

Casino Copenhagen K/S

Amager Boulevard 70, 2300 København S

CVR no. 15 75 12 74



Annual report 2016

Approved at the Company's annual general meeting on 30 May 2017

Chairman:



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Building a better
working world

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Casino Copenhagen K/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

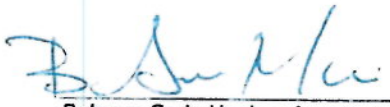
We recommend that the annual report be approved at the annual general meeting.

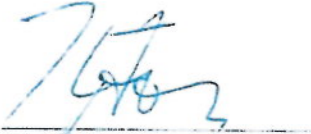
Copenhagen, 30 May 2017
Executive Board:

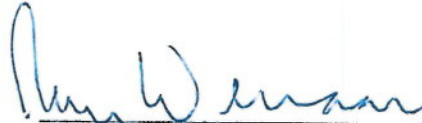


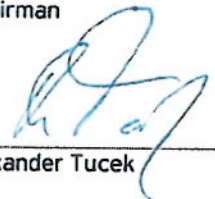
Thomas Keller
CEO

Board of Directors:



Bahram Sadr-Hashemi
Chairman

Karl Stoss

Lars Wenaas

Alexander Tucek

Independent auditors' report

To the shareholders of Casino Copenhagen K/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Casino Copenhagen K/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, as well as a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of these consolidated financial statements and parent company financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 consolidated financial statements and the parent 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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.

Independent auditor's report

Based on our procedures, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 Maj 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'P. Gath', is written over the printed name.

Peter Gath
State Authorised
Public Accountant

Management's review

Company details

Name	Casino Copenhagen K/S
Address, zip code, city	Amager Boulevard 70, 2300 Copenhagen S, Denmark
CVR no.	15 75 12 74
Established	1 June 1989
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.casinos.dk
Telephone	+45 33 96 59 65
Board of Directors	Bahram Sadr-Hashemi, Chairman Karl Stoss Lars Wenaas Alexander Tucek
Executive Board	Thomas Kellner, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK' 000	2016	2015
Key figures		
Net profit ratio	12.5	11.7
Return on investment	156.5	121.6
Gross margin ration	43.9	48.1
Solvency ratio	37.3	34.5
Return on equity	138.8	136.2
Investment in property, plant and equipment	4,676	4,898
Average number of full-time employees	156	153

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Principal activities of the Group

The main activity of the Group is to operate casinos. The basis for the operations is licenses granted for 10 years. The present licenses expire on 1 January 2019 and 1 January 2018, respectively, for Casino Copenhagen K/S and Casino Marienlyst A/S. This year, the Company applied for an extension of the licenses and a positive outcome is expected.

Nothing has occurred, which materially changes our assessment of the Group's and the Company's position since the end of the financial year.

The Group consists of Casino Copenhagen K/S (Parent Company), Casino Marienlyst A/S and CDO 09.2015 ApS ("CDO").

Profit for the year

The income statement shows a profit of DKK 28,095 thousand for the Group and DKK 27,077 thousand for the Parent Company, which is regarded as satisfactory, and in line with expectations.

Outlook

The profit for 2017 is expected to be at the same level as in 2016. In order to remain competitive, the level of investments in equipment will remain unchanged. Furthermore, efforts in order to increase the efficiency will be continued.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	Consolidated		Parent Company	
		2016	2015	2016	2015
	Gross gaming revenue	224,829	205,883	194,373	179,253
	Gaming tax	-145,053	-131,954	-131,380	-120,040
	Entrance and cloakroom, service, etc.	15,409	16,559	14,626	15,722
	Gross margin	95,185	90,488	77,619	74,935
2	Staff cost	-34,385	-33,496	-28,853	-28,959
3	Other external costs	-24,816	-25,683	-17,899	-18,747
4	Impairment of investments in subsidiaries	0	0	-275	0
4	Depreciation/amortisation	-7,084	-6,458	-3,492	-3,087
	Operating profit	28,900	24,851	27,100	24,142
5	Financial income	5	0	5	15
6	Financial expenses	-29	-38	-28	-30
	Profit before tax	28,876	24,813	27,077	24,127
7	Tax on profit for the year	-781	-750	0	0
	Profit for the year	28,095	24,063	27,077	24,127
Breakdown of the consolidated results of operations:					
	Shareholders, Casino Copenhagen K/S	28,302	24,063		
	Non-controlling interests	-207	0		
		28,095	24,063		

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	Consolidated		Parent Company	
		2016	2015	2016	2015
	ASSETS				
	Non-current assets				
8	Intangible assets				
	Goodwill	5,200	7,800	0	0
		<u>5,200</u>	<u>7,800</u>	<u>0</u>	<u>0</u>
9	Property, plant and equipment				
	Leasehold improvements	2,241	3,348	2,156	3,263
	Tools and equipment	9,816	8,517	7,670	6,138
		<u>12,057</u>	<u>11,865</u>	<u>9,826</u>	<u>9,401</u>
	Investments				
10	Investments in subsidiaries	0	0	14,310	14,585
		<u>0</u>	<u>0</u>	<u>14,310</u>	<u>14,585</u>
	Total non-current assets	<u>17,257</u>	<u>19,665</u>	<u>24,136</u>	<u>23,986</u>
	Current assets				
	Receivables, affiliated and associated comp.	32	193	67	1,946
	Receivables, external	3,225	2,695	2,447	2,203
	Other receivables	229	358	18	77
	Prepayments	607	725	543	583
11	Deferred tax asset	464	396	0	0
	Securities	45	232	0	0
	Cash at bank and in hand	37,972	28,455	29,546	21,961
	Total current assets	<u>42,574</u>	<u>33,054</u>	<u>32,621</u>	<u>26,770</u>
	TOTAL ASSETS	<u>59,831</u>	<u>52,719</u>	<u>56,757</u>	<u>50,756</u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	Consolidated		Parent Company	
		2016	2015	2016	2015
	EQUITY AND LIABILITIES				
	Equity				
	Capital from limited partners	1,000	1,000	1,000	1,000
	Retained earnings	20,939	16,636	23,061	19,984
	Equity holders' share of equity, Casino Copenhagen K/S	21,939	17,636	24,061	20,984
	Non-controlling interests	356	563	0	0
	Total equity	22,295	18,199	24,061	20,984
	Liabilities other than provisions				
	Payables, affiliated and associated comp.	200	1,525	0	0
	Trade payables	1,204	1,166	1,151	1,088
12	Other payables	36,132	31,829	31,545	28,685
	Total liabilities other than provisions	37,536	34,520	32,696	29,773
	TOTAL EQUITY AND LIABILITIES	59,831	52,719	56,757	50,757

- 1 Accounting policies
13 Contractual obligations and contingencies, etc.
14 Related party disclosures

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group				Parent Company			
		Share capital	Retained earnings	Total	Non-controlling interests	Total equity	Share capital	Retained earnings	Total
		1,000	16,136	17,136	0	17,136	1,000	18,856	19,856
	Equity at 1 January 2015	0	-23,000	-23,000	0	-23,000	0	-23,000	-23,000
	Dividend distribution	0	23,500	23,500	563	24,063	0	24,128	24,128
	Transfer, see "Appropriation of profit/loss"								
	Equity at 1 January 2016	1,000	16,636	17,636	563	18,199	1,000	19,984	20,984
	Dividend distribution	0	-24,000	-24,000	0	-24,000	0	-24,000	-24,000
15	Transfer, see "Appropriation of profit/loss"	0	28,302	28,302	-207	28,095	0	27,077	27,077
	Equity at 31 December 2016	1,000	20,938	21,938	356	22,295	1,000	23,061	24,061

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Cash flow statement

Note	DKK'000	Consolidated	
		2016	2015
	Profit for the year	28,095	24,063
16	Adjustments	6,477	7,243
17	Changes in working capital	3,645	6,264
	Cash generated from operations before financial items	38,217	37,570
	Interest received	5	15
	Interest paid	-29	-53
	Cash flows from operating activities	38,193	37,532
	Acquisition of property, plant and equipment, and financial assets	-4,676	-4,896
	Disposals of property, plant and equipment	0	0
	Cash flows from investing activities	-4,676	-4,896
	Dividends paid	-24,000	-23,000
	Cash flows from financing activities	-24,000	-23,000
	Net cash flows from operating, investing and financing activities	9,517	9,636
	Cash and cash equivalents at 1 January	28,455	18,819
	Cash and cash equivalents at 31 December	37,972	28,455

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Casino Copenhagen K/S for 2016 has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Annual reassessment of residual values of property, plant and equipment.

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions¹ with future effect only as a change in accounting estimates with no impact on equity.

The above change does not have impact on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above change as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Casino Copenhagen K/S, and subsidiaries in which Casino Copenhagen K/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

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

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement over 5 years.

¹ The executive order on transitional provisions based in connection with application of certain provisions in the Danish Financial Statements Act, as amended by act no. 738 of 1 June 2015 regarding amendments to the Danish Financial Statements Act and a number of other acts.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Non-controlling interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.

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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and 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 at 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.

Income statement

Revenue and expenses

Revenue consists of gains from various gaming activity. Gaming tax is calculated from gains of gaming activity. Significant revenue and gaming tax are accrued to match the financial statement period.

Revenue from entrance and cloakroom includes income from non-gaming activities.

Staff costs

Staff costs comprise salaries and wages, pension and other expenses related to social security. Received tronc from gaming activities are deducted on staff costs.

Other external costs

Other external costs include expenses related to marketing, administration, premises, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on transactions denominated in foreign currencies and dividend from investments in affiliated companies.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax on profit for the year

The Parent Company is a tax transparent entity, and therefore, the limited partners are liable to pay tax. Tax on profit for the year included in the income statement is related to subsidiaries liable to pay tax.

Tax for the year comprises current tax and changes in deferred tax for the year in subsidiaries.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5 years.

Property, plant and equipment

Leasehold improvement and 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 when the asset is available for use. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvement	10 years
Tools and equipment	3-5 years

If the remaining licence period is shorter than the depreciation period according to the estimated useful lives, the non-current assets will be depreciated over the remaining licence period.

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 or losses are recognised in the income statement as other external costs.

Investments in subsidiaries

Investments in subsidiaries are measured at acquisition cost in the parent company financial statements. The acquisition costs consist of the purchasing price plus costs directly related to the acquisition. If the acquisition price is higher than the reinvestment value, the asset is depreciated to this lower value.

On acquisition of subsidiaries, the acquisition method is applied; see the consolidated financial statements above.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost. Write-down for anticipated losses is made to net realisable value.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes.

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

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

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to claims from the Danish tax authorities of incorrect VAT treatment.

Liabilities other than provisions

Financial liabilities are measured at net realisable value.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's capital from limited partners and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to the limited partners.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and in hand.

Financial ratios

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

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Net profit ratio	$\frac{\text{Operating profit} \times 100}{\text{Gross gaming revenue}}$
Return on investment	$\frac{\text{Operating profit} \times 100}{\text{Average operating assets}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Gross gaming revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated		Parent company	
	2016	2015	2016	2015
2 Staff costs				
Salaries and wages	71,099	72,418	61,872	63,479
Adjustment of provision for holiday pay	2,947	3,192	2,182	2,261
Tronc	-53,031	-55,900	-46,817	-48,735
Costs for social security	1,448	1,522	1,219	1,239
Pensions	5,360	5,679	4,673	4,979
Payroll tax	4,900	5,001	4,226	4,326
Other staff costs	1,662	1,584	1,498	1,410
	<u>34,385</u>	<u>33,496</u>	<u>28,853</u>	<u>28,959</u>
Average number of full-time employees	<u>156</u>	<u>153</u>	<u>134</u>	<u>132</u>
Remuneration of the Parent Company's Executive Board and Board of Directors amounted to DKK 2,498 thousand in 2016 (2015: DKK 2,676 thousand).				
3 Fees paid to auditors appointed at the annual general meeting				
DKK'000	Consolidated		Parent company	
	2016	2015	2016	2015
Audit services	286	278	224	218
Other assistance	179	126	155	78
	<u>465</u>	<u>404</u>	<u>379</u>	<u>296</u>
4 Amortisation/depreciation and impairment losses				
Intangible assets	2,600	2,600	0	0
Property, plant and equipment	4,484	3,858	3,492	3,087
Impairment of investments in subsidiaries	0	0	275	0
	<u>7,084</u>	<u>6,458</u>	<u>3,767</u>	<u>3,087</u>
5 Financial income				
Interest income from subsidiaries	0	0	0	15
Other interest income	5	0	5	0
	<u>5</u>	<u>0</u>	<u>5</u>	<u>15</u>
6 Financial expenses				
Interest expense to associates	0	38	0	0
Other interest expense	29	0	28	30
	<u>29</u>	<u>38</u>	<u>28</u>	<u>30</u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated		Parent company	
	2016	2015	2016	2015
7 Tax on profit for the year				
Current tax charge for the year	-849	0	0	0
Change in deferred tax	68	-750	0	0
	<u>-781</u>	<u>-750</u>	<u>0</u>	<u>0</u>

8 Intangible assets

DKK'000	Consolidated
	Goodwill
Cost at 1 January 2016	13,000
Additions on acquisition of subsidiaries	0
Additions	0
Transferred	0
Cost at 31 December 2016	<u>13,000</u>
Impairment losses and amortisation at 1 January 2016	5,200
Impairment losses	0
Amortisation	2,600
Impairment losses and amortisation at 31 December 2016	<u>7,800</u>
Carrying amount at 31 December 2016	<u>5,200</u>
Amortised over	5 years

9 Property, plant and equipment

DKK'000	Consolidated		
	Leasehold improvements	Tools and equipment	Total
Cost at 1 January 2016	23,658	94,221	117,879
Additions during the year	0	4,676	4,676
Disposals during the year	0	0	0
Cost at 31 December 2016	<u>23,658</u>	<u>98,897</u>	<u>122,555</u>
Depreciation at 1 January 2016	20,310	85,704	106,014
Depreciation for the year	1,107	3,377	4,484
Depreciation on disposals for the year	0	0	0
Impairment losses and depreciation at 31 December 2016	<u>21,417</u>	<u>89,081</u>	<u>110,498</u>
Carrying amount at 31 December 2016	<u>2,241</u>	<u>9,816</u>	<u>12,057</u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment (continued)

DKK'000	Parent Company		
	Leasehold improvements	Tools and equipment	Total
Cost at 1 January 2016	23,525	78,479	102,004
Additions during the year	0	3,917	3,917
Disposals during the year	0	0	0
Cost at 31 December 2016	23,525	82,396	105,921
Depreciation at 1 January 2016	20,262	72,341	92,603
Depreciation for the year	1,107	2,385	3,492
Depreciation on disposals for the year	0	0	0
Impairment losses and depreciation at 31 December 2016	21,369	74,726	96,095
Carrying amount at 31 December 2016	2,156	7,670	9,826

DKK'000	Parent Company	
	2016	2015
10 Investments in subsidiaries		
Cost at 1 January	14,585	14,585
Additions	0	0
Cost at 31 December	14,585	14,585
Value adjustments at 1 January	0	0
Impairment for the year	275	0
Value adjustments at 31 December	275	0
Carrying amount at 31 December	14,310	14,585

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Casino Marienlyst A/S	100%	3,263	6,514
CDO 09.2015 ApS	50%	-552	948

All subsidiaries are considered as separate entities.

DKK'000	Consolidated		Parent Company	
	2016	2015	2016	2015
11 Deferred tax				
Deferred tax at 1 January	396	1,146	0	0
Adjustment of deferred tax	68	-750	0	0
Deferred tax at 31 December	464	396	0	0

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated		Parent Company	
	2016	2015	2016	2015
12 Other payables				
Gaming tax payable	11,270	12,557	9,825	11,536
Payroll tax payable	1,201	1,089	1,037	920
Salaries and holiday pay	11,396	10,187	10,174	8,925
VAT payable	429	776	429	756
ATP payable	789	125	695	107
Costs for social security and pensions	849	63	0	0
Other payables	10,198	7,032	9,385	6,441
	36,132	31,829	31,545	28,685

13 Contractual obligations and contingencies, etc.

Contingent liabilities

The Group has issued guarantees totalling DKK 5,500 thousand to the Danish Gambling Authority. Of this amount, the Parent Company is liable for DKK 4,000 thousand.

Operating lease obligations

The group companies have entered into operating lease contracts with annual lease payments of DKK 6,681 thousand. Of this amount, the Parent Company is liable for DKK 4,910 thousand. The contracts apply until the end of the operating license.

The present licenses expire on 1 January 2018 and 1 January 2019, respectively.

14 Related party disclosures

Casino Copenhagen K/S' related parties comprises the Board of Directors, Management and related entities.

Related party trading includes the following:

Related party transactions

DKK'000	2016	2015
Group		
Payables to associates	197	374
Other Shareholders		
Payables to other shareholders (rent)	4,818	4,729

Besides distribution of dividend and the information provided in accordance with the above table, no other transactions were carried through with shareholders in the year.

Remuneration/fees to members of the Executive Board and the Board of Directors of the Parent Company are reflected in note 2.

Casino Copenhagen K/S has no related parties exercising control.

CIH Scandinavia Hotel A/S, Denmark, and Casinos Austria International Gesmbh, Austria, each hold 50% of the shares in Casino Denmark A/S, which is the general partner of Casino Copenhagen K/S.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

14 Related party disclosures (continued)

CIH Scandinavia Hotel A/S and Casinos Austria International Gesmbh are the limited partners of Casino Copenhagen K/S and each own 50% of the total capital as both parties have provided DKK 500 thousand in capital.

The annual reports for these companies can be acquired at the following addresses:

Casino Austria AG
Rennweg 44
A-1038
Austria

Wenaasgruppen AS
Wenaashuset
N-6386 Måndalen
Norway

		Parent Company	
DKK'000		2016	2015
15 Appropriation of profit/loss			
Recommended appropriation of profit/loss		27,077	-24,128
		<u>27,077</u>	<u>-24,128</u>
		Consolidated	
DKK'000		2016	2015
16 Cash flow statements - adjustments			
Interest income and similar items		-5	-15
Interest expense and similar items		29	50
Amortisation and depreciation		7,084	6,458
Other adjustments		-563	
Tax on profit for the year		-68	750
		<u>6,477</u>	<u>7,243</u>
17 Cash flow statements - changes in working capital			
Change in current assets		2,347	3,545
Change in short-term liabilities		1,298	2,719
		<u>3,645</u>	<u>6,264</u>