

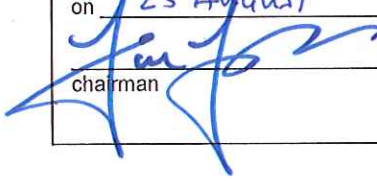
**General Logistics Systems Denmark A/S**  
**Kokmose 3**  
**6000 Kolding**

**CVR No. 10 54 97 44**

**Annual Report 2016/17**

The annual report was presented and adopted at the  
Company's annual general meeting

on 25 AUGUST 20 17

  
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chairman

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of General Logistics Systems Denmark A/S for the financial year 1 April 2016 – 31 March 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations for the financial year 1 April 2016 – 31 March 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

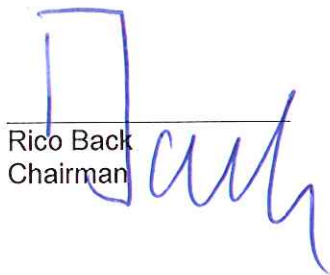
We recommend that the annual report be approved at the annual general meeting.

Kolding, 16 June 2017  
Executive Board:



Saadi Al-Soudani  
Managing Director

Board of Directors:



Rico Back  
Chairman



James Rietkerk



Saadi Al-Soudani



## **Independent auditor's report**

### **To the shareholders of General Logistics Systems Denmark A/S**

#### **Opinion**

We have audited the financial statements of General Logistics Systems Denmark A/S for the financial year 1 April 2016 – 31 March 2017 comprising accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations and cash flows for the financial year 1 April 2016 – 31 March 2017 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



## Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

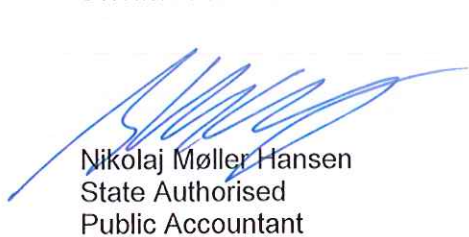
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

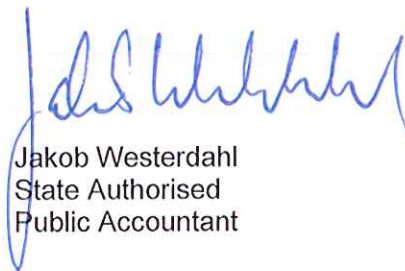
Kolding, 16 June 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Nikolaj Møller Hansen  
State Authorised  
Public Accountant



Jakob Westerdahl  
State Authorised  
Public Accountant

**General Logistics Systems Denmark A/S**  
Annual Report 2016/17  
CVR no. 10 54 97 44

## Management's review

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### Company details

General Logistics Systems Denmark A/S  
Kokmose 3  
6000 Kolding

Telephone: +45 76 33 11 00  
Website: <https://gls-group.eu/DK/en/home>

Established: 16 October 1999  
Registered office: Kolding  
Financial year: 1 April – 31 March

### Board of Directors

Rico Back, Chairman  
James Rietkerk  
Saadi Al-Soudani

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### Executive Board

Saadi Al-Soudani, Managing Director

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### Auditor

KPMG P/S  
Jupitervej 4, st.  
6000 Kolding  
Denmark

## Management's review

### Financial highlights

EUR'000	2016/17	2015/16	2014/15	2013/14	2012/13
Revenue	153.951	131.628	126.469	120.924	110.778
Gross profit	44.500	38.435	38.785	37.967	36.265
Ordinary operating profit	14.156	11.739	13.230	12.797	12.692
Profit/loss from financial income and expenses	475	1.401	724	316	326
<b>Profit for the year</b>	<b>11.598</b>	<b>10.482</b>	<b>10.837</b>	<b>10.136</b>	<b>9.890</b>
Total assets	58.889	51.666	49.760	49.403	46.354
Investment in property, plant and equipment	9.338	1.300	4.174	1.719	3.110
<b>Equity</b>	<b>29.180</b>	<b>27.549</b>	<b>27.996</b>	<b>27.142</b>	<b>25.037</b>
Gross margin	28,9%	29,2%	30,7%	31,4%	32,7%
Operating margin	9,2%	8,9%	10,5%	10,6%	11,5%
Return on invested capital	48,0%	40,6%	46,2%	47,1%	53,4%
Current ratio	70,8%	85,0%	85,8%	94,5%	83,0%
Return on equity	40,9%	37,7%	39,3%	38,9%	43,8%
Solvency ratio	49,6%	53,3%	56,3%	54,9%	54,0%
<b>Average number of full-time employees</b>	<b>452</b>	<b>411</b>	<b>403</b>	<b>393</b>	<b>361</b>

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.



## Management's review

### Operating review

#### Principal activities of the Company

The primary business area of General Logistics Systems Denmark A/S is the distribution of parcels in Denmark and Europe.

As a part of General Logistics Systems the Company participates in a Group that is one of Europe's largest distributors of day-to-day parcels. The Company undertakes the group's distribution to and from Denmark, and the responsibilities of the GLS-group in the Nordic region.

#### Development in activities and financial position

The Company's income statement for the year 1 April 2016 – 31 March 2017 shows a net profit of KEUR 11.598, which is in line with expectations set out in last years Financial Statements, and considered satisfactory, according to the current market conditions. The Company's balance sheet at 31 March 2017 shows an equity of KEUR 29.180.

#### Events after the balance sheet date

After the balance sheet date no significant events have occurred, which are considered to have a material effect on the assessment of the Annual Report.

#### Outlook

It is the Company's objective for the coming year to maintain the present market share and through an efficient control of costs and resources to improve profitability.

#### Risks

The Management and Board of Directors assesses that the Company has not been affected by special risks beyond the common risks in the industry.

## Management's review

### Operating review

#### Environmental matters

The Company is certified in accordance with the requirements from ISO 14001:2004. The Company's nature of activities has only minor impact on external environment.

For further information, we refer to the GLS Group sustainability report, available from: <https://gls-group.eu/DK/da/gls-group/baeredygtighed>

#### Corporate social responsibility

*Statutory statement regarding social responsibility according to section 99a of the Danish Financial Statements Act*

General Logistics Systems Denmark A/S has not implemented a separate policy for social responsibility, incl. climate, environment and human rights. Therefore no specific statement on social responsibility is prepared.

Additional information about the Group's sustainability commitments, could be found here:

<https://gls-group.eu/DK/da/gls-group/baeredygtighed>

#### **Statutory statement regarding balanced representation of gender in the Company's management team according to section 99b of the Danish Financial Statements Act**

##### *Board of Directors*

The Company is a subsidiary of General Logistics Systems B.V., a company within Royal Mail plc. The Company's Board of Directors are appointed by the parent company.

It is the parent company's objective that the Board of Directors represent competences to effectively fulfil its tasks, from a strategic, managerial and controlling perspective. The company will seek to identify candidates with the industry's best profiles and skills, considered best for the company as a whole. In this context, gender is considered in the nomination of candidates for the Board of Directors, with due regard to the company's other recruitment criteria, including requirements for professional qualifications, industry experience, educational background, etc.

## Management's review

### Operating review

In respect of equal representation of both genders in the Company's Management Board the objective is to have 1 female member of the Management Board by the end of the year 2019/20. To date the Management Board comprise of 3 male members. In the event that the shareholder will not appoint a new member of the Management Board there is a risk that the target cannot be fulfilled.

### *Other management levels*

It is the Company's objective to increase the ratio of lower represented gender in the Company's other management levels (employees with line manager responsibilities). In line with the objective, the Company strives to create a good and diverse working environment, that promotes the equal opportunities for both gender. When there is a vacant position on management level candidates of both genders will be invited to apply.

The current mix of genders in the Company's other management levels are 29% (17 empl.) Women and 71% (41 empl.) Men (2015/16: 25% (16 empl.) Women and 75% (49 empl.) Men). The target (based on the basis of gender distribution in the industries from which the company recruits employees) is to achieve a share of female managers of at least 30% (19 empl.) by end of year 2019/20.

During the financial year 2016/17, the ratio of lower represented gender in the Company's other management levels has increased by 4%-points to 29%, which is considered satisfactory and in line with milestones set out.

## Financial statements 1 April – 31 March

### Accounting policies

The annual report of General Logistics Systems A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

As from 1 April 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures. The changes have no monetary effect on the income statement or the balance sheet for 2016/2017 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

### Changes in accounting estimates

Based on a reassessment of the expected useful life of the goodwill, the Company changed the estimates of the amortisation period of the goodwill at year end 2016/2017. Effective from 1 April 2016, the estimated useful lives have been changed from 20 to 10 years. The changes in accounting estimates have resulted in a reduction of EUR 921 thousand in depreciation for 2016/2017.

### Functional and presentation currency

The national currency of Denmark is the Danish Krone ("DKK"), which is the Company's functional currency. The financial statements are presented in euro, based on exchange rate 743,79 DKK/100 EUR (2015/16: 745,12 DKK/100 EUR).

### Consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of General Logistics Systems Denmark A/S and group entities are included in the consolidated financial statements of Royal Mail plc, Victoria Embankment, London EC4Y 0HQ, United Kingdom.

## Accounting policies

### Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Royal Mail plc.

### Foreign currency translation

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

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

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into EUR at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

## Income statement

### Revenue

Income from the sale of transports is recognised when delivery to the consignee have taken place, and the income may be reliably measured and is expected to be received.

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

### Other operating income

Other operating income comprises items secondary to the principal activity of the Company.

### Distribution costs

Distribution costs comprise costs related to the completed supply of services.

## Accounting policies

### Other external costs

Other external costs comprise costs related to sales, advertising, administration, premises, bad debts etc.

### Staff costs

Staff cost includes wages and salaries including holiday payment, pension cost and other cost for social security. Refund of wages and salaries from public institutions are deducted from Staff cost.

### Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after amortisation of goodwill.

### Financial income and expenses

Financial income and expenses comprise interest income and expense as well as gains and losses on transactions denominated in foreign currencies.

### Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit for the year and directly in equity at the amount attributable to entries directly in equity.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method). The parent acts as a Management Company for all the companies encompassed by the joint taxation arrangement, meaning that the parent is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the Management Company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the Management Company.

## Accounting policies

### Balance sheet

#### Intangible assets

##### *Software and licences*

Software and licences are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the remaining life of the software, and licences are amortised over the contract period, however, not exceeding 3 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses.

#### Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, energy consumption, staff and depreciation of machinery used.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10 – 30 years
Fixtures and fittings, tools and equipment	2 – 14 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Non-current assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

## Accounting policies

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses.

### Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

### Investments

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Goodwill is amortized over its estimated useful life determined on the basis of management experience. Goodwill is amortized over the amortization period of 10 years. The amortization period exceeds 5 years for strategically acquired corporations, having a strong market position and long-term earnings profile.

Equity investments in group entities with negative net asset values are measured at EUR 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised under provisions.



## Accounting policies

### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received.

### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

### Equity

#### *Dividends*

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

## Accounting policies

### Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

### Provisions

Other provisions relate to expected claim expenses in accordance with usual claim commitments applicable. Other provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Other provisions are measured at value in use.

### Liabilities other than provisions

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Segment information

Segment information is provided on geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

## Accounting policies

### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible assets and property, plant and equipment as well as net working capital
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

## Income statement

EUR'000	Note	2016/17	2015/16
<b>Revenue</b>	1	153.951	131.628
Other operating income		490	506
Distribution Costs		100.409	86.191
Other external costs	2	9.532	7.508
<b>Gross profit</b>		44.500	38.435
Staff costs	3	28.407	24.814
Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses	4	1.937	1.882
<b>Operating profit</b>		14.156	11.739
Income from equity investments in group entities		943	1.891
Other financial income	5	51	37
Other financial expenses	6	519	527
<b>Profit before tax</b>		14.631	13.140
Tax on profit for the year	7	3.033	2.658
<b>Profit for the year</b>	8	11.598	10.482

## Balance sheet

EUR'000	Note	2016/17	2015/16
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Software and licenses	9	80	161
		<u>80</u>	<u>161</u>
<b>Property, plant and equipment</b>			
Land and buildings	10	22.393	22.571
Fixtures and fittings, tools and equipment		3.810	3.943
Property, plant and equipment under construction		7.780	0
		<u>33.983</u>	<u>26.514</u>
<b>Investments</b>			
Equity investments in group entities	11	4.562	5.494
		<u>4.562</u>	<u>5.494</u>
<b>Total non-current assets</b>		<u>38.625</u>	<u>32.169</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		18.519	14.928
Receivables from group entities		148	80
Corporation tax receivable	12	289	694
Other receivables		569	674
Prepayments and deferred income		50	54
		<u>19.575</u>	<u>16.430</u>
<b>Cash at bank and in hand</b>		<u>689</u>	<u>3.067</u>
<b>Total current assets</b>		<u>20.264</u>	<u>19.497</u>
<b>TOTAL ASSETS</b>		<u>58.889</u>	<u>51.666</u>

## Balance sheet

EUR'000	Note	2016/17	2015/16
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	224	224
Retained earnings		18.956	17.325
Proposed dividends for the financial year		10.000	10.000
<b>Total equity</b>		<u>29.180</u>	<u>27.549</u>
<b>Provisions</b>			
Provisions for deferred tax	14	997	1.064
Other provisions	15	107	128
<b>Total provisions</b>		<u>1.104</u>	<u>1.192</u>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>			
Payables to group entities	16	11.900	10.100
		<u>11.900</u>	<u>10.100</u>
<b>Current liabilities other than provisions</b>			
Trade payables		8.434	6.621
Payables to group entities		1.190	1.139
Other payables		7.081	5.065
		<u>16.705</u>	<u>12.825</u>
<b>Total liabilities other than provisions</b>		<u>28.605</u>	<u>22.925</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>58.889</u>	<u>51.666</u>
<b>Contractual obligations, contingencies, etc.</b>	17		
<b>Related parties</b>	18		
<b>Related party transactions</b>	19		

## Statement of changes in equity

EUR'000	Share capital	Retained earnings	Proposed dividend	Total
<b>Equity at 1 April 2015</b>	224	16.772	11.000	27.996
Distributed dividend			(11.000)	(11.000)
Exchange rate adjustments		71		71
Transferred over the profit distribution		482	10.000	10.482
<b>Equity at 1 April 2016</b>	224	17.325	10.000	27.549
Distributed dividend			(10.000)	(10.000)
Exchange rate adjustments		33		33
Transferred over the profit distribution		1.598	10.000	11.598
<b>Equity at 31 March 2017</b>	224	18.956	10.000	29.180

## Notes

### 1 Segment information

Of the total revenue, 97 % (2015/16: 96 %) of revenue is related to Denmark and 3 % (2015/16: 4 %) related to other countries.

The distribution of revenue across business segments is, in accordance with the Danish Financial Statements Act section 96 (1), not disclosed, as information about this may cause material damage to the Company.

### 2 Fees to auditor appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, fees paid to the Company's auditor appointed at the general meeting have not been disclosed.

EUR'000	2016/17	2015/16
<b>3 Staff costs</b>		
Wages and salaries	26.002	22.676
Pensions	2.033	1.805
Other social security costs	372	333
	<u>28.407</u>	<u>24.814</u>
Average number of full-time employees	<u>452</u>	<u>411</u>

According to section 98b (3) of the Danish Financial Statements Act, remuneration to the Managing Director or the Board of Directors is not disclosed.

### 4 Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses

Amortisation software and licenses	81	80
Depreciation Land and Buildings	858	852
Depreciation Fixtures and fittings, tools and equipment	1.034	977
Profit/loss on sale of non-current assets	(36)	(27)
	<u>1.937</u>	<u>1.882</u>



## Notes

EUR'000	2016/17	2015/16
<b>5 Other financial income</b>		
Foreign exchange gains	38	0
Other interest income	13	37
	<u>51</u>	<u>37</u>
<b>6 Other financial expenses</b>		
Interest expense to group entities	448	463
Foreign exchange losses	0	9
Other interest expense	71	55
	<u>519</u>	<u>527</u>
<b>7 Tax on profit for the year</b>		
Current tax for the year	3.097	2.632
Deferred tax adjustment for the year	(69)	13
Adjustments to prior years	5	13
	<u>3.033</u>	<u>2.658</u>
<b>8 Proposed profit distribution</b>		
Proposed dividend for the financial year	10.000	10.000
Retained earnings	1.598	482
	<u>11.598</u>	<u>10.482</u>
<b>9 Intangible assets</b>		
EUR'000		Software and licenses
Cost at 1 April 2016		466
Exchange rate adjustments		1
Additions		0
Cost at 31 March 2017		<u>467</u>
Amortisation and impairment losses at 1 April 2016		305
Exchange rate adjustments		1
Amortisation		81
Amortisation and impairment losses at 31 March 2017		<u>387</u>
Carrying amount at 31 March 2017		<u>80</u>

## Notes

### 10 Property, plant and equipment

EUR'000	Land and buildings	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 April 2016	30.249	13.546	0	43.795
Exchange rate adjustments	55	24	0	79
Additions	639	919	7.780	9.338
Transferred	0	0	0	0
Disposals	0	(323)	0	(323)
Cost at 31 March 2017	<u>30.943</u>	<u>14.166</u>	<u>7.780</u>	<u>52.889</u>
Depreciation and impairment losses at 1 April 2016	7.678	9.603	0	17.281
Exchange rate adjustments	14	17	0	31
Depreciation	858	1.034	0	1.892
Depreciation on disposals	0	(298)	0	(298)
Depreciation and impairment losses at 31 March 2017	<u>8.550</u>	<u>10.356</u>	<u>0</u>	<u>18.906</u>
<b>Carrying amount at 31 March 2017</b>	<u><u>22.393</u></u>	<u><u>3.810</u></u>	<u><u>7.780</u></u>	<u><u>33.983</u></u>

## Notes

EUR'000	2016/17	2015/16
<b>11 Equity investments in group entities</b>		
Cost at 1 April	5.553	5.539
Exchange rate adjustments	10	14
Cost at 31 March	5.563	5.553
Value adjustments at 1 April	(59)	(874)
Exchange rate adjustments	(2)	(5)
Share of net profit (or loss) for the year	2.083	2.114
Dividend distributed	(1.882)	(1.074)
Amortisation of goodwill for the year	(1.141)	(220)
Impairment losses at 31 December	(1.001)	(59)
<b>Carrying amount at 31 December</b>	<b>4.562</b>	<b>5.494</b>

Name/legal form	Registered office	Voting rights and ownership interest	Equity EUR'000	Profit/ loss for the year EUR'000
General Logistics Systems Express A/S	Kolding, Denmark	100%	2.817	1.854
General Logistics Systems Finland A/S	Turku, Finland	100%	1.745	229
			4.562	2.083
Exchange rate adjustments				1
Goodwill			0	(1.141)
Carrying amount / profit from group entities at 31 March 2017			4.562	943

## Notes

EUR'000	2016/17	2015/16
<b>12 Corporation tax receivable</b>		
Corporation tax receivable at 1 April	694	607
Exchange rate adjustments	1	0
Current tax for the year	(3.097)	(2.632)
Adjustments to prior years	(5)	(13)
Corporation tax paid for the year	2.696	2.732
<b>Corporation tax receivable at 31 March</b>	<b>289</b>	<b>694</b>
<b>13 Share capital</b>		
The share capital consists of:		
EUR'000		
A shares, 16.700 shares of nom. DKK 100 each	224	224
	224	224
All shares rank equally.		
<b>14 Deferred tax</b>		
Deferred tax at 1 April	1.064	1.049
Exchange rate adjustments	2	2
Deferred tax adjustment for the year	(69)	13
	997	1.064
Provisions for deferred tax relate to:		
Intangible assets	18	35
Property, plant and equipment	983	1.037
Current assets	19	20
Provisions	(23)	(28)
	997	1.064

## Notes

EUR'000	<u>2016/17</u>	<u>2015/16</u>
<b>15 Other provisions</b>		
Warranty commitments at 1 April	128	80
Provisions for the year	<u>(21)</u>	<u>48</u>
<b>Other provisions at 31 March</b>	<u>107</u>	<u>128</u>
The provisions are expected to be activated as follows:		
0-1 year	107	128
1-5 years	0	0
>5 years	<u>0</u>	<u>0</u>
<b>Other provisions at 31 March</b>	<u>107</u>	<u>128</u>

Warranty commitments relate to expected claim expenses in accordance with usual claim commitments applicable.

EUR'000	<u>2016/17</u>	<u>2015/16</u>
<b>16 Payables to group entities</b>		
Non-current liabilities to group entities	<u>11.900</u>	<u>10.100</u>
	<u>11.900</u>	<u>10.100</u>

Of the non-current liabilities, KEUR 11.900 falls due for payment after more than 5 years after the balance sheet date.

## Notes

EUR'000	<u>2016/17</u>	<u>2015/16</u>
<b>17 Contractual obligations, contingencies, etc.</b>		
Rent commitment until first breaking clause	<u>4</u>	<u>12</u>
Bank guarantees issued	<u>1.504</u>	<u>805</u>
Operating lease obligations	<u>1.651</u>	<u>540</u>

Operating lease obligations concerns lease of fixtures and fittings, tools and equipment. Remaining terms for operating lease obligations are 1-7 years.

General Logistics Systems Denmark A/S is jointly taxed with General Logistics Systems Express A/S. As the parent company the Company is liable jointly and severally with the jointly taxed company. Receivable income tax (incl. pre-paid income tax for the tax year 2017) and withholding taxes within the joint taxation totalled March 31, 2017 EUR 291 thousand. Any subsequent corrections of taxable joint taxation income or withholding taxes could lead to changes in the company's liability.

## Notes

### 18 Related party disclosures

General Logistics Systems Denmark A/S' related parties comprise the following:

General Logistics Systems Express A/S (subsidiary company)

General Logistics Systems Finland OY (subsidiary company)

General Logistics Systems B.V. (GLS B.V.), Breguetlaan 28-30, 1438 BC Oude Meer, The Netherlands (parent company) and its subsidiaries

Royal Mail plc, Victoria Embankment, London EC4Y OHQ, United Kingdom (ultimate parent company) and its subsidiaries

Board of Directors, Managing Director and supervisors

The consolidated financial statements of the ultimate parent company Royal Mail plc can be obtained at the following address:

<http://www.royalmailgroup.com/sites/default/files/Annual%20Report%20and%20Accounts%202016-17.pdf>

### 19 Related party transactions

The company has chosen only to disclose transactions that are not carried out on an arm's lengths basis in accordance with section 98c(7) of the Danish Financial Statements Act.