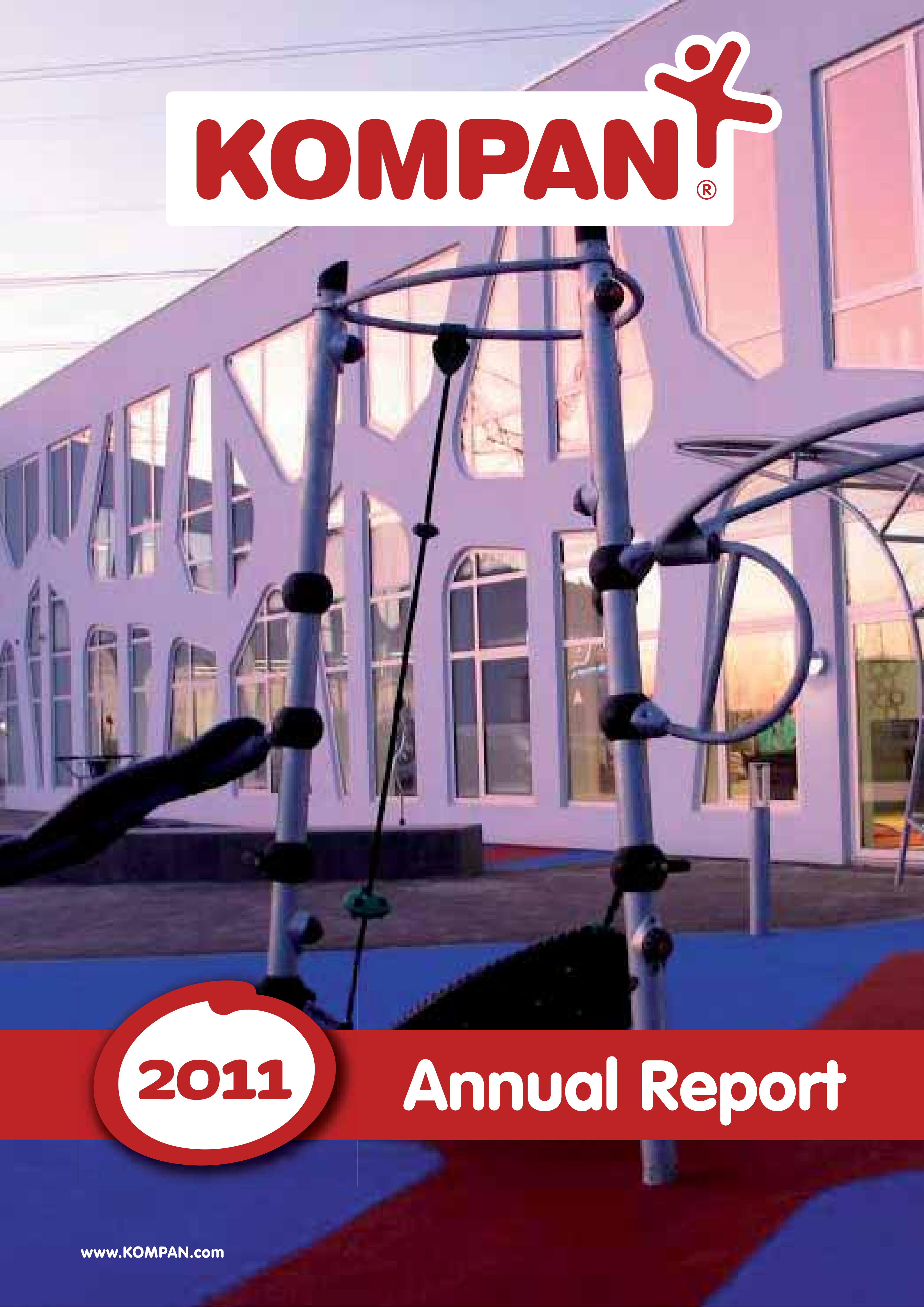
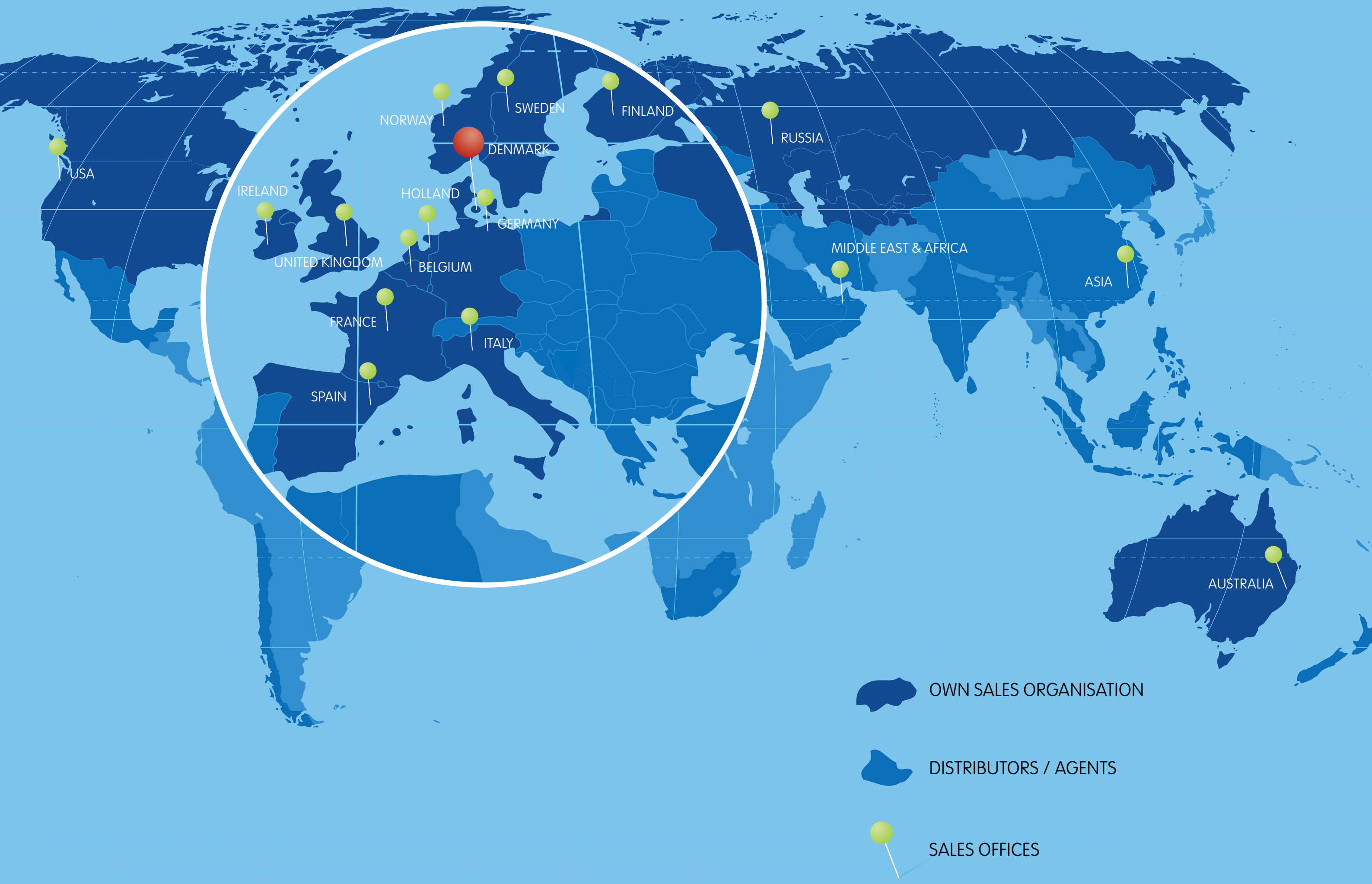


KOMPAN

2011 Annual Report

www.KOMPAN.com

IT TAKES A PHILOSOPHY TO BE A WORLD MARKET LEADER



40 years of changing the world of children's play

40 years ago, a young artist named Tom Lindhardt Wills witnessed an event that changed the world of children's play. One of his bright large sculptures had been placed in a new housing estate to add colour to the otherwise drab surroundings. Realising that children were more interested in playing on it than admiring it, he established a dedicated, child-focused playground equipment company – KOMPAN.

KOMPAN

PLAY THE KOMPAN WAY

Exciting Play Solutions that Support Child Development

CONTENT

FRONTPAGE: ICON IN FRONT OF NEW HEADQUARTER IN ODENSE, DENMARK

The annual report has been translated from Danish. The Danish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

2011 AT A GLANCE

(2010 figures in brackets)

KOMPAN achieved a satisfactory result in 2011 in spite of difficult market conditions. KOMPAN has increased its market share and earnings in a declining market.

- In 2011, KOMPAN generated consolidated revenue of DKK 1,416 million, equivalent to an increase of 2%. The organic development – revenue normalised for acquisitions, divestments and foreign exchange rates – was flat in a declining market.

- During the second half of 2011, KOMPAN's main market, Europe, was affected by the outbreak of the debt crisis. However, the impact differed from country to country, and several countries turned out to be sturdier against the financial crisis and delivered satisfactory growth rates. Management believes that KOMPAN succeeded in gaining market shares in a declining market.

- EBITA came in at DKK 172 million (DKK 166 million). As a result of low depreciation in 2011, among other things, the EBITA margin rose. Depreciation reached DKK 26 million in 2011 (DKK 41 million).

- Normalised result for the year after tax represented DKK 120 million (DKK 117 million) – equivalent to an increase of 3%. The result is considered satisfactory in a difficult market.

- Free cash flow accounted for DKK 79 million (DKK 140 million) exclusive investments in new headquarter, while "cash-conversion" (free cash flow before tax relative to EBITA) accounted for 55% (92%). The decline was caused by a rise in net working capital at the end of the year in the shape of increased funds tied up in trade receivables and increased tax payments, among other things.

- Net interest-bearing debt closed at DKK 328 million (DKK 333 million). Net interest-bearing debt relative to EBITDA was 1.7 at the end of 2011 (1.6).

- Since 2005, KOMPAN has pursued a global expansion strategy relying on both organic growth and acquisitions. In 2011, KOMPAN has acquired the activities in Ovaal Speelconcepten V.O.F. (Holland) in June 2011 and in Natura Norge AS (Norway) in October 2011. Both are included in the accounts per takeover date.

- In 2011, KOMPAN continued to focus intensely on the training of its sales staff in regards to sales techniques and CRM tools under the "Sales Excellence" project. The project fostered a high degree of focus among the sales staff allowing them to spend more time on customer affairs. The "Sales Excellence" project aims at "best practice" across the organisation and is an essential cornerstone for gaining market shares.

- During summer 2011, KOMPAN relocated to a newly built headquarter in Odense (Denmark). The new building ties product innovation, production, and sales together to a greater extent, which creates strong settings for the further development of KOMPAN as global market leader.

- In Brno (the Czech Republic), KOMPAN relocated to a newly built 23,000 m^2 distribution centre. Three former buildings in Brno and one in Holland consolidated their activities in the new building, which contains a significant expansion potential.

- KOMPAN continued to invest in product innovation. There is a solid pipeline of new products and solutions, which will be launched in the coming years.

In fact, this playground is a unique learning environment, where she can practice vital skills while also having fun

* INSIGHT BY THE KOMPAN PLAY INSTITUTE

KOMPAN

PLAYGROUNDS IMPROVE MOTOR SKILLS THROUGH ACTIVE PLAY*

Children love to play – and they need to. Studies show that free active play keeps children healthier and helps them build critical motor skills and establish the fundamentals of abstract thinking. One reason why KOMPAN is world leader in play solutions is that all our playgrounds are consciously designed to promote the development of health and learning among children – while also providing endless hours of excitement. And remember, playtime is also learning time.

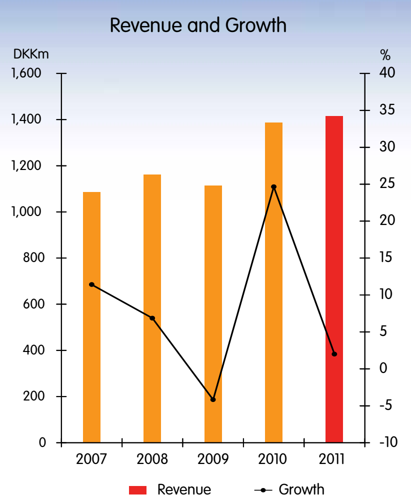
FINANCIAL HIGHLIGHTS

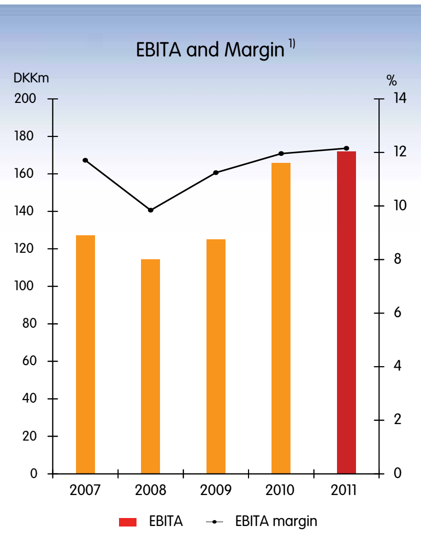
DKK million	2007	2008	2009	2010	2011
Income statement					
Revenue	1,087.4	1,162.0	1,113.5	1,388.0	1,415.7
EBITDA [1]	152.2	147.5	168.9	207.0	198.4
EBITA [1]	127.3	114.4	125.2	166.0	172.1
Amortisation [2]	-8.2	-52.5	-13.3	-14.5	-33.2
Restructuring costs, etc. and other operating income [3]	11.7	-14.1	-8.7	-32.8	13.4
Operating profit (EBIT)	130.8	47.7	103.2	118.7	152.3
Share of profit after tax in associates	0.1	0.0	-2.9	0.0	0.0
Financial income and expenses, net	-37.3	-50.0	-9.3	-4.3	-14.2
Tax	-32.6	-11.2	-24.0	-30.7	-36.7
Profit for the year	61.0	-13.4	67.0	83.7	101.4
Normalisations					
Profit for the year	61.0	-13.4	67.0	83.7	101.4
Foreign currency adjustments	0.3	12.7	-3.6	-3.6	4.4
Amortisation [2]	8.2	52.5	13.3	14.5	33.2
Restructuring costs, etc.	-	14.1	14.5	32.8	11.7
Other operating income	-15.0	-	-5.8	-	-25.1
Effect of reduction in corporation tax	1.4	-	-	-	-
Tax on normalisations	1.6	-11.8	-4.6	-10.9	-6.1
Normalised profit after tax	**57.5**	**54.1**	**80.8**	**116.5**	**119.5**

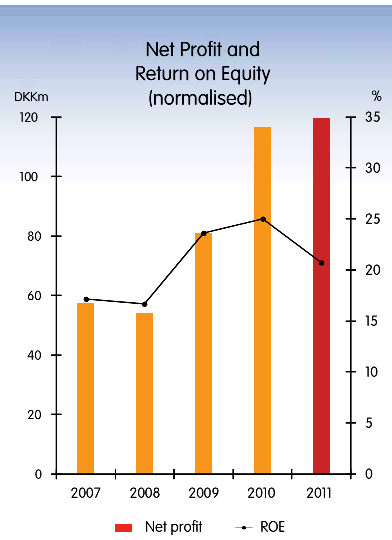
1) EBITDA and EBITA are presented before restructuring costs etc. and other operating income.

2) Includes amortisation of intangible assets acquired and impairment of goodwill.

3) Restructuring costs etc. and other operating income relates to items which by their nature are not considered part of ordinary activities, such as profit from divestment of businesses, adjustment of conditional acquisition price payable, costs associated with relocation of production units, transaction costs associated with acquisitions of businesses (from 2010), etc.





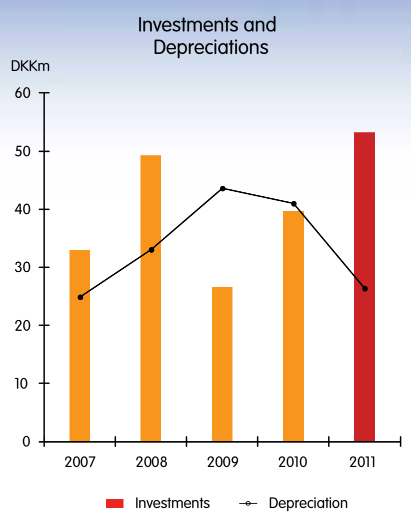


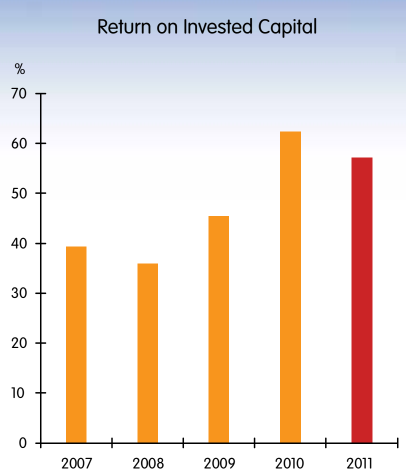
DKK million	2007	2008	2009	2010	2011
Balance Sheet items					
Total assets	1,193.0	1,120.1	1,222.2	1,370.7	1,358.4
Share capital	106.1	106.3	112.4	113.0	113.0
Equity	364.7	285.4	400.1	532.1	622.9
Invested capital	349.8	287.1	264.8	268.1	332.8
Net working capital	209.5	123.5	125.8	137.2	189.6
Net Interest-bearing debt [4)]	538.5	500.7	380.3	332.9	328.1
Cash flows					
Cash flows from operating activities	79.0	189.3	155.0	150.0	122.0
Cash flows from investing activities	-12.3	-82.6	-36.2	-100.3	-55.5
Cash flows from financing activities	-82.0	-81.3	-28.7	-143.4	-65.1
Cash flows for the year	-15.3	25.4	90.2	-93.7	1.4
Free cash flows	34.3	154.3	137.2	122.1	55.3
Investments					
Investments in property, plant and equipment and intangible assets [5)]	33.0	49.2	26.5	39.6	53.2
Depreciations (excl. amortisation of acquired trademarks)	24.9	33.1	43.6	41.0	26.4
Financial ratios					
Revenue growth	11.4%	6.9%	-4.2%	24.7%	2.0%
EBITDA [1)] margin	14.0%	12.7%	15.2%	14.9%	14.0%
EBITA [1)] margin	11.7%	9.8%	11.2%	12.0%	12.2%
Return on invested capital (ROIC)	39.3%	35.9%	45.4%	62.3%	57.3%
Return on equity (ROE), normalised	17.2%	16.7%	23.6%	25.0%	20.7%
Solvency ratio	30.6%	25.5%	32.7%	38.8%	45.9%
Net interest-bearing debt/EBITDA [1)]	3.5	3.4	2.3	1.6	1.7
Profit (normalised) per share, DKK	5.4	5.1	7.2	10.3	10.6
Average number of employees	704	749	745	815	839

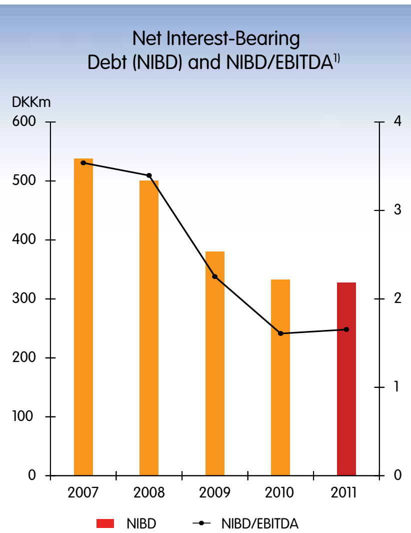
4) In 2009, 2010, and 2011, net interest bearing debt has been added (2009: DKK 60 million) and deducted (2010: DKK 50 million and 2011: DKK 4 million) negative/positive value of the foreign exchange contract on bank loans.

5) Investments are exclusive acquisitions of businesses. In 2010 and 2011 investments include DKK 18.1 million and DKK 24.1 million regarding construction of a new domicile.

Definitions:
Accounting figures, which can be derived directly from the official financial statements for 2007-2011, have been prepared in accordance with IFRS. Other financial ratios have been determined in accordance with the definitions, page 88. Normalised profits are based on KOMPAN's identification and assessment of special income statement items and are included to give a comparable basis for the normalised earnings.







KOMPAN IN PERSPECTIVE

2011 was eventful for KOMPAN. Difficult financial conditions, especially in Southern Europe, continued to influence the public authorities in the shape of municipalities and institutions – KOMPAN's major client base. Internally, 2011 was a year of change as we relocated our two largest units – headquarter in Denmark and our primary production unit in the Czech Republic – to newly built facilities.

In 2011, KOMPAN achieved a sales result on par with previous year. Earnings continued to progress with an operating profit increase (EBIT) of 28%. Given the turbulent markets, especially during second half where the uncertainty regarding the European debt situation scattered, we believe that it is a satisfactory result, demonstrating the sturdiness of KOMPAN's business model. KOMPAN's employees have worked hard and their efforts are highly appreciated.

2011 was also a year where KOMPAN invested heavily in improved infrastructure, enabling us to meet the future growth demands and attract qualified employees in an attractive working environment.

Looking ahead we expect to fight to strengthen our market position during the coming years. There is no doubt that customers – like with other public investments - continue to focus on gaining value for their invested money in playgrounds. It is a natural development in which we

2011 was a year where KOMPAN invested heavily in improved infrastructure, enabling us to meet the future growth demands and attract qualified employees in an attractive working environment.

have to attempt to position KOMPAN best possible. We have the industry's strongest foundation and are convinced that we are capable of adjusting to the necessary changes.

Following a number of acquisitions during the recent years, in 2011 we decided primarily to consolidate the acquired companies rather than acquiring new companies. However, we did acquire the activities in two small companies - Ovaal Speelconcepten V.O.F. in Holland and Natura Norge AS in Norway. Both companies have built up a special knowledge in the sale of unique playgrounds produced in debarked Robinia wood; a part of the market which is in growth and where KOMPAN has chosen to strengthen its position. Both activities are fully integrated in the local KOMPAN sales units.

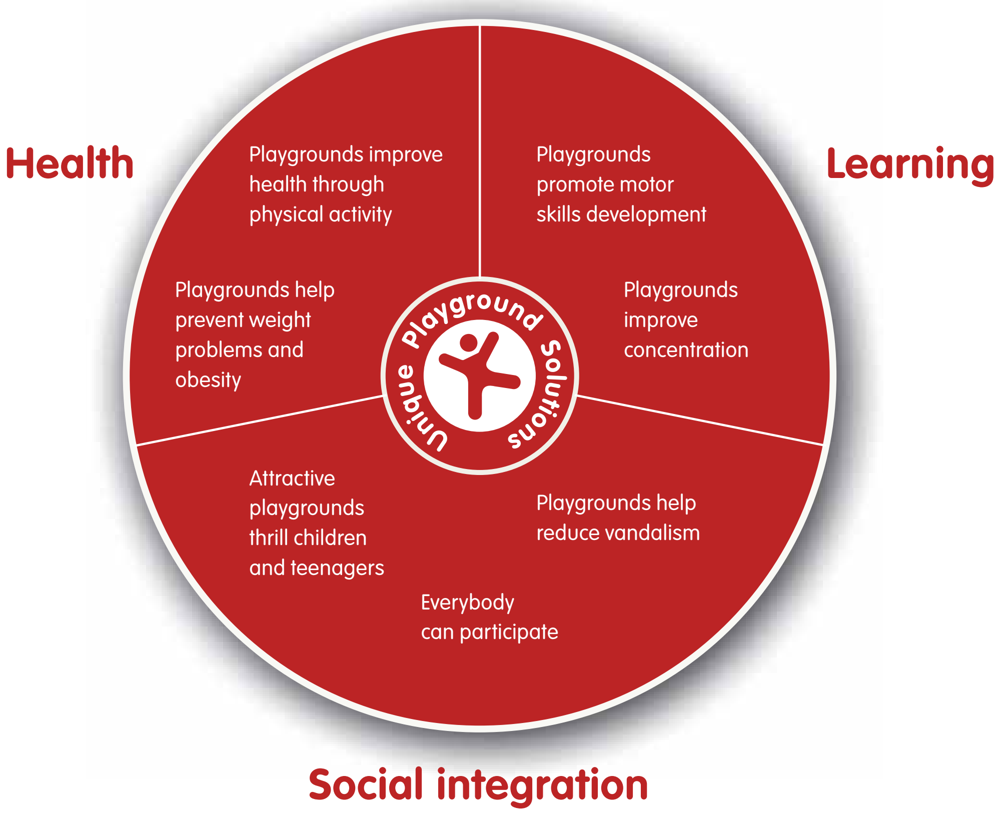
During its entire life, KOMPAN has developed innovative products with a significant design profile, centered on children. In 2011, we continued to invest in product innovation and launched KOMPLAY Black Line and new solutions for the interactive ICON line, among other things.

KOMPAN's focus on product innovation is the basis for our strong pipeline of new products and solutions for the coming years.

In 2012, our primary focus will continue to be on gaining market shares in the main markets. Some of the markets are affected by public savings – especially in Spain and Italy. At the same time a number of the Northern European markets are stagnant. We will scan the visible growth areas and make sure that our consumption of resources is carefully prioritised. We will continue to develop our own sales force as it is evident that we have a stronger sales focus in general when sales staff is employed by KOMPAN and have a strong tool box for the development of sales.

KOMPAN'S STRATEGY

In 2011, one of the major assignments was the preparation of an updated strategy plan. We chose to conduct an extensive market study, giving us detailed knowledge of the global market for playground equipment. The analysis showed – as expected – that we have gained



In summer 2011, KOMPAN in Denmark relocated to a newly built headoffice with a significant design, produced in sustainable materials.

market shares during the recent years. At the same time it was also emphasised that our previous strategy plan has had a number of correct elements which has led to continued profitable growth.

The work with the strategy plan involved the entire Management team in Denmark and the subsidiaries. Therefore in 2011 we have gained an even more tightly knit Management team. Together, we have identified a number of growth areas – primarily in our existing main markets where the industry and customer base are developed the most. At the end of 2011 and beginning of 2012, we have communicated the strategy plan to the entire global organisation enabling all employees to pull in the same direction.

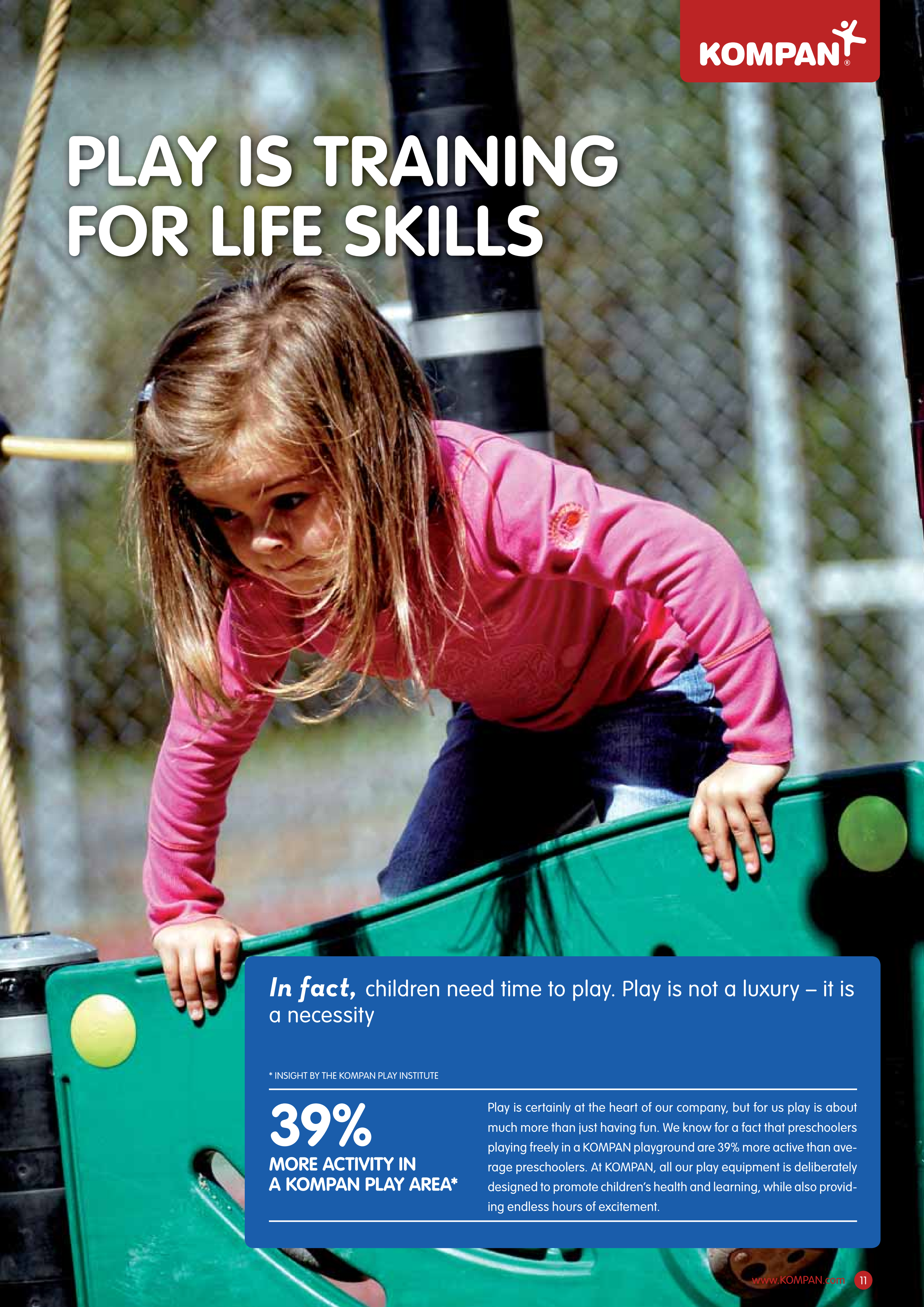
KOMPAN OF THE FUTURE

One of the arguments which are repeated time after time when we talk to our customers is that KOMPAN has an extremely strong reputation of delivering quality products with long duration, play value and safety. It is among other things these characteristics which have given KOMPAN a position as the global market leader. It is to a significant degree the connection between KOMPAN Play Institute, an experienced product innovation department, a strong supply chain, and qualified sales guidance which is fundamental for this position. In the future we will continue to strengthen this area so that we continue to develop. KOMPAN Play Institute is a unique unit, combining own research and product innovation with the most talented researchers at educational institutions all over the world.

We are convinced that KOMPAN has to be even more customer focused during the coming years, and thus strengthen our competiveness. The customers will make higher demands for their suppliers; demands which also involve counselling and knowledge sharing with a connection to education and physical studies besides the basic product delivery. Good playgrounds are important for childrens' learning, health and social integration. We have to connect our knowledge even better with the physical delivery so that our customers and children continuously receive better solutions.

We strongly believe that KOMPAN has all the opportunities to be the future winner in our industry too. We have to be prepared for constant change and create the basis for making difficult decisions in due time. If we slow down, the competitors will try to catch up. The Management team will secure that our organisation has the foundation and support to make the necessary decisions and safeguard a strong execution of our strategy.

Connie Astrup-Larsen
CEO



KOMPAN

PLAY IS TRAINING FOR LIFE SKILLS

In fact, children need time to play. Play is not a luxury – it is a necessity

* INSIGHT BY THE KOMPAN PLAY INSTITUTE

39%

MORE ACTIVITY IN A KOMPAN PLAY AREA*

Play is certainly at the heart of our company, but for us play is about much more than just having fun. We know for a fact that preschoolers playing freely in a KOMPAN playground are 39% more active than average preschoolers. At KOMPAN, all our play equipment is deliberately designed to promote children's health and learning, while also providing endless hours of excitement.

FINANCIAL REVIEW FOR 2011

INCOME STATEMENT

In 2011, KOMPAN generated revenue of DKK 1,415.7 million, accounting for an increase of 2%. In spite of difficult market conditions, especially during second half of 2011, KOMPAN succeeded in maintaining the revenue level from the record year 2010 and reach revenue at level with original expectations. Organic growth was flat compared to 2010. Foreign exchange movements contributed 1% due to favourable development in SEK, NOK and AUD as well as unfavourable development in USD.

In 2011, the playground industry has undergone a differentiated market development in the individual markets, but in general 2011 was a year where the playground industry decreased due to the revival of the financial crisis. In countries like Sweden, Norway, Finland, Germany, Belgium, and France it is believed that the market development was stagnant, while for instance Spain was severely affected by heavy public cost savings, which also affected the playground industry. Denmark, United Kingdom, USA, and Australia are some of the markets, which are believed to have had a decline in the total market. Management believes that KOMPAN gained market shares in 2011 in a globally declining market.

REVENUE FROM ACQUISITIONS/DIVESTMENTS

At the end of June 2011, KOMPAN acquired the activities in the Dutch company Ovaal Speelconcepten V.O.F., and at the beginning of October 2011, the activities in the Norwegian company Natura Norge AS followed. Both are recognised in the income statement and balance sheet from the day of takeover.

At the beginning of March 2010, KOMPAN acquired the controlling interest in the DICA Group in Denmark. On July 15, 2010 the share majorities in KOMPAN's existing distribution partner in Ireland, Go Play Ltd., and in Northern Ireland, Unique Playgrounds Ltd., were acquired. The acquired companies are recognised in the income statement and balance sheet from the day of takeover, while they have full accounting effect in 2011.

GROSS PROFIT

Gross profit rose to DKK 613.9 million (DKK 599.5 million). Gross margin accounted for 43.4% (43.2%). Improvements in gross margin are mainly a result of KOMPAN's constant focus on streamlining production processes and the supply chain function.

COSTS

Costs (excluding production costs and depreciations) came in at DKK 423.9 million (DKK 403.6 million). Costs as a percentage of revenue rose to 29.9% (29.1%). The rising level of costs was mainly ascribable to a rise in distribution costs, while administrative expenses were almost unchanged. The cost development reflects KOMPAN's continued focus on strengthening the distribution chain and at the same time streamlining the administrative functions.

PROFIT

EBITDA reached DKK 198.4 million (DKK 207.0 million). EBITDA margin accounted for 14.0% (14.9%), where a part of the decline can be explained by KOMPAN's focus on strengthening the distribution chain. In addition to this, some acquired companies were more severely affected by the financial development compared to the original KOMPAN business.

Global Revenue Development 2011 (index)

Region	2010	Organic Growth	Acquisition/Divestment	Currency Impact	2011
Nordic countries	100	-5	4	3	102
Western Europe	100	3	3	0	106
Southern and Eastern Europe	100	-1	0	0	99
Asia/Pacific	100	-3	0	4	101
North and South America	100	-3	0	-4	93
Other reportable segments	100	7	0	0	107
Other operating segments	100	107	0	0	207
Group	**100**	**-1**	**2**	**1**	**102**

Depreciation represented DKK 26.4 million (DKK 41.0 million). The level of depreciation in 2011 is lower than 2010 as capitalised development costs arising from electronic playground equipment were fully depreciated by mid-2011.

EBITA came in at DKK 172.1 million (DKK 166.0 million) corresponding to an EBITA margin of 12.2% (12.0%).

Amortisation of acquired intangible assets amounted to DKK 33.2 million (DKK 14.5 million). The increase is mainly due to impairment of goodwill in the subsidiaries Megatoy Play Systems Pty. Ltd. (Australia) and KOMPAN Italia S.r.l. (Italy), totalling DKK 23.0 million.

Other operating income reached DKK 25.1 million (DKK 0.0 million). The income derives from the regulation of conditional acquisition price payable from previous years, totalling DKK 23.8 million and profit from the sale of associated company in Japan, KOMPAN Playscape Inc., DKK 1.3 million.

Restructuring costs, etc. amounted to DKK 11.7 million (DKK 32.8 million). The costs arose mainly from the accomplished strategy project and restructuring costs in DICA A/S (Denmark) and KOMPAN Italia S.r.l. (Italy).

Net financial expenses amounted to DKK 14.2 million (DKK 4.3 million). The rise is caused by foreign exchange adjustments, which affected the financial income and expenses negatively.

Profit before tax reached DKK 138.1 million (DKK 114.4 million).

Tax on profit for the year rose to DKK 36.7 million (DKK 30.7 million). The effective tax rate reached 26.5% (26.8%).

Profit after tax for 2011 reached DKK 101.4 million (DKK 83.7 million). Adjusted for foreign exchange adjustments, amortisation of trademarks acquired/goodwill, other operating income and restructuring costs, etc. normalised results after tax came in at DKK 119.5 million (DKK 116.5 million).

CASH FLOW

Cash flows from operating activities were DKK 122.0 million (DKK 150.0 million). The decline is caused by a rise in working capital at the end of the year, among others in the shape of increased funds tied up in trade receiveables and rising tax payment. At the end of the year net working capital amounted to 13% (10%) of the revenue.

Free cash flows totalled DKK 79.4 million (DKK 140.3 million) excluding investments of DKK 24.1 million in new headquarter. The decline in free cash flow can mainly be explained by the rise in net working capital. Free cash flow before tax accounted for 55% of EBITA (92%).

FINANCING

In 2011, KOMPAN's interest-bearing debt closed at 328.1 million DKK (332.9 million DKK). Gearing (net interest-bearing debt / EBITDA) accounted for 1.7 (1.6). The debt consists of committed facilities subject to ordinary covenants, which have all been met to date. The debt is in the form of a "term loan" with a rising repayment profile. In 2011, an amount of 107 million DKK was repaid. In addition, a revolving loan is available.

PROFIT APPROPRIATION

The Board of Directors proposes to KOMPAN's general meeting that no dividends are distributed for the 2011 financial year.

EVENTS AFTER THE REPORTING PERIOD

After the balance sheet date, new committed credit facilities have been established with KOMPAN's credit bank to replace the previous credit agreement, which expired March 2012. The total facilities have a credit facility amounting to DKK 460 million. The facilities are available for 3 years with expiry in March 2015. No instalments have been agreed upon in the period. No other events have occurred after the balance sheet date significantly affecting the financial statements for 2011.

OUTLOOK

In 2012, KOMPAN expects market conditions to stay difficult and affected by savings initiatives among customers. Based on this, a revenue and result on par with 2011 is expected.

Dry, France

MOMENTS Story Makers
Paris, France

GLOBAL MARKET LEADER

KOMPAN is global market leader in the development, manufacturing, and marketing of outdoor playground equipment and playgrounds.

KOMPAN markets its products and playground solutions globally. On the most important markets through own sales companies while distributors or agents act on the smaller markets.

In recent years, KOMPAN has acquired a number of niche companies within the following three groups:

1. Companies supplementing KOMPAN's existing global product portfolio; Corocord GmbH (Germany).

2. Companies strengthening KOMPAN's existing distribution channels on different geographical markets; Go Play Ltd. (Ireland), Unique Playgrounds Ltd. (Northern Ireland), The Play Practice Ltd. (Scotland), OY Piresma AB (Finland), DICA Group (Denmark), Lek & Sikkerhet AS (Norway), and Lek & Säkerhet AB (Sweden), which have all taken up sale of KOMPAN products. In addition, in 2011 KOMPAN acquired the activities in Ovaal Speelconcepten V.O.F. (Holland) and Natura Norge AS (Norway), which both market playground solutions in Robinia wood. The sales organisations are fully integrated in KOMPAN's existing sales organisation on these two markets.

3. Companies operating within delimited geographical areas; Slottsbro AB (Sweden) and Megatoy Play Systems Pty. Ltd. (Australia), or delimited customer-specific areas; KOMPAN Commercial Systems SA (Belgium). All have developed their own product lines and have a dedicated sales staff cultivating their relevant special markets.

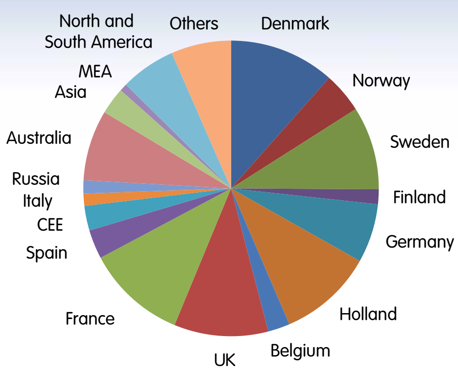
BALANCED REVENUE

KOMPAN covers sale in 59 countries, of which no country contributes with more than 12% of the turnover. The European market is KOMPAN's main market. Here, KOMPAN has secured a position as Western European market leader while KOMPAN is high-end leader in Eastern Europe.

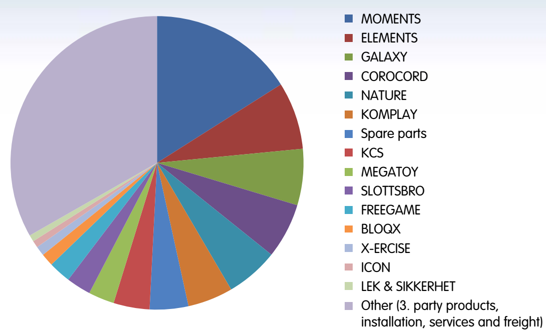
Additionally, KOMPAN is market leader in Australia. In Asia, KOMPAN is the dominant player among the global companies and thus high-end market leader while several of the markets are dominated by national companies. In the US, the market is dominated by four American companies, while KOMPAN has a leading and profitable high-end niche position.

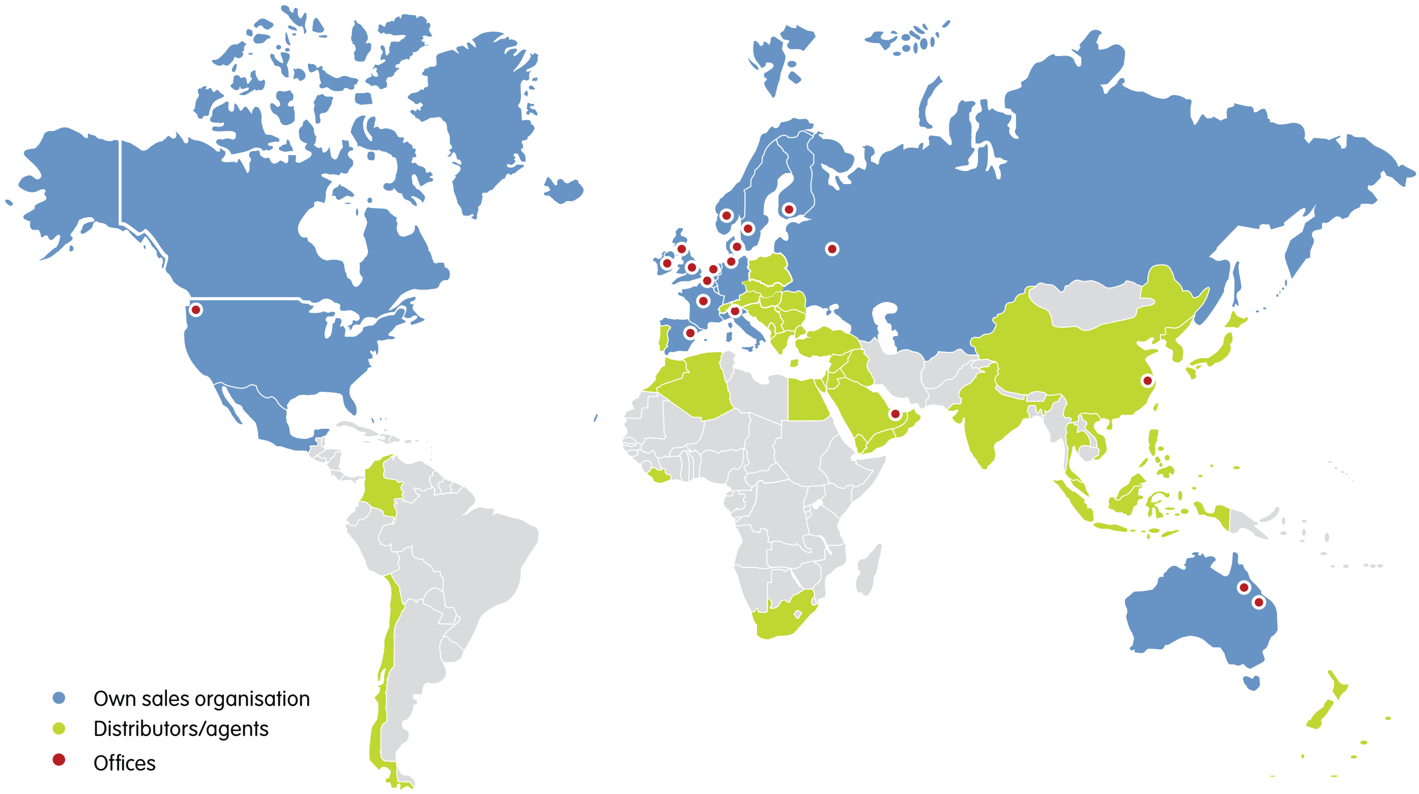
KOMPAN has a balanced geographical revenue distribution. This promotes the existence of strong and equal local organisations and intra-group development of systems and business, meeting all business needs.

Revenue Geographical Split



Revenue Product Split



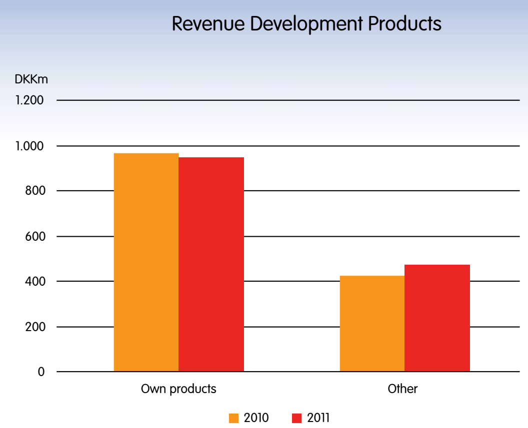


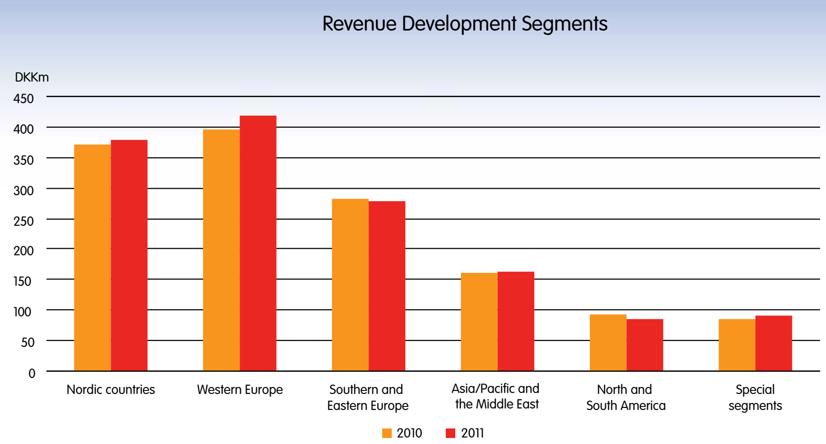
The well-diversified distribution of revenue also gives an essential sturdiness towards the development on individual markets, which is a large strength during the current financial conditions, where some individual markets within the same region are hit harder by the financial crisis compared to others. Despite being faced with a decline on certain markets in 2011, revenue is at level with 2010.

Additionally, KOMPAN has the broadest and deepest product range allowing the sales staff to take prompt action on market trends as they have a range of products, matching the customers' requirements.

In 2011, there was a small decline in the sale of KOMPAN's own products while third party products experienced a revenue growth. The sale of third party products rose in several countries, as KOMPAN increasingly chose to act as total supplier. Additionally, the acquisition of the DICA Group in Denmark as well as the activities from the Dutch Ovaal Speelconcepten V.O.F. and Norwegian Natura Norge AS contribute to this growth as these acquired units primarily sell third party products.

Revenue performance for 2011 was positive on the market segment in Western Europe and special segments, while the American segment experienced a decline in revenue, which was caused by a decrease in activity and exchange rate effects. The other segments have a stagnant revenue development.





KOMPAN NORDIC REGION

KOMPAN's home market is constituted by the Nordic Region – Denmark, Sweden, Norway and Finland. KOMPAN has own sales staff in all countries. Additionally, KOMPAN's products are distributed through a number of partners and agents who primarily sell to schools and day-care centres. The revenue development in the region was at level with 2010.

In March 2010, KOMPAN acquired a controlling interest in the Danish DICA Group (DICA A/S, Albert Knudsen ApS, and uniQ nordic systems ApS). As part of the integration process, Albert Knudsen ApS was merged into DICA A/S in 2011. DICA's primary customers are schools and day-care centres. KOMPAN Danmark A/S also sells to the educational segment in Denmark, but its primary focus in on large projects in parks. The DICA Group and KOMPAN Danmark A/S have the same management.

Sweden and Norway continuously pursued a "multi-brand" strategy with KOMPAN and Lek & Sikkerhet being represented in both countries and with one additional brand in Sweden; Slottsbro. In October 2011, KOMPAN Norge AS acquired the activities in a small Norwegian sales company, Natura Norge AS, which delivers Robinia wood playgrounds in a natural design. Natura Norge AS solely operates on the Norwegian market within the day care segment as an area of specialisation, and the unit is a fully integrated part of KOMPAN Norge AS. The Norwegian companies, KOMPAN Norge AS and Lek & Sikkerhet AS have the same management and in September 2011 a new sales director took office.

The previous production of Lek & Sikkerhet AS in Norway and Lek & Säkerhet AB in Sweden has been consolidated with Slottsbro AB in Karlstad, Sweden. In Sweden all three companies are under common national sales management. In Finland the positive development continued in 2011.

KOMPAN WESTERN EUROPE

KOMPAN Western Europe comprises Germany, Holland, Belgium, United Kingdom, and Ireland. KOMPAN estimates that the Group gained market shares on all markets. In Germany, industry figures showed that the market was stagnant after a decline from 2008 to 2010. KOMPAN was able to maintain its position after a period of gaining market shares during several years. In Holland and Belgium the positive development continued, and KOMPAN delivered continued growth. In June 2011, KOMPAN acquired the activities in a small sales company Ovaal Speelconcepten V.O.F. in Holland which delivers Robinia wood playgrounds in a natural design. Ovaal Speelconcepten is fully integrated in the Dutch sales organisation. In the United Kingdom, a temporary public financing solution was discontinued which resulted in a declining market. KOMPAN's revenue development in the United Kingdom was slightly declining. However, it is believed that KOMPAN has gained market shares.

KOMPAN SOUTHERN AND EASTERN EUROPE

Southern and Eastern Europe were affected by the European debt crisis in 2011. France is KOMPAN's essential market in the region where the debt crisis also caused public savings. Here KOMPAN maintained its revenue level in a declining market. Spain is severely affected by the financial crisis with severe public savings initiatives which resulted in a substantial revenue decline. Management believes that KOMPAN gained market shares in a difficult market. After the establishment of KOMPAN Italia S.r.l., KOMPAN has gained foothold in Italy with a positive revenue growth. In Eastern Europe, KOMPAN had continued positive growth driven by the successful establishment of its subsidiary in Russia where revenue was more than doubled. Eastern Europe is characterised by large fluctuations between the individual countries from year to year, and a number of countries are also affected by the European debt crisis, but overall KOMPAN delivered a positive performance in the region.

KOMPAN ASIA/PACIFIC AND MIDDLE EAST

In the Middle East, revenue declined compared to 2010, while order intake reached the level of the previous year. The Australian playground industry was negatively affected by the massive flooding in Eastern Australia at the beginning of 2011, where authorities have given priority to the reconstruction of infrastructure and buildings. In spite of a declining market, KOMPAN experienced revenue growth in the original business unit KOMPAN Playscape Pty. Ltd. The growth was strengthened by a positive development in exchange rates. Megatoy Play Systems Pty. Ltd. had a revenue decline, which is mainly caused by a reduction in number of projects in the mid-market.

In Asia, a number of countries continue a healthy financial development. This has also resulted in a rising demand for playground equipment due to solid public investments in parks and the educational sector. The total revenue rose satisfactorily in this region, and at several markets strengthened market shares are visible. KOMPAN is market leader in Australia, New Zealand, and Singapore. Furthermore, KOMPAN holds a leading position within the high-end segment (primarily imported products from Europe and the US) in China, Japan, Vietnam, and Thailand.

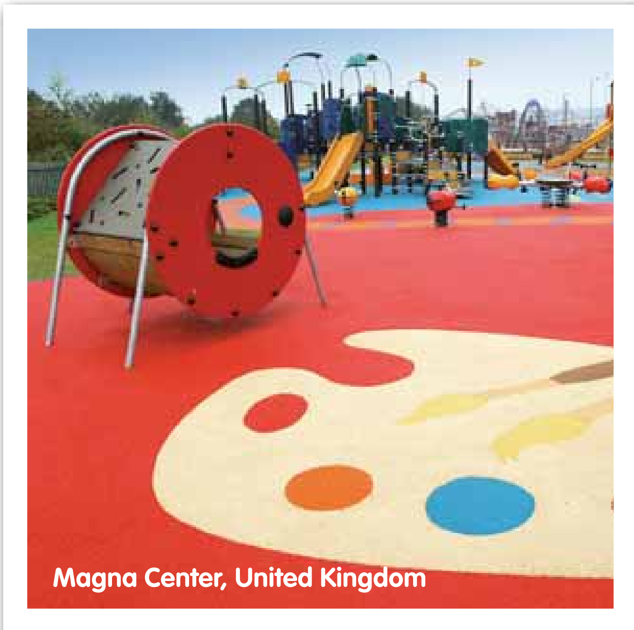
KOMPAN NORTH AND SOUTH AMERICA

KOMPAN pursues a niche strategy in the American region, enjoying a high-end market position. The sale of products on the US market is handled by own sales people in larger cities plus a number of agents on different geographical locations, which are supported from KOMPAN's subsidiary in Tacoma in the state of Washington. Further, market slowdown was evidenced in 2011, among other things, due to public savings initiatives. KOMPAN also experienced a small revenue decline in local currency and an unfavourable development in the exchange rate increased this decline. However, Management believes that KOMPAN has developed slightly better than the market in general.

SPECIAL SEGMENTS

I December 2009, KOMPAN acquired all shares in Play Mart Benelux SA in Belgium, which in 2011 changed its name to KOMPAN Commercial Systems SA. The company primarily sells playgrounds for fast-food restaurants like McDonald's, Kentucky Fried Chicken and Burger King in Europe is European market leader. KOMPAN Commercial Systems SA had a satisfactory development in 2011, and during the summer the company commenced sales and marketing activities in the Middle East after the expiry of a competition clause, limiting sale to Europe.

The German company Corocord Raumnetz GmbH still has a part of its sale through agents. This part of the sale is included under special segments and showed a small decline in 2011.


Magna Center, United Kingdom

GLOBAL SUPPLY CHAIN

KOMPAN's global supply chain function is responsible for the Group's total purchase, production, and logistics function.

As an important chain in the global supply strategy a consolidation and efficiency improvement of the supply structure have taken place through 2011. Three facilities on different geographical locations in Brno (the Czech Republic) and a Dutch production facility have been consolidated in a newly built distribution centre of 23,000 m² in Brno. The new centre, which was fully occupied at the turn of the year, has been future-proofed, as there is room for a 40% activity rise as well as first claim to expand with further 10,000 m² in adjacent store facilities.

The unit in Brno – the Group's main production and distribution facility – handles approx. 75% of the Group's total volume. In addition to this, a number of small production units in Germany, Sweden, Belgium, Australia, and Denmark exist, which along with the unit in Brno comprise KOMPAN's internal supply structure. The production units outside the Czech Republic all derive from acquired units. At the time of the acquisition the units are divided so that purchasing, production, and logistics are integrated in the supply chain function, while KOMPAN's sales organisation becomes responsible for the commercial activities. Each production unit is evaluated and adjusted according to KOMPAN's global supply strategy.

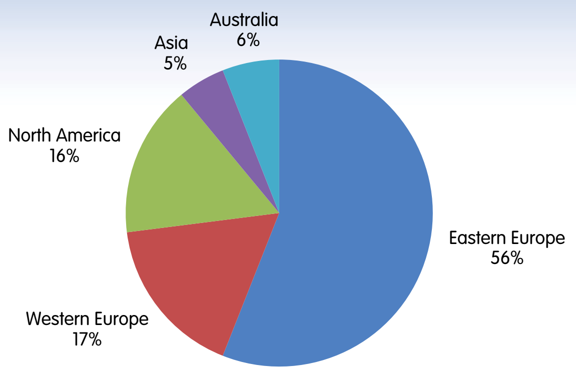
PRODUCTION PROCESSES AND SOURCING

KOMPAN has built up a cost-effective and scalable supply chain platform, which supports the industry's finest and broadest product portfolio with solutions for all age groups. To minimise the supplier dependency, KOMPAN focuses on a multi-pronged sourcing strategy, and today KOMPAN has a supplier platform where no single supplier accounts for more than 8% of the Group's direct material costs.

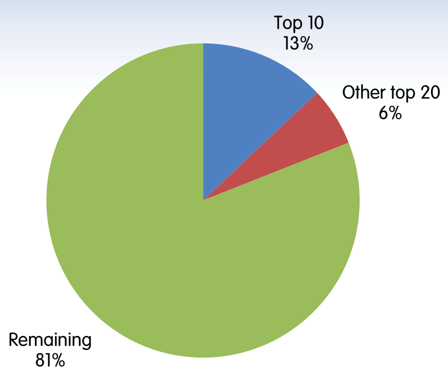
One predominant feature of the playground industry is the customers' focus on materials. For instance, many European customers prefer wooden products, whereas many US communities pursue a "non-wood policy" arising from a desire for low maintenance costs. As a result, global industry players must ensure that a wide selection of materials are available.

Through 2011 there has been an essential global rise in raw material prices. KOMPAN will compensate for this through internal efficiency projects and better purchase agreements. In 2011, we have achieved significant savings in the purchase of third party products. Likewise, current efficiency projects to ensure reduction in the

Geografical Split of Component Suppliers in % of Purchase



Supplier Distribution in % of Purchase



Three facilities on different geographical locations in Brno (the Czech Republic) and a Dutch production facility have been consolidated in a newly build distribution centre of 23,000 m^2 in Brno

underlying material consumption are in progress. The other production units are supported by the primary facility in Brno, securing quality and efficiency improvements as well as better prices. It is estimated that KOMPAN has been capable of improving its competitive position in spite of the rising raw material prices.

PRODUCT INNOVATION AND KOMPAN PLAY INSTITUTE

Innovative Industry Leader

During its years of operation, KOMPAN has developed innovative products with a unique design centered on children. Furthermore, the products must be exciting and challenging to children and at the same time be safe, aesthetically designed, robust, and carry low maintenance costs.

KOMPAN's headquarter houses the Group's central innovation department. The innovation department works in close cooperation with other stakeholders – primarily KOMPAN Play Institute. Its global network of play experts provide valuable insight into customer requirements and requests. The supply chain department is brought in at an early stage in the development process to ensure that product design is ready for production and installation.

Units acquired typically continue their own independent product innovation as this is closely related to the relevant enterprise's area of competence – that being in terms of geographical or customer segments. At the same time, the units acquired often have interlocking functions between the different departments and therefore it is suitable to develop locally. However, some of the enterprises acquired operate on a more global market and are therefore closely integrated with KOMPAN's central development department.

This applies especially to Corocord Raumnetz GmbH (Germany) and KOMPAN Commercial Systems SA (Belgium). KOMPAN Commercial Systems SA's product innovation is managed in close cooperation with the individual restaurant chain. Typically, the customer prepares the overall design, while playing activities and quality level are defined by KOMPAN Commercial Systems SA. Generally, the solutions developed are the result of joint efforts by the parties, as they must match overall design and target groups of the restaurants. In these years, several restaurant chains have taken an interest in leisure areas as they attract the family segment and encourage children to engage in physical activities.

KOMPAN's product innovation is coordinated by a committee consisting of Group Management and representatives of the departments involved. This work is structured based on a "stage-gate" model comprising four benchmarks. New products are launched twice a year – with a major launch in the spring and a minor launch in the autumn. At the same time, the development department maintains and optimises the existing product portfolio to ensure that the existing product portfolio complies with legislation or modified technical requirement, high quality, eco-friendliness and an efficient production.

DEVELOPMENT AND SAFETY OF PLAYGROUNDS

Any playground contains a paradox. On the one hand, a playground must be an inspiration to its users – the children – encouraging them to engage in physical activities and challenging them physically. On the other hand, a playground must be a safe and accident-free area. Regional legislation on safety has been introduced to ensure clear-cut rules. The EU has implemented EN1176. In the US, the ASTM (formerly known as the American Society for Testing and Materials) has also adopted a set of rules, ASTM F1487-07, of which the US trade association, IPEMA together with TÜV America, is in charge of certification. Australia has developed local standards for playground safety; AS4685:2004. These standards do not set out identical requirements, meaning that KOMPAN has accumulated know-how to ensure compliance with all standards – or alternatively identify products which are to be marketed only in certain geographical areas.

The idea of design of a playground is based on local traditions and the demands of the customer. Accordingly, KOMPAN has the industry's broadest product portfolio with solutions meeting any kind of request and demand. At the same time, KOMPAN has chosen to rely on traditional Danish design with striking features. This has made KOMPAN easily recognisable and a preferred choice for many customers.

KOMPAN PLAY INSTITUTE

In 1989, KOMPAN established the KOMPAN Play Institute. The objective was and remains to gather and disseminate knowledge and research on children's playing and the positive effect of playing and playgrounds. Today, KOMPAN Play Institute is the centre for an international network of playground specialists, and a number of independent specialists assigns on an ad hoc basis.

One of the key themes for KOMPAN Play Institute in recent years has been to accumulate knowledge on teenagers' play and activities. One challenge faced by society today is that an increasing number of teenagers refrain from engaging in physical activities. Especially girls refrain from taking up organised sports activities at an early stage. Research has shown that high-standard playgrounds may give teenagers a feeling of being welcome in public open spaces and encourage them to engage in physical activities. However, the playgrounds must suit the needs of teenagers and not those of smaller children.

KOMPAN's electronic solution, ICON, combining conventional outdoor playing with elements and technology from computer games, is vastly also the result of combined efforts with specialists in teenagers, activities and motion.

Universal design and accessibility for the disabled are other important areas, which KOMPAN Play Institute has focused on in 2011. KOMPAN has a long tradition with designs for all, "Play for all".

With UN's convention on the rights for people with disabilities this has been even more relevant and a theme for the entire public space. Therefore, KOMPAN Play Institute recently published the booklet "Play for all" on universal design and playgrounds which are accessible for disabled persons. Based on this material seminars with this headline have been held on all of KOMPAN's mature markets. The publication has been released in 10 languages.

DESIGN AWARDS

Through the years, KOMPAN has been awarded many Danish and international prizes and awards. The most recent prizes and awards are:

2011:	Design Award of the Year, Australia for ICON
2010:	Let's Play Award, Odense Municipality
2009:	Janus de l'Industrie for ICON
2009:	The European Innovative Games Award for ICON
2007:	Janus de l'Industrie for Story Makers

LAUNCHES

KOMPAN has the industry's broadest product portfolio. New products or product updates are constantly added to existing product lines. At the same time, KOMPAN launches a large number of products each year either in the form of new product lines or as supplements to existing product lines.

At the end of 2009, KOMPAN launched a new product line, KOMPLAY, targeted at the price-conscious market segment. KOMPLAY has filled an important gap in KOMPAN's product range, as KOMPAN was in need of a simple and recognisable series of the acknowledged KOMPAN quality for price-based tendering. KOMPLAY enjoyed a notable revenue increase in 2011 where the product line furthermore has been expanded with a special "Black Line", released for sale through DICA A/S, a product innovation which will be released for sale in the rest of Europe through 2012.

In 2011 the interactive line ICON was expanded with three entry product variants at a lower price point as well as a

KOMPLAY - PLAY STRUCTURE

KOMPLAY - PUMA SPRINGER

statistical module enabling measurement of activity and calorie consumption at the individual ICON sites. Besides the immediate customer advantages, at the same time the ICON team has the opportunity to offer targeted service and current follow-up on the use and popularity of the individual products and games.

In connection with the relocation of production from Holland to the Czech Republic, the KOMPAN Nature line has been optimised and face lifted so that the assortment now appears modern and based on efficient product platforms. Likewise, in 2011 the KOMPAN Robinia design line in Robinia wood has been optimised and expanded with products from the acquired company uniQ nordic systems ApS and a number of new products have been launched in connection with the release of the 2012 catalogue.

ICON - SPACE

ROBINIA - PLAYHOUSE SHIP

ROBINIA - PLAY HUT

NATURE - TREE CASTLE

NATURE - PLAYHOUSE

ROBINIA - SPINNER PLATE
Rønnede, Denmark

COMMERCIAL RISKS

MARKETS AND CUSTOMERS
KOMPAN has a strong global market position, a broad customer base, and relatively many projects. This reduces the dependency on individual customers as well as individual markets. Through even more advanced reporting systems KOMPAN seeks to project short-term developments. Likewise, KOMPAN estimates medium-term and long-term market developments through economic indicators and seasonal trends.

KOMPAN generates the vast part of revenue from direct or indirect sales to public authorities. Accordingly, KOMPAN is affected by the volume of demand from this segment. As Europe serves as KOMPAN's principal market, demand is deemed to be affected by the cost-cutting measures initiated in several European countries.

KOMPAN estimates that the size of the current order book in the European market implies that the Group can effectively adjust its sales and production capacity to current market development. In America and Asia/Pacific, a profitable niche strategy has been established where the requirements for critical mass are limited. Therefore, Management believes that the Group's capacity risk is limited.

PRODUCTS
Considering the present development efforts and the identified acquisition targets, KOMPAN is believed to be able to maintain its position as the market's most innovative supplier of playground equipment. The Group considers the risk of losing market shares as a consequence of an outdated product portfolio to be limited.

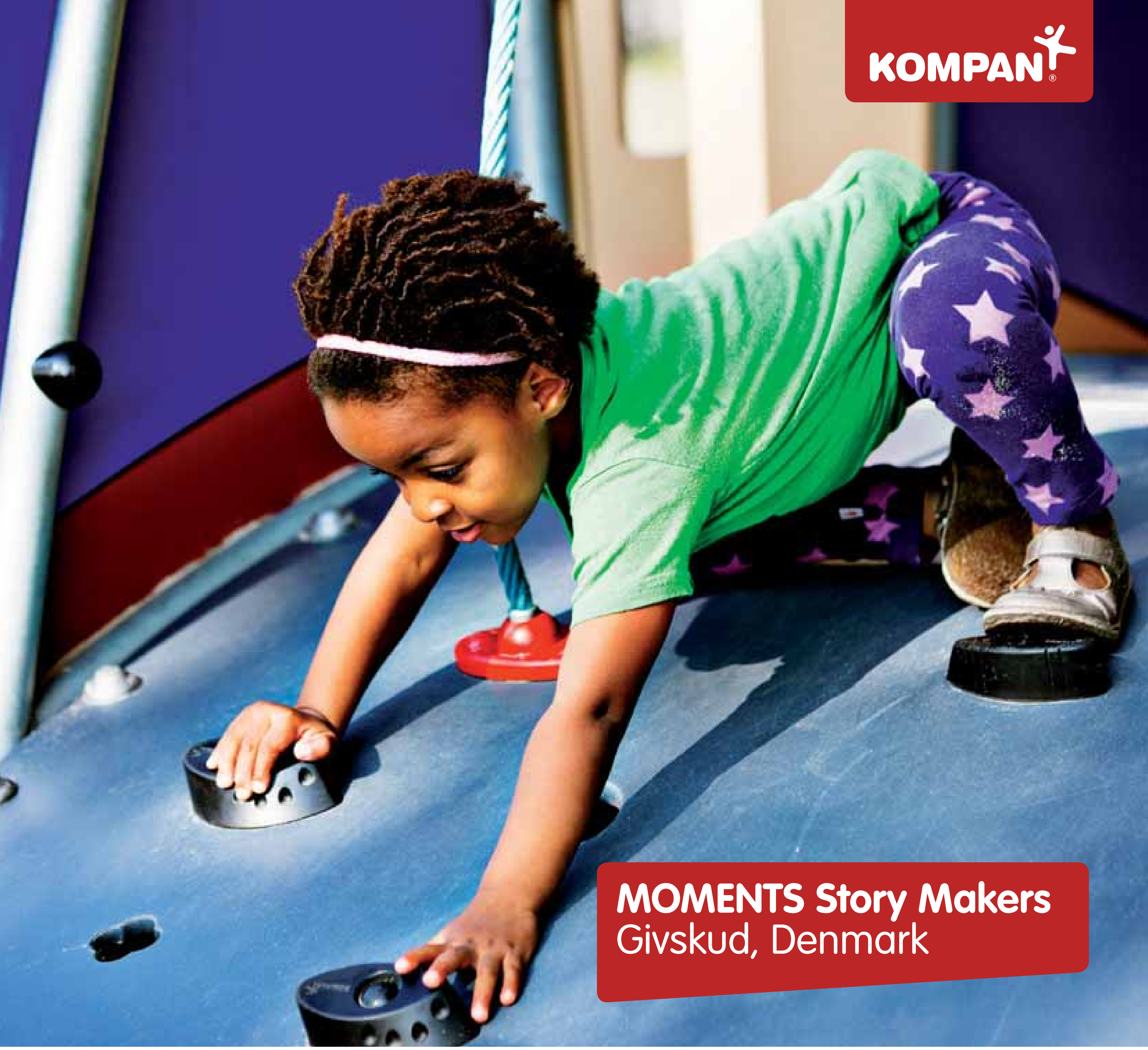
SUPPLIER AND RAW MATERIALS
KOMPAN has a global network of suppliers. Management believes that in case of delivery failure on the part of individual suppliers, KOMPAN may promptly acquire products from alternative suppliers. The development in raw material prices, especially of steel, plastic, and HPL sheets, as well as freight rates affects financial results and is partly hedged by medium-term fixed price agreements. However, the Group is able to gradually pass on increases in component and raw material prices to the selling prices, depending on the competitive situation.

INVENTORIES
In principle, the Group is a make-to-order company. However, commercial requests for short lead times and minimum orders for single components and spare part obligations have the outcome that KOMPAN is to have a certain quantity of finished goods in inventory. The sales subsidiaries do generally not keep any inventories apart from those used for "work in progress". The Group attempts to regularly reduce total inventories using effective forecast and supply chain models. However, a number of fast-selling products are kept in inventory under a 'Quick Supply' programme, for which there is a certain amount of tied-up capital.

DEBTORS
KOMPAN is deemed to be exposed to a low credit risk. Public authorities account for the vast part of KOMPAN's European sales, for which reason KOMPAN has a past record of only minor bad debts. However, especially in Southern Europe the debt crisis has resulted in customers, postponing their payments longer than previously. In 2011, this increased the funds tied up in debtors. Outstanding customer claims are currently evaluated and provisions to meet any loss are made when it is estimated to be necessary.

In the US, Australia, Eastern Europe and Middle East a large part of the sale takes place via sales agents who resell products to authorities and public institutions. This sales model is subject to a more predominant risk of loss. Therefore, credit insurance has been taken out for a number of importers in Eastern Europe, Middle East, and Asia/Pacific.

INSTALLATION
KOMPAN has outsourced the installation of playgrounds and in this connection there is a risk that the installation is not in accordance with KOMPAN's guidelines. To minimise this risk, KOMPAN has implemented standardisation of installation service through preparation of guidelines containing 'Best Practice' guidance and expected installation times per product. KOMPAN has a dedicated global installation department, which supports subsidiaries and undertakes current quality control.



OTHER RISKS

BUSINESS INTERRUPTION
KOMPAN is exposed to certain operational risk as any bottleneck or technical breakdowns can cause delivery delays. A stoppage due to fire, etc. might suspend production and deliveries for a short period of time. Most product lines are based on sub-supplies of components, allowing the swift resumption of deliveries.

FINANCIAL RISKS
The Group's financial risks are described in note 29 to the consolidated financial statements.

KOMPAN's SOCIAL RESPONSIBILITY

– CSR (CORPORATE SOCIAL RESPONSIBILITY) AND HUMAN RESOURCES

UN's convention on the rights of the child mentions, among other things, children's right to play as part of their fundamental rights and development. KOMPAN strongly advocates for the same rights and one of our basic principles is that our products are instrumental in giving children this universal right to play.

From KOMPAN's foundation we have focused on contributing to improvement of childhood living conditions and children's right to play which substantiates development and learning. This focus on corporate social responsibility in the shape of children's rights and development is deeply embedded in KOMPAN just like fundamental human rights.

Our corporate social responsibility forms a natural part of KOMPAN – both our business and our organisation. We believe that we can create a profitable business and take on a corporate social responsibility at the same time.

Therefore, it is a priority for KOMPAN that CSR is included in all parts of the company – from development, sales, purchasing, production, delivery, and to the investments we make.

It is important for KOMPAN to comply with Danish and international legislation and product standards within our business area, as well as to increase the values they are based upon. For instance, it is important to balance risk and challenge within product safety so that it is still fun, challenging, and educative to play.

KOMPAN has chosen to base our CSR initiative on UN's Global Compact, and we are working on the implementation of the 10 principles. As part of the CSR efforts are:

- Protection of human and worker's rights
- Environmental protection
- Anti-corruption

Eindhoven, Holland

In 2011, KOMPAN joined UN's Global Compact and henceforth KOMPAN will report its CSR progress (COP) to UN on an annual basis.

KOMPAN has chosen to focus on the following areas:
- Playing/health, learning, and social inclusion
- Environment and design

In addition, we focus on product safety, human rights, and not least avoidance of child labour and corruption.

PLAYING/HEALTH, LEARNING, AND SOCIAL INCLUSION
KOMPAN takes on corporate social responsibility within our business area and contributes actively to combat the rising obesity problem and physical inactivity among children and young people by designing and offering safe and challenging playgrounds which can contribute to improve children's physical condition, improve learning ability by being active, and strengthen the social inclusion as the playground invites to social interaction where everybody are included.

KOMPAN Play Institute contributes with the necessary knowledge and studies of children and young people's play which are necessary to develop challenging playground equipment, targeted at the relevant age groups.

ENVIRONMENT AND DESIGN
KOMPAN continues to live up to high environmental standards. Our two primary production sites in the Czech Republic and Sweden are both certified according to ISO 14001. The production site in Germany is implementing a similar environmental management system. Similar to the production site in the Czech Republic, the German factory has implemented a control and test system in compliance with US requirements regarding lead in accesible components and implemented third party testing of lead content. In addition to this, sample test for migration of heavy metals has been conducted.

As global supplier of playground equipment and outdoor sports facilities, KOMPAN complies with product safety standards and environmental legislation in respect to ingredients in the various countries. KOMPAN also regularly assesses our suppliers with regard to quality and environment. KOMPAN moreover continuously focuses on sustainable products, and that the products are designed for a long life with a minimum of maintenance. At the end of the products lifecycle, KOMPAN's products are easy to separate into their different materials and recycled in other products or disposed of in a responsible manner.

In 2011, KOMPAN has revised its CSR policy to reflect KOMPAN's vision and values. Together with the environmental policy the CSR policy frames KOMPAN's social responsibility. In addition to this, KOMPAN's Code of Conduct has been updated so that it reflects our expectations for suppliers and their compliance with UN's Global Compact principles more clearly, including that KOMPAN dissociates itself from corruption and bribery. KOMPAN's Code of Conduct applies for the entire KOMPAN Group. It has become an integrated part of the supplier agreements and all suppliers are obliged to comply with the valid version of the Code of Conduct.

In addition to this KOMPAN's Business Ethics has been developed, expressing our ethical standards for employees to ensure compliance with legislation and opposition to bribery and corruption.

Employees are currently introduced to UN Global Compact's 10 principles and KOMPAN's Code of Conduct. In 2011 focus has been on managers and new employees.

In 2012, KOMPAN expects to focus on implementation of KOMPAN's Business Ethics to the rest of the organisation and continous introduction of the revised edition of KOMPAN's Code of Conduct to new supplier agreements and in review of existing.

For more information regarding KOMPAN's CSR work and social responsibility please visit www.KOMPAN.com

NEW BUILDINGS
In 2011, KOMPAN relocated to new buildings in its two major entities: Brno, the Czech Republic, and Odense, Denmark.

In Brno, KOMPAN has consolidated all activities in one building, a new 23,000 m^2 production and logistic centre. This has reduced the administrative burden and the need for internal transport, which benefits the environment with regards to low energy consumption and providing a flexible structure so that it is possible to expand without further internal transport.

In the new headquarter in Odense, Denmark consideration has been made for the environment regarding energy consumption and the choice of recyclable construction materials. The facade is produced in highly insulated and heat accumulative concrete panels, and the roof is produced in stone wool insulated steel cassettes where the major part is made of recycled materials. The windows allow a large inflow of light which reduces the need for artificial light and offer heat insulation which minimises the need for cooling.

During the coming years, both relocations will contribute to lower energy consumption for the benefit of the environment.

HUMAN RESOURCES

The employees are the Group's strongest asset, and Management therefore focuses on the recruitment of the best talents and on ongoing development of employee qualifications. All newly recruited employees have been evaluated by means of externally developed personality test, and will, when joining KOMPAN complete a comprehensive introduction programme, which ensures that they are familiar with KOMPAN and our industry.
Each year, performance evaluation and personal development reviews take place for all employees in the Group. All areas apply the same tools, which are translated into any given local language. Being a significant principle, a two-way evaluation is to take place; from manager to employee and from employee to manager.

In addition to the personal development tools for the individual employee, KOMPAN has for several years made major investments in the development of joint sales tools – united in one sales model named "Sales Excellence". The model is based on a web-based CRM tool, joint administrative tools and a joint ERP system based on Microsoft Dynamics and web-based reporting tools. The work with these models will continue in the coming years.

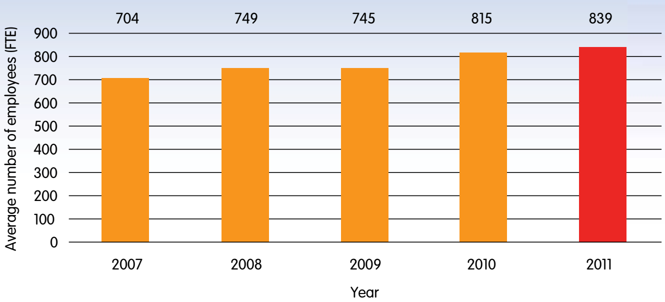
Within the past years, KOMPAN has focused on reducing the environmental impact of the work of its employees. The most important measure taken – being a global enterprise – comprises the application of video conferences both from conference rooms and from individual PCs. These measures have reduced travel activities considerably and optimised meeting routines.

At the end of 2011, KOMPAN had 830 employees (850); 34% women and 66% men. On average, 839 (815) people were employed in 2011.

Development in Employees in Denmark and Worldwide in 2011

Employee Development

	Denmark	Worldwide	Total
Employees December 2010	165	685	850
New appointments	43	171	214
New appointments, acquisitions	0	10	10
Resignations	61	183	244
Employees December 2011	**147**	**683**	**830**



CORPORATE GOVERNANCE

In 2005, KOMPAN Holding A/S acquired all shares in KOMPAN A/S. KOMPAN Holding A/S is under the control of Nordic Capital Fund V through KOMPAN L.P. (Nordic Capital), which is the majority shareholder, and a number of executives and board members.

Given its ownership, KOMPAN is subject to the "Guidelines for responsible ownership and corporate governance" issued by the Danish Venture Capital and Private Equity Association (DVCA). The guidelines can be found at DVCA's website www.dvca.dk. KOMPAN intends to comply with the guidelines when relevant and to substantiate any nonconformity.

The Group has one share class. In addition, warrants have been issued to a group of executives, who have invested in our shares as well.

KOMPAN's general meeting has authorised the Board of Directors to distribute extraordinary dividends – an authority which has not been exercised. KOMPAN's primary stakeholders are its shareholders and employees. The shareholders are regularly updated on KOMPAN's development and in addition, they have access to KOMPAN's general meetings.

The Board of Directors has 6 members; one is appointed by the majority shareholder, 3 are non-executives, and 2 are elected by KOMPAN's employees. Every fourth year a staff election is held for the Board of Directors, where employees who have been employed in KOMPAN A/S for more than 12 months are eligible. Informational meetings addressing corporate performance are held for all employees on a regular basis.

Nordic Capital is represented on the Board of Directors by Director Michael Haaning, who is vice chairman of the Board of Directors. Bo Söderberg is Nordic Capital's responsible partner for KOMPAN and participates in all meetings of the Board of Directors.

The Board of Directors has adopted an updated version of the rules of procedure for both the Board of Directors as well as the Executive Board. Furthermore, the Board of Directors has set up committees for special assignments, including a chairman committee and an audit committee.

6 ordinary board meetings are held every year whose content is fixed in an annual cycle of work. The Board of Directors makes an annual evaluation of its work and cooperation with Management.

In 2011, remuneration of the Board of Directors totalled DKK 0.8 million. Executive Board and Group Management remuneration totalled DKK 6.0 million.

PRESENTATION OF ACCOUNTS AND INTERNAL CONTROLS

The Group's risk management and internal controls in connection with presentation of accounts are organised with a view to reducing the risk of essential faults and imperfections in the presentation of accounts.

The Board of Directors and daily Management evaluate essential risks and internal controls in connection with the Group's presentation of accounts process on an ongoing basis.

The established audit committee supervises the current presentation of accounts as well as sufficiency and efficiency of the established internal controls, including new financial reporting standards, accounting policies, and essential accounting estimates and judgements on an ongoing basis.

The audit committee reports to the Board of Directors.

The Board of Directors and the Management define the guidelines for administrative routines and internal controls, which have to be observed, including:

- Current follow-up on achieved goals and results compared to approved budgets
- Guidelines for the superior Management
- Code of conduct
- Fiscal policy
- Insurance policy
- Hedging policy
- Remuneration policy and overall guidelines for incentive remuneration of the Management

The approved policies, manuals, and procedures are communicated on a regular basis.

Essential observed weakness, shortages, and breach of the approved policies, administrative procedures, and internal controls are reported to the Board of Directors and Audit committee.

SHAREHOLDERS

OWNERSHIP
The share capital is owned by KOMPAN L.P., under the control of Nordic Capital Fund V, with 90.3% and a number of executives, etc. holding 9.7%

In total, there are 11,298,006 shares (including treasury shares) and 537,715 warrants. The shareholders hold the following shares before and after exercise of warrants:

	Before exercise of warrants	After exercise of warrants
KOMPAN L.P.	90.3%	86.2%
Executives	4.5%	8.8%
Board of Directors and others	3.9%	3.7%
KOMPAN Holding (treasury shares)	1.3%	1.3%

DIVIDENDS
The Board of Directors proposes no dividend distribution to KOMPAN's general meeting for the 2011 financial year.

ANNUAL GENERAL MEETING
KOMPAN Holding A/S' annual general meeting takes place on Friday 27 April 2012.

QUESTIONS AND QUERIES
For questions or queries about KOMPAN's business foundation, strategy and finances, please contact:

Connie Astrup-Larsen, CEO
Tel. +45 63 62 12 50

Henning Andersen, CFO
Tel. +45 63 62 12 50

KIDS STILL LOVE OUTDOOR FUN

In fact, children aged 6–9 rate playing outdoors as their No. 1 favourite activity*

*) carried out by Nipo in February 2011 for TNO, the independent Dutch Research Institute
**) carried out by Qrius in February 2010 for the NGO Jantje Beton, a well-known Dutch child advocacy protected by Queen Beatrice of the Netherlands

100%

OF ALL PARENTS AGREE THAT OUTDOOR PLAY IS HEALTH PROMOTING*

Many adults feel that today's 6–12 year olds are too sophisticated to be attracted to mere playgrounds.** However, several surveys point out that even in our digitalised age, these children are still keen on playground fun. A recent study of children aged 6–12 found that playing outdoors is the No. 1 favourite activity for this age group.** And when children are asked what could encourage them to spend more time outdoors, they answer more playgrounds, more climbing equipment, and more security. So long live the playground! It's our children's first choice and a healthy one indeed.


St. Jean de Braye, France

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today discussed and approved the annual report of KOMPAN Holding A/S for the financial year 2011.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2011 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2011.

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.

Odense, 27 April 2012

Connie Astrup-Larsen
CEO

Jens Peter Due Olsen Chairman	Michael Haaning Vice Chairman	Jesper Mailind
Mads Nipper	Joan Pedersen*	Finn Knudsen*

* Employee representative

Mataro, Spain

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF KOMPAN 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 KOMPAN Holding A/S for the financial year 1 January – 31 December 2011. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to KOMPAN'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 KOMPAN's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

OPINION

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the Management's review. 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's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 27 April 2012

KPMG
Statsautoriseret Revisionspartnerselskab

Jesper Ridder Olsen
State Authorised
Public Accountant

Brian Skovhus Jakobsen
State Authorised
Public Accountant

KOMPAN

THESE GIRLS AREN'T JUST HANGING OUT ON A GREAT PLAYGROUND

In fact, this KOMPAN playground has managed to engage teenage girls, who are notoriously difficult to get active

* INSIGHT BY THE KOMPAN PLAY INSTITUTE

54%

OF TEENAGE GIRLS SAY EXERCISING ON A PLAYGROUND IS FUN*

We know from teen surveys that it is a daunting challenge to persuade teenage girls aged 14 to get enough physical exercise. That's why KOMPAN keeps this group's need for physical activity top of mind when designing playground equipment for teenagers. A recent KOMPAN study showed that most girls actually enjoy participating in playground activities, and that they prefer varied activities such as swings, climbing, and trim trails. These elements can easily be integrated into a unique KOMPAN playground solution. All KOMPAN play equipment is designed from the ground up to improve childhood health and learning – and this philosophy has made KOMPAN the world leader in playground solutions for children of all ages.

ICON - Rocky
Tensta, Sweden

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December 2011

DKK million

INCOME STATEMENT	**Note**	**2011**	**2010**
Revenue	3,27	1,415.7	1,388.0
Production costs	4,7,9,10,21	-801.8	-788.5
Gross profit		613.9	599.5
Development costs	7,8,9,21	-15.4	-25.9
Distribution costs	7,9,10,21	-370.7	-354.4
Administrative expenses	7,9,10,21	-55.7	-53.2
Operating profit before amortisation and impairment of goodwill as well as other operating income and restructuring costs, etc.		172,1	166.0
Amortisation of trademarks acquired and impairment of goodwill	9, 15	-33.2	-14.5
Other operating income	5,17	25.1	0.0
Restructuring costs, etc.	6,7	-11.7	-32.8
Operating profit		152.3	118.7
Share of profit after tax in associates	17	0.0	0.0
Financial income	11	8.0	6.2
Financial expenses	12	-22.2	-10.5
Profit before tax		138.1	114.4
Tax on profit for the year	13	-36.7	-30.7
Profit for the year		**101.4**	**83.7**

STATEMENT OF COMPREHENSIVE INCOME		
Profit for the year	101.4	83.7
Other comprehensive income:		
Exchange adjustment relating to foreign subsidiaries	5.6	47.1
Tax on other comprehensive income	0.0	0.0
Total comprehensive income for the year	**107.0**	**130.8**

BALANCE SHEET

At 31 December 2011

DKK million

ASSETS	Note	2011	2010
Non-current assets			
Intangible assets	14,15		
Goodwill		723.3	729.1
Trademarks acquired		26.3	35.5
Licences, right of utilisation and IT software		12.7	9.1
Completed development projects		12.7	10.7
Development projects in progress		0.1	6.3
Total intangible assets		775.1	790.7
Property, plant and equipment	16		
Land and buildings		56.9	15.5
Plant and machinery		28.2	30.0
Property, plant and equipment under construction		6.3	23.8
Total property, plant and equipment		91.4	69.3
Other non-current assets			
Investments in associates	17	0.0	0.0
Other receivables	19	2.5	3.4
Total other non-current assets		2.5	3.4
Total non-current assets		**869.0**	**863.4**
Current assets			
Inventories	18	112.6	119.0
Trade receivables	19	305.0	256.3
Receivables from associates		0.0	3.8
Other receivables	19	8.3	20.4
Derivative financial instruments	29	3.7	49.0
Prepayments		13.0	13.3
Cash at bank and in hand	28	46.8	45.5
Total current assets		**489.4**	**507.3**
TOTAL ASSETS		**1,358.4**	**1,370.7**

BALANCE SHEET

At 31 December 2011

DKK million

EQUITY AND LIABILITIES	Note	2011	2010
Equity	20		
Share capital		113.0	113.0
Retained earnings		492.5	407.3
Translation reserve		17.4	11.8
Total equity		**622.9**	**532.1**
Liabilities			
Non-current liabilities			
Pensions and similar obligations	21	1.7	1.5
Deferred tax	22	23.6	23.5
Provisions	23	16.9	18.6
Bank loans	24	4.0	268.6
Other payables	27	29.2	58.6
Total non-current liabilities		**75.4**	**370.8**
Current liabilities			
Provisions	23	4.2	7.9
Bank loans and overdrafts	24	374.6	159.6
Prepayments from customers		28.2	22.0
Trade payables		148.9	162.1
Corporation tax		22.6	24.7
Derivative financial instruments	29	9.4	0.0
Other payables	27	72,2	91.5
Total current liabilities		**660.1**	**467.8**
Total liabilities		**735.5**	**838.6**
TOTAL EQUITY AND LIABILITIES		**1,358.4**	**1,370.7**

CASH FLOW STATEMENT

1 January to 31 December 2011

DKK million

GROUP

	Note	2011	2010
Operating profit		152.3	118.7
Adjustment of non-cash operating items, etc.:			
Depreciation, amortisation and impairment losses	9	59.8	55.8
Other non-cash operating items, net		-0.8	9.2
Changes in provisions		-5.7	-0.2
Changes in working capital	26	-44.8	-2.9
Cash flows from operating activities before tax		160.8	180.6
Corporation tax paid		-38.8	-30.6
Cash flows from operating activities		**122.0**	**150.0**
Acquisition of intangible assets	14	-12.6	-9.9
Acquisition of property, plant and equipment	16	-40.6	-29.8
Disposal of property, plant and equipment		4.9	1.1
Acquisition of subsidiaries and activities	27	-8.2	-62.0
Repayment of other non-current assets		1.0	0.3
Cash flows from investing activities		**-55.5**	**-100.3**
External financing:			
Changes in bank loans and overdrafts (short term)		73.9	-22.9
Changes in non-current liabilities		-108.6	-117.4
Net interest paid, etc		-14.2	-4.3
Shareholders:			
Purchase / sale of treasury shares / warrants		-16.2	-0.3
Capital contribution		0.0	1.5
Cash flows from financing activities		**-65.1**	**-143.4**
Cash flows for the year		**1.4**	**-93.7**
Cash and cash equivalents at 1 January	28	45.5	138.0
Foreign exch. adjustments of cash and cash equival		-0.1	1.2
Cash and cash equivalents at 31 December	28	46.8	45.5

The cash flow statement cannot be derived solely on the basis of the published accounting records.

STATEMENT OF CHANGES IN EQUITY

At 31 December 2011

DKK million

	Share capital	Retained earnings	Translation reserve	Proposed dividends	Total equity
Equity at 1 January 2010	**112.4**	**323.0**	**-35.3**	**0.0**	**400.1**
Changes in equity in 2010:					
Profit for the year	0.0	83.7	0.0	0.0	83.7
Other comprehensive income:					
Exchange adjustment relating to foreign subsidiaries	0.0	0.0	47.1	0.0	47.1
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the year	0.0	83.7	47.1	0.0	130.8
Capital contribution	0.6	0.9	0.0	0.0	1.5
Payment for and repurchase of warrants issued	0.0	-0.7	0.0	0.0	-0.7
Sale of treasury shares	0.0	1.2	0.0	0.0	1.2
Purchase of treasury shares	0,0	-0.8	0.0	0.0	-0.8
Total changes in equity in 2010	0.6	84.3	47.1	0.0	132.0
Equity at 31 December 2010	**113.0**	**407.3**	**11.8**	**0.0**	**532.1**
Changes in equity in 2011:					
Profit for the year	0.0	101.4	0.0	0.0	101.4
Other comprehensive income:					
Exchange adjustment relating to foreign subsidiaries	0.0	0.0	5.6	0.0	5.6
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the year	0.0	101.4	5.6	0.0	107.0
Payment for and repurchase of warrants issued	0.0	-4.1	0.0	0.0	-4.1
Purchase of treasury shares	0.0	-12.1	0.0	0.0	-12.1
Total changes in equity in 2011	0.0	85.2	5.6	0.0	90.8
Equity at 31 December 2011	**113.0**	**492.5**	**17.4**	**0.0**	**622.9**

SUMMARY OF NOTES TO THE FINANCIAL STATEMENTS

NOTE

1. ACCOUNTING POLICIES

The annual report of the KOMPAN Group for 2011 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued in accordance with the Danish Financial Statements Act. In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards (IFRS) as issued by the IASB.

The accounting policies as described are applied consistently in the financial year and to comparative figures presented in the consolidated financial statements, with exception of the changes as described below in "Changes in accounting policies".

CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2011, KOMPAN has implemented:

- Revised IAS 24: Related Party Disclosures
- Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirements
- Amendments to IAS 32: Classification of Rights Issued
- Improvements to IFRSs May 2010
- IFRIC 19: Extinguished Financial liabilities with Equity Instruments

None of the new standards and interpretations has affected the recognition and measurement in 2011.

As a delisted company, KOMPAN has chosen not to implement IFRS 8 and therefore, segment information is not included in the financial statements.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements comprise the parent company KOMPAN Holding A/S and subsidiaries in which KOMPAN Holding A/S has control, i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is obtained when the Company directly or indirectly holds more than 50% of the voting rights in the subsidiary or which it, in some other way, controls. Enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%. When assessing whether KOMPAN Holding A/S exercises control or significant influence, potential voting rights which are exercisable at the end of the reporting period are taken into account. The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared in accordance with the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised 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.

NON-CONTROLLING INTERESTS

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned are included in the Group's profit/loss and equity, respectively, but are disclosed separately.

BUSINESS COMBINATIONS

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

For acquisitions of new businesses over which KOMPAN Holding A/S obtains control, the acquisition accounting method is used. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. The acquisition date is the date when KOMPAN Holding A/S effectively obtains control of the acquired business. Identifiable intangible assets are recognised if they are separable or arise from a contractual right and if the fair value can be reliably measured. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill between on the one hand purchase consideration, the value of non-controlling interests in the enterprise taken over and the fair value of any investments acquired previously, and on the other hand the fair value of identifiable assets, liabilities and contingent liabilities taken over) are recognised as goodwill under intangible assets.

Goodwill is not amortised but is tested annually for impairment losses. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the KOMPAN Group's financial statements are treated as assets and liabilities belonging to the foreign entity, and upon initial recognition translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

The cost of an enterprise comprises the fair value of the consideration agreed upon and costs directly attributable to the acquisition. When a part of the consideration is conditional on future events, this part of the acquisition price is recognised at fair value at the date of takeover. Costs attributable to business combinations are recognised directly in the income statement when incurred.

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of provisional values. If subsequently it becomes apparent that identifiable assets, liabilities or contingent liabilities had a different fair value at the acquisition date than initially presumed, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is recognised in opening equity, and comparative figures are restated. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase consideration, except in cases of material error. However, subsequent realisation of the acquired enterprise's deferred tax assets, not recognised at the acquisition date, will require recognition of the tax benefit in the income statement and at the same time write-down of the carrying amount of goodwill to the amount which would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the acquisition date.

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

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 other currencies 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 at the date of payment are recognised in the income statement as financial income or financial expenses.

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

In the consolidated financial statements, the income statements of entities with another functional currency than DKK 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. Foreign exchange differences arising on 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 income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustments of loans or payables which are considered part of the total net investment in foreign operations with another functional currency than DKK are recognised in the consolidated financial statements directly in equity under a separate translation reserve.

On recognition in the consolidated financial statements of associates with another functional currency 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 balance of 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 directly in equity under a separate translation reserve.

On disposal of wholly-owned foreign entities, the foreign currency translation adjustments that have been accumulated in equity through other comprehensive income, and that are attributable to the entity are reclassified from "Translation reserve" to the income statement together with any gains or losses from the disposal.

On disposal of partially owned foreign subsidiaries, the amount of the translation reserve attributable to non-controlling interests is not transferred to the income statement.

On partial disposal of foreign subsidiaries without a loss of control, a proportionate share of the translation reserve is transferred from the parent company shareholders' share of equity to the minority shareholders' share of equity.

On partial disposal of associates and joint ventures, the proportionate share of accumulated translation reserve recognised in other comprehensive income is reclassified to the profit or loss for the period.

Repayment of balances which constitute part of the net investment in a foreign operation is not considered a partial disposal of the foreign operation.

DERIVATIVE FINANCIAL INSTRUMENTS

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in future cash flows are recognised in equity in a separate hedging reserve until the hedged transaction is realised. At this date, gains or losses from such hedging transactions are transferred from equity and recognised in the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

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

INCOME STATEMENT

REVENUE

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that risks and rewards have been transferred to the buyer before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts in connection with the sale. Revenue from rendering of services comprising service contracts and extended warranties relating to products and services sold are recognised on a straight-line basis as the services are provided.

PRODUCTION COSTS

Production costs comprise costs incurred in generating revenue for the year. Such costs include costs of raw materials and consumables, direct wages and salaries, indirect production overheads, depreciation of production plant as well as costs for the management and administration of production companies.

DEVELOPMENT COSTS

Development costs comprise expenses which do not meet the criteria for capitalisation and depreciation, amortisation and impairment losses of capitalised development costs.

DISTRIBUTION COSTS

Costs incurred in distributing goods sold during the year are recognised as distribution costs. Also, costs relating to advertising and marketing, depreciation and operation, management and administration of sales companies are recognised as distribution costs.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, management, office premises and office expenses, as well as depreciation.

DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES REGARDING INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Depreciation, amortisation and impairment losses are recognised in the income statement under the functions to which they relate. Depreciation/amortisation is provided based on the estimated depreciation/amortisation profile, useful life and scrap value of the asset. Intangible assets are provided on a straight-line basis of the estimated useful life of the asset.

The expected amortisation profiles are as follows:

Goodwill	not amortised
Trademarks	3-10 years
Development projects completed	2-5 years
Licences and rights of use	5 years
IT software	3-5 years

Property, plant and equipment is depreciated on a straight-line basis over the expected useful lives of the assets.

The expected useful lives are as follows:

Buildings and building parts	10-33 years
Plant and machinery	3-10 years
Leasehold improvements	Max. 10 years

OTHER OPERATING INCOME

Other operating income and costs comprise items secondary to the activities of the enterprises, including profit arising from sale of subsidiaries and associated companies, adjustment of acquisition price payable in connection with acquisitions, etc.

PROFIT/LOSS FROM INVESTMENTS IN ASSOCIATES IN THE CONSOLIDATED FINANCIAL STATEMENTS
The proportionate share of the results of associates after tax and non-controlling interests is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

RESTRUCTURING COSTS, ETC.
Restructuring costs comprise costs relating to significant decisions during the year regarding changes in the Group's structure, including impairment/write-down of assets and liabilities in respect to the closure of activities or other reorganisation, costs for retired Management or staff members who are encompassed by reorganisation, as well as advisor fees. Additionally, purchase costs, which the Group has to bear in connection with acquisitions such as procurement commission, lawyer's fee, fee in connection with due diligence, and other fees for consultants.

FINANCIAL INCOME AND EXPENSES
Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment losses regarding securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including finance leases, as well as surcharges and refunds under the on-account tax scheme. Furthermore, realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging instruments are included.

TAX ON PROFIT/LOSS FOR THE YEAR
KOMPAN Holding A/S is jointly taxed with its Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the on-account tax scheme. Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to income and expenses recognised in equity is recognised directly in equity.

If KOMPAN obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based remuneration schemes, the tax effect of the schemes is recognised in tax on profit/loss for the year. If the total tax deduction exceeds total share-based remuneration expensed, the tax benefit relating to the excess tax deduction is recognised directly in equity.

BALANCE SHEET

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

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

DEVELOPMENT PROJECTS, BRANDS, SOFTWARE AND LICENCES
Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete and use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs.

Other development costs are recognised in the income statement as incurred. Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities. Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The basis of amortisation is calculated less any impairment losses.

Trademarks, patents, software and licences are measured at cost less accumulated amortisation and impairment losses.

PROPERTY, PLANT AND EQUIPMENT
Land and buildings, plant and machinery as well as fixtures and fittings and other plant and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers and wages and salaries. Further, the cost includes the present value of the initial estimate of the cost of dismantling and removing the asset and restoring the site on which the asset is located. Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately.

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

Land is not depreciated.

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The useful life and residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. If the depreciation profile or residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

IMPAIRMENT OF ASSETS

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

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill is allocated. The assets of the CGU are written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill is allocated. However, impairment losses on goodwill are recognised as a one-line item in the income statement.

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

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

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses, respectively.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment losses are only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

INVESTMENTS IN ASSOCIATES IN THE CONSOLIDATED FINANCIAL STATEMENTS

Investments in associates are recognised in the consolidated financial statements according to the equity method. Investments in associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill.

Investments in associates with negative net asset values are measured at DKK 0. If the Group has a legal or constructive obligation to cover a deficit in the associate, the remaining amount is recognised under provisions.

INVENTORIES

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

Goods for resale, and 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 and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries, as well as maintenance and depreciation of production machinery, buildings and equipment in addition to 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 selling price.

RECEIVABLES

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

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

DIVIDENDS
Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The proposed dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognised as a liability at the date on which the decision to pay interim dividends is made.

TREASURY SHARES
Acquisition costs, consideration received and dividends received from treasury shares are recognised directly in retained earnings in equity.

Proceeds from the sale of treasury shares and issue of shares, respectively, in KOMPAN Holding A/S in connection with the exercise of share options or employee shares, are recognised directly in equity.

TRANSLATION RESERVE
The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by the KOMPAN Group (Danish kroner).

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

PENSION OBLIGATIONS
The Group has entered into pension schemes and similar arrangements with the majority of its employees.

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

For defined benefit plans an annual actuarial calculation (Projected Unit Credit method) is made of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and useful life. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets and non-recognised actuarial gains or losses is recognised in the statement of financial position under pension obligations. Pension costs for the year are recognised in the income statement based on actuarial estimates and financial forecasts at the beginning of the year.

If a pension plan constitutes a net asset, the asset is recognised only if it represents future refunds from the plan or will lead to reduced future payments to the plan.

WARRANT PROGRAMME
The value of services received in exchange for granted warrants is measured at the fair value of the warrants granted. For equity-settled programmes, warrants are measured at the fair value at the grant date, and the discount is recognised in the income statement under employee costs over the vesting period. The counter entry is recognised directly in equity. The fair value of granted warranties is estimated based on generally accepted valuation methods.

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

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax is recognised related to elimination of unrealised intra-group profits and losses on consolidation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

PROVISIONS AND WARRANTIES
Provisions comprise anticipated warranty and restructuring costs, etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

Warranty provisions are recognised on their past record of warranty costs.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan has been announced to the parties affected no later than at the end of the reporting period. On acquisition of businesses, restructuring provisions in the acquiree are only included in goodwill when the acquiree on its own had a restructuring liability at the acquisition date.

FINANCIAL LIABILITIES

Amounts owed to mortgage credit institutions, etc., 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 method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Other financial liabilities are measured at amortised cost.

CASH FLOW STATEMENT

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

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

Cash flows from operating activities are calculated according to the indirect method as the profit/loss before interest adjusted for non-cash operating items, changes in working capital and income taxes paid.

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

Acquisitions of assets by means of finance leases are accounted for as non-cash transactions.

Cash flow from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, interest received and paid, acquisition and disposal of treasury shares, and payment of dividends to shareholders. Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt. Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date, which are freely negotiable into cash and which are subject to an insignificant risk of changes in value.

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

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

ESTIMATION UNCERTAINTIES

By determination of the carrying amount of certain assets and liabilities and obligations an estimate of how future events will affect the value of these assets and liabilities at the balance sheet day is required. Estimates which are significant for the preparation of the financial statement, is i.e. made by making a computation of the depreciation, amortisation and impairment, valuation of inventories and trade receivables, pensions and similar liabilities, other provisions, contingencies and assets.

The estimates used are based on assumptions which are assessed by the Management to be reliable, but which by nature are associated with uncertainty. Accordingly, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates. Financial risks are mentioned in note 29.

It might be necessary to change previous estimates in consequense of alterations in the assumptions which formed the basis for the previous estimates or due to new knowledge or subsequent events.

IMPAIRMENT OF GOODWILL

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

Impairment testing is further described in note 15.

IMPAIRMENT OF DEVELOPMENT PROJECTS

Ongoing development projects have to be tested annually for depreciation. All ongoing development projects proceed as planned and no information from customers or competitors indicate that these new products will not be marketed in the expected scale.

Based on these conditions the Management has estimated the recovery value of the ongoing development projects in the form of expected future net cashflow inclusive completion costs. Impairment is further described in note 15.

VALUATION OF INVENTORIES AND RECEIVABLES

We refer to note 18 and 19.

KOMPAN

	2011	2010
3. REVENUE		
Sale of goods and installations [1]	1,415.7	1,388.0
	1,415.7	**1,388.0**

[1] Services account for an insignificant part of revenue and are therefore included in the sale of goods and installations.

	2011	2010
4. PRODUCTION COSTS		
Cost of goods for the year	477.1	464.9
Write-down of inventories for the year	1.8	1.6

	2011	2010
5. OTHER OPERATING INCOME		
Profit from sale of associates	1.3	0.0
Adjustment of conditional acquisition price payable in respect of previous years' acquisitions	23.8	0.0
	25.1	**0.0**

	2011	2010
6. RESTRUCTURING COSTS, ETC.		
Relocation of production, restructuring of business and severance pay to released employees in connection herewith	3.8	30.4
Costs for market review and strategy project	7.4	0.0
Transaction costs relating from business combinations	0.5	2.4
	11.7	**32.8**

GROUP

DKK million

GROUP

	2011	2010
7. STAFF COSTS		
Wages and salaries	303.8	301.7
Defined contribution plans	12.3	11.1
Defined benefit plans	0.2	0.1
Other social security costs	42.5	37.0
Transferred to development projects	-0.9	-2.6
	357.9	**347.3**
Staff costs are recognised as follows in the income statement:		
Production costs	102.3	105.4
Development costs	5.3	6.9
Distribution costs	230.5	202.4
Restructuring costs, etc.	2.5	14.1
Administrative expenses	17.3	18.5
	357.9	**347.3**
Average number of employees	839	815
Number of employees at year end	830	850

Remuneration of the Board of Directors, the Executive Board and Group Management

	2011		2010	
	Parent company Board of Directors	Parent company Executive Board and Group Management	Parent company Board of Directors	Parent company Executive Board and Group Management
Salaries and fees	0.8	5.8	0.9	7.0
Pension contribution	0.0	0.2	0.0	0.2
	0.8	**6.0**	**0.9**	**7.2**

In 2011 the Parent Company's Executive Board and Group Management comprised three persons, all covered by performance-related bonus schemes (2010: 3 persons).

WARRANTS

In 2006 and 2008 KOMPAN Holding A/S established a warrant programme for the Executive Board of KOMPAN Holding A/S and Executive Employees in the Group. The warrant programme comprised 537,715 warrants at 31 December 2011. Each warrant provides the warrant owner the right to purchase one share at a nominal amount of DKK 10 in KOMPAN Holding A/S by payment of DKK 28.57 plus 13% p.a. thereof, accumulated each year after 31 March 2006. The outstanding warrants correspond to 4.5% of the share capital, if all warrants are exercised. Estimated fair value per warrant amounted to DKK 2.20 (2006) respectively DKK 10.50 (2008) at the date of grant corresponding to payment from warrant owners. Accordingly, the warrants did not carry a premium at the date of grant.

	2006 program	2008 program	Total
Total warrants at 1 January 2011	387,947	256,126	644,073
Warrants repurchased	-102,277	-4,081	-106,358
Total warrants at 31 December 2011	**285,670**	**252,045**	**537,715**

The warrant programmes for 2006 and 2008 run until March 2016 and April 2012 respectively. For warrants to be exercised the warrant holder must be permantly employed at the date of issue. Specific conditions are applicable in case of disease and death and in case of changes in the Company's financial position, etc. The settlement of warrants is expected to take place at the subscription of shares but may take place by cash settlements, depending on certain aspects. The scheme is accounted for as an equity-settled scheme. A new warrant programme is under preparation to replace the 2008 programme, which expire in April 2012.

	2011	2010
8. DEVELOPMENT COSTS		
Correlation between development costs incurred and expensed:		
Development costs incurred	11.4	16.1
Development costs recognised as intangible assets	-2.2	-6.3
Amortisation and impairment losses	6.2	16.1
Development costs recognised in the income statement	**15.4**	**25.9**

9. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Intangible assets	46.1	39.9
Property, plant and equipment	13.7	15.9
Gain/loss on the disposal of non-current assets	-0.2	-0.3
	59.6	**55.5**
Recognised in the income statement as follows:		
Production costs	8.5	11.1
Development costs	6.2	16.1
Distribution costs	4.8	4.9
Administrative expenses	6.9	8.9
Amortisation of trademarks acquired and impairment losses	33.2	14.5
	59.6	**55.5**

Amortisation of intangible assets is recognised in production costs at DKK 0.3 million (2010: DKK 0.3 million), development costs at DKK 6.2 million (2010: DKK 16.1 million), distribution costs DKK 0.6 million (2010: DKK 0.5 million), administrative expenses DKK 5.8 million (2010: DKK 8.5 million), and amortisation of trademarks acquired at DKK 10.2 million (2010: DKK 14.5 million), and impairment of goodwill DKK 23.0 million (2010: DKK 0 million).

10. FEES TO THE AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

Total fee, KPMG	5.1	3.8
Total fee, others	1.3	1.2
	6.4	**5.0**
Specified as follows:		
KPMG		
Statutory audit services	2.4	2.4
Other assurance assignments	0.2	0.0
Tax and VAT advisory services	0.8	0.8
Other services	1.7	0.6
	5.1	**3.8**
Others		
Statutory audit services	0.2	0.2
Tax and VAT advisory services	0.3	0.4
Other services	0.8	0.6
	1.3	**1.2**

DKK million

	2011	2010
11. FINANCIAL INCOME		
Interest, cash resources	0.8	0.5
Foreign exchange adjustments	7.2	5.7
	8.0	**6.2**

	2011	2010
12. FINANCIAL EXPENSES		
Interest, banks, etc.	10.6	8.4
Foreign exchange adjustments	2.2	1.3
Fair value losses from derivatives	9.4	0.8
	22.2	**10.5**

	2011	2010
13. TAX ON PROFIT FOR THE YEAR		
Specified as follows:		
Tax on profit for the year	39.6	41.0
Adjustment of deferred tax	-4.3	-7.6
Adjustment of current tax in respect of previous years	1.4	-2.7
	36.7	**30.7**
Tax on profit for the year is explained as follows:		
25% tax on profit before tax	34.5	28.6
Adjustment of computed tax in foreign subsidiaries in proportion to 25%	1.1	1.7
Other taxes	1.1	1.1
Tax effect of:		
Non-taxable income	-1.7	-0.5
Other non-deductible costs	0.5	0.9
Impairment of goodwill and adjustment of contingent purchase price from acquisitions, net	-0.2	0.0
Non-capitalised tax losses, etc.	0.0	2.0
Adjustment of current and deferred tax in respect of previous years	1.4	-3.1
	36.7	**30.7**
Effective tax rate	**26.5%**	**26.8%**

KOMPAN

GROUP

	Goodwill	Trademarks acquired	Licences, rights of utilisation and IT software [1]	Completed development projects	Development projects in progress	Total
14. INTANGIBLE ASSETS						
Cost at 1 January 2010	646.0	99.4	44.9	77.9	2.3	870.5
Foreign exchange adjustment	33.1	2.6	0.2	0.0	0.0	35.9
Additions/disposals from acquisitions/ divestments of businesses	85.5	0.0	0.4	0.0	0.0	85.9
Additions	0.0	0.4	2.9	0.3	6.3	9.9
Transferred	0.0	0.0	0.0	2.3	-2.3	0.0
Disposals	0.0	0.0	-6.4	-23.1	0.0	-29.5
Cost at 31 December 2010	764.6	102.4	42.0	57.4	6.3	972.7
Amortisation, depreciation and impairment loss at 1 January 2010	35.5	52.4	29.4	53.9	0.0	171.2
Foreign exchange adjustment	0.0	0.0	0.1	0.0	0.0	0.1
Additions/disposals from acquisitions/ divestments of businesses	0.0	0.0	0.4	0.0	0.0	0.4
Amortisation and depreciation	0.0	14.5	9.3	16.1	0.0	39.9
Amortisation, non-current assets sold	0.0	0.0	-6.3	-23.3	0.0	-29.6
Amortisation, depreciation and impairment loss at 31 December 2010	35.5	66.9	32.9	46.7	0.0	182.0
Carrying amount at 31 December 2010	**729.1**	**35.5**	**9.1**	**10.7**	**6.3**	**790.7**
Assets held under finance leases			1.1			
Cost at 1 January 2011	764.6	102.4	42.0	57.4	6.3	972.7
Foreign exchange adjustment	5.6	1.0	0.0	-0.1	0.0	6.5
Additions/disposals from acquisitions/ divestments of businesses	11.6	0.0	0.0	0.0	0.0	11.6
Additions	0.0	0.0	10.4	2.1	0.1	12.6
Transferred	0.0	0.0	0.0	6.3	-6.3	0.0
Disposals	0.0	0.0	-1.8	-1.3	0.0	-3.1
Cost at 31 December 2011	781.8	103.4	50.6	64.4	0.1	1,000.3
Amortisation, depreciation and impairment loss at 1 January 2011	35.5	66.9	32.9	46.7	0.0	182.0
Foreign exchange adjustment	0.0	0.0	0.1	0.0	0.0	0.1
Amortisation and depreciation	0.0	10.2	6.7	6.2	0.0	23.1
Impairment losses	23.0	0.0	0.0	0.0	0.0	23.0
Amortisation, non-current assets sold	0.0	0.0	-1.8	-1.2	0.0	-3.0
Amortisation, depreciation and impairment loss at 31 December 2011	58.5	77.1	37.9	51.7	0.0	225.2
Carrying amount at 31 December 2011	**723.3**	**26.3**	**12.7**	**12.7**	**0.1**	**775.1**
Amortised over	-	3-10 years	3-5 years	2-5 years	-	-
Assets held under finance leases			0.0			

[1] Including in-progress development of software at 31 December 2011 totalling DKK 5.4 million (2010: DKK 5.2 million)

DKK million

15. IMPAIRMENT TEST

Goodwill

Goodwill is tested for impairment at least once a year and more often if there is an indication of impairment. In the impairment test, the discounted value of the future net cash flow of each of the cash-generating units is held up against the carrying amount.

Goodwill is allocated to all cash-generating units, which in KOMPAN primarily comprise the individual Centres of Excellence. At 31 December a sensitivity analysis and impairment test were conducted of the carrying amount of goodwill allocated on the following groups of cash-generating units:

	Sensitivity analysis 2011				2011	2010
	Growth in terminal period		Discount rate before tax		Goodwill	Goodwill
	Growth rate used	Allowed drop	Discount rate used	Allowed increase		
CoE Denmark	2.0%	>2.0%	12.3%	2.0%	107.8	105.9
CoE Norway	2.5%	>2.5%	12.9%	>3%	28.4	23.0
CoE Sweden	2.0%	>2.0%	12.3%	>3%	24.2	24.0
CoE Finland	2.0%	>2.0%	12.3%	>3%	7.1	7.1
CoE Benelux	2.0%	>2.0%	12.2%	>3%	89.1	85.4
CoE Germany	2.0%	>2.0%	13.7%	>3%	75.3	75.5
CoE France	2.0%	>2.0%	13.7%	>3%	84.6	84.8
CoE Great Britain	2.0%	>2.0%	13.3%	2.8%	100.8	99.1
CoE North America	2.0%	>2.0%	12.4%	>3%	51.3	50.2
CoE Easten Europe/Asia	2.5%	>2.5%	13.8%	>3%	65.5	65.5
CoE Australia	2.5%	0.0%	14.8%	0.0%	32.8	43.6
Corocord	2.0%	>2.0%	13.7%	>3%	39.0	39.1
KOMPAN Commercial Systems	2.0%	>2.0%	14.8%	>3%	13.9	13.9
KOMPAN Italy	2.0%	>2.0%	16.2%	>3%	0.9	9.3
KOMPAN Russia	2.0%	>2.0%	17.1%	>3%	2.6	2.7
Goodwill, impairment tested					**723.3**	**729.1**

The future net cash flows are based on the Group's 2012 budget and estimates for 2013-2016. The most important parameters for impairment testing are earnings potential and capital. The impairment tests have resulted in impairment losses in Australia and Italy.

Australia: In consequence of the results in 2011 and the downward adjustment of the expectations for the future earnings in the subsidiary Megatoy Play Systems Pty. Ltd., goodwill has been written down with DKK 13.7 million in 2011.

Italy: The Italian company was founded in 2009 in cooperation with the Italian director who obtained an ownership interest in the company. In this connection KOMPAN was entitled to acquire the remaining shares and the director was entitled to a sale, for which reason the company was treated as a 100% owned subsidiary in the consolidated annual accounts. Goodwill in connection with the purchase of the remaining shares amounted to DKK 9.3 million. In 2011, KOMPAN has purchased the remaining shares from the Italian director and goodwill has been written down to DKK 0.9 million.

Ongoing development projects

Development projects in progress comprise the development of new/existing products. The carrying amount totalled DKK 0.1 million at 31 December 2011 (2010: DKK 6.3 million).

All ongoing development projects proceed as planned, and no information from customers or competitors indicates that the new products cannot be sold in the expected scope. Management has assessed that no write-down will be required.

	Land and buildings	Plant and machinery	Property, plant and equipment under construction	Total
16. PROPERTY, PLANT AND EQUIPMENT				
Cost at 1 January 2010	26.6	92.6	0.4	119.6
Additions/disposals from acquisitions/divestments of businesses	0.3	8.0	0.0	8.3
Foreign exchange adjustment	0.5	2.7	0.0	3.2
Additions	0.8	5.6	23.4	29.8
Disposals	-0.5	-14.0	0.0	-14.5
Cost at 31 December 2010	27.7	94.9	23.8	146.4
Depreciation and impairment loss at 1 Jan. 2010	10.9	58.5	0.0	69.4
Additions/disposals from acquisitions/divestments of businesses	0.1	3.2	0.0	3.3
Foreign exchange adjustment	0.3	1.7	0.0	2.0
Depreciation	1.2	14.7	0.0	15.9
Depreciation of assets sold	-0.3	-13.2	0.0	-13.5
Depreciation and impairment loss at 31 December 2010	12.2	64.9	0.0	77.1
Carrying amount at 31 December 2010	**15.5**	**30.0**	**23.8**	**69.3**
Assets held under finance leases		2.7		
Cost at 1 January 2011	27.7	94.9	23.8	146.4
Foreign exchange adjustment	0.0	-0.4	0.0	-0.4
Additions	19.1	15.3	6.2	40.6
Transferred	23.7	0.0	-23.7	0.0
Disposals	0.0	-15.2	0.0	-15.2
Cost at 31 December 2011	70.5	94.6	6.3	171.4
Depreciation and impairment loss at 1 Jan. 2011	12.2	64.9	0.0	77.1
Foreign exchange adjustment	0.0	-0.3	0.0	-0.3
Depreciation	1.1	12.6	0.0	13.7
Depreciation of assets sold	0.3	-10.8	0.0	-10.5
Depreciation and impairment loss at 31 December 2011	13.6	66.4	0.0	80.0
Carrying amount at 31 December 2011	**56.9**	**28.2**	**6.3**	**91.4**
Depreciated over	10-33 years	3-10 years	-	-
Assets held under finance leases		0.9		

Of the carrying amount of land and buildings, leasehold improvements amounted to DKK 3.2 million (2010: DKK 2.9 million).

The carrying amount of properties located abroad totalled DKK 11.9 million (2010 DKK 12.6 million).

DKK million

	2011	2010
17. INVESTMENTS IN ASSOCIATES		
Cost at 1 January	4.4	4.4
Disposals	-4.4	0.0
Cost at 31 December	0.0	4.4
Adjustments at 1 January	-4.4	-4.4
Other adjustments	0.0	0.8
Share of profit	0.0	-0.8
Adjustments, sale capital shares	4.4	0.0
Adjustments at 31 December	0.0	-4.4
Carrying amount at 31 December	**0.0**	**0.0**

In 2011, KOMPAN sold its 25% share interest in KOMPAN Playscape Inc. The gain on the sale DKK 1.3 million is included under other operating income.

							KOMPAN Group share	
Name	**Registered office**	**Stake**	**Revenue**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**	**Profit for the year**
2010								
KOMPAN Playscape Inc.	Japan	25%	62.7	-3.1	46.9	37.6	2.3	-0.8

	2011	2010
18. INVENTORIES		
Raw materials and consumables	21.8	20.9
Work in progress	0.9	2.1
Finished goods and purchased goods	89.9	96.0
	112.6	**119.0**
The carrying amount of inventories is recognised at net realisable value	2.3	2.6

	2011	2010
19. RECEIVABLES		
Trade receivables	305.0	256.3
Other receivables	10.8	23.8
	315.8	**280.1**

Credit risk attached to the individual receivables depends mainly on the registered office of the debtor and if the customer in question is from the public or private sector. A large part of KOMPAN's sale is for public authorities where the risk of losses is generally low, but where payment - especially of receivables in Southern Europe - are made after normal due date. Based on the Group's internal credit procedures the credit quality of non-matured receivables are assessed to be good and the made provisions at 31 December are assessed to be sufficient. Refer to note 29 for information regarding the credit rating process.

	2011	2010
Specification of the age distribution of trade receivables:		
Trade receivables, not due	164.4	158.5
Trade receivables, due within 0-30 days	58.2	49.1
Trade receivables, due within 31-60 days	27.7	20.6
Trade receivables, due within 61-90 days	16.5	7.3
Trade receivables, due within 91-180 days	25.9	13.3
Trade receivables, due within more than 180 days	12.3	7.5
	305.0	**256.3**
Write-downs included in the above receivables developed as follows:		
1 January	8.9	6.7
Adjustment for the year	5.4	4.7
Utilised during the year	-2.3	-2.5
31 December	**12.0**	**8.9**

The carrying amount of receivables is estimated to correspond to fair value.

DKK million

20. EQUITY, TREASURY SHARES AND DIVIDENDS

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. The solvency ratio of total liabilities amounted to 45.9% at the end of 2011 (2010: 38.8%).

It is KOMPAN Holding A/S' dividend policy that its shareholder should receive a return on their investment in the form of price increases and dividends that significantly exceed a risk-free investment in bonds. Dividends should be distributed in due consideration of the neccessary consolidation of equity as a basis for the Group's continued expansion.

	Issued shares			
Share Capital	**Total shares**		**Nominal value**	
	2011	**2010**	**2011**	**2010**
1 January	11,298,006	11,239,152	113.0	112.4
Additions	0	58,854	0.0	0.6
31 December	**11,298,006**	**11,298,006**	**113.0**	**113.0**

Share capital consists of 11,298,006 shares of nominal 10 DKK. No shares hold seperate rights.

	Total share		Nominal value		% of share capital	
Treasury shares	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
1 January	7,264	11,273	0.0	0.1	0.1%	0.1%
Additions	136,566	13,669	1.4	0.1	1.2%	0.1%
Disposals	0.0	-17,678	0.0	-0.2	0.0%	-0.1%
31 December	**143,830**	**7,264**	**1.4**	**0.0**	**1.3%**	**0.1%**

The portfolio of treasury shares comprises 143,830 shares with a face value of DKK 1.4 million, corresponding to 1.3% of the share capital. During the year, the Company purchased 136,566 shares at a total nominal value of DKK 1.4 million, corresponding to 1.2% of the share capital. Total net purchase price amounted to DKK 12.1 million.

Treasury shares are primarily acquired in preperation for the Group's warrant programmes.

Dividend

No dividends are proposed to be distributed (2010: DKK 0 million).

21. PENSIONS AND SIMILAR OBLIGATIONS

In defined contribution plans the employer is under obligation to pay a fixed contribution (e.g. a fixed amount or a fixed percentage of the salary). In defined contribution plans, the Group bears no risk regarding the future development in interest rates, inflation, mortality, and disability.

In defined benefit plans, the employer is under an obligation to pay a certain benefit (e.g. a retirement pension as a fixed amount or a fixed percentage of the final salary). In defined benefit plans, the Group bears the risk regarding future development in interest rates, inflation, mortality, and disability.

	2011	2010
Present value of defined benefit plans	1.7	1.5
Fair value of plan assets	0.0	0.0
Net liability recognised in the balance sheet	**1.7**	**1.5**
Development in the present value of defined benefit liability:		
Liability at 1 January	1.5	1.3
Foreign exchange adjustments	0.0	0.0
Pension costs in respect of the current financial year	0.1	0.1
Estimated interest regarding liability	0.1	0.1
Actuarial gains/losses	0.0	0.0
Other pension payments, etc.	0.0	0.0
Liability at 31 December	**1.7**	**1.5**
Development in the fair value of plan assets:		
Plan assets at 1 January	0.0	0.0
Adjustments for the year	0.0	0.0
Plan assets at 31 December	**0.0**	**0.0**
Pension costs recognised in the income statement		
Total amount recognised regarding defined benefit plans	0.2	0.1
Total amount recognised regarding defined contribution plans	12.3	11.1
Total amount recognised	**12.5**	**11.2**
Costs are recognised as follows in the income statement:		
Production costs	2.6	2.5
Development costs	0.4	0.4
Distribution costs	8.6	7.2
Administrative expenses	0.9	1,1
	12.5	**11.2**

The Group expects to pay DKK 0.1 million for the defined benefit plans in 2012.
Average assumptions applied in the actuarial calculations at the reporting date:

Discount rate	4.6%	4.6%
Estimated future salary increase	2.0%	2.0%

DKK million

22. DEFERRED TAX

	2011	2010
Deferred tax at 1 January	23.5	32.8
Adjustment to the beginning of the year	4.4	0.0
Deferred tax 1 January, adjusted	27.9	32.8
Foreign exchange adjustment	0.0	-0.1
Addition, business acquisitions	0.0	-1.6
Adjustments for the year	-4.3	-7.6
Deferred tax at 31 December	**23.6**	**23.5**

Deferred tax is specified in main items as follows:

	2011	2010
Intangible assets	14.5	12.6
Property, plant and equipment	-1.1	-1.1
Receivables	0.0	0.5
Inventories	-0.1	-4.7
Provisions	10.8	17.0
Other liabilities	2.8	2.1
Tax losses	-3.3	-2.9
	23.6	**23.5**

Deferred tax is recognised in the statement of financial position as follows:

	2011	2010
Deferred tax (liability)	23.6	23.5
	23.6	**23.5**

Deferred tax assets not recognised in the statement of financial position:

	2011	2010
Tax value, tax losses	19.4	19.3

The value is not recognised in the statement of financial position, as the utilisation thereof is subject to a significant degree of uncertainty. There are no deferred tax liabilities that have not been recognised in the financial statements.

23. PROVISIONS

	2011	2010
Warranty provisions at 1 January	26.5	25.7
Foreign exchange adjustment	0.0	0.4
Addition, acquisition of subsidiary	0.5	0.2
Utilised during the year	-2.3	-1.8
Provided during the year	5.2	2.0
Reversal of unused provisions	-8.8	0.0
Provision at 31 December	**21.1**	**26.5**

Provisions are expected to mature as follows:

	2011	2010
Current liabilities	4.2	7.9
Non-current liabilities	16.9	18.6
Provisions at 31 December	**21.1**	**26.5**

Warranties relate to products sold and delivered with a warranty from 1-10 years. The provision is calculated based on historical warranty costs. The costs are expected to be incurred during the coming 10-year period.

	2011	2010
24. BANK LOANS AND LEASE LIABILITIES		
Loans	377.7	424.4
Lease liabilities	0.9	3.8
	378.6	**428.2**

Recognised as follows in the statement of financial position:		
Non-current liabilities	4.0	268.6
Current liabilities	374.6	159.6
	378.6	**428.2**

31 December 2011, KOMPAN's current credit obligations, primarily consists of committed credit facilities with maturity at the end of March 2012. After the end of the financial year new committed credit facilities with majority at the end of March 2015 have been established.

The Group's loans and credits at 31 December:

			Effective interest rate		Carrying amount	
Loan	**Expiry**	**Fixed/floating**	**2011**	**2010**	**2011**	**2010**
AUD	2011	Floating	-	1.1	-	336.0
AUD	2011	Floating	-	1.4	-	24.4
EUR	2011	Floating	-	1.4	-	35.3
EUR	2011	Floating	-	1.1	-	22.3
EUR	2012	Floating	1.1	-	7.7	-
USD	2012	Floating	0.9	-	226.2	-
USD	2012	Floating	0.9	-	120.2	-
USD	2012	Floating	1.3	-	18.9	-
SEK	2012	Floating	3.9	2.9	0.2	0.6
EUR	2011	Floating	-	2.3	-	0.7
EUR	2018	Fixed	4.6	4.6	4.5	5.1
					377.7	**424.4**

The fair value calculated as the present value of forecast future instalment and interest payments generally corresponds to the carrying amount.
The Group has entered into foreign exchange contracts to hedge currency risks, see note 29.
Currency risks on USD loans are fully hedged.

The Group's bank loans are based on agreements, which, among other things, are conditional on compliance with certain financial covenants. The conditions were met at the reporting date and are expected to be complied with during the loan period.

Finance leases

The Group's liabilities regarding assets held under finance leases are included in bank loans as follows:

	2011			2010		
	Minimum lease payments	**Interest element**	**Carrying amount**	**Minimum lease payments**	**Interest element**	**Carrying amount**
0-1 years	0.9	-0.1	0.8	3.5	-0.4	3.1
1-5 years	0.1	0.0	0.1	0.7	0.0	0.7
> 5 years	0.0	0.0	0.0	0.0	0.0	0.0
	1.0	**-0.1**	**0.9**	**4.2**	**-0.4**	**3.8**

DKK million

25. CONTINGENT LIABILITIES, GUARANTEES AND OTHER FINANCIAL LIABILITIES

As security for KOMPAN Holding A/S' bank commitments, shares have been deposited in KOMPAN A/S with a face value of DKK 58.0 million and a carrying amount of DKK 729.1 million.

DKK 1.5 million has been provided as collateral secured upon land and buildings with a carrying amount of DKK 5.6 million and DKK 9.3 million in receiveables and other assets with a carrying amount of DKK 29.0 million.

In addition, third party guarantees have been provided in the Group's companies at the amount of DKK 8.4 million.

KOMPAN Holding A/S and its subsidiaries are parties to a few pending lawsuits. The outcome of these cases is not expected to materially effect the financial position of the Group, neither individually nor in the aggregate.

26. CHANGES IN WORKING CAPITAL

	2011	2010
Changes in inventories	6.5	-5.7
Changes in receivables	-32.8	-42.2
Prepayments and deferred income, net	0.3	-2.8
Changes in trade and other payables	-18.8	47.8
	-44.8	**-2.9**

27. ACQUISITION/DISPOSAL OF SUBSIDIARIES AND ACTIVITIES

	Fair value at acquisition date	
	2011	**2010**
Goodwill	11.6	85.5
Property, plant and equipment	0.0	5.4
Inventories	0.2	14.1
Receivables	0.0	17.2
Cash at bank and in hand	0.0	4.9
Provisions, including deferred tax	-0.5	-1.3
Other non-current liabilities	0.0	-0.8
Bank loans	0.0	-0.2
Trade payables and other payables	0.0	-21.5
Cost	**11.3**	**103.3**
Acquisition price payable	-3.1	-36.6
Cash balance/banks	0.0	-4.7
Net cost price	**8.2**	**62.0**

2011

KOMPAN made the following acquisitions in 2011:

OVAAL SPEELCONCEPTEN

30 June 2011 KOMPAN acquired the activities in the Dutch company Ovaal Speelconcepten V.O.F.
The final acquisition price payable depends on the development of the activity in 2012. In connection with the acquisition of the activity KOMPAN has recognised the identifiable assets and liabilities. After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising from the acquisition was computed at DKK 4.0 million. The remaining acquisition price payable (DKK 1.7 million) is recognised as other non-current liabilities. Goodwill represents the value of the existing staff force, knowhow and expected synergies from the merger with KOMPAN.
Ovaal Speelconcepten is recognised in the profit for the year with DKK 0.6 million for the period since the takeover on 30 June 2011.

27. ACQUISITION/DISPOSAL OF SUBSIDIARIES AND ACTIVITIES - CONTINUED

NATURA NORGE

With effect from 5 October 2011, KOMPAN acquired the activities in the Norwegian company Natura Norge AS.
The final acquisition price depends on the development of the activity from 2012-2014. In connection with the acquisition of the company KOMPAN estimated identifiable assets and liabilities. After the recognition of assets, liabilities and contingent liabilities at fair value, goodwill arising from the acquisition was computed at DKK 5.2 million. The remaining acquisition price payable (DKK 1.4 million) has been recognised as other non-current liabilities. Goodwill represents the value of the existing employees and knowhow as well as expected synergies from the merger with KOMPAN.

Natura Norge is recognised in profit for the year at DKK 0.3 million for the period since the takeover on 5 October 2011.

Adjustment to previous years

In 2011, adjustments have been made to the identifiable assets and liabilities, recognised at acquired units, resulting in an addition of assets on goodwill at DKK 2.4 million.

Net revenues and consolidated profit for the year 2011 are determined as if the acquired units had been made at 1 January 2011, amounting to DKK 1,434.8 million, DKK 103.1 million, repectively.

2010

DICA A/S, Albert Knudsen ApS and uniQ nordic systems ApS

With effect from 5 March 2010, KOMPAN acquired a stake in the Danish companies DICA A/S, Albert Knudsen ApS and uniQ nordic systems ApS. KOMPAN is entitled to acquire the remaining shares, and the seller is entitled to a sale; accordingly, the company has been accounted for as a wholly-owned subsidiary in the consolidated financial statements.

The final acquisition price depends on the development in the companies from 2011-2018. In connection with the acquisition of the companies, KOMPAN estimated identifiable assets and liabilities. After the recognition of assets, liabillities and contingent liabilities at fair value, goodwill arising from the acquisition was computed at DKK 64.9 million. The remaining acquisition price payable (DKK 26.9 million) has been recognised as other non-current liabilities. Goodwill represents the value of the existing employees an knowhow as well as expected synergies from the merger with KOMPAN.

DICA A/S, Albert Knudsen ApS and uniQ nordic systems ApS are recognised in profit for the year at DKK 5.1 million for the period since the take-over on 5 March 2010.

GO PLAY LTD.

With effect from 15 July 2010, KOMPAN acquired a stake in the Irish company, Go Play Ltd.

KOMPAN is entitled to acquire the remaining shares, and the seller is entitled to a sale; accordingly. The company has been accounted for as wholly-owned subsidiary in the consolidated financial statements. The final acquisition price depends on the development in the companies from 2011-2014. In connecion with the acquisition of the companies, KOMPAN estimated identifiable assets and liabiities. After the recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill arising from the acquisition was computed at DKK 20.6 million. The remaining acquisition price payable (DKK 9.7 million) has been recognised as other non-current lliabilities. Goodwill represent the value of the existing employees and knowhow as well as expected synergies from the merger with KOMPAN.
Go Play Ltd. is recognised in profit for the year at DKK 1.3 million for the period since the acquisition on 15 July 2010.

Consolidated revenue in profit for 2010 computed as if the acquisitions were made on 1 January 2010 amounted to DKK 1,419.8 million and DKK 81.3 million, respectively.

28. CASH AT BANK AND IN HAND

	2011	2010
Cash at bank and in hand at 31 December	46.8	45.5
	46.8	**45.5**

The Group's cash at bank and in hand is not subject to any restrictions.

GROUP

DKK million

29. CURRENCY RISK, INTEREST RATE RISK AND DERIVATIVE FINANCIAL INSTRUMENTS

THE GROUP'S RISK MANAGEMENT POLICY

Given the nature of its operations, investments and financing, the Group is exposed to a variety of financial risks, including market risks (currency, interest rate and commodity risks), credit risks and liquidity risks. The Group manages financial risks centrally. The overall framework for financial risk managing is laid down in the Group's financial policy as approved by the Board of Directors. It is Group policy not to speculate actively in financial risks. The Group's financial management is aimed exclusively at hedging the financial risks arising from the Group's operations and financing.

Management regularly monitors the Group's risk concentration in areas such as customers, geographical areas, currencies, etc. In addition, Management monitors the Group's risk correlation and changes in risk concentration.

There have been no changes in the Group's risk exposure or risk management compared with 2010. For a description of accounting policies and methods, including recognition criteria and basis for measurement, reference is made to the accounting policies - note 1.

CURRENCY RISK

The Group is exposed to foreign exchange fluctuations as the individual subsidiaries make purchase or sales transactions and record receivables and liabilities in currencies other than their own functional currency.

The Group's foreign companies are not significantly influenced by currency fluctuations as both income and expenses are settled in local currency. Activities in KOMPAN A/S are influenced by currency fluctuations as revenue is primarily generated in foreing currency, but expenses incurred in DKK and CZK.

The Group's currency risk is primarily hedge by income and expenses being paid in the same currency and the use of derivative financial instruments. Each quarter, Management reviews the expected exposure of the following 12 months and hedges in accordance with policies agreed on. Exposure in Euro is not hedged.

Most of the Group's debt to credit institutions is denominated in foreign currencies, primarily EUR and USD. Currency risks on USD loans with banks are fully hedged.

12% of the Group's revenue in 2011 was settled in DKK and approx. 48% was settled in EUR. The remaining part - approx. 40% - is denominated in USD, GBP, AUD, RUB, NOK and SEK. As most of the production takes place in Brno, the Czech Republic, a large part of the Group's cost of sales is in CZK. The Group's principal commercial currency exposure relates to sales in USD, GBP, AUD, NOK and SEK and purchases in CZK.

The table below shows how consolidated revenue and EBITDA would have been affected by a 10% decrease in a given currency. For example, a 10% drop in the price of USD relative to DKK in 2011 would reduce consolidated revenue by 0.8% and EBITDA by 1.4%

FOREX SENSITIVITY

Effect of 10% decrease in currency:

	Revenue		EBITDA	
	2011	**2010**	**2011**	**2010**
USD	-0.8%	-0.9%	-1.4%	-1.8%
AUD	-0.8%	-0.8%	-1.6%	-1.7%
GBP	-0.9%	-1.0%	-2.1%	-2.0%
NOK	-0.4%	-0.5%	-0.8%	-0.5%
SEK	-0.9%	-1.0%	-3.6%	-2.0%
CZK	-	-	4.6%	4.4%
EUR	-	-	-	-

29. CURRENCY RISK, INTEREST RATE RISK AND DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

FOREIGN CURRENCY HEDGING

	2011					2010			
	Notional amount[1]	Foreign exchange gain/loss recognised in the income statement[2]	Fair value	Term to maturity (mos)		Notional amount[1]	Foreign exchange gain/loss recognised in the income statement[2]	Fair value	Term to maturity (mos)

Outstanding forward exchange contracts net at 31 December for the Group which are used as, but do not qualify for, recognition as hedges of future transactions:

	Notional amount 2011	FX gain/loss 2011	Fair value 2011	Term 2011		Notional amount 2010	FX gain/loss 2010	Fair value 2010	Term 2010
CZK/DKK	60.9	-3.1	-3.0	0-12	CZK/DKK	89.0	0.1	-0.4	0-12
USD/DKK	-15.7	-1.6	-1.6	0-12	USD/DKK	0.0	0.0	0.0	0-12
GBP/DKK	-22.6	-0.9	-1.0	0-12	GBP/DKK	-34.4	0.7	0.6	0-12
AUD/DKK	-28.7	-2.7	-2.8	0-12	AUD/DKK	-38.5	-1.6	-2.5	0-12
NOK/DKK	-15.4	0.0	-0.1	0-12	NOK/DKK	0.0	0.0	0.0	0-12
SEK/DKK	-17.8	-0.5	-0.6	0-12	SEK/DKK	-	-	-	-
CAD/DKK	-9.0	-0.5	-0.6	0-12	CAD/DKK	-	-	-	-
RUB/DKK	-0.7	0.0	0.0	0-12	RUB/DKK	-	-	-	-
CNH/DKK	3.8	-0.1	0.0	0-12	CNH/DKK	-	-	-	-
Total, net	**-45.2**	**-9.4**	**-9.7**			**16.1**	**-0.8**	**-2.3**	

Outstanding forward currency contracts net at 31 December for the Group which are used to hedge USD loans:

	Notional amount 2011	FX gain/loss 2011	Fair value 2011	Term 2011		Notional amount 2010	FX gain/loss 2010	Fair value 2010	Term 2010
USD/EUR	348.0	3.7	3.7	0-12	AUD/EUR	362.0	49.8	49.8	0-12

[1] Positive notional amounts of forward transactions represents purchases of the relevant currency, and negative notional amounts represents sales.
[2] Gain/(loss) recognised in the income statement under financial income and expenses.

INTEREST RATE RISK

Due to the Group's investments and financing transactions, KOMPAN is exposed to fluctuations in interest rates in Denmark and abroad. The primary interest rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR.

The Group's interest-bearing debt primarily consists of floating-rate loans. As a general rule, the rate of interest is reassessed on a monthly basis. The company has decided not to undertake any interest rate hedging based on an assessment of the total loan portfolio held up against the costs of hedging.

A general increase in interest rates of one percentage point would negatively affect profit before tax for 2011 by approx. DKK 3.3 million. The total effect on equity excluding the tax effect would be negatively in the amount of approx. DKK 3.3 million. A drop in interest rates would have a corresponding positive effect on profit and equity.

DKK million

29. CURRENCY RISK, INTEREST RATE RISK AND DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

CREDIT RISKS

As a result of the Group's operations and certain financing activities, the Group is exposed to credit risks. The Group's credit risks primarily relate to receivables, cash and derivative financial instruments with positive fair values. The maximum credit risk associated with financial assets correspond to the values recognised in the statement of financial position.

KOMPAN's credit risk is assessed to be low. Most of the company's European sales are to public authorities, for which the company has a past record of only minor debts. The Group has no significant risks relating to single customers or partners. The Group's policy for assuming credit risks implies that all major customers and other business partners are currently credit rated. Trading with importers, apart from insignificant agreements, is insured with Atradius.

For an overview of dates due for trade receivables as well as movements in bad debt provisions, see note 19.

LIQUIDITY RISKS

It is Group policy to ensure maximum flexibility in connection with the raising of loans, among other things through the chosen repayment profile. The liquidity reserve consists of cash and unused credit facilities. It is the Group's objective to have sufficient cash resources to be able to continue making appropriate business decisions in case of unforseen fluctuations in the liquidity.

KOMPAN's current interest bearing debt at 31 December consists mainly of committed facilities which will expire at the end of March 2012. After the end of the financial year new committed credit facilities have been established with expiry at the end of March 2015.

The Group's interest-bearing financial assets and liabilities have the following contractual maturity dates:

Category	Carrying amount	Contractual cash flow	0-1 year	Maturity 1-5 years	> 5 years
Bank loans and financial lease obligations	-378.6	-380.5	-375.7	-3.2	-1.6
Trade payables and prepayments from customers	-177.1	-177.1	-177.1	0.0	0.0
Derivative financial instruments	-5.7	-5.7	-5.7	0.0	0.0
31 December 2011	**-561.4**	**-563.3**	**-558.5**	**-3.2**	**-1.6**
Bank loans and financial lease obligations	-428.2	-440.7	-117.2	-323.5	0.0
Trade payables and prepayments from customers	-184.1	-184.1	-184.1	0.0	0.0
Derivative financial instruments	49.0	49.0	49.0	0.0	0.0
31 December 2010	**-563.3**	**-575.8**	**-252.3**	**-323.5**	**0.0**

29. CURRENCY RISK, INTEREST RATE RISK AND DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

CATEGORIES OF FINANCIAL INSTRUMENTS

	2011		2010	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at fair value over the income statement	**0**	**0**	**0**	**0**
Derivative financial instruments used to hedge future cash flows	**3.7**	**3.7**	**49.0**	**49.0**
Trade receivables	305.0	305.0	256.3	256.3
Receivables from associates	0.0	0.0	3.8	3.8
Other receivables	8.3	8.3	20.4	20.4
Cash at bank and in hand	46.8	46.8	45.5	45.5
Loans and receivables, etc.	**360.1**	**360.1**	**326.0**	**326.0**
Financial liabilities used as hedging	**9.4**	**9.4**	**0.0**	**0.0**
Bank loans	377.7	377.7	424.4	424.4
Financial lease obligations	0.9	0.9	3.8	3.8
Trade payables and prepayments from customers	177.1	177.1	184.1	184.1
Financial liabilities measured at amortised cost	**555.7**	**555.7**	**612.3**	**612.3**

DERIVATIVE FINANCIAL INSTRUMENTS

Forward exchange contracts are valued according to generally accepted valuation techniques based on relevant observable exchange rates.

OTHER FINANCIAL INSTRUMENTS (MEASURED AT AMORTISED COST IN THE STATEMENT OF FINANCIAL POSITION)

Floating rate bank loans are valued at price 100.

The methods used are consistent with those applied in 2010.

DKK million

29. CURRENCY RISK, INTEREST RATE RISK AND DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

FAIR VALUE HIERACHY FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE STATEMENT OF FINANCIAL POSITION

Financial instruments valued at fair value in the balance sheet can be divided into three levels:

LEVEL 1

- Quoted prices (unadjusted) in active markets for identical assets or liabilities

LEVEL 2

- Other prices than at Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from the prices)

LEVEL 3

- The value of the assset or liability is not based on observable market data

	2011			
	Quoted prices (Level 1)	Other observable prices (Level 2)	Other measurement methods (Level 3)	Total
Financial assets:				
Derivative financial instruments used as hedges of future cash flows	0.0	3.7	0.0	3.7
Total financial assets	**0.0**	**3.7**	**0.0**	**3.7**
Financial liabilities:				
Derivative financial instruments	0.0	9.4	0.0	9.4
Total financial liabilties	**0.0**	**9.4**	**0.0**	**9.4**

	2010			
	Quoted prices (Level 1)	Other observable prices (Level 2)	Other measurement methods (Level 3)	Total
Financial assets:				
Derivative financial instruments used as hedges of future cash flows	0.0	49.0	0.0	49.0
Total financial assets	**0.0**	**49.0**	**0.0**	**49.0**
Financial liabilties:				
Derivative financial instruments	0.0	0.0	0.0	0.0
Total financial liabilties	**0.0**	**0.0**	**0.0**	**0.0**

Financial instruments measured at fair value in the statement of financial postion based on Level 3

	2011	2010
Securities (Level 3):		
Carrying amount at 1 January	0.0	0.0
Gain/loss in the income statement	0.0	0.0
Gain/loss in equity	0.0	0.0
Buy	0.0	0.0
Sell	0.0	0.0
Transfers to/from Level 3	0.0	0.0
Carrying amount at 31 December	**0.0**	**0.0**
Gains/loss in the income statement for assets held on the reporting date	**0.0**	**0.0**

30. OPERATING LEASES

The Group leases properties and operating equipment under operating leases. The typical lease period is between 2 and 10 years with the availability of renewal at the end of the lease term.

Non-terminable operating lease liabilties:

	2011	2010
0-1 years	30.0	28.6
1-5 years	64.5	61.3
> 5 years	3.9	4.9
	98.4	**94.8**

In the consolidated income statement for 2011, operating leases were recognised at an amount of DKK 32 million (2010: DKK 33 million).

31. RELATED PARTIES

RELATED PARTIES

KOMPAN L.P., Jersey has a stake of 90.3%. The residual stake is owned by members of the Board of Directors, the Executive Board, Executive employees, etc. None of these parties own more than 5% of the shares in the company.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

KOMPAN Holding A/S' related parties with significant influence comprise the members of the company's Board of Directors, the Executive Board, Executive employees as well as their relatives. Moreover, related parties comprise companies in which the above-mentioned group of people hold significant interest.

In 2011, the company bought back shares and warrants from members resigned from the Executive Board and Executive employees at a total of DKK 16.2 million. The buy-back was made in accordance with the arm's length principle.

As regards executive remuneration and participation in a warrant programme, refer to note 7.

ASSOCIATED COMPANIES

Outstanding balances with associates comprise regular balances arising from the purchase and sale of goods and services. These outstandings do not carry interest and are entered on the same business terms as those applying to other customers and supplieres of the Group and the parent company. Associates and stake herein are disclosed in note 17.

Trading (sale of goods) with associates amounted to DKK 10.2 million in 2011 (2010: DKK 13.3 million). The trading was carried out at arm's length.

32. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date new committed credit facilities have been established with the company's credit bank to replace previous credit agreement, which expired March 2012. The total facilities have a credit facility amounting to DKK 460 million. The facilities are available for 3 years with expiry in March 2015. No instalments have been agreed upon in the period. No other events have occurred after the balance sheet date significantly affecting the financial statements for 2011.

33. NEW FINANCIAL REPORTING REGULATION

The IASB has issued the following new standards (IAS and IFRS) and interpretations (IFRIC) which are not mandatory to KOMPAN Holding A/S in the preparation of the financial statements for 2011: IFRS 9-13, Amendments to IFRS 1 and 7, Amendments to IAS 1, 12, 19, 27 and 28 and Improvements to IFRS (2011). None of these have been approved by the EU.

KOMPAN Holding A/S expects to implement the new standards and IFRICs upon their mandatory adoption in 2011 and 2013. Standards and IFRICs which are adopted with another effective date in the EU than the equivalent effective date from the IASB will be implemented before the effective date so that the implementation will observe the effective dates fo IASB for financial years beginning on or after 1 January 2011. None of the new standards or IFRICs are deemed to have any major impact on the financial reporting of KOMPAN Holding A/S.

ICON
Singapore

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December 2011

DKK million

INCOME STATEMENT	Note	2011	2010
Administrative expenses	4,5	-6.6	-7.7
Other operating income	3	6.5	7.7
Operating profit		-0.1	0.0
Adjustment value subsidiaries	9	31.3	0.0
Financial income	6	3.6	4.2
Financial expenses	7	-7.4	-4.5
Profit before tax		27.4	-0.3
Tax on profit for the year	8	0.7	0.1
Profit for the year		**28.1**	**-0.2**
Proposed profit appropriation/distribution of loss:			
Proposed dividends, 0% (2010: 0%)		0.0	0.0
Retained earnings		28.1	-0.2
		28.1	**-0.2**

STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		28.1	-0.2
Other comprehensive income:			
Exchange adjustment relating to foreign subsidiaries		0.0	0.0
Tax on other comprehensive income		0.0	0.0
Total comprehensive income for the year		**28.1**	**-0.2**

BALANCE SHEET

At 31 December 2011

DKK million

	Note	2011	2010
ASSETS			
Non-current assets			
Investments in subsidiaries	9	729.1	697.8
Total non-current assets		**729.1**	**697.8**
Current assets			
Receivables from subsidiaries		40.8	87.5
Derivative financial instruments	13	3.7	49.8
Cash at bank and in hand		0.1	0.1
Total current assets		**44.6**	**137.4**
TOTAL ASSETS		**773.7**	**835.2**
EQUITY AND LIABILITIES			
Equity	10		
Share capital		113.0	113.0
Translation reserve		287.6	275.7
Total equity		**400.6**	**388.7**
Liabilities			
Non-current liabilities			
Bank loans	11	0.0	263.2
Total non-current liabilities		**0.0**	**263.2**
Current liabilities			
Bank loans	11	365.3	154.8
Trade payables		0.7	1.3
Corporation tax		6.4	26.6
Other payables		0.7	0.6
Total current liabilities		**373.1**	**183.3**
Total liabilities		**373.1**	**446.5**
TOTAL EQUITY AND LIABILITIES		**773.7**	**835.2**

CASH FLOW STATEMENT

1 January to 31 December 2011

DKK million

	2011	2010
Operating profit	-0.1	0.0
Change in trade and other payables	-0.6	0.2
Corporation tax paid	0.3	-0.4
Cash flow from operating activities	**-0.4**	**-0.2**
External financing:		
Changes in bank loans and overdrafts (short term)	96.0	-18.6
Changes in non-current liabilities	-102.5	-114.2
Loans to subsidiaries	26.9	132.1
Net interest paid, etc	-3.8	-0.3
Shareholders:		
Purchase / sale of treasury shares / warrants	-16.2	-0.3
Capital contribution	0.0	1.5
Cash flows from financing activities	**0.4**	**0.2**
Cash flows for the year	**0.0**	**0.0**
Cash and cash equivalents at 1 January	0.1	0.1
Foreign exch. adjustments of cash and cash equival	0.0	0.0
Cash and cash equivalents at 31 December	0.1	0.1

The cash flow statement cannot be derived solely on the basis of the published accounting records.

STATEMENT OF CHANGES IN EQUITY

At 31 December 2011

DKK million

PARENT COMPANY

	Share capital	Retained earnings	Translation reserve	Proposed dividends	Total equity
Equity at 1 January 2010	**112.4**	**275.3**	**0.0**	**0.0**	**387.7**
Changes in equity in 2010:					
Profit for the year	0.0	-0.2	0.0	0.0	-0.2
Other comprehensive income:					
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the year	0.0	-0.2	0.0	0.0	-0.2
Capital contribution	0.6	0.9	0.0	0.0	1.5
Payment for and repurchase of warrants issued	0.0	-0.7	0.0	0.0	-0.7
Sale of treasury shares	0.0	1.2	0.0	0.0	1.2
Purchase of treasury shares	0.0	-0.8	0.0	0.0	-0.8
Total changes in equity in 2010	0.6	0.4	0.0	0.0	1.0
Equity at 31 December 2010	**113.0**	**275.7**	**0.0**	**0.0**	**388.7**
Changes in equity in 2011:					
Profit for the year	0.0	28.1	0.0	0.0	28.1
Other comprehensive income:					
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the year	0.0	28.1	0.0	0.0	28.1
Payment for and repurchase of warrants issued	0.0	-4.1	0.0	0.0	-4.1
Purchase of treasury shares	0.0	-12.1	0.0	0.0	-12.1
Total changes in equity in 2011	0.0	11.9	0.0	0.0	11.9
Equity at 31 December 2011	**113.0**	**287.6**	**0.0**	**0.0**	**400.6**

ELEMENTS - EDGE
Odense, Denmark

SUMMARY OF NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The annual report of KOMPAN Holding A/S for 2011 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements. In addition, the annual report has been prepared in compliance with the International Financial Standards (IFRS) as issued by the IASB.

In relation to the described accounting policies for the KOMPAN Group (note 1 in the consolidated financial statements) KOMPAN Holding A/S only deviates in the following items:

- Shares in subsidiaries are measured at cost price
- Dividend from subsidiaries are recognised as revenue when it has been declared

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

By preparation of the financial statements for the parent company the Management makes a number of accounting estimates and assessments for the recognition, valuation and classification of KOMPAN Holding A/S' assets and liabilities.
Estimates which are material to the financial reporting for KOMPAN Holding A/S' are among other things made by determining the indication for impairment of fixed assets.

For further description of the accounting estimates and judgements, refer to note 2 in the consolidated statements.

	2011	2010
3. OTHER OPERATING INCOME		
Management fee	6.5	7.7
	6.5	**7.7**

4. STAFF COSTS [1]

	2011	2010
Wages and salaries	5.8	7.0
Defined benefit plans	0.2	0.2
	6.0	**7.2**

[1] Staff costs are included in the consolidated financial statements in the income statement.

	2011	2010
Average number of employees	3	3
Total number of employees at the end of the year	3	3

Remuneration of the Board of Directors, the Executive Board and Group Management

	2011		2010	
	Parent company Board of Directors	**Parent company Executive Board and Group Management**	**Parent company Board of Directors**	**Parent company Executive Board and Group Management**
Salaries and fees	0.8	5.8	0.9	7.0
Pension contribution	0.0	0.2	0.0	0.2
	0.8	**6.0**	**0.9**	**7.2**

In 2011, the parent company's Executive Board and Group Management comprised 3 persons (2010: 3 persons), all covered by performance-related bonus. Remuneration for the company's Board of Directors are expensed in KOMPAN A/S.

WARRANTS

For the Group's warrant programme, refer to note 7 in the consolidated financial statements.

DKK million

	2011	2010
5. FEES TO THE AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING		
Total fee, KPMG	0.3	0.4

For a specification, refer to note 10 in the consolidated financial statements.

6. FINANCIAL INCOME		
Foreign exchange adjustments	1.2	0.4
Interest income from subsidiaries	2.4	3.8
	3.6	**4.2**

7. FINANCIAL EXPENSES		
Interest, bank loans	7.4	4.5
	7.4	**4.5**

8. TAX ON PROFIT FOR THE YEAR		
Specified as follows:		
Tax on profit for the year	-0.7	-0.1

Tax on profit for the year is explained as follows:		
25% tax on profit before tax	6.9	-0.1
Tax effect of non-taxable income	-7.9	0.0
Tax effect of other non-deductible costs	0.3	0.0
	-0.7	**-0.1**
Effective tax rate	**-2.5%**	**24.9%**

9. INVESTMENTS IN SUBSIDIARIES		
Investments in subsidiaries		
Cost at 1 January	729.1	729.1
Cost at 31 December	**729.1**	**729.1**
Adjustments at 1 January	-31.3	-31.3
Adjustments for the year	31.3	0.0
Adjustments at 31 December	**0.0**	**-31.3**
Carrying amount at 31 December	**729.1**	**697.8**

Name	Registered office	Stake 2011	Stake 2010
KOMPAN A/S	Odense, DK	100%	100%

10. EQUITY, TREASURY SHARES AND DIVIDENDS

EQUITY

The composition of equity, treasury shares and dividends appear from note 20 in the consolidated financial statatements.

CAPITAL MANAGEMENT

Capital management for KOMPAN is made for the total Group and no operational targets or policies have been made for the parent company solely. Refer to note 20 in the consolidated financial statements.

	2011	2010
11. BANK LOANS		
Bank loans	365.3	418.0
	365.3	**418.0**
Recognised as follows in the statement of financial position:		
Non-current liabilities	0.0	263.2
Current liabilities	365.3	154.8
	365.3	**418.0**

KOMPAN Holding A/S loans and credits at 31 December:

			Effective interest rate		Carrying amount	
Loan	**Expiry**	**Fixed/floating**	**2011**	**2010**	**2011**	**2010**
AUD	2011	Floating	-	1.1	-	336.0
AUD	2011	Floating	-	1.4	-	24.4
EUR	2011	Floating	-	1.4	-	35.3
EUR	2011	Floating	-	1.1	-	22.3
USD	2012	Floating	0.9	-	226.2	-
USD	2012	Floating	0.9	-	120.2	-
USD	2012	Floating	1.3	-	18.9	-
					365.3	**418.0**

The fair value, calculated as present value of forecasted future instalments and interest payments generally corresponds to the carrying amount. The Group has entered into foreign exchange contracts to hedge currency risks, see note 13. Currency risks on USD loans are fully hedged.

KOMPAN Holding A/S' debt for banks are based on agreements, which are conditional regarding the compliance of certain financial covenants. The conditions have been met at the balance sheet date and are expected to be observed during the loan period.

12. CONTINGENT LIABILITIES, GUARANTEES AND OTHER FINANCIAL LIABILITIES

As guarantee for KOMPAN Holding A/S' balances with banks, shares have been deposited in KOMPAN A/S with a face value of DKK 58.0 million and with a carrying amount of DKK 729.1 million.

13. CURRENCY RISK, INTEREST RATE RISK AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS

THE PARENT COMPANY'S RISK MANAGEMENT POLICY

Given its nature of its operations, investments and financing, the parent company has a reduced exposure to changes in foreign exchange rates and changes in interest-rate levels. The financial risk management is aimed at management of financial risks regarding operations and financing. The overall framework for the financial risk management is laid down in the Group's financial policy, which has been approved by the Board of Directors, refer to note 29 in the consolidated financial statements.

There have been no changes in the Group's risk exposure or risk management compared with 2010. For a description of accounting policies and methods, including recognition criteria and basis for measurement, reference is made to the accounting policies, note 1 in the consolidated financial statements.

DKK million

13. CURRENCY RISK, INTEREST RATE RISK AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

KOMPAN Holding A/S' debt to banks is denominated in USD. Currency risks on USD loans to banks are 100% hedged.

FOREIGN CURRENCY HEDGING

Outstanding forward exchange contracts, net at 31 December for the Group, which are used as recognition of loans in USD:

	2011					2010			
	Notional amount[1)]	Foreign exchange gain/loss recognised in the income statement [2)]	Fair value	Term to maturity (mos)		Notional amount [1)]	Foreign exchange gain/loss recognised in the income statement [2)]	Fair value	Term to maturity (mos)
USD/EUR	348.0	3.7	3.7	0-12	AUD/EUR	362.0	49.8	49.8	0-12

[1)] Positive notional amounts of forward transactions represent purchases of the relevant currency, and negative notional amounts represent sales.

[2)] Foreign exchange gains/losses recognised in the income statement as financial income and expenses.

INTEREST RATE RISK

KOMPAN Holding A/S' interest-bearing debt primarily consists of floating-rate loans. As a general rule, the rate of interest is reassessed on a monthly basis. The company has decided not to undertake any interest rate hedging based on an assessment of the total loan portfolio held up against the costs of hedging.

A general increase in interest rates of one percentage point would negatively affect profit before tax for 2011 by approx. DKK 3.6 million. The total effect on equity excluding the tax effect would be negatively in the amount of approx. DKK 3.6 million. A drop in interest rates would have a corresponding positive effect on profit and equity.

LIQUIDITY RISKS

It is Group policy to ensure maximum flexibility in connection with the raising of loans, among other things through the chosen repayment profile. The liquidity reserve consists of cash and unused credit facilities. It is the Group's objective to have sufficient cash resources to be able to continue making appropriate business decisions in case of unforseen fluctuations in the liquidity.

At 31 December 2011 the current credit obligations primarily consisted of committed credit facilities with expiry at March 2012. There has been established new committed credit facilities with expiry at March 2015 after the balance sheet date.

The parent company 's financial assets and payables have the following contractual due maturity dates:

Category	Carrying amount	Contractual cash flow	0-1 years	Maturity 1-5 years	> 5 years
Bank loans	-365.3	-366.2	-366.2	0.0	0.0
Trade payables and prepayments from customers	-0.7	-0.7	-0.7	0.0	0.0
Derivative financial instruments	3.7	3.7	3.7	0.0	0.0
31 December 2011	**-362.3**	**-363.2**	**-363.2**	**0.0**	**0.0**
Bank loans	-418.0	-426.3	-162.2	-264.1	0.0
Trade payables and prepayments from customers	-1.3	-1.3	-1.3	0.0	0.0
Derivative financial instruments	49.8	49.8	49.8	0.0	0.0
31 December 2010	**-369.5**	**-377.8**	**-113.7**	**-264.1**	**0.0**

14. RELATED PARTIES

RELATED PARTIES:
KOMPAN L.P., Jersey has a stake of 90.3%. The residual stake is owned by members of the Board of Directors, the Executive Board, Executive employees, etc. None of these parties own more than 5% of the shares in the company.

BOARD OF DIRECTORS AND EXECUTIVE BOARD:
KOMPAN Holding A/S' related parties with significant influence comprise the members of the company's Board of Directors, the Executive Board, Executive employees as well as their relatives. Moreover, related parties comprise companies in which the above-mentioned group of people hold significant interest.

In 2011, the company bought back shares and warrants from members resigned from the Executive Board and Executive employees at a total of DKK 16.2 million. The buy-back was made in accordance with the arm's length principle.

As regards executive remuneration and participation in a warrant programme, refer to note 7 in the consolidated financial statements.

ASSOCIATED COMPANIES:
The parent company's outstanding balances with subsidiaries at 1 December are recognised in the statement of financial position. In addition, balances with Group enterprises and associates comprise regular balances arising from the purchase and sale of goods and services. These balances do not carry interest and are entered into on the same business terms as those applying to other customers and suppliers of the parent company and the Group.

The Danish companies in the Group are jointly taxed and in 2011 DKK 8.3 million have been transferred (2010: DKK 26.6 million) in taxation contribution between the companies.

In 2011 the parent company has received DKK 6.5 million (2010: 7.7 million) in management fee and interest income DKK 2.4 million (2010: DKK 3.8 million) from subsidiaries.

In 2011, the parent company has received DKK 0 million in dividend from subsidiaries (2010: 0 million).

Moreover, related parties include associates which KOMPAN Holding A/S controls or has a significant influence.

15. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date new committed credit facilities have been established with the company's credit bank to replace previous credit agreement, which expired March 2012. The total facilities have a credit facility amounting to 460 million DKK. The facilities are available for 3 years with expiry in March 2015. No instalments have been agreed upon in the period. No other events have occurred after the balance sheet date significantly affecting the financial statements for 2011.

16. NEW FINANCIAL REPORTING REGULATIONS

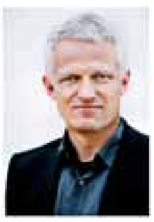
Refer to note 33 in the consolidated financial statements. None of the stated standards or interpretations are expected to affect the parent company's financial statements.

BOARD OF DIRECTORS

Jens Due Olsen (non-executive)
Chairman, Audit Committee Chairman, Chairman Committee (Chairman)
Born 1963
Member since 2011
Atchik Realtime A/S (Chairman)
Pierre.dk A/S (Chairman)
NKT A/S (Vice Chairman, Audit Committee (Chairman), Nomination Committee member, and Remuneration Committee member)
Auriga Industries A/S (Vice Chairman and Audit Committee member)
Cryptomathic A/S
EG A/S (Audit Committee chairman)
Industriens Pension A/S (Investment Committee member)
Royal Unibrew A/S
Investment Committee for LD Equity 2 K/S

Michael Haaning (recommended by Nordic Capital)
Vice Chairman, Audit Committee, Chairman Committee
Principal, NC Advisory A/S
Born 1973
Member since 2005
EG A/S
NC Telecom Holding A/S
Intervare A/S

Jesper Mailind (non-executive)
CEO, RTX A/S
Born 1956
Member since 2005



Mads Nipper (non-executive)
Chief Marketing Officer, LEGO System A/S
Born 1966
Member since 2006
Designskolen Kolding (Chairman)

Joan Pedersen (employee representative)
Group Product Safety Manager, KOMPAN A/S
Born 1963
Member since 2008

Finn Knudsen (employee representative)
Finance Manager, KOMPAN A/S
Born 1959
Member since 2008

ALTERNATE MEMBER OF THE BOARD OF DIRECTORS:

Bo Söderberg (recommened by Nordic Capital)
Partner, NC Advisory (UK) LLP
Born 1942
Member since 2009

EXECUTIVE BOARD AND GROUP MANAGEMENT

EXECUTIVE BOARD

Connie Astrup-Larsen
CEO
Born 1959
Appointed 2008
A/S Det Østasiatiske Kompagni (EAC)
Eksport Kredit Fonden (EKF)

GROUP MANAGEMENT

Henning Andersen
CFO
Born 1964
Employed 2002
Bianco International A/S

Jesper Egelykke Jensen
CSO
Born 1968
Employed 1998
Egelykke Jensen Maskinfabrik A/S

DEFINITION OF FINANCIAL RATIOS

Financial ratios are basically calculated in accordance with the presented financial statements and accounting policies applied by the Group. KOMPAN calculates a number of financial ratios based on key figures stated on pages 6-7. The financial ratios are defined below.

EBITDA: Operating profit before depreciation, amortisation, impairment losses, restructuring costs, etc. and other operating income.

EBITA: operating profit before amortisation, impairment losses and restructuring costs, etc. and other operating income.

Working capital: Current assets excluding cash at bank and in hand and derivative financial instruments less non-interest bearing current liabilities, which are applied or necessary for the Group's operation.

Net interest-bearing debt: Net interest-bearing debt to banks including finance lease liabilities, adjusted for hedging instruments and less cash at bank and in hand.

Invested capital: Intangible assets (excluding goodwill) plus property, plant and equipment and current assets (excluding cash at bank and in hand and derivative financial instruments), less prepayments from customers, trade payables and other payables.

Free cash flow: operating profit before depreciation, amortisation, impairment losses, other operating income and restructuring costs, etc. adjusted for non-cash operating items and changes in working capital, tax paid and acquisitions of intangible assets and property, plant and equipment.

Organic growth: Calculated as increase in revenue compared with previous years measured in local currency and adjusted for:

1. Acquisitions: Revenue generated from acquisitions for the year is not included. Revenue generated from previous years' acquisitions is only included for comparable periods.

2. Divestments: Revenue generated from divestments from previous years is not included. Revenue generated from enterprises divested during the year under review is only included for comparable periods.

Return on invested capital (ROIC): EBITA as a percentage of average invested capital at the beginning and end of the financial year.

Return on equity (ROE): Normalised profit after tax divided by average equity at the beginning and end of the year.

Solvency ratio: Equity at the end of the year as a percentage of total equity and liabilities.

Earnings per share: Normalised profit after tax divided by the total number of shares (of DKK 10 each).

ADDRESSES

PARENT COMPANY

KOMPAN Holding A/S

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5220 Odense SØ
Denmark
Tel.: +45 63 62 12 50
Fax: +45 63 62 10 00

SUBSIDIARIES

EUROPE

KOMPAN A/S

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