# Matas A/S

## Annual report 2012/13

The following is a translation of the Danish original text. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

Registration no.: 27 52 84 06

# Contents

# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Matas A/S for the financial year 1 April 2012 – 31 March 2013.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 March 2013 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 April 2012 – 31 March 2013.

Further, in our opinion, the Management commentary gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Allerød, 13 June 2013

Executive Board:

Terje List
CEO

Anders T. Skole-Sørensen
CFO

Board of Directors:

Søren Vestergaard-Poulsen
Chairman

Christoffer Helsengreen Sjøqvist

Peter Georg Edvard Törnquist

Lars Frederiksen

Mads Pilgren

# Independent auditors' report

## To the shareholders of Matas A/S

## Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Matas A/S for the financial year 1 April 2012 – 31 March 2013. The consolidated financial statements and the parent company financial statements comprise statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

### *Management's responsibility for the consolidated financial statements and the parent company financial statements*

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

### *Auditors' responsibility*

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

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

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

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 March 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 April 2012 – 31 March 2013 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

## Statement on the Management commentary

Pursuant to the Danish Financial Statements Act, we have read the Management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management commentary is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 13 June 2013
**KPMG**
Statsautoriseret Revisionspartnerselskab

| | |
|---|---|
| Niels Erik Borgbo | Søren Christiansen |
| State Authorised | State Authorised |
| Public Accountant | Public Accountant |

# Management commentary

## Company details

Matas A/S (former MHolding A/S)
Rørmosevej 1
3450 Allerød
Denmark

| | |
|---|---|
| Telephone: | +45 48 16 55 55 |
| Fax: | +45 48 16 55 00 |
| Web site: | www.matas.dk |

| | |
|---|---|
| Registration no.: | 27 52 84 06 |
| Established: | 1 July 2006 |
| Registered office: | Allerød |
| Financial year: | 1 April – 31 March |

### Board of Directors

Søren Vestergaard-Poulsen (Chairman)
Christoffer Helsengreen Sjøqvist
Peter Georg Edvard Törnquist
Lars Frederiksen
Mads Pilgren

### Executive Board

Terje List, CEO
Anders T. Skole-Sørensen, CFO

### Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg
Denmark

# Management commentary

## Financial highlights for the Group

| DKK million | 2012/13 | 2011/12 | 2010/11 | 2009/10 | 2008/09 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 3,200.0 | 3,097.2 | 2,991.6 | 2,947.9 | 3,011.4 |
| Gross profit | 1,471.2 | 1,413.8 | 1,347.3 | 1,326.3 | 1,305.4 |
| Operating profit | 456.3 | 453.5 | 398.1 | 348.2 | 313.0 |
| Loss from financial income and expenses | -80,6 | -132.6 | -183.4 | -267.7 | -307.4 |
| **Profit/loss for the year** | **263.0** | **219.4** | **142.3** | **27.6** | **-34.5** |
| | | | | | |
| Total assets | 5,770.3 | 5,596.4 | 5,656.7 | 6,020.7 | 5,920.6 |
| Investment in property, plant and equipment | 48.9 | 54.2 | 40.6 | 40.6 | 41.2 |
| **Equity, including minority interests** | **2,359.4** | **2,096.4** | **1,877.0** | **1,701.0** | **1,020.3** |
| | | | | | |
| Cash flows from operating activities | 391.5 | 486.2 | 249.5 | 264.8 | 185.9 |
| Net cash flows from investing activities | -70.5 | -61.0 | -37.5 | -159.1 | -138.8 |
| Cash flows from financing activities | -176.7 | -359.2 | -454.0 | 52.5 | 63.5 |
| **Total cash flows** | **144.3** | **66.0** | **-242.0** | **158.2** | **110.6** |
| | | | | | |
| **Financial ratios** | | | | | |
| Operating margin | 14.3 % | 14.6 % | 13.3% | 11.8% | 10.4% |
| Gross margin | 46.0 % | 45.6 % | 45.0% | 45.0% | 43.4% |
| Equity ratio | 40.9 % | 37.5 % | 33.2% | 28.1% | 17.2% |
| Return on equity | 11.8 % | 11.0 % | 8.0% | 2.1% | -3.2% |
| Earnings per share (EPS Basic), DKK | 6.45 | 5.38 | 3.49 | 0.68 | -0.85 |
| Diluted earnings per share (EPS-D), DKK | 6.45 | 5.38 | 3.49 | 0.68 | -0.85 |
| | | | | | |
| **Average number of employees** | 2,051 | 2,037 | 2,022 | 2,108 | 2,164 |

Earnings per share and diluted earnings per share have been calculated in accordance with IAS 33 (note 13 to the consolidated financial statements). Earnings per share and diluted earnings per share have been calculated taken into account the bonus shares and reverse stock split completed on 4 June 2013. Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For financial ratio definitions, please see note 1 to the consolidated financial statements.

# Management commentary

## Operating review

### Principal activities

Matas Group's principal activity is to own and operate retail stores within the Matas chain, including activities related to the sale of products and services, mainly within beauty, health, household goods, and personal care.

### Development in activities and financial matters

#### *The Group*

Revenue for the year amounted to DKK 3,200.0 million against DKK 3,097.2 million in 2011/12 and DKK 2,991.6 million in 2010/11. Profit after tax amounted to DKK 263.0 million against DKK 219.6 million in 2011/12 and DKK 142.1 million in 2010/11.

During the financial year, Group revenue increased 3.3% driven by a satisfactory organic growth of 2.9% despite a negative calendar effect and by a positive contribution from the inclusion of acquired associated stores. It is Management's assessment that the Matas Group has been able to maintain and expand the position of the Matas chain in regard to market shares and consumer image in a retail market which is still marked by the repercussions of the financial crisis and keen competition. The loyalty programme, Club Matas, is considered to have been of great importance in realising these results as it saw an increase in the number of members to 1,225,000 from 990,000 at the end of the last financial year. During the financial year, underlying sales recorded a sizable increase within both the medium price and high-end segment for personal care products. Sales of “Over the Counter” drugs and related goods increased in line with the overall growth rate for the group in the financial period, while the household goods area recorded a slight decline in sales due to, among others things, a cold and rainy summer having a negative impact on certain seasonal products. The development in sales was positive throughout the financial year and was particularly strong in the important third quarter of our financial year.

The new central warehouse for high-end beauty brands situated next to our headquarters in Allerød became operational towards the end of the financial year. Due to the goods needed to stock the new warehouse, overall inventories increased compared to the financial year 2011/12, but because of the continuous work on reducing inventories, the increase was smaller than the initial inventory in the new warehouse. Based on a continued improvement in trade payables and prepayments, total net working capital improved during the financial year and continued to serve as a funding source. Moreover, the financial year has been characterised by continued efforts to improve the key operational metrics in the stores.

In the financial year, the Group continued to develop the loyalty programme, Club Matas. Club Matas was launched at the end of August 2010, and at 31 March 2013, Club Matas had close to 1.2 million members. Club Matas further proved its potential during the financial year and the next phase of the development of the Club Matas concept has been initiated. By leveraging on the comprehensive data gathered from the many registered transactions Club Matas aims to increase the value of Club Matas to the members by sending out more targeted marketing and promotion material and thus help to unlock the full commercial potential of the loyalty programme.

# Management commentary

## Operating review

The online store continued to perform strongly with sales up 100% compared to the financial year 2011/12. The online store accounted for approximately 1% of revenues in the financial year 2012/13 and is now among the largest point-of-sales.

Considering the challenging market conditions, management of the Matas Group is satisfied with the improvement in the operating result compared to the previous financial year and with the fact that this has been obtained by increasing sales, maintaining gross profit at a high level and at the same time by implementing and initiating a number of forward-looking initiatives. Management therefore considers the results for the financial year 2012/13 as satisfactory. The Group's equity at 31 March 2013 including retained earnings for the year amounts to DKK 2,359.4 million compared to DKK 2,096.4 million at 31 March 2012 and DKK 1,877.0 million at 31 March 2011.

### *The parent company*

Loss before tax, which amounts to DKK 0.9 million (2011/12: loss of DKK 0.2 million and 2010/11: DKK 0.0), is as expected.

### Investments

In the financial year 2012/13, the Group's investments totalled DKK 70.5 million, related primarily to the rebuilding and expansion of a number of existing Matas stores, including the opening of the Store on Vesterbrogade. Also in the financial year, investments were made in the expansion of our Retail Stores through the acquisition of two associated stores.

### Events after the closing of the financial year

Matas Group has acquired all the shares in Esthetique Danmark A/S, who has nine Esthetique stores in Denmark, and a Matas store in Ringkøbing, cf. note 26 to the consolidated financial statements.

Matas has entered into a lease agreement for a new store in Sønderborg, which is expected to open in autumn of 2013.

At 30 April 2013, the Group extraordinary repaid DKK 200 million of the bank borrowing.

At 30 May 2013, a new facility agreement was entered into, which is expected to be utilised to refinance the existing facility agreement in full, cf. note 23 to the consolidated financial statements.

At 30 May 2013, the parent company changed its name from MHolding A/S to Matas A/S. At the same time, the subsidiary Matas A/S changed its name to Matas Operations A/S.

At 31 May 2013, the parent company published its intention to lists its shares on NASDAQ OMX Copenhagen.

At 31 May 2013, the Group entered into a heads of agreement with all the owners of the associated stores relating to certain amendments to their existing terms of trading and potential acquisition of up to six associated stores.

# Management commentary

## Operating review

At 4 June 2013, an adjustment of the capital structure was completed as preparation for the offering and the admission of the parent company's shares to trading and official listing on NASDAQ OMX Copenhagen. The adjustment involved a merger of the two previous share classes into one and the preferential rights attached to preference shares were abolished, a bonus share issue as well as a reverse stock split, cf. note 21 to the consolidated financial statements.

### Outlook

The revenue growth rate for the financial year 2013/14 compared with financial year 2012/13 is expected to be slightly higher than the revenue growth rate of 3.3% in financial year 2012/13, reflecting, in part, an improved level of like-for-like growth.

The estimate concerning revenue growth is principally based upon and assumes:

- continued underlying gradual growth of the Danish health and beauty market;
- stability in the Danish economy and consumer spending;
- slight increase in sales prices and volumes. Overall same product mix as in financial year 2012/13;
- marketing activities at level with financial year 2012/13;
- a positive effect from strategic initiatives, such as continuing growth and development of Club Matas and further development of the online store;
- a positive calendar effect reflecting an increase in the number of trading days and, to a lesser extent, an increase in Sunday store openings compared with financial year 2012/13; and
- very limited expansion of our retail store network through the opening of new stores and expansion of existing stores in financial year 2013/14.

In addition, we anticipate our EBIT margin (adjusted for offering-related costs and amortisation of intangibles and impairment losses in respect of goodwill and other intangibles), for the financial year 2013/14 to be in-line with, or slightly above, the EBIT margin (adjusted for non-recurring costs of DKK 16.0 million and amortisation of intangibles and impairment losses in respect of goodwill and other intangibles) of 17.1% for the financial year 2012/13.

Further to the assumptions also impacting, and being part of, the basis for the revenue estimate, the estimate concerning EBIT margin (adjusted for offering-related costs and amortisation of intangibles and impairment losses in respect of goodwill and other intangibles) is principally based upon, and assumes, a continued focus on the gross margin and tight control of operating expenses, including:

- gross margin largely at the same level as in financial year 2012/13;
- limited increase in the number of employees compared with at the end of the financial year 2012/13 and marginal wage increases in accordance with collective agreements with labour unions;

# Management commentary

## Operating review

- marketing cost at level with financial year 2012/13; and
- slight increase in rent costs based on existing lease agreements.

For purposes of the outlook statement concerning the financial year 2013/14, the Group has excluded the impact on our revenue and EBIT (adjusted for offering-related costs and amortisation of intangibles and impairment losses in respect of goodwill and other intangibles) from:

- any potential acquisitions of associated stores, including those that may be acquired pursuant to the Matas store network heads of agreement; and
- Esthetique acquisition-related costs and the impact from launch and roll-out of StyleBox, the Groups new retail concept.

The company anticipates a net negative impact of approximately DKK 3 to 7 million on EBIT (adjusted for offering-related costs and amortisation of intangibles and impairment losses in respect of goodwill and other intangibles) in financial year 2013/14 as a result of the launch and roll-out of StyleBox and the Esthetique acquisition-related costs. This anticipated impact assumes that seven of the nine acquired Esthetique store locations will be rebranded and reopened under the StyleBox brand during the financial year 2013/14.

### Particular risks

#### *General risks*

The Group is not assessed to have any significant operating risks due to the Matas chain's strong market position. Furthermore, the Group's suppliers are assessed to be stable.

#### *Financial risks*

*Interest rate risk*

The Group's total interest rate risk over a 12-month period in connection with an increase in the rate of interest of 1 percentage point amounts to DKK 21 million.

*Currency risk*

The Group is only to a limited extent directly exposed to changes in foreign currencies as the Group's sales and purchase are almost exclusively conducted in Danish kroner.

*Credit risk*

The majority of the Group's revenue is generated in cash. Accordingly, the Group has no significant risks regarding one specific customer or partner.

# Management commentary

## Operating review

### Capital structure

Management assesses on a regular basis whether Matas Group's capital structure is adequate. At 31 March 2013, the Group's net interest-bearing debt constitutes a total of DKK 1,748.9 million (31 March 2012: DKK 2,060.1 million and 31 March 2011: DKK 2,469.5 million), excluding financing costs of DKK 18.6 million (31 March 2012: DKK 28.4 million and 31 March 2011: DKK 44.1 million), which is assessed to be a reasonable level compared to the actual need for financial flexibility. No changes to the Group's guidelines and procedures for management of the capital structure and the administration hereof were made in the financial year.

In connection with the acquisition of the Group in 2007 by CVC, Materialisternes Invest ApS and MLI Holding A/S, part of the acquisition price was financed by a syndicated loan facility with Unicredit as agent. The remaining debt on this loan constitutes DKK 2,303 million at 31 March 2013. The amount is placed in MHolding 3 A/S.

The Group has unused credit facilities totalling DKK 226 million at 31 March 2013.

### Staff

The Group maintains its strong focus on training and development of both executives and employees. Competency development plans are prepared for each individual permanent employee as well as for each individual store in the chain. Performance management reviews are conducted on an on-going basis, and employee satisfaction analyses are carried out twice a year. In the financial year, approximately DKK 6.0 million was used on both internal as well as external training of employees compared to DKK 6.0 million in 2011/12 and DKK 6.1 million in 2010/11.

During the financial year, the number of employees in the Group has increased slightly from the equivalent of 2,037 full-time employees (FTE) in 2011/12 to 2,051 in 2012/13. The increase reflects investments in Club Matas, the growth the online store and extra staffing at the new additional warehouse to secure a smooth transition. There are below 10 FTE in the Group who are employed outside Denmark. In the financial year, no changes in the Company's top management have taken place.

It is the assessment that in the coming financial period the Group will be able to attract a sufficient number of qualified employees. It is also assessed that the Group will have the necessary competencies in order to be able to extend its market position in the coming financial year and carry out the strategic tasks and projects that are necessary for a continued extension of the Group's market position.

### Corporate Social Responsibility

The Group is still very active in protecting the environment and in addition Matas has increased its focus on other relevant areas within CSR.

Matas' CSR efforts are described in detail on the Matas website under the front page icon "Miljø & Etik". Matas is the only retail chain which on its own initiative collects and ensures recycling of empty packaging of all goods purchased in the chain's stores. Furthermore, Matas Miljøfond establishes green playgrounds at daycare centres.

# Management commentary

## Operating review

The customers returned 21 tons plastic packaging for recycling in Matas during the financial year. Matas also ensured the recycling of the packaging which is used to transport the goods from suppliers to the Matas stores. For the financial year, the total was 28 tons film wrapping and 485 tons cardboard.

Matas Miljøfond planted up playgrounds at a great number of daycare centres, and up to and including March 2013 the fund has provided support to 1897 daycare centres, of which 131 received a grant during the financial year.

In the financial year, Matas continued its close relations to the Danish Society for the Conservation of Nature (Danmarks Naturfredningsforening) who is represented in the Matas Miljøfond committee.

The Group continued its efforts to improve all the chain's private brand products in accordance with the latest knowledge of chemical substances' influence on the environment and health to ensure that these products remain at the forefront in relation to the environment, health and quality.

The Matas stores are the largest provider of swan-marked private label products within personal care. The swan is an official Nordic eco-label which is only allocated to products which are particularly gentle to the environment and health.

During the financial year, the Group continued its close relations to the Danish Cancer Society (Kræftens Bekæmpelse) to ensure that the public obtains better sun protection in order to minimise the risk of skin cancer, which is the most common form of cancer in Denmark. Matas' own sunlotions with SPF15 are the only sun care products on the Danish market with the name and logo of the Danish Cancer Society printed on the products.

Moreover, the Group cooperated with the Danish Heart Foundation (Hjerteforeningen) with the aim of reducing the risk that women develop cardiovascular diseases. Today, one in four women dies of a cardiovascular disease. Matas is the largest contributor to the Danish Heart Foundation's campaign "Elsk Hjertet" (Love the Heart). Until and including March 2013, Matas has contributed DKK 10.1 million to the campaign, hereof DKK 1.9 million in the financial year. The contributions are raised through fundraising, including sales of Plaisir, Matas' own line of skin care products, among other things.

In the financial year, the Group continued its co-operation with Astma-Allergi Danmark (the Danish asthma and allergy association) to i.a. raise awareness about sensitivity disorders. The aim is to raise funds for specific projects with Astma-Allergi Danmark. In the financial year, all fragrance-free products in Matas' own line of sun protection products, baby care products (Babyserie) and natural products (Naturserie) are awarded Astma-Allergi Danmark's certification "Den Blå Krans" (the Blue Circle).

### Research and development activities

The Group does not carry out traditional research and development activities.

# Management commentary

## Operating review

*Development of the product range*

The Group continued its development of new own products within the categories "Cosmetics", "Herbalist medicine" and "Strong vitamins and minerals". Within the cosmetics area, the range of Matas' well-known "stribe brand" has been extended and renewed during the financial year. The development of "Herbalist medicine" and "Strong vitamins and minerals" is regulated by the Danish Medicines Agency (Lægemiddelstyrelsen) who requires significant documentation concerning the quality of the products, which the Group fully fulfils.

### Corporate Governance

The Executive Board and the Board of Directors of Matas A/S constantly seek to ensure that the Group's management structure and control systems are appropriate and work satisfactorily.

The basis for planning Management's tasks is e.g. the Danish Companies Act, the Danish Financial Statements Act, the Company's articles of association and good practice for companies of the same size as Matas A/S. As a private equity fund owned company, the Company complies with the guidelines for responsible ownership and good corporate governance. On this basis, a number of internal procedures have been developed in order to ensure an active, safe and profitable management of the Group. Procedures are updated on an on-going basis.

### Ownership

The Board of Directors assesses on an on-going basis whether the Company's capital structure is in accordance with the Company's and its partners' interests. The overall aim is to ensure a capital structure which supports a long-term profitable growth.

The Company's articles of association contain no limits for ownership or voting rights. If an offer for acquisition of the Company's assets is set forth, the Board of Directors will respond to it in accordance with existing legislation.

The Matas Group is included in the consolidated financial statements of MHoldings S.à r.l., Luxembourg. The consolidated financial statements can be obtained at the Company's address.

A number of CVC Equity Partners controlled funds indirectly own 69.4% of the Matas Group. Other shareholders are Materialisternes Invest ApS, 30.3%, and Executive Management, key employees and other share holders, 0.3%. Executive Management’s, key employees and other shareholders’ aggregate ownership stake of 0.3% of the share capital is subject to an upward adjustment mechanism agreed between Svenska M Holding 1 AB, Materialisternes Invest ApS and Executive Management, key employees and the other shareholders in connection with the capital structure adjustment mentioned in note 31 to the consolidated financial statements.

CVC is represented at Partner level on the Board of Directors of the ultimate Danish holding company (Matas A/S) by Søren Vestergaard Poulsen and Peter Georg Edvard Törnquist.

# Management commentary

## Operating review

Members of Matas A/S' Board of Directors are nominated as follows:

- CVC: Christoffer Helsengreen Sjøqvist, Søren Vestergaard-Poulsen and Peter Georg Edvard Törnquist
- Materialisternes Invest ApS: Lars Frederiksen and Mads Pilgren.

### The Board of Directors' work

The Board of Directors ensure that the Executive Boards comply with the Board of Directors' aims, strategies and business procedures. Information from the Executive Boards of the individual companies is given systematically at meetings and through written and oral reporting. This reporting e.g. comprises the development in the Company's surroundings, the Company's development and profitability and the development in the Company's financial position.

The Board of Directors meets according to a fixed schedule at least nine times a year, and in addition to this extraordinary meetings are held if necessary. Normally, one annual strategic seminar is held with a broad selection from the Group's Management where the Group's long-term goals and strategies are discussed and adapted according to the expected development. The Board of Directors receives monthly written information on the development in the Group as well as monthly written information on the Group's financial position. In the financial year, the Board of Directors held 10 meetings of which one was a strategic seminar. The members of the Board of Directors do not receive remuneration.

The Board of Directors can appoint committees in relation to special assignments, but has not found it to be necessary to appoint actual committees in the current year.

### Remuneration to the Executive Board and Management

In order to attract and maintain the Group's managerial qualifications, the members of the Executive Board and executive employees' remuneration is set according to their tasks, the value they create for the Group and terms in comparable companies. A number of specific incentive programmes are included in the remuneration in order to ensure an alignment of interests between the Group's management and the shareholders. Furthermore, Management's ownership ensures a long-term alignment of interests between the Management and the other shareholders.

### Dividend policy

The Board of Directors has adopted a policy to distribute at least 60% of the profit after tax (adjusted for offering-related costs and the tax-adjusted impact of amortisation of intangibles and impairment losses), through dividends or share buybacks. This policy is designed to provide a meaningful direct return to the shareholders, while seeking to enable a deleverage in order to achieve a target leverage ratio of maintaining net debt at approximately two times EBITDA in the near-to-medium term. Once the Group has reached the target leverage ratio, the Board of Directors currently intends to distribute further excess capital to the shareholders through dividends or share buybacks.

# Management commentary

## Operating review

The Group did not declare any dividend with respect to the financial years 2012/13, 2011/12 and 2010/11. To the extent consistent with the policy outline above, the Group expect to declare a dividend or initiate a share buyback in 2014 with respect to the financial year 2013/14, in each case, subject to compliance with statutory requirements.

### The partners

The Matas Group seeks to develop and maintain good relations with its stakeholders on an on-going basis, as such good relations are assessed to have a significant positive effect on the Group's development.

On this basis, the Group has formulated a number of policies for different key areas such as staff, environmental matters and responsibility towards customers and the surrounding society as a whole.

Through relevant procedures, the Group ensures that important information reaches the employees, the authorities and the public in accordance with adopted rules and agreements.

Together with the Group's Management, the Board of Directors ensures that the relevant policies and procedures are adapted on an on-going basis in accordance with the development in the Group and the surrounding society.

### Recommendations for active ownership and good company management for private equity funds

In June 2008, the Danish Venture And Private Equity Association ("DVCA") issued guidelines for responsible ownership and good corporate governance for private equity funds and companies controlled by private equity funds. For more information on these guidelines, please go to the DVCA website www.dvca.dk.

The recommendations contain guidelines for the description of a number of matters in the Management commentary, including corporate governance, financial risks, employee matters and strategy.

In general, Matas A/S' company management, as described above, follows DVCA guidelines.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Statement of comprehensive income

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| Revenue | 3,4 | 3,200.0 | 3,097.2 | 2,991.6 |
| Cost of goods sold | 5 | -1,728.8 | -1,683.4 | -1,644.3 |
| **Gross profit** | | 1,471.2 | 1,413.8 | 1,347.3 |
| Other operating income | 6 | 0.0 | 1.4 | 0.2 |
| Other external costs | 7 | -302.6 | -276.7 | -259.7 |
| Staff costs | 8 | -579.7 | -558.4 | -557.1 |
| Amortisation, depreciation and impairment losses | 9 | -132.5 | -126.6 | -132.0 |
| Other operating costs | 6 | -0.1 | 0.0 | -0.6 |
| **Operating profit** | | 456.3 | 453.5 | 398.1 |
| Financial income | 10 | 8.1 | 0.8 | 10.3 |
| Financial expenses | 11 | -88.7 | -133.4 | -193.7 |
| **Profit before tax** | | 375.7 | 320.9 | 214.7 |
| Tax on the profit for the year | 12 | -112.7 | -101.5 | -72.4 |
| **Profit for the year** | | 263.0 | 219.4 | 142.3 |
| | | | | |
| **Other comprehensive income** | | | | |
| *Items that may be reclassified to the income statement:* | | | | |
| Foreign exchange adjustments on translation of foreign entities | | 0.0 | 0.1 | 0.3 |
| Value adjustments of hedging instruments for the year | | 0.0 | 0.0 | 44.6 |
| Tax on value adjustment of hedging instruments | | 0.0 | 0.0 | -11.2 |
| **Other comprehensive income after tax** | | 0.0 | 0.1 | 33.7 |
| **Total comprehensive income** | | 263.0 | 219.5 | 176.0 |
| | | | | |
| **Earnings per share** | | | | |
| Earnings per share basic (EPS basic) | 13 | 6.45 | 5.38 | 3.49 |
| Diluted earnings per share (EPS-D) | 13 | 6.45 | 5.38 | 3.49 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Statement of financial position

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| **Intangible assets** | 14,15 | | | |
| Goodwill | | 3,580.3 | 3,558.3 | 3,556.2 |
| Trademarks and trade names | | 657.5 | 731.4 | 805.3 |
| Shares in co-operative dwellings | | 3.9 | 5.8 | 5.8 |
| Other intangible assets | | 4.6 | 5.0 | 4.3 |
| | | 4,246.3 | 4,300.5 | 4,371.6 |
| **Property, plant and equipment** | 16 | | | |
| Land and buildings | | 101.1 | 103.6 | 105.2 |
| Plant and machinery | | 69.7 | 64.4 | 57.9 |
| Leasehold improvements | | 28.6 | 39.1 | 37.4 |
| | | 199.4 | 207.1 | 200.5 |
| **Other non-current assets** | | | | |
| Deferred tax | 22 | 15.7 | 14.1 | 16.3 |
| Deposits | | 31.0 | 29.7 | 27.2 |
| Other securities and investments | 17 | 1.1 | 1.1 | 1.1 |
| | | 47.8 | 44.9 | 44.6 |
| **Total non-current assets** | | 4,493.5 | 4,552.5 | 4,616.7 |
| **Current assets** | | | | |
| Inventories | 18 | 601.8 | 542.9 | 612.5 |
| Trade receivables | 19 | 89.7 | 87.2 | 78.3 |
| Corporation tax | | 26.1 | 6.8 | 0.1 |
| Other receivables | 20 | 1.5 | 2.2 | 12.8 |
| Prepayments | | 21.1 | 12.5 | 10.0 |
| Cash at bank and in hand | | 536.6 | 392.3 | 326.3 |
| **Total current assets** | | 1,276.8 | 1,043.9 | 1,040.0 |
| **TOTAL ASSETS** | | 5,770.3 | 5,596.4 | 5,656.7 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Statement of financial position

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 21 | 101.7 | 101.7 | 101.7 |
| Share premium | | 1,786.4 | 1,786.4 | 1,786.4 |
| Translation reserve | | 0.5 | 0.5 | 0.4 |
| Treasury share reserve | | -0.1 | -0.1 | 0.0 |
| Retained earnings | | 470.9 | 207.9 | -11.5 |
| **Total equity** | | 2,359.4 | 2,096.4 | 1,877.0 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Deferred tax | 22 | 356.4 | 368.4 | 372.9 |
| Banks | 23 | 2,057.2 | 2,283.8 | 2,435.1 |
| Other payables | 24 | 1.6 | 1.6 | 1.6 |
| **Total non-current liabilities** | | 2,415.2 | 2,653.8 | 2,809.6 |
| **Current liabilities** | | | | |
| Banks | 23 | 226.7 | 167.0 | 359.1 |
| Prepayments from customers | | 96.8 | 75.2 | 66.6 |
| Trade payables | | 535.9 | 466.8 | 420.3 |
| Other payables | 24 | 136.3 | 137.2 | 119.2 |
| Corporation tax | | 0.0 | 0.0 | 4.9 |
| **Total current liabilities** | | 995.7 | 846.2 | 970.1 |
| **Total liabilities** | | 3,410.9 | 3,500.0 | 3,779.7 |
| **TOTAL EQUITY AND LIABILITIES** | | 5,770.3 | 5,596.4 | 5,656.7 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Statement of changes in equity

| DKK million | Share capital | Share premium | Hedging reserve | Trans-lation reserve | Treasury share reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Equity at 31 March 2010** | 101.7 | 1,786.4 | -33.4 | 0.1 | 0.0 | -153.8 | 1,701.0 |
| **Equity movements in 2010/11** | | | | | | | |
| Foreign exchange adjustments | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.3 |
| Value adjustment hedging instruments | 0.0 | 0.0 | 44.6 | 0.0 | 0.0 | 0.0 | 44.6 |
| Tax on value adjustment hedging instruments | 0.0 | 0.0 | -11.2 | 0.0 | 0.0 | 0.0 | -11.2 |
| Other comprehensive income | 0.0 | 0.0 | 33.4 | 0.3 | 0.0 | 0.0 | 33.7 |
| Profit for the year | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 142.3 | 142.3 |
| **Total comprehensive income** | 0.0 | 0.0 | 33.4 | 0.3 | 0.0 | 142.3 | 176.0 |
| **Equity at 31 March 2011** | 101.7 | 1,786.4 | 0.0 | 0.4 | 0.0 | -11.5 | 1,877.0 |
| **Equity movements in 2011/12** | | | | | | | |
| Foreign exchange adjustments | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| Profit for the year | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 219.4 | 219.4 |
| **Total comprehensive income** | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 219.4 | 219.5 |
| **Transactions with owners** | | | | | | | |
| Acquisition of treasury shares | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | -0.1 |
| **Equity at 31 March 2012** | 101.7 | 1,786.4 | 0.0 | 0.5 | -0.1 | 207.9 | 2,096.4 |
| **Equity movements in 2012/13** | | | | | | | |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit for the year | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 263.0 | 263.0 |
| **Total comprehensive income** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 263.0 | 263.0 |
| **Equity at 31 March 2013** | 101.7 | 1,786.4 | 0.0 | 0.5 | -0.1 | 470.9 | 2,359.4 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Cash flow statement

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| Profit before tax | | 375.7 | 320.9 | 214.7 |
| Adjustment for non-cash operating items, etc.: | | | | |
| Amortisation and depreciation and impairment losses | 9 | 132.5 | 126.6 | 132.0 |
| Other non-cash operating items, net | | 0.1 | 0.0 | 0.6 |
| Financial income | | -8.1 | -0.8 | -10.3 |
| Financial expenses | | 88.7 | 133.4 | 193.7 |
| Cash generated from operations (operating activities) before changes in working capital | | 588.9 | 580.1 | 530.7 |
| Changes in working capital | 25 | 27.6 | 122.2 | 0.7 |
| Cash generated from operations (operating activities) | | 616.5 | 702.3 | 531.4 |
| Interest received | | 0.4 | 0.8 | 1.5 |
| Interest paid | | -78.9 | -101.3 | -206.8 |
| Corporation tax paid | | -146.5 | -115.6 | -76.6 |
| **Cash flows from operating activities** | | 391.5 | 486.2 | 249.5 |
| Acquisition of intangible assets | 14 | -0.9 | -2.1 | -0.9 |
| Disposal of intangible assets | | 1.3 | 0.0 | 2.1 |
| Acquisition of property, plant and equipment | 16 | -48.9 | -54.2 | -40.6 |
| Disposal of property, plant and equipment | | 0.0 | 0.0 | 0.6 |
| Disposal of other securities and investments | | 0.0 | 0.0 | 1.3 |
| Acquisition of subsidiaries and activities | 26 | -22.0 | -4.7 | 0.0 |
| **Cash flows from investing activities** | | -70.5 | -61.0 | -37.5 |
| External financing: | | | | |
| Settlement of debt to banks | | -176.7 | -359.1 | -454.0 |
| Acquisition of treasury shares | | 0.0 | -0.1 | 0.0 |
| **Cash flows from financing activities** | | -176.7 | -359.2 | -454.0 |
| **Net cash flows from operating, investing and financing activities** | | 144.3 | 66.0 | -242.0 |
| Cash and cash equivalents at 1 April | | 392.3 | 326.3 | 568.2 |
| Foreign exchange adjustment of cash and cash equivalents | | 0.0 | 0.0 | 0.1 |
| **Cash and cash equivalents at 31 March** | | 536.6 | 392.3 | 326.3 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Summary of notes to the consolidated financial statements

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 1 Accounting policies

Matas A/S is a public limited company domiciled in Denmark. The financial statements section of the annual report for the period 1 April 2012 – 31 March 2013 comprises both the consolidated financial statements of Matas A/S and its subsidiaries (the Group) and separate parent company financial statements.

The consolidated financial statements of Matas A/S for 2012/13 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for class C large enterprises.

#### Basis of preparation

The consolidated financial statements have been presented in DKK millions.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value.

The accounting policies set out below have been used consistently in respect of the financial year and to comparative figures. For standards implemented prospectively, comparative information is not restated.

#### Changes in accounting policies

With effect from the financial year 2012/13, Matas A/S has implemented the standards and interpretations that have come into force for 2012/13. None of these have affected the recognition and measurement in 2012/13 or are expected to affect Matas A/S with the current activities.

#### Description of accounting policies

#### *Consolidated financial statements*

The consolidated financial statements comprise the parent company Matas A/S and subsidiaries in which Matas A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or which it, in some other way, controls.

When assessing whether Matas A/S exercises control, potential voting rights which are exercisable at the date of the statement of financial position are taken into account.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that write-down has not taken place.

The subsidiaries' entries are included 100% in the consolidated financial statements.

### *Business combinations*

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements until the date of disposal. The comparative figures are not restated for acquisitions.

For acquisitions of new enterprises in which Matas A/S is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The acquisition date is the date when Matas A/S effectively obtains control of the acquired enterprise.

Any excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for indication of impairment. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency used in the Matas Group's financial statements are treated as assets and liabilities belonging to the foreign entity and upon initial recognition translated into the foreign entity's functional currency at the exchange rate at the transaction date.

The consideration for a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. Costs attributable to business combinations are recognised directly in profit or loss when incurred.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities, initial recognition will take place on the basis of provisional values. If subsequently it becomes apparent that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures are restated. Hereafter, goodwill is not adjusted.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal less cost of disposal.

### *Foreign currency translation*

For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting enterprise operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position. The difference between the exchange rates at the date of the statement of financial position and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than DKK, the statement of comprehensive income are translated at the exchange rates at the transaction date and the statement of financial positions items are translated at the exchange rates at the date of the statement of financial position. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises at the exchange rates at the date of the statement of financial position and on translation of the statement of financial income from the exchange rates at the transaction date to the exchange rates at the date of the statement of financial position are recognised directly in equity under a separate translation reserve.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

### *Derivative financial instruments*

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

*Cash flow hedge*

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in future cash flows are recognised in other comprehensive income under a separate hedging reserve under equity until the hedged cash flows affect the income statement. If the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item.

If the hedging instrument does no longer qualify for hedge accounting, the hedge will cease to be effective. The accumulated change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows affect the income statement.

If it is no longer expected that the hedged cash flows will be realised, the accumulated change in value is transferred to the income statement immediately.

The portion of the value adjustment of a derivative financial instrument that is not included in a hedge is presented in profit or loss under financial items.

*Other derivative financial instruments*

For derivative financial instruments that are not classified and/or do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

**Income statement**

### *Revenue*

Revenue from the sale of goods for resale is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

### *Cost of goods sold*

Cost of goods sold comprises costs for purchase of goods for the year plus deviations in inventories in generating the revenue for the year.

Cost of goods sold is recognised after deduction of supplier discounts and bonuses.

### *Other external costs*

Other external costs comprise administrative expenses and other costs to operation and maintenance.

### *Staff costs*

Staff costs comprise wages, salaries, pensions and other staff costs.

### *Other operating income and costs*

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on ongoing disposal and replacement of intangible assets and property, plant and equipment and royalty income. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

### *Financial income and expenses*

Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment losses on securities as well as payables and transactions denominated in foreign currencies. Furthermore, amortisation of financial assets and liabilities, as well as surcharges and refunds under the on-account tax scheme and changes in the fair value of derivative financial instruments which are not designated as hedging instruments are included.

### *Tax on profit for the year*

The parent company and its Danish subsidiaries are subject to the Danish rules on mandatory joint taxation of the Matas Group. The jointly taxed companies are taxed under the tax prepayment scheme.

Matas A/S is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense is recognised in profit or loss, other comprehensive income or directly in equity.

**Statement of financial position**

### *Intangible assets*

*Goodwill*

Goodwill is initially recognised in the statement of financial position at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 1 Accounting policies (continued)

*Trademarks and trade names*

Trademarks and trade names acquired in business combinations are measured at cost less accumulated amortisation and impairment losses. Trademarks and trade names are amortised at a straight-line basis over 15 years.

*Shares in co-operative dwellings*

Shares in co-operative dwellings are initially recognised in the statement of financial position at cost. Subsequently, Shares in co-operative dwellings are measured at cost less accumulated impairment losses. Shares in co-operative dwellings are not amortised as their useful lives cannot be determined.

*Other intangible assets*

Other intangible assets, which comprise payment regarding tenancy takeover, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised at a straight-line basis over 5-10 years.

#### *Property, plant and equipment*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the statement of financial position and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

| | |
|---|---|
| Building and building parts | 15-25 years |
| Plant and machinery | 3-7 years |
| Leasehold improvements | 5-10 years |

Land is not depreciated.

Depreciation is calculated on the basis of the residual value less impairment losses. The useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

### *Impairment testing of non-current assets*

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year. Similarly, in-process development projects are subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment losses are recognised in the income statement under depreciation of non-current assets.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

1 **Accounting policies (continued)**

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

### *Inventories*

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realisable value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

### *Receivables*

Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is objective evidence that an individual receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any received collateral. The effective interest rate used at the time of initial recognition is used as the discount rate for the receivable.

Recognition as income of interest on written-down receivables is calculated based on the written-down value using the effective interest rate for the individual receivable or portfolio.

### *Prepayments*

Prepayments comprise costs incurred concerning subsequent financial years and are measured at cost.

### *Other securities and investments*

Shares not included in the Group's trading portfolio (available-for-sale) are recognised under non-current assets at fair value plus costs at the trade date and are measured at fair value corresponding to an estimated fair value computed on the basis of current market data and generally accepted valuation methods for unquoted securities. Where it is not possible to compute a reliable fair value, securities are measured at cost. Unrealised value adjustments are recognised directly in other comprehensive income except for impairment losses, which are recognised in the income statement as financial income or financial expenses. On realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to financial income or financial expenses in the income statement.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

### *Equity*

*Dividends*

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity.

*Share premium*

Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholders in connection with capital increases.

*Hedging reserve*

The hedging reserve contains the accumulated net change in fair value of hedging transactions that qualify as a cash flow hedge and for which the hedged transaction has not yet been realised.

*Translation reserve*

The translation reserve in the consolidated financial statements comprises the parent company' share of foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by the Matas Group (Danish kroner).

*Treasury share reserve*

The treasury share reserve comprises cost of acquisition for the Group's portfolio of treasury shares. Dividends received from treasury shares are recognised directly in retained earnings in equity. Gains and losses from sale of treasury shares are recognised in share premium.

### *Employee benefits*

*Pension obligations and similar non-current liabilities*

The Group has entered into pension schemes and similar arrangements with the majority of the Group's employees.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

Contributions to defined contribution plans where the Group currently pays fixed pension payments to independent pension funds are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other payables.

The Group has not established any defined benefit plans.

### *Current and deferred tax*

In accordance with the joint taxation rules, Matas A/S as administrative company assumes the liability for payment to the tax authorities of the subsidiaries' corporation taxes as the joint taxation contributions are received from the subsidiaries.

Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the statement of financial position liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the date of the statement of financial position when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in comprehensive income.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 1 Accounting policies (continued)

#### *Provisions*

Provisions are recognised when, as a result of events arising before or at the date of the statement of financial position, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is Management's best estimate of the expenses required to settle the obligation.

#### *Prepayments from customers*

Prepayments from customers comprise liabilities regarding issued gift vouchers and customer loyalty programme. Liabilities regarding gift vouchers are recognised at the date of issue, and liabilities regarding customer loyalty programme are recognised at the date of recognition of the related sales.

Prepayments from customers are measured at amortised cost.

#### *Financial liabilities*

Amounts owed to banks are recognised at the date of borrowing at fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Other financial liabilities are measured at amortised cost.

#### Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated after the indirect method as the profit before tax adjusted for non-cash operating items, changes in working capital, interest, dividends and corporation tax paid.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**1 Accounting policies (continued)**

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

**Segment information**

Segment information is provided in accordance with the Group's accounting policies and follows the internal management reporting.

The Group has one reportable segment. Therefore, the segment information only comprises information on products and services, geographic information and significant customers.

Geographic information on revenue and non-current assets is based on the geographic location where the sales transaction takes place. The value of non-current assets by geographic location is exclusive of the value of deferred tax assets.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 1 Accounting policies (continued)

**Key figures**

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the annual report have been calculated as follows:

| | |
|---|---|
| Gross margin | $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$ |
| Operating margin | $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$ |
| Solvency ratio | $\frac{\text{Equity ex. non-controlling interests, at year end x 100}}{\text{Total assets, at year end}}$ |
| Return on equity | $\frac{\text{Profit/loss x 100}}{\text{Average equity ex. non-controlling interests}}$ |
| Earnings per share basic (EPS basic) | $\frac{\text{Profit/loss}}{\text{Average number of shares outstanding}}$ |
| Diluted earnings per share (EPS-D) | $\frac{\text{Diluted profit/loss}}{\text{Average number of diluted outstanding shares}}$ |

### 2 Accounting estimates and judgments

**Estimation uncertainty**

The computation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions regarding future events.

The estimates and assumptions used are based on historical experience and other factors which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates. Financial risks of the Matas Group are described in note 28.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**2 Accounting estimates and judgments (continued)**

It may be necessary to change previously made estimates as a result of changes in matters on which previous estimates are based or because of new knowledge or subsequent events.

Estimates, which are significant for the presentation of the financial statements, are e.g. made when computing amortisation, depreciation and when testing impairment.

### *Impairment testing*

In performing the annual impairment test of goodwill an assessment is made of how the individual units of the Group (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets of the Group.

Due to the Group's activities the forecasted cash flows cover many years into the future and are by nature associated with some estimation uncertainty. The uncertainty is reflected in the discount rate applied.

The impairment test and key sources of estimation uncertainty are described in detail in note 15.

### *Inventory measurement*

Inventories are measured at the lower of cost in accordance with the FIFO (first in, first out) method and the net realisable value. Goods for resale are measured at cost, comprising purchase price plus delivery costs. The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

At 31 March 2013, there has been no impairment of inventories (31 March 2012: DKK 7.6 million and 31 March 2011: DKK 6.8 million), cf. note 5.

Full stock counts are not performed in all stores at year end. Consequently, inventory has to be measured taken into account the shrinkage. Shrinkage is currently estimated at 1.5% of sales which approximately corresponds to actual shrinkage as measured by ongoing stock counts in a limited number of stores and on annual full stock count.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

3 **Segment information**

Matas Group has one reportable segment selling Mass Beauty and High-end Beauty, vitamins, minerals and supplements, household and personal care goods and over-the-counter medicine.

Revenue can be specified as follows:

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Beauty Shop | 2,195.1 | 2,086.7 | 1,992.6 |
| Vital Shop | 301.5 | 301.9 | 306.6 |
| Material Shop | 256.9 | 263.1 | 256.5 |
| MediCare Shop | 173.3 | 167.7 | 157.0 |
| Other | 26.9 | 27.9 | 32.7 |
| | 2,953.7 | 2,847.3 | 2,745.4 |
| Sales of goods to associated stores | 246.3 | 249.9 | 246.2 |
| | 3,200.0 | 3,097.2 | 2,991.6 |

**Geographic information**

Matas Group operates primarily in Denmark but also has limited activities in Sweden.

Revenue through Danish retail stores and to associated stores in Denmark amount to 99.6% (2011/12: 99.6% and 2010/11: 99.4%) of total revenue.

The Group's non-current assets are substantially physically located in Denmark. At 31 March 2013, the value of non-current assets located in Denmark amounted to 100% (31 March 2012: 100.0% and 31 March 2011: 99.9%) of total non-current assets.

**Significant customers**

Transactions with individual customers do not exceed 10% of total revenue.

4 **Revenue**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Sale of goods from retail stores | 2,953.7 | 2,847.3 | 2,745.4 |
| Sale of goods to associated stores | 246.3 | 249.9 | 246.2 |
| | 3,200.0 | 3,097.2 | 2,991.6 |

5 **Cost of goods sold, etc.**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Cost of goods sold for the year | 1,728.8 | 1,683.4 | 1,644.3 |
| Impairment of inventories for the year | 0.0 | 7.6 | 6.8 |
| Reversed impairment on inventories | 7.4 | 0.0 | 0.0 |

The Group has not carried out any research and development activities

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 6 Other operating income and costs

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| ***Other operating income*** | | | |
| Compensation relating to leased property | 0.0 | 1.4 | 0.0 |
| Profit from sale of property, plant and equipment | 0.0 | 0.0 | 0.2 |
| | 0.0 | 1.4 | 0.2 |
| ***Other operating costs*** | | | |
| Loss from sale of property, plant and equipment | 0.1 | 0.0 | 0.6 |
| | 0.1 | 0.0 | 0.6 |

### 7 Fees to auditors appointed at the annual general meeting

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Fee to KPMG | 9.1 | 3.2 | 3.3 |
| Fee to other auditors | 0.1 | 0.1 | 0.1 |
| | 9.2 | 3.3 | 3.4 |

Which is specified as follows:

| | | | |
|---|---|---|---|
| Audit | 1.9 | 1.9 | 1.8 |
| Other assurance engagements | 0.1 | 0.1 | 0.1 |
| Tax and VAT assistance | 1.6 | 1.2 | 1.2 |
| Other services | 5.6 | 0.1 | 0.3 |
| | 9.2 | 3.3 | 3.4 |

Other services in 2012/13 mainly relates to a special strategic review.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**8 Staff costs**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Wages and salaries | 528.3 | 509.2 | 507.0 |
| Defined contribution plans | 38.6 | 37.3 | 36.3 |
| Other staff costs | 14.4 | 13.5 | 13.8 |
| **Total staff costs** | 581.3 | 560.0 | 557.1 |
| Total staff costs are recognised as follows: | | | |
| Staff costs in statement of comprehensive income | 579.7 | 558.4 | 557.1 |
| Property, plant and equipment | 1.6 | 1.6 | 0.0 |
| | 581.3 | 560.0 | 557.1 |
| Average number of employees | 2,051 | 2,037 | 2,022 |

**Remuneration to the Board of Directors and the Executive Board and executive employees**

| DKK million | 2012/13 | | 2011/12 | | 2010/11 | |
|---|---|---|---|---|---|---|
| | The parent company's Executive Board | Other executive employees | The parent company's Executive Board | Other executive employees | The parent company's Executive Board | Other executive employees |
| Wages | 10.3 | 8.6 | 9.9 | 6.6 | 9.7 | 6.7 |
| Contributions to pension plans | 0.3 | 0.6 | 0.3 | 0.3 | 0.3 | 0.3 |
| | 10.6 | 9.2 | 10.2 | 6.9 | 10.0 | 7.0 |

The parent company's Board of Directors has not received any remuneration.

According to an IPO bonus scheme, a cash bonus to be paid to the participants, subject to completion of the offering of the parent company's shares to trading on NASDAQ OMX Copenhagen, amounts to approximately DKK 7.4 million to the Executive Board and approximately DKK 2.8 million to certain of the key employees and one other employee.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 9 Depreciation, amortisation and impairment losses

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Amortisation, intangible assets | 75.2 | 75.3 | 75.3 |
| Depreciation, property, plant and equipment | 56.7 | 48.2 | 50.2 |
| Impairment of intangible assets | 0.6 | 3.1 | 6.5 |
| | 132.5 | 126.6 | 132.0 |

Impairment loss in 2012/13 relates to shares in co-operative dwellings. Impairment losses in 2011/12 and 2010/11 relate to goodwill in connection with the Matas stores in Sweden, cf. note 15.

### 10 Financial income

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Changes in the fair value of derivative financial instruments | 7.7 | 0.0 | 8.8 |
| Interest, cash at bank and in hand | 0.4 | 0.8 | 1.5 |
| | 8.1 | 0.8 | 10.3 |
| Interest from financial assets measured at amortised costs amounts to | 0.0 | 0.7 | 1.1 |

### 11 Financial expenses

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Interest to banks | 76.8 | 99.9 | 168.8 |
| Amortisation of financing costs | 9.8 | 15.7 | 21.7 |
| Changes in the fair value of derivative financial instruments | 0.0 | 16.5 | 0.0 |
| Impairment of other securities and investments | 0.0 | 0.0 | 2.0 |
| Other costs | 2.1 | 1.3 | 1.2 |
| | 88.7 | 133.4 | 193.7 |
| Interest on financial liabilities measured at amortised costs amounts to | 76.6 | 110.9 | 137.4 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 12 Tax

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Tax for the year is specified as follows: | | | |
| Tax on the profit for the year | 112.7 | 101.5 | 72.4 |
| Tax on comprehensive income | 0.0 | 0.0 | 11.2 |
| | 112.7 | 101.5 | 83.6 |
| Tax on the profit for the year is specified as follows: | | | |
| Current tax | 123.1 | 104.2 | 67.3 |
| Deferred tax | -13.6 | -2.5 | 7.2 |
| Current tax regarding previous years | 3.2 | -0.2 | -2.1 |
| | 112.7 | 101.5 | 72.4 |
| Tax on the profit for the year is explained as follows: | | | |
| Computed 25% tax of result before tax | 93.9 | 80.2 | 53.7 |
| Limitation on the right to deduct interest | 10.7 | 19.3 | 14.9 |
| Other | 4.9 | 2.2 | 5.9 |
| Tax regarding previous years | 3.2 | -0.2 | -2.1 |
| | 112.7 | 101.5 | 72.4 |
| Effective tax rate | 30.0% | 31.6% | 33.7% |

### 13 Earnings per share

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| **Profit for the year** | 263.0 | 219.4 | 142.3 |
| Average number of shares | 40,779,804 | 40,779,804 | 40,779,804 |
| Average number of treasury shares | -10,026 | -9,696 | 0 |
| **Average number of outstanding shares** | 40,769,778 | 40,770,108 | 40,779,804 |
| Earnings per share basic (EPS basic) of DKK 2.50 | 6.45 | 5.38 | 3.49 |
| Diluted earnings per share (EPS-D) of DKK 2.50 | 6.45 | 5.38 | 3.49 |

Average number of shares and treasury shares is as if the adjustment of the capital structure completed on 4 June 2013, cf. note 21, was completed in the past.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 14 Intangible assets

| DKK million | Goodwill | Trademarks and trade names | Shares in co-operative dwellings | Other intangible assets | Total |
|---|---|---|---|---|---|
| Cost at 1 April 2010 | 3,564.1 | 1,107.1 | 5.8 | 8.6 | 4,685.6 |
| Addition | 0.0 | 0.0 | 0.0 | 0.9 | 0.9 |
| Foreign exchange adjustment | 0.7 | 0.0 | 0.0 | 0.0 | 0.7 |
| Disposals | -2.1 | 0.0 | 0.0 | 0.0 | -2.1 |
| Cost at 31 March 2011 | 3,562.7 | 1,107.1 | 5.8 | 9.5 | 4,685.1 |
| Amortisation and impairment at 1 April 2010 | 0.0 | 227.9 | 0.0 | 3.8 | 231.7 |
| Amortisation | 0.0 | 73.9 | 0.0 | 1.4 | 75.3 |
| Impairment | 6.5 | 0.0 | 0.0 | 0.0 | 6.5 |
| Amortisation and impairment at 31 March 2011 | 6.5 | 301.8 | 0.0 | 5.2 | 313.5 |
| **Carrying amount at 31 March 2011** | 3,556.2 | 805.3 | 5.8 | 4.3 | 4,371.6 |
| Cost at 1 April 2011 | 3,562.7 | 1,107.1 | 5.8 | 9.5 | 4,685.1 |
| Addition | 5.2 | 0.0 | 0.0 | 2.1 | 7.3 |
| Disposals | -9.6 | 0.0 | 0.0 | 0.0 | -9.6 |
| Cost at 31 March 2012 | 3,558.3 | 1,107.1 | 5.8 | 11.6 | 4,682.8 |
| Amortisation and impairment at 1 April 2011 | 6.5 | 301.8 | 0.0 | 5.2 | 313.5 |
| Amortisation | 0.0 | 73.9 | 0.0 | 1.4 | 75.3 |
| Impairment | 3.1 | 0.0 | 0.0 | 0.0 | 3.1 |
| Disposals | -9.6 | 0.0 | 0.0 | 0.0 | -9.6 |
| Amortisation and impairment at 31 March 2012 | 0.0 | 375.7 | 0.0 | 6.6 | 382.3 |
| **Carrying amount at 31 March 2012** | 3,558.3 | 731.4 | 5.8 | 5.0 | 4,300.5 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 14 Intangible assets (continued)

| DKK million | Goodwill | Trademarks and trade names | Shares in co-operative dwellings | Other intangible assets | Total |
|---|---|---|---|---|---|
| Cost at 1 April 2012 | 3,558.3 | 1,107.1 | 5.8 | 11.6 | 4,682.8 |
| Addition | 22.0 | 0.0 | 0.0 | 0.9 | 22.9 |
| Disposals | 0.0 | 0.0 | -1.9 | 0.0 | -1.9 |
| Cost at 31 March 2013 | 3,580.3 | 1,107.1 | 3.9 | 12.5 | 4,703.8 |
| Amortisation and impairment at 1 April 2012 | 0.0 | 375.7 | 0.0 | 6.6 | 382.3 |
| Amortisation | 0.0 | 73.9 | 0.0 | 1.3 | 75.2 |
| Impairment | 0.0 | 0.0 | 0.6 | 0.0 | 0.6 |
| Disposals | 0.0 | 0.0 | -0.6 | 0.0 | -0.6 |
| Amortisation and impairment at 31 March 2013 | 0.0 | 449.6 | 0.0 | 7.9 | 457.5 |
| **Carrying amount at 31 March 2013** | 3,580.3 | 657.5 | 3.9 | 4.6 | 4,246.3 |
| Amortised over | - | 15 years | - | 5-10 years | |

Other intangible assets comprise payments regarding tenancy taken over, etc.

Except from goodwill and shares in co-operative dwellings, it is assessed that all intangible assets have a limited useful life.

For further details on impairment, see note 15.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 15 Impairment testing

The carrying amount of goodwill for the Group amounts to DKK 3,580.3 million at 31 March 2013 (DKK 3,558.3 million at 31 March 2012 and DKK 3,556.2 million at 31 March 2011).

At 31 March 2013, 31 March 2012 and 31 March 2011, Management performed impairment tests of the carrying amounts of goodwill for the Group.

The recoverable value is based on the net present value which is determined by using expected net cash flows on basis of budgets for the years 2013-2017 and a discount factor before tax of 10.8% (31 March 2012: 11.3% and 31 March 2011: 11.7%).

The contribution margin for the budget period is estimated based on the historical average contribution margin. No significant growth is expected in the contribution margin.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2017 is estimated to 2% (31 March 2012: 2% and 31 March 2011: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Group's markets.

Based on the impairment tests performed at 31 March 2012 and 31 March 2011, impairment of goodwill related to the Matas stores in Sweden amounted to DKK 3.1 million in 2011/12 and DKK 6.5 million in 2010/11. Consequently, the carrying amount of goodwill at 31 March 2012 was DKK 0.

Management assesses that likely changes in the basic assumptions will not lead to the carrying amount after impairment of goodwill exceeding the recoverable amount.

**Other non-current assets**

In 2012/13, Shares in co-operative dwellings has been impaired by DKK 0.6 million.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 16 Property, plant and equipment

| DKK million | Land and buildings | Plant and machinery | Leasehold improve-ments | Total |
|---|---|---|---|---|
| Cost at 1 April 2010 | 115.3 | 133.9 | 119.2 | 368.4 |
| Foreign exchange adjustment | 0.0 | 0.0 | 0.2 | 0.2 |
| Additions | 0.1 | 29.0 | 11.5 | 40.6 |
| Disposals | 0.0 | -1.5 | -1.6 | -3.1 |
| Cost at 31 March 2011 | 115.4 | 161.4 | 129.3 | 406.1 |
| Depreciation and impairment at 1 April 2010 | 7.7 | 83.9 | 65.8 | 157.4 |
| Foreign exchange adjustment | 0.0 | 0.0 | 0.1 | 0.1 |
| Depreciation | 2.5 | 20.8 | 26.9 | 50.2 |
| Disposals | 0.0 | -1.2 | -0.9 | -2.1 |
| Depreciation and impairment at 31 March 2011 | 10.2 | 103.5 | 91.9 | 205.6 |
| **Carrying amount at 31 March 2011** | 105.2 | 57.9 | 37.4 | 200.5 |
| Cost at 1 April 2011 | 115.4 | 161.4 | 129.3 | 406.1 |
| Additions on acquisition of enter-prises | 0.0 | 0.3 | 0.3 | 0.6 |
| Additions | 1.0 | 36.2 | 17.0 | 54.2 |
| Disposals | 0.0 | -0.2 | 0.0 | -0.2 |
| Cost at 31 March 2012 | 116.4 | 197.7 | 146.6 | 460.7 |
| Depreciation and impairment at 1 April 2011 | 10.2 | 103.5 | 91.9 | 205.6 |
| Depreciation | 2.6 | 30.0 | 15.6 | 48.2 |
| Disposals | 0.0 | -0.2 | 0.0 | -0.2 |
| Depreciation and impairment at 31 March 2012 | 12.8 | 133.3 | 107.5 | 253.6 |
| **Carrying amount at 31 March 2012** | 103.6 | 64.4 | 39.1 | 207.1 |
| Cost at 1 April 2012 | 116.4 | 197.7 | 146.6 | 460.7 |
| Additions on acquisition of enter-prises | 0.0 | 0.2 | 0.0 | 0.2 |
| Additions | 0.1 | 43.9 | 4.9 | 48.9 |
| Disposals | 0.0 | -12.7 | -0.3 | -13.0 |
| Cost at 31 March 2013 | 116.5 | 229.1 | 151.2 | 496.8 |
| Depreciation and impairment at 1 April 2012 | 12.8 | 133.3 | 107.5 | 253.6 |
| Depreciation | 2.6 | 38.8 | 15.3 | 56.7 |
| Disposals | 0.0 | -12.7 | -0.2 | -12.9 |
| Depreciation and impairment at 31 March 2013 | 15.4 | 159.4 | 122.6 | 297.4 |
| **Carrying amount at 31 March 2013** | 101.1 | 69.7 | 28.6 | 199.4 |
| Depreciated over | 15-25 years | 3-7 years | 5-10 years | |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**17 Other securities and investments**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Cost at 1 April | 1.7 | 1.7 | 3.7 |
| Disposals | 0.0 | 0.0 | -2.0 |
| Cost at 31 March | 1.7 | 1.7 | 1.7 |
| Impairment at 1 April | 0.6 | 0.6 | 0.6 |
| Impairment | 0.0 | 0.0 | 2.0 |
| Disposals | 0.0 | 0.0 | -2.0 |
| Impairment at 31 March | 0.6 | 0.6 | 0.6 |
| **Carrying amount at 31 March** | 1.1 | 1.1 | 1.1 |

Other securities and investments relate to ownership interests in credit card systems at shopping centres.

**18 Inventories**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Goods for resale | 601.8 | 542.9 | 612.5 |
| Carrying amount of inventories, recognised at net sales value | 0.0 | 24.6 | 9.7 |

**19 Trade receivables**

Trade receivables primarily relate to the sale to Matas stores which are not owned by the Group. Impairment included in the carrying amount of trade receivables has developed as follows:

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| 1 April | 0.2 | 0.3 | 0.3 |
| Impairment during the year | 0.0 | 0.0 | 0.2 |
| Realised during the year | 0.0 | -0.1 | -0.2 |
| **31 March** | 0.2 | 0.2 | 0.3 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**19 Trade receivables (continued)**

Moreover, the following trade receivables are included, which at 31 March were overdue but not impaired:

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Maturity: | | | |
| Up until 30 days | 1.1 | 0.2 | 0.7 |
| Between 30 and 90 days | 0.4 | 0.0 | 0.3 |
| Over 90 days | 0.1 | 0.0 | 0.3 |
| | 1.6 | 0.2 | 1.3 |

**20 Other receivables**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Fair value of derivative financial instruments | 0.0 | 0.0 | 8.8 |
| Other receivables | 1.5 | 2.2 | 4.0 |
| | 1.5 | 2.2 | 12.8 |

**21 Equity and treasury shares**

**Share capital**

The Company's share capital constituted nominal DKK 101,688,101 divided into shares of DKK 0.10 each. Nominal DKK 1,688,101 preference shares carried at any distribution a preferential dividend right to an amount corresponding to 12% per year of DKK 1,688,101 computed on an accumulated basis and less dividend paid on preference shares in the past 12 months. Any remaining amount was distributed equally among the ordinary shares and preference shares.

At 4 June 2013, the two previous share classes were merged into one and the preferential rights attached to the preference shares were abolished. Furthermore, bonus shares of a total nominal of DKK 261,409 were issued and a reverse stock split was completed amending the nominal value per share from DKK 0.10 to DKK 2.50.

**Capital structure**

The Group continuously assesses the need for adaption to the capital structure. The capital is managed for the Group as a whole.

The share of equity of the total equity and liabilities amounts to 40.9% at 31 March 2013 (31 March 2012: 37.4% and 31 March 2011: 33.2%).

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 21 Equity and treasury shares (continued)

**Treasury shares**

| | Number of shares | | | Nominal value (DKK'000) | | | % of share capital | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012/13 | 2011/12 | 2010/11 | 2012/13 | 2011/12 | 2010/11 | 2012/13 | 2011/12 | 2010/11 |
| 1 April | 250,000 | 0 | 0 | 25 | 0 | 0 | 0.02 | 0.00 | 0.00 |
| Additions | 0 | 250,000 | 0 | 0 | 25 | 0 | 0.00 | 0.02 | 0.00 |
| **31 March** | 250,000 | 250,000 | 0 | 25 | 25 | 0 | 0.02 | 0.02 | 0.00 |

Treasury shares acquired in 2011/12 for DKK 0.1 million where taken over in connection with an employee's retirement.

All treasury shares are held by Matas A/S.

### 22 Deferred tax

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Deferred tax at 1 April | 354.3 | 356.6 | 338.2 |
| Addition on acquisition of subsidiary | 0.0 | 0.2 | 0.0 |
| Deferred tax recognised in other comprehensive income | 0.0 | 0.0 | 11.2 |
| Deferred tax for the year, recognised in the profit for the year | -13.6 | -2.5 | 7.2 |
| **Deferred tax at 31 March** | 340.7 | 354.3 | 356.6 |
| Deferred tax is recognised as follows in the statement of financial position: | | | |
| Deferred tax (asset) | -15.7 | -14.1 | -16.3 |
| Deferred tax (liability) | 356.4 | 368.4 | 372.9 |
| **Deferred tax at 31 March, net** | 340.7 | 354.3 | 356.6 |
| Deferred tax relates to: | | | |
| Intangible assets | 336.4 | 346.6 | 352.1 |
| Property, plant and equipment | 27.5 | 27.9 | 24.2 |
| Inventories | -15.7 | -14.1 | -15.0 |
| Other assets | -7.5 | -6.1 | -4.7 |
| | 340.7 | 354.3 | 356.6 |

All deferred tax assets and liabilities are recognised in the statement of financial position.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 22 Deferred tax (continued)

Changes in temporary differences during the year:

| DKK million | Balance at 1/4 | Additions on acquisition of enterprises | Recognised in other comprehensive income | Recognised in the profit for the year, net | Balance at 31/3 |
|---|---|---|---|---|---|
| **2010/11** | | | | | |
| Intangible assets | 353.2 | 0.0 | 0.0 | -1.1 | 352.1 |
| Property, plant and equipment | 22.7 | 0.0 | 0.0 | 1.5 | 24.2 |
| Inventories | -10.2 | 0.0 | 0.0 | -4.8 | -15.0 |
| Other assets | -2.4 | 0.0 | 0.0 | -2.3 | -4.7 |
| Liabilities | -11.2 | 0.0 | 11.2 | 0.0 | 0.0 |
| Tax loss carry forwards | -13.9 | 0.0 | 0.0 | 13.9 | 0.0 |
| | 338.2 | 0.0 | 11.2 | 7.2 | 356.6 |
| **2011/12** | | | | | |
| Intangible assets | 352.1 | 0.1 | 0.0 | -5.6 | 346.6 |
| Property, plant and equipment | 24.2 | 0.1 | 0.0 | 3.6 | 27.9 |
| Inventories | -15.0 | 0.0 | 0.0 | 0.9 | -14.1 |
| Other assets | -4.7 | 0.0 | 0.0 | -1.4 | -6.1 |
| | 356.6 | 0.2 | 0.0 | -2.5 | 354.3 |
| **2012/13** | | | | | |
| Intangible assets | 346.6 | 0.0 | 0.0 | -10.2 | 336.4 |
| Property, plant and equipment | 27.9 | 0.0 | 0.0 | -0.4 | 27.5 |
| Inventories | -14.1 | 0.0 | 0.0 | -1.6 | -15.7 |
| Other assets | -6.1 | 0.0 | 0.0 | -1.4 | -7.5 |
| | 354.3 | 0.0 | 0.0 | -13.6 | 340.7 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 23 Amounts owed to banks

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Amounts owed to banks are recognised in the statement of financial position as follows: | | | |
| Non-current liabilities | 2,057.2 | 2,283.8 | 2,435.1 |
| Current liabilities | 226.7 | 167.0 | 359.1 |
| | 2,283.9 | 2,450.8 | 2,794.2 |
| Nominal value | 2,302.5 | 2,479.2 | 2,838.3 |
| Falls due more than 5 years after the date of the statement of financial position, nominal value | 0.0 | 0.0 | 450.0 |
| Fair value | 2,302.5 | 2,479.2 | 2,838.3 |

Fair value of financial liabilities is assessed as current value of expected future part payment and interest payments. The actual interest rate for similar loan periods in the Group is used as discount rate.

Amounts owed to banks carry variable interest rates. At 31 March 2013, the effective interest rate amounts to 1.3-4.5% p.a. (31 March 2012: 1.9-5.2% p.a. and 31 March 2011: 2.8-5.5% p.a.).

Special terms and conditions (covenants) are attached to the Group's credit facility. The Group has complied with these covenants since raising the loans.

To hedge the interest rate risk, an interest rate swap has been entered into until 31 December 2012, cf. note 28.

On 30 May 2013, the Group entered into a new facility agreement in order to refinance all existing amounts owed to banks.

The new facilities agreement has a final maturity date of 30 June 2018 and it is priced with a margin in the range of 150-200 basis points over CIBOR, and includes a margin ratchet dependent on the level of leverage.

The new facility agreement will be able to be drawn upon satisfaction of certain conditions precedent, including that closing and settlement of the offering of the parent company's shares to trading on NASDAQ OMX Copenhagen have occurred or will occur contemporaneously with the new facilities' first utilisation.

The new facility agreement also requires the Group to maintain special terms and conditions (covenants).

The current facility agreement continues unchanged if the listing is not completed.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 24 Other payables

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Included in non-current liabilities: | | | |
| Obligations regarding employee bonds | 1.6 | 1.6 | 1.6 |
| | 1.6 | 1.6 | 1.6 |
| Included in current liabilities: | | | |
| Fair value of hedging instruments | 0.0 | 7.7 | 0.0 |
| Payable VAT | 38.9 | 32.9 | 22.7 |
| Holiday pay obligation | 83.2 | 78.3 | 81.8 |
| Salary related liabilities etc. | 14.2 | 18.3 | 14.7 |
| | 136.3 | 137.2 | 119.2 |

### 25 Changes in working capital

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Change in inventories | -52.4 | 71.3 | 15.3 |
| Change in receivables | -11.0 | -12.1 | -2.2 |
| Change in trade and other payables | 91.0 | 63.0 | -12.4 |
| | 27.6 | 122.2 | 0.7 |

### 26 Acquisition of subsidiaries and activities

In 2012/13, the Group acquired one retail store in September 2012 and one retail store in November 2012. In 2011/12, the Group acquired one retail store in January 2012. No stores were acquired in 2010/11.

| DKK million | 2012/13 | 2011/12 |
|---|---|---|
| Property, plant and equipment | 0.2 | 0.0 |
| Other non-current assets | 0.5 | 0.6 |
| Inventories | 6.2 | 1.6 |
| Other receivables | 0.2 | 0.0 |
| Cash at bank and in hand | 0.4 | 0.1 |
| Deferred tax | 0.0 | -0.2 |
| Liabilities | -7.1 | -2.5 |
| **Acquired net assets** | 0.4 | -0.4 |
| Goodwill | 22.0 | 5.2 |
| **Acquisition price** | 22.4 | 4.8 |
| Hereof cash at bank and in hand | -0.4 | -0.1 |
| **Cash acquisition price** | 22.0 | 4.7 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 26 Acquisition of subsidiaries and activities (continued)

After recognition of identifiable assets and liabilities at fair value, goodwill in connection with the Group's acquisition was computed to DKK 22.0 million (2011/12: DKK 5.2 million). Goodwill represents the value of the existing employees and know-how as well as expected synergies from the combination with the Matas chain.

In 2012/13, the acquired stores were recognised in the profit for the year in an amount of DKK 1.2 million (2011/12: DKK 0.1 million) for the period since the acquisition.

The net revenue and profit for the year for the Group for 2012/13 prepared pro forma as if the acquired stores were acquired 1 April 2012, amounted to DKK 3.218.1 million (2011/12: DKK 3,102.7 million) and DKK 263.9 million (2011/12: DKK 219.4 million).

**Business combinations after the balance sheet date**

At 1 May 2013, Matas Group acquired all the shares in Esthetique Danmark A/S, who has nine Esthetique stores in Denmark. At 1 June 2013, Matas Group acquired a Matas store in Ringkøbing. Final purchase prices have not been determined.

### 27 Contingent liabilities and security

#### *Contingent liabilities at 31 March 2013*

The Danish tax authorities have challenged the tax deductibility of transaction costs incurred in relation to the acquisition of the Group in 2007. The case is currently pending a decision from the Danish National Tax Tribunal. The dispute relates to the income years 2006 to 2009, where the Danish tax authorities have increased the taxable income by a total of DKK 126.5 million. As a consequence of this adjustment, the Danish tax authorities have also denied the deductability of certain interest payments for 2008 and 2009 at a level of DKK 18.5 million.

The Group is currently also involved in discussions with the Danish tax authorities in relation to certain withholding taxes. The Group has received a proposed adjustment notice from the Danish tax authorities indicating that it intends to claim withholding tax regarding interest payments completed in 2006 to 2009 to the parent company, Svenska M Holding 1 AB, of Matas A/S. It is the opinion of the Danish tax authorities that Svenska M Holding 1 AB is not to be considered as the beneficial owner of interest payments made by the Group.

The Danish tax authorities have taken the position that such payments of interest are subject to withholding tax and that the Group should be liable for the withholding tax obligations.

Based on the adjustment notice on withholding tax, the Danish tax authorities intend to claim a tax payment from the Group of an additional amount totalling DKK 56.4 million for the income years 2006, 2007, 2008 and 2009. In addition, interest relating to the claim will be charged, which is estimated to be approximately DKK 30 million as of 1 June 2013.

Discussions with the Danish tax authorities are on-going, and no final decision has been made by the Danish tax authorities. However, the Group has been informed that a decision may be expected in August 2013. If the decision is not in favour of the Group, the case is expected to be appealed and proceed to the Danish National Tax Tribunal.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**27 Contingent liabilities and security (continued)**

No provisions have been made in the accounts in respect of the tax cases, as Management believes it more likely than not that a ruling in favour of the Group will be received, if the tax cases are taken to court.

### *Contingent liabilities at 31 March 2012*

The Matas Group is party to some pending lawsuits. It is Management's opinion that the outcome of these cases will not affect the Group's financial position beyond the receivables and liabilities which are recognised in the statement of financial position at 31 March 2012.

### *Contingent liabilities at 31 March 2011*

The Matas Group is party to some pending lawsuits. It is Management's opinion that the outcome of these cases will not affect the Group's financial position beyond the receivables and liabilities which are recognised in the statement of financial position at 31 March 2011.

### *Security*

The subsidiary MHolding 3 A/S has provided shares in subsidiaries, amounts owed by subsidiaries and cash at bank and in hand with a total carrying amount of DKK 5,140.0 million (31 March 2012: DKK 5,334.8 million and 31 March 2011: DKK 5,316.9 million) as security for debt to banks a total of DKK 2,863.1 million (31 March 2012: DKK 3,095.0 million and 31 March 2011: DKK 2,838.3 million).

**28 Financial risks and financial instruments**

### *The Group's risk management*

As a consequence of its operation, investments and financing, the Group is exposed to changes in the interest rate. The Group is to a limited extent exposed to changes in foreign currencies.

It is group policy not to make active speculation in financial risks. The Group's finance management is thus only aimed at management of the financial risks which are a direct result of the Group's operation and financing.

For a description of the accounting policies and methods, including recognition criteria and measurement basis, we refer to the accounting policies.

There are no changes in the Group's risk exposure or risk management compared to previous years.

***Interest rate risks***

It is group policy to fully or partially hedge interest rate risks on all group loans when it is assessed that the interest payments can be hedged satisfactorily. Hedging is usually made by means of interest rate swaps, where loans with variable interest rate are converted to loans with a fixed interest rate.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 28 Financial risks and financial instruments (continued)

In 2012/13, the Group had an interest rate swap with a principal amount of DKK 1 billion, which expired at 31 December 2012. It was decided that the interest rate swap, which partly hedged the Group's interest rate risks on floating-rate loans, was not documented as a hedging instrument for accounting purposes. Fair value of the interest swap amounted to DKK -7.7 million at 31 March 2012 and DKK 8.8 million at 31 March 2011.

For the Group's floating interest-bearing cash and debt to banks a drop in interest level of 1% p.a. in relation to the actual interest rates would have had an influence on result for the year of DKK 10.1 million (2011/12: DKK -3.8 million and 2010/11: DKK -6.3 million) and on equity at 31 March 2013 of DKK 10.1 million (31 March 2012: DKK -3.8 million and 31 March 2011: DKK -6.3 million). 2011/12 and 2010/11 results were affected by the change in the fair value of interest rate swaps recognised in the income statement which exceeded interest savings.

*Preconditions for analysis of sensitivity*

The stated sensitivities are calculated on the basis of the recognised financial assets and liabilities at 31 March. There have not been adjusted for repayments, loan taking, etc. during the course of the year.

The computed expected fluctuations are based on the current market situation and expectations for the market development of the interest rate level.

### *Currency risks*

The Group's foreign enterprises are not significantly affected by currency fluctuations.

The Group's income statement is affected by foreign currency fluctuations as the foreign group enterprises' result at year-end is translated to Danish kroner on basis of average exchange rates. The Group's size makes the effect immaterial.

The Group had not entered into any foreign exchange contracts for the last three years.

### Liquidity risks

The Group's liquidity reserve consists of cash and cash equivalents and unutilised credit facilities. It is the Group's aim to have sufficient cash resources to continue to acquire Matas stores.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 28 Financial risks and financial instruments (continued)

The Group's liabilities fall due as follows:

| DKK million | Carrying amount | Contrac-tual cash flows | Within 1 year | 1 to 3 years | 3 to 5 years | After 5 years |
|---|---|---|---|---|---|---|
| **2010/11** | | | | | | |
| ***Non-derivative financial instruments*** | | | | | | |
| Banks | 2,794.2 | 3,282.1 | 235.6 | 601.5 | 1,988.9 | 456.1 |
| Trade payables | 420.3 | 420.3 | 420.3 | 0.0 | 0.0 | 0.0 |
| Employee bonds | 1.6 | 1.9 | 0.1 | 1.2 | 0.6 | 0.0 |
| Other payables | 7.2 | 7.2 | 7.2 | 0.0 | 0.0 | 0.0 |
| **31 March 2011** | 3,223.3 | 3,711.5 | 663.2 | 602.7 | 1,989.5 | 456.1 |
| **2011/12** | | | | | | |
| ***Derivative financial instruments*** | | | | | | |
| Hedging instruments | 7.7 | 8.2 | 8.2 | 0,0 | 0.0 | 0.0 |
| **31 March 2012** | 7.7 | 8.2 | 8.2 | 0.0 | 0.0 | 0.0 |
| ***Non-derivative financial instruments*** | | | | | | |
| Banks | 2,450.8 | 2,758.9 | 254.7 | 1,494.5 | 1,009.7 | 0.0 |
| Trade payables | 466.8 | 466.8 | 466.8 | 0.0 | 0.0 | 0.0 |
| Employee bonds | 1.6 | 1.9 | 0.1 | 1.8 | 0.0 | 0.0 |
| Other payables | 9.7 | 9.7 | 9.7 | 0,0 | 0.0 | 0.0 |
| **31 March 2012** | 2,928.9 | 3,237.3 | 731.3 | 1,496.3 | 1,009.7 | 0.0 |
| **2012/13** | | | | | | |
| ***Non-derivative financial instruments*** | | | | | | |
| Banks | 2,283.9 | 2,783.7 | 294.7 | 1,727.3 | 761.7 | 0.0 |
| Trade payables | 535.9 | 535.9 | 535.9 | 0,0 | 0.0 | 0.0 |
| Employee bonds | 1.6 | 1.8 | 1.2 | 0.6 | 0.0 | 0.0 |
| Other payables | 8.2 | 8.2 | 8.2 | 0,0 | 0.0 | 0.0 |
| **31 March 2013** | 2,829.6 | 3,329.6 | 840.0 | 1,727.9 | 761.7 | 0.0 |

At 30 April 2013, the Group extraordinary repaid DKK 200 million of the bank borrowing.

At 30 May 2013, the Group entered into a new facility agreement in order to refinance all existing amounts owed to banks, cf. note 23.

*Preconditions for the analysis of sensitivity*

The maturity analysis is based on all undiscounted cash flows including estimated interest payments. The interest payments are based on the present market conditions.

On the basis on the Group's expectations of future operations and the Group's current cash resources, no significant liquidity risks are identified.

Special terms and conditions (covenants) are attached to the Group's credit facility. The Group has complied with these covenants since raising the loans.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 28 Financial risks and financial instruments (continued)

### *Credit risks*

The Group's credit risks are partly linked to receivables and cash at bank and in hand and partly to derivative financial instruments with positive fair value. The maximum credit risk linked to financial assets corresponds to the values recognised in the statement of financial position.

The Group has no significant risks regarding one individual customer or partner. Thus there is no insurance of trade receivables from sales. There are no essential due receivables and therefore not reserved amounts to meet loss.

### *Categories of financial instruments*

| | 2012/13 | | 2011/12 | | 2010/11 | |
|---|---|---|---|---|---|---|
| DKK million | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Derivative financial instruments included in the trading portfolio | 0.0 | 0.0 | 0.0 | 0.0 | 8.8 | 8.8 |
| **Financial assets measured at fair value over the income statement** | 0.0 | 0.0 | 0.0 | 0.0 | 8.8 | 8.8 |
| Trade receivables | 89.7 | 89.7 | 87.2 | 87.2 | 78.3 | 78.3 |
| Deposits | 31.0 | 31.0 | 29.7 | 29.7 | 27.2 | 27.2 |
| Other receivables | 1.5 | 1.5 | 2.2 | 2.2 | 4.0 | 4.0 |
| Cash at bank and in hand | 536.6 | 536.6 | 392.3 | 392.3 | 326.3 | 326.3 |
| **Loans and receivables** | 658.8 | 658.8 | 511.4 | 511.4 | 435.8 | 435.8 |
| Derivative financial instruments included in the trading portfolio | 0.0 | 0.0 | 7.7 | 7.7 | 0.0 | 0.0 |
| **Financial liabilities measured at fair value over the income statement** | 0.0 | 0.0 | 7.7 | 7.7 | 0.0 | 0.0 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 28 Financial risks and financial instruments (continued)

| DKK million | 2012/13 Carrying amount | 2012/13 Fair value | 2011/12 Carrying amount | 2011/12 Fair value | 2010/11 Carrying amount | 2010/11 Fair value |
|---|---|---|---|---|---|---|
| Banks | 2,283.9 | 2,302.5 | 2,450.8 | 2,479.2 | 2,794.2 | 2,838.3 |
| Employee bonds | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Trade payables | 535.9 | 535.9 | 466.8 | 466.8 | 420.3 | 420.3 |
| Other payables | 8.2 | 8.2 | 9.7 | 9.7 | 7.2 | 7.2 |
| **Financial liabilities measured at amortised cost** | 2,829.6 | 2,848.2 | 2,928.9 | 2,957.3 | 3,223.3 | 3,267.4 |

Derivative financial instruments (interest rate swaps) are estimated according to generally accepted estimation techniques based on relevant and observable swap graphs.

Financial instruments relating to the purchase of goods etc. with a short credit period are estimated to have a fair value equal to the carrying amount.

The applied methods are unchanged.

### Fair value hierarchy for financial instruments recognised at fair value in the statement of financial position

| DKK million | Quoted prices (Level 1) | Observ-able input (Level 2) | Non observ-able input (Level 3) | Total |
|---|---|---|---|---|
| **2010/11** | | | | |
| ***Financial assets*** | | | | |
| Derivative financial instruments included in the trading portfolio | 0.0 | 8.8 | 0.0 | 8.8 |
| **Total financial assets** | 0.0 | 8.8 | 0.0 | 8.8 |
| **2011/12** | | | | |
| ***Financial liabilities*** | | | | |
| Derivative financial instruments included in the trading portfolio | 0.0 | 7.7 | 0.0 | 7.7 |
| **Total financial liabilities** | 0.0 | 7.7 | 0.0 | 7.7 |
| **2012/13** | | | | |
| ***Financial liabilities*** | | | | |
| Derivative financial instruments included in the trading portfolio | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total financial liabilities** | 0.0 | 0.0 | 0.0 | 0.0 |

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 28 Financial risks and financial instruments (continued)

### *Hedge accounting*

The Group use derivative financial instruments to partly hedge the interest rate risk of the Group's loans. It is group policy not to actively speculate in the interest rate risk.

The Group had entered into an interest rate swap with a principal amount of DKK 1,000 million to partly hedge the Group's loans. The interest rate swap expired at 31 December 2012. For accounting purposes it was decided not to document the interest rate swap as a hedging instrument and changes in fair value were therefore recognised in the income statement.

| | Notional amount | Fair value adjustment recognised in income statement | Fair value | Time to maturity |
|---|---|---|---|---|
| | DKK million | DKK million | DKK million | months |
| **2010/11** | | | | |
| Interest rate swap, trading portfolio | 1,000 | 8.8 | 8.8 | 21 |
| **2011/12** | | | | |
| Interest rate swap, trading portfolio | 1,000 | -16.5 | -7.7 | 9 |
| **2012/13** | | | | |
| Interest rate swap, trading portfolio | - | 7.7 | - | - |

### 29 Operating leases

The Group leases buildings and operating equipment under operating leases. The lease period is usually a period between 2 and 10 years with a possibility of extension after the expiry of the period. The majority of the lease agreements do not contain conditional lease payments. Some of the lease agreements have variable lease payments depending on the revenue.

Interminable lease agreements are specified as follows:

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| 0-1 year | 85.8 | 89.7 | 91.9 |
| 1-5 years | 31.5 | 54.2 | 54.2 |
| > 5 years | 0.0 | 1.5 | 0.0 |
| | 117.3 | 145.4 | 146.1 |

In the income statement DKK 149.0 million (2011/12: DKK 145.0 million and 2010/11: DKK 134.7 million) are recognised regarding operating leases.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**30 Related parties**

Matas A/S is 69.4% (prior to 3 June 2013: 66.1%) owned by Svenska M Holding 1 AB, Sverige. Other shareholders are Materialisternes Invest ApS, 30.3% (prior to 3 June 2013: 28.9%) and Executive Management, key employees and other shareholders, 0.3% (prior to 3 June 2013: 5.0%). Executive Management's, key employees and other shareholders' aggregate ownership stake of 0.3% of the share capital is subject to an upward adjustment mechanism agreed between Svenska M Holding 1 AB, Materialisternes Invest ApS and Executive Management, key employees and the other shareholders in connection with the capital structure adjustment mentioned in note 31.

The ultimate foreign company with controlling interest in the Matas Group is MHoldings S.à r.l., Luxembourg, which is owned by certain funds managed and advised by affiliates and subsidiaries of CVC Capital Partners SICAV-FIS S.A.

In 2012/13, Matas Group has paid management fee to Materialisternes Invest A/S for certain consultancy services in the amount of DKK 0.7 million. In 2011/12, the Group paid DKK 1.1 million to Mholdings S.à r.l. and in 2010/11 the Group paid DKK 4.0 million to Mholdings S.à r.l., DKK 0.6 million to Materialisternes Invest ApS and DKK 0.3 million to MLI Holding A/S (owned by the Executive Management, key employees and other employees prior to its dissolution). Management fees paid in 2011/12 and 2010/11 were expensed in 2009/10.

### Executive Boards and the Boards of Directors

The Matas Group's related parties with significant influence comprise the companies' Executive Boards and Boards of Directors and their related families. Further, related parties comprise companies in which the above-mentioned persons have significant interests.

Following the acquisition of the Group in 2007, approximately 57 of the current store leases were entered into with former store owners as landlords, of which some were also indirect shareholders of Materialisternes Invest ApS, including our board member Lars Frederiksen, who indirectly owns two store leases. The rent regarding the two store leases amount to DKK 0.9 million (2011/12: DKK 0.8 million and 2010/11: DKK 0.8 million).

Management's remuneration is mentioned in note 8.

**31 Events after the date of the statement of financial position**

***31 March 2013***

Matas Group has acquired all the shares in Esthetique Danmark A/S, who has nine Esthetique stores in Denmark, and at a Matas store in Ringkøbing, cf. note 26.

Matas has entered into a lease agreement for a new store in Sønderborg, which is expected to open in autumn of 2013.

At 30 April 2013, the Group extraordinary repaid DKK 200 million of the bank borrowing.

At 30 May 2013, a new facility agreement was entered into, which is expected to be utilised to refinance the existing facility agreement in full, cf. note 23.

# Consolidated financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 31 Events after the date of the statement of financial position (continued)

At 31 May 2013, the parent company published its intention to lists its shares on NASDAQ OMX Copenhagen.

At 31 May 2013, the Group entered into a heads of agreement with all the owners of the associated stores relating to certain amendments to their existing terms of trading and potential acquisition of up to six associated stores.

At 4 June 2013, an adjustment of the capital structure was completed as preparation for the offering and the admission of the parent company's shares to trading and official listing on NASDAQ OMX Copenhagen. The adjustment involved a merger of the two previous share classes into one and the preferential rights attached to preference shares were abolished, a bonus share issue as well as a reverse stock split, cf. note 21.

***31 March 2012***

No significant events have occurred after 31 March 2012.

***31 March 2011***

No significant events have occurred after 31 March 2011.

### 32 New financial reporting regulation

***31 March 2013***

A number of new standards and interpretations that are not compulsory for Matas Group in connection with the preparation of the consolidated financial statements for 2012/13 have been issued. None of these new standards and interpretations is expected to affect the financial statement of Matas Group.

***31 March 2012***

A number of new standards and interpretations that are not compulsory for Matas Group in connection with the preparation of the consolidated financial statements for 2011/12 have been issued. None of these new standards and interpretations are expected to affect the financial statement of Matas Group.

***31 March 2011***

A number of new standards and interpretations that are not compulsory for Matas Group in connection with the preparation of the consolidated financial statements for 2010/11 have been issued. None of these new standards and interpretations are expected to affect the financial statement of Matas Group.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Statement of comprehensive income

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| Other external costs | 3,4 | -0.9 | -0.2 | -0.1 |
| **Operating profit** | | -0.9 | -0.2 | -0.1 |
| Financial income | 5 | 0.0 | 0.0 | 0.2 |
| Financial expenses | 6 | 0.0 | 0.0 | -0.1 |
| **Profit/loss before tax** | | -0.9 | -0.2 | 0.0 |
| Tax on the profit/loss for the year | 7 | 0.2 | 0.1 | 0.3 |
| **Profit/loss for the year** | | -0.7 | -0.1 | 0.3 |
| **Other comprehensive income after tax** | | 0.0 | 0.0 | 0.0 |
| **Total comprehensive income** | | -0.7 | -0.1 | 0.3 |
| Proposed distribution of profit/loss: | | | | |
| Retained earnings | | -0.7 | -0.1 | 0.3 |
| | | -0.7 | -0.1 | 0.3 |

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Statement of financial position

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| **Other non-current assets** | | | | |
| Investments in subsidiaries | 8 | 1,888.1 | 1,888.1 | 1,888.1 |
| | | 1,888.1 | 1,888.1 | 1,888.1 |
| **Total non-current assets** | | 1,888.1 | 1,888.1 | 1,888.1 |
| **Current assets** | | | | |
| Amounts owed by group enterprises | | 0.0 | 9.9 | 4.1 |
| Corporation tax | | 27.7 | 7.3 | 0.0 |
| **Total current assets** | | 27.7 | 17.2 | 4.1 |
| **TOTAL ASSETS** | | 1,915.8 | 1,905.3 | 1,892.2 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 9 | 101.7 | 101.7 | 101.7 |
| Share premium | | 1,786.4 | 1,786.4 | 1,786.4 |
| Treasury share reserve | | -0.1 | -0.1 | 0.0 |
| Retained earnings | | -1.1 | -0.4 | -0.3 |
| **Total equity** | | 1,886.9 | 1,887.6 | 1,887.8 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Banks | 10 | 0.0 | 17.5 | 0.0 |
| Trade payables | | 0.2 | 0.2 | 0.2 |
| Amounts owed to group enterprises | | 28.7 | 0.0 | 0.0 |
| Corporation tax | | 0.0 | 0.0 | 4.2 |
| **Total current liabilities** | | 28.9 | 17.7 | 4.4 |
| **Total liabilities** | | 28.9 | 17.7 | 4.4 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,915.8 | 1,905.3 | 1,892.2 |

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Statement of changes in equity

| DKK million | Share capital | Share premium | Treasury share reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| **Equity at 31 March 2010** | 101.7 | 1,786.4 | 0.0 | -0.6 | 1,887.5 |
| **Equity movements in 2010/11** | | | | | |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit for the year | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 |
| **Total comprehensive income** | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 |
| **Equity at 31 March 2011** | 101.7 | 1,786.4 | 0.0 | -0.3 | 1,887.8 |
| **Equity movements in 2011/12** | | | | | |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Loss for the year | 0.0 | 0.0 | 0.0 | -0.1 | -0.1 |
| **Total comprehensive income** | 0.0 | 0.0 | 0.0 | -0.1 | -0.1 |
| **Transactions with owners** | | | | | |
| Acquisition of treasury shares | 0.0 | 0.0 | -0.1 | 0.0 | -0.1 |
| **Equity at 31 March 2012** | 101.7 | 1,786.4 | -0.1 | -0.4 | 1,887.6 |
| **Equity movements in 2012/13** | | | | | |
| Other comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Loss for the year | 0.0 | 0.0 | 0.0 | -0.7 | -0.7 |
| **Total comprehensive income** | 0.0 | 0.0 | 0.0 | -0.7 | -0.7 |
| **Equity at 31 March 2013** | 101.7 | 1,786.4 | -0.1 | -1.1 | 1,886.9 |

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Cash flow statement

| DKK million | Note | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|
| Profit/loss before tax | | -0.9 | -0.2 | 0.0 |
| Financial income | | 0.0 | 0.0 | -0.2 |
| Financial expenses | | 0.0 | 0.0 | 0.1 |
| Cash generated from operations (operating activities) before changes in working capital | | -0.9 | -0.2 | -0.1 |
| Changes in working capital | 11 | 38.6 | -5.8 | 34.3 |
| Cash generated from operations (operating activities) | | 37.7 | -6.0 | 34.2 |
| Interest received | | 0.0 | 0.0 | 0.2 |
| Interest paid | | 0.0 | 0.0 | -0.1 |
| Corporation tax paid | | -20.2 | -11.4 | -8.8 |
| **Cash flows from operating activities** | | 17.5 | -17.4 | 25.5 |
| Disposal of other securities and investments | | 0.0 | 0.0 | 1.3 |
| **Cash flows from investing activities** | | 0.0 | 0.0 | 1.3 |
| External financing: | | | | |
| Raising/settlement of debt to banks | | -17.5 | 17.5 | 0.0 |
| Acquisition of treasury shares | | 0.0 | -0.1 | 0.0 |
| **Cash flows from financing activities** | | -17.5 | 17.4 | 0.0 |
| **Net cash flows from operating, investing and financing activities** | | 0.0 | 0.0 | 26.8 |
| Cash and cash equivalents at 1 April | | 0.0 | 0.0 | -26.8 |
| **Cash and cash equivalents at 31 March** | | 0.0 | 0.0 | 0.0 |

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Summary of notes to the parent company financial statements

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 1 Accounting policies

The separate parent company financial statements are included in the annual report as, under the Danish Financial Statements Act, companies presenting financial statements in accordance with IFRS must prepare separate parent company financial statements.

The parent company financial statements has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for class C large enterprises.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

**Description of accounting policies**

According to the described accounting policies applied to the consolidated financial statements (see note 1 to the consolidated financial statements), the parent company's accounting policies only deviate in the following areas:

***Financial income***

Distribution of profit from subsidiaries is recognised in the parent company's income statement in the financial year when the dividend is declared. If the profit distributed exceeds the comprehensive income of the subsidiary for the period, an impairment test is made.

***Investment in subsidiaries***

Investments in subsidiaries are measured at cost in the parent company financial statements. Cost comprises the consideration determined at fair value plus direct costs of purchase.

If any such indication of impairment exists, an impairment test is made as described in the accounting policies of the consolidated financial statements. If the carrying amount exceeds the recoverable amount, a write-down is made to this lower value.

On distribution of other reserves than profit from subsidiaries, the distribution entails a reduction of the cost of the investments when the distribution resembles repayment of the parent company's investment.

***Tax***

Matas A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Matas A/S is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities. Joint taxation contribution to/from subsidiaries is recognised under tax on loss for the year. Tax payable and receivable is recognised as current assets/liabilities. Joint taxation contribution payable and receivable is recognised in the balance sheet as receivables from or payables to group enterprises.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

**1 Accounting policies (continued)**

Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption).

**2 Accounting estimates and judgments**

**Estimation uncertainty**

In determining the carrying amount of certain assets and liabilities, estimates are required of the effect of future events on the value of these assets and liabilities at the reporting date. Estimates significant to the financial reporting of the parent company are made by estimating the need for impairment write-down of investments in subsidiaries.

The estimates used are based on assumptions that Management finds reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the enterprise is subject to risks and uncertainties that may cause actual results to deviate from these estimates. Financial risks of the Matas Group are disclosed in note 2 to the consolidated financial statements.

The notes include information on assumptions regarding the future and other estimate uncertainties at the balance sheet date involving significant risk of change which may lead to a significant adjustment of the carrying amount of assets or liabilities during the next financial year.

**3 Fees to auditors appointed at the annual general meeting**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Total fee to KPMG | 0.2 | 0.2 | 0.2 |
| Which is specified as follows: | | | |
| Audit | 0.2 | 0.2 | 0.2 |
| | 0.2 | 0.2 | 0.2 |

**4 Staff costs**

The company's Executive Board and Board of Directors have not received any remuneration.

Please refer to note 8 to the consolidated financial statements.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**5 Financial income**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Interest, cash at bank and in hand | 0.0 | 0.0 | 0.2 |
| | 0.0 | 0.0 | 0.2 |

**6 Financial expenses**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Interest to banks | 0.0 | 0.0 | 0.1 |
| | 0.0 | 0.0 | 0.1 |

**7 Tax**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Tax for the year is specified as follows: | | | |
| Tax on the profit/loss for the year | -0.2 | -0.1 | -0.3 |
| | -0.2 | -0.1 | -0.3 |
| Tax on the profit/loss for the year is specified as follows: | | | |
| Joint taxation contribution | -0.2 | -0.1 | -0.3 |
| | -0.2 | -0.1 | -0.3 |
| Tax on the profit/loss for the year is explained as follows: | | | |
| Computed 25% tax of result before tax | -0.2 | -0.1 | 0.0 |
| Other | 0.0 | 0.0 | -0.3 |
| | -0.2 | -0.1 | -0.3 |
| Effective tax rate | 25.0% | 25.0% | - |

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

**8 Investments in subsidiaries**

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Cost at 1 April | 1,888.1 | 1,888.1 | 1,888.1 |
| **Carrying amount at 31 March** | 1,888.1 | 1,888.1 | 1,888.1 |

| Name | Registered office | Ownership share 2012/13 | Ownership share 2011/12 | Ownership share 2010/11 |
|---|---|---|---|---|
| MHolding 2 A/S | Allerød, Denmark | 100% | 100% | 100% |
| MHolding 3 A/S | Allerød, Denmark | 100% | 100% | 100% |
| Matas Operations A/S | Allerød, Denmark | 100% | 100% | 100% |
| Matas Sverige AB | Malmo, Sweden | 100% | 100% | 100% |
| Matas Property A/S | Allerød, Denmark | 100% | 100% | 100% |
| MHolding 4 ApS | Allerød, Denmark | 100% | 100% | 100% |
| MHolding 5 ApS | Allerød, Denmark | 100% | 100% | 100% |
| MHolding 6 ApS | Allerød, Denmark | 100% | 100% | 100% |
| Center Materialisten Viborg ApS | Allerød, Denmark | 100% | 0% | 0% |
| Matas Hornslet ApS *) | Allerød, Denmark | - | 100% | 0% |
| P/F 31. juli 1982 | Thorshavn, the Faroe Islands | 100% | 100% | 100% |

*) Merged with MHolding 3 A/S with effect from 1 April 2012

**9 Equity and treasury shares**

**Share capital**
The Company's share capital constituted nominal DKK 101,688,101 divided into shares of DKK 0.10 each. Nominal DKK 1,688,101 preference shares carried at any distribution a preferential dividend right to an amount corresponding to 12% per year of DKK 11,688,101 computed on an accumulated basis and less dividend paid on preference shares in the past 12 months. Any remaining amount was distributed equally among the ordinary shares and preference shares.

At 4 June 2013, the two previous share classes were merged into one and the preferential rights attached to the preference shares were abolished. Furthermore, bonus shares of a total nominal of DKK 261,409 were issued and a reverse stock split was completed amending the nominal value per share from DKK 0.10 to DKK 2.50.

**Capital structure**
The Company continuously assesses the need for adaption to the capital structure. The capital is controlled for the Group as a whole.

**Treasury shares**
Please refer to note 21 to the consolidated financial statements.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 10 Amounts owed to banks

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Amounts owed to banks are recognised in the statement of financial position as follows: | | | |
| Current liabilities | 0.0 | 17.5 | 0.0 |
| | 0.0 | 17.5 | 0.0 |
| Nominal value | 0.0 | 17.5 | 0.0 |
| Fair value | 0.0 | 17.5 | 0.0 |

Fair value of financial liabilities is assessed as current value of expected future part payment and interest payments. The actual interest rate for similar loan periods in the Group is used as discount rate.

Amounts owed to banks carry variable interest rates.

### 11 Changes in working capital

| DKK million | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|
| Change in receivables | 9.9 | -5.8 | 34.6 |
| Change in trade and other payables | 28.7 | 0.0 | -0.3 |
| | 38.6 | -5.8 | 34.3 |

### 12 Contingent liabilities and security

Please refer to note 27 to the consolidated financial statements.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 13 Financial risks and financial instruments

The company it without activity and has no directly interest rate or currency risks.

#### Liquidity risks

| DKK million | Carrying amount | Contrac-tual cash flows | Within 1 year | 1 to 3 years | 3 to 5 years | After 5 years |
|---|---|---|---|---|---|---|
| **2010/11** | | | | | | |
| ***Non-derivative financial instruments*** | | | | | | |
| Trade payables | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| **31 March 2011** | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| **2011/12** | | | | | | |
| ***Non-derivative financial instruments*** | | | | | | |
| Banks | 17.5 | 18.3 | 18.3 | 0.0 | 0.0 | 0.0 |
| Trade payables | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| **31 March 2012** | 17.7 | 18.5 | 18.5 | 0.0 | 0.0 | 0.0 |
| **2012/13** | | | | | | |
| ***Non-derivative financial instruments*** | | | | | | |
| Trade payables | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| Amounts owed to group enterprises | 28.7 | 28.7 | 28.7 | 0.0 | 0.0 | 0.0 |
| **31 March 2013** | 28.9 | 28.9 | 28.9 | 0.0 | 0.0 | 0.0 |

*Preconditions for the analysis of sensitivity*

The maturity analysis is based on all undiscounted cash flows including estimated interest payments. The interest payments are based on the present market conditions.

On the basis on the Company's expectations of future operations and the Company's current cash resources, no significant liquidity risks are identified.

Special terms and conditions (covenants) are attached to the Group's credit facility. The Group has complied with these covenants since raising the loans.

#### *Credit risks*

The maximum credit risk linked to financial assets corresponds to the values recognised in the statement of financial position.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 13 Financial risks and financial instruments (continued)

The Company has no significant risks regarding one individual partner. Thus there is no insurance of receivables. There are no essential due receivables and therefore not reserved amounts to meet loss.

***Categories of financial instruments***

| DKK million | 2012/13 Carrying amount | 2012/13 Fair value | 2011/12 Carrying amount | 2011/12 Fair value | 2010/11 Carrying amount | 2010/11 Fair value |
|---|---|---|---|---|---|---|
| Amounts owed by group enterprises | 0.0 | 0.0 | 9.9 | 9.9 | 4.1 | 4.1 |
| **Loans and receivables** | 0.0 | 0.0 | 9.9 | 9.9 | 4.1 | 4.1 |
| Banks | 0.0 | 0.0 | 17.5 | 17.5 | 0.0 | 0.0 |
| Trade payables | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Amounts owed to group enterprises | 28.7 | 28.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Financial liabilities measured at amortised cost** | 28.9 | 28.9 | 17.7 | 17.7 | 0.2 | 0.2 |

Financial instruments relating to the purchase of goods etc. with a short credit period are estimated to have a fair value equal to the carrying amount.

The applied methods are unchanged.

### 14 Related parties

In addition to note 30 to the consolidated financial statements, the parent company's related parties include the subsidiaries, cf. note 8 to the parent company financial statements.

In 2012/13, Matas A/S has paid management fee to Materialisternes Invest A/S for certain consultancy services in the amount of DKK 0.7 million.

Matas A/S is taxed jointly with the subsidiaries. Joint taxation contribution from subsidiaries in 2012/13 amounts to DKK 0.2 million (2011/12: DKK 0.1 million and 2010/11: DKK 0.3 million).

Furthermore, there have been no transactions with the companies' Executive Board and Board of Directors, major shareholders or other related parties.

### 15 Events after the date of the statement of financial position

Please refer to note 31 to the consolidated financial statements.

# Parent company financial statements for the period 1 April 2012 – 31 March 2013

## Notes

### 16 New financial reporting regulation

A number of new standards and interpretations that are not compulsory for Matas A/S in connection with the preparation of the financial statements for 2012/13 have been issued. None of these new standards and interpretations is expected to affect the financial statement of Matas A/S.