
Monarch A/S

c/o SSP Denmark A/S, Lufthavnsboulevard 14, 1.,
DK-2770 Kastrup

Annual Report for 1 October 2016 - 30 September 2017

CVR No 18 06 89 82

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/3 2018

Tina Grønbech
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Monarch A/S for the financial year 1 October 2016 - 30 September 2017.

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 30 September 2017 of the Company and of the results of the Company operations for 2016/17.

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, 14 March 2018

Executive Board

Tina Grønbech

Board of Directors

Morten Solberg Nilsen
Chairman

Nicholas Stuart Inkster

Tina Grønbech

Independent Auditor's Report

To the Shareholder of Monarch A/S

Opinion

We have audited the Financial Statements of Monarch A/S for the financial year 1 October 2016 - 30 September 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 September 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 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 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.

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.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 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 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

Independent Auditor's Report

audit. We also:

- Identify and assess the risks of material misstatement of the 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.

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information re-

Independent Auditor's Report

quired under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

København, 14 March 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Morten Høgh-Petersen

statsautoriseret revisor

mne34283

Company Information

The Company

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c/o SSP Denmark A/S
Lufthavnsboulevard 14, 1.
DK-2770 Kastrup

Telephone: + 45 32 48 32 48

Facsimile: + 45 32 48 32 99

Website: www.monarch.dk

CVR No: 18 06 89 82

Financial period: 1 October - 30 September

Incorporated: 1 October 1994

Municipality of reg. office: Tårnby

Board of Directors

Morten Solberg Nilsen, Chairman
Nicholas Stuart Inkster
Tina Grønbech

Executive Board

Tina Grønbech

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

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

	2016/17	2015/16	2014/15	2013/14	2012/13
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	104.282	117.413	119.946	128.708	129.972
Gross profit/loss	63.792	58.155	53.985	59.164	60.040
Profit/loss before financial income and expenses	16.197	7.406	372	2.746	1.859
Net profit/loss for the year	16.819	7.583	3.040	1.887	1.863
Balance sheet					
Balance sheet total	127.740	104.055	100.818	104.884	58.079
Equity	70.368	53.549	45.966	42.926	36.978
Investment in property, plant and equipment	-1.871	-1.712	-2.181	-2.391	-3
Number of employees	113	132	161	181	179
Ratios					
Gross margin	61,2%	49,5%	45,0%	46,0%	46,2%
Profit margin	15,5%	6,3%	0,3%	2,1%	1,4%
Solvency ratio	55,1%	51,5%	45,6%	40,9%	63,7%
Return on equity	27,1%	15,2%	6,8%	4,7%	5,2%

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

Management's Review

Main activity

The company's activity is the operation of restaurants along the motorway network and the operation of catering activities in Aarhus Airport and the Tax Free shop in Aarhus Airport. Most of the restaurants are run under the name of Monarch, others under the name of Milestone. The company currently operates 16 units in Denmark.

Most of the restaurants are operated from rented premises, while some are run from owned premises on rented grounds.

Monarch's business proposition is to operate a profitable restaurant chain, which is recognised as the most popular people's favourite eatery along the highways.

Development in the year

The income statement of the Company for 2016/17 shows a profit of TDKK 16,819, and at 30 September 2017 the balance sheet of the Company shows equity of TDKK 70,368.

Targets and expectations for the year ahead

It is expected that the company's total activities in the coming year will develop positively, as loss-making units are being shut down or divested. Likewise, a positive effect is expected of the increased traffic on the motorway network.

Research and development

The company does not carry out systematic research, but it continuously adjusts its own products and the business concepts in the individual sales outlets. Costs related to this are expensed on an ongoing basis.

External environment

In connection with an ever-increasing focus on the surrounding environment, the company has continuously exchanged individual refrigeration plants and, for example, joined the Copenhagen Airport A / S central refrigeration plant. Furthermore, the company focuses on continuously replacing incandescent bulbs for LEDs.

We carry out our activities with a high focus on our environment and stakeholders and with constant focus on minimizing the environmental impacts of our business. At present, group policy is followed as local Danish policies have not been introduced with regard to our impact on the climate, human rights and the environment in general.

'Statutory statement on climate, environment and human rights, cf. the Danish Financial Statements Act, is included in the consolidated financial statements published by the company's ultimate owner SSP Group plc in the Group's annual report for 2016/17. The Group's report can be found on the website: <http://www.foodtravelexperts.com/international/sustainability/>

Management's Review

Intellectual capital resources

It is essential for Monarch A/S's continued operations to attract and retain well-trained staff who understand how best to service our guests. In this connection, the company offers both internal and external training programs.

Statement of corporate social responsibility

The company wishes to develop its core business and meet its new strategic challenges in an economically and socially sound manner.

In connection with recruitment, gender, age and cultural backgrounds are ignored, as emphasis is placed on the right skills, and if they are present, there is equal opportunity for all. We do not compile reports about employees' backgrounds, so we are unable to report on this.

Food safety and quality are essential for Monarch A/S. There is increasing focus on quality, food safety and product hygiene from various sources, including guests, the press and authorities. Thus, as in previous years, considerable amounts have been incurred for hygiene requirements. It is important that all products are produced under the same food safety conditions and under the same quality system, regardless of which restaurant or cafe is involved. The company's self-control program, which guarantees high food safety, is implemented in all our units.

This has resulted in the majority of all units having achieved the company's goal of Elite Smiley.

Income Statement 1 October - 30 September

	Note	2016/17 TDKK	2015/16 TDKK
Revenue		104.282	117.413
Other operating income		9.469	7.635
Expenses for raw materials and consumables		-27.695	-35.776
Other external expenses		-22.264	-31.117
Gross profit/loss		63.792	58.155
Staff expenses	1	-44.122	-46.276
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3.473	-4.473
Profit/loss before financial income and expenses		16.197	7.406
Financial income	2	2.180	2.944
Financial expenses	3	-708	-134
Profit/loss before tax		17.669	10.216
Tax on profit/loss for the year	4	-850	-2.633
Net profit/loss for the year		16.819	7.583

Balance Sheet 30 September

Assets

	Note	2016/17 TDKK	2015/16 TDKK
Acquired patents		39	77
Intangible assets	5	39	77
Land and buildings		1.682	2.500
Other fixtures and fittings, tools and equipment		355	538
Leasehold improvements		4.297	4.877
Property, plant and equipment	6	6.334	7.915
Investments in subsidiaries	7	306	306
Fixed asset investments		306	306
Fixed assets		6.679	8.298
Inventories		2.015	2.338
Trade receivables		10.957	6.650
Receivables from group enterprises		102.356	83.616
Other receivables		2.132	594
Deferred tax asset	11	1.878	0
Prepayments	8	734	1.036
Receivables		118.057	91.896
Cash at bank and in hand		989	1.523
Currents assets		121.061	95.757
Assets		127.740	104.055

Balance Sheet 30 September

Liabilities and equity

	Note	2016/17 TDKK	2015/16 TDKK
Share capital		501	501
Reserve for net revaluation under the equity method		49	49
Retained earnings		69.818	52.999
Equity	9	70.368	53.549
Provision for deferred tax	11	0	1.645
Other provisions	12	1.857	3.216
Provisions		1.857	4.861
Trade payables		11.211	6.752
Payables to group enterprises		34.818	32.982
Corporation tax		6.626	2.253
Other payables		2.860	3.658
Short-term debt		55.515	45.645
Debt		55.515	45.645
Liabilities and equity		127.740	104.055
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	501	49	52.999	53.549
Net profit/loss for the year	0	0	16.819	16.819
Equity at 30 September	501	49	69.818	70.368

Notes to the Financial Statements

	2016/17	2015/16
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	40.359	41.654
Pensions	3.904	4.246
Other social security expenses	66	681
Other staff expenses	-207	-305
	<u>44.122</u>	<u>46.276</u>
Average number of employees	<u>113</u>	<u>132</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p> <p>The company's management team is subject to a constant bonus scheme under which the criteria for payment is the development in revenue and profit before depreciation (EBITDA) in relation to the budget.</p>		
2 Financial income		
Interest received from group enterprises	1.863	2.862
Other financial income	256	82
Exchange adjustments	61	0
	<u>2.180</u>	<u>2.944</u>
3 Financial expenses		
Interest paid to group enterprises	700	0
Exchange adjustments, expenses	8	134
	<u>708</u>	<u>134</u>
4 Tax on profit/loss for the year		
Current tax for the year	3.257	2.521
Deferred tax for the year	661	112
Adjustment of tax concerning previous years	1.116	0
Adjustment of deferred tax concerning previous years	-4.184	0
	<u>850</u>	<u>2.633</u>

Notes to the Financial Statements

5 Intangible assets

	Acquired pa- tents <u>TDKK</u>
Cost at 1 October	193
Cost at 30 September	<u>193</u>
Impairment losses and amortisation at 1 October	116
Amortisation for the year	<u>38</u>
Impairment losses and amortisation at 30 September	<u>154</u>
Carrying amount at 30 September	<u>39</u>

6 Property, plant and equipment

	Land and buildings <u>TDKK</u>	Other fixtures and fittings, tools and equipment <u>TDKK</u>	Leasehold improvements <u>TDKK</u>
Cost at 1 October	13.093	21.245	22.701
Additions for the year	0	214	1.657
Disposals for the year	<u>0</u>	<u>-27</u>	<u>0</u>
Cost at 30 September	<u>13.093</u>	<u>21.432</u>	<u>24.358</u>
Impairment losses and depreciation at 1 October	10.593	20.707	17.824
Depreciation for the year	818	380	2.237
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-10</u>	<u>0</u>
Impairment losses and depreciation at 30 September	<u>11.411</u>	<u>21.077</u>	<u>20.061</u>
Carrying amount at 30 September	<u>1.682</u>	<u>355</u>	<u>4.297</u>

Notes to the Financial Statements

	2016/17 TDKK	2015/16 TDKK
7 Investments in subsidiaries		
Cost at 1 October	257	257
Cost at 30 September	257	257
Value adjustments at 1 October	49	49
Value adjustments at 30 September	49	49
Carrying amount at 30 September	306	306

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Motorvejscenter- selskabet af 1990 A/S	København	TDKK 500	50%	611	0

The most recent published annual report for Motorvejscenterselskabet af 1990 A/S is from 2016, the figures above are based on this.

8 Prepayments

Prepayments consist of prepaid expenses concerning next financial year.

Notes to the Financial Statements

9 Equity

The share capital consists of 501 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2016/17	2015/16	2014/15	2013/14	2012/13
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 October	501	501	500	500	500
Capital increase	0	0	1	0	0
Capital decrease	0	0	0	0	0
Share capital at 30 September	501	501	501	500	500

10 Distribution of profit

	2016/17	2015/16
	TDKK	TDKK
Retained earnings	16.819	7.583
	16.819	7.583

11 Deferred tax asset

Deferred tax asset at 1 October	2.539	2.651
Amounts recognised in the income statement for the year	-661	-112
Deferred tax asset at 30 September	1.878	2.539

12 Other provisions

Other provisions consist of reestablishment expenses.

Other provisions	1.857	3.216
	1.857	3.216

Notes to the Financial Statements

	2016/17 TDKK	2015/16 TDKK
13 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	6.450	9.444
Between 1 and 5 years	4.496	9.769
After 5 years	4.069	12.499
	15.015	31.712
Lease obligations, period of non-terminability 4 years	0	380
Guarantee obligations		
Ordinary bank guarantees provide for landlords and Vejdirektoratet.	2.392	3.111

Other contingent liabilities

The Group's companies are jointly and severally liable for tax on the group's jointly taxed income. The total tax liability is disclosed in the annual report of SSP Denmark Financing ApS as the management company of the joint taxation group. The group companies are jointly and severally liable for the payments of income taxes as well as withholding taxes on dividends, royalties and interest. Potential changes to the income taxes or withholding taxes might lead to the company's liability being a higher amount.

14 Related parties

	Basis
Controlling interest	
SSP Denmark Financing ApS, Lufthavnsboulevarden 14, 1., 2770 Kastrup, Danmark	Parent company
SSP Group Plc., 169 Euston Road, NW1 2AE London, England	Ultimate parent company

Notes to the Financial Statements

14 Related parties (continued)

Other related parties

Other enterprises within the SSP Group Plc.
The Board of Directors and the Executive Board of the
company

Transactions

With reference to section 98 C of the Danish Financial statements Act, the company has chosen only to disclose
transaction that are not entered into at arm's length.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

<u>Name</u>	<u>Place of registered office</u>
SSP Group Plc.	England

The Group Annual Report of SSP Group Plc. may be obtained at the following address:

169 Euston Road, NW1 2AE London, England

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of Monarch A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2016/17 are presented in TDKK.

Changes in accounting policies

As from 1 October 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 2016/17 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

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 SSP Group Plc., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation and impairment losses .

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

Notes to the Financial Statements

15 Accounting Policies (continued)

cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Leases

All other leases are considered operational leases. Services relating to operating leases and other lease agreements are recognized in the income statement over the term of the contract. The company's total liability relating to operating leases and lease agreements is disclosed under contingent liabilities.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Net sales represent invoiced and delivered sales excluding VAT.

The Annual Report excludes segment information pursuant to section 96 of the Danish Financial Statements Act, as the company is assessed to contain only one business segment and the geographical segments are considered not to deviate significantly.

Expenses for raw materials and consumables

Consumption of goods is recognised corresponding to the net sales of the year.

Other external expenses

Other external expenses comprise expenses for administration, rent and operating equipment, etc.

Notes to the Financial Statements

15 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses for employees at the sale places, administration and management.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

In the income statement, the proportionate share of the individual subsidiaries' profit before tax is recognised after full elimination of internal gains / losses and deduction of depreciation on group goodwill. The share of subsidiaries' tax and extraordinary items are recognised under tax on ordinary result and extraordinary profit after tax.

Financial income and expenses

Financial income and expenses include interest, gains and losses on receivables, debts and transactions in foreign currency. Additionally, profit is included in the sale of financial fixed assets.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with 100% owned Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Intangible assets are amortised over 3-5 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time

Notes to the Financial Statements

15 Accounting Policies (continued)

when the asset is ready for use.

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

Other buildings	3-20 years	
Other fixtures and fittings, tools and equipment		10 år/ rent period
Leasehold improvements	Rent period	

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 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 there are indications of impairment, impairment tests are made for each asset or group of assets. Write-downs are made at the recoverable amount, if this is lower than the carrying amount.

As the recoverable amount, the highest value of net selling price and capitalised value is used. The capitalised value is calculated as the present value of the expected net cash flows from the use of the asset or asset group.

Investments in subsidiaries

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

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.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Notes to the Financial Statements

15 Accounting Policies (continued)

Receivables

Receivables are measured at amortized cost. Write-downs are made to meet expected losses after an individual assessment of receivables.

Prepayments

Prepayments comprise prepaid expenses concerning expenses for the next financial year.

Equity

Dividend

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

Provisions

Provisions include obligations to reestablish leased premises.

Deferred tax assets and liabilities

Deferred tax is measured using the balance sheet liability method in respect of temporary differences between the financial reporting purpose and tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to taxable non-amortization goodwill and other items where temporary differences - other than business transfers - arose at the time of acquisition without affecting profit or taxable income. In cases where the calculation of the tax value can be made under alternative taxation rules, deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the value to which they are expected to be used either by settlement in tax on future earnings or by offsetting in deferred tax liabilities within the same legal tax entity and jurisdiction.

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

Notes to the Financial Statements

15 Accounting Policies (continued)

Current tax receivables and liabilities

SSP Denmark Financing ApS, as a management company, assumes the liability for corporate taxation of jointly taxed companies to the tax authorities as they pay joint taxation contributions to SSP Denmark Financing ApS

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Payable and receivable joint taxation contributions are recognized in the balance sheet as "Receivable corporate income tax" or "Payable corporation income tax".

Financial debts

Financial liabilities, which include debt to credit institutions, trade payables and debts to affiliated companies, are recognised at cost, corresponding to the proceeds received after deduction of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortized cost.

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