
DHL Express (Denmark) **A/S**

Jydekrogen 14, DK-2625 Vallensbæk

Annual Report for 1 January - 31 December 2015

CVR No 10 15 45 96

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/6 2016

Charlotte Schubart
Chairman



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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of DHL Express (Denmark) A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vallensbæk, 17 June 2016

Executive Board

Claus Lassen
Executive Officer

Ole Høxbro Mørk

Charlotte Schubart
CFO

Board of Directors

Alastair Shaun McCambridge
Chairman

Henrik Hänche

Claus Lassen

Independent Auditor's Report on the Financial Statements

To the Shareholder of DHL Express (Denmark) A/S

Report on the Financial Statements

We have audited the Financial Statements of DHL Express (Denmark) A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of 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 Financial Statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 17 June 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant

Anders Røjleskov
State Authorised Public Accountant

Company Information

The Company

DHL Express (Denmark) A/S
Jydekrogen 14
DK-2625 Vallensbæk

Telephone: +45 70 345 345
Facsimile: +45 70 131 133

CVR No: 10 15 45 96
Financial period: 1 January - 31 December
Municipality of reg. office: Vallensbæk

Board of Directors

Alastair Shaun McCambridge, Chairman
Henrik Hånche
Claus Lassen

Executive Board

Claus Lassen
Ole Høxbro Mørk
Charlotte Schubart

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Group Chart

Parent Company

DHL Express (Denmark) A/S,
Vallensbæk, Denmark
Nom. DKK 76,100,000

Subsidiaries

100% DHL Supply Chain (Denmark)
A/S,
Hvidovre, Denmark
Nom. DKK 13,100,000

100% DHL Global Forwarding
(Denmark) A/S,
Kastrup, Denmark
Nom. DKK 3,000,000

100%

Fact Denmark A/S,
Kastrup, Denmark
Nom. DKK 500,000

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	1.437.792	1.356.920	1.264.847	1.377.857	1.397.437
Gross profit/loss	257.497	239.295	244.327	275.158	287.667
Operating profit/loss	13.198	8.517	12.764	33.338	37.360
Profit/loss before financial income and expenses	16.422	11.486	15.435	37.048	41.546
Net financials	7.156	12.468	6.108	5.571	2.485
Net profit/loss for the year	27.503	26.392	21.543	47.424	44.031
Balance sheet					
Balance sheet total	640.382	609.757	575.893	527.183	547.728
Equity	401.252	373.749	347.357	325.814	278.390
Investment in property, plant and equipment	-6.646	-10.121	-4.086	0	-18.539
Number of employees	458	448	416	436	481
Ratios					
Gross margin	17,9%	17,6%	19,3%	20,0%	20,6%
Profit margin	1,1%	0,8%	1,2%	2,7%	3,0%
Return on assets	2,6%	1,9%	2,7%	7,0%	7,6%
Solvency ratio	62,7%	61,3%	60,3%	61,8%	50,8%
Return on equity	7,1%	7,3%	6,4%	15,7%	17,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

The Company's activities are transport, shipping and logistics solutions. DHL holds a leading position in the global market and is part of Deutsche Post DHL.

DHL is an important player on the transport and logistics market in Denmark and expects to further expand and manifest its position on the market to the benefit of the customers.

Development in the year

The income statement of the Company for 2015 shows a profit of DKK'000 27,503, and at 31 December 2015 the balance sheet of the Company shows equity of DKK'000 401,252.

The revenue for the year has compared to 2014, been satisfying overall.

Management considers the result to be satisfactory.

The past year and follow-up on development expectations from last year

The Express division's expectations for 2015 are considered fully met and as expected with a minor increase in revenue as expected.

The Express business' focus on becoming Employer of Choice, deliver great service quality and as an outcome improving our customer's life has continuously led to an increased market share and even higher customer satisfaction.

The Freight division has performed well in a highly competitive road market with prices under pressure. In this challenging environment the Freight division once again managed to grow revenue above market level.

The Freight division is dedicated to deliver high-value products to customers through dedicated employees and customer experience focus. Main focus in 2015 has been on optimizing cost and at the same time investing in employee development and satisfaction.

Special risks - operating risks and financial risks

Operating risks

Like other industrial enterprises in Denmark DHL is affected by changes seen in the Danish economy in 2015.

DHL will continue to focus on strong positioning within global imports and exports.

Management's Review

Foreign exchange risks

DHL invoices its main sales in DKK, whereas parts of direct costs are denominated in EUR. DHL is partly exposed to exchange risks in relation to the EUR as regards the day-to-day operation.

Interest rate risks

Due to its ownership, DHL has limited exposure to interest level changes.

Credit risks

DHL has no material risks relating to individual customers or business partners.

Expectations for the year ahead

The Express division will through Focus 2016 strategy's core areas work to maintain and improve profitable networks and loyal customers driven by motivated employees and high service quality.

The Freight division will continue to focus on customer satisfaction and to further develop employee engagement through training in the Certified Freight specialist Programs.

DHL expects the Express and Freight divisions to further strengthen customer satisfaction through development of innovative tools, increasing market shares and as a result hereof continuously improvement of the financial performance.

External environment

The Company has obtained environmental certification under ISO 14001 and in that connection an environmental policy focusing on continuous environmental improvements has been implemented.

Every year a report detailing the Group's CSR commitments is prepared. This report also contains an account of the most substantial environmental impacts resulting from the environmental impacts resulting from the Group's worldwide activities. The report can be found on <http://cr-report2015.dpdl.com>.

The goal of this strategy is to improve the Group's carbon efficiency by 30% before 2020. Furthermore, DHL has joined and supports UN's Global Compact, being a part of Deutsche Post DHL.

Intellectual capital resources

DHL has the required intellectual capital resources to operate on a completely sound basis.

Management's Review

Statutory statement of corporate social responsibility

According to section 99a (6) of the Danish Financial Statements Act, no description of corporate social responsibility has been prepared. We refer to Deutsche Post DHL for a CSR report, which can be found on <http://cr-report2015.dpdhl.com/>.

Share of the underrepresented gender

The Company sees it as a strength to have both men and women represented knowing that it adds value to the business and its development. The Company prioritizes a fairly balanced composition of men and women on the Board and will therefore seek to achieve that neither men nor women are represented by less than 40 percent, within four years, i.e. at the latest by the time of the ordinary general meeting in 2017.

The company has quantified 33 percentages of the least represented gender to be a minimum, which isn't fulfilled by the current composition of the Board by three persons.

Furthermore DHL has a policy to offer the same possibilities for every employee, and aims towards a more equal composition of both genders among employees in management positions.

The Executive Board considers recruitment as an important pipeline to promote gender equality in the company, which is a requisite for gender equality in the management positions.

Due to the short period of these initiatives, it has not yet been possible to measure the effect here.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2015 of the Company and the results of the activities of the Company for the financial year for 2015 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2015 DKK'000	2014 DKK'000
Revenue	1	1.437.792	1.356.920
Other operating income		3.211	3.138
Freight and other transportation expenses, etc.		-1.114.259	-1.041.628
Other external expenses		-69.247	-79.135
Gross profit/loss		257.497	239.295
Staff expenses	2	-232.963	-219.612
Depreciation of property, plant and equipment	3	-8.125	-8.028
Other operating expenses		13	-169
Profit/loss before financial income and expenses		16.422	11.486
Income from investments in subsidiaries		7.612	13.489
Financial income		682	171
Financial expenses	4	-1.138	-1.192
Profit/loss before tax		23.578	23.954
Tax on profit/loss for the year	5	3.925	2.438
Net profit/loss for the year		27.503	26.392

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	235.000	0
Retained earnings	-207.497	26.392
	27.503	26.392

Balance Sheet 31 December

Assets

	Note	2015 DKK'000	2014 DKK'000
Land and buildings		37.561	38.764
Other fixtures and fittings, tools and equipment		23.903	23.620
Leasehold improvements		5.599	6.821
Property, plant and equipment	6	67.063	69.205
Investments in subsidiaries	7	86.110	78.498
Other investments	8	50	50
Deposits	8	5.846	5.704
Fixed asset investments		92.006	84.252
Fixed assets		159.069	153.457
Trade receivables		177.726	172.454
Receivables from group enterprises		286.535	269.492
Other receivables		12.777	11.832
Prepayments		2.575	2.357
Receivables		479.613	456.135
Cash at bank and in hand		1.700	165
Currents assets		481.313	456.300
Assets		640.382	609.757

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK'000	2014 DKK'000
Share capital		76.100	76.100
Retained earnings		90.152	297.649
Proposed dividend for the year		235.000	0
Equity	9	401.252	373.749
Provisions for restructuring	10	7.481	11.004
Provisions		7.481	11.004
Trade payables		145.759	144.929
Payables to group enterprises		16.119	14.775
Other payables		69.771	65.300
Short-term debt		231.649	225.004
Debt		231.649	225.004
Liabilities and equity		640.382	609.757
Contingent assets, liabilities and other financial obligations	11		
Fee to auditors appointed at the general meeting	12		
Related parties and group relation	13		

Notes to the Financial Statements

	2015 DKK'000	2014 DKK'000
1 Revenue		
Geographical segments		
Revenue, Denmark	91.861	87.731
Revenue, exports	1.345.931	1.269.189
	1.437.792	1.356.920
Business segments		
Freight	906.718	826.044
Day Definite	86.004	86.109
Time Definite	428.084	426.939
Domestic	16.986	17.828
	1.437.792	1.356.920
2 Staff expenses		
Wages and salaries	204.550	195.749
Pensions	14.416	13.948
Other social security expenses	2.657	1.110
Other staff expenses	11.340	8.805
	232.963	219.612
Including remuneration to the Executive Board	5.981	5.975
Average number of employees	458	448
3 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	8.125	8.028
	8.125	8.028
Which is specified as follows:		
Buildings	1.202	1.202
Other fixtures and fittings, tools and equipment	5.683	5.551
Leasehold improvements	1.240	1.275
	8.125	8.028

Notes to the Financial Statements

	2015 DKK'000	2014 DKK'000
4 Financial expenses		
Interest paid to group enterprises	228	296
Other financial expenses	216	268
Exchange loss	694	628
	1.138	1.192

5 Tax on profit/loss for the year

Current tax for the year	0	0
Adjustment of tax concerning tax group previous years	-3.925	-2.438
	-3.925	-2.438

At 31 December 2015 the Company has deferred tax asset of DKK 46,6 million (2014: DKK 50 million). The Company has chosen to recognise the deferred tax asset to a value of DKK 0

6 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost at 1 January	73.191	45.533	14.528
Additions for the year	0	6.550	96
Disposals for the year	0	-2.521	-80
Cost at 31 December	73.191	49.562	14.544
Impairment losses and depreciation at 1 January	34.427	21.913	7.707
Depreciation for the year	1.203	5.673	1.241
Reversal of impairment and depreciation of sold assets	0	-1.927	-3
Impairment losses and depreciation at 31 December	35.630	25.659	8.945
Carrying amount at 31 December	37.561	23.903	5.599

According to the official property assessment at 1 October 2014, the value of the Danish land and buildings amounts to DKK 42.500k.

Notes to the Financial Statements

	2015 DKK'000	2014 DKK'000
7 Investments in subsidiaries		
Cost at 1 January	340.268	401.475
Adjustments at 1 January	0	-61.207
Cost at 31 December	<u>340.268</u>	<u>340.268</u>
Value adjustments at 1 January	-261.770	-336.466
Adjustments at 1 January	0	61.207
Net profit/loss for the year	<u>7.612</u>	<u>13.489</u>
Value adjustments at 31 December	<u>-254.158</u>	<u>-261.770</u>
Carrying amount at 31 December	<u>86.110</u>	<u>78.498</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
DHL Supply Chain (Denmark) A/S	Denmark	DKK 13.100k	100%	-147.713	460
DHL Global Forwarding (Denmark) A/S	Denmark	DKK 3.000k	100%	86.110	7.612

8 Other fixed asset investments

	Other investments DKK'000	Deposits DKK'000
Cost at 1 January	50	5.704
Additions for the year	0	142
Cost at 31 December	<u>50</u>	<u>5.846</u>
Carrying amount at 31 December	<u>50</u>	<u>5.846</u>

Notes to the Financial Statements

9 Equity

	Share capital DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity at 1 January	76.100	297.649	0	373.749
Net profit/loss for the year	0	-207.497	235.000	27.503
Equity at 31 December	76.100	90.152	235.000	401.252

The share capital consists of 761,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

10 Provisions for restructuring

Provisions for restructuring comprise of provisions for closing of terminals.

	2015 DKK'000	2014 DKK'000
Other provisions	7.481	11.004
	7.481	11.004

11 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year	23.213	28.140
Between 1 and 5 years	24.303	28.752
After 5 years	19.855	24.172
	67.371	81.064

Contingent liabilities

The Company is jointly taxed with other Danish companies and branches of the DPDHL Group. The Company and the other companies and branches subject to joint taxation have unlimited, joint and several liability for Danish corporation taxes.

Notes to the Financial Statements

	2015	2014
	DKK'000	DKK'000
12 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	734	748
Other assurance engagements	275	260
Tax advisory services	56	61
Non-Audit services	274	268
	1.339	1.337

13 Related parties and group relation

Basis

Controlling interest

Deutsche Post Beteiligungen Holding GmbH
DE 53113 Bonn
Germany

Controlling shareholder

Deutsche Post AG
DE 53105 Bonn
Germany

Ultimate controlling shareholder

Transactions

The Company's intercompany transactions and normal management remuneration has during the year been entered into at arm's length.

Consolidated Financial Statements

The Company does not prepare consolidated financial statements pursuant to section 112(1) of the Danish Financial Statements Act. The Company's direct parent, Deutsche Post Beteiligungen Holdings GmbH, does furthermore not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into which the company is incorporated as a subsidiary, is Deutsche Post AG, Deutsche Post AG.

The Group Annual Report may be obtained at the following address:

Deutsche Post AG, DE 53105 Bonn, Germany

Accounting Policies

Basis of Preparation

The Annual Report of DHL Express (Denmark) A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK'000.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Deutsche Post AG, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Deutsche Post AG, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Accounting Policies

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Segment information on revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Accounting Policies

Income Statement

Revenue

Revenue from logistics services is recognised in the income statement when the sale is considered effected based on the following criteria:

- the services are rendered
- a binding sales agreement has been made;
- the amount of revenue and income can be reliably measured; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Freight and other transportation expenses, etc.

Freight and other transportation expenses, etc. includes costs for carriers, and other costs used in generating the year's revenue.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Depreciation and impairment losses

Depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment as well as gains and losses from current replacement of fixed assets.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Accounting Policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

DHL Express (Denmark) A/S acts as the management company. Provision for and payment of the aggregate Danish tax of the taxable income of the Danish subsidiaries are made by DHL Express (Denmark) A/S.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	20-50 years
Other fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	10 years

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Accounting Policies

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Accounting Policies

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$