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# ***DHL Global Forwarding (Denmark) A/S***

Kirstinehøj 42, DK-2770 Kastrup

## **Annual Report for 1 January - 31 December 2015**

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CVR No 16 47 46 06

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
09/06 2016

Marianne Philip  
Chairman



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DHL Global Forwarding (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.

Kastrup, 31 May 2016

## Executive Board

Flemming Jacobsen

Torben Pagh

## Board of Directors

Andreas Trojel Kloster  
Chairman

Flemming Jacobsen

Claus Lassen

# **Independent Auditor's Report on the Financial Statements**

To the Shareholder of DHL Global Forwarding (Denmark) A/S

## **Report on the Financial Statements**

We have audited the Financial Statements of DHL Global Forwarding (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, 31 May 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bo Schou-Jacobsen  
statsautoriseret revisor

Anders Røjleskov  
statsautoriseret revisor

## Company Information

### **The Company**

DHL Global Forwarding (Denmark) A/S  
Kirstinehøj 42  
DK-2770 Kastrup

Telephone: +45 36 90 55 00  
Facsimile: +45 32 50 18 20

CVR No: 16 47 46 06  
Financial period: 1 January - 31 December  
Municipality of reg. office: Tårnby

### **Board of Directors**

Andreas Trojel Kloster, Chairman  
Flemming Jacobsen  
Claus Lassen

### **Executive Board**

Flemming Jacobsen  
Torben Pagh

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## 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
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1.725.321	1.644.316	1.442.899	1.506.776	1.740.538
Gross profit/loss	122.041	120.581	112.915	113.331	116.850
Operating profit/loss	8.135	13.248	7.122	6.578	1.540
Profit/loss before financial income and expenses	8.126	13.268	6.578	6.578	2.046
Net financials	530	1.596	1.214	1.559	169
Net profit/loss for the year	7.844	13.256	7.792	6.337	2.215
<b>Balance sheet</b>					
Balance sheet total	350.505	365.171	260.489	247.980	223.083
Equity	86.110	78.266	66.043	58.251	51.914
Investment in property, plant and equipment	-677	-1.493	-2.312	-665	0
Number of employees	222	223	218	223	227
<b>Ratios</b>					
Gross margin	7,1%	7,3%	7,8%	7,5%	6,7%
Profit margin	0,5%	0,8%	0,5%	0,4%	0,1%
Return on assets	2,3%	3,6%	2,5%	2,7%	0,9%
Solvency ratio	24,6%	21,4%	25,4%	23,5%	23,3%
Return on equity	9,5%	18,4%	12,5%	11,5%	4,4%

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 activity during the year comprised shipping activities by air and sea transport.

## **Development in the year**

The income statement of the Company for 2015 shows a profit of DKK'000 7,844, and at 31 December 2015 the balance sheet of the Company shows equity of DKK'000 86,110.

## **Special risks - operating risks and financial risks**

### ***Operating risks***

The Company's key operating risk relates to its ability to be strongly positioned in its key markets, primarily the overseas markets, both in terms of prices and delivery.

### ***Foreign exchange risks***

The Company primarily invoices in DKK, whereas material parts of direct expenses are denominated in EUR and USD. In accordance with group policies, a netting system/clearing system is applied. As such, the Company is exposed to exchange risks relating to EUR and USD as well as other currencies as regards current operations

### ***Interest rate risks***

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

### ***Credit risks***

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

## **Expectations for the year ahead**

The outlook for 2016 is subject to some uncertainty, especially due to the development in the global economy, including development in freight rates and transported volumes.



# Management's Review

## External environment

The Company has obtained environmental certification under ISO 14001 and in that connection an environmental policy committing the Company to continuous environmental improvements has been prepared.

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://crreport2015.dpdhl.com>. The goal of this strategy is to improve the Group's carbon efficiency by 30% before 2020.

## Intellectual capital resources

The Company has the required intellectual capital resources relating to transport by air and sea as well as shipping to operate on a sound basis.

## 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://crreport2015.dpdhl.com>.

## Share of the underrepresented gender

The Company has set its target for the underrepresented gender in the Board of Directors at 33%. Despite changes in the Board of Directors the goal was not fulfilled in 2015.

The Company has a policy of offering equal opportunities to all employees and aims at a more balanced gender representation among its executives. The Company are aware of the underrepresented gender in the Board of Directors and will aim at a more balanced gender representation considering the industry and qualification.

This will be carried out through Management's initiative to stimulate the number of candidates among the underrepresented gender when recruiting. Management considers recruitment an important pipeline to promote equal opportunities in the Company, which is a prerequisite for gender equality at executive levels.

## 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
<b>Revenue</b>	1	<b>1.725.321</b>	<b>1.644.316</b>
Other operating income		0	20
Freight and other transportation expenses, etc		-1.518.846	-1.450.804
Other external expenses		-84.434	-72.951
<b>Gross profit/loss</b>		<b>122.041</b>	<b>120.581</b>
Staff expenses	2	-112.515	-106.068
Depreciation and amortisation of intangible assets and property, plant and equipment	3	-1.391	-1.245
Other operating expenses		-9	0
<b>Profit/loss before financial income and expenses</b>		<b>8.126</b>	<b>13.268</b>
Income from investments in subsidiaries	4	839	1.073
Financial income		496	1.238
Financial expenses	5	-805	-715
<b>Profit/loss before tax</b>		<b>8.656</b>	<b>14.864</b>
Tax on profit/loss for the year	6	-812	-1.608
<b>Net profit/loss for the year</b>		<b>7.844</b>	<b>13.256</b>

## Distribution of profit

### Proposed distribution of profit

Reserve for net revaluation under the equity method	839	1.073
Retained earnings	7.005	12.183
	<b>7.844</b>	<b>13.256</b>

# Balance Sheet 31 December

## Assets

	Note	2015 DKK'000	2014 DKK'000
Software		137	0
<b>Intangible assets</b>	7	<b>137</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		3.363	4.113
Leasehold improvements		46	156
<b>Tangible assets</b>	8	<b>3.409</b>	<b>4.269</b>
Investments in subsidiaries	9	9.274	8.435
Deposits	10	1.273	1.264
<b>Fixed asset investments</b>		<b>10.547</b>	<b>9.699</b>
<b>Fixed assets</b>		<b>14.093</b>	<b>13.968</b>
Trade receivables		186.864	225.155
Receivables from group enterprises		141.442	118.423
Other receivables		4.676	81
Deferred tax asset	12	2.682	6.773
Prepayments		735	765
<b>Receivables</b>		<b>336.399</b>	<b>351.197</b>
<b>Cash at bank and in hand</b>		<b>13</b>	<b>6</b>
<b>Currents assets</b>		<b>336.412</b>	<b>351.203</b>
<b>Assets</b>		<b>350.505</b>	<b>365.171</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2015 DKK'000	2014 DKK'000
Share capital		3.000	3.000
Reserve for net revaluation under the equity method		8.774	7.935
Retained earnings		74.336	67.331
<b>Equity</b>	11	<b>86.110</b>	<b>78.266</b>
Trade payables		187.400	201.579
Payables to group enterprises		42.688	48.741
Corporation tax		0	8.102
Other payables		34.307	28.483
<b>Short-term debt</b>		<b>264.395</b>	<b>286.905</b>
<b>Debt</b>		<b>264.395</b>	<b>286.905</b>
<b>Liabilities and equity</b>		<b>350.505</b>	<b>365.171</b>
Contingent assets, liabilities and other financial obligations	13		
Fee to auditors appointed at the general meeting	14		
Related parties and group relation	15		

# Notes to the Financial Statements

	2015 <u>DKK'000</u>	2014 <u>DKK'000</u>
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Export	1.042.438	1.086.626
Import	<u>682.883</u>	<u>557.690</u>
	<b><u>1.725.321</u></b>	<b><u>1.644.316</u></b>
<b>Business segments</b>		
Air freight	706.916	721.226
Ocean freight	689.651	575.943
Other	<u>328.754</u>	<u>347.147</u>
	<b><u>1.725.321</u></b>	<b><u>1.644.316</u></b>
<b>2 Staff expenses</b>		
Wages and salaries	98.906	93.229
Pensions	7.706	7.500
Other social security expenses	<u>5.903</u>	<u>5.339</u>
	<b><u>112.515</u></b>	<b><u>106.068</u></b>
<b>Including remuneration to the Executive Board</b>	<b><u>4.894</u></b>	<b><u>4.176</u></b>
<b>Average number of employees</b>	<b><u>220</u></b>	<b><u>223</u></b>

## Notes to the Financial Statements

	2015 <u>DKK'000</u>	2014 <u>DKK'000</u>
<b>3 Depreciation and amortisation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	13	0
Depreciation of property, plant and equipment	<u>1.378</u>	<u>1.245</u>
	<b><u>1.391</u></b>	<b><u>1.245</u></b>
Which is specified as follows:		
Amortisation of software	13	0
Other fixtures and fittings, tools and equipment	1.249	1.129
Leasehold improvements	<u>129</u>	<u>116</u>
	<b><u>1.391</u></b>	<b><u>1.245</u></b>
<b>4 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	<u>839</u>	<u>1.073</u>
	<b><u>839</u></b>	<b><u>1.073</u></b>
<b>5 Financial expenses</b>	2015 <u>DKK'000</u>	2014 <u>DKK'000</u>
Interest paid to group enterprises	627	582
Other financial expenses	<u>178</u>	<u>133</u>
	<b><u>805</u></b>	<b><u>715</u></b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	-1.829	4.643
Deferred tax for the year	4.091	-3.085
Adjustment of tax concerning previous years	<u>-1.450</u>	<u>50</u>
	<b><u>812</u></b>	<b><u>1.608</u></b>

# Notes to the Financial Statements

## 7 Intangible assets

	Software DKK'000
Additions for the year	150
Cost at 31 December	150
Amortisation for the year	13
Impairment losses and amortisation at 31 December	13
<b>Carrying amount at 31 December</b>	<b>137</b>

## 8 Tangible assets

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost at 1 January	12.861	3.903
Additions for the year	508	19
Disposals for the year	-347	0
Cost at 31 December	13.022	3.922
Impairment losses and depreciation at 1 January	8.748	3.747
Depreciation for the year	1.250	129
Reversal of impairment and depreciation of sold assets	-339	0
Impairment losses and depreciation at 31 December	9.659	3.876
<b>Carrying amount at 31 December</b>	<b>3.363</b>	<b>46</b>
Depreciated over	4-10 years	5 years

## Notes to the Financial Statements

	2015 <u>DKK'000</u>	2014 <u>DKK'000</u>
<b>9 Investments in subsidiaries</b>		
Cost at 1 January	500	500
Cost at 31 December	500	500
Revaluations at 1 January	7.935	6.862
Net profit/loss for the year	839	1.073
Revaluations at 31 December	8.774	7.935
<b>Carrying amount at 31 December</b>	<b>9.274</b>	<b>8.435</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
FACT Danmark					
A/S	Kastrup, DK	500	100%	9.274	839

### 10 Other fixed asset investments

	<u>Deposits</u> <u>DKK'000</u>
Cost at 1 January	1.264
Additions for the year	9
Cost at 31 December	1.273
<b>Carrying amount at 31 December</b>	<b>1.273</b>



# Notes to the Financial Statements

## 11 Equity

	Share capital DKK'000	Reserve for net revaluation under the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January	3.000	7.935	67.331	78.266
Net profit/loss for the year	0	839	7.005	7.844
<b>Equity at 31 December</b>	<b>3.000</b>	<b>8.774</b>	<b>74.336</b>	<b>86.110</b>

The share capital is broken down as follow:

	Number	Nominal value DKK'000
A-shares	1.697	1.697
B-shares	1.303	1.303
		<b>3.000</b>

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

## 12 Deferred tax asset

Deferred tax asset is related to temporary differences on intangible and tangible assets and trade receivables.

	2015 DKK'000	2014 DKK'000
<b>13 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental agreements and leases</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	8.461	9.394
Between 1 and 5 years	11.204	8.719
	<b>19.665</b>	<b>18.113</b>

# Notes to the Financial Statements

## 13 Contingent assets, liabilities and other financial obligations (continued)

### 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.

	2015 DKK'000	2014 DKK'000
<b>14 Fee to auditors appointed at the general meeting</b>		
Audit fee to PricewaterhouseCoopers	469	469
Other assurance engagements	198	198
Tax advisory services	30	33
Non-audit services	97	112
	<b>794</b>	<b>812</b>

## 15 Related parties and group relation

### Basis

#### Controlling interest

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

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

# Notes to the Financial Statements

## 15 Related parties and group relation (continued)

The Company does not prepare consolidated financial statements pursuant to section 112(1) of the Danish Financial Statements Act. The Company's direct parent, DHL Express (Denmark) A/S 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, DE 53105 Bonn.

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 Global Forwarding (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 DE 53105 Bonn, 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 DE 53105 Bonn, 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.

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.

## **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;

## **Accounting Policies**

- 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.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **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, including gains and losses on the sale of property, plant and equipment.

### **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.

### **Financial income and expenses**

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

## Accounting Policies

### 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.

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 is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

### Balance Sheet

#### Intangible assets

Software acquired is measured at the lower of cost less accumulated amortisation and recoverable amount. Software is amortised on a straight line basis over its useful life, which is assessed at 3 years.

#### Tangible assets

Tangible assets 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 fixtures and fittings, tools and equipment	4 - 10 years
Leasehold improvements	5 years

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

#### Impairment of fixed assets

The carrying amounts of intangible assets and 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.

## **Accounting Policies**

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.

### **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 and lease of equipment.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.



## Accounting Policies

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### Financial 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$