MHolding A/S

Annual report 2010/11

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

CVR no. 27 52 84 06

Contents

Statement by the Executive Board and the Board of Directors

The Executive Board and the Board of Directors have today discussed and approved the annual report of MHolding A/S for the financial year 1 April 2010 – 31 March 2011.

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

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 Company's financial position at 31 March 2011 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 April 2010 – 31 March 2011.

In our opinion, the Management commentary includes a fair review of the development in the Group's and the Company's operations and financial conditions, the results for the year and the Company's financial position, and the position as a whole for the entities included in the consolidated financial statements, as well as a description of the more significant risks and uncertainty factors that the Group and the Company face.

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

Allerød, 31 August 2011
Executive Board:

Terje List CEO	Anders T. Skole-Sørensen CFO

Board of Directors:

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

Independent auditors' report

To the shareholders of MHolding A/S

We have audited the consolidated financial statements and the parent company financial statements of MHolding A/S for 2010/11, pages 14-57. The consolidated financial statements and the parent company financial statements comprise statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and notes for the Group and the Company, respectively. 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 the disclosure requirements of the Danish Financial Statements Act.

In addition to our audit, we have read the Management commentary and provided a statement hereon.

Management's responsibility

Management is responsible for the preparation and presentation 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 the disclosure requirements of the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Management is also responsible for the preparation of a Management commentary that includes a fair review in accordance with the disclosure requirements of the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion

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 Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 March 2011 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 April 2010 – 31 March 2011 in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements of the Danish Financial Statements Act.

Statement on the Management commentary

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

Copenhagen, 31 August 2011
KPMG
Statsautoriseret Revisionspartnerselskab

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

Management commentary

Company details

MHolding A/S
Rørmosevej 1
DK-3450 Allerød

Telephone:	+45 48 16 55 55
Fax:	+45 48 16 55 00
Website:	www.matas.dk
CVR no.:	27 52 84 06
Established:	1 July 2006
Registered office:	Allerød
Financial year:	1 April – 31 March

Board of Directors

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

Executive Board

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

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Borups Allé 177
DK-2000 Frederiksberg

Annual general meeting

The annual general meeting is to be held on 31 August 2011.

Management commentary

Financial highlights for the Group

DKK million	2010/11	2009/10	2008/09	2007/08	2006/07
Key figures					
Revenue	2,991.6	2,947.9	3,011.4	2,861.1	232.7
Gross profit	1,347.3	1,326.3	1,305.4	1,198.6	78.5
Operating profit	398.1	348.2	313.0	268.8	2.3
Loss from financial income and expenses	-183.4	-267.7	-307.4	-410.6	-45.6
Profit/loss for the year	**142.3**	**27.6**	**-34.5**	**-116.2**	**-30.8**
Total assets	5,656.7	6,020.7	5,920.6	5,730.2	5,323.0
Investment in property, plant and equipment	40.6	40.6	41.2	28.5	0.4
Equity, including minority interests	**1,877.0**	**1,701.0**	**1,020.3**	**1,102.2**	**186.2**
Cash flows from operating activities	249.5	264.8	185.9	269.7	37.3
Net cash flows from investing activities	-37.5	-159.1	-138.8	-567.6	-3,978.9
Cash flows from financing activities	-454.0	52.5	63.5	296.6	4,242.2
Total cash flows	**-242.0**	**158,2**	**110.6**	**-1.3**	**300.6**
Financial ratios					
Operating margin	13.3%	11.8%	10.4%	9.4%	1.0%
Gross margin	45.0%	45.0%	43.4%	41.9%	33.7%
Equity ratio	33.2%	28.2%	17.2%	19.3%	3.2%
Return on equity	8.0%	2.1%	-3.2%	-18.3%	-16.7%
Number of employees	1,996	2,089	2,164	2,087	1,862

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

Management commentary

Operating review

Principal activities

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

Development in activities and financial matters

The Group

Revenue for the year amounted to DKK 2,991.6 million against DKK 2,947.9 million in 2009/10. Profit after tax amounted to DKK 142.3 million against DKK 27.6 million in 2009/10.

During the financial year, group revenue increased slightly. According to Management's assessment, in a continued weak retail market, the MHolding Group has been able to maintain the position of the Matas chain within its most significant product ranges and even strengthen its position within some product ranges. It is also the assessment of Management that in the financial year, for all product ranges taken as a whole, the Group has been able to maintain its market share in a continued competitive market.

During the financial year, underlying sales recorded a sizeable increase within the medium price segment for personal care products, while sales within the high-end cosmetics products were more modest increasing only slightly. Sales of over the counter drugs and related goods increased considerably over the financial period, while the household goods area recorded a small growth in sales. In general, the development in sales was positive in the first quarter of the financial year, while the second and third quarters as well as Christmas trade did not live up to expectations. However, in the last couple of months of the financial year sales showed once again signs of growth.

In the financial year, the logistics department has worked satisfactorily and all start-up problems following the upgrade to the new operating system and organisation have been solved. The financial year was also characterised by a considerable effort in connection with an upgrade of the Group's central IT systems. In the shops, the financial year was characterised by the implementation of a new IT system to manage purchasing and inventories at shop level. This major project was concluded in the financial year and caused a number of minor start-up problems which in particular have contributed to the fact that the development in inventories at shop level has not met expectations at the start of the financial year. Moreover, the financial year has been characterised by a continued effort to implement efficiency improvements, cost and structural adjustments at the head office as well as in the shops on an ongoing basis.

Management commentary

Operating review

The implementation of a new IT-system at shop level resulted in a temporary interruption of the continued efforts to reduce the Group's working capital. Centrally, focus on the continued improvement of payment terms was maintained, just as continued emphasis was put on offering a more tailored product range across the shops in the chain based on size and the mix of customers of the individual shops. Moreover, at central level, the Group has succeeded in reducing the capital tied up in inventory by improving the purchasing process in connection with forecasting campaigns. In the shops, the introduction of the new IT system did not result in a reduction in capital tied up in inventory, but Management assesses that in the coming financial year the Group will see the benefits of the new system and achieve the wanted reduction in capital tied up in inventory at shop level.

In the financial year, the Group introduced with great success a new loyalty programme, Club Matas, with club benefits for the customers of the Matas chain. Club Matas was launched at the end of August 2010 and membership totalled 500,000 at the end of the financial year ended 31 March 2011.

Based on a modest sales growth and continued efficiency measures, structural adjustments and focused efforts to improve gross profit, the Group has succeeded in significantly improving the operating income compared to the previous financial year. Thus, Management considers the results for the financial year 2010/11 to be satisfactory.

The Group's equity at 31 March 2011 after transfer of profit for the year amounted to DKK 1,877.0 million compared to DKK 1,701.0 million at 31 March 2010.

The parent company

The parent company's profit before tax, which amounts to DKK 0.0 (2009/10: loss of DKK 0.4 million), is as expected.

Investments

During the financial year 2010/11, the Group invested DKK 41.5 million in total, primarily in connection with the rebuilding and expansion of a number of existing Matas shops as well as the opening of three new Matas shops, one of which is a large new shop in the centre of Copenhagen. Also in the financial year, investments were made to strengthen the Group's security at shop level as well as an ongoing renewal of the Group's IT infrastructure was carried out and IT-related investments were made in connection with the introduction of Club Matas.

Events after the closing of the financial year

No events have occurred after the date of the statement of financial position that materially affect the Company's or the Group's future financial position.

Management commentary

Operating review

Outlook

In the coming financial year, the Group expects growth within the primary product ranges as well as for the Group overall. Growth is expected to be higher than in the last financial year, but due to the continued slow growth in private spending and the wait-and-see attitude of consumers in general, growth will remain at a relatively low level. At the same time, sharp competition from supermarkets within a number of the Matas chain's product ranges is expected to continue.

Investments in both new shops and in rebuilding and expansion of existing shops will continue in the coming financial year. Furthermore, the coming financial year will see investments in the continued development of Club Matas and the internet platform and e-commerce solution of the Matas chain.

For the 2011/12 financial year, a slight increase in the Group's revenue is expected and the result after tax is expected to improve.

Particular risks

General risks

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

Financial risks

Interest rate risks

The Group's total interest rate risk over a 12-month period in connection with an increase in the rate of interest of 1 percentage point amounts to DKK 17 million as the interest rate of 40% of the total net interest bearing debt has been fixed.

Currency risks

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

Credit risks

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

Management commentary

Operating review

Capital structure

Management assesses on a regular basis whether the MHolding Group's' capital structure is adequate. At 31 March 2011, the Company's net interest-bearing debt constitutes a total of DKK 2,467.9 million (31 March 2010: DKK 2,631.5 million), which is assessed to be a reasonable level compared to the actual need for financial flexibility. No changes to the Group's guidelines and procedures for management of the capital structure and the administration hereof were made in the financial period.

In connection with the acquisition of the MHolding Group in 2007 by CVC, Materialisternes Invest ApS and MLI Holding A/S, part of the acquisition price was financed by a syndicated loan facility with Unicredit as agent. The remaining debt on this loan constitutes DKK 2,838.3 million at 31 March 2011. The amount is placed in MHolding 3 A/S.

The Group has unused credit facilities totalling DKK 226.6 million.

Staff

The Group maintains its strong focus on training and development of both executives and employees. Competency development plans are prepared for each individual permanent employee as well as for each individual shop in the chain. Performance management reviews are conducted on an on-going basis, and employee satisfaction analyses are carried out twice a year. During the financial year, approximately DKK 6.1 million was used on both internal as well as external training of employees compared to DKK 4.8 million in 2009/10. The increase is primarily due to changes in the rules governing the state's reimbursement for adult supplementary training and a reduction hereof.

During the financial year, the number of employees in the Group has been increased from the equivalent of 2,030 full-time employees (FTE) at the beginning of the year to 2,078 at year-end. The increase is attributable to an increase in the number of apprentices, and a slight increase in the number of employees at Matas A/S due to increased activities, primarily in connection with the introduction of Club Matas. Less than 30 FTE in the Company are employed outside Denmark. In the financial year, no changes in the Group's top management have taken place.

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

Corporate Social Responsibility

The Group is still very active in protecting the environment and in addition Matas has increased its focus on other areas within CSR. However, no written CSR strategy has been prepared and no formalised monitoring systems have been put into place.

Management commentary

Operating review

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

The customers returned 19 tons plastic packaging for recycling in Matas during the financial year. Matas also ensured the recycling of the packaging which is used to transport the goods from suppliers to the Matas shops. For the financial year, the total was 32.8 tons film wrapping and 498 tons cardboard.

Matas Miljøfond planted up playgrounds at a great number of daycare centres, and up to and including March 2011 the fund has provided support to 1,662 daycare centres, of which 127 were planted up during the financial year.

Matas has continued its close relations to the Danish Society for the Conservation of Nature (Danmarks Naturfredningsforening) who is also represented in the Matas Miljøfond committee. During the financial year, the cooperation has developed further and now includes fundraising for the society's campaign for clean drinking water.

The Group has continued its efforts to improve all the chain's private brand products in accordance with the latest knowledge of chemical substances' influence on the environment and health to ensure that these products remain at the forefront in relation to the environment, health and quality. In the financial year, Matas has ensured that all Matas' private brand products sold in the shops are completely free of all parabens.

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

During the financial year, the Group has continued its close relations to the Danish Cancer Society (Kræftens Bekæmpelse) to ensure that the public obtains better sun protection in order to minimise the risk of skin cancer, which is the most common form of cancer in Denmark.

Moreover, the Group has cooperated with the Danish Heart Foundation (Hjerteforeningen) with the aim of reducing the risk that women develop cardiovascular diseases. Today, one in four women dies of a cardiovascular disease. Matas is the largest contributor to the Danish Heart Foundation's campaign "Elsk Hjertet" (Love the Heart). Until and including March 2011, Matas has contributed DKK 6.6 million to the campaign, hereof DKK 1.6 million in the financial year. The contributions are raised through fundraising.

In the financial year, the Group entered into co-operation with Astma-Allergi Danmark (the Danish asthma and allergy association) to among other things raise awareness about sensitivity disorders. The goal is to raise funds for specific projects with Astma-Allergi Danmark. In the financial year, all Matas sun protection products for children were awarded Astma-Allergi Danmark's certification "Den Blå Krans". So did the entire Matas product line for children, which was also awarded certification by EcoCert, the organic certification organisation.

Management commentary

Operating review

Research and development activities

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

Development of product range

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

Corporate Governance

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

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

Ownership

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

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

The parent company is a 66.1% owned subsidiary of Svenska MHolding 1 AB, Sweden. The MHolding Group is included in the consolidated financial statements of the ultimate parent company, MHoldings Sárl, Luxembourg. The consolidated financial statements can be obtained at the Company's address.

Other shareholders of MHoldingn A/S are Materialisternes Invest ApS (28.9%) and Management (5.0%).

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

Management commentary

Operating review

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

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

The Board of Directors' work

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

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

The Board of Directors can appoint committees in relation to special assignments, but so far it has not been necessary to appoint actual committees.

Remuneration to the Executive Board and Management

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

Dividend policy

Distribution of dividend shall take place in consideration of the need to consolidate the equity as basis for the Group's continued expansion.

The Board of Directors recommends that no dividend be distributed for the financial year 2010/11 at the annual general meeting.

Management commentary

Operating review

The partners

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

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

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

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

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

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

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Statement of comprehensive income

DKK million	Note	Consolidated		Parent company	
		2010/11	2009/10	2010/11	2009/10
Revenue	3	2,991.6	2,947.9	0.0	0.0
Cost of goods sold	4	-1,644.3	-1,621.6	0.0	0.0
Gross profit		1,347.3	1,326.3	0.0	0.0
Other operating income	5	0.2	0.0	0.0	0.0
Other external costs	6	-259.7	-271.1	-0.1	-0.1
Staff costs	7	-557.1	-571.1	0.0	0.0
Depreciation, amortisation and impairment losses	8	-132.0	-135.8	0.0	0.0
Other operating costs	5	-0.6	-0.1	0.0	0.0
Operating profit/loss		398.1	348.2	-0.1	-0.1
Financial income	9	10.3	4.9	0.2	41.0
Financial expenses	10	-193.7	-272.6	-0.1	-41.3
Profit/loss before tax		214.7	80.5	0.0	-0.4
Tax on the profit/loss for the year	11	-72.4	-52.9	0.3	0.1
Profit/loss for the year		142.3	27.6	0.3	-0.3
Other comprehensive income					
Foreign exchange adjustments on translation of foreign entities		0.3	0.6	-	-
Value adjustments of hedging instruments for the year		44.6	26.6	0.0	0.0
Tax on value adjustment of hedging instruments		-11.2	-6.7	0.0	0.0
Other comprehensive income after tax		33.7	20.5	0.0	0.0
Total comprehensive income		176.0	48.1	0.3	-0.3
Proposed distribution of profit:					
Proposed dividends				0.0	0.0
Retained earnings				0.3	-0.3
				0.3	-0.3

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Statement of financial position

DKK million	Note	Consolidated		Parent company	
		2010/11	2009/10	2010/11	2009/10
ASSETS					
Non-current assets					
Intangible assets	12-13				
Goodwill		3,556.2	3,564.1	0.0	0.0
Trademarks and trade names		805.3	879.2	0.0	0.0
Shares in co-operative dwellings		5.8	5.8	0.0	0.0
Other intangible assets		4.3	4.8	0.0	0.0
		4,371.6	4,453.9	0.0	0.0
Property, plant and equipment	14				
Land and buildings		105.2	107.6	0.0	0.0
Other plant and machinery and inventory		57.9	50.0	0.0	0.0
Leasehold improvements		37.4	53.4	0.0	0.0
		200.5	211.0	0.0	0.0
Other non-current assets					
Investments in subsidiaries	15	-	-	1,888.1	1,888.1
Amounts owed by group enterprises	16	-	-	0.0	0.0
Deferred tax	22	16.3	38.8	0.0	0.0
Deposits		27.2	25.9	0.0	0.0
Other securities and investments	17	1.1	4.4	0.0	1.3
		44.6	69.1	1,888.1	1,889.4
Total non-current assets		4,616.7	4,734.0	1,888.1	1,889.4
Current assets					
Inventories	18	612.5	627.1	0.0	0.0
Trade receivables	19	78.3	72.9	0.0	0.0
Amounts owed by group enterprises		0.0	0.0	4.1	38.7
Corporation tax		0.1	0.2	0.0	0.0
Other receivables	20	12.8	5.2	0.0	0.0
Prepayments		10.0	13.1	0.0	0.0
Cash and cash equivalents	28	326.3	568.2	0.0	0.0
Total current assets		1,040.0	1,286.7	4.1	38.7
TOTAL ASSETS		5,656.7	6,020.7	1,892.2	1,928.1

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Statement of financial position

DKK million	Note	Consolidated		Parent company	
		2010/11	2009/10	2010/11	2009/10
EQUITY AND LIABILITIES					
Equity					
Share capital	21	101.7	101.7	101.7	101.7
Share premium		1,786.4	1,786.4	1,786.4	1,786.4
Hedging reserve		0.0	-33.4	0.0	0.0
Translation reserve		0.4	0.1	0.0	0.0
Retained earnings		-11.5	-153.8	-0.3	-0.6
Total equity		1,877.0	1,701.0	1,887.8	1,887.5
Liabilities					
Non-current liabilities					
Deferred tax	22	372.9	377.0	0.0	0.0
Subordinated loan capital	23	0.0	0.0	0.0	0.0
Amounts owed to banks, etc.	24	2,435.1	3,122.4	0.0	0.0
Other payables	25	1.6	46.2	0.0	0.0
Total non-current liabilities		2,809.6	3,545.6	0.0	0.0
Current liabilities					
Amounts owed to banks, etc.	24	359.1	104.1	0.0	26.8
Prepayments from customers		66.6	61.0	0.0	0.0
Amounts owed to group enterprises		0.0	0.0	0.0	0.0
Trade payables		420.3	422.0	0.2	0.4
Other payables	25	119.2	170.5	0.0	0.1
Corporation tax		4.9	16.5	4.2	13.3
Total current liabilities		970.1	774.1	4.4	40.6
Total liabilities		3,779.7	4,319.7	4.4	40.6
TOTAL EQUITY		5,656.7	6,020.7	1,892.2	1,928.1

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Statement of changes in equity

Consolidated

DKK million	Share capital	Share pre-mium	Hed-ging reserve	Trans-lation reserve	Retain-ed ear-nings	Total
Equity at 31 March 2009	101.1	1,154.4	-53.3	-0.5	-181.4	1,020.3
Equity movements in 2009/10						
Foreign exchange adjustments	0.0	0.0	0.0	0.6	0.0	0.6
Value adjustment, hedging instruments	0.0	0.0	26.6	0.0	0.0	26.6
Tax on value adjustment of hedging instruments	0.0	0.0	-6.7	0.0	0.0	-6.7
Other comprehensive income	0.0	0.0	19.9	0.6	0.0	20.5
Profit for the year	0.0	0.0	0.0	0.0	27.6	27.6
Total comprehensive income	0.0	0.0	19.9	0.6	27.6	48.1
Capital increase (conversion of debt)	0.6	632.0	0.0	0.0	0.0	632.6
Equity at 31 March 2010	101.7	1,786.4	-33.4	0.1	-153.8	1,701.0
Equity movements in 2010/11						
Foreign exchange adjustments	0.0	0.0	0.0	0.3	0.0	0.3
Value adjustment, hedging instruments	0.0	0.0	44.6	0.0	0.0	44.6
Tax on value adjustment of hedging instruments	0.0	0.0	-11.2	0.0	0.0	-11.2
Other comprehensive income	0.0	0.0	33.4	0.3	0.0	33.7
Profit for the year		0.0	0.0	0.0	142.3	142.3
Total comprehensive income	0.0	0.0	33.4	0.3	142.3	176.0
Equity at 31 March 2011	101.7	1,786.4	0.0	0.4	-11.5	1,877.0

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Statement of changes in equity

Parent company

DKK million	Share capital	Share premium	Retained earnings	Total
Equity at 31 March 2009	101.1	1,154.4	-0.3	1,255.2
Equity movements in 2009/10				
Profit/loss for the year	0.0	0.0	-0.3	-0.3
Total comprehensive income	0.0	0.0	-0.3	-0.3
Capital increase (conversion of debt)	0.6	632.0	0.0	632.6
Total equity movements in 2009/10	0.6	632.0	-0.3	632.3
Equity at 31 March 2010	101.7	1,786.4	-0.6	1,887.5
Equity movements in 2010/11				
Profit for the year	0.0	0.0	0.3	0.3
Total comprehensive income	0.0	0.0	0.3	0.3
Equity at 31 March 2011	101.7	1,786.4	-0.3	1,887.8

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Cash flow statement

DKK million	Note	Consolidated		Parent company	
		2010/11	2009/10	2010/11	2009/10
Profit/loss before tax		214.7	80.5	0.0	-0.4
Adjustment for non-cash operating items, etc.:					
Depreciation, amortisation and impairment losses	8	132.0	135.8	0.0	0.0
Other non-cash operating entries, net		0.6	-1.3	0.0	0.0
Financial income		-10.3	-4.9	-0.2	-41.0
Financial expenses		193.7	272.6	0.1	41.3
Cash generated from operations (operating activities) before changes in working capital		530,7	482,7	-0,1	-0,1
Changes in working capital	26	0.7	43.9	34.3	-45.2
Cash generated from operations (operating activities)		531,4	526,6	34,2	-45,3
Dividend received from subsidiaries		0.0	0.0	0.0	0.0
Interest received		1.5	4.9	0.2	0.0
Interest paid		-206.8	-199.3	-0.1	-0.3
Corporation tax paid		-76.6	-67.4	-8.8	0.0
Cash flows from operating activities		249,5	264,8	25,5	-45,6
Acquisition of intangible assets	12	-0.9	0.0	0.0	0.0
Disposal of intangible assets		2.1	0.0	0.0	0.0
Acquisition of property, plant and equipment	14	-40.6	-40.6	0.0	0.0
Disposal of property, plant and equipment		0.6	0.1	0.0	0.0
Disposal of other securities and investments		1.3	0.0	1.3	0.0
Acquisition of subsidiaries and activities	27	0.0	-118.6	0.0	0.0
Cash flows from investing activities		-37,5	-159,1	1,3	0,0
External financing:					
Raising/settlement of debt to banks, etc.		-454.0	52.0	0.0	0.0
Employee bonds		0.0	0.5	0.0	0.0
Cash flows from financing activities		-454.0	52,5	0,0	0,0
Net cash flows from operating, investing and financing activities		-242.0	158.2	26.8	-45.6
Cash and cash equivalents at 1 April		568.2	410.0	-26.8	18.8
Foreign exchange adjustment of cash and cash equivalents		0.1	0.0	-	-
Cash and cash equivalents at 31 March	28	326,3	568,2	0.0	-26.8

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Summary of notes to the consolidated and parent company financial statements

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies

MHolding A/S is a public limited company domiciled in Denmark. The annual report for the period 1 April 2010 – 31 March 2011 comprises both the consolidated financial statements of MHolding A/S and its subsidiaries (the Group) and separate parent company financial statements.

The annual report of MHolding A/S for 2010/11 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the Danish statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act.

In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

Basis of preparation

The annual report has been presented in DKK millions.

The annual report has been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell.

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

Changes in accounting policies

With effect from the financial year 2010/11, MHolding A/S has implemented the standards and interpretations that have come into force for 2010/11. None of these have affected the recognition and measurement in 2010/11 or are expected to affect MHolding A/S with the current activities.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Description of accounting policies

Consolidated financial statements

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

When assessing whether MHolding A/S exercises control or significant influence, potential voting rights which are exercisable at the date of the statement of financial position 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 according to the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

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

Business combinations

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

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Any excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency used in the MHolding 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) is recognised in the income statement at the acquisition date.

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

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

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

Foreign currency translation

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

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

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

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. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in foreign operations and effectively hedge against foreign exchange gains and losses on the investment in the foreign operation are also recognised directly in a separate translation reserve in equity.

On complete or partial disposal of a foreign operation or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences recognised directly in equity relating to that foreign operation is recognised in the income statement when the gain or loss on disposal is recognised.

Derivative financial instruments

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Fair value hedge

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.

Cash flow hedge

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

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

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

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

Other derivative financial instruments

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

Income statement

Revenue

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Cost of goods sold

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

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

Other external costs

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

Staff costs

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

Other operating income and costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment of 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, changes in the fair value of derivative financial instruments which cannot or are not designated as hedging instruments are included.

Dividends from investments in subsidiaries are recognised in the parent company's income statement at the date when they are declared.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Tax on the profit/loss for the year

The parent company and its Danish subsidiaries are subject to the Danish rules on mandatory joint taxation of the MHolding A/S Group.

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

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit (full absorption).

Tax for the year comprises current tax, joint taxation contributions and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Statement of financial position

Intangible assets

Goodwill

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

Trademarks and trade names

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

Shares in co-operative dwellings

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Other intangible assets

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

Property, plant and equipment

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

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

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

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

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

Land is not depreciated.

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Investments in subsidiaries in the parent company's financial statements

Investments in subsidiaries are recognised at cost in financial statements of the parent company. If there is an indication of impairment, investments in subsidiaries are tested for impairment as described in the accounting policies for the consolidated financial statements. Where the carrying amount exceeds the recoverable amount, investments are written down to this lower value.

Upon distribution of reserves other than retained earnings, the distribution reduces the cost of the investments, when the distribution resembles repayment of the parent company's investment.

Impairment of non-current assets

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

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

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

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

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

Inventories

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

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

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

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

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

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

Prepayments

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Other securities and investments

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

Equity

Dividends

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

Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Share premium

Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholders in connection with capital increases. The reserve is part of the Company's free reserves.

Hedging reserve

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

Translation reserve

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

Employee benefits

Pension obligations and similar non-current liabilities

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

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

The Group has not established any defined benefit plans.

Current and deferred tax

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

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

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

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

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

Provisions

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

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

Financial liabilities

Amounts owed to banks, 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 under financial expenses over the term of the loan.

Other financial liabilities are measured at amortised cost.

Leases

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Cash flow statement

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

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

1 Accounting policies (continued)

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

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

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

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

Financial ratios

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios.

2 Accounting estimates and judgements

Estimation uncertainty

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

The estimates and assumptions used are based on historical experience and other factors which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates. Particular risks of the MHolding Group are described in the Management commentary, page 8, and note 30.

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

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

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

2 Accounting estimates and judgements (continued)

Impairment testing

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

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

The impairment test and key sources of estimation uncertainty are described in detail in note 13.

Accounting policies

As part of the Company's accounting policies, Management makes assessments and estimates, which may significantly influence the amounts recognised in the annual report.

In 2010/11, Management has not made significant assessments and estimates.

		Consolidated	
	DKK million	2010/11	2009/10
3	**Revenue**		
	Sale of goods from retail shops	2,745.4	2,707.4
	Sale of goods to retail shops	246.2	240.5
		2,991.6	2,947.9

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

		Consolidated	
	DKK million	2010/11	2009/10
4	**Cost of goods sold, etc.**		
	Cost of goods sold for the year	1,644.3	1,621.6
	Impairment of inventories for the year	6.8	0.2
	Reversed impairment on inventories	0.0	0.0
	The Group has not carried out any research and development activities.		
5	**Other operating income and costs**		
	Other operating income		
	Profit from sale of property, plant and equipment	0.2	0.0
		0.2	0.0
	Other operating costs		
	Loss from sale of property, plant and equipment	0.6	0.1
		0.6	0.1

		Consolidated		Parent company	
	DKK million	2010/11	2009/10	2010/11	2009/10
6	**Fees to auditors appointed at the annual general meeting**				
	Total fee to KPMG	3.3	3.4	0.1	0.1
	Which is specified as follows:				
	Audit	1.7	2.1	0.1	0.1
	Other assurance engagements	0.1	0.1	0.0	0.0
	Tax and VAT assistance	1.2	0.4	0.0	0.0
	Other services	0.3	0.8	0.0	0.0
		3.3	3.4	0.1	0.1

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

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DKK million	Consolidated 2010/11	Consolidated 2009/10	Parent company 2010/11	Parent company 2009/10
7 Staff costs				
Wages and salaries	507.0	517.7	0.0	0.0
Defined contribution plans	36.3	38.3	0.0	0.0
Other costs	13.8	15.1	0.0	0.0
Total staff costs	557.1	571.1	0.0	0.0
Number of employees	1,996	2,089	0	0

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

DKK million	2010/11 The parent company's Executive Board	2010/11 Other executive employees	2009/10 The parent company's Executive Board	2009/10 Other executive employees
Wages	9.4	6.7	9.1	7.0
Contributions to pension plans	0.3	0.3	0.5	0.3
	9.7	7.0	9.6	7.3

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

DKK million	Consolidated 2010/11	Consolidated 2009/10
8 Depreciation, amortisation and impairment losses		
Amortisation, intangible assets	75.3	75.2
Depreciation, property, plant and equipment	50.2	60.6
Impairment of goodwill	6.5	0.0
	132.0	135.8

Impairment losses relate to goodwill in connection with the Matas shops in Sweden, cf. note 13.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

		Consolidated		Parent company	
	DKK million	2010/11	2009/10	2010/11	2009/10
9	**Financial income**				
	Interest from group enterprises	-	-	0.0	41.0
	Changes in the fair value of derivative financial instruments	8.8	0.0	0.0	0.0
	Interest, cash at bank and in hand	1.5	4.9	0.2	0.0
		10.3	4.9	0.2	41.0
10	**Financial expenses**				
	Interest to banks	168.8	214.9	0.1	0.3
	Interest, subordinated loan capital	0.0	41.0	0.0	41.0
	Amortisation of financing costs	21.7	14.7	0.0	0.0
	Impairment of other securities and investments	2.0	0.0	0.0	0.0
	Other costs	1.2	2.0	0.0	0.0
		193.7	272.6	0.1	41.3
	Interest on financial liabilities measured at amortised cost amounts to	137.4	172.4	0.0	0.0
11	**Tax**				
	Tax for the year is specified as follows:				
	Tax on the profit/loss for the year	72.4	52.9	-0.3	-0.1
	Tax on comprehensive income	11.2	6.7	0.0	0.0
		83.6	59.6	-0.3	-0.1
	Tax on the profit/loss for the year is specified as follows:				
	Current tax	67.3	38.8	0.0	0.0
	Deferred tax	7.2	14.2	0.0	0.0
	Joint taxation contribution	0.0	0.0	-0.3	-0.1
	Current tax regarding previous years	-2.1	-1.0	0.0	0.0
	Adjustment of deferred tax regarding previous years	0.0	0.9	0.0	0.0
		72.4	52.9	-0.3	-0.1

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

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DKK million	Consolidated 2010/11	Consolidated 2009/10	Parent company 2010/11	Parent company 2009/10
11 Tax (continued)				
Tax on the profit/loss for the year is explained as follows:				
Computed 25% tax of result before tax	53.7	20.1	0.0	0.1
Limitation on the right to deduct interest	14.9	29.0	0.0	0.0
Other	5.9	3.9	-0.3	0.0
Tax regarding previous years	-2.1	-0.1	0.0	0.0
	72.4	52.9	-0.3	0.1
Effective tax rate	33.7%	65.7%	-	25.0%

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

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12 Intangible assets

	Consolidated				
DKK million	Goodwill	Trademarks and trade names	Shares in co-operating dwellings	Other intangible assets	Total
Cost at 1 April 2009	3,459.5	1,107.1	5.8	8.6	4,581.0
Additions on acquisition of subsidiary/activity	103.5	0.0	0.0	0.0	103.5
Foreign exchange adjustment	1.2	0.0	0.0	0.0	1.2
Disposals	-0.1	0.0	0.0	0.0	-0.1
Cost at 31 March 2010	3,564.1	1,107.1	5.8	8.6	4,685.6
Amortisation and impairment at 1 April 2009	0.0	154.0	0.0	2.5	156.5
Amortisation	0.0	73.9	0.0	1.3	75.2
Amortisation and impairment at 31 March 2010	0.0	227.9	0.0	3.8	231.7
Carrying amount at 31 March 2010	3,564.1	879.2	5.8	4.8	4,453.9
Cost at 1 April 2010	3,564.1	1,107.1	5.8	8.6	4,685.6
Additions on acquisition of subsidiary/activity	0.0	0.0	0.0	0.0	0.0
Foreign exchange adjustment	0.7	0.0	0.0	0.0	0.7
Disposals	-2.1	0.0	0.0	0.0	-2.1
Cost at 31 March 2011	3,562.7	1,107.1	5.8	8.6	4,684.2
Amortisation and impairment at 1 April 2010	0.0	227.9	0.0	3.8	231.7
Amortisation	0.0	73.9	0.0	1.4	75.3
Impairment	6.5	0.0	0.0	0.0	6.5
Amortisation and impairment at 31 March 2011	6.5	301.8	0.0	5.2	313.5
Carrying amount at 31 March 2011	3,556.2	805.3	5.8	4.3	4,371.6
Amortised over	-	15 years	-	5-10 years	

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

Except from goodwill, it is assessed that all intangible assets have a limited useful life.

For further details on impairment, see note 13.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

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13 Impairment test

Goodwill

The carrying amount of goodwill for the Group amounts to DKK 3,556.2 million at 31 March 2011 (DKK 3,564.1 million at 31 March 2010).

At 31 March 2011, Management performed impairment tests of the carrying amounts of goodwill.

The recoverable value is based on the net present value which is determined by using expected net cash flows on basis of budgets for the years 2011-2015 and a discount factor before tax of 10.1% (31 March 2010: 10.1%).

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

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2015 is estimated to 2% (31 March 2010: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets.

Based on the impairment tests performed, impairment of goodwill related to the Matas shops in Sweden amounts to DKK 6.5 million. Accounting goodwill related to the Matas shops in Sweden subsequently totals DKK 3.1 million at 31 March 2011.

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

Other non-current assets

Management has not identified factors indicating a need to perform an impairment test for other intangible assets.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

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14 Property, plant and equipment

	Consolidated			
DKK million	Land and buildings	Other plant and machinery and inventory	Leasehold improvements	Total
Cost at 1 April 2009	115.3	111.2	100.3	326.8
Foreign exchange adjustment	0.0	0.1	0.2	0.3
Additions on acquisition of subsidiary/activity	0.0	0.8	0.5	1.3
Additions	0.0	22.4	18.2	40.6
Disposals	0.0	-0.6	0.0	-0.6
Cost at 31 March 2010	115.3	133.9	119.2	368.4
Depreciation and impairment at 1 April 2009	5.2	51.4	40.6	97.2
Foreign exchange adjustment	0.0	0.0	0.1	0.1
Depreciation	2.5	33.0	25.1	60.6
Disposals	0.0	-0.5	0.0	-0.5
Depreciation and impairment at 31 March 2010	7.7	83.9	65.8	157.4
Carrying amount at 31 March 2010	107.6	50.0	53.4	211.0
Cost at 1 April 2010	115.3	133.9	119.2	368.4
Foreign exchange adjustment	0.0	0.0	0.2	0.2
Additions	0.1	29.0	11.5	40.6
Disposals	0.0	-1.5	-1.6	-3.1
Cost at 31 March 2011	115.4	161.4	129.3	406.1
Depreciation and impairment at 1 April 2010	7.7	83.9	65.8	157.4
Foreign exchange adjustment	0.0	0.0	0.1	0.1
Depreciation	2.5	20.8	26.9	50.2
Disposals	0.0	-1.2	-0.9	-2.1
Depreciation and impairment at 31 March 2011	10.2	103.5	91.9	205.6
Carrying amount at 31 March 2011	105.2	57.9	37.4	200.5
Depreciated over	15-25 years	3-7 years	5-10 years	

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DKK million	Parent company 2010/11	Parent company 2009/10
15 Investments in subsidiaries		
Cost at 1 April	1,888.1	1,255.5
Capital increase	0.0	632.6
Cost at 31 March	1,888.1	1,888.1
Impairment at 1 April	0.0	0.0
Impairment	0.0	0.0
Impairment at 31 March	0.0	0.0
Carrying amount at 31 March	1,881.1	1,881.1

Name	**Registered office**	**Owner-ship share 2010/11**	**Owner-ship share 2009/10**
MHolding 2 A/S	Allerød, Denmark	100%	100%
MHolding 3 A/S	Allerød, Denmark	100%	100%
Matas A/S	Allerød, Denmark	100%	100%
Matas Sverige AB	Malmo, Sweden	100%	100%
Matas Property A/S	Allerød, Denmark	100%	100%
MHolding 4 ApS	Allerød, Denmark	100%	100%
MHolding 5 ApS	Allerød, Denmark	100%	100%
MHolding 6 ApS	Allerød, Denmark	100%	100%
P/F 31. juli 1982	Thorshavn, the Faroe Islands	100%	100%
Chr. V. Mende & Co ApS	Allerød, Denmark	0%	100%*)
Curt Lodberg ApS	Allerød, Denmark	0%	100%*)
Kerteminde Materialehandel ApS	Allerød, Denmark	0%	100%*)
Dalum Materialhandel ApS	Allerød, Denmark	0%	100%*)
Materialisten Jane Bøtter-Jensen ApS	Allerød, Denmark	0%	100%*)
Materialisten Helle Brøndum, Vejle ApS	Allerød, Denmark	0%	100%*)

*) Merged with MHolding 6 ApS with effect from 1 April 2010.

16 Amounts owed by group enterprises

In 2009/10, the subordinated loan capital was converted to company capital. The loan carried interest at 12% per year until the conversion.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

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		Consolidated		Parent company	
	DKK million	2010/11	2009/10	2010/11	2009/10
17	**Other securities and investments**				
	Cost at 1 April	5.0	5.0	1.3	1.3
	Additions	0.0	0.0	0.0	0.0
	Disposals	-3.3	0.0	-1.3	0.0
	Cost at 31 March	1.7	5.0	0.0	1.3
	Impairment at 1 April	0.6	0.0	0.0	0.0
	Impairment	2.0	0.6	0.0	0.0
	Disposals	-2.0	0.6	0.0	0.0
	Impairment at 31 March	0.6	1.2	0.0	0.0
	Carrying amount at 31 March	1.1	4.4	0.0	1.3

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

		Consolidated	
	DKK million	2010/11	2009/10
18	**Inventories**		
	Goods for resale	612.5	627.1
		612.5	627.1
	Carrying amount of inventories, recognised at net sales value	9.7	0.0

19 Trade receivables

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

	Consolidated	
DKK million	2010/11	2009/10
1 April	0.3	1.7
Impairment during the year	0.2	0.3
Realised during the year	-0.2	-1.7
31 March	0.3	0.3

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19 Trade receivables (continued)

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

	Consolidated	
DKK million	2010/11	2009/10
Maturity:		
Up until 30 days	0.7	0.6
Between 30 and 90 days	0.3	0.2
Over 90 days	0.3	0.2
	1.3	1.0

20 Other receivables

Fair value of derivative financial instruments	8.8	0.0
Other receivables	4.0	5.2
	12.8	5.2

21 Share capital

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

Changes to the share capital in recent years are specified as follows:

DKK million	2010/11	2009/10	2008/09	2007/08	2006/07
Share capital 1 April	101.7	101.1	101.1	100.0	0.0
Contribution at formation	0.0	0.0	0.0	0.0	0.5
Capital increase	0.0	0.6	0.0	1.1	99.5
Share capital 31 March	101.7	101.7	101.1	101.1	100.0

Capital control

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

The share of equity of the total equity and liabilities amounts to 33.2% at 31 March 2011 (31 March 2010: 28.2%).

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DKK million	Consolidated 2010/11	2009/10
22 Deferred tax		
Deferred tax at 1 April	338.2	316.5
Addition on acquisition of subsidiary	0.0	-0.1
Adjustment of deferred tax regarding previous years	0.0	0.9
Deferred tax recognised in comprehensive income	11.2	6.7
Deferred tax for the year, recognised in the profit/loss for the year	7.2	14.2
Deferred tax at 31 March	356.6	338.2
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	-16.3	-38.8
Deferred tax (liability)	372.9	377.0
Deferred tax at 31 March, net	356.6	338.2
Deferred tax relates to:		
Intangible assets	352.1	353.2
Property, plant and equipment	24.2	22.7
Inventories	-15.0	-10.2
Other assets	-4.7	-2.4
Liabilities	0.0	-11.2
Tax loss carryforwards	0.0	-13.9
	356.6	338.2

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

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Notes

22 Deferred tax (continued)

Changes in temporary differences during the year

Consolidated

DKK million	Balance at 1/4	Foreign ex-change adjust-ment	Addi-tions on acquisi-tion of enter-prises	Recog-nised in other compre-hensive income	Recog-nised in the profit/ loss for the year	Balance at 31/3
2009/10						
Intangible assets	352.7	0.0	0.0	0.0	0.5	353.2
Property, plant and equipment	24.1	0.0	-0.1	0.0	-1.3	22.7
Inventories	-9.1	0.0	0.0	0.0	-1.1	-10.2
Other assets	-0.5	0.0	0.0	0.0	-1.9	-2.4
Liabilities	-18.2	0.0	0.0	6.7	0.3	-11.2
Tax loss carryforwards	-32.5	0.0	0.0	0.0	18.6	-13.9
	316.5	0.0	-0.1	6.7	15.1	338.2
2010/11						
Intangible assets	353.2	0.0	0.0	0.0	-1.1	352.1
Property, plant and equipment	22.7	0.0	0.0	0.0	1.5	24.2
Inventories	-10.2	0.0	0.0	0.0	-4.8	-15.0
Other assets	-2.4	0.0	0.0	0.0	-2.3	-4.7
Liabilities	-11.2	0.0	0.0	11.2	0.0	0.0
Tax loss carryforwards	-13.9	0.0	0.0	0.0	13.9	0.0
	338.2	0.0	0.0	11.2	7.2	356.6

23 Subordinated loan capital

In 2009/10, the subordinated loan capital was converted to company capital. The loan carried interest at 12% per year until the conversion.

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	Consolidated		Parent company	
DKK million	2010/11	2009/10	2010/11	2009/10
24 Amounts owed to banks, etc.				
Amounts owed to banks, etc., are recognised in the statement of financial position as follows:				
Non-current liabilities	2,435.1	3,122.4	0.0	0.0
Current liabilities	359.1	104.1	0.0	26.8
	2,794.2	3,226.5	0.0	26.8
Nominal value	2,838.3	3,292.4	0.0	26.8
Falls due more than 5 years after the date of the statement of financial position, nominal value	450.0	1,546.1	0.0	0.0
Fair value	2,838.3	3,292.4	0.0	26.8

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

Amounts owed to banks, etc., carry variable interest rates. At 31 March 2011, the effective interest rate amounts to 2.8-5.5% p.a. (31 March 2010: 3.5-6.2% p.a.)

Special terms and conditions (covenants) are attached to the Group's credit facility. The Group has complied with these covenants in the financial year.

To hedge the interest rate risk, an interest rate swap has been entered into, cf. note 30.

	Consolidated	
DKK million	2010/11	2009/10
25 Other payables		
Included in non-current liabilities:		
Obligations regarding employee bonds	1.6	1.6
Fair value of hedging instruments	0.0	44.6
	1.6	46.2

Mainly outstanding amounts regarding gift vouchers, payable VAT, holiday pay obligation and salary related liabilities are included under current liabilities.

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	Consolidated		Parent company	
DKK million	2010/11	2009/10	2010/11	2009/10
26 Changes in working capital				
Change in inventories	15.3	48.5	0.0	0.0
Change in receivables	-2.2	-3.4	34.6	-38.6
Change in trade and other payables	-12.4	-1.2	-0.3	-6.6
	0.7	43.9	34.3	-45.2

27 Acquisition of subsidiaries and activities

In 2009/10, the MHolding Group acquired 10 Matas shops.

Consolidated

	2009/10	
DKK million	Fair value at the acquisition date	Carrying amount before acquisition
Intangible assets	0.0	6.4
Property, plant and equipment	1.3	4.0
Other non-current assets	1.2	0.0
Inventories	29.4	18.8
Receivables	1.3	3.7
Cash at bank and in hand	4.6	5.3
Banks, etc.	-0.5	-8.0
Deferred tax	0.1	-0.9
Liabilities	-17.7	-13.8
Acquired net assets	19.7	15.5
Goodwill	103.5	-
Acquisition price	123.2	15.5
Hereof cash at bank and in hand	-4.6	-
Cash acquisition price	118.6	15.5

In 2009/10, the Group's acquisition price amounted to DKK 118.6 million, including direct acquisition costs incurred of DKK 1.1 million.

After recognition of identifiable assets and liabilities at fair value, goodwill in connection with the Group's acquisition was computed to DKK 103.5 million. Goodwill represents the value of the existing employees and know-how as well as expected synergies from the combination with the Matas chain.

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27 Acquisition of subsidiaries and activities (continued)

In 2009/10, the acquired shops were recognised in the profit for the year in an amount of DKK 7.9 million for the period since the acquisition.

The net revenue and profit for the year for the Group for 2009/10 prepared proforma as if the acquired shops were acquired 1 April 2009, amounted to DKK 2,957.4 million and DKK 28.3 million.

	Consolidated		Parent company	
DKK million	2010/11	2009/10	2010/11	2009/10
28 Cash and cash equivalents				
Cash and cash equivalents at 31 March comprise:				
Cash at bank and in hand	326.3	568.2	0.0	0.0
Amounts owed to banks, etc.	0.0	0.0	0.0	-26.8
Cash and cash equivalents at 31 March	326.3	568.2	0.0	-26.8

29 Contingent assets, liabilities and security

Contingent assets and liabilities

There are no contingent assets.

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

Security

The subsidiary MHolding 3 A/S has provided shares in subsidiaries, amounts owed by subsidiaries and cash at bank and in hand with a total carrying amount of DKK 5,316.9 million as security for debt to banks, etc., a total of DKK 2,838.3 million.

30 Financial risks and financial instruments

The Group's risk management

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

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30 Financial risks and financial instruments (continued)

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

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

There are no changes in the Group's risk exposure or risk management compared to 2010/11.

Interest rate risks

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

At 31 March 2011, the Group has an interest rate swap with a principal amount of DKK 1 billion, which expires at year-end 2012. It has been decided that the interest rate swap, which partly hedges the Group's interest rate risks on floating-rate loans, is not documented as a hedging instrument for accounting purposes. Fair value at 31 March 2011 totals DKK 8.8 million.

At 31 March 2010, DKK 2.0 billion of the Group's debt to banks, etc., was refinanced to fixed interest rate loans by means of two interest rate swaps. Fair value amounted to DKK -44.6 million (2009/10: DKK -71.2 million). The two interest rate swaps expired on 31 December 2010.

For the Group's floating interest-bearing cash and debt to banks, etc., a drop in interest level of 1% p.a. in relation to the actual interest rates would have had an influence on revenue of DKK -6.3 million (2009/10: DKK 5.9 million) and on equity at 31 March 2011 of DKK -6.3 million (31 March 2010: DKK -5.4 million). The result for the year is affected by the change in the fair value of interest rate swaps recognised in the income statement which exceed interest savings. An increase in the interest rate would have had a similar positive influence.

Preconditions for the analysis of sensitivity

The stated sensitivities are calculated on the basis of the recognised financial assets and liabilities at 31 March 2011. There have not been adjusted for repayments, loan taking, etc., during the course of 2010/11.

All hedging of loans with variable interest rates is considered 100% effective.

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

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30 Financial risks and financial instruments (continued)

Currency risks

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

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

At 31 March 2011, the Group had not entered into any foreign exchange contracts.

Liquidity risks

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

The Group's liabilities fall due as follows:

Consolidated

DKK million	Carrying amount	Contrac-tual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2009/10						
Non-derivative financial instruments						
Banks, etc.	3,226.5	3,931.7	238.8	567.7	1,556.5	1,568.7
Trade payables	422.0	422.0	422.0	0.0	0.0	0.0
Employee bonds	1.6	1.9	0.0	0.1	1.8	0.0
Other payables	36.9	36.9	36.9	0.0	0.0	0.0
Derivative financial instruments						
Interest rate swaps used as hedging instruments	44.6	46.3	46.3	0.0	0.0	0.0
31 March 2010	3,731.6	4,438.8	744.0	567.8	1,558.3	1,568.7
2010/11						
Non-derivative financial instruments						
Banks, etc.	2,794.2	3,282.1	235.6	601.5	1,988.9	456.1
Trade payables	420.3	420.3	420.3	0.0	0.0	0.0
Employee bonds	1.6	1.9	0.1	1.2	0.6	0.0
Other payables	7.2	7.2	7.2	0.0	0.0	0.0
31 March 2011	3,223.3	3,711.5	663.2	602.7	1,989.5	456.1

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Notes

30 Financial risks and financial instruments (continued)

The parent company's liabilities fall due as follows:

Parent company

DKK million	Carrying amount	Contrac-tual cash flows	Within 1 year	1 to 3 years	3 to 5 years	After 5 years
2009/10						
Non-derivative financial instruments						
Banks, etc.	26.8	28.1	28.1	0.0	0.0	0.0
Trade payables	0.4	0.4	0.4	0.0	0.0	0.0
31 March 2010	27.2	28.5	28.5	0.0	0.0	0.0
2010/11						
Non-derivative financial instruments						
Trade payables	0.2	0.2	0.2	0.0	0.0	0.0
31 March 2011	0.2	0.2	0.2	0.0	0.0	0.0

Preconditions for the analysis of sensitivity

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

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

Special terms and conditions (covenants) are attached to the Group's credit facility. The Group has complied with these covenants in the financial year.

Credit risks

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

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

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30 Financial risks and financial instruments (continued)

Consolidated

DKK million	2010/11 Carrying amount	2010/11 Fair value	2009/10 Carrying amount	2009/10 Fair value
Categories of financial instruments:				
Derivative financial instruments included in the trading portfolio	8.8	8.8	0.0	0.0
Financial assets measured at fair value over the income statement	8.8	8.8	0.0	0.0
Trade receivables	78.3	78.3	72.9	72.9
Deposits	27.2	27.2	25.9	25.9
Other receivables	12.8	12.8	5.2	5.2
Cash at bank and in hand	326.3	326.3	568.2	568.2
Loans and receivables	444.6	444.6	672.2	672.2
Derivative financial instruments for hedging of future transaction	0.0	0.0	44.6	44.6
Financial liabilities used as hedging instruments	0.0	0.0	44.6	44.6
Banks, etc.	2,794.2	2,794.2	3,226.5	3,292.4
Employee bonds	1.6	1.6	1.6	1.6
Trade payables	420.3	420.3	422.0	422.0
Other payables	7.2	7.2	36.9	36.9
Financial liabilities measured at amortised cost	3,223.3	3,223.3	3,687.0	3,752.9

Parent company

DKK million	2010/11 Carrying amount	2010/11 Fair value	2009/10 Carrying amount	2009/10 Fair value
Categories of financial instruments:				
Amounts owed by group enterprises	4.1	4.1	38.7	38.7
Loans and receivables	4.1	4.1	38.7	38.7
Trade payables	0.2	0.2	0.4	0.4
Financial liabilities measured at amortised cost	0.2	0.2	0.4	0.4

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30 Financial risks and financial instruments (continued)

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

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

The applied methods are unchanged compared to 2009/10.

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

Consolidated

DKK million	2009/10 Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
Financial liabilities				
Derivative financial instruments for hedging of future transaction	0.0	44.6	0.0	44.6
Total financial liabilities	0.0	44.6	0.0	44.6

Consolidated

DKK million	2010/11 Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
Financial assets				
Derivative financial instruments included in the trading portfolio	0.0	8.8	0.0	8.8
Total financial assets	0.0	8.8	0.0	8.8

Hedge accounting

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

In 2010/11, the Group entered into an interest rate swap with a principal amount of DKK 1,000 million to partly hedge the Group's loans. For accounting purposes it has been decided not to document the interest rate swap as a hedging instrument and changes in fair value are therefore recognised in the income statement.

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30 Financial risks and financial instruments (continued)

The previous interest rate swaps, which expired during the accounting year, were classified as hedging instruments for accounting purposes. Consequently, changes in fair value were recognised directly in equity until the hedged transactions were recognised in the income statement.

	2010/11				2009/10			
	Notional amount	Fair value adjustment recognised in income statement	Fair value	Time to maturity	Notional amount	Fair value adjustment recognised in comprehensive income	Fair value	Time to maturity
	DKK million	DKK million	DKK million	months	DKK million	DKK million	DKK million	months
Interest rate swap, trading portfolio	1,000	8.8	8.8	21	0	0.0	0.0	-
Interest rate swaps, hedging instrument	0	0.0	0.0	-	2,000	-44.6	-44.6	9
	1,000	8.8	8.8		2,000	-44.6	-44.6	

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31 Operating leases

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

Interminable lease agreements are specified as follows:

	Consolidated	
DKK million	2010/11	2009/10
0-1 years	91.9	87.5
1-5 years	54.2	70.9
> 5 years	0.0	1.6
	146.1	160.0

In the income statement of the Group, DKK 134.7 million (2009/10: DKK 130.6 million) is recognised regarding operating leases.

Consolidated and parent company financial statements for the period 1 April 2010 – 31 March 2011

Notes

32 Related parties

MHolding A/S is 66.1% owned by Svenska MHolding 1 AB, Sweden.

The ultimate foreign company with controlling interest in the MHolding Group is MHoldings Sárl, Luxembourg, which is owned by a number of funds advised by CVC Partners.

In 2009/10, the subordinated loan capital was converted to company capital. Interest in 2009/10 amounted to DKK 42.1 million. The subordinated loan capital carried interest at 12%.

In 2010/11, there have been no transactions with the related parties mentioned above.

Executive Boards and the Boards of Directors

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

Management's remuneration is mentioned in note 7.

Subsidiaries

Further, the related parties comprise the parent company's subsidiaries, cf. note 15.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

The parent company has granted a subordinated loan to the subsidiary MHolding 2 A/S, which was converted to company capital in 2009/10. The loan carried interest of 12%.

33 Events after the date of the statement of financial position

No significant events have occurred after 31 March 2011.

34 New financial reporting regulation

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