
Interim Financial Report for the Period 1 January – 30 September 2015



Brødrene A & O Johansen A/S

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Company Announcement No. 10/2015

The Board of Directors has today approved the Group's interim financial report for the period 1 January – 30 September 2015.

Summary

- Consolidated revenue for the third quarter of 2015 increased by 20% or DKK 113.6 million to DKK 683.1 million, compared to DKK 569.5 million in 2014. Consolidated revenue for the first three quarters of 2015 was DKK 1,880.5 million against DKK 1,645.8 million in 2014, equalling a growth of DKK 234.7 million or 14.3%. The increase is attributable to the Danish market and the acquisition of Billig VVS ApS.
- Gross margin for the third quarter of 2015 was DKK 183.7 million, which is DKK 20.1 million or 12.3% higher than last year. Gross margin for the first three quarters of 2015 was DKK 510.8 million, which is DKK 31.7 million or 6.6% higher than last year. The gross profit margin came in at 26.9% in the third quarter and at 27.2% in the first three quarters of 2015, which is at the same level as the previous four quarters, but approximately 2.0 percentage points less than last year.
- Operating profit (EBIT) for the third quarter of 2015 was DKK 34.0 million, equalling a profit margin of 5.0%, compared to DKK 31.6 million and 5.6% in 2014. EBIT for the first three quarters of 2015 was DKK 79.6 million, equalling a profit margin of 4.2%, compared to DKK 68.4 million and 4.2% for the same period last year.
- As at 30 September 2015, the Group's total assets amounted to DKK 1,890.9 million, which is DKK 402.2 million more than last year. The increase is attributable to the acquisition of Billig VVS ApS, investment in the Albertslund central warehouse as well as a rise in inventories and trade receivables.
- Cash flow from operating activities for the first three quarters of 2015 totalled DKK 80.3 million, which is DKK 35.5 million more than for the same period last year.

Important events

- Billig VVS ApS was acquired in August 2015.
- "Spot On", the Group's net price concept, is under development and at present it contains more than 7,000 items.
- The high-bay warehouse is being commissioned. Full operation is expected in 2016. The Horsens logistics warehouse is for lease.
- The stores in Køge, Helsingborg, Viborg, Holstebro and Frederiksværk have been moved to new and better located premises. The property next to the central warehouse (27,543 square metres) was acquired for DKK 35 million on 1 October 2015.

Expectations for the year

- As previously announced, profit before tax is expected to be approximately DKK 115 million. In 2014, Brødrene A & O Johansen A/S realised a profit before tax of DKK 97.5 million.

Albertslund, 20 November 2015

Niels A. Johansen
CEO

Henrik T. Krabbe
COO & CFO

Financial highlights for the AO Group

(DKKm)

Key figures	Q1-3 2015	Q1-3 2014	Q3 2015	Q3 2014	Full Year 2014
Consolidated revenue	1,880.5	1,645.8	683.1	569.5	2,258.7
Gross margin	510.8	479.1	183.7	163.6	646.6
Operating profit or loss (EBIT)	79.6	68.4	34.0	31.6	100.3
Financial income and expenses, net	(2.1)	(2.2)	(1.1)	(0.7)	(2.7)
Profit or loss before tax (EBT)	77.5	66.2	33.0	30.9	97.5
Tax on profit or loss for the period	(18.1)	(16.5)	(7.7)	(7.5)	(23.8)
Net profit or loss for the period	59.4	49.7	25.3	23.4	73.8
Non-current assets	1,150.8	834.0	1,150.8	834.0	896.7
Current assets	740.1	654.7	740.1	654.7	694.2
Total assets	1,890.9	1,488.7	1,890.9	1,488.7	1,590.9
Share capital	57.0	57.0	57.0	57.0	57.0
Equity	995.4	912.8	995.4	912.8	935.7
Non-current liabilities	215.8	198.4	215.8	198.4	204.5
Current liabilities	679.7	377.5	679.7	377.5	450.7
Average number of employees	599	628	608	628	621
Cash flow from operating activities	80.3	44.8	19.3	23.3	199.9
Cash flow from investing activities	(233.4)	(146.2)	(208.8)	(111.5)	(197.1)
Of which investments in property, plant and equipment	(25.7)	(131.4)	(7.8)	(99.9)	(178.7)
Cash flow from financing activities	85.3	48.9	101.5	49.0	14.8
Cash flow for the period	(67.8)	(52.5)	(87.9)	(39.2)	17.5
Financial ratios					
Gross profit margin	27.2%	29.1%	26.9%	28.7%	28.6%
Profit margin	4.2%	4.2%	5.0%	5.6%	4.4%
Return on capital employed	4.6%	4.7%	2.0%	2.2%	6.6%
Return on equity	6.2%	5.6%	2.6%	2.6%	8.2%
Solvency ratio	52.6%	61.3%	52.6%	61.3%	58.8%
Book value	1,746	1,601	1,746	1,601	1,642
Share price at the end of the period	1,740	1,203	1,740	1,203	1,115
Earnings per share (EPS Basic), DKK	121	101	52	48	150
Diluted earnings per share (EPS-D), DKK	119	100	51	47	149

Basic EPS and diluted EPS have been calculated in accordance with IAS. Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2010". The financial ratios have been calculated on the basis of the respective periods.

Figures given in brackets are negative results or deductible items.

Management's review

The consolidated financial statements include the financial statements of Brødrene A & O Johansen A/S and the wholly owned subsidiaries AO Invest A/S, Billig VVS ApS, AO Sverige AB in Sweden and Vaga Tehnika Eesti OÜ in Estonia.

Activities of the period

Consolidated revenue for the third quarter of 2015 was DKK 683.1 million against DKK 569.5 million for the same period of 2014, equalling a growth of DKK 113.6 million or 20%. Consolidated revenue for the first three quarters of 2015 was DKK 1,880.5 million against DKK 1,645.8 million for the same period of 2014, equalling a growth of DKK 234.7 million or 14%. The increase is primarily attributable to market share gains in Denmark and the acquisition of Billig VVS ApS. International revenue increased by 2% in the third quarter of 2015 but declined by 5% in the first three quarters of 2015.

Gross margin for the third quarter of 2015 was DKK 183.7 million against DKK 163.6 million in 2014. The gross profit margin declined by 1.8 percentage points to 26.9%. Gross margin for the first three quarters of 2015 was DKK 510.8 million against DKK 479.1 million in 2014. The gross profit margin of 27.2% was down 1.9 percentage points compared to last year.

Total operating expenses for the third quarter of 2015 were DKK 149.7 million, which is DKK 17.7 million or 13% more than reported for the same period last year.

External expenses of DKK 54.0 million were up by DKK 7.7 million or 16.6%, partly due to the cost of purchase and operation of Billig VVS ApS, partly due to the increase in revenue. Staff costs of DKK 79.6 million were up by DKK 6.0 million or 8.2% as a result of high activity and the commissioning of the high-bay warehouse. Depreciation, amortisation and write-downs amounted to DKK 14.6 million, an increase of DKK 3.6 million, as a result of depreciation on the investment in the central warehouse.

Total operating expenses for the first three quarters of 2015 were DKK 431.2 million, which is DKK 20.5 million or 5.0% more than reported for the same period last year. External expenses totalled DKK 154.8 million, an increase of DKK 11.4 million or 7.9%. Staff costs totalled DKK 234.5 million, an increase of DKK 4.4 million or 1.9% more than last year. Depreciation, amortisation and write-downs amounted to DKK 38.4 million, an increase of DKK 5.1 million as a result of depreciation on the investment in the central warehouse. The high-bay warehouse is being commissioned. Full effect is not expected until 2016. The logistics warehouse in Horsens is partially shut down, and efforts are being made to lease it out to another party.

The item of 'Other operating expenses' includes losses on receivables of DKK 3.5 million, which is DKK 0.4 million less than last year.

Operating profit (EBIT) for the third quarter of 2015 was DKK 34.0 million, which is 5.0% of revenue. Compared to the same period last year, EBIT is DKK 2.4 million higher. The profit margin is down by 0.6 percentage point. Operating profit (EBIT) for the three first quarters of 2015 was DKK 79.6 million, which is 4.2% of revenue. Compared to the same period last year, EBIT is DKK 11.2 million higher, and the profit margin is at the same level. The decline in the gross profit margin is thus offset by a lower expense ratio.

Financial income and expenses, net, for the first three quarters of 2015 were negative at DKK 2.1 million against DKK 2.2 million in 2014. The investment in Billig VVS ApS is thus offset by lower interest rates.

The Group's profit before tax for the third quarter of 2015 amounted to DKK 33.0 million against DKK 30.9 million for the same period last year. Profit before tax for the first three quarters of 2015 amounted to DKK 77.5 million against DKK 66.2 million for the same period last year.

Tax is in accordance with applicable tax rates in the areas where the Group is operating, equalling an average tax rate of approximately 23.5%.

A post-tax profit of DKK 25.3 million was recorded for the third quarter of 2015, compared to DKK 23.4 million for the same period in 2014. A post-tax profit of DKK 59.4 million was recorded for the first three quarters of 2015, compared to DKK 49.7 million for the same period last year.

As at 30 September 2015, the Group's total assets amounted to DKK 1,890.9 million, which is DKK 402.2 million more than last year at the same time.

The growth in total assets is attributable to non-current assets which increased by DKK 316.8 million on last year's figures to DKK 1,150.8 million, partly as a result of the investment in Billig VVS ApS whereby goodwill increased by DKK 199.9 million and rights by DKK 52.8 million, partly as a result of the central warehouse investment in Albertslund, whereby the value of land and buildings increased by DKK 56.2 million to DKK 578.9 million.

When compared to the same period last year, current assets increased by DKK 85.4 million to DKK 740.1 million. Inventories increased by DKK 29.5 million to DKK 346.9 million, whereas trade receivables went up by DKK 47.1 million to DKK 353.4 million due to revenue growth. Cash and cash equivalents of DKK 5.1 million is DKK 2.8 million higher than at the same time last year.

Equity of DKK 995.4 million, equalling a solvency ratio of 52.6%, is DKK 82.6 million higher than at the same time last year.

Trade payables of DKK 449.8 million are DKK 199.0 million higher than at the same time last year due to revenue growth and timing differences in supplier payments. When compared to the same period last year, other payables increased by DKK 52.2 million to DKK 108.2 million, primarily as a result of an earn-out provision of DKK 40.0 million related to Billig VVS ApS.

The Group's cash flow from operating activities for the first three quarters totalled DKK 80.2 million, which is DKK 35.5 million more than in the same period last year. As a result of higher activity more capital is tied up in working capital, but it is offset by timing differences in supplier payments.

Net investments for the period totalled DKK 233.4 million, of which amount DKK 199.2 million (exclusive of acquired cash and cash equivalents) relates to Billig VVS ApS. Other investments of DKK 34.2 million are DKK 112.0 lower than last year.

Another DKK 85.3 million has been drawn on the Group's credit facilities. Consequently, total payables to credit institutions amount to DKK 270.5 million as at 30 September 2015. The Group's cash and cash equivalents for the first three quarters of 2015 declined by DKK 67.8 million and total DKK 5.1 million.

A property located at Herstedvang 9-13 in Albertslund, next door to the central warehouse, was acquired for DKK 35 million on 1 October 2015. The ground area of the property is 27,543 square metres. The buildings on the site occupy 14,000 square metres, and they will gradually be incorporated into the central warehouse. The sum is not included in investments for the period.

Significant risks

As mentioned in the annual report for 2014, under the paragraph 'Internal controls and risk management', the Company assesses on an ongoing basis the most significant risks in connection with the Company's activities. In addition to the risks mentioned in the annual report, the Group is sensitive to the overall development in Danish and Swedish economy as well as business trends in the building industries of these countries.

Incentive programme

The present incentive programme is in accordance with the general guidelines for incentive pay approved by the annual general meeting on 22 March 2012. The guidelines are available in full on the Company's website www.ao.dk.

A total of 16,735 share options have been granted in connection with the existing incentive programme. Of the above-mentioned number of share options, 14,782 matured on 30 September 2015. On 30 September 2015, the Company holds a total of 21,118 treasury shares. No options have been granted or exercised in 2015.

Outlook

When compared with the upward trend of the first half of 2015, economic indicators show that Danish economy is slowing down in the second half of 2015. Competition in the market is still strong, resulting in gross profit margins that are under pressure.

As mentioned in connection with the disclosure of the interim report for the first half of 2015, the Group's profit before tax for 2015 is expected to be approximately DKK 115 million. This expectation is unchanged. In 2014 the Group's profit before tax totalled DKK 97.5 million.

Events after the end of the interim period

In addition to the acquisition of the property at Herstedvang 9-13, Albertslund, for DKK 35 million, no significant events have occurred after the end of the reporting period.

Additional information

This interim financial report is available in Danish and English. In case of doubt, the Danish version shall apply.

Financial calendar for 2015

The financial calendar for 2016 will be released in December of 2015.

Company announcements in 2015

Announcement no. 1	Annual report for 2014	24 February 2015
Announcement no. 2	Notice convening the annual general meeting	24 February 2015
Announcement no. 3	Results of annual general meeting	20 March 2015
Announcement no. 4	Articles of association	20 March 2015
Announcement no. 5	Interim financial report for the first quarter of 2015	26 May 2015
Announcement no. 6	Brødrene A & O Johansen A/S acquires online business Billig VVS ApS	23 June 2015
Announcement no. 7	The Danish competition authorities have approved AO's acquisition of Billig VVS ApS	26 August 2015
Announcement no. 8	Brødrene A & O Johansen A/S has now completed its acquisition of Billig VVS ApS	27 August 2015
Announcement no. 9	Interim financial report for the first half of 2015	28 August 2015

Management's statement

Today the Board of Directors and the Executive Board have discussed and approved the interim financial report of Brødrene A & O Johansen A/S for the period 1 January - 30 September 2015.

The interim financial report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Presentation of Interim Financial Statements' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2015 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 2015.

Further, in our opinion the Management's review includes a fair review of the development in the Group's operations and financial matters, the net profit or loss for the period and of the Group's financial position as a whole as well as a description of the most significant risks and elements of uncertainty facing the Group.

Albertslund, 20 November 2015

Executive Board

Niels A. Johansen
CEO

Henrik T. Krabbe
COO & CFO

Board of Directors

Henning Dyremose
Chairman of the Board

Michael Kjær
Deputy Chairman

René Alberg

Erik Holm

Leif Hummel

Carsten Jensen

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Income statement and statement of comprehensive income

<i>(All amounts are in DKK thousands)</i>	Note:	Q1-3 2015	Q1-3 2014	Q3 2015	Q3 2014	Full Year 2014
Revenue		1,880,510	1,645,821	683,074	569,469	2,258,656
Cost of sales		(1,369,918)	(1,166,873)	(499,367)	(405,931)	(1,612,179)
Gross profit		510,591	478,948	183,706	163,538	646,476
Other operating income		204	144	21	49	144
Gross margin		510,795	479,093	183,727	163,587	646,621
External expenses		(154,782)	(143,419)	(53,980)	(46,296)	(190,225)
Staff costs		(234,493)	(230,112)	(79,634)	(73,566)	(306,055)
Depreciation, amortisation and impairment of property, plant and equipment as well as intangible assets		(38,409)	(33,295)	(14,590)	(11,006)	(44,444)
Other operating expenses		(3,486)	(3,915)	(1,484)	(1,079)	(5,609)
Total operating expenses		(431,170)	(410,741)	(149,688)	(131,946)	(546,331)
Operating profit or loss (EBIT)		79,626	68,352	34,039	31,640	100,289
Financial income		1,788	1,981	511	564	2,642
Financial expenses		(3,908)	(4,132)	(1,567)	(1,260)	(5,390)
Profit or loss before tax (EBT)		77,506	66,201	32,983	30,944	97,542
Tax on profit or loss for the period		(18,094)	(16,499)	(7,670)	(7,544)	(23,785)
Net profit or loss for the period		59,412	49,702	25,313	23,400	73,756
Other comprehensive income						
Items reclassified to the income statement						
Foreign currency translation adjustment relating to foreign entities		315	(971)	(584)	26	(2,153)
Tax on other comprehensive income		0	0	0	0	0
Other comprehensive income after tax		315	(971)	(584)	26	(2,153)
Total comprehensive income		59,726	48,731	24,729	23,426	71,603
Earnings per share						
Earnings per share (EPS)		121	101	52	48	150
Diluted earnings per share (EPS-D)		119	100	51	47	149

Balance sheet as at 30 September

(All amounts are in DKK thousands)

ASSETS	Note:	Q1-3 2015	Q1-3 2014	Full Year 2014
Non-current assets				
Intangible assets				
Goodwill	4	302,235	102,347	102,348
Rights		52,789	0	0
Software		54,154	53,733	53,029
		<u>409,178</u>	<u>156,080</u>	<u>155,377</u>
Property, plant and equipment				
Land and buildings		578,925	522,748	580,482
Leasehold improvements		929	2,456	2,642
Fixtures and operating equipment		161,780	152,692	158,166
		<u>741,634</u>	<u>677,895</u>	<u>741,290</u>
Total non-current assets	5	<u>1,150,812</u>	<u>833,976</u>	<u>896,666</u>
Current assets				
Inventories	6	346,897	317,370	307,336
Trade receivables	7	353,363	306,238	277,700
Corporation tax receivable		0	0	7,746
Other receivables		26,786	20,787	23,933
Prepayments		7,930	8,011	4,798
Cash at bank and in hand		5,130	2,312	72,690
Total current assets		<u>740,106</u>	<u>654,717</u>	<u>694,203</u>
Total assets		<u>1,890,918</u>	<u>1,488,693</u>	<u>1,590,870</u>

Balance sheet as at 30 September

(All amounts are in DKK thousands)

EQUITY AND LIABILITIES	Note:	Q1-3 2015	Q1-3 2014	Full Year 2014
Equity				
Share capital		57,000	57,000	57,000
Other reserves		200,000	200,000	200,000
Reserve for foreign currency translation adjustments		1,610	2,786	1,610
Retained earnings		736,815	653,026	677,090
Proposed dividend		0	0	0
Total equity		995,424	912,813	935,700
Non-current liabilities				
Deferred tax	8	49,544	30,544	37,023
Credit institutions		166,228	167,814	167,483
Total non-current liabilities		215,771	198,358	204,506
Current liabilities				
Credit institutions		104,248	51,525	17,701
Trade payables		459,750	260,793	343,994
Corporation tax		5,085	6,740	0
Other payables		108,201	55,939	86,443
Deferred income		2,439	2,525	2,526
Total current liabilities		679,722	377,522	450,664
Total liabilities		895,494	575,880	655,170
Total equity and liabilities		1,890,918	1,488,693	1,590,870

Statement of changes in equity

<i>(All amounts are in DKK thousands)</i>	Share Capital	Other Reserves	Foreign Currency Translation Adjustment	Retained Earnings	Total Equity
Equity at 1 January 2015	57,000	200,000	1,608	677,090	935,698
Net profit or loss for the period	0	0	0	59,412	59,412
Foreign currency translation adjustment relating to foreign entities	0	0	315	0	315
Total comprehensive income	0	0	315	59,412	59,726
Share-based payment	0	0	0	0	0
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	0	0	0
Equity at 30 September 2015	57,000	200,000	1,922	736,502	995,424
Equity at 1 January 2014	57,000	200,000	3,763	602,252	863,015
Net profit or loss for the period	0	0	0	49,702	49,702
Foreign currency translation adjustment relating to foreign entities	0	0	(971)	0	(971)
Total comprehensive income	0	0	(971)	49,702	48,731
Share-based payment	0	0	0	1,067	1,067
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	0	1,067	1,067
Equity at 30 September 2014	57,000	200,000	2,792	653,021	912,813
Equity at 1 January 2014	57,000	200,000	3,763	602,252	863,015
Net profit or loss for the period	0	0	0	73,756	73,756
Foreign currency translation adjustment relating to foreign entities	0	0	(2,153)	15	(2,138)
Total comprehensive income	0	0	(2,153)	73,771	71,618
Share-based payment	0	0	0	1,067	1,067
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	0	1,067	1,067
Equity at 31 December 2014	57,000	200,000	1,610	677,090	935,700

Consolidated cash flow statement

(All amounts are in DKK thousands)

	Q1-3 2015		Q1-3 2014		Full Year 2014	
Cash flow from operating activities						
Operating profit or loss		79,626		68,352		100,289
Financial income and expenses, net (interest paid)		(2,119)		(2,151)		(2,747)
Profit or loss before tax		77,506		66,201		97,542
Depreciation and amortisation:						
Intangible assets	12,843		12,991		17,230	
Property, plant and equipment	25,566	38,409	20,304	33,295	27,214	44,444
Change in working capital						
Change in trade receivables	(65,853)		(17,180)		11,358	
Change in other receivables	(3,221)		3,617		3,683	
Change in inventories	(34,281)		11,608		21,642	
Change in trade payables	94,012		(54,695)		28,506	
Change in other current liabilities	(20,757)	(30,101)	7,699	(48,951)	14,453	79,641
Corporation tax paid		(5,553)		(5,785)		(21,747)
Cash flow from operating activities		80,261		44,760		199,880
Cash flow from investing activities						
Software	(8,532)		(14,785)		(18,464)	
Land and buildings	(8,745)		(74,442)		(135,588)	
Leasehold improvements	(216)		(303)		(688)	
Fixtures and operating equipment	(17,171)		(57,449)		(43,252)	
Disposal of property, plant and equipment	458		765		854	
Acquisition of Billig VVS ApS	(199,188)		0		0	
Cash flow from investing activities		(233,394)		(146,214)		(197,138)
Cash flow from financing activities						
Repayment of debt to/raising of loans with credit institutions, net		85,291		47,850		13,696
Acquisition/sale of treasury shares		0		1,067		1,066
Cash flow from financing activities		85,291		48,918		14,763
Cash flow for the period		(67,842)		(52,536)		17,506
Cash and cash equivalents at beginning of period		72,690		55,082		55,082
Foreign currency translation adjustment		282		(234)		102
Cash and cash equivalents at end of period		5,130		2,312		72,690

Notes

1 Accounting policies

The interim financial report has been prepared in accordance with IAS 34 'Preparation of Interim Financial Statements' as adopted by the EU and Danish disclosure requirements for listed companies. Except for the changes mentioned below, the accounting policies are unchanged from the accounting policies applied in the consolidated and company financial statements for 2014. Reference is made to note 1, which contains a full description of the accounting policies.

Changes in accounting policies

With effect from 1 January 2015, the Group has implemented Amendments to IAS 19, certain parts of the Annual Improvements to IFRSs 2010-12 Cycle and Annual Improvements to IFRSs 2011-13 Cycle. None of the new amendments and improvements have had any impact on recognition and measurement.

2 Accounting estimates and judgements

Estimation uncertainty

The preparation of the interim financial statements requires Management to make accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant estimates made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and company financial statements for 2014. For a more detailed description of the estimation uncertainty, reference is made to the consolidated and company financial statements for 2014.

3 Segment information

Group activities relating to the sale of technical installation materials to B2Bs and B2Cs take place in an integrated manner and are therefore dealt with as one segment.

4 Goodwill

The annual impairment test of intangible assets, including goodwill, is performed at 31 December 2015, after the completion of budgets and strategy plans for the coming period. At 30 September 2015, Management is of the opinion that there has been no indication of impairment of the carrying amount of goodwill, and therefore no impairment test of goodwill has been performed at 30 September 2015. For a more detailed description of impairment tests, reference is made to the consolidated and company financial statements for 2014.

Acquisition of enterprise

On 27 August 2015 Brødrene A & O Johansen A/S acquired the entire online business of Billig VVS ApS, which is Denmark's leading online supplier of plumbing, heating and sanitary ware products and among the leading online providers of the same products in Sweden and Norway.

Billig VVS ApS continues as an independent subsidiary of the Group focusing on sales to private individuals and minor commercial customers. The enterprise operates in the same segment as the other Group entities.

With the synergies already existing between Billig VVS A/S and AO with regard to product ranges, warehouse/logistics and AO's existing business, including AO.dk, there is potential for developing the entire segment significantly over the coming years.

In 2014, Billig VVS ApS' revenue amounted to DKK 203.1 million, and its profit before tax totalled DKK 16.7 million.

The fair value of assets and liabilities acquired in Billig VVS ApS is at present determined as follows (DKKm):

Property, plant and equipment	3.3
Intangible assets	58.2
Inventories	5.3
Trade receivables	9.8
Other receivables	2.8
Cash and cash equivalents, net	17.7
Deferred tax	(12.8)
Trade payables	(21.7)
Other payables	(2.4)
Acquired net assets	60.1
Goodwill	196.8
Total purchase price	256.9
Deferred purchase price	40.0
Cash purchase price	216.9
Cash purchase price less net cash and cash equivalents	199.2

Of the purchase price DKK 199.2 million has been paid, whereas the payment of DKK 40 million will depend on Billig VVS ApS' actual results for 2015. This amount is expected to be paid in the first quarter of 2016. The purchase price will be financed by existing cash and credit facilities.

Costs of purchase totalling DKK 2.1 million have been recognised as an expense.

5 Non-current assets

During the reporting period the Group has invested DKK 34.7 million, not including the acquisition of Billig VVS ApS, (2014: DKK 147.1 million) in non-current assets.

6 Inventories

No unusual inventory write-downs or reversals of inventory write-downs have been recorded in the period.

7 Trade receivables

An estimate is used to assess the recoverability of receivables according to the same principles as applied in the financial statements for 2014.

8 Deferred tax

At 30 September 2015 deferred tax liabilities were DKK 49.5 million, compared to DKK 30.5 million at 30 September 2014. The increase is attributable to the acquisition of Billig VVS ApS.