP-scheme, in force from 1st of January 2011, is a defined benefit multi-enterprice 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 cost, pension liability and pension funds in the scheme. The companys liabilities are therefore not recognised as debt in the balance sheet.

As of 31 December 2017, the deposit fund amounts to TNOK 3 (2016: 5), and the members pension capital is TNOK 22 764 (2016: 19 838).

Note 21
Commitments

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

	2017	2016
No later than 1 year	146,330	168,545
Later than 1 year and no later than 5 years	387,021	405,333
Later than 5 years	179,191	184,141
Total	**712,542**	**758,020**

Operating lease expense

	2017	2016
Lease expense for the year consists of:		
Minimumrent	145,324	127,875
Rent based on turnover	5,195	7,915
Joint costs	34,907	31,697
Other storage costs	763	934
Depreciation of tenancy rights	1,077	0
Total	**187,266**	**168,421**

	2017	2016
Lease expense by category of asset:		
Office rentals	2,197	2,320
Storage facilities	13,555	10,359
Rental outlets	170,437	155,742
Depreciation of tenancy rights	1,077	
Totalt	**187,266**	**168,421**

	2017	2016
Number of lease contracts	140	135
Right to renewal of lease contract	63	54
Percentage of lease contracts with option to renewal	45 %	40 %

Note 22
Related parties

The Group's related parties include it associates, key management, members of the board and majority shareholders.The largest shareholder is Gjelsten Holding AS which owns 36.6 % of the company's shares and is defined as a related party in accordance with IAS 24.

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

Lease agreements	2017	2016
Gilhus Invest AS (Headquarter rental)*	16,674	12,939
Vågsgaten Handel AS with subsidiaries (Store rental)	1,272	1,222
Bekkestua Eiendomsutvikling AS**		545
Total	**17,946**	**14,706**

* Gjelsten Holding AS was the ultimate parent for the company until December 2017.
** Gjelsten Holding AS was the ultimate parent for the company until December 2016.

Note 23
Reconciliation of other reserves

Cash flow hedge reserve
The company uses hedging instruments as part of its mangement of foreign currency risk associated with its highly probable inventory purchases. These include foreign currency forward contracts which are designated in the cash flow hedge relationships. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. The cash flow hedge reserve is transferred to the initial cost of the related inventory when the inventory is recognised.

Opening balance 01.01.2016	15,549
Add: Cost of hedging deferred for the year	-212
Less: Reclassified to the carrying amount of inventory	-12,139
Less: Deferred tax	3,171
Closing balance 31.12.2016	**6,370**

Opening balance 01.01.2017	6,370
Add: Cost of hedging deferred for the year	-9,420
Less: Reclassified to the carrying amount of inventory	5,200
Less: Deferred tax	1,055
Closing balance 31.12.2017	**3,205**

Note 24
Net debt reconciliation

The below table sets out an overview over net debt.

	2017	2016
Cash and cash equivalents	130,071	291,852
Borrowings - repayable within one year (including overdraft)	-1,560	-332
Borrowings - repayable after one year	-427,873	-526,212
Net debt	**-299,363**	**-234,693**
Cash and liquid investments	130,071	291,852
Gross debt - fixed interest rates	0	0
Gross debt - variable interest rates	-429,433	-526,544
Net debt	**-299,363**	**-234,693**

	Cash/ bank over-draft	Finance leases due within 1 year	Finance leases due after 1 year	Borrow. due within 1 year	Borrow. due after 1 year	Total
Net debt as at 1 January 2016	**230,373**	**-512**	**-249**	**0**	**-525,000**	**-295,388**
Cash flows	64,307					64,307
Acquisitions - finance leases and lease incentives		180	-963			-783
Foreign exchange adjustments	-2,829					-2,829
Other non-cash movements						0
Net debt as at 31 December 2016	**291,852**	**-332**	**-1,212**	**0**	**-525,000**	**-234,693**
Cash flows	-162,491			0	100,000	-62,491
Acquisitions - finance leases and lease incentives		-1,228	-1,661			-2,889
Foreign exchange adjustments	710					710
Other non-cash movements						0
Net debt as at 31 December 2017	**130,071**	**-1,560**	**-2,873**	**0**	**-425,000**	**-299,363**

FINANCIAL STATEMENTS KID ASA 2017

CONTENTS

KID ASA - STATEMENT OF INCOME

(All amounts in NOK 1000 unless otherwise stated)

	Note	2017	2016
Payroll expenses	7	1,505	898
Other operating expenses	7	1,453	1,060
Total operating expenses		**2,957**	**1,959**
Operating profit		**-2,957**	**-1,959**
Income from subsidiaries and associated companies	3	180,766	175,252
Interest income from group entities		1,334	984
Other interest income		209	285
Other Interest expenses	8	-10,823	-11,072
Other financial expenses		-204	-90
Profit before tax		**168,324**	**163,400**
Tax on ordinary result	6	40,415	40,849
Net profit or loss for the year		**127,909**	**122,551**
Profit attributable to:			
Allocated dividend		52,839	81,290
To other equity		75,070	41,261
Total allocation		**127,909**	**122,551**

Notes 1 to 10 are an integral part of these financial statements

KID ASA - BALANCE SHEET

ASSETS

(All amounts in NOK 1000 unless otherwise stated)

	Note	2017	2016
FIXED ASSETS			
Financial fixed assets			
Investments in subsidiaries	1, 2	1,204,158	1,144,158
Total financial fixed assets		**1,204,158**	**1,144,158**
Total fixed assets		**1,204,158**	**1,144,158**
CURRENT ASSETS			
Debtors			
Other receivables	3	120,952	175,281
Total debtors		**120,952**	**175,281**
Cash and bank deposits		111,732	213,179
Total current assets		**232,684**	**388,460**
TOTAL ASSETS		**1,436,842**	**1,532,618**

KID ASA - BALANCE SHEET

EQUITY AND LIABILITIES

(All amounts in NOK 1000 unless otherwise stated)

	Note	2017	2016
Restricted equity			
Share capital	5	48,774	48,774
Share premium reserve		321,049	321,049
Other paid-in equity		64,617	64,617
Total restricted equity		**434,440**	**434,440**
Retained earnings			
Other equity		482,212	447,787
Total retained earnings		**482,212**	**447,787**
TOTAL EQUITY	4	**916,652**	**882,227**
Other long-term liabilities			
Liabilities to financial institutions	2	425,000	525,000
Total of other long term liabilities		**425,000**	**525,000**
Current liabilities			
Trade creditors		200	4
Tax payable	6	40,415	40,849
Dividends		52,839	81,290
Other short term liabilities		1,736	3,248
Total short term liabilities		**95,189**	**125,391**
TOTAL LIABILITIES		**520,189**	**650,391**
TOTAL EQUITY AND LIABILITIES		**1,436,842**	**1,532,618**

Notes 1 to 10 are an integral part of these financial statements

Lier, 17 April 2018

The board of directors, Kid ASA

Henrik Schüssler Chairman	Bjørn Rune Gjelsten Board member	Pål Frimann Clausen Board member
Vilde Falck-Ytter Board member	Karin Bing Orgland Board member	Kjersti Helen Krokeide Hobøl Chief Executive Officer

KID ASA - CASH FLOW STATEMENT

(All amounts in NOK 1000 unless otherwise stated)

	Note	2017	2016
CASH FLOW FROM OPERATIONS			
Profit before income taxes		168,324	163,401
Taxes paid in the period	6, 4	-40,849	-21,739
Change in trade creditors		196	-1,583
Change in other provisions		-7,183	435
Net cash flow from operations		**120,488**	**140,514**
CASH FLOW FROM FINANCING			
Payment of group debt	3	0	-28,788
Proceeds from short/long term loans	4	-100,000	-11,331
Payment of dividend		-121,935	-60,968
Net cash flow from financing		**-221,935**	**-101,087**
Net change in cash and cash equivalents		**-101,447**	**39,427**
Exchange gains/(losses) on cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the period		213,179	173,752
Cash and cash equivalents at the end of the period		**111,732**	**213,179**

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 carryforward 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%	66,890	128,481	1,204,158
Balance sheet value 31.12.17					1,204,158

Note 2
Debtors and liabilities

	2017	2016
Liabilities to credit institutions	0	0
Other long-term liabilities	0	0
Total	**0**	**0**
Liabilities secured by mortgage	**425,000**	**525,000**
Balance sheet value of assets placed as security:		
Shares	1,204,158	1,144,158
Intangible assets	0	0
Fixed assets	0	0
Inventory	0	0
Trade debtors	0	0
Total	1,204,158	1,144,158

Note 3
Balance with group companies, etc.

	Other short-term liabilities		Other debtors	
	2017	2016	2017	2016
Group companies	0	0	120,766	175,252
Total	**0**	**0**	**120,766**	**175,252**

Note 4
Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.17	48,774	321,049	64,617	447,787	882,227
Profit for the year				127,909	127,909
Tilleggsutbytte				-40,645	-40,645
Avsatt utbytte				-52,839	-52,839
Equity 31.12.17	**48,774**	**321,049**	**64,617**	**482,212**	**916,652**

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 31.12.17 was:

Shareholder	Ownership
Gjelsten Holding AS	36.6 %
Pareto Aksje Norge	5.1 %
Verdipapirfondet Alfred Berg Gamba	4.7 %
Verdipapirfondet Pareto Investment	4.4 %
Banque De Luxembourg S.A.	2.8 %
Goldman Sachs International	2.7 %
Stenshagen Invest AS	2.4 %
Storebrand Verdi Verdipapirfond	2.2 %
Anaxo Capital AS	1.9 %
Verdipapirfondet Delphi Norge	1.9 %
Midelfart Invest AS	1.6 %
VPF Nordea Kapital	1.5 %
Forsvarets Personellservice	1.4 %
VJ Invest As	1.3 %
N-Ucit Nordea Private Bk No Ak Pt	1.2 %
Eika Norge	1.2 %
VPF Nordea Avkastning	1.1 %
Salt Value AS	1.0 %
VPF Nordea Norge Verdi	1.0 %
Verdipapirfondet DNB SMB	1.0 %

Note 6
Taxes

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

	2017	2016
Result before taxes	168,324	163,400
Permanent differences	72	0
Basis for the tax expense for the year	168,396	16,340
Change in temporary differences	0	0
Basis for payable taxes in the income statement	**168,396**	**163,400**
+/- Group contributions received/given	0	0
Taxable income (basis for payable taxes in the balance sheet)	**168,396**	**163,400**

Components of the income tax expenses

	2017	2016
Tax rate	24%	25%
Payable tax on this year's result	40,415	40,849
Tax effect of transaction costs related to primary issue of shares		0
Total payable tax	40,415	40,849
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	**40,415**	**40,849**
Tax expense as a percentage of profit before tax	24%	25%
Payable taxes in the balance sheet		
Payable tax in the tax charge	40,415	40,849
Tax effect of group contribution	0	0
Payable tax in the balance sheet	**40,415**	**40,849**

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

Payroll expenses

	2017	2016
Salaries/wages	0	0
Social security fees	0	0
Board remuneration	1,505	898
Pension expenses	0	0
Other remuneration	0	0
Total	**1,505**	**898**

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

	2017	2016
Statutory audit (incl. technical assistance with financial statements)	226	299
Other assurance services	0	0
Tax advisory fee (incl. technical assistance with tax return)	0	0
Other assistance (IFRS conversion, assistance with supplementary prospectus and Q3 report)	373	0
Total audit fees	**599**	**299**

Note 8
Specification of financial income and expenses

Financial income

	2017	2016
Interest income from group entities	1334	984
Interest income	209	285
Other financial income	0	0
Total financial income	1,543	1,269

Financial expenses

	2017	2016
Interest expenses	10,823	11,072
Other financial expenses	204	90
Total financial expenses	11,027	29,660

Note 9
Related-party transactions

The balance with group companies is disclosed in note 3.

There have been no related-party transactions in 2017.

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 finds the interest rate risk acceptable at the current level of net interest-bearing debt. In addition to the MNOK 425 long term loan, Kid ASA also have a MNOK 100 flexible credit facility that is used during the year, but not at year end.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2017 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Lier, 17 April 2018

The board of directors, Kid ASA

Henrik Schüssler Chairman	Bjørn Rune Gjelsten Board member	Pål Frimann Clausen Board member
Vilde Falck-Ytter Board member	Karin Bing Orgland Board member	Kjersti Helen Krokeide Hobøl Chief Executive Officer

pwc

To the General Meeting of KID ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KID ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the statement of income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2017 and statement of profit and loss, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business operations, who continue to evolve due to ongoing improvement projects, are largely the same as last year. We have not identified regulatory changes, transactions or other events that qualified as Key audit matters for our audit of the 2017 financial statements. In this light, our areas of focus have been the same in 2017 as the previous year. Last year's implementation of IFRS 9 was in focus then due to the first time adoption of the standard. The trademark, which still a

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significant element of KID ASA Group's balance sheet valued using judgmental techniques, continues to be a Key audit matter in 2017.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of the trademark *(For more information see note 4 Critical accounting estimates and note 11 Intangible assets.)*	
The trademark amounts to a significant part of the Group's total fixed assets. Management performs an annual impairment test of the trademark to assess the book value by estimating and discounting the expected net future cash flows. The estimation of the net future cash flows and discount rate are dependent on management judgement. In the event of a write-down of the trademark, both operating profit and total equity would be impacted. No impairment charges was recognized in 2017. We focused on valuation of the trademark due to its significance to the financial statements and the inherent risk that the necessity of extensive management judgement could affect the valuation.	To challenge the judgement management used in the estimation of the net future cash flows and the discount rate, we compared management's estimates of the future cash flows with the prior year's actual cash flows, approved budgets and business plans. We did not find any inconsistencies between the estimated net discounted cash flows and the information used by management to estimate these cash flows. To evaluate management's estimation accuracy, we compared the 2017 estimated cash flows used in last year's impairment test with the actual cash flows in 2017. The estimate deviation was of no significance. To evaluate management's assumptions related to future long-term revenue growth, we compared management's estimates with the expectations in the marketplace. We found that management's estimates for long-term growth were in line with both the market's and our expectations. To evaluate management's assumptions related to the technical modelling of the discount rate, we compared the different input factors used in the determination of the discount rate by comparing these input factors with observable market data, market expectations and the discount rates used by industry comparable companies. We found that managements discount rate contains the elements required by IFRS, and that the different elements were in line with what we find in the marketplace and comparative companies. To challenge management's sensitivity analysis, we simulated changes in key parameters and found that the calculation of value used was most sensitive to changes in sales, long-term growth and discount rate. A reasonable variation in the key parameters did not lead to a different conclusion on the impairment test. We have used checklists and judgement to consider whether IFRS disclosure requirements related to the trademark and the valuation/impairment test were appropriate. We found that the disclosures, including

the sensitivity analysis, were satisfactory and provided meaningful information about the trademark and the valuation performed.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility and information in the annual report from chapter "Financial highlights 2017" to chapter "At a glance 2017", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the parent company in accordance with the 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 the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide the Board of Directors with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report 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

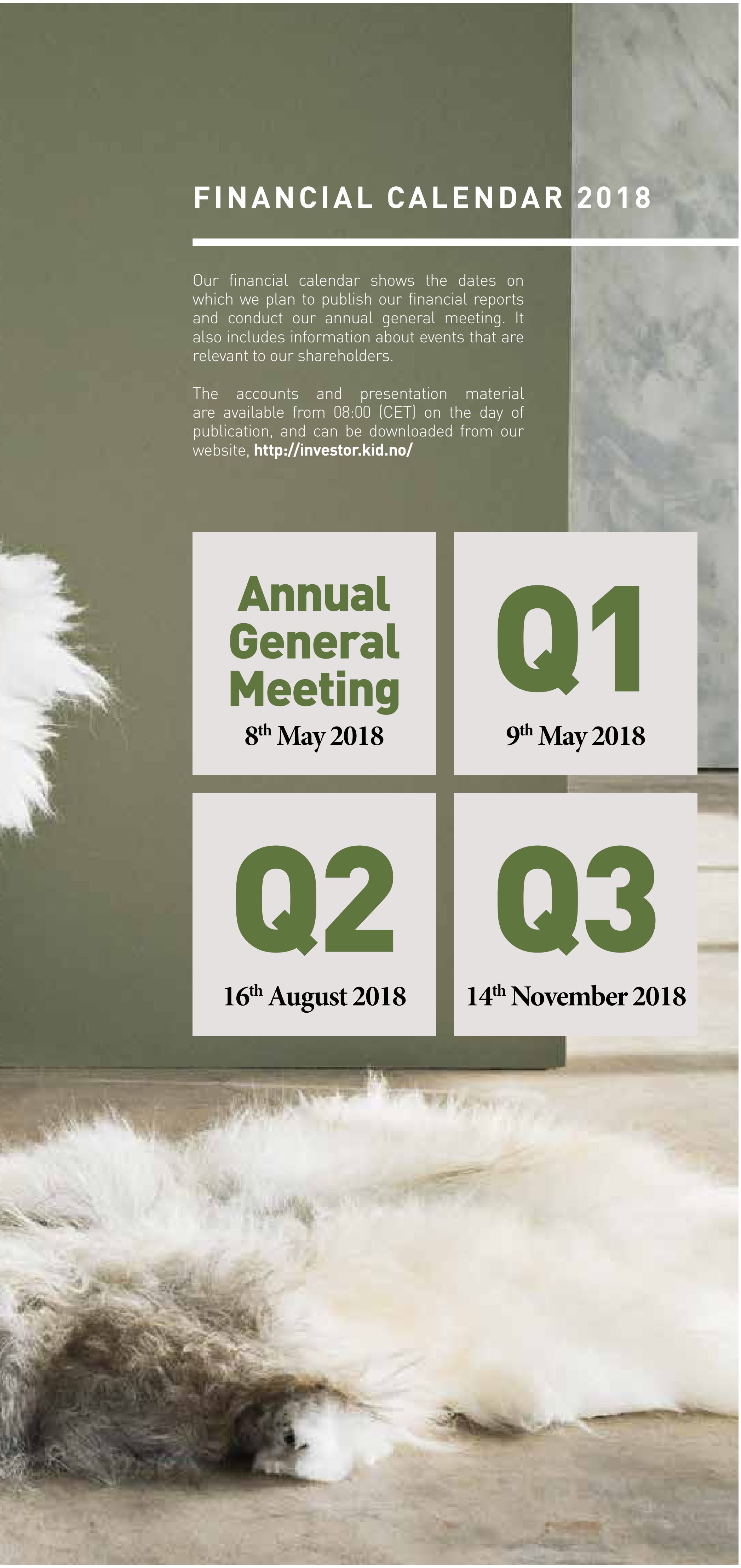
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our 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.

Oslo, 17 April 2018

PricewaterhouseCoopers AS

Geir Haglund

State Authorised Public Accountant



FINANCIAL CALENDAR 2018

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
8th May 2018

Q1
9th May 2018

Q2
16th August 2018

Q3
14th November 2018

REVENUE UPDATES

Kid ASA will announce revenue updates on the following dates:

Q1 2018 revenue - 6 April 2018
Q2 2018 revenue - 6 July 018
Q3 2018 revenue - 8 October 2018

All dates are subject to change.

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

INVESTOR SITE

http://investor.kid.no/

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