

JYSK Nordic ANNUAL REPORT 2009-2010



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This is the 2009/10 annual report for the part of the JYSK Group known as JYSK Nordic. This report covers those companies with stores in the Nordic countries, central Europe, the Netherlands, the UK and China. The report thus covers 14 of the 34 countries in which JYSK now has stores.

The report does not cover the stores in Germany, Austria, Switzerland, France, Spain or Italy, which are run by JYSK Nordic's sister company Dänisches Bettenlager, which has its headquarters located in Flensburg. JYSK Franchise and other companies in JYSK Holding A/S are not included either.

JYSK Nordic's financial year finished at the end of August. We see this as 'year one' after the financial crisis set the agenda for the global economy in earnest. We have therefore maintained our focus on being cost-conscious while sticking to our expansion strategy, as the financial crisis has also created opportunities for better and cheaper leases around the world.

This year, JYSK opened in two new countries – China and Bosnia-Herzegovina, and we have also invested heavily in logistics. The construction of the largest distribution centre in northern Europe, at Uldum in Denmark, is complete – and the commissioning of an even larger distribution centre in Radomsko, Poland, has started.

In fact, the whole JYSK Group has never expanded as fast as it has this year. On average, we are taking on three new staff every day throughout the year, and opening three new stores each week. In the past year, we have added more than 1,000 new employees and 150 new stores, so we now have 16,000 staff in the JYSK family, spread across some 1,750 stores, two head offices and six distribution centres around the world.

Our entry into country number 35 is also confirmed, so Serbia can look forward to a lot of great bargains in the spring.

Happy reading!



Lars Larsen
Chairman of the Board



Jan Bøgh
Managing Director

Lars Larsen opened his first store in 1979. JYSK is now an international group with around 1,750 stores in 34 countries and 16,000 employees. JYSK aims to offer everyone a great bargain and has ambitions to open stores across the world. The group is owned by Lars Larsen, and its annual revenue is approximately 2,35 billion euro.

JYSK Nordic consists of:

JYSK A/S, Denmark	JYSK AB, Sweden
JYSK AS, Norway	JYSK OY, Finland
JYSK Sp. z o.o., Poland	JYSK s.r.o., Czech Republic
JYSK Kft., Hungary	JYSK B.V., Netherlands
JYSK s.r.o., Slovakia	JYSK Ltd, United Kingdom
JYSK d.o.o., Slovenia	JYSK d.o.o., Croatia
JYSK Trading co. Ltd, China*	JYSK d.o.o., Bosnia-Herzegovina*
JYSK d.o.o., Serbia**	

All the companies are owned by Lars Larsen.

JYSK Nordic is not a legal entity, but the information presented comprises the consolidated results for the companies listed above. The results are presented as if JYSK Nordic were a legal entity.

* The accounts for these companies are reported as at 31/12/2009 because of different financial years. Their activities in the period 01/01/2010 to 31/08/2010 are not considered significant in relation to JYSK Nordic.

** As yet there is no activity in this company.

The management of JYSK Nordic:

Jan Bøgh, Managing Director
Jacob Brunsborg, Brand Director
Henrik Naundrup, Finance & IT Director
Henrik Bøgelund, Logistics Director
Hans Nielsen, Purchasing Director
Niels Veien, Sales & Marketing Director
Mikael Nielsen, Retail Director
Jan Verhoek, HR Director

Formal company management

JYSK A/S (Denmark) Management

Jan Bøgh, MD
Jacob Brunsborg
Henrik Naundrup

Board

Lars Larsen, Chairman
Hans Henrik Kjølby
Jan Bøgh

JYSK AB (Sweden) Management

Johan Sjödin

Board

Jan Bøgh, Chairman
Jacob Brunsborg
Henrik Naundrup

JYSK AS (Norway) Management

John Thomasgaard

Board

Jan Bøgh, Chairman
Jacob Brunsborg
Henrik Naundrup

JYSK OY (Finland) Management

Mikael Nielsen

Board

Jan Bøgh, Chairman
Jacob Brunsborg
Henrik Naundrup

JYSK Sp. z o.o. (Poland) Board of directors

Jan Bøgh, Chairman
Jacob Brundborg
Henrik Naundrup

JYSK Kft (Hungary) Board of directors

Jan Bøgh, Chairman
Henrik Naundrup
Mikael Nielsen

JYSK Trading co. Ltd (China)

Board of directors

Jan Bøgh, Chairman
Jacob Brunsborg
Henrik Naundrup

Other companies in JYSK Nordic:

Board of directors

Jan Bøgh, Chairman
Jacob Brunsborg
Henrik Naundrup
Mikael Nielsen

Net profit after tax was DKK 627.4 million, compared to DKK 310.9 million in 2008/09. This is considered satisfactory.

This improvement is primarily due to an increase in EBIT from DKK 570.6 million to DKK 863.4 million. Consolidated net revenue grew by 10.6%, which partly reflects positive movements in a number of key currencies; the SEK rose on average 6.6% against the DKK, while the NOK rose 8.5% and the PLN 2.5%. At constant exchange rates, the consolidated growth in net revenue would instead have been 7.3%, with the EBIT figure approx. DKK 32.7 million lower.

The Group saw an improved gross margin, partly down to the fact that the financial crisis enabled us to negotiate improved purchasing conditions for some types of goods. At the same time, the USD rate in 2009/10 was 1.2% lower on average against the DKK, which also had a positive impact on profits, as a substantial proportion of procurement by JYSK Nordic is in USD.

Like the previous year, this financial year has been characterised by a sharp focus on reducing costs. Among other things, this has brought savings on external warehouses and container leasing of DKK 33.6 million, achieved by improved control and management of deliveries to the three distribution centres in Uldum (Denmark), Nässjö (Sweden) and Radomsko (Poland).

The Group was also able to reduce a number of cost percentages, including the distribution of goods to the stores, the printing and production of advertising material and IT costs, bringing the ratio of other external expenses to revenue down from 23.7% in 2008/09 to 22.5%.

Depreciation of tangible fixed assets rose by DKK 43.7 million, as the commissioning of the distribution centre in Uldum last year now feeds through after a full year of operation.

Financial items improved by DKK 100.6 million, on the back of falling exchange rates in 2008/09 which caused substantial adjustments to largely intra-group debt and took the total financial items to DKK -109.5 million. In the current year, financial items stood at DKK -8.9 million.

EBIT in Denmark was practically unchanged. The Danish market is still marked by cautious consumer behaviour, and the figure is also affected by the parallel operation of the old distribution centre in Vejle and the new one in Uldum.

The Swedish subsidiary achieved a significant increase in profits in a difficult market, with a satisfactory rise in revenue which brought JYSK an increased market share.

Norway, Finland and Poland made solid progress.

The Czech and Slovak markets continued the unbroken trend of the last few years with profits continuing to rise.

The Hungarian market is still in the grip of a severe crisis, and it is a positive sign that the EBIT figure is close to zero.

For the first time since it started up in 2005/06, the Dutch company achieved a better net result than in the previous year. However, it still registered a disappointing loss, and the market is characterised by tough competition.

It is encouraging that Slovenia produced a surplus in only its second full year of operation.

Because of very high rents, no new stores were opened this year in the United Kingdom, which still has four stores. Revenue levels are still too low, but the growth in revenue has been satisfactory.

The net loss in the first full year of operation in Croatia was expected, and reflects the costs associated with opening new stores.

In this financial year, 60 new stores were opened net, compared with 67 in the previous financial year. Expansion has mainly taken place in Hungary, Poland, the Netherlands, Slovakia and Croatia.

Equity and stocks

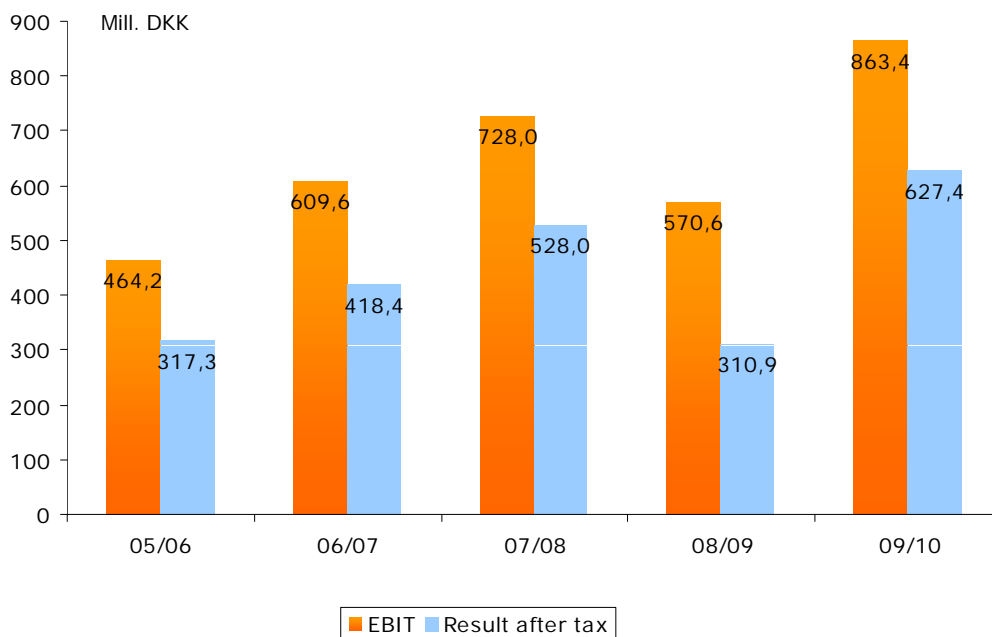
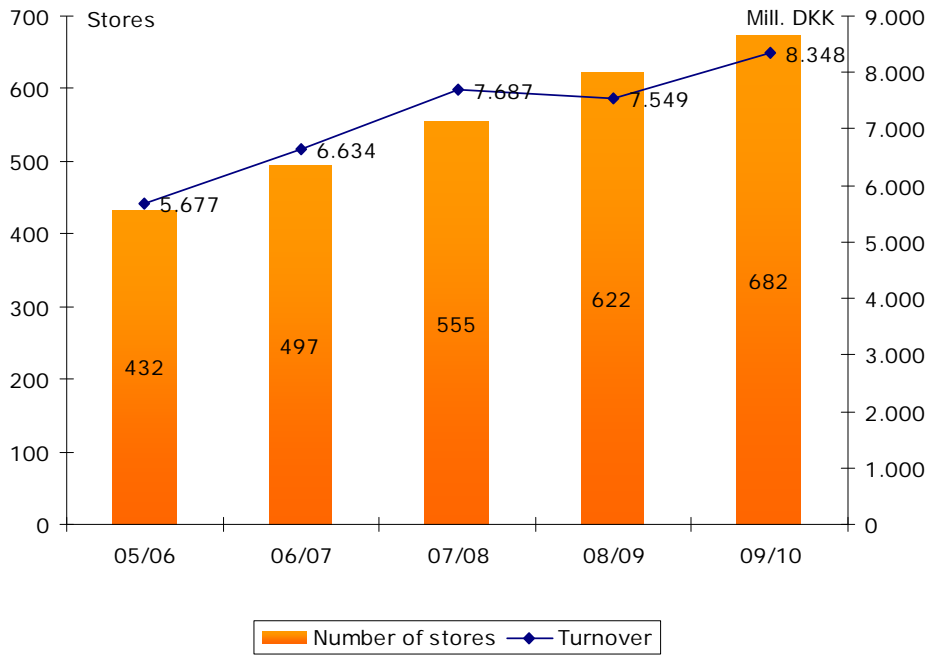
Equity rose from DKK 1,389 million to DKK 2,161 million. It is not proposed to pay a dividend to JYSK Holding A/S.

Inventories have risen from DKK 1,798 million to DKK 1,969 million, an increase of DKK 171 million.

Summary of key figures

The following key figures describe the development of JYSK Nordic over a five-year period:

	2009/10	2008/09	2007/08	2006/07	2005/06
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Key figures					
Profit and loss					
Net revenue	8.347.945	7.549.295	7.687.323	6.633.637	5.677.310
Operating profit/loss	855.124	565.770	720.883	600.803	458.263
Profit/loss before financial items (EBIT)	863.432	570.585	728.043	609.621	464.181
Net financial items	-8.899	-109.491	-47.973	-45.964	-17.302
Profit/loss for the year	627.389	310.922	528.038	418.384	317.342
Balance sheet					
Balance sheet total	4.540.940	3.786.726	3.980.911	3.268.763	2.413.610
Capital and reserves	2.160.533	1.389.225	1.429.629	1.139.125	943.362
Cash flows					
Investment in tangible					
Fixed assets	515.374	524.533	383.298	265.905	291.641
Key ratios as a %					
Return on invested capital	19,0%	15,1%	18,3%	18,6%	19,2%
Equity/assets ratio	47,6%	36,7%	35,9%	34,8%	39,1%
Interest on capital and reserves	35,3%	22,1%	41,1%	40,2%	34,5%
Number of employees	6.155	5.842	5.372	4.574	3.768



JYSK A/S (Denmark) Largely unchanged EBIT figure

Denmark

Net profit after tax was DKK 199.6 million, compared to DKK 160.6 million the previous year. EBIT improved from DKK 252.5 million to DKK 257.5 million in 2009/10.

The fall in net revenue had only a limited impact on profits. The reason for this is partly that revenue fell in the distribution centre in Uldum as a result of intra-group sales to stores in other countries and sales to franchisees, and both types of sale bring a relatively low profit. Revenue in the stores fell only slightly. The gross margin achieved by the Danish stores also improved as a result of lower purchase prices.

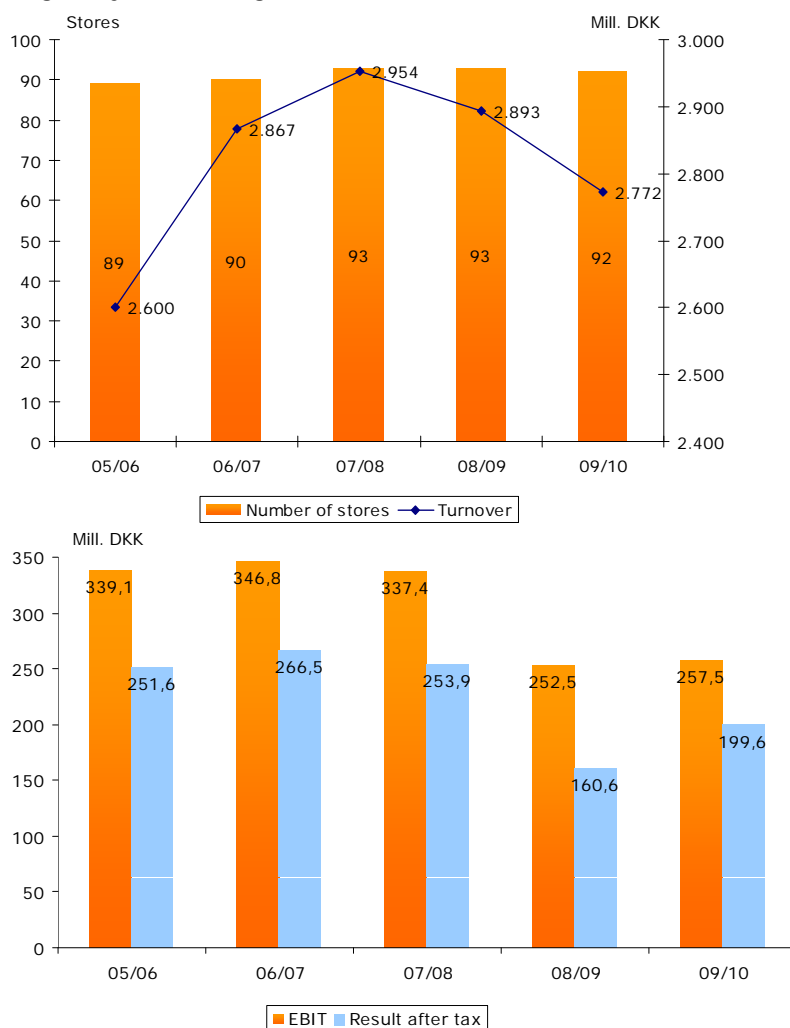
It was possible to reduce the costs of external stocks and container leasing by DKK 23.1 million. Further savings of around DKK 22 million were made in a number of areas, partly because of a decreasing need for small purchases at the newly-established distribution centre in Uldum, the closure of our own transport department and a reduction in travel, IT and other costs.

Depreciation increased by DKK 36.3 million, as the commissioning of the new distribution centre in Uldum was reflected in the figures for the whole of 2009/10.

Financial items showed an improvement of DKK 47.0 million following relatively large adjustments in 2008/09 to credits in PLN from the Polish sister company.

Inventories rose from DKK 549.1 million to DKK 574.4 million, but they are still at a satisfactory level. This has helped to enhance the general control of flows of goods, which is the reason for the savings on external warehouses stores and container leasing mentioned above.

One store was closed during the year, leaving 92 stores in Denmark.



JYSK AB (Sweden)
Best results ever

Net profit after tax was SEK 366.1 million, compared to SEK 74.5 million in 2008/09. EBIT improved from SEK 159.9 million in 2008/09 to SEK 341.2 million. This improved result is down to a 5.7% rise in revenue and an increasing gross margin, mainly because of the strength of the SEK against the USD.

Alongside the increasing activity in the company, total operating costs were reduced by SEK 31.3 million. This is due partly to a fall in write-downs at the distribution centre in Nässjö amounting to SEK 11.1 million, as the need for new investment dropped off as a result of better control of the flow of goods. Inventories rose from SEK 634.8 million to SEK 655.3 million, but are still at a satisfactory level in relation to the company's activity.

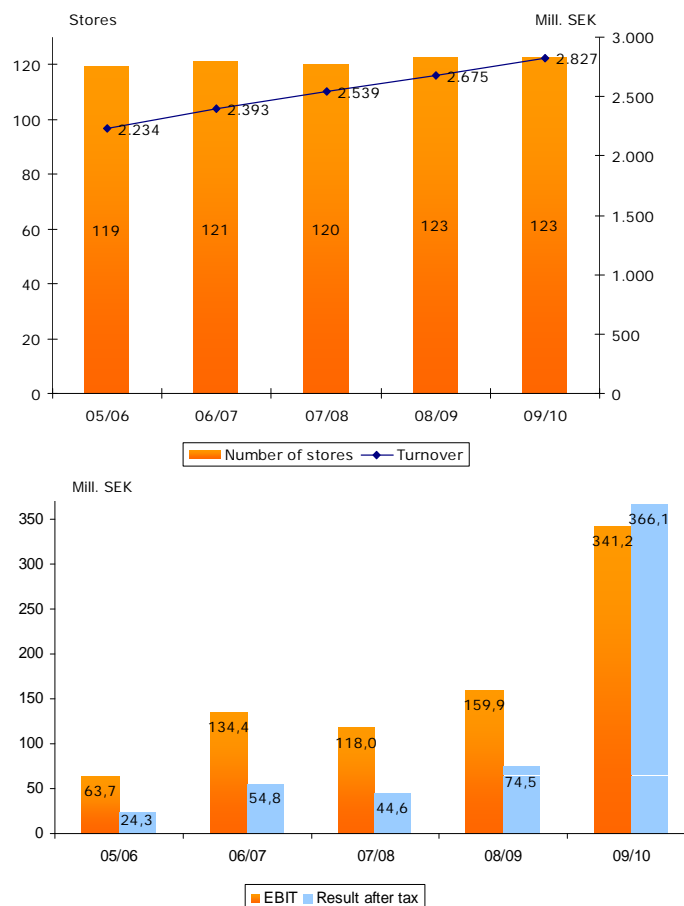
The remaining savings were generated by the ongoing economy programme, which has brought costs down in a number of areas, including cheaper distribution of advertising material, container leasing, distribution of goods to customers etc. The stronger SEK had a positive effect on costs, many of which are reported in EUR. This applies, for example, to the printing of advertising material.

There was a small increase in total staff costs, due to increased activity in the stores.

Profit after tax improved by SEK 291.6 million. The increase in profits after tax is thus SEK 110 million greater than the advance in EBIT. This is because financial items improved by SEK 90.9 million following negative exchange rate adjustments in 2008/09 when the SEK was weak.

The company has opted not to raise any more accruals and has taken earlier years' accruals to revenue. This generated income of SEK 137.1 million. Tax on the year's profits rose by SEK 103 million.

The company had 123 stores, unchanged from the previous year.



Exchange rate (100 SEK/DKK) as of 31/08/2010 = 79.8

JYSK AS (Norway) Increased EBIT due to improved gross margin

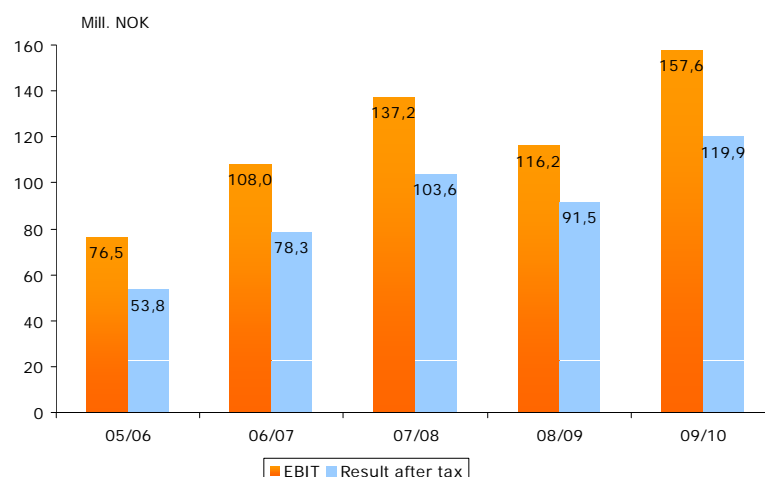
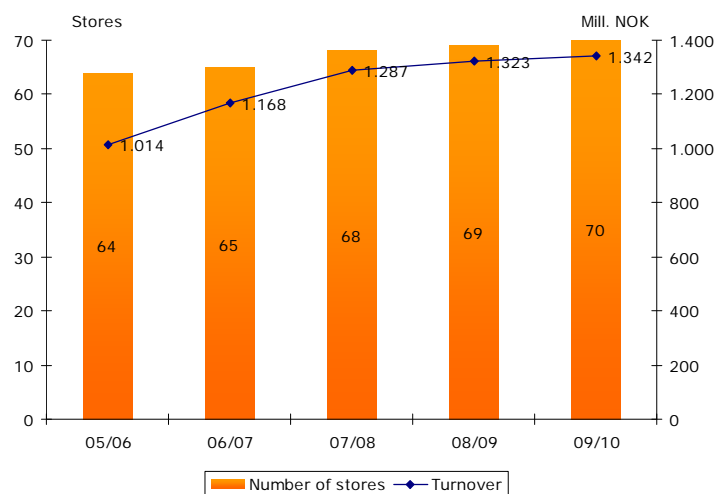
Profit after tax improved from NOK 91.5 million in 2008/09 to NOK 119.9 million, with EBIT up from NOK 116.2 million to NOK 157.6 million.

The rise in profits is down to a modest growth in revenue of 1.4% and a substantial improvement in gross margin, mainly because of a stronger NOK.

Overall, in relative terms, costs rose more than the increase in activity, mainly because the Norwegian labour market is suffering from a shortage of workers. Wage increases in Norway are also greater than in the surrounding countries. At the same time, an improved bonus system has been introduced, resulting in increased payments. Other operating costs developed in a satisfactory way, increasing by a modest 1.2%.

The stronger NOK had a positive effect on costs, many of which are reported in EUR. As in the Swedish company, this affects the printing of advertising material, for example.

One new store was opened during the 2009/10 financial year, bringing the total number in Norway to 70 at the end of the year.



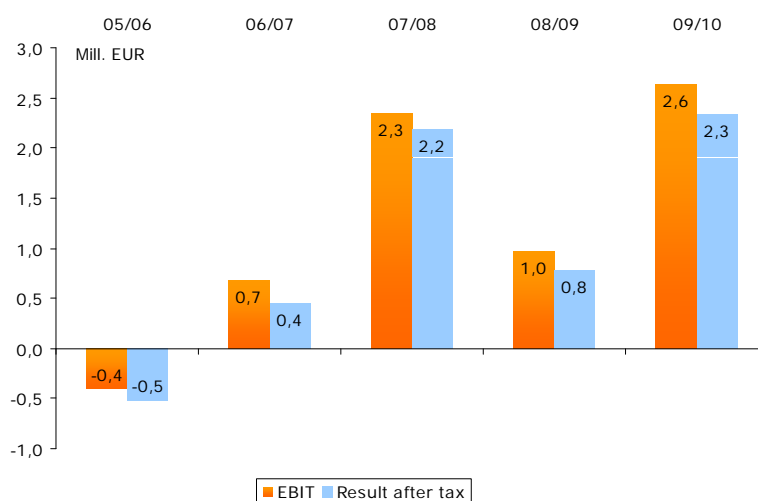
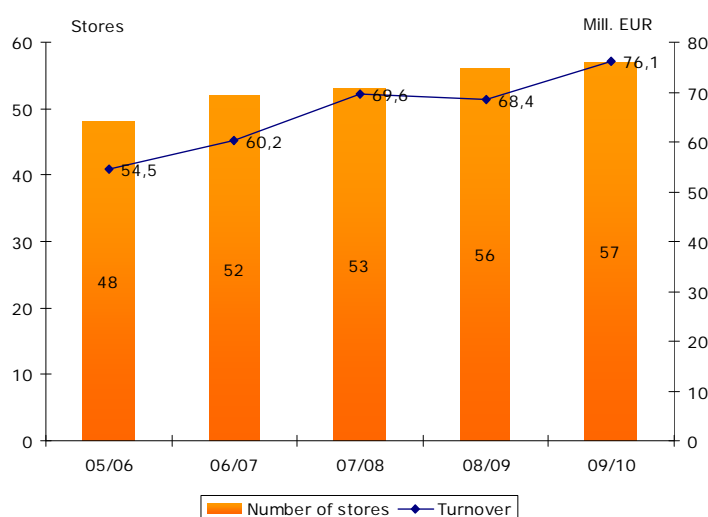
Exchange rate (100 NOK/DKK) as of 31/08/2010 = 93.8

JYSK OY (Finland) Satisfactory growth in revenue

The net result after tax was a profit of EUR 2.3 million, compared to EUR 0.8 million the previous year. EBIT stood at EUR 2.6 million, against EUR 1.0 million in 2008/09.

The increase in profit is mainly down to satisfactory revenue growth of 11.3%, most of it coming from growth in the existing stores. At the same time, the total cost percentage fell, partly through lower distribution costs and lower rents for a number of shops.

The company had a total of 57 stores at the end of the financial year, including one new store that opened during the year.



JYSK Sp. z o.o. (Poland)
Increased profits and tight control of costs

The net result after tax was a profit of PLN 58.5 million, compared to PLN 44.1 million in the previous financial year. EBIT improved from PLN 58.5 million to PLN 77.5 million.

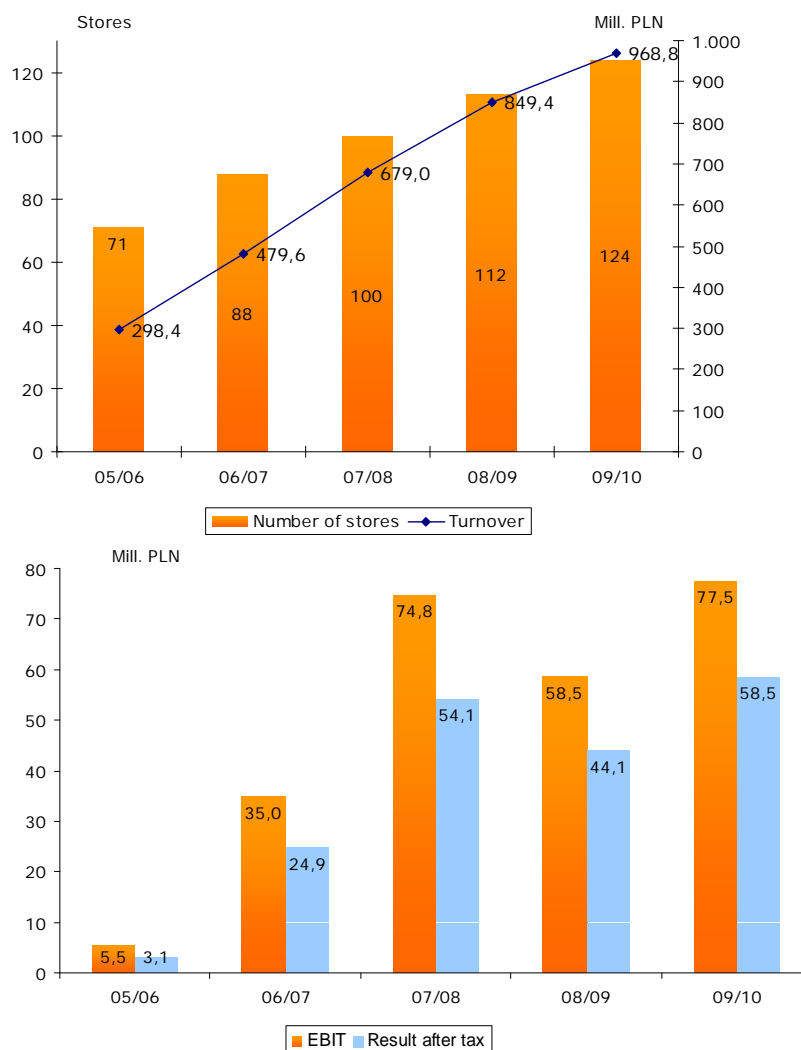
The reason for the increase is that revenue rose by 14.1% on the back of increasing activity at the distribution centre in Radomsko, growth in existing stores and the opening of new stores.

The gross margin in the stores remained unchanged compared to 2008/09. The fall in the total gross margin is due to the fact that the increasing activity in Radomsko generated relative low profits.

Costs developed in a satisfactory way, and it was especially encouraging that staff costs were held at substantially the same level as in 2008/09. It was also possible to bring the costs of container leasing down by PLN 3.2 million, leaving them close to zero.

The construction of the new distribution centre in Radomsko has not so far involved any unexpected additional costs. The distribution centre has just been commissioned and is being run in.

The company opened 12 stores during the financial year and had 124 stores at the end of the year.



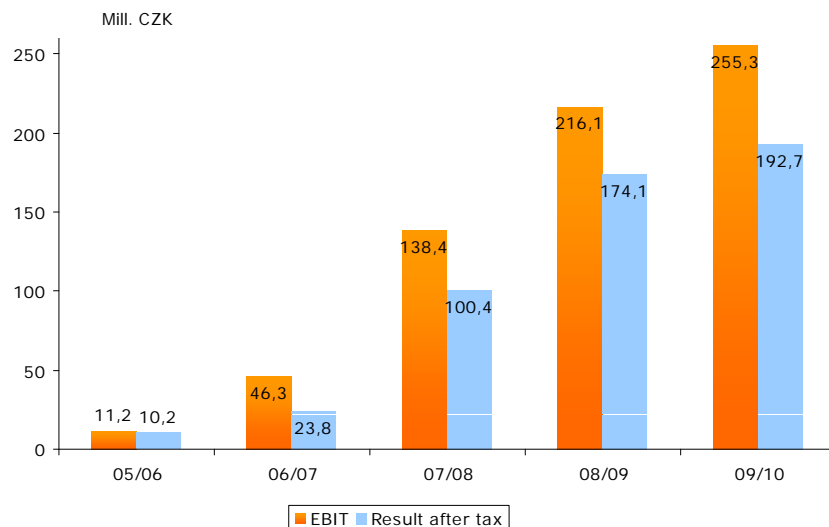
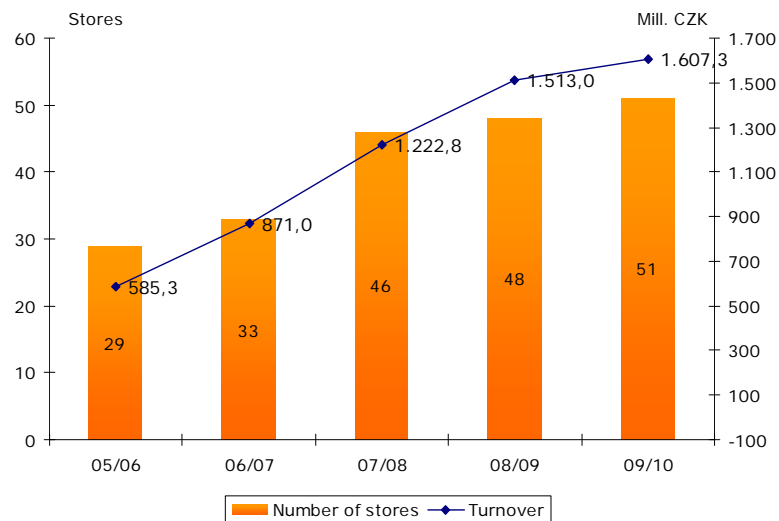
Exchange rate (100 PLN/DKK) as of 31/08/2010 = 187.3

JYSK s.r.o. (Czech Republic) Increased profits for the seventh year running

The net result after tax was a profit of CZK 192.7 million, compared to a profit of CZK 174.1 million last year. EBIT improved from CZK 216.1 million to CZK 255.3 million.

In increase in profits is mainly attributable to a 6.2% growth in revenue, largely from existing stores. Falling cost percentages were also achieved in almost all areas.

Three stores opened during the year, which means that there were 51 stores at the end of the year.



Exchange rate (100 CZK/DKK) as of 31/08/2010 = 30.2

JYSK Kft. (Hungary) EBIT close to zero

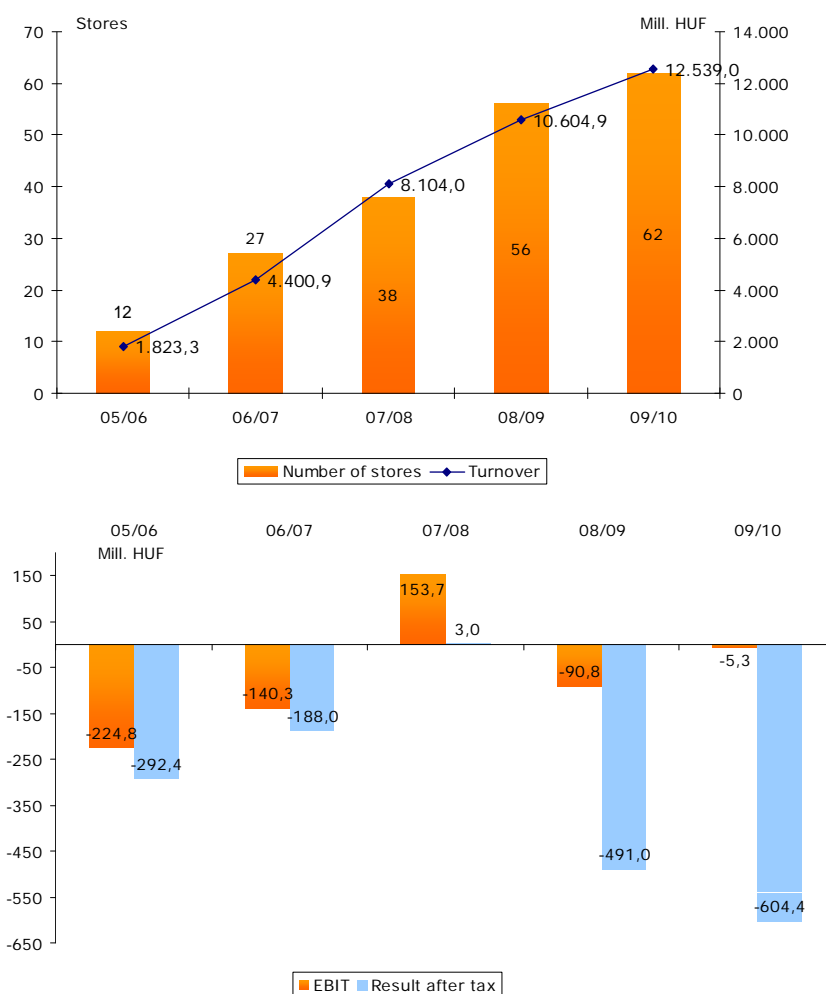
The net result after tax was a profit of HUF 604.4 million, compared to HUF 491.0 million the previous year. EBIT improved from HUF -90.8 million to HUF -5.3 million.

The loss is chiefly explained by financial items amounting to HUF 500.0 million in 2009/10 – mainly down to exchange rate adjustments on intra-group debt, largely in PLN. This is because the HUF lost around 11% against the PLN in the course of the financial year.

The improved EBIT figure reflects a revenue increase of 18.2%, most of it from new stores. The Hungarian economy is still in crisis, and suffers from low purchasing power as a result of increased taxes and contributions.

Strict cost control in all key areas has contributed to the improvement in EBIT with lower cost percentages.

Six stores opened during the year, meaning that the company had a total of 62 stores at the end of the year.

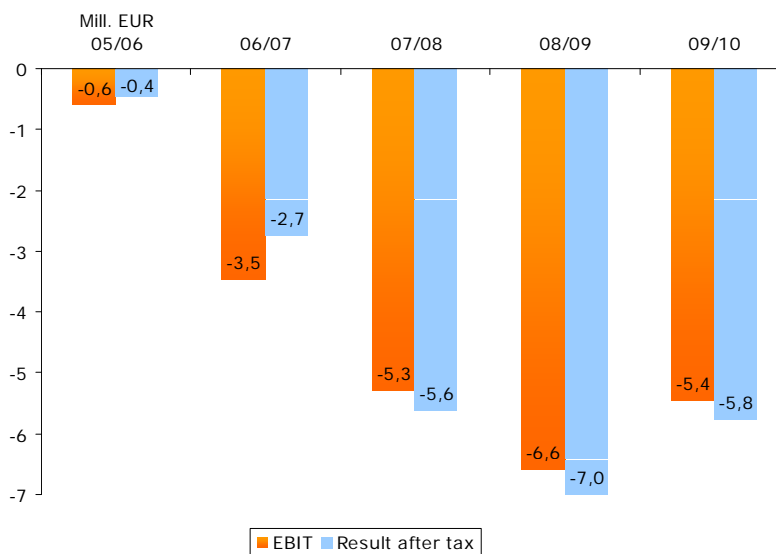
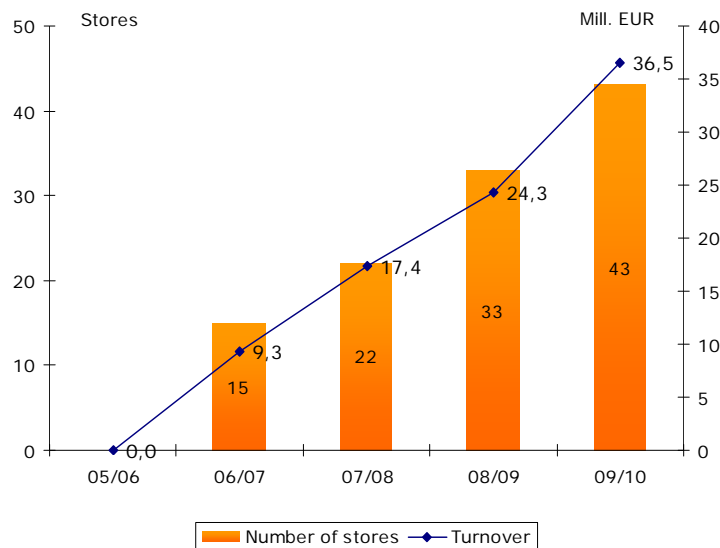


JYSK B.V. (Netherlands) Improved net result for the first time

The net result after tax was EUR -5.8 million, against EUR -7.0 million the previous year. EBIT improved from EUR -6.6 million in 2008/09 to EUR -5.4 million. The EBIT deficit in percentage terms was thus almost halved, from -27.1% in, 2008/09 to -14.9%.

It is encouraging that, for the first time, the company has achieved a better net result than in the previous year. The improvement is due to a 50.6% growth in revenue based on satisfactory growth in existing stores together with the opening of 10 new ones. There was also a rise in the gross margin, and all key cost percentages have been brought down by effective cost control.

The company had 43 shops at the end of the year.

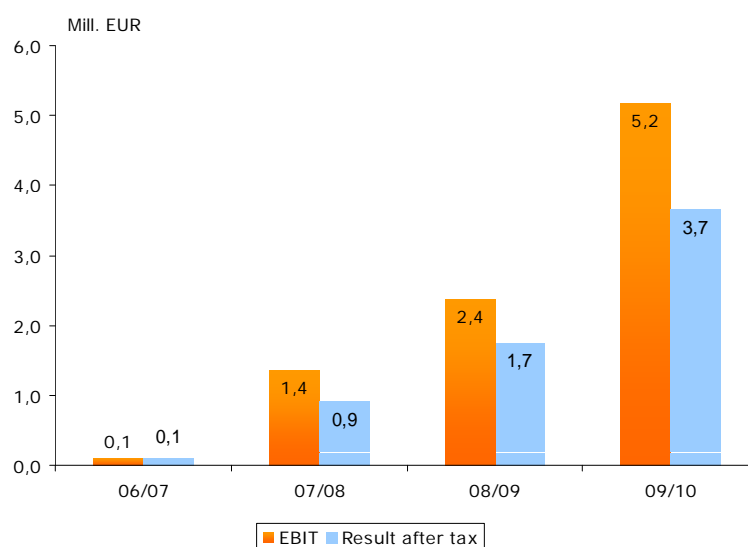
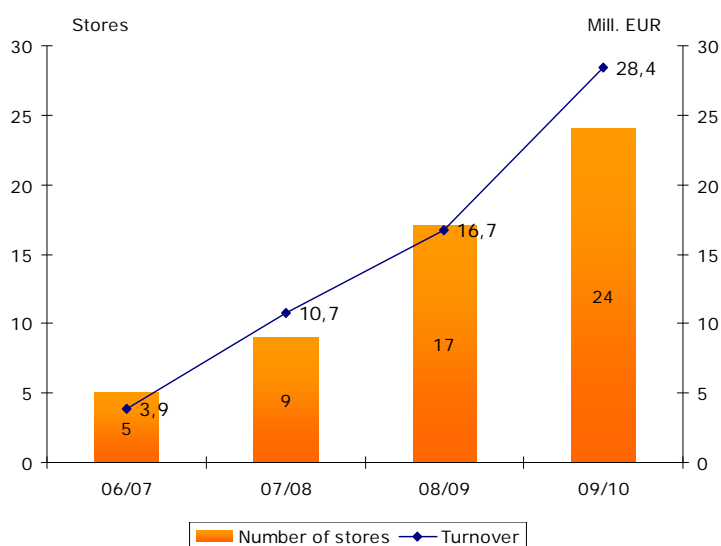


JYSK s.r.o. (Slovakia) Doubling of EBIT

The net result after tax was a profit of EUR 3.7 million, compared to EUR 1.7 million the previous year. The EBIT figure more than doubled from EUR 2.4 million to EUR 5.2 million.

The improvement is due to a 70% growth in revenue based on growth in existing stores and the opening of new ones. There has also been rigid cost control, bringing decreased cost percentages in all key areas.

The company opened seven stores during the financial year and so had 24 stores at the end of the year.

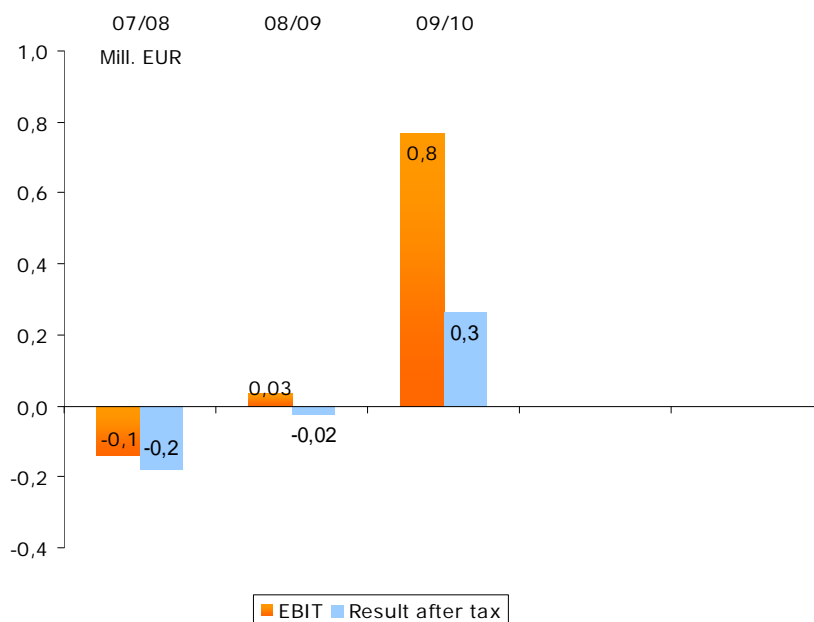
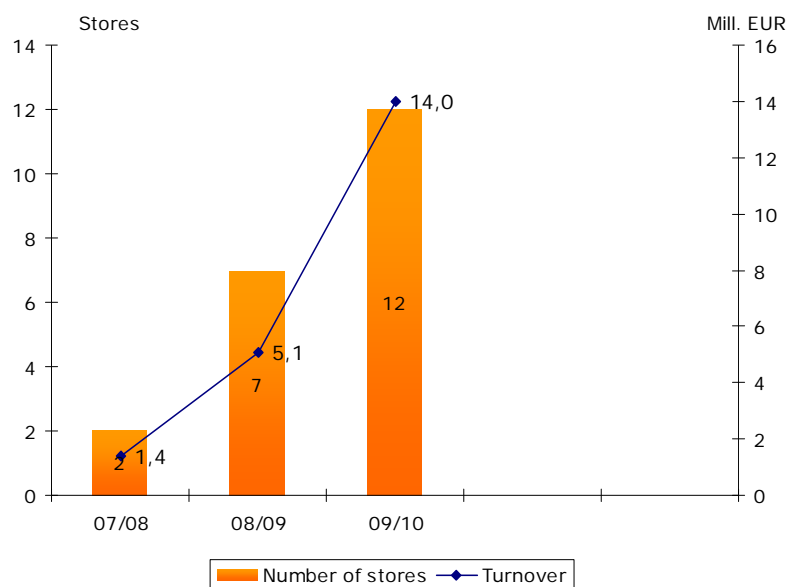


JYSK d.o.o. (Slovenia)**Positive results in the second full year of operation**

The net result after tax was a profit of EUR 0.3 million compared to break-even in 2008/09. EBIT stood at EUR 0.8 million against a small surplus the previous year.

It is encouraging that the company produced a surplus in only its second full year of operation, despite the fact that the results are affected by costs associated with five new stores.

There were 12 stores in the country at the end of the financial year.



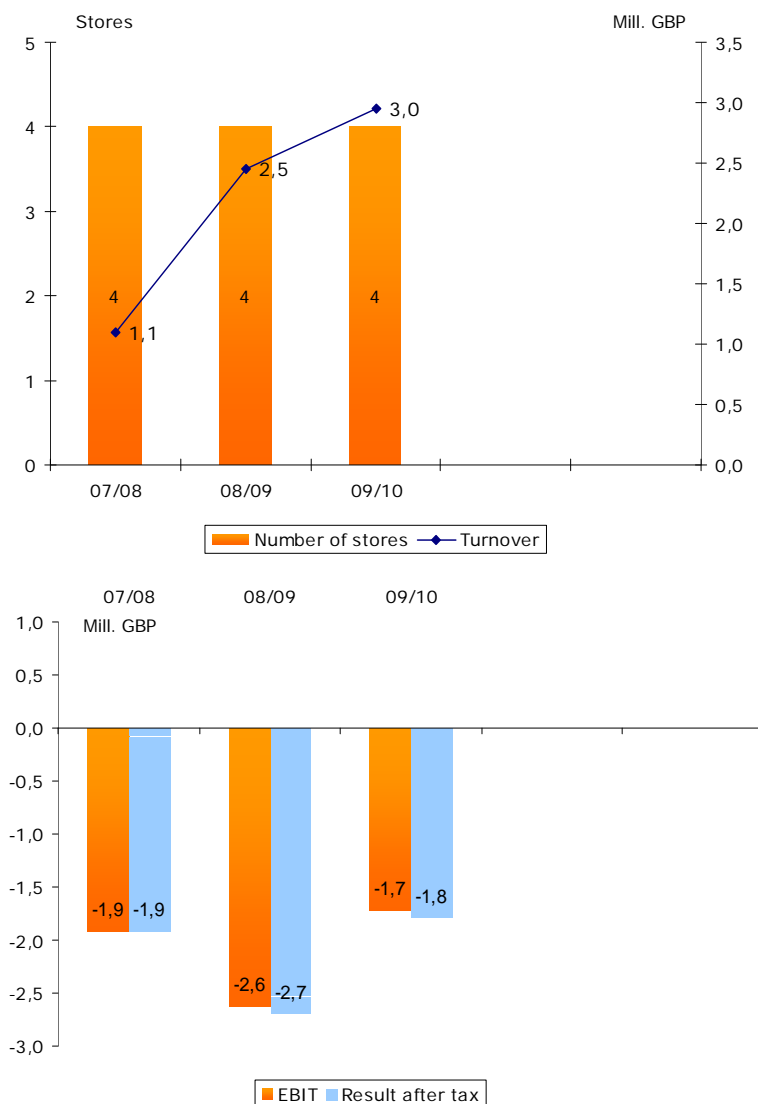
Exchange rate (100 EUR/DKK) as of 31/08/2010 = 744.5

JYSK Ltd. (United Kingdom) Loss reduced

The net result in the UK was a loss after tax of GBP 1.8 million, compared to GBP 2.7 million in 2008/09. The improved result is mainly down to the fact that revenue in the five existing stores rose by 20.4%. It is encouraging that the company achieved such a large growth in revenue given that the UK retail market is in crisis.

No new stores opened during the financial year.

There are early signs that the very high rents are falling, which JYSK expects to benefit from in the future as it opens new stores. Indeed, one new store opened in November 2010.

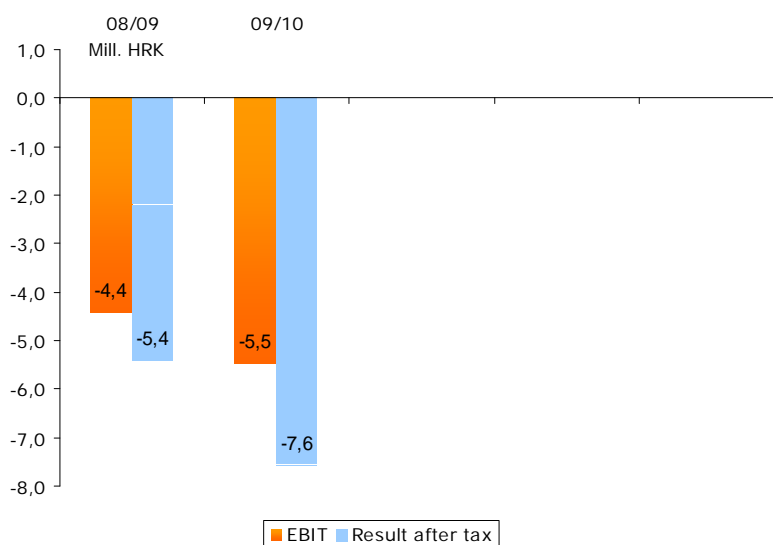
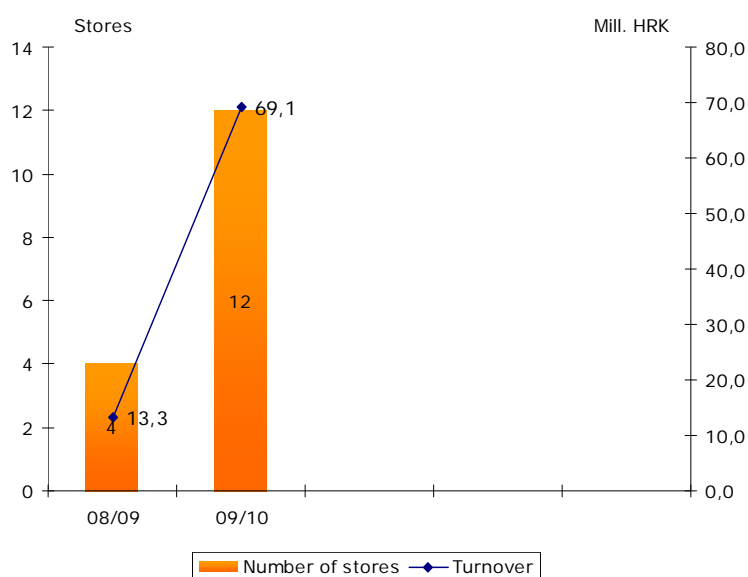


Exchange rate (100 GBP/DKK) as of 31/08/2010 = 898.0

JYSK d.o.o. (Croatia) The company's first full year in operation

The net result in Croatia in the first full year of operation was a loss of HRK 7.6 million after tax. This loss was expected and reflects the costs of opening new stores. Revenue from the stores was satisfactory.

Eight stores opened during the year, meaning that the company had a total of 12 stores at the end of the year.



**JYSK Trading co. Ltd (China) and
JYSK d.o.o. (Bosnia-Herzegovina)**

In April 2010, stores opened as planned in Bosnia-Herzegovina and China.

As of 31/08/2010, there were five stores in Bosnia-Herzegovina and three in China. As both countries have a mandatory financial year-end of 31 December, the results for the two companies are reported as at 31/12/2009.



The opening of the first store in Bosnia-Herzegovina, in Sarajevo, attracted the biggest turnout in JYSK's history. On the first day, 2,300 customers found a host of great bargains.



In April, JYSK opened its first store in China in Shanghai. Chinese customers displayed great interest in JYSK's products from the very first day.

Expectations for the 2010/11 financial year

The recent public spending cuts in almost all European countries will have a negative impact on revenue, particularly in Central and Eastern Europe. We have also seen large price increases for a number of raw materials, which threaten to put pressure on JYSK Nordic's gross margin. We therefore expect to see a slight decline in net profits in the 2010/11 financial year.

The number of new stores opening is expected to remain unchanged compared with 2009/10.

Stores are scheduled to open in Serbia in the spring of 2011.



Expectant customers queuing for the opening of JYSK's first store in Bosnia-Herzegovina, in the capital Sarajevo.

Distribution centres

JYSK Nordic is investing billions in warehouse capacity in the next few years. Northern Europe's largest distribution centre in Uldum is complete, a small warehouse opened in China in the spring of 2010, and a major expansion of JYSK's Polish warehouse in Radomsko will be completed in the spring of 2011.

JYSK opened its first distribution centre in Poland in 2006 – a building with 45,000 m² of storage space. That kind of warehouse capacity should really have been sufficient to handle demand for many years, but JYSK now has 90,000 m² of leased storage space available in seven different places. This is not a viable solution, so the Polish distribution centre is now being massively expanded, with two high-bay warehouses reaching some 42 metres into the sky the most visible sign of growth.

Once the expansion work is complete, there should be enough room – with more than 2,400,000 m³ of storage space – to meet demand in the years ahead.

The distribution centre in Radomsko:

- Before the warehouse was built, JYSK leased a 10,000 m² distribution centre southwest of the Polish capital, Warsaw.
- The expansion will be accompanied by a new computer system and a monorail to move the goods around.
- There is room for another two high-bay towers, should the need arise.
- The distribution centre is approximately 600 metres long, 250 metres wide and has a perimeter of some 1.5 kilometres.
- The two high-bay towers have space for some 170,000 pallets.
- The warehouse supplies the stores in Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Bosnia, and even ships goods to China.

The JYSK Group now has distribution centres in the following places:

Sweden:

- The Nässjö warehouse was opened in 2000. The current area of the warehouse is 55,000 m².

Poland:

- The Radomsko warehouse was opened in 2006. The present expansion project is set to complete in 2011, after which the facility will have a total area of more than 100,000 m².

Denmark:

- In 2009, Northern Europe's largest warehouse opened in Uldum in Central Jutland, with a floor area of 64,000 m².

China:

- A warehouse of just under 6,000 m² was recently leased in Shanghai, which will receive shipments from Radomsko and Uldum, as well as from suppliers from China and the rest of Asia. The current Chinese facility is able to serve between 15 and 20 stores, though there are plans to invest in a warehouse like the one in Poland.

Germany:

- In 1994, Dänisches Bettenlager opened a warehouse in Homberg with a floor area of 64,200 m².
- In 1997, another German warehouse opened in Zarrentin, with a floor area of 48,600 m².

Links:

- Aerial view of the distribution centre in Radomsko: <http://bit.ly/b6W2TE>
- More on JYSK's warehouse capacity in the staff magazine GO JYSK online: <http://bit.ly/dJrGn9>



*Aerial photograph of JYSK's distribution centre in Radomsko, Poland.
The building has a floor area of over 100,000 m².*

Improving our image as ‘experts in sleeping culture’

At JYSK, our declared ambition is to be 'experts in sleeping culture', and in this financial year we have launched a number of initiatives to realise this ambition and to make it visible to our staff and customers. We have sharpened our advertising communication; we are making improvements to our websites; we are working with suppliers to increase the overall quality; and we have launched a major project featuring several fashionable colours and designs.

But the most important things are happening out in the stores. Our staff are being trained to give even better advice so they can really make a difference, and the customer can feel properly guided in his choice of mattress or duvet, for example.

The reasons for deciding to turn up our ambition and improve our image as 'experts in sleeping culture' are simple: we beat most people when it comes to the breadth and depth of our core areas. We sell BASIC products at the inexpensive end, PLUS products in the mid-range category, and we offer high-quality duvets, pillows and mattresses in our GOLD category. Common to all three categories is high quality at low prices.

JYSK has very competent staff with a high level of knowledge. We want to bring more of this knowledge to our thousands of customers every day. The aim is to stand out even more from the competition, to display our credibility and knowledge and, naturally, to increase sales.

- More on our ambition in our staff magazine online: <http://bit.ly/gQdsze>

JYSK and the royal family

Over the years, Lars Larsen and JYSK have built up a relationship with the Danish royal family. The royal family have been established customers of JYSK for many years, a tradition we are very proud of. This customer relationship became official in 2010, when JYSK was appointed Purveyor to Her Majesty the Queen of Denmark. 2010 was also the year when Lars Larsen was knighted by Her Majesty – and when His Royal Highness Prince Henrik opened the fourth JYSK store in Shanghai.

- To read more: <http://bit.ly/c83R3Q>

Online sales

On Monday 15 November 2010 – after the close of the financial year – JYSK Nordic launched into a new market: online sales. JYSK has great expectations of selling over the Internet, and over time, our ambition is to extend our online solution to other countries within JYSK Nordic.

- To read more: www.jysk.dk.

Award for the staff magazine

JYSK places a high priority on internal communication and focuses on creating a shared JYSK culture across all the countries in which it operates. The staff magazine GO JYSK is the most visible evidence of this priority. It comes out four times a year in nine languages, and is sent directly to almost 8,500 employees in 10 countries. In 2010, GO JYSK was named 'Staff magazine of the year' by the Danish Internal Communication Association – and also won second prize for the 'Best international magazine' in a European competition for internal communication. The competition was organised by FEIEA, the Federation of Internal Communications Associations.

- Read our staff magazines online here: <http://bit.ly/e5mnYB>
- See the FEIEA winners here: <http://bit.ly/azn4cw>



*In 2010, JYSK's owner Lars Larsen visited Her Majesty the Queen to receive a knighthood. JYSK was also appointed Purveyor to Her Majesty the Queen of Denmark.
Photo: Klaus Møller, court photographer*

JYSK is an international group in daily contact with thousands of customers and employees. This brings great responsibility. We purchase large volumes of products from suppliers worldwide and our actions have an impact on our environment. We aim to be a socially responsible retailer and we expect and demand the same from our suppliers. We perform both announced and unannounced inspections of our suppliers and their production processes in order to ensure that our contractual agreements are fulfilled.

Today, customers, companies, organisations and authorities set high ethical standards when it comes to the products that they buy. This is a positive development. 'Corporate Social Responsibility' (CSR), as it is commonly known, is high on today's agenda – both publicly and in JYSK's strategic considerations.

At JYSK we have chosen to define CSR as *taking responsibility for the production and manufacture of the goods we sell*. This is where we feel we can make the biggest difference and why it makes sense to channel our resources into this area. We have always placed demands on our suppliers, but in 2006 this project was formalised when we became the first Danish company to join the Business Social Compliance Initiative (BSCI), which supports both the UN's Global Compact and the International Labour Organisation (ILO).

The BSCI is a common European supplier inspection and training system, which today has more than 500 companies as members. We have the same standards and demands for social conditions and it makes sense for the individual supplier, who now has only a single standard to meet.

The BSCI's 10 principles of corporate ethical and social responsibility are set out in a Code of Conduct which suppliers to BSCI members must sign. This prohibits child labour, forced labour and discrimination and sets out requirements for safety, working hours and environmental protection.

Work for sustainable forestry

Change does not happen overnight, and it certainly does not come from turning our backs on problems. That is why we prefer to continue working with suppliers who have problems and help them to correct their mistakes, because we will only be able to move forward if we work together.

One of the biggest culprits behind climate change is deforestation. Approximately 20% of human generated CO₂ emissions result from the clearing and burning of forests to obtain wood for things like garden furniture and home flooring.

JYSK is one of Europe's largest retailers of garden furniture, and we therefore have a particular obligation to work actively to fight illegal 'slash and burn' forestry. This is why JYSK is a member and co-founder of The Forest Trust (TFT), which was started in 1999. TFT works to create more sustainable forestry and today has more than 80 members worldwide. Through our membership, we at JYSK are committed to increasing the percentage of FSC-certified furniture in our product range, which is a commitment we have fulfilled.

All control systems have loopholes, and mistakes and misunderstandings can arise, which is why we unfortunately cannot issue any guarantees that all of our requirements are followed by all of our suppliers worldwide, at all times and down to the last detail. However, we can guarantee that we work consciously, systematically and responsibly to improve conditions and processes, in close collaboration with our suppliers.

Our Code of Conduct is based on the 10 Principles set out in the UN Global Compact.

Progress report

JYSK's ethical policy is based on 10 principles, which are identical to the core of the BSCI's Code of Conduct – which is in turn based on the ILO conventions and the UN Global Compact.	Activities	Results
<ol style="list-style-type: none"> 1. Freedom of association and the right to collective bargaining are respected. 2. No discrimination is practised. 3. Child labour is prohibited. 4. Legal minimum and/or industry standard wages are paid. 5. Working hours are compliant with national laws. 6. There is no forced labour and disciplinary measures. 7. The workplace is safe and healthy. 8. The environment is respected. 9. There is a policy for social accountability. 10. There is an anti-bribery and anti-corruption policy. 	<p>JYSK has been a member of the BSCI since 2006. The BSCI's Code of Conduct is included in JYSK's Supplier Guidelines and is an established part of our contract with suppliers. BSCI-approved auditors check the suppliers, who are also instructed in the Code of Conduct via the BSCI.</p> <p>JYSK was a co-founder of The Tropical Trust in 1999. As a member, JYSK undertakes to increase the percentage of FSC-certified garden furniture.</p> <p>JYSK sells Fairtrade goods, and we have decided that all our bed linen, sheets, towels and household textiles must comply with the Oeko-tex standard. We also sell goods bearing the EU flower mark.</p> <p>JYSK aims to enter into dialogue with major players in the field of CSR and takes an active part in cooperative efforts in this area.</p>	<p>All of JYSK's largest and most important suppliers are part of the BSCI process. JYSK is represented on the BSCI's Supervisory Board.</p> <p>In 1999, none of JYSK's garden furniture was FSC-certified. Today, the figure is 75%. We expect to increase this proportion further next year. JYSK is represented on the Board of TFT.</p> <p>This year, JYSK decided to upgrade its cooperation with the Fairtrade label and is now an official licence holder. All bed linen, sheets and towels are now inspected to ensure that they meet the Oeko-tex requirements. Similar processes are now applied to other household textiles.</p> <p>Apart from its membership of the BSCI and the Danish Council for Sustainable Development, JYSK this year joined the 'multi-stakeholder' DIEH (Danish Initiative for Ethical Trade).</p>

Sponsorships and donations

JYSK is the main sponsor of the Danish Disabled Athletics Association. JYSK also sponsors disabled sports associations in Norway and Sweden, and JYSK Franchise supports disabled sports in Canada, Lithuania, Latvia and Estonia, as well as Iceland and the Faroe Islands.

During the financial year, JYSK was the main sponsor of the Danish Cancer Society's high-profile Støt Brysterne-Gallashow ('Support Breasts' gala). JYSK's 92 Danish stores have also sold products in aid of the fight against breast cancer.

In January 2010, JYSK donated more than DKK 1 million to the annual Danish collection drive, and in the same month it gave 10 tonnes of emergency aid to support the work of SOS Children's Villages after the earthquake in Haiti.

Read more

At <http://www.jysk.com/frontpage/responsibility.htm> you can read more about our policies and activities – and also download our CSR Strategy and Code of Conduct.



In February 2010, JYSK donated 10 tonnes of aid – 7,000 blankets and 5,000 sleeping bags – to support the relief work of SOS Children's Villages following the earthquake in Haiti. SOS Children's Villages has two outposts in Haiti.

Profit and loss account

Profit and loss account 1 September 2009 – 31 August 2010

	2009/10	2008/09
	DKK 1.000	DKK 1.000
Net revenue	8.347.945	7.549.295
Cost of sales	4.174.753	3.896.658
Other operating income	8.308	4.815
Other external expenses	1.881.330	1.788.839
Gross profit	2.300.170	1.868.613
Staff costs	1.257.701	1.162.644
Depreciation of tangible fixed assets	179.037	135.384
Profit/loss before financial items	863.432	570.585
Financial income	44.935	175.462
Financial expenses	53.834	284.953
Profit/loss before tax	854.533	461.094
Tax on profit for the year	227.144	150.172
Profit/loss for the year	627.389	310.922
Appropriation of profit		
Proposed appropriation of profit		
Proposed dividend for the financial year	0	293.562
Retained profit	627.389	17.360
	627.389	310.922

Balance sheet 31 August

Assets

	2010	2009
	DKK 1.000	DKK 1.000
Land and buildings	332.531	263.075
Other operating plant, fixtures and fittings	417.984	445.292
Lorries and passenger cars	53.029	50.930
Fixtures and fittings for leased premises	107.827	77.616
Tangible fixed assets under construction	565.100	288.532
Tangible fixed assets	1.476.471	1.125.445
Deposits	57.759	22.851
Financial fixed assets	57.759	22.851
Fixed assets	1.534.230	1.148.296
Inventories	1.968.661	1.798.000
Sales and services	45.846	71.880
Affiliated companies	927	2.262
Other receivables	62.464	86.070
Prepayments and accruals	46.821	28.774
Accounts receivable	156.058	188.986
Cash and cash equivalents	881.992	651.444
Current assets	3.006.711	2.638.430
Assets	4.540.941	3.786.726

Balance sheet 31 August

Liabilities

	2010	2009
	DKK 1.000	DKK 1.000
Share capital	337.824	272.368
Accumulated profits	1.822.709	822.924
Proposed dividends for the financial year	0	293.933
Capital and reserves	2.160.533	1.389.225
Deferred tax	5.394	31.611
Provisions for liabilities and charges	5.394	31.611
Affiliated companies	98.883	98.861
Long-term financial liabilities	98.883	98.861
Credit institutions	674.812	492.505
Advance payments received from customers	15.991	14.396
Suppliers of goods and services	497.694	468.785
Affiliated companies	316.528	796.142
Corporation tax	183.388	51.895
Prepayments and accruals	14.197	17.594
Other liabilities	573.521	425.712
Current financial liabilities	2.276.131	2.267.029
Financial liabilities	2.375.014	2.365.890
Liabilities	4.540.941	3.786.726



The first of what we hope will be many new Chinese members of the JYSK family. The JYSK Group now has over 16,000 employees – we grew by more than 1,000 in the course of the financial year.

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