Annual report
2013/14

Gabriel Holding A/S

CVR no. 58868728

GABRIEL ANNOUNCES RECORD REVENUE AND PROFIT

Summary

- Revenue increased to DKK 281.8 million. (DKK 264.9 million)
- The operating profit (EBIT) was DKK 25.2 million (DKK 21.4 million)
- The operating margin was 8.9% (8.1%).
- The profit after tax was DKK 21.9 million. (DKK 18.0 million)
- Return on invested capital (ROIC) before tax was 12.7% (11.1%).
- Cash flows from operations in the period were DKK 24.5 million. (DKK 14.6 million)
- The Board of Directors proposes an increase in the dividend to DKK 5.25 (DKK 4.75) per DKK 20 share.
- The market for contract furniture is still judged to be stable to mildly decreasing. Given the group's outreach activities and constantly increasing initiatives in the field of development and sales activities, an organic growth in revenue of the order of 5% is expected for the 2014/15 financial year. The operating profit (EBIT) is expected to be on a par with 2013/14.

The Board of Directors recommends that the following be approved at Gabriel Holding A/S's general meeting on 11 December 2014:

- The Board of Directors proposes a dividend of DKK 5.25 per DKK 20 share.
- The Board of Directors proposes re-election of directors Jørgen Kjær Jacobsen, Kaj Taidal, Søren B. Lauritsen and Knud Erik Hansen as the company's board members elected by the general meeting.
- The Board of Directors proposes election of KPMG 2014 P/S.
- The annual report is recommended for approval at the company's general meeting at 2:00 p.m. Thursday, 11 December 2014 at the company's office in Aalborg.

The official annual report is published on the company's website at the latest three weeks before the meeting, and the printed version of the report will be available on 3 December 2014 at the company's office.

Definitions of financial ratios

Invested capital: Total equity and liabilities less non-interest bearing debt and deferred tax.

Operating margin: Operating profit (EBIT) in per cent of net revenue.

Return on invested capital (ROIC): Operating profit (EBIT) in per cent of average invested capital.

Earnings per share (EPS): Profit after tax divided by average number of shares.

Earnings per share, diluted (EPS-D): Profit after tax divided by average number of diluted shares.

Return on equity: Profit after tax in per cent of average equity.

Equity ratio: Equity's share of total assets.

Net asset value at year end: Equity relative to share capital in per cent.

Market price at year end: The shares' listed price on the Nasdaq Copenhagen

Market price/book value: Market price relative to book value.

Price Earnings (PE): Market price relative to earnings per share.

Price Cash Flow (PCF): Market price relative to cash flow per share (excluding own shares).

Dividend yield: Yield relative to market price at year end.

Payout ratio: Yield relative to profit after tax.

FINANCIAL HIGHLIGHTS
for the group

Key figures	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Revenue	DKK million	**281.8**	264.9	247.6	242.6	220.4
	Index	**128**	120	112	110	100
Of which exports	DKK million	**251.2**	240.2	227.9	221.2	200.1
Export percentage	%	**89**	91	92	91	91
Operating profit (EBIT)	DKK million	**25.2**	21.4	21.5	18.2	10.4
Net finance income and costs	DKK million	**2.6**	1.1	0.8	4.3	2.5
Profit before tax	DKK million	**27.8**	22.5	22.3	22.5	12.9
Tax	DKK million	**-5.9**	-4.5	-4.5	-5.6	-2.7
Profit after tax	DKK million	**21.9**	18.0	17.8	16.9	10.2
Cash flows from:						
Operating activities	DKK million	**24.5**	14.6	28.0	26.6	-8.4
Investing activities	DKK million	**-5.9**	-3.4	8.7	-3.7	-11.0
Financing activities	DKK million	**-15.7**	-11.9	-10.6	-8.8	4.4
Cash flows for the year	DKK million	**2.9**	-0.7	26.1	14.1	-15.0
Investments in property, plant and equipment	DKK million	**13.5**	4.1	2.9	4.5	13.6
Depreciation/amortisation and impairment losses	DKK million	**7.0**	7.3	6.1	6.2	4.5
Equity	DKK million	**166.0**	155.8	146.6	136.7	125.8
Statement of financial position total	DKK million	**245.2**	230.2	229.4	228.8	221.7
Invested capital	DKK million	**202.6**	194.7	189.1	195.2	193.8
Number of employees	Number	**142**	106	69	64	63
Revenue per employee	tDKK	**1,984**	2,499	3,589	3,791	3,499
Financial ratios						
Operating margin (EBIT margin)	%	**8.9**	8.1	8.7	7.5	4.7
Return on invested capital (ROIC) before tax	%	**12.7**	11.1	11.2	9.4	5.8
Return on invested capital (ROIC) after tax	%	**11.0**	9.4	9.2	8.7	5.7
Earnings per share (EPS)	DKK	**11.6**	9.5	9.4	8.9	5.4
Return on equity	%	**13.6**	11.9	12.5	12.8	8.4
Equity ratio	%	**67.7**	67.7	63.9	59.7	56.7
Net asset value at year end	DKK	**88**	82	78	72	67
Market price at year end	DKK	**185**	137	100	80	68
Market price/book value		**2.1**	1.7	1.3	1.1	1.0
Price earnings (PE)	DKK	**16.0**	14.4	10.6	9.0	12.6
Price Cash Flow (PCF)	DKK	**14.3**	17.7	6.7	5.7	-
Proposed dividend per DKK 20 share	DKK	**5.25**	4.75	4.50	4.25	3.25
Dividend yield	%	**2.8**	3.5	4.5	5.3	4.8
Payout ratio	%	**45**	50	48	48	60

The specified index figures are for base year 2009/10. Earnings per share were calculated in accordance with IAS 33.
Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2010".

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Gabriel Holding A/S
CVR no. 58868728
Hjulmagervej 55 • 9000 Aalborg, Denmark
Ph.: +45 9630 3100 • Fax: +45 9813 2544
E-mail: mail@gabriel.dk • www.gabriel.dk

FINANCIAL REVIEW

Sales and earnings 2013/14

The group achieved revenue of DKK 281.8 million in the 2013/14 financial year against DKK 264.9 million in the previous year, equivalent to growth of 6%. The gross profit was 41.1% against 39.9% last year.

The operating profit (EBIT) was DKK 25.2 million, an increase of 18% relative to last year. The operating margin was 8.9% against 8.1% in the previous year.

Revenue and operating profit (EBIT) are higher than management's expectations announced after the first three quarters of the 2013/14 financial year.

The profit before tax was DKK 27.8 million against last year's DKK 22.5 million. The profit after tax was DKK 21.9 million against DKK 18.0 million last year, a growth of 21%.

The return on invested capital (ROIC) before tax was 12.7% against 11.1% last year.

Cash flows from operating activities in the period were DKK 24.5 million against last year's DKK 14.6 million.

On the publication of the quarterly report for the third quarter of 2013/14, management expressed its expectations for revenue of the order of DKK 280 million and an operating profit (EBIT) of the order of DKK 24 million, an increase of just over 12%. The profit for the year is thus higher than expected after three quarters.

The group achieved revenue of DKK 66.4 million in the fourth quarter against DKK 62.9 million in the same quarter of the previous year, equivalent to growth of 6% and an operating profit of DKK 5.5 million. This is on a par with the same quarter last year, which was positively affected by earnings from major single projects.

Given the current market conditions, the Board of Directors finds the profit for the year satisfactory.

Main points

Revenue

The group's revenue increased by 6% to DKK 281.8 million against DKK 264.9 million in the preceding year.

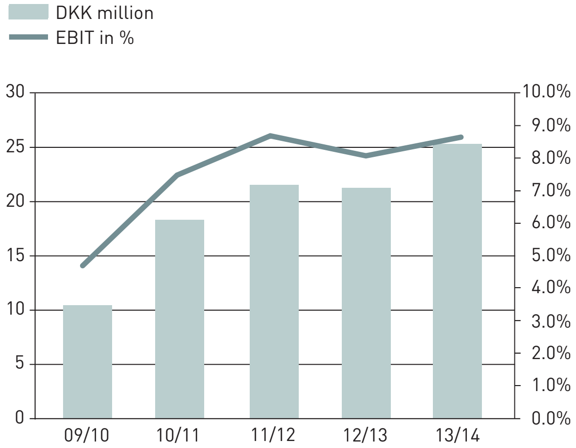
Cost of sales – gross profit

The group's realised gross profit in 2013/14 was 41.1% against 39.9% in 2012/13. The increase is attributable to productivity improvements, including start-up of operations at the upholstery business in Lithuania.

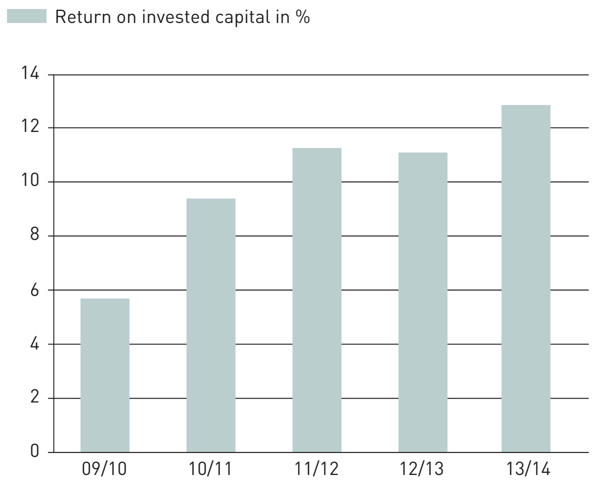
Other external costs

Other external costs increased by 5% to DKK 38.3 million.

Operating profit (EBIT)



Return on invested capital before tax (ROIC)



Staff costs
The group's staff costs increased by 12% to DKK 46.3 million in 2013/14 against DKK 41.2 million last year.

The increase in staff costs is primarily attributable to appointments in product development and sales, and establishment of the production units UAB FurnMaster in 2013 and FurnMaster Sp. z o.o. in 2014.

The average number of employees for the financial year was 142 against 106 in 2012/13. The number of employees in the group at the end of the 2013/14 financial year was 164.

The distribution of staff costs on administrative and development activities is on a par with the 2012/13 financial year. The staff costs for sales fell from 60% to 55%, but the underlying KPI's increased during the year, which shows that productivity in the sales work is improving. Staff costs for production are 8% against 4% in 2012/13.

Depreciation/amortisation
Consolidated depreciation/amortisation in the group was DKK 7.0 million against DKK 7.3 million last year.

Profit/loss from investment in UAB Scandye
The group's profit for the year before tax includes a total share of the profit on the investment after tax in UAB Scandye of DKK 2.7 million against DKK 2.0 million last year.

THE PROFIT OF DKK 27.8 MILLION BEFORE TAX IS THE HIGHEST IN THE COMPANY'S 163-YEAR HISTORY.

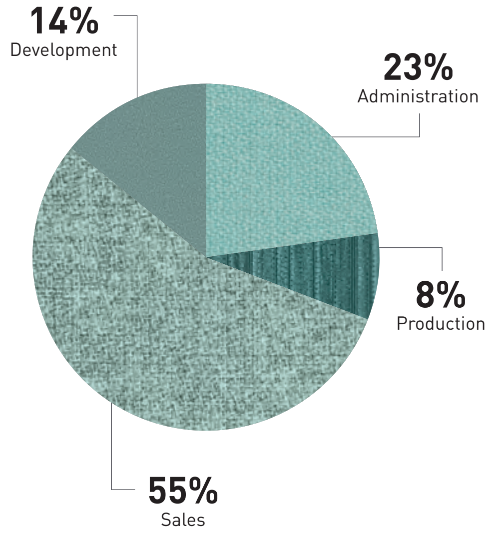
Finance income and costs
Finance income and costs show net costs of DKK 0.1 million against net costs of DKK 0.8 million last year.

Tax on the profit for the year
Tax on the profit for the year was DKK 5.9 million against DKK 4.5 million last year. The group's total tax rate was 21.3% against 19.8% last year.

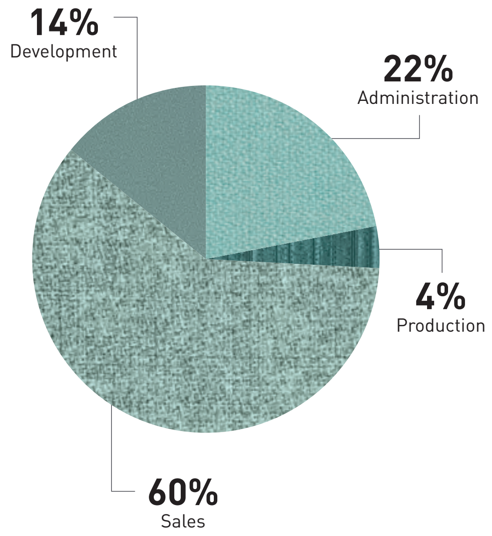
Statement of financial position
The consolidated statement of financial position totals DKK 245.2 million against DKK 230.2 million last year.

Inventories
The group's inventories amounted to DKK 50.5 million against DKK 41.1 million last year. The increase is mainly attributable to an increased activity level with the launch of new products in the last quarter of the financial year. The value of inventories

Allocation of staff costs for the 2013/14 financial year



Allocation of staff costs for the 2012/13 financial year



exceeds management's expectations, but the high amount was caused by the establishment of additional inventories abroad and a rise in orders at the end of the financial year to be able to meet Gabriel's goal of high reliability of supply.

Receivables
Total receivables were DKK 46.9 million against DKK 45.7 million last year. Consolidated trade receivables increased to DKK 38.6 million against DKK 35.3 million on 30 September 2013. The increase is attributable to the increase in revenue in the fourth quarter of 2013/14.

Financing and capital resources
Consolidated cash flows from operating activities in 2013/14 amounted to DKK 24.5 million against DKK 14.6 million in the same period last year. The increase is primarily attributable to an increase in the profit for the year and the group's trade payables and other debt.

Gabriel made total investments of DKK 13.5 million in property, plant and equipment in 2013/14 against DKK 4.1 million in the previous year. The investments are primarily attributable to the project which was started for the real estate project Gabriel Erhvervspark and to increased investments in other operating equipment.

The net balance of cash and cash equivalents at the end of the year was DKK 21.8 million. The group also has undrawn credit facilities via its bank.

Equity
The group's equity amounted to DKK 166.0 million on 30 September 2014 against DKK 155.8 million on the same date last year. Equity thus increased by DKK 10.2 million, DKK 21.9 million of which is attributable to the profit for the year, DKK 0.5 million to other comprehensive income, and a negative DKK 3.2 million to acquisition of shares from minority shareholders in the subsidiary UAB FurnMaster, while DKK 9.0 million in dividends was paid.

Dividends
The Board of Directors recommends to the general meeting that a dividend of DKK 5.25 per share be distributed for 2013/14, equivalent to total dividends of DKK 9.9 million and a payout ratio of 45%.

Outlook

The continuous increase in activities within product development and sales creates an improved basis for growth. These activities included:

1. Focus on product development in cooperation with strategic customers with global distribution. DKK 9.5 million (DKK 8.5 million), equivalent to 3% of revenue, was invested in 2013/14 alone.

2. Establishment of the sewing and upholstering unit FurnMaster Sp. z o.o. in Poland.

3. 69% of the staff costs are directed towards sales and product development.

4. The sales force was increased in China and remains in step with the recruitment which it is possible to implement, and regional sales offices in the country are regularly being added.

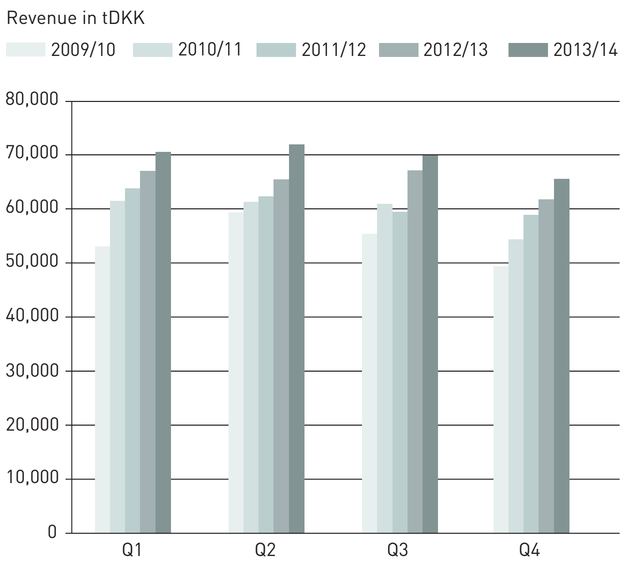
THE PRODUCTIVITY IN THE SALES PROCESS TARGETED AT STRATEGIC CUSTOMERS IMPROVED DURING THE FINANCIAL YEAR.

The market for contract furniture is still judged to be stable to mildly decreasing. Given the group's outreach activities and constantly increasing initiatives in the field of development and sales activities, an organic growth in revenue of the order of 5% is expected for the 2014/15 financial year. The operating profit (EBIT) is expected to be on a par with 2013/14.

Sales activities in 2013/14

The group's revenue increased by 6% in the financial year. The increase in revenue results from growth on practically all markets and in all business units. Notwithstanding the difficult market conditions and financial reticence, Gabriel has managed to maintain positive growth over the past five years. The DKK 281.8 million revenue is a record for the group.

Revenue by quarter



Over the past few years, the group has allocated resources for mainly sales and product development activities and business development. It is the result of this continued effort which has secured the improved revenue. We note that the repayment period is measurable for both product development and staff increases in sales by appointment of committed Key Account Managers, both of which contribute to enhancing the potential in all business units. Actual productivity improvements in the sales work similarly contribute to the growth in revenue and profit.

The realised growth for the year derives from upholstery fabrics for contract furniture and products and services which the Group sells to the same customers but which belong to the next link in the value chain, e.g. cutting, sewing and upholstering of furniture components.

It is thus with satisfaction that the Executive Board notes that all business areas realised growth during the year, and that the market development initiatives have produced results.

- The core business "upholstery fabrics for contract furniture" realised a 6% growth in revenue on a market which is still falling.

- Total export revenue increased by 5% to DKK 251.2 million against DKK 240.2 million last year.

- The FurnMaster business unit continues the positive development in both revenue and the establishment of new potential. The business unit's upholstery production unit in Lithuania expanded during the year and the addition of a similar unit in Poland provides the opportunity for further growth in the years to come.

- The Gabriel Asia Pacific business unit had the best year in its eleven-year presence in China with growth in revenue and profit. The focus for continued growth in Gabriel Asia Pacific is on supplying competent sales employees as this becomes possible.

- A minor portion of the growth in revenue derives from increased rental income from Gabriel Erhvervspark.

The export share was 89% against 91% in 2012/13. Sales in Denmark increased by 24% to DKK 30.5 million against DKK 24.7 million last year. The increase in revenue in Denmark is primarily attributable to sales of furniture fabrics and cutting, sewing and upholstering.

Gabriel's focus on product and process innovation in all business units has a positive effect on sales. The most important global customers are assessed and selected on the basis of the total potential that can be realised from the group's business units.

Gabriel's strategy of "growing with the largest market participants" ensures the targeted effort towards selected key accounts. The addition of further sales resources to Gabriel's team of Key Account Managers in the financial year has resulted in higher visit rates with these selected customers, and good results are being produced in the form of growth in revenue, potential and current development tasks.

NeoCon, North America's largest commercial interiors exhibition, was held in Chicago in June and Gabriel's fabrics were well represented at the leading furniture manufacturers. This presence of Gabriel's fabrics and solutions is the result of intensified initiatives in North America in recent years. The realised growth for this market was 30% in 2013/14.

The group's important sales activity, participation in the Orgatec contract furniture fair in Cologne, Germany, took place after the end of the financial year. The group introduced a large number of new fabrics and solutions at the fair. The introduction of these new products, which was done in cooperation with leading contract furniture manufacturers, was performed positively, providing an expectation that these products and solutions can help to retain and extend the group's position as the preferred partner and supplier.

Ten new fabrics and a range of new FurnMaster products and solutions were launched back in 2012/13. All products have been well received and introduced in several global customers' standard ranges for 2014.

Fame upholstered
on EFG's chair EFG Nova.
Designed by EFG Design Team.

Omega upholstered on Drabert's (Group Kinnarps) office chair Esencia. Designed by Daniel Figueroa.

Product development and innovation at Gabriel

Development of a number of new products has been initiated during the financial year to supplement the portfolio of development tasks in progress. Eight new products were launched during the year, which meets the group's target.

Gabriel's product and process innovation system from concept to upholstered product continued to be a high priority core activity in 2013/14. The investment in research and development was DKK 9.5 million, equivalent to 3% of revenue (against DKK 8.5 million in the previous financial year). New products and solutions are being developed in coordination with the group's most important customers. The coordinated initiatives are helping to increase the accuracy of targeting and the speed of introduction of products, solutions and services launched on the market.

The group's goal that at least 30% of revenue must derive from products less than five years old was fulfilled in 2013/14 with a share of 30%. The share of revenue from new products among top customers was 35% in 2013/14. This reflects the group's focused strategy, where product development and sale are targeted to this specific customer group.

Product development and innovation take place in all of Gabriel's strategic business units (Masters), which collectively support the core process "product and process innovation". The individual units' unique market potentials are identified, developed and activated, while the value of a joint coordinated effort is utilised and targeted towards the market's leading furniture manufacturers.

The DesignMaster business unit regularly performs design-based development and consultancy activities based on customers' and end users' wishes and needs. This is done on the basis of a fundamental understanding of the market and targeted research based on a "time-to-market" of 3-18 months.

On the basis of the theme "furniture fabrics in action" and through targeted communication of Gabriel's innovation and development strategy, close relationships have been established with selected furniture manufacturers' designers, development teams and decision makers.

Please see www.gabriel.dk for product news and cases or to sign up for the group's newsletters.

Subsidiaries and associated companies

Gabriel Asia Pacific

The sales development in the 2013/14 financial year was positive. Gabriel Asia Pacific is an important part of the total strategy of being able to service global contract furniture manufacturers and distributors and to ensure the production of innovative and competitive products for all markets.

New products were developed and regular deliveries established to new strategic customers in Europe, the USA and Asia. New development projects and potential customers are constantly in the pipeline, and local efforts are being intensified.

The Asian market is generally price-sensitive, but the leading players in the market are increasingly showing an interest in Gabriel Asia Pacific, which occupies the niche for highly improved furniture fabrics and related textile products, where there are indispensible requirements regarding design, quality, and products with documentation for environmental and energy-related sustainability, competitive prices and short delivery times.

ZenXit A/S
The first revenue from the ZenXit product was recorded in 2013/14. It is used in office chairs when special requirements for pressure distribution in the construction are required. Work is proceeding in cooperation with selected furniture manufacturers to fully develop the material, and a number of concrete market maturation tasks are proceeding, where the material can be used immediately.

The ZenXit product is included in the sales expectations for 2014/15 to a minor extent, and it is expected that the development will incur special costs for the forthcoming product adaptation and introduction. It has taken longer than expected to fully develop and mature the product. Efforts with the product continue, however, as its potential is still judged to be attractive.

The upholstery company, UAB FurnMaster, Lithuania
The operating company Gabriel A/S established the subsidiary UAB FurnMaster in Lithuania during the 2012/13 financial year. The ownership interest increased from 90% to 100% in 2013/14. UAB FurnMaster was established as a production unit which will support the group's continued strategy of "applied furniture fabrics".

The upholstery company, FurnMaster Sp. z o.o., Poland
The operating company Gabriel A/S established the subsidiary FurnMaster Sp. z o.o. in Poland during the 2013/14 financial year. FurnMaster Sp. z o.o. was established as a production unit which will support the group's continued strategic goal of "applied furniture fabrics".

THE ESTABLISHMENT OF FURNMASTER SP. Z O.O. FORMS THE BASIS FOR FURTHER GROWTH IN THE FURNMASTER BUSINESS UNIT VIA GREATER PROXIMITY TO THE IMPORTANT CENTRAL EUROPEAN MARKET.

The dye works, UAB Scandye, Lithuania
The share of the profit (after tax) from the associate UAB Scandye was DKK 2.7 million against DKK 2.0 million last year. The improved profit is primarily attributable to increasing activities in the company and optimisation of capacity utilisation in the company's production. The ownership interest in the company remains 49.3%.

Scandye's effect on the profit for 2014/15 is expected to remain unchanged.

Gabriel Erhvervspark – Gabriel Ejendomme A/S
The valuation of the property complex in the consolidated financial statements was again stated at cost less cumulative depreciation, corresponding to a carrying amount of DKK 73.1 million at 30 September 2014, DKK 7.6 million of which is part of the business park's current renovation project.

THE DEMOLITION OF THE WORN-OUT PRODUCTION FACILITIES CREATES THE OPPORTUNITY FOR ERECTING NEW MODERN OFFICE FACILITIES TO BE LET AT GABRIEL ERHVERVSPARK.

The building complex in Aalborg is included in the subsidiary Gabriel Ejendomme A/S at a calculated fair value of DKK 82.6 million, which, together with the DKK 7.6 million concerning the current renovation project, is equivalent to additional value of DKK 17.1 million on the carrying amount recognised in the consolidated financial statements as at 30 September 2014.

The profit before tax of Gabriel Ejendomme A/S for 2013/14 was DKK 2.0 million against DKK 2.1 million last year. The profit for the year is considered satisfactory. New leases with several external tenants were entered into during the financial year, and unchanged revenue and earnings are expected in 2014/15 as the business park has a full complement of tenants.

In December 2013, the Board of Directors approved an investment proposal which includes demolition costs, consultancy fees and preparation of propectus material. The material will be used for potential tenants in connection with their entering into future tenancy contracts for the total approximately 13,000 m^2 which can also be erected at Gabriel Erhvervspark.

Demolition of the worn-out buildings was initiated in July 2014. The demolition was completed at the end of November, while the planning phase is expected to be completed at the end of 2014.

Management regularly assesses how the property's value and income can be developed and optimised for the benefit of both tenants and owners.

Gabriel Erhvervspark is well established in its role as one of several meeting places in Aalborg for business and university people. This was achieved partly on the initiative of external businesses and educational institutions and partly by Gabriel and other tenants in the business park.

GABRIEL – CORPORATE GOVERNANCE

– statement on corporate governance and social responsibility

Gabriel Holding A/S has prepared the statutory statement on corporate governance as per section 107b of the Danish Financial Statements Act. The statement covers the company's work with Recommendations on corporate governance, a description of the main elements in the group's internal control and risk management system in connection with the presentation of the accounts, and a description of the group's top management organs and their composition. The statement is published on the company's website www.gabriel.dk/en/investor/corporate-governance.

The stock exchange's recommendations on corporate governance

Nasdaq Copenhagen A/S has adopted a set of corporate governance recommendations which were most recently revised on 6 May 2013. The recommendations on corporate governance can be obtained from the Committee on Corporate Governance's website, www.corporategovernance.dk.

String and Step Melange upholstered on Actiu's office chair TNK A500. Designed by: Alegre Industrial Studio.

The Board of Directors and the Executive Board have adopted their position in detail on the recommendations, and Gabriel complies in essence with all of them. The Board of Directors and the Executive Board have adopted a different practice in the following areas:

1. The composition and organisation of the Board of Directors
Gabriel does not disclose the required and actual competencies of its Board of Directors.

Gabriel does not comply with the recommendation on independence, as only one of the company's board members elected by the annual general meeting is considered independent. Gabriel attaches importance to the individual board member's capacity, competencies and contribution to group management. Accordingly, the company has not defined an age limit for its board members.

Gabriel does not disclose the shareholdings etc. of individual members of the Board of Directors and Executive Board in the Gabriel group.

Given Gabriel's size and complexity, the Board of Directors has decided not to establish managerial committees other than the audit committee and the acquisition committee. Further ad hoc committees are appointed as needed. In 2013/14, a building committee was thus established under the Board of Directors to handle the project concerning demolition and construction of Gabriel Erhvervspark.

2. Management's remuneration
The total remuneration of the Board of Directors and the Executive Board is disclosed in the annual report. The annual report does not specify any individual remuneration as this is personal information of limited relevance to the shareholders. The remuneration of the Board of Directors and Executive Board is made on market terms for a listed company of this size. Given the company's size, the Board of Directors does not find it relevant to prepare a remuneration policy for the Board of Directors and the Executive Board.

3. Risk management and internal controls
As recommended, Gabriel has considered the establishment of a Whistleblower scheme and, given the Company's size and complexity, has not found it relevant at this time.

A more systematic review of Gabriel's management practice in relation to Nasdaq Copenhagen A/S's recommendations is available on the company's website www.gabriel.dk/en/investor/corporate-governance.

Internal control and risk management systems

Gabriel's Board of Directors and Executive Board have general responsibility for the group's risk management and internal controls in relation to financial reporting, including compliance with relevant legislation and other financial reporting regulations.

The group's risk management and internal controls are designed to avoid any material misstatements and omissions during the financial reporting process. The Board of Directors/audit committee and the Executive Board regularly assess risks and internal controls in connection with the group's activities and any impact on the financial reporting process.

Control environment
Management regularly assesses the organisational structure and staffing of the group and lays down and approves overall policies, procedures and controls in relation to the financial reporting process, with emphasis on clear lines of reporting and segregation of duties.

Risk assessment
When the annual business plan is prepared, the most important business risks are identified, and against this background, management makes an overall risk assessment, including an assessment of the most important risks arising from the financial reporting process. As part of the risk assessment, management considers the risk of fraud and any other improper influence on the financial reporting process annually.

The group's Risk Management policy strives to eliminate and/or reduce the risks identified on the basis of an assessment of materiality and cost-benefit analyses. The Board of Directors assesses Gabriel's IT security and insurance coverage annually. The most important risks arising from the financial reporting process are disclosed in the Management Commentary and notes to the financial statements, to which reference is made.

Control activities
At the meetings of the Board of Directors, the Executive Board reports on the status of any risk factors attributable to strategy, organisation or major operations. The group has a detailed internal reporting system comparing monthly reporting with the budget and regularly evaluating performance and the meeting of specific targets through key performance indicators etc. The system provides a high level of transparency with respect to various activities in the company and helps to give management a comprehensive insight into and knowledge of matters which could be important in relation to the entire financial reporting process.

Each quarter, the Board of Directors is provided with a detailed account of financial performance compared with the budget and prior periods. The reporting also describes and assesses material items in the statement of financial position, cash flows, forecast future activities and earnings and other matters with an impact on operations.

Information
The Board of Directors lays down the general requirements for the result and the external financial reporting in accordance with relevant legislation and regulations. The group also aims to offer adequate, complete and precise information reflecting corporate performance at all times.

The Board of Directors emphasises that there must be open communication in the company within the framework for listed companies, and that each individual must know his or her role in the company's internal controls. The group has chosen to divide operations and internal reporting into independent strategic business units. The business units are run as independent profit centres with their own missions, visions, goals, strategies, action plans and budgets. This division ensures a high degree of delegation of expertise, follow-up and delegation of responsibilities in the organisation, and enables information on relevant matters to be communicated effectively and reliably throughout the system.

Monitoring
Gabriel monitors the functioning of its internal control and risk management system at all group levels on a regular basis. The scope thereof is determined primarily on the basis of the risk assessment and the effectiveness of controls and procedures.

Weaknesses, control failings or breaches of designated guidelines are reported on the basis of their importance to the Executive Board or the Board of Directors. The reporting is typically discussed at the next board meeting, at which the Board of Directors is informed of actual findings and recommendations on procedural changes etc.

In their long-form audit report to the Board of Directors, the auditors appointed by the annual general meeting report any material failings in the group's internal control systems in relation to the financial reporting process.

The Board of Directors follows up on the implementation of any planned optimisation of risk and internal controls in relation to the financial reporting process.

Management organs

The composition of the Board of Directors
The Board of Directors' collective profile can be characterised as possession of broad and international business experience with professional skills including production, innovation, sales, finances and marketing judged to cover the group's needs. The board regularly assesses the need for any changes in its collective expertise. Board members keep themselves actively advised about Gabriel and the industry in general. The board makes an annual self-evaluation managed by the chairman.

Election of employee representatives to the Board of Directors is a right enjoyed by Danish employees under Denmark's company law. The board members elected by the employees must comprise half the number of board members elected by the general meeting. On the date of the latest employee election in 2014, the number of board members elected by the general meeting was such that two employee representatives had to be elected to the board. The board members elected by the employees act under the same terms as the other board members, but under company law they are elected for a four-year term. With effect from the 2014 election, Gabriel has changed over to rolling terms of office to ensure continuity. One of the employee representatives elected in this election was consequently only elected for a two-year term, and the next ordinary employee election will thus be in 2016.

The duties and responsibility of the Board of Directors
There are rules of procedure for Gabriel's Board of Directors. These are reviewed once a year by the full board with a view to updating. The rules of procedure specify inter alia guidelines for the relationship between the Board of Directors and the Executive Board, and the duties and responsibilities of the chairman and vice-chairman of the board.

Audit committee
In accordance with section 31 of the Danish Act on Approved Auditors and Audit Firms, Gabriel Holding A/S set up an audit committee in 2009, on which the entire Board of Directors serves. The vice-chairman of the Board of Directors acts as chairman of the audit committee, which meets quarterly.

The audit committee's tasks are:

- to monitor the financial reporting process,
- to monitor the effective functioning of the company's internal control and risk management systems,
- to monitor the statutory audit of the financial statements etc., and
- to monitor and check the auditor's independence.

In 2013/14, the audit committee focused on the group's IT strategy and security and reporting from subsidiaries.

Corporate social responsibility

Social responsibility is a part of Gabriel's business strategy, and the group has always accorded a high priority to the desire to act responsibly towards customers, staff, business partners and the external environment. Gabriel has prepared the statutory statement on social responsibility for the 2013/14 financial year in accordance with section 99a of the Danish Financial Statements Act. The statement can be viewed or downloaded at www.gabriel.dk/en/investor/reports/csr-and-enviromental-reports.

Gabriel is a global company producing furniture fabrics etc. in several countries. Suppliers from Europe and China are used, and the products are exported to countries all over the world. Gabriel is strongly focused on developing its core business and meeting the strategic challenges in an economical and socially responsible way. For this reason, CSR work has always been a priority for management, and it forms a natural part of the work of all employees in the group in Denmark and abroad.

For Gabriel, CSR means taking responsibility for adding value which contributes to a positive development in society. Gabriel endorses the principles in the UN Global Compact and focuses on the following areas:

- Gabriel's products and services are developed and manufactured with consideration for the safety and health of users. In the production process, Gabriel must minimise environmental impacts and respect animal welfare.

- A good working environment is ensured throughout the supply chain, and country-specific laws and Gabriel's own requirements are complied with. These requirements comprise specific technical specifications and matters specified in Gabriel's Code of Conduct.

- Continuous skills and job development for all employees are accorded a high priority.

- Gabriel wants to support students by providing practical training, and the company participates in training projects which benefit both the students and the company.

- Gabriel communicates the company's CSR activities openly and supports the propagation of CSR as a managerial activity.

The company's CSR and environmental actions in the 2013/14 financial year include increased focus on the description and implementation of new work processes in the form of further development of the company's management system, which ensures that Gabriel is able to deliver products and services which meet the customer's requirements with respect to quality, the environment and CSR.

Delivering the right products and services at the right time is not possible without a solid working relationship with external partners – both customers and suppliers. Gabriel is maintaining its strategy of "growing with the largest market participants", ensuring a targeted effort towards existing and new selected key accounts. In the 2013/14 financial year, Gabriel also focused on strengthening relations with strategic partners among suppliers to increase the transparency and flexibility of the supply network.

During the year, Gabriel played an active role in the development of the next generation EU Ecolabel to ensure widespread use of the label. In addition, the company was involved in a number of national projects and consulted other companies for the purpose of identifying environmental issues and developing CSR and environmental strategies.

Mira upholstered on Bosc's sofa Duffle.
Designed by Jean Louis Iratzoki.

The CSR work is developed continuously, and it is effected in close partnership with the company's main customers, where strong emphasis is also attached to weighing the products' CSR and environmental impacts. There is increased focus on the chemical content of the products, and Gabriel therefore has constant focus on gaining new knowledge on chemical substances and technologies. Gabriel supports new focal points and we are finding that our years of environmental work make it a manageable task to handle new requirements and thus make it easy for the customer to choose the best alternative. Gabriel will continue to focus on ensuring responsible products through product certification and has thus extended its C2C certification in the 2013/14 financial year to include selected polyester products. The complete CSR report can be downloaded at www.gabriel.dk

Composition by gender

Gabriel believes in diversity among its employees and that an approximately equal distribution of the sexes contributes positively to the working environment and strengthens the group's performance and competitiveness.

The Gabriel Group is working on increasing the number of female managers, and it has set up the following numerical goals for the proportion of the under-represented sex:

Goals for composition by gender in 2017
Board of Directors:
Proportion of the under-represented sex .... Minimum 25%:
Proportion on 30.09.14...0%

Top managers/the Executive Board:
Proportion of the under-represented sex .... Minimum 30%:
Proportion on 30.09.14...0%

Middle management:
Proportion of the under-represented sex .... Minimum 30%:
Proportion on 30.09.14...42%

The Board of Directors and the Executive Board regularly evaluate the expertise required, and for the purpose of meeting the goal of more female managers, the group will launch a number of initiatives to facilitate the development and foster female managers. In practice, it is difficult to attract women to directorships and managerial positions in the furniture fabric industry, and the Board of Directors and the Executive Board therefore believe that the above goals are ambitious but realistic. The Board of Directors and the Executive Board will make an active effort to increase the number of women nominated as candidates for directorships and executive positions in the future.

The Gabriel Group's staff turnover is relatively low, and the turnover in both executives and other managerial positions in the group was limited, which naturally impedes progress. The group is making a targeted effort to develop career opportunities etc. as a way of attracting a higher number of qualified female candidates, and emphasis is placed on internal initiatives to retain and develop female talents.

SHAREHOLDER INFORMATION

Share capital

Gabriel Holding A/S's share capital consists of 1,890,000 DKK 20 shares. Gabriel has one share class, and no shares have been given special rights. All shares are freely negotiable securities. Gabriel Holding A/S is listed on Nasdaq Copenhagen A/S under the ticker symbol GABR and the ID code DK0060124691. The share is included under the Small Cap Index.

The following shareholders own shares conferring minimum 5% of the share capital's voting rights or shares with a nominal value of minimum 5% of the share capital:

Poul H. Lauritsen Holding ApS, Højbjerg 16.1%

Katt Holding ApS, Højbjerg 11.6%

Matlau Holding ApS, Skanderborg....................................11.6%

Marlin Holding ApS, Malling...11.6%

Fulden Holding ApS, Beder 11.4%

Raskier A/S, Aalborg 10.0%

Development in price

The 2013/14 financial year opened with a price of 137 and closed on 30 September 2014 with a price of 185. The total market value of the company's shares was DKK 349.6 million on 30 September 2014.

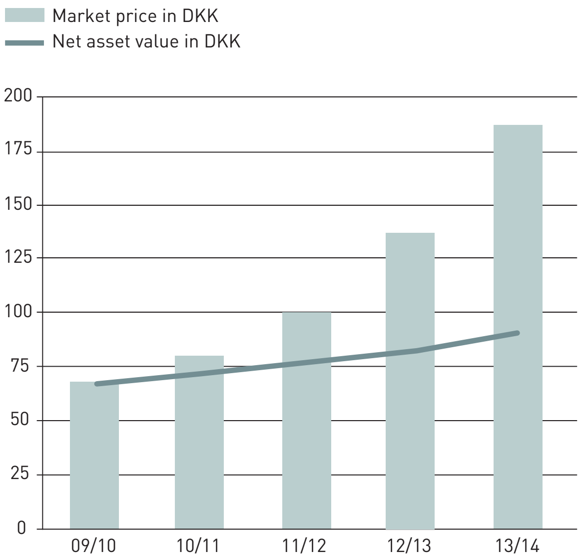
Capital management

The group regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing. A high equity ratio has always been a priority of Gabriel's management in order to ensure the greatest room for manoeuvre. The group's equity ratio was 68% on 30 September 2014, which is on a par with the same date last year. There is focus on regular reduction of the group's working capital.

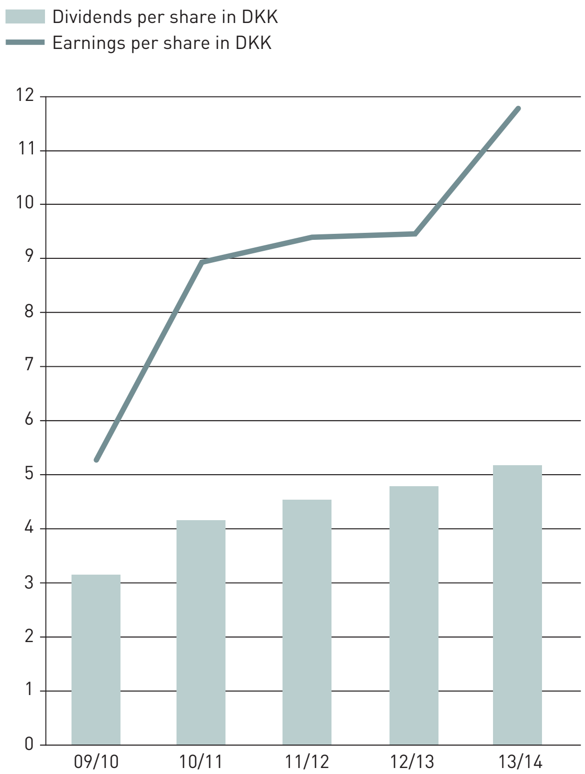
The group aims at providing its shareholders with a regular return on their investments while maintaining an appropriate equity level to ensure the company's future development. The Board of Directors proposes that dividends of DKK 5.25 per share be distributed for 2013/14, equivalent to total dividends of DKK 9.9 million. The dividend amounts to 6.0% of the equity and 45.4% of the profit for the year after tax paid for the group.

Against this background, the present capital resources are deemed adequate in the present economic climate.

Market price and net asset value



Dividends and earnings per share



Stock exchange announcements in the 2013/14 financial year

14.11.13	Annual report 2012/13: *Revenue and operating profit (EBIT) above expectations for the year.*
15.11.13	Information concerning Gabriel Ejendomme A/S.
19.11.13	Notice of annual general meeting.
12.12.13	Information at the general meeting.
12.12.13	Minutes of the annual general meeting.
06.02.14	Q1 report 2013/14: *Improved key figures after increase in revenue.*
25.02.14	Major shareholder announcement.
31.03.14	Acquisition of remaining shareholding in UAB FurnMaster.
13.05.14	First half-yearly report 2013/14: *Gabriel realises improved earnings after 8% revenue growth during the first half-year.*
28.05.14	Major shareholder announcement.
26.08.14	Q3 report 2013/14: *Gabriel improves earnings and revenue after nine months of the financial year 2013/14.*
26.08.14	Financial calendar 2014/15.
26.08.14	Changes in the management of Gabriel Holding A/S.

Financial calendar 2014/15

13.11.14	Announcement of the annual report.
03.12.14	The printed annual report for 2013/14 is available.
11.12.14	Annual general meeting.
03.02.15	Q1 report.
12.05.15	Half-yearly report.
25.08.15	Q3 report.
17.11.15	Annual report.
15.12.15	Annual general meeting.

Investor Relations

Gabriel Holding is attempting to maintain a satisfactory and uniform level of information for investors and analysts so that the share price will develop stably and will always reflect the company's expected development.

Gabriel's website www.gabriel.dk is the stakeholders' primary source of information and it is regularly updated with new and relevant information on Gabriel's profile, activities, industry and results.

Investor relations contact:
Anders Hedegaard Petersen, CEO
Phone: +45 9630 3100

Market price at year end

Annual general meeting

The annual general meeting will be held at 2:00 p.m. Thursday, 11 December 2014 at the company's office in Aalborg.

COMPANY INFORMATION

Board of Directors

Jørgen Kjær Jacobsen, general manager
Chairman (62 years)
Joined the Board of Directors in 2010 (D)

Executive positions
Raskier A/S

Directorships
Mekoprint Holding A/S (CM)
Roblon A/S (CM)
Dolle A/S (CM)
Ambercon A/S (CM)
A/S Peder Nielsen Beslagfabrik (CM)
Nordjyske Holding A/S (CM)
BKI Foods A/S
Raskier A/S

Shareholders' committee and local council
Sydbank A/S

Foundations
Mads Eg Damgaards Familiefond (CM)
Aalborg Stiftstidendes Fond (CM)

Kaj Taidal, general manager
Vice-chairman and chairman of the audit committee (55 years)
Joined the Board of Directors in 1998 (D)

Executive positions
A/S V. Sørensen

Directorships
A/S V. Sørensen
EM-Fiberglas A/S (CM)
Impartex A/S (CM)
Slovakian Farm Invest A/S (CM)
Resolux A/S (CM)

Knud Erik Hansen, general manager
(62 years)
Joined the Board of Directors in 2012 (I)

Executive positions
Carl Hansen & Søn Holding A/S
Carl Hansen & Søn Møbelfabrik A/S

Directorships
Træ- og Møbelindustrien

Søren Brahm Lauritsen, general manager
(47 years)
Joined the Board of Directors in 2010 (D)

Executive positions
ONE Marketing A/S

Directorships
ONE Marketing A/S (CM)
GAB Invest ApS

Ole Thomsen, engineering worker
(62 years)
elected by the employees
Joined the Board of Directors in 2009

Quinten Xerxes van Dalm, sales supporter
(42 years)
elected by the employees
Joined the Board of Directors in 2010

D = Dependent member
I = Independent member
CM = Chairman
VC = Vice-chairman

Executive board

Anders Hedegaard Petersen, CEO
(38 years)
Employed in 2004

External executive positions
KAAN ApS

Directorships
GAB Invest ApS (CM)
Dansk Mode & Textil (VC)
Development Centre UMT

Auditors
Ernst & Young, Godkendt Revisionspartnerselskab

Bank
Sydbank A/S

Subsidiaries
Gabriel A/S, Aalborg
ZenXit A/S, Aalborg
Gabriel Ejendomme A/S, Aalborg
Gabriel Innovation A/S, Aalborg
Gabriel GmbH, Germany
FurnMaster UAB, Lithuania
FurnMaster Sp. z o.o., Poland
Gabriel (Tianjin) International Trading Co. Ltd., China

Associated companies
UAB Scandye, Lithuania

Location and representation
The head office with sales, logistics, development, innovation and accounts departments is located in Aalborg.

Gabriel has its own representatives in Denmark, Sweden, Finland, Norway, Germany, France, Spain, Italy, the UK, China and the USA.

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the 2013/14 annual report of Gabriel Holding A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and Danish disclosure requirements for listed companies.

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 assets, liabilities and financial position at 30 September 2014 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2013 – 30 September 2014.

In our opinion, the Management Commentary includes a fair review of the development in the group's and the parent company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the group and the parent company face.

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

Aalborg, 13 November 2014

Executive Board

Anders Hedegaard Petersen
CEO

Board of Directors

Jørgen Kjær Jacobsen
Chairman

Kaj Taidal
Vice-chairman

Knud Erik Hansen

Søren B. Lauritsen

Quinten van Dalm
Employee representative

Ole Thomsen
Employee representative

INDEPENDENT AUDITORS' REPORT

To the shareholders of Gabriel Holding 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 Gabriel Holding A/S for the 2013/14 financial year, which comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including 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 Danish disclosure requirements for listed companies.

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 Danish disclosure requirements for listed companies 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 in 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 controls 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 controls. 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 30 September 2014 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2013 – 30 September 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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.

Aalborg, 13 November 2014

Ernst & Young
Godkendt Revisionspartnerselskab

Hans B. Vistisen
State-authorised public accountant

Søren V. Nejmann
State-authorised public accountant

Twist Melange on Abstracta's screen Domo.
Designed by: Stefan Borselius

INCOME STATEMENT

for the year 01.10.2013 - 30.09.2014

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2013/14**	2012/13	**2013/14**	2012/13
	Net revenue	**281,789**	264,902	**2,050**	2,004
	Changes in inventories of finished goods and work in progress	**3,829**	2,398	**-**	-
2	Other operating income	**1,040**	678	**-**	-
3	Cost of sales	**-169,886**	-161.569	**-**	-
4	Other external costs	**-38,273**	-36,566	**-374**	-419
5	Staff costs	**-46,273**	-41,157	**-2,882**	-2,985
2	Other operating costs	**-48**	-69	**-**	-
10	Depreciation/amortisation and write-down of intangible assets and property, plant and equipment	**-6,981**	-7,266	**-**	-
	Operating profit (EBIT)	**25,197**	21,351	**-1,206**	-1,400
12	Share of profit after tax in associates	**2,686**	1,953	**-**	-
6	Finance income	**855**	868	**7,775**	7,849
7	Finance costs	**-948**	-1,694	**-**	-23
	Profit before tax	**27,790**	22,478	**6,569**	6,426
8	Tax on profit for the year	**-5,931**	-4,448	**130**	137
	Profit for the year	**21,859**	18,030	**6,699**	6,563
	Distribution:				
	To the shareholders of Gabriel Holding A/S	**21,859**	18,014		
	Non-controlling interests	**-**	16		
		21,859	18,030		
	Proposed profit appropriation				
	Proposed dividends			**9,923**	8,978
	Retained earnings			**-3,224**	-2,415
				6,699	6,563
9	**Earnings per share (DKK):**				
	Earnings per share (EPS), basic	**11.6**	9.5		
	Earnings per share (EPS-D), diluted	**11.6**	9.5		

STATEMENT OF COMPREHENSIVE INCOME

for the year 01.10.2013 - 30.09.2014

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2013/14**	2012/13	**2013/14**	2012/13
	Profit for the year	**21,859**	18,030	**6,699**	6,563
	Other comprehensive income:				
	Items that can be reclassified to the income statement				
	Value adjustment of hedging transactions:				
	Value adjustment for the year	**198**	-321	**-**	-
	Value adjustment reclassified to revenue	**-131**	232	**-**	-
	Value adjustment reclassified to cost of sales	**-14**	-	**-**	-
	Value adjustment of financial assets available for sale	**-93**	-143	**-93**	-143
	Exchange rate adjustment at the translation of foreign entities	**607**	-135	**-**	-
	Tax on other comprehensive income	**35**	58	**21**	36
	Other comprehensive income after tax	**602**	-309	**-72**	-107
	Total comprehensive income	**22,461**	17,721	**6,627**	6,456
	Distribution:				
	To the shareholders of Gabriel Holding A/S	**22,461**	17,705		
	Non-controlling interests	**-**	16		
		22,461	17,721		

STATEMENT OF FINANCIAL POSITION
Assets at 30.09.2014

		CONSOLIDATED		PARENT COMPANY	
Note	tDKK	**2013/14**	2012/13	**2013/14**	2012/13
10	**Non-current assets**				
	Intangible assets:				
	Development projects	**13,779**	10,756	**-**	-
	Property, plant and equipment:				
	Land and buildings	**73,094**	67,322	**-**	-
	Leasehold improvements	**707**	874		
	Plant and machinery	**216**	653	**-**	-
	Fixtures and fittings, other plant and equipment	**10,498**	7,959	**-**	-
		84,515	76,808	**-**	-
	Other non-current assets:				
11	Investments in subsidiaries	**-**	-	**68,788**	67,288
12	Investments in associates	**23,373**	20,687	**-**	-
13	Amounts owed by associates	**4,371**	5,859	**-**	-
14	Other receivables	**-**	1,470	**-**	-
15	Securities	**16**	8,832	**16**	8,832
		27,760	36,848	**68,804**	76,120
	Total non-current assets	**126,054**	124,412	**68,804**	76,120
	Current assets				
16	Inventories	**50,479**	41,131	**-**	-
17	Receivables	**46,874**	45,692	**29,569**	24,760
	Cash and cash equivalents	**21,811**	18,951	**191**	154
	Total current assets	**119,164**	105,774	**29,760**	24,914
	Total assets	**245,218**	230,186	**98,564**	101,034

STATEMENT OF FINANCIAL POSITION

Equity and liabilities at 30.09.2014

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
	Equity				
19	Share capital	**37,800**	37,800	**37,800**	37,800
	Translation reserve	**695**	88	**-**	-
	Reserve for fair value adjustment	**-**	72	**-**	72
	Reserve for hedging transactions	**82**	15	**-**	-
	Retained earnings	**117,546**	108,822	**49,246**	52,470
	Proposed dividends	**9,923**	8,978	**9,923**	8,978
	Gabriel Holding A/S's shareholders' share of the equity	**166,046**	155,775	**96,969**	99,320
	Non-controlling interests	**-**	16	**-**	-
	Total equity	**166,046**	155,791	**96,969**	99,320
	Liabilities				
	Non-current liabilities				
20	Deferred tax	**6,456**	6,398	**-**	-
21	Credit institutions	**30,273**	32,568	**-**	-
22	Lease liabilities	**886**	2,127	**-**	-
	Total non-current liabilities	**37,615**	41,093	**-**	-
	Current liabilities				
21	Credit institutions	**2,226**	2,218	**-**	-
22	Lease liabilities	**1,391**	1,319	**-**	-
	Trade payables	**22,272**	17,613	**47**	15
	Corporation tax	**1,792**	714	**-**	-
	Other debt	**13,876**	11,438	**1,548**	1,699
	Total current liabilities	**41,557**	33,302	**1,595**	1,714
	Total liabilities	**79,172**	74,395	**1,595**	1,714
	Total equity and liabilities	**245,218**	230,186	**98,564**	101,034

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED

tDKK	Share capital	Reserve for exchange rate adjustments	Reserve for fair value adjustment	Reserve for hedging transactions	Retained earnings	Proposed dividends	Non-controlling interests	Total equity
2012/13								
Equity 01.10.12	**37,800**	**223**	**179**	**82**	**99,786**	**8,505**	**-**	**146,575**
Comprehensive income for the year								
Profit 2012/13	-	-	-	-	9,036	8,978	16	18,030
Other comprehensive income								
Exchange rate adjustment at the translation of foreign entities	-	-135	-	-	-	-	-	-135
Value adjustment of hedging transactions:								
Value adjustment for the period	-	-	-	-321	-	-	-	-321
Value adjustment reclassified to revenue	-	-	-	232	-	-	-	232
Value adjustment of financial assets available for sale	-	-	-143	-	-	-	-	-143
Tax on other comprehensive income	-	-	36	22	-	-	-	58
Total other comprehensive income	-	-135	-107	-67	-	-	-	-309
Total comprehensive income for the year	-	-135	-107	-67	9,036	8,978	16	17,721
Transactions with shareholders								
Distributed dividends	-	-	-	-	-	-8,505	-	-8,505
Equity 30.09.13	**37,800**	**88**	**72**	**15**	**108,822**	**8,978**	**16**	**155,791**
2013/14								
Equity 01.10.13	**37,800**	**88**	**72**	**15**	**108,822**	**8,978**	**16**	**155,791**
Comprehensive income for the year								
Profit 2013/14	-	-	-	-	11,936	9,923	-	21,859
Other comprehensive income								
Exchange rate adjustment at the translation of foreign entities	-	607	-	-	-	-	-	607
Value adjustment of hedging transactions:								
Value adjustment for the period	-	-	-	198	-	-	-	198
Value adjustment reclassified to revenue	-	-	-	-131	-	-	-	-131
Value adjustment reclassified to cost of sales	-	-	-	-14	-	-	-	-14
Value adjustment of financial assets available for sale	-	-	-93	-	-		-	-93
Tax on other comprehensive income	-	-	21	14	-	-	-	35
Total other comprehensive income	-	607	-72	67	-	-	-	602
Total comprehensive income for the year	-	607	-72	67	11,936	9,923	-	22,461
Transactions with shareholders								
Acquisition of shares from minority shareholders	-	-	-	-	-3,212	-	-16	-3,228
Distributed dividends	-	-	-	-	-	-8,978	-	-8,978
Total transactions with owners	**-**	**-**	**-**	**-**	**-3,212**	**-8,978**	**-16**	**-12,206**
Equity 30.09.14	**37,800**	**695**	**-**	**82**	**117,546**	**9,923**	**-**	**166,046**

PARENT COMPANY					
tDKK	Share capital	Reserve for fair value adjustment	Retained earnings	Proposed dividends	Total equity
2012/13					
Equity 01.10.12	**37,800**	**179**	**54,885**	**8,505**	**101,369**
Comprehensive income for the year					
Profit 2012/13	-	-	-2,415	8,978	6,563
Other comprehensive income					
Value adjustment of financial assets available for sale		-143			-143
Tax on other comprehensive income	-	36	-	-	36
Total comprehensive income	-	-107	-2,415	8,978	6,456
Transactions with shareholders					
Distributed dividends	-	-	-	-8,505	-8,505
Equity 30.09.13	**37,800**	**72**	**52,470**	**8,978**	**99,320**
2013/14					
Equity 01.10.13	**37,800**	**72**	**52,470**	**8,978**	**99,320**
Comprehensive income for the year					
Profit 2013/14	-	-	-3,224	9,923	6,699
Other comprehensive income					
Value adjustment of financial assets available for sale	-	-93	-	-	-93
Tax on other comprehensive income	-	21	-	-	21
Total comprehensive income	-	-72	-3,224	9,923	6,627
Transactions with shareholders					
Distributed dividends	-	-	-	-8,978	-8,978
Equity 30.09.14	**37,800**	**-**	**49,246**	**9,923**	**96,969**

CASH FLOW STATEMENT

	CONSOLIDATED		PARENT COMPANY	
tDKK	**2013/14**	2012/13	**2013/14**	2012/13
Cash flows from operating activities				
Profit before tax	**27,790**	22,478	**6,569**	6,426
Adjustment for non-cash items:				
Depreciation/amortisation	**6,981**	7,266	**-**	-
Gains and losses on the disposal of non-current assets	**-56**	24		
Value adjustment, securities	**-38**	-153	**-38**	-153
Share of profit after tax in associates	**-2,686**	-1,953	**-**	-
Cash generated from operations before changes in working capital	**31,991**	27,662	**6,531**	6,273
Changes in inventories	**-9,348**	-617	**-**	-
Changes in receivables	**-1,183**	-2,794	**-5,206**	2,373
Changes in trade and other payables	**7,800**	-4,086	**-122**	80
Corporation tax paid	**-4,792**	-5,556	**-**	-4,648
Corporation tax refund	**-**		**551**	
	24,468	14,609	**1,754**	4,078
Cash flows from investing activities				
Addition of intangible assets	**-4,774**	-3,876	**-**	-
Addition of property, plant and equipment	**-13,499**	-4,089	**-**	-
Disposal of property, plant and equipment	**643**	65	**-**	-
Tax-exempt contribution to subsidiaries	**-**	-	**-1,500**	-
Change in amount owed by associate	**1,488**	1,411	**-**	-
Repayment of other non-current receivables	**1,470**	-	**-**	-
Acquisition/disposal of securities	**8,761**	3,043	**8,761**	3,043
	-5,911	-3,446	**7,261**	3,043
Cash flows from financing activities				
External financing:				
Repayment on long-term debt	**-2,250**	-2,209	**-**	-
Extension of lease	**155**	-	**-**	-
Repayment on lease	**-1,324**	-1,174	**-**	-
Shareholders:				
Purchase of minority stake in subsidiary	**-3,300**	-	**-**	-
Dividends distributed	**-8,978**	-8,505	**-8,978**	-8,505
	-15,697	-11,888	**-8,978**	-8,505
Changes for the year in cash and cash equivalents	**2,860**	-725	**37**	-1,384
Opening bank loans/cash and cash equivalents	**18,951**	19,676	**154**	1,538
Closing bank loans/cash and cash equivalents	**21,811**	18,951	**191**	154

Runner on Girsberger's office chair Diagon.
Designed by Burkhard Vogtherr.

NOTES ON THE FINANCIAL STATEMENTS

NOTE

NOTES
on the financial statements

Note

1 **Segment information**
The Gabriel group has only one reportable business segment as all its products relate to furniture fabrics and related textiles. The products are sold to selected leading international manufacturers and key account customers specialising in upholstered furniture, seats and upholstered surfaces. Gabriel A/S accounts for most of the activities. The products for the individual business areas go through substantially the same production process, and the sales divisions have the same type of customers. In addition, the product distribution channels are the same.

Revenue generated by the Western European and U.S. markets accounts for more than 95% of total revenue, where the economic and political climates, activities, risks and currency exposure remain undifferentiated. The group is dependent to a lesser extent on sales to individual customers, none of whom accounts for more than 10% of the group's total revenue. Consequently, the group's income and expenses as well as assets and liabilities are not broken down on operating segments in the notes.

The geographical breakdown of revenue and non-current assets and the breakdown of revenue on products and services are disclosed. The information is based on the internal management reporting.

Geographical information
Geographical information specifies revenue on geographical segments based on the geographical location of the customers. The breakdown of assets by geographical segments is based on the physical location of the assets.

Revenue is distributed on markets as follows:

Note		CONSOLIDATED		PARENT COMPANY	
	tDKK	**2013/14**	2012/13	**2013/14**	2012/13
	Denmark	**30,548**	24,696		
	Sweden	**43,766**	43,482		
	Germany	**51,182**	50,666		
	France	**26,569**	25,690		
	Lithuania	**23,538**	20,693		
	Other countries	**106,186**	99,675		
		281,789	264,902		
	Non-current assets except financial assets etc. are				
	Denmark	**95,338**	85,304		
	Germany	**1,274**	874		
	Lithuania	**937**	780		
	Other countries	**745**	606		
		98,294	87,564		
	Products and services				
	Distribution of revenue:				
	Fabrics	**278,193**	261,655		
	Rental income	**3,596**	3,247		
		281,789	264,902		
2	**Other operating income**				
	Sale of services etc.	**53**	110	**-**	-
	Gain on the disposal of non-current assets	**104**	45	**-**	-
	Government aid	**365**	-	**-**	-
	Other income	**518**	523	**-**	-
		1,040	678	**-**	-
	Other operating costs				
	Loss on the disposal of non-current assets	**-48**	-69		
		-48	-69	**-**	-

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
3	**Cost of sales**				
	Cost of sales for the year	**-166,126**	-159,679	**-**	-
	Write-down of inventories for the year	**-1,603**	-1,400	**-**	-
	Reversal of write-downs on inventories	**319**	693	**-**	-
	Production wages etc.	**-2,476**	-1,183		
		-169,886	-161,569	**-**	-
	Reversal of write-downs on sales of inventories written down				
4	**Other external costs**				
	Other external costs include fees for the auditors appointed by the general meeting as follows:				
	Statutory audit services	**-250**	-250	**-45**	-45
	Other assurance engagements	**-17**	-	**-**	-
	Tax advice	**-35**	-35	**-10**	-10
	Other services	**-139**	-156	**-62**	-45
		-441	-441	**-117**	-100
5	**Staff costs**				
	Wages and salaries etc.	**-43,638**	-38,517	**-2,683**	-2,801
	Defined contribution pension schemes	**-2,307**	-2,238	**-180**	-165
	Other social security costs	**-2,561**	-2,106	**-4**	-3
	Other payroll-related costs	**-2,576**	-1,769	**-15**	-16
		-51,082	-44,630	**-2,882**	-2,985
	Payroll costs capitalised regarding development projects	**2,333**	2,290	**-**	-
	Payroll costs transferred to cost of sales	**2,476**	1,183	**-**	-
		-46,273	-41,157	**-2,882**	-2,985
	Remuneration of the Board of Directors of the parent company	**-790**	-830	**-640**	-680
	Remuneration of the Executive Board of the parent company	**-2,156**	-1,878	**-2,156**	-1,878
	Pension contribution to the parent company's Executive Board	**-180**	-165	**-180**	-165
	Remuneration of other managerial employees	**-9,859**	-9,240	**-**	-
	Pensions for other managerial employees	**-761**	-678	**-**	-
	Average number of employees	**142**	106	**1**	1
6	**Finance income**				
	Dividends from subsidiary	**-**	-	**7,000**	7,000
	Interest income, cash and bonds, etc.	**322**	715	**77**	141
	Interest income from subsidiary	**-**	-	**698**	554
	Foreign exchange gain	**464**	-	**-**	-
	Other finance income	**69**	153	**-**	154
		855	868	**7,775**	7,849

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
7	**Finance costs**				
	Interest expenses, etc.	**-806**	-549	**-**	-23
	Foreign exchange losses	**-90**	-699	**-**	-
	Other finance costs	**-52**	-446	**-**	-
		-948	-1,694	**-**	-23
8	**Tax on profit for the year**				
	Current tax	**-5,900**	-5,214	**-**	-
	Joint taxation contribution	**-**	-	**130**	173
	Adjustment of deferred tax	**-186**	67	**-23**	-36
	Adjustment of deferred tax concerning change in corporate tax rate	**132**	699	**-**	-
	Adjustment in respect of previous years	**23**	-	**23**	-
		-5,931	-4,448	**130**	137
	Tax on profit for the year is specified as follows				
	Computed tax on profit before tax, 24.5% / 25%	**-6,809**	-5,619	**-1,609**	-1,606
	Tax effect of:				
	Reduction in Danish corporation tax from 24.5% / 25% to 22% up to 2016	**132**	699	**-**	-
	Non-taxable income	**1**	-	**1**	-
	Non-deductible costs	**-24**	-39	**-**	-7
	Non-taxable dividends	**-**	-	**1,715**	1,750
	Share of results after tax in associates	**658**	488	**-**	-
	Adjustment of tax in foreign subsidiaries to 24.5% /25%	**88**	23	**-**	-
	Adjustment in respect of previous years	**23**	-	**23**	-
		-5,931	-4,448	**130**	137
	Effective tax rate	**21.3%**	19.8%	**-2.0%**	-2.1%
9	**Earnings per share**				
	Profit for the year after tax	**21,859**	18,030		
	Average number of shares	**1,890,000**	1,890,000		
	Average number of own shares	**-**	-		
	Average number of shares in circulation	**1,890,000**	1,890,000		
	Earnings per share (EPS), basic DKK 20	**11.6**	9.5		
	Earnings per share (EPS-D), diluted DKK 20	**11.6**	9.5		

Note	tDKK	Development projects	Land and buildings	Leasehold improve-ments	Plant and machinery	Fixtures and fittings, other plant and equipment
		CONSOLIDATED				
10	**Non-current assets**					
	2012/13					
	Cost at 01.10.2012	15,184	101,956	-	7,664	21,040
	Value adjustment	-	-	-	-	-6
	Additions during the year	3,876	830	898	146	2,215
	Disposals during the year	-2,673	-	-	-874	-936
	Cost at 30.09.2013	16,387	102,786	898	6,936	22,313
	Depreciation/amortisation at 01.10.2012	6,056	33,930	-	6,693	12,202
	Value adjustment	-	-	-	-	-2
	Disposals during the year	-2,673	-	-	-874	-845
	Depreciation/amortisation for the year	1,417	1,534	24	464	2,999
	Write-downs for the year	831	-	-	-	-
	Depreciation/amortisation and impairment losses at 30.09.2013	5,631	35,464	24	6,283	14,354
	Carrying amount at 30.09.2013	10,756	67,322	874	653	7,959
	of which development projects/assets under construction	7,128	-	-	-	428
	of which assets held under finance leases	-	-	-	-	2,652
	Depreciated/amortised over	5 years	10-25 years	10 years	3-8 years	3-8 years
	2013/14					
	Cost at 01.10.2013	16,387	102,786	898	6,936	22,313
	Value adjustment	-	-	-	-	39
	Transferred	-	-	-289	-	289
	Additions during the year	4,774	7,319	188	58	5,934
	Disposals during the year	-447	-20,112	-	-	-1,238
	Cost at 30.09.2014	20,714	89,993	797	6,994	27,337
	Depreciation/amortisation at 01.10.2013	5,631	35,464	24	6,283	14,354
	Value adjustment	-	-	-	-	14
	Disposals during the year	-446	-20,112	-	-	-652
	Depreciation/amortisation for the year	1,340	1,547	66	495	3,123
	Write-downs for the year	410	-	-	-	-
	Depreciation/amortisation and impairment losses at 30.09.2014	6,935	16,899	90	6,778	16,839
	Carrying amount at 30.09.2014	**13,779**	**73,094**	**707**	**216**	**10,498**
	of which development projects/assets under construction	7,846	7,610	-	111	-
	of which assets held under finance leases	-	-	-	-	1,524
	Depreciated/amortised over	5 years	10-25 years	10 years	3-8 years	3-8 years

The group performed an impairment test on the accounting values of development projects under construction recognised in 2013/14. The test resulted in a total write-down of tDKK 410, under which the project development sequence in the form of expenses paid and results obtained was also evaluated in relation to the approved project and business plans. It was judged on this basis that the recoverable amount after the write-down exceeds the carrying amount.

Note	tDKK	PARENT COMPANY 2013/14	2012/13
11	**Investments in subsidiaries**		
	Cost at 01.10	**67,288**	67,288
	Capital infusion for subsidiary	**1,500**	-
	Cost at 30.09	**68,788**	67,288

Name	Registered office	Stake	Share capital	Equity	Profit for the year	Carrying amount
Gabriel A/S	Aalborg	100%	25,500	96,000	17,857	34,145
ZenXit A/S	Aalborg	100%	1,000	896	-964	2,500
Gabriel Ejendomme A/S	Aalborg	100%	1,000	37,155	2,026	30,932
Gabriel (Tianjin)	China	100%	1,592	9,595	1,020	1,211
				143,646	19,939	68,788

		CONSOLIDATED 2013/14	2012/13
12	**Investments in associates**		
	Cost at 01.10	**13,811**	13,811
	Additions	**-**	-
	Cost at 30.09	**13,811**	13,811
	Adjustments at 01.10	**6,876**	4,923
	Share of profit for the year	**2,621**	1,888
	Intra-group profit	**122**	122
	Value adjustment, property	**-57**	-57
	Adjustments at 30.09	**9,562**	6,876
	Carrying amount at 30.09	**23,373**	20,687

Name	Registered office	Stake	Revenue	Profit for the year	Assets	Liabilities	GABRIEL'S SHARE Equity	Profit/loss for the year
UAB Scandye	Lithuania	49%	39,759	5,317	57,259	21,009	17,868	2,621
Value adjustment, property							1,092	-57
Intra-group profit							-386	122
Goodwill							4,799	-
Carrying amount at 30.09.2014							**23,373**	**2,686**

Note	tDKK	CONSOLIDATED 2013/14	2012/13
13	**Non-current receivables from associates**		
	Cost at 01.10	**5,859**	7,269
	Disposals	**-1,488**	-1,410
	Carrying amount at 30.09	**4,371**	5,859
	Gross receivables are specified as follows:		
	Due within 1 year	**1,555**	1,767
	Due within 1-5 years	**3,141**	4,656
	Due after 5 years	**-**	-
	Unearned future financing income	**-325**	-564
	Total receivables	**4,371**	5,859
	Net receivables are specified as follows:		
	Due within 1 year	**1,354**	1,478
	Due within 1-5 years	**3,017**	4,381
	Due after 5 years	**-**	-
	Total receivables	**4,371**	5,859

The receivable arises from finance leasing of production equipment to UAB Scandye. At the end of the lease term of 3-5 years, the lessee has the option of acquiring the production equipment. The assets leased out have been provided as collateral for the group's receivables.

Note	tDKK	2013/14	2012/13
14	**Other non-current receivables**		
	Cost at 01.10	**1,470**	1,470
	Disposals	**-1,470**	-
	Carrying amount at 30.09	**-**	1,470
	Gross receivables are specified as follows:		
	Due within 1 year	**-**	-
	Due within 1-5 years	**-**	1,470
	Due after 5 years	**-**	-
	Unearned future financing income	**-**	-
	Total receivables	**-**	1,470
	Net receivables are specified as follows:		
	Due within 1 year	**-**	-
	Due within 1-5 years	**-**	1,470
	Due after 5 years	**-**	-
	Total receivables	**-**	1,470

The receivable arises from finance leasing of production equipment and loan to a business partner.
The receivable was repaid in 2014.

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
15	**Securities**				
	Cost at 01.10	**8,739**	11,628	**8,739**	11,628
	Disposals during the year	**-8,723**	-2,889	**-8,723**	-2,889
	Cost at 30.09	**16**	8,739	**16**	8,739
	Adjustments at 01.10	**93**	236	**93**	236
	Adjustments for the year	**-93**	-143	**-93**	-143
	Adjustments at 30.09	**-**	93	**-**	93
	Carrying amount at 30.09	**16**	8,832	**16**	8,832

The portfolio of securities includes only unlisted Danish shares at 30 September 2014. The unlisted shares are measured at cost as it is not possible to compute a reliable fair value.

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
16	**Inventories**				
	Raw materials and consumables	**14,907**	11,403	**-**	-
	Work in progress	**4,023**	5,008	**-**	-
	Finished goods and goods for resale	**31,549**	24,720	**-**	-
		50,479	41,131	**-**	-

The group has no inventories recognised at fair value.

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
17	**Receivables**				
	Trade receivables	**38,641**	35,289	**-**	-
	Amounts owed by subsidiaries	**-**	-	**21,119**	15,897
	Other receivables	**8,233**	10,403	**8,450**	8,863
		46,874	45,692	**29,569**	24,760

Other receivables include total VAT of tDKK 2,521 (2012/13: tDKK 5,348) concerning VAT returns in Lithuania.

Credit risks associated with the individual receivables depend primarily on the debtors' domicile. The quality of receivables not written down is assessed on the basis of the group's internal credit rating procedures and external credit ratings to be of high quality and to pose a low risk of loss. See also note 23 for information on credit risks.

The group's trade receivables are distributed as follows by geographical area:

		2013/14	2012/13
	Denmark	**3,834**	2,581
	Scandinavia	**7,433**	7,671
	EU	**19,935**	19,378
	Other countries	**7,439**	5,659
		38,641	35,289

The group's trade receivables at 30.09.2014 include receivables totalling tDKK 925 (2012/13: tDKK 700, written down by tDKK 925 after an individual assessment (2012/13: tDKK 700). Other external costs include bad debts of tDKK 386 net (2012/13: tDKK 490). Write-downs of trade receivables are due to customer bankruptcy or anticipated payment default.

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13

Write-downs of the group's trade receivables are distributed as follows by geographical area:

	Denmark	**4**	-		
	Scandinavia	**22**	65		
	EU	**899**	635		
	Other countries	**-**	-		
		925	700		

Trade receivables due on 30.09.2013, but not impaired, were recognised as follows:

	Up to 30 days	**3,856**	4,338		
	Between 30 and 90 days	**1,496**	1,279		
	Over 90 days	**1,755**	1,312		
		7,107	6,929		

Interest income arising from receivables written down is not recognised.

18 **Research and development costs**

The correlation between research and development costs incurred and expensed is specified as follows:

	Research and development costs incurred	**9,470**	8,461		
	Development costs recognised as intangible assets	**-4,774**	-3,876		
	Research and development costs for the year recognised in the income statement under staff and other external costs	**4,696**	4,585		

19 **Share capital**

The share capital comprises 1,890,000 DKK 20 shares. No shares carry special rights.

Neither the group nor the parent company holds own shares.

Capital management

The group's ordinary activities still generate high cash flows, enabling the group to maintain solid financial resources. The group regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing. A high equity ratio has always been a high priority of Gabriel's management in order to ensure the greatest room for manoeuvre. The group's equity ratio was 68% on 30 September 2014, which is on a par with the ratio on the same date last year. Reducing tied-up funds is also constantly on the group's agenda.

The group wishes to provide its shareholders with regular returns on their investment while maintaining an appropriate level of equity to ensure the company's future operations.

Against this background, the present capital resources are deemed adequate in the present economic climate.

Note	tDKK	CONSOLIDATED 2013/14	CONSOLIDATED 2012/13	PARENT COMPANY 2013/14	PARENT COMPANY 2012/13
20	**Deferred tax**				
	Deferred tax at 01.10	**6,398**	7,223	**-**	-
	Deferred tax for the year recognised in the income statement	**186**	-67	**23**	36
	Deferred tax for the year recognised in other comprehensive income	**-2**	-58	**-23**	-36
	Reduction in Danish corporation tax from 24.5% / 25% to 22% up to 2016	**-132**	-700	**-**	-
	Adjustment in respect of previous years	**6**	-	**-**	-
	Deferred tax at 30.09	**6,456**	6,398	**-**	-
	Deferred tax concerns:				
	Intangible assets	**3,073**	2,420	**-**	-
	Land and buildings	**2,920**	3,084	**-**	-
	Plant and machinery, etc.	**833**	1,020	**-**	-
	Current assets	**-186**	-74	**-**	-
	Current liabilities	**-184**	-52	**-**	-
		6,456	6,398	**-**	-
21	**Credit institutions**				
	Amounts owed to credit institutions relate to:				
	Mortgage debt	**32,499**	34,786	**-**	-
	Total carrying amount	**32,499**	34,786	**-**	-
	Amounts owed to credit institutions were recognised in the statement of financial position as follows:				
	Non-current liabilities	**30,273**	32,568	**-**	-
	Current liabilities	**2,226**	2,218	**-**	-
	Total carrying amount	**32,499**	34,786	**-**	-
	Fair value is calculated at market value (level 1)	**33,830**	36,080	**-**	-
	Debt falls due as follows:				
	0-1 years	**2,503**	2,525	**-**	-
	1-5 years	**9,899**	9,986	**-**	-
	> 5 years	**22,172**	24,737	**-**	-

The loan is a floating-rate mortgage loan in EUR (F1) subject to annual adjustment.
The current level of interest is 0.3620% p.a. with the principal of tEUR 5,920.

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments.
Interest payments are estimated on the basis of existing market conditions.

Note

22 Lease liabilities

Lease liabilities are recognised as follows in the statement of financial position:

	CONSOLIDATED					
tDKK	**2013/14**			2012/13		
	Minimum lease payment	Interest component	Carrying amount	Minimum lease payment	Interest component	Carrying amount
0-1 years	**1,437**	**-46**	**1,391**	1,406	-87	1,319
1-5 years	**893**	**-7**	**886**	2,180	-53	2,127
> 5 years	**-**	**-**	**-**	-	-	-
	2,330	**-53**	**2,277**	3,586	-140	3,446

The lease liabilities concern the financing of an ERP system and finance leasing of vehicles.
The terms of the agreements are two to five years.

23 Financial risks and financial instruments

Given its operations, investments and financing, the group is exposed to a number of financial risks, including market risks (currency risks, interest rate risks and risks relating to raw materials), credit risks and liquidity risks.

Gabriel's policy is not to engage in active speculation in financial risks. The group's financial management thus covers only management and reduction of the financial risks arising directly from the group's operations, investments and financing.

Management monitors the group's risk concentration broken down on customers, geographical areas, currencies, etc. Management also monitors whether the group's risks are correlated, and whether the group's risk concentration has undergone any changes. The group's risk exposure and risk management have remained unchanged from 2012/13.

The group's categories of financial assets and liabilities are given below:

	CARRYING AMOUNT	
tDKK	**2013/14**	2012/13
Derivatives taken up to hedge future cash flows	**108**	20
Financial assets used as hedging instruments	**108**	20
Amounts owed by associates	**4,371**	5,859
Other non-current receivables	**-**	1,470
Receivables	**46,766**	45,672
Cash and cash equivalents	**21,811**	18,951
Loans and receivables	**72,948**	71,952
Securities	**16**	8,832
Financial assets available for sale	**16**	8,832
Credit institutions	**32,499**	34,786
Financial lease liabilities	**2,277**	3,446
Trade payables	**21,422**	17,613
Financial liabilities measured at amortised cost	**56,198**	55,845

The fair value of financial assets and liabilities is in line with the carrying amounts apart from amounts owed to credit institutions (see note 21).

Note

23 cont. The group measures its portfolio of bonds at market value (see note 15). Securities are classified as level 1 "listed prices" under the market value hierarchy.

Derivative financial instruments in the form of forward exchange contracts entered into to hedge future cash flows are recognised as financial assets at market value of tDKK 108 (2012/13: tDKK 20). Forward exchange contracts are valued in accordance with generally recognised valuation techniques based on relevant observable exchange rates and classified as level 2 "other input" under the fair value hierarchy.

Currency risks

The group's foreign exchange positions in Danish kroner are specified as follows at 30.09.2014:

tDKK Currency	Trade receivables	Bank loans – trade payables/ credit institutions	Hedged by forward contracts	Net position
DKK	4,923	-1,299	-	3,624
EUR	25,340	-40,238	-	-14,898
SEK	2,104	780	-	2,884
NOK	344	747	-	1,091
USD	3,091	2,050	1,222	6,363
Other	2,839	2,723	-	5,562
Abroad	33,718	-33,938	1,222	1,002

The group's foreign exchange positions in Danish kroner were as follows on 30.09.2013:

tDKK Currency	Trade receivables	Bank loans – trade payables/ credit institutions	Hedged by forward contracts	Net position
DKK	2,533	-3,388	-	-855
EUR	24,524	-40,053	-	-15,529
SEK	2,110	-18	-3,897	-1,805
NOK	388	190	-	578
USD	1,798	4,379	-	6,177
Other	3,936	1,997	-	5,933
Abroad	32,756	-33,505	-3,897	-4,646

The group has used forward exchange transactions to hedge its risks related to changes in cash flows resulting from exchange rate movements. The effective part of the outstanding forward exchange contracts' market value at 30.09.2014, which is used for and fulfils the terms for hedge accounting of future transactions, is recognised directly in equity until the hedged transactions are recognised in the income statement. Forward exchange contracts were entered into with a principal of tDKK 1,222 at 30.09.2014 to hedge exchange rate risks in USD. A value adjustment of tDKK 82 is recognised in equity at 30.09.2014.

The foreign exchange contracts mature within three months.

Note

23 cont. The group hedges currency risks considering projected future cash flows and projected future exchange rate movements. The majority of sales in Europe are settled in the customer's currency, while the euro is primarily used for settlement with other international customers. Currency risks generated by income are only of a limited scale, as most income is invoiced in the Scandinavian currencies or euros. Most purchases are settled in Danish kroner or euros.

Any changes in the exchange rates on 30.09.2014 are not deemed to have any material impact on results or equity because of the relatively low currency exposure on 30.09.2014. However, the group experienced major exchange rate fluctuations in the 2013/14 financial year; the SEK fell by 5.5% since 30.09.013 while the USD increased by 7.1%. If this development continues in the next financial year, the effect will be as follows for these currencies:

tDKK Currency	Hypothetical effect on profit for the year		Hypothetical effect on equity	
	2013/14	2012/13	**2013/14**	2012/13
SEK/DKK	-160	99	-160	99
USD	452	439	452	439

Given the group's use of derivative financial instruments to hedge the group's exposure in relation to expected sales transactions and financial instruments, the group's equity will be affected by the recognition of the effective part of the changes in the hedging instruments' market value in the reserve for cash flow hedging.

In 2014/15, the group's foreign currency exposure is expected to be essentially unchanged relative to 2013/14. Lithuania's transition from litas to euros with effect from 01.01.2015 is thus not expected to have any significant impact.

Liquidity and interest rate risks
The group has generated positive cash flows for many years and has thus not been dependent on external financing. At 30.09.2014, the group had cash and cash equivalents of DKK 21.8 million and an unused line of credit of DKK 30 million with the group's bank. The group is thus judged to have adequate liquidity to ensure the ongoing financing of future operations and investments.

The group has an ongoing operating credit, while the mortgage loan was taken up as an adjustable rate loan in euros with annual interest adjustments. Finance lease agreements for the ERP system and vehicles were drawn up in euros with a variable interest rate and litas with a fixed interest rate. The terms of the agreements are two to five years.

Group financial receivables carry a contractual fixed interest rate during their entire lives. On this basis, an isolated rise or fall of one percentage point in the market rate is judged not to be of major significance for the group's profit.

Risks relating to raw materials
The group typically enters into cooperative agreements with its most important suppliers to ensure reliability of delivery and to lock prices. As indicated in note 25, Gabriel has concluded purchase agreements for raw material supplies for 2014/15. The group is not exposed to any major price risks arising from its use of raw materials.

Credit risks
In line with group credit risk policy, all major customers and other business partners are regularly credit rated. Credit risk management is based on internal credit lines for customers. Prompted by the financial crisis, the group has intensified its focus on the approval of customer credit lines and strengthened its management and monitoring of customers. Group trade receivables are distributed on numerous customers, countries and markets, ensuring a high degree of risk diversification. On the basis of the group's internal credit procedures, it is judged that the quality of the group's trade receivables depends primarily on the debtor's home country. The creditworthiness of debtors from Scandinavia and the EU is usually higher than that of debtors from other countries.

The group aims to reduce risk through efficient monitoring, follow-up and credit insurance of major foreign and domestic receivables or alternative collateral. Credit insurance was taken out for all major foreign and domestic receivables at 30.09.2014. The group's trade receivables are usually paid no later than 1-2 months after delivery. The group has a past record of minor bad debts and is usually exposed to only a limited risk of major losses. We refer to note 17.

Note

23 cont. The group financed production equipment for the associate UAB Scandye as investments. Gabriel has been provided with collateral in the leased equipment and with a guarantee for the amount. The lessees may perform the contracts at their residual values.

24 **Operating leases**

At 30.09.2014, the group held operating leases for vehicles with a residual lease liability of tDKK 1,158, of which tDKK 595 is due within one year, while the rest is due within 1-4 years. An amount of tDKK 812 was expensed in the financial year as against tDKK 1,037 in 2012/13.

At 30.09.2014, the group had entered into a rental contract for its sales office in Bingen, Germany and production facilities in Swiebodzin, Poland. The rental periods terminate in 2023 at the latest and the total liability for future rental payments is tDKK 2,465, of which tDKK 358 is due within one year, while tDKK 995 is due after five years.

Total operating lease liabilities amounted to tDKK 3,623 at 30.09.2014.

25 **Contingent liabilities and collateral**

Parent Company

The parent company has issued a letter of subordination to the bankers of the subsidiary Gabriel A/S covering the subsidiary's current bank loans.

The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group. In its capacity as the administrative company, the company has unlimited joint and several liability with the other companies in the joint taxation unit for Danish corporation taxes and withholding taxes on dividends and interest within the joint taxation unit. Any subsequent corrections to corporation and withholding taxes could result in a change in the company's liability.

Consolidated

As part of usual group operations, the group has entered into purchase agreements for future raw material supplies at an amount of tDKK 11,793 to ensure raw material supplies in 2014/15.

Claims and warranties do not represent a major expense for the group. This is the result of the certifications for the ISO 9001 Quality Management Standard since 1991 and the Environmental Management Standard ISO 14001 since 1996.

Gabriel has provided collateral of tDKK 44,100 in land and buildings for amounts owed to credit institutions. The carrying amount of land and buildings was tDKK 72,511 at 30.09.2014, while amounts owed to credit institutions (mortgage debt) were tDKK 32,499.

26 **Transactions with group companies, major shareholders, Board of Directors and Executive Board**

The parent company's related parties comprise subsidiaries as well as their Boards of Directors and Executive Boards. Related parties also comprise companies in which the above persons have significant influence. Gabriel Holding A/S has no related parties exercising control.

The parent company is jointly taxed with other Danish companies in the Gabriel Holding Group, which means that the company is liable for Danish corporation and withholding taxes etc. within the joint taxation unit. Please see note 25 for further information.

	PARENT COMPANY	
tDKK	**2013/14**	2012/13
Administration fee from affiliated enterprises	**2,050**	2,000
Interest income from affiliated enterprises	**698**	554
Dividend from affiliated enterprises	**7,000**	7,000

Transactions with group enterprises were eliminated in the consolidated financial statements in accordance with the accounting policy.

Note

26 cont. The related parties also include associates over which Gabriel exercises significant influence. Trading with the associate UAB Scandye comprised the following:

	CONSOLIDATED	
tDKK	**2013/14**	2012/13
Purchases from associates	**24,841**	24,893
Interest etc. from associates	**279**	357

Apart from executive and directors' remuneration disclosed in note 5, the group and the parent company did not engage in any transactions with the Board of Directors, Executive Board, executive employees, major shareholders or other related parties during the year.

27 Accounting estimates and judgments

The carrying amount of certain assets and liabilities is stated on the basis of management's estimated impact of future events on the value of these assets and liabilities at the statement of financial position date. Estimates important to the financial reporting are mainly made by calculating write-downs for inventory obsolescence, write-downs on debtors, impairment tests on development projects, depreciation/amortisation and impairment losses, and contingent liabilities.

28 New financial reporting regulations

The IASB has issued new financial reporting standards and IFRICs which are not mandatory for Gabriel Holding A/S for the 2013/14 financial year. Gabriel Holding A/S expects to implement the new accounting standards and IFRICs as they become mandatory in the EU. The most important new standards are IFRS 9-12 and IFRS 15. The new financial reporting standards and IFRICs are not expected at present to have a significant effect on the recognition and measuring of assets and liabilities; they will mainly affect the requirements for the presentation of and information in the annual report.

29 Accounting policies

Gabriel Holding A/S is a limited liability company domiciled in Denmark. The financial section of the annual report for the period 01.10.2013-30.09.2014 comprises the consolidated financial statements of Gabriel Holding A/S and its subsidiaries (the group) and separate parent company financial statements.

The consolidated financial statements and the parent company financial statements of Gabriel Holding A/S for 2013/14 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and Danish disclosure requirements for listed companies.

The Board of Directors and the Executive Board discussed and approved the annual report of Gabriel Holding A/S for 2013/14. The annual report will be presented to the shareholders of Gabriel Holding A/S for approval at the annual general meeting on 11 December 2014.

Basis for preparation

The consolidated financial statements and the parent company financial statements are presented in DKK rounded to the nearest DKK 1,000.

The accounting policies as described below were applied consistently during the financial year and for the comparative figures. Comparative figures are not restated for standards to be implemented in the future.

Change in accounting policies

Gabriel Holding A/S has implemented the financial reporting standards and IFRICs which come into force for the 2013/14 financial year. The only change of significance for the requirements for the presentation of and information in the 2013/14 annual report is IFRS 13 on fair value measurement. The new standards and IFRICs did not affect the recognition and measurement of assets and liabilities in the 2013/14 financial year.

In the comparative figures for the 2012/13 financial year, DKK 2.6 million has been reclassified from other external costs to cost of sales as a result of the changed classification of costs concerning samples etc.

Note

29 **ACCOUNTING POLICIES APPLIED**

cont. **Consolidated financial statements**

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

Enterprises over which the group exercises significant influence, but which it does not control, are considered associates. Significant influence is typically obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

Whether Gabriel Holding A/S exercises control or significant influence is determined on the basis of the potential voting rights exercisable at the statement of financial position date.

The consolidated financial statements cover the parent company Gabriel Holding A/S and the subsidiaries Gabriel A/S, Gabriel Ejendomme A/S, ZenXit A/S, Gabriel Innovation A/S, Gabriel (Tianjin) International Trading Co. Ltd., UAB FurnMaster, FurnMaster Sp. z o.o. and Gabriel GmbH. UAB Scandye is considered an associate and was recognised as an investment in associates in the annual report.

The consolidated financial statements were prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the group's accounting policies with elimination of intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains on intra-group transactions. Unrealised gains on transactions with associates are eliminated in proportion to the group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

The consolidated financial statements include the subsidiaries' accounting items 100%. The non-controlling parties' share of the profit for the year and of the equity in subsidiaries which are not 100% owned is included as a part of the group's result or equity but shown separately.

Business combinations

Enterprises acquired or formed during the year are included 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. Comparative figures are not restated for acquisitions.

The acquisition method is used on acquisitions of new businesses where Gabriel Holding A/S gains control. The purchased company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Deferred tax on the revaluations made is recognised.

The acquisition date is the date on which Gabriel Holding A/S effectively gains control of the acquired business.

Costs attributable to business combinations are recognised directly in the profit for the year when incurred.

Non-controlling interests

At initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the acquired business's identifiable assets, liabilities and contingent liabilities. Measurement of non-controlling interests is chosen transaction by transaction and specified in the notes in connection with the description of acquired businesses.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions. On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and the date of payment are recognised in profit or loss as finance income or finance costs. Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date on which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as finance income or finance costs.

On recognition in the consolidated financial statements of subsidiaries with a functional currency other than DKK, the income statements are translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the end of the reporting period. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions.

Note

29 cont. Foreign exchange differences arising on the translation of the opening balance of equity of such foreign operations at the exchange rates at the end of the reporting period and on translation of the statements of comprehensive income from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income under a separate translation reserve under equity.

On recognition in the consolidated financial statements of associates with a functional currency other than DKK, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on the translation of the share of the opening equity of foreign associates at the exchange rates at the end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the end of the reporting period, are recognised in other comprehensive income under a separate translation reserve under equity.

Derivative financial instruments
Derivative financial instruments are recognised 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 other liabilities respectively. Fair values for derivative financial instruments are measured on the basis of current market data and acknowledged valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the results together with changes in the value of the hedged asset or liability as regards the portion hedged.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows, and which effectively hedge changes in future cash flows, are recognised in equity under a separate reserve for hedging transactions until the hedged cash flows affect the results. At this time, any gain or loss regarding such hedging transactions is transferred from equity and recognised in the same item as the hedged item.

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

INCOME STATEMENT

Net revenue
Revenue from the sale of goods for resale and finished goods is recognised in revenue provided that delivery and 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. Rental income is accrued and recognised on a straight-line basis over the period in accordance with contracts entered into.

Net revenue is measured ex VAT, taxes and discounts in relation to the sale.

Other operating income and costs
Other operating income comprises items secondary to the principal activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

Public subsidies
Public subsidies comprise subsidies and financing of development projects. Public subsidies are recognised in the income statement under other operating income in step with payment of the costs entitled to subsidy.

Cost of sales etc.
These costs include costs paid to achieve the year's net revenue, including direct and indirect costs of raw materials and consumables, goods for resale and energy etc.

The cost of sales etc. also includes direct and indirect costs of wages and consumables in connection with the production of the group's products.

Other external costs
Other external costs are mainly costs concerning sales, distribution, maintenance, premises and administration.

Profit/loss from investments in associates recognised in the consolidated financial statements
The proportionate share of the results after tax of the associates is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Note

29 cont. **Finance income and costs**

Finance income and costs comprise interest income and expenses, gains and losses as well as write-downs on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities and surcharges and refunds under the on-account tax scheme etc. Realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are also included.

Dividends received from investments in subsidiaries are recognised in the parent company income statement in the financial year in which the dividends are declared. If distributed dividends exceed comprehensive income for the relevant period, an impairment test is made.

Tax on profit for the year

Gabriel Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their taxable incomes (full absorption with deduction for tax losses). The jointly taxed companies are included in the on-account tax scheme.

The tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

STATEMENT OF FINANCIAL POSITION

Development projects

Development costs comprise costs, salaries and amortisation which are directly or indirectly attributable to the company's development activities.

Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the company are evidenced, and where the company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production and distribution costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less cumulative amortisation and impairment losses and recoverable amount.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The usual amortisation period is five years.

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, other plant and equipment are measured at costs less cumulative depreciation and impairment losses.

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

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.

The cost of finance leases is stated at the lower of fair value and the net present value of future minimum lease payments. When the net present value of the future lease payments is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor.

Subsequent costs arising from e.g. the replacement of components of property, plant and equipment are recognised in the carrying amount of the relevant asset when it is probable that future economic benefits will flow to the Group. The components replaced will no longer be recognised in the statement of financial position and the carrying amount will be transferred to the income statement. All other ordinary costs of repair and maintenance will be recognised in the income statement as incurred.

Note

29 cont. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components as follows:

Buildings .... 10-25 years
Leasehold improvements .... 10 years
Plant and machinery .... 3-8 years
Fixtures and fittings, other plant and equipment .... 3-8 years
Land is not depreciated.

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

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

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less cost of sales and the carrying amount on the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs.

Impairment test of non-current assets
The carrying amount of non-current assets is tested annually for indicators 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 net selling price less anticipated disposal costs or its value in use. The value in use is calculated as the net present value of forecast future cash flows from the asset or from the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of the net assets exceeds its recoverable amount.

Investments in associates in the consolidated financial statements
Investments in associates are measured according to the equity method.

Investments in associates are measured in the statement of financial position at the group's share of the enterprises' equity values calculated in accordance with the group's accounting policies plus or minus the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill. Investments in associates are tested for impairment when there is an indication of impairment.

Investments in subsidiaries in the parent company financial statements
Investments in subsidiaries are measured at cost. Where the recoverable amount is lower than cost, investments are written down to this lower value.

At the distribution of reserves other than retained earnings in subsidiaries, the distribution will reduce the cost of investments when the distribution is characterised as repayment of the parent company's investment.

Amounts owed by associates
Amounts owed by associates are attributable to lease contracts for assets of which the group is the owner, but of which all major risks and maintenance liabilities are incumbent on the associate. Finance leases are recognised on the statement of financial position at the net present value of future lease payments. The interest rate implicit in the lease is used for the calculation of the net present value.

Securities
Listed bonds classified as available for sale are recognised as non-current assets at cost on the trade date and are measured at fair value corresponding to the market price. Unrealised value adjustments are recognised in other comprehensive income except for foreign exchange adjustments of bonds denominated in foreign currencies, which are recognised in the result under finance income and costs. On realisation, the cumulative value adjustment recognised in other comprehensive income is reclassified to finance income and costs in the result.

Note

29 cont.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages/salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages/salaries and maintenance as well as depreciation of production equipment, buildings and equipment and factory administration and management.

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-downs are made for losses on bad debts when there is an objective indication of an impairment loss. In such cases, a write-down is made individually for each specific receivable. Write-downs are determined as the difference between the carrying amount and the net present value of projected cash flows, including the net realisable value of any collateral.

Equity
Dividends
Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Treasury shares
Cost of acquisition of, compensation received for and dividends received from treasury shares are recognised directly as retained earnings in equity. Gains and losses on sales are thus not recognised in the income statement.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign enterprises from their functional currencies to Danish kroner.

Reserve for hedging transactions
The hedging reserve comprises the cumulative net change in the fair value of hedging transactions which qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised.

Reserve for fair value adjustment
The reserve for fair value adjustment comprises the cumulative change in the fair value of financial assets available for sale. The reserve, which forms part of the company's distributable reserves, is eliminated and transferred to the income statement as the investment is sold or written down.

Current tax and deferred tax
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 value of assets and liabilities.

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.

Deferred tax assets are recognised at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Note

29 cont. Deferred tax is measured according to the tax rules and at the tax rates applicable at the statement of financial position date 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 the income statement.

Financial liabilities
Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest rate. The difference between the proceeds and the nominal value is accordingly recognised in the income statement as finance costs over the term of the loan. Financial liabilities also include the capitalised residual obligation on finance leases measured at amortised cost.

Other liabilities are measured at net realisable value.

Leases
For accounting purposes, lease obligations are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease obligations is described under Property, plant and equipment and Financial liabilities respectively. Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

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, and cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities
Cash flows from operating activities are recognised as the share of profit/loss adjusted for non-cash operating items, changes in working capital and corporation taxes paid.

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

Cash flows from financing activities
Cash flows from financing activities comprise the raising of loans, repayment of interest-bearing debt, acquisition of treasury shares and payment of dividends to shareholders.

Bank loans/cash and cash equivalents
The item covers cash and cash equivalents and bank loans (overdraft facilities).

Gabriel Holding A/S
Hjulmagervej 55
DK-9000 Aalborg
Phone: +45 9630 3100
www.gabriel.dk