

## Circle K Danmark A/S

Borgmester Christiansens Gade 50, 2450 Copenhagen SV

CVR: 28142412

# Annual Report 2015/16

(May 1 2015 – April 30 2016)

*The Annual Report was presented and approved at the Annual General Meeting on October 10, 2016.*

*Chairman of the AG meeting:*

*Torben Christensen*



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## MANAGEMENT'S STATEMENT

The Executive and Supervisory Boards have today considered and adopted the Annual Report for Circle K Danmark A/S for the financial year 1 May 2015 – 30 April 2016.

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 April 2016 of the Company and of the results of the Company operations for the financial year 1 May 2015 – 30 April 2016.

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

Copenhagen, October 10, 2016

### Executive Board:

Timothy Shawn Tourek

### Supervisory Board:

Hans-Olav Høidahl  
(chairman)

Christel Elisabeth Nettelvik Söderberg

Joachim Røberg-Larsen

Jan Christian Pedersen  
(employee representative)

Michael Sæderup Starcke  
(employee representative)

# Independent Auditor's Report

To the Shareholder of Circle K Danmark A/S

## Report on the Financial Statements

We have audited the Financial Statements of Circle K Danmark A/S for the financial year 1 May 2015 – 30 April 2016, 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.

The 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 30 April 2016 and of the results of the Company operations for the financial year 1 May 2015 – 30 April 2016 in accordance with the Danish Financial Statements Act.

### 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 consistent with the Financial Statements.

Hellerup, October 10, 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Hansen

State Authorised Public Accountant

Rikke Lund-Kühl

State Authorised Public Accountant

## INFORMATION ABOUT THE COMPANY

Circle K Danmark A/S  
Borgmester Christiansens Gade 50  
2450 København SV  
Telephone: +45 70 101 101  
Telefax: +45 70 101 401  
CVR-no. 28 14 24 12

### Supervisory Board

Hans-Olav Høidahl (chairman)  
Christel Elisabeth Nettelvik Söderberg  
Joachim Røberg-Larsen  
Jan Christian Pedersen (employee representative)  
Michael Sæderup Starcke (employee representative)

### Executive Board

Timothy Shawn Tourek

### Parent Company:

Circle K AS, Oslo, Norway, Ownership 100 %

### Ultimate Parent Company:

Alimentation Couche-Tard Inc., Montreal, Canada, Ownership 100 %

### Associated Companies

Motorvejscenterselskabet af 1990 A/S, Ownership 50 %

### Partnerships:

I/S Fællesskiltning, Ownership 58,5 %

### Auditors:

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

Upon written request addressed to the company annual accounts of Circle K AS will be made available.

The Annual Reports for Alimentation Couche-Tard Inc. can be downloaded on <http://corpo.couche-tard.com/en/investor-relations/annual-quarterly-reports/>

## FINANCIAL HIGHLIGHTS

<i>Amounts in DKK million</i>	2015/16	2014/15	2013/14	2012/13*	2011
Revenue	6 820	8 429	9 838	15 530	12 258
Profit before financial income and expenses, etc	157	74	32	105	267
Financial income and expenses	( 266)	( 38)	( 32)	( 46)	( 43)
Profit before tax	( 109)	36	1	58	224
Tax on the profit for the year	( 38)	8	( 26)	( 68)	( 81)
Net profit/loss for the year	( 147)	44	( 25)	( 9)	143
Total assets	4 417	3 414	3 582	3 758	3 617
Equity	2 626	843	799	1 078	1 287
Investments in property, plant and equipment	136	174	114	327	126
Average number of employees	1 422	1 425	1 486	1 569	1 614

### Ratios

	2014/15	2014/15	2013/14	2012/13	2011
Profit margin	2%	1%	0%	1%	2%
<i>Profit before financial income and expenses, etc in per cent of revenue</i>					
Return on assets	4%	2%	1%	3%	7%
<i>Profit before financial income and expenses, etc in per cent of total assets</i>					
Return on equity	-17%	6%	-2%	-1%	9%
<i>Net profit/loss for the year in per cent of opening equity</i>					
Solvency ratio	59%	25%	22%	29%	36%
<i>Equity in per cent of assets</i>					

\*) 16 months period from January 1, 2012 to April 30, 2013

## Management Review

### Circle K Danmark A/S

Circle K Danmark A/S is a subsidiary of Circle K AS, which in turn is a wholly-owned indirect subsidiary of Alimentation Couche-Tard Inc. (Couche-Tard).

Couche-Tard is the leader in the Canadian convenience store industry. As of April 24, 2016, that network comprised 7,888 convenience stores throughout North America, including 6,490 stores with road transportation fuel dispensing. About 80,000 people are employed throughout Couche-Tard's network and service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia. As of April 24, 2016, this network comprised 2,659 service stations, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations. We also offer other products, including stationary energy, marine fuel and chemicals. Including employees at franchise stations carrying our brands, about 25,000 people work in our retail network, terminals and services offices across Europe.

Under licensing agreements, about 1,500 more stores are operated under the Circle K banner in 12 other countries worldwide (China, Guam, Honduras, Hong Kong, Indonesia, Japan, Macau, Malaysia, Mexico, Philippines, Vietnam and United Arab Emirates). These brings our total network to close to 12,000 sites

The Danish activities consist of 206 manned service stations under the brand Statoil/Circle K, about 168 automat stations under the brands 1-2-3 and INGO as well as direct sale of fuel products for transport, heating and other industrial purposes.

### Profit for the year

Circle K Danmark A/S in 2015/16 had a negative result of DKK 146.7 million (2014/15: 43.6 mDKK).

The results, which are considered unsatisfied, is partly due to early repayment of loan to related parties but also to an strong price competition in a declining market of petroleum products for transportation and heating purposes, and on the same time the earnings from the company's stores are still not satisfied.

### Equity

It was decided to reduce the Share Capital with 600.000 tDKK on September 29, 2015 so that the Share Capital hereafter is 177.950 tDKK

On April 28, 2016 a capital increase was decided of 50 tDKK to a price of 1.9 bDKK which relate to the acquire A/S Dansk Shell Retail, Commercial Fuels and Aviation businesses in Denmark which is mention under paragraph The Future.



## Oil Market

### The Oil Market in Denmark

The significant drop in crude oil prices that we saw in previous fiscal year continued throughout the fiscal year 2015/16. The price for Brent crude dropped from around USD 60/BBL in May 2015 to below USD 45/BBL end of April 2016 driven by continuous oversupply and high inventory levels. We purchase products in USD but sell in DKK and are thus affected by changes in the exchange rate between USD and DKK. The USD/DKK exchange rate was at around 6,65 DKK/USD at the beginning of the year, and after a peak in December at 7.00 DKK/USD fell back to the starting point at 6.65 DKK/USD at the end of the fiscal year.

This meant that the drop in crude oil prices was reflected fully in the recommended pump prices, dropping from approx. DKK 11.45/ltr in the beginning of the year to 10.40/ltr in the end of the year for gasoline and from DKK 9.65/ltr to DKK 8.45/ltr for diesel. The year continued with fierce competition in the local markets and local price meant that one could very often find gasoline below DKK 10.00/ltr and diesel below DKK 8.00/ltr.

Comparing the drop in the crude oil price of 25% with the drop in recommended pump prices of approx. 10%, one will have to remember that the product price itself only constitutes approx. 40% of the total recommended pump price because of duties, VAT etc.

The fiscal year 2015/16 was the first year in a long time where the gasoline sale was stable. It has been dropping for some years, but the shift in consumer preference from diesel cars to gasoline cars meant that the sale was stable. Diesel continues to show a modest growth in consumption, primarily based on increased activity on the BtB segment.

## The Activities

### The Service Stations

The declining traffic to site turned during the year and was stabilized this year. The focus on food development and execution on food concepts in store has proven impactful and growth is significant.

During the year we have closed down 4 sites and converted 10 sites to INGO.

### Convenience

In order to continue the positive trend, the company continued the development in the different product groups as well as a further roll out of the food concepts including burgers and sandwiches with focus on quality, freshness and taste. This as well as a the new Simply Great Coffee concept focusing on taste has been implemented on numerous sites and further roll out of both concepts is expected in fiscal year 2016/17. In addition a new Real Hotdog concept build on taste and quality has been implemented in the entire network with positive results.

Private label products have been introduced in several categories to create more value for customers in the stores, and seasonal car wash, optimized for seasonal challenges, has been

rolled out at the Company's service stations making it easier for the customers to choose the type of carwash that meets the seasonal challenges best.

The company has kept focus on the loyalty concept Statoil Extra which offers additional benefits to customers using optional debit/credit card, with very positive results.

### Heating Oil

A slightly colder heating season 2015/16 than 2014/15 compensated for the 10% structural decline in the heating gas oil resulting in a volume comparable to the previous year.

### Environmental liabilities associated with pollution

Within soil contamination there has been continuous structured evaluation of the company's pollution cases. Evaluation is performed with an external consultant.

Based on the known contamination issues and remediation plans, provisions have been made to meet estimated future costs in this area.

### Corporate Social Responsibility

Circle K Danmark A/S has a well-developed quality system which covers the management system as well as business procedures, quality control and complaint handling. All policies and procedures are described in our ISO certification system and the company meets the legal requirements.

Circle K Danmark A/S has a goal of zero harm to people, the environment and properties. We believe that all accidents can be avoided through risk assessment, development of appropriate barriers and compliance with agreed guidelines.

In the fiscal year 2015/2016 we had 6 robberies. The cash handling system "safe pay" and other robbery preventive elements, such as remotely controlled door locks for late hours, are the main reasons for the good results, but also continuously focus on training of the employees contributes positively.

In June 2015 a corporation between an independent Food Safety auditor and Circle K Denmark took off. In the past fiscal year, the Food Safety auditor has visited all Circle K stores in Denmark. The audits consist of three element: A checklist based on our internal Food safety manual, coaching and food sample analysis. To ensure learning and follow up from the audits all stores manager receive individual feedback from the results of the audits and the results of the food sample analysis.

Circle K Danmark A/S is certified in the standards 9001 and 14001 – Quality Management and Environmental Management. The purpose of the ISO certifications is to ensure that the customers get good quality and service and to ascertain continuous improvement of our processes. In May 2016 Circle K Danmark A/S was P1 (period 1) certified by DNV. Four areas were in focus this year. No deviations were found and the result was a score 5 (on a 1–5 scale, where 5 is the best) in three of the focus areas and a score 4 in one area.

We also continued our cooperation with “Børn’s Vilkår” and expect to launch a number of joint activities in the next fiscal year with the aim of creating more awareness about the cause as well as collecting additional funds to the foundation.

### **Statutory report on corporate social responsibility – §99A**

Social and environmental responsibility is an integrated part of everyday life in any company. It is not a stand-alone part of our business; it is rooted in our DNA and how we work. All our product categories are dynamic and continuously develop towards greater sustainability and social responsibility including fuel, car wash, coffee and fresh food.

Over the last few years, we have developed in Europe new and improved fuels under the brand *miles*<sup>®</sup>. The additives in *miles*<sup>®</sup> fuels make them more efficient and the increased mileages they deliver reduces emissions. We estimate that we have reduced CO2 emissions by the equivalent of 150,000 cars worth per year since launching our latest generation fuels.

During fiscal 2016 in Europe, we participated in the World Health Organizations salt initiative, which aims to lower the salt content of prepared foods to support healthier lifestyle.

We refer to our ultimate parent company’s webpage (<http://corpo.couche-tard.com/en/corporate-responsibility>) and our own webpage [http://www.circlek.dk/dk\\_DK/pg1334072918050/OmCircleK-karriere/OmCircleK/CSR.html](http://www.circlek.dk/dk_DK/pg1334072918050/OmCircleK-karriere/OmCircleK/CSR.html) for further information.

### **Statutory report on the gender composition of management**

In September 2013 the board formulated its objective regarding equality: At the ordinary general meeting in September 2014 at the latest, a number of women must be elected to the board by the general meeting, so that the number of women make up at least 33%. This is still our current policy regarding gender composing. This objective has been meet since one of our three members of the board is a woman. We don’t currently have a policy for other management levels.

### **The employees**

In Fiscal year 2015/2016, Circle K finalized a three year “Fit for the future” process also meaning downsizing and moving of some positions to our Business Centre in Riga.

During the year we had a huge focus at preparing for the integration of Shell employees into Circle K. This integration has been prepared accordingly to the Danish Transfer of Undertakings (protection of employment) regulations.

By the end of fiscal year 2015, the number of employees was 2,369 with a 50/50 mix of male and female. The number comprise of 191 employees at the headquarter, including 58 employees which is part of the European organization and 10 which is part of INGO organization. Furthermore there was 2,178 full- and part time employed at the company’s service stations.

## Research and development

Circle K Danmark A/S and its sister companies continue work on the development of new fuel products. No new products have been introduced in Denmark this fiscal year.

## Special risks

### Primary operational risks:

- The Company's activities include primary storage, transportation and sale of petroleum products. Such activities involve certain risks, especially at terminals and other storage facilities where large quantities of fuel are stored and handled, and at service stations.
- Exposure to the Danish pricing on the sale of petroleum products.

### Primary financial risks are similar to earlier:

As a result of operating, investing and financing the Company is exposed to changes in exchange rates (primarily U.S. dollars) and in interest rates. Management of these risks is carried out in conjunction with the Group's interbank, including the deployment of the Company's cash reserves.

## Foreign Exchange

Foreign exchange risk arises from transactions in currencies other than Danish kroner and by the assets and liabilities related to working capital and monetary items denominated in foreign currencies.

## Credit

There is granted substantial credits to its customers, primarily in the form of trade credit. It is company policy to make an ongoing credit evaluation of its customers. A provision for bad debts are made.

## Events after the balance sheet date

Management is not aware of any events after the balance sheet date, which could change the company's financial position.

## The Future

Circle K Danmark A/S wishes to maintain its strong position in Denmark and focuses on offering unique fuel and convenience products on the Danish market.

Despite the development of the Danish economy and other future conditions the company expected the overall demand for fuel to be stable. Circle K Danmark A/S will continue to develop its excellent and innovative offerings to customers in order to improve product mix and profitability in both fuel side and in stores. The company will also continue to focus on cost and will also take steps to reduce these in the coming years. We expect the operating profit for next financial year to be in line with 2015/16.

In March 2015, Circle K Danmark A/S owner announced an agreement with A/S Dansk Shell to acquire its Retail, Commercial Fuels and Aviation businesses in Denmark. Shell's Danish

Retail business comprises 315 sites, of which 225 are full-service stations, 75 are unmanned automated fuel stations and 15 are truck stops. Of the 315 sites, 140 are owned by Shell, 115 are leased from third parties and 60 are dealer-owned.

Since then, we have worked closely with the European Commission with the aim of obtaining approval for the transaction as compatible with Europe's internal market and with the European Economic Area Agreement. Circle K Danmark A/S owner announces on March 23, 2016 that it has received approval to retain 131 sites, of which 90 are owned and 41 are leased from third parties. Of these 131 sites, 74 are full-service stations, 49 are unmanned automated fuel stations and 8 are truck stops. The remaining Shell stations will be divested to DCC Holding A/S who will continue to operate these sites under the Shell brand. Circle K Danmark took ownership of Shell's Danish Retail business on May 1, 2016 via a new subsidiary "Dansk Fuels A/S". The acquisition of Dansk Fuels A/S have not had any impact on the financial statements for 2015/16.

## ACCOUNTING POLICIES

### Accounting policies

The Annual Report of Circle K Danmark A/S 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.

The Annual Report is presented in Danish kroner.

### Recognition and measurement

Revenues are recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Moreover, all expenses and depreciation, amortisation and impairment losses for accounting purposes are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that the Company has to give up future economic benefits, and the value of the liability can be measured reliably.

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

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising between the transaction date rates and the rates at the date of payment are recognised in financial expenses or 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 difference between the exchange rate at the balance sheet date and the rate at the date when the item arises is recognised in financial income and expenses in the income statement.

### Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared.

## **Income Statement**

### **Revenue**

Revenue from the sale of oil products, services and sale at service stations is recognised in the income statement at the date of delivery if the income can be measured reliably and is expected to be realised. Revenue is recognised exclusive of VAT and indirect taxes and net of customer discounts relating to sales.

### **Cost of sales and production costs**

Cost of sales and production costs comprise costs, including wages and salaries as well as depreciation and amortisation, incurred to achieve revenue for the year. Moreover, energy costs, freight, services and maintenance costs that do not meet the criteria for recognition as assets in the balance sheet are recognised in cost of sales and production costs.

### **Distribution costs**

Distribution costs comprise costs incurred for the distribution of sold oil products in the year and for carrying out sales campaigns etc. Moreover, salaries to sales and marketing staff, advertising expenses as well as depreciation and amortisation are recognised.

### **Administrative expenses**

Administrative expenses comprise expenses incurred in the year for the management and administration of the Company, including expenses for administrative staff, Management, office premises and office expenses, etc as well as depreciation of equipment used for administrative purposes.

### **Other operating income and expenses**

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

### **Financial income and expenses**

Financial income and expenses comprise interest income and expenses. Realised and unrealised exchange gains and losses relating to receivables, payables and transactions in foreign currencies are shown as a separate item in the income statement. Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year.

### **Corporation tax and deferred tax**

Tax for the year, which consists of current tax for the year, provision for deferred tax and tax relating to previous years, is recognised in the income statement. Tax attributable to entries directly in equity is recognised in equity.

Provision for deferred tax is calculated at 22% on all temporary differences between the values for accounting and tax purposes except for temporary differences arising at the date of acquisition of assets and liabilities and which have no effect on either profit or taxable income. Deferred tax assets are recognised at the value at which they are expected to be

realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

The enterprises of the Danish part of the Circle K Group are jointly taxed. The Danish corporation tax is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation).

## Balance Sheet

### Intangible assets

#### Acquired rights

Acquired rights are measured at cost less accumulated amortisation. Investments in distribution contracts relate to underlying fixed assets which are expected to have useful lives of 10–15 years, and amortisation is calculated on a straight-line basis over the expected useful life.

An impairment test is carried out on acquired intangible assets if there is any indication of impairment. The impairment test is made for each individual asset or group of assets. The assets are written down to the higher of the value in use and the net selling price (recoverable amount) of the asset or the group of assets if lower than the carrying amount.

### Fixed assets

#### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Land is not depreciated. Depreciation is based on cost reduced by any scrap value after the end of useful life.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Moreover, estimated future costs are recognised if they qualify for recognition of provisions.

The assets are depreciated on a straight-line basis over the following expected useful lives:

Buildings and tanks	20 – 50 years
Plant and machinery	10 – 20 years
Fixtures and fittings, tools and equipment	4 – 10 years

Depreciation is expensed under distribution costs and administrative expenses, respectively, on the basis of the use of the assets.

Property, plant and equipment are revalued to fair value. An amount equivalent to the revaluation shall be included directly in the item “Revaluation reserve” under equity. This reserve shall not be eliminated with the enterprise’s loss or be otherwise reduced. The reserve must be dissolved or reduced to the extent that the assets revalued:

- 1) are realised or no longer used in the activity,
- 2) are written down for impairment because of a lower recoverable amount,



- 3) are connected with deferred tax for which provisions are to be made, or
- 4) are reversed because of changed accounting estimate.

An impairment test is carried out on property, plant and equipment if there is any indication of impairment. The impairment test is made for each individual asset or group of assets. The assets are written down to the higher of the value in use and the net selling price (recoverable amount) of the asset or the group of assets if lower than the carrying amount.

### Leases

Leases in terms of which Circle K Danmark A/S in fact assumes or retains substantially all risks and rewards of ownership are assets (finance leases) and are recognised in the balance sheet as property, plant and equipment. The remaining lease obligation is capitalised and recognised in debt. The interest element on the lease payments is recognised over the lease term in the income statement.

### Fixed asset investments

#### Investments in associates

##### Income statement

The item Income from investments in associates in the income statement includes the proportionate share of profit after tax of associates.

##### Balance Sheet

Investments in associates are recognised and measured under the equity method. The item Investments in associates 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).

Associates with a negative net asset value are recognised at DKK 0 in the balance sheet. Any receivable from these enterprises is written down by the Parent Company's share of the negative net asset value to the extent it is considered uncollectible. If the negative net asset value exceeds a receivable, the remaining amount is recognised as a provision to the extent that the Parent Company has an obligation to cover the negative equity of the enterprise.

The net revaluation of investments in associates is transferred to the item reserve for net revaluation under the equity method under equity to the extent that the carrying amount exceeds cost less goodwill amortisation. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

### **Receivables from group enterprises**

Long-term receivables from group enterprises are recognised at nominal value in the balance sheet.

### **Receivables**

Receivables are measured at amortised cost, generally corresponding to nominal value. Provisions for estimated bad debts are made.

### **Inventories**

Inventories are measured at cost under the FIFO method. Where cost is higher than the net realisable value, inventories are written down to the lower net realisable value.

The cost of raw materials and consumables equals landed cost.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to effect the sale.

### **Prepayments**

Prepayments comprise expenses incurred relating to the subsequent financial year. Prepayments are measured at amortised cost, generally corresponding to nominal value.

### **Cash at bank and in hand**

Cash at bank and in hand comprises cash as well as readily available bank deposits.

### **Proposed dividend for the year**

Dividend is recognised as a liability at the time of adoption at the General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

### **Other provisions**

Provisions are recognised when – in consequence of events occurred – the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include expected demolition costs and costs for the removal of known contamination. Obligations for expected demolition costs are recognised at the net present value of expected future costs and a similar amount is capitalised as part of the asset concerned. Subsequent changes to the net present value due to changes to the discount rate or estimated future costs are added to or deducted from the asset.

### **Debt**

Trade payables and payables to group enterprises as well as other debt are measured at amortised costs corresponding to the nominal remaining debt.

### **Equity**

Equity includes the share capital, revaluation reserves and retained earnings including any adjustments relating to previous years as well as any proposed dividend for the year.

# INCOME STATEMENT FOR THE PERIOD

## 1 MAY 2015 – 30 APRIL 2016

*(classified by function)*  
*Amounts in DKK '000*

Note	2015/16	2014/15
1 Revenue	6 820 388	8 429 111
Cost of sales	(5 447 683)	(7 033 917)
Gross profit	1 372 705	1 395 194
Distribution costs	(1 091 876)	(1 071 854)
Administrative expenses	( 235 395)	( 262 532)
2 Other operating income	111 602	13 278
10 Income from investments in associates	( 56)	( 141)
Profit before financial income and expenses, etc	156 980	73 945
3 Financial income etc	7 620	14 847
4 Financial expenses etc	( 273 127)	( 53 275)
Profit before tax	( 108 527)	35 517
5 Tax on the profit for the year	( 38 124)	8 084
Net profit/loss for the year	( 146 651)	43 601
Which the Supervisory Board proposes be distributed as follows:		
Dividend for the year	0	43 600
Retained earnings	( 146 651)	1
Total amount at disposal	( 146 651)	43 601
6 Notes to which no references are made in the Financial Statements		

## BALANCE SHEET AT 30 APRIL 2016

*Amounts in DKK '000*

Note	<u>2016</u>	<u>2015</u>
Assets		
Fixed assets		
7 Intangible assets		
Acquired rights	217	0
	<u>217</u>	<u>0</u>
8 Property, plant and equipment:		
Land, buildings and tanks	715 929	772 278
Plant and machinery	137 452	89 052
Other fixtures and fittings, tools and equipment	143 750	181 593
Property, plant and equipment under construction	77 606	80 654
	<u>1 074 737</u>	<u>1 123 577</u>
9 Fixed asset investments:		
10    Investments in associates	872	929
Receivables from associates	9 409	11 560
Other securities and investments	1 043	1 330
Other receivables	1 853	1 762
	<u>13 177</u>	<u>15 581</u>
<b>Total fixed assets</b>	<u>1 088 131</u>	<u>1 139 158</u>
Current assets		
Inventories:		
Manufactured goods and commodities	154 213	166 133
	<u>154 213</u>	<u>166 133</u>
Receivables:		
5    Deferred tax asset	53 203	52 384
Trade receivables	1 050 361	1 100 775
Receivables from group enterprises	17 952	766 445
11    Prepayments	1 957 713	9 414
	<u>3 079 229</u>	<u>1 929 018</u>
Cash at bank and in hand	94 990	179 947
<b>Total current assets</b>	<u>3 328 432</u>	<u>2 275 098</u>
<b>Total assets</b>	<u>4 416 563</u>	<u>3 414 256</u>

## BALANCE SHEET AT 30 APRIL 2016

*Amounts in DKK '000*

Note	<u>2016</u>	<u>2015</u>
Liabilities and equity		
Equity and debt		
12 Equity		
Share capital	178 000	777 950
Reserve for revaluation	15 381	21 531
Retained earnings	2 432 852	1
Dividend for the year	0	43 600
	<u>2 626 233</u>	<u>843 082</u>
13 Provisions		
Other provisions	260 947	278 586
	<u>260 947</u>	<u>278 586</u>
14 Long-term debt		
Payables to group enterprises	0	1 000 000
Other payables	38 675	38 682
	<u>38 675</u>	<u>1 038 682</u>
Short-term debt		
Trade payables	483 787	484 004
Payables to group enterprises	267 623	95 633
5 Corporation tax	41 071	31 694
Accrued public indirect taxes	554 782	523 602
Other payables	143 444	118 973
	<u>1 490 707</u>	<u>1 253 906</u>
<b>Total debt</b>	<u>1 529 382</u>	<u>2 292 588</u>
<b>Total liabilities and equity</b>	<u>4 416 563</u>	<u>3 414 256</u>
15 Contingent liabilities and other financial obligations		
16 Related parties		

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000

	<u>2015/16</u>	<u>2014/15</u>
<b>1 Revenue</b>		
Sale of oil products in the Danish market	5 051 689	6 580 781
Other sales in the Danish market	1 756 681	1 834 641
Export of oil products	12 018	13 689
	<u>6 820 388</u>	<u>8 429 111</u>
<b>2 Other operating income</b>		
Includes various accounting assistance provided to service stations and profit on sale of real property/business divisions.		
<b>3 Financial income etc</b>		
Other financial income	7 620	14 847
	<u>7 620</u>	<u>14 847</u>
<b>4 Financial expenses etc</b>		
Financial expenses to group enterprises	( 259 808)	( 35 385)
Other financial expenses	( 13 319)	( 17 890)
	<u>( 273 127)</u>	<u>( 53 275)</u>

## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in DKK '000*  
*(continued)*

	<u>2015/16</u>	<u>2014/15</u>
<b>5 Corporation tax</b>		
Corporation Tax	( 26 444)	( 8 356)
Adjustment of deferred tax	819	( 231)
<u>Tax on the profit for the year</u>	<u>( 25 625)</u>	<u>( 8 587)</u>
Adjustment of corporation tax relating to previous years	( 12 499)	( 19 347)
Adjustment of provision for deferred tax made in previous years		36 018
<u>Adjustment of corporation tax relating to previous years</u>	<u>( 12 499)</u>	<u>16 671</u>
<u>Total tax in the income statement</u>	<u>( 38 124)</u>	<u>8 084</u>
The deferred tax asset breaks down as follows:		
Property, plant and equipment	1 753	2 133
Leased assets and lease obligations (net)	19 129	20 664
Receivables relating to provisions	32 321	29 587
<u>Total deferred tax asset</u>	<u>53 203</u>	<u>52 384</u>
<b>6 Notes to which no references are made in the Financial Statements</b>		
<u>Staff expenses are specified as follows:</u>		
Wages and salaries	428 987	452 331
Pensions	32 427	35 149
Other social security expenses	3 072	3 077
	<u>464 486</u>	<u>490 557</u>
<u>Average number of employees</u>	<u>1 422</u>	<u>1 425</u>
With reference to section 98 B(3) of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
<u>Audit fee:</u>		
Fee for statutory audit	700	750
Fee for other assurance engagements	300	300
Fee for tax advisory services	124	191
Fee for non-audit services	305	204
	<u>1 429</u>	<u>1 445</u>

## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in DKK '000*  
*(continued)*

	<b>Acquired rights</b>	<b>Total</b>
<b>7 Intangible assets</b>		
Cost:		
Balance at 1 May 2015	3 933	3 933
Additions for the year	217	217
Disposals for the year	0	0
<b>Balance at 30 April 2016</b>	<b>4 150</b>	<b>4 150</b>
Amortisation and impairment losses:		
Balance at 1 May 2015	3 916	3 916
Amortisation for the year	17	17
Amortisation of assets sold	0	0
<b>Balance at 30 April 2016</b>	<b>3 933</b>	<b>3 933</b>
<b>Carrying amount at 30 April 2016</b>	<b>217</b>	<b>217</b>



## NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000  
(continued)

	Land, buildings and tanks	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
<b>8 Property, plant and equipment</b>					
<b>2015/16:</b>					
Cost:					
Balance at 1 May 2015	1 681 336	406 538	869 163	80 654	3 037 691
Additions for the year	25 380	22 086	19 539	69 396	136 401
Disposals for the year	( 24 593)	( 17 138)	( 13 854)	0	( 55 585)
Transfer	39 549	49 585	( 16 690)	( 72 444)	0
<b>Balance at 30 April 2016</b>	<b>1 721 672</b>	<b>461 071</b>	<b>858 158</b>	<b>77 606</b>	<b>3 118 507</b>
Revaluations:					
Balance at 1 May 2015	53 292	0	0	0	53 292
Disposals at demerger	( 18 876)	7 455	5 271	0	( 6 150)
<b>Balance at 30 April 2016</b>	<b>34 416</b>	<b>7 455</b>	<b>5 271</b>	<b>0</b>	<b>47 142</b>
Depreciation and impairment losses:					
Balance at 1 May 2015	962 350	317 486	687 570	0	1 967 406
Depreciation for the year	89 379	29 463	45 395	0	164 237
Transfer	0	0	0	0	0
Depreciation of assets sold	( 11 570)	( 15 875)	( 13 286)	0	( 40 731)
<b>Balance at 30 April 2016</b>	<b>1 040 159</b>	<b>331 074</b>	<b>719 679</b>	<b>0</b>	<b>2 090 912</b>
<b>Carrying amount at 30 April 2016</b>	<b>715 929</b>	<b>137 452</b>	<b>143 750</b>	<b>77 606</b>	<b>1 074 737</b>
<b>2014/15:</b>					
Cost:					
Balance at 1 May 2014	1 636 366	383 043	864 356	57 592	2 941 357
Additions for the year	53 467	20 955	23 251	76 005	173 678
Disposals for the year	( 27 934)	( 12 733)	( 36 677)	0	( 77 344)
Transfer	19 437	15 273	18 233	( 52 943)	0
<b>Balance at 30 April 2015</b>	<b>1 681 336</b>	<b>406 538</b>	<b>869 163</b>	<b>80 654</b>	<b>3 037 691</b>
Revaluations:					
Balance at 1 May 2014	53 292	0	0	0	53 292
Additions/disposals for the year	0	0	0	0	0
<b>Balance at 30 April 2015</b>	<b>53 292</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53 292</b>
Depreciation and impairment losses:					
Balance at 1 May 2014	912 385	315 966	669 978	0	1 898 329
Depreciation for the year	64 459	13 498	50 077	0	128 034
Transfer	0	0	0	0	0
Depreciation of assets sold	( 14 494)	( 11 978)	( 32 485)	0	( 58 957)
<b>Balance at 30 April 2015</b>	<b>962 350</b>	<b>317 486</b>	<b>687 570</b>	<b>0</b>	<b>1 967 406</b>
<b>Carrying amount at 30 April 2015</b>	<b>772 278</b>	<b>89 052</b>	<b>181 593</b>	<b>80 654</b>	<b>1 123 577</b>

The carrying amount of land and buildings includes leased assets corresponding to DKK 31 million (2015: DKK 34 million).

# NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000  
(continued)

	Investments in associates	Receivables from associates	Other securities and investments	Other receivables	Total
<b>9 Fixed asset investments</b>					
Cost:					
Balance at 1 May	1 639	13 710	1 330	1 915	18 594
Additions for the year	0	0	0	0	0
Disposals for the year	0	0	0	0	0
<b>Balance at 30 April</b>	<b>1 639</b>	<b>13 710</b>	<b>1 330</b>	<b>1 915</b>	<b>18 594</b>
Amortisation and impairment losses:					
Balance at 1 May	710	2 150	0	153	3 013
Amortisation and impairment losses for the year	57	2 151	287	( 91)	2 404
<b>Balance at 30 April</b>	<b>767</b>	<b>4 301</b>	<b>287</b>	<b>62</b>	<b>5 417</b>
<b>Carrying amount at 30 April (acc to the balance sheet)</b>	<b>872</b>	<b>9 409</b>	<b>1 043</b>	<b>1 853</b>	<b>13 177</b>
	Profit for the year before tax	Profit for the year after tax	Dividend to the Parent Company	Net asset value year end	Carrying amount year end
Ownership					
<b>10 Investments in associates comprise</b> shares in the following enterprises:					
Motorvejscenterselskabet af 1990 A/S, Copenhagen	50,0%			612	306
1/S Fællesskiltning, Nyborg	58,5%	57	57	1 066	566
		<b>57</b>	<b>57</b>	<b>0</b>	<b>1 678</b>
				<b>1 678</b>	<b>872</b>
<b>11 Prepayments</b>					
Prepayments comprise prepaid expenses for rent, property taxes, insurance and prepayment of shares in subsidiary.					

## NOTES TO THE FINANCIAL STATEMENTS

Amounts in DKK '000  
(continued)

	<u>2016</u>	<u>2015</u>
<b>12 Equity</b>		
Share capital		
Balance at 1 May	777 950	800 000
Increase of Share Capital	50	0
Reduction of Share Capital	( 600 000)	( 22 050)
<b>Balance at 30 April</b>	<b><u>178 000</u></b>	<b><u>777 950</u></b>
Revaluation reserve		
Balance at 1 May	21 531	21 531
Revaluation	( 6 150)	
<b>Balance at 30 April</b>	<b><u>15 381</u></b>	<b><u>21 531</u></b>
Retained earnings		
Retained earnings, previous years	1	( 22 050)
Dividend not paid out	43 600	0
Increase of Share Capital	1 935 902	0
Reduction of Share Capital	600 000	22 050
Retained earnings, this year	( 146 651)	1
<b>Retained earnings</b>	<b><u>2 432 852</u></b>	<b><u>1</u></b>
Dividend for the year		
Balance at 1 May	43 600	0
Dividend not paid out	( 43 600)	0
Proposed dividend to shareholders	0	43 600
<b>Retained earnings</b>	<b><u>0</u></b>	<b><u>43 600</u></b>
<b>Total equity</b>	<b><u>2 626 233</u></b>	<b><u>843 082</u></b>

In the previous five years, the share capital has been composed as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2012</u>	<u>2011</u>
Shares of DKK 1,000	178 000	800 000	800 000	800 000	800 000
	<b><u>178 000</u></b>	<b><u>800 000</u></b>	<b><u>800 000</u></b>	<b><u>800 000</u></b>	<b><u>800 000</u></b>

The shares are all held by Circle K AS, Oslo.

## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in DKK '000  
(continued)*

	<u>2016</u>	<u>2015</u>	
<b>13 Other provisions</b>			
Decontamination obligations:			
Balance at 1 May	90 592	107 576	
Applied in the year	25 785	33 441	
Adjustment for the year	<u>20 324</u>	<u>16 457</u>	
<b>Balance at 30 April</b>	<b><u>85 131</u></b>	<b><u>90 592</u></b>	
Expected applied within one year	24 355	26 617	
Expected applied after one year	<u>60 776</u>	<u>63 975</u>	
	<b><u>85 131</u></b>	<b><u>90 592</u></b>	
Demolition obligation:			
Balance at 1 May	187 994	188 358	
Additions for the year	11 630	12 685	
Adjustment for the year	<u>( 23 808)</u>	<u>( 13 049)</u>	
<b>Balance at 30 April</b>	<b><u>175 816</u></b>	<b><u>187 994</u></b>	
Expected applied within one year	9 016	1 762	
Expected applied after one year	<u>166 800</u>	<u>186 232</u>	
	<b><u>175 816</u></b>	<b><u>187 994</u></b>	
<b>Total provisions</b>	<b><u>260 947</u></b>	<b><u>278 586</u></b>	
<b>14 Long-term debt:</b>			
	<b>Due</b>	<b>Due</b>	<b>Total</b>
	<b>1-5 years</b>	<b>after 5 years</b>	
Other payables	<u>9 225</u>	<u>29 450</u>	<u>38 675</u>
	<b><u>9 225</u></b>	<b><u>29 450</u></b>	<b><u>38 675</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

*Amounts in DKK '000  
(continued)*

	<u>2016</u>	<u>2015</u>
<b>15 Contingent liabilities</b> and other financial obligations		
Rental and lease obligations	339 306	285 232
	<u>339 306</u>	<u>285 232</u>

The total rental and lease obligations include DKK 91 million for the lease of office premises. Circle K A/S is liable for the payment of the outstanding debt from time to time to grocery wholesalers for deliveries to stations that are not owned and managed by Circle K A/S.

Circle K A/S has issued bank guarantees totalling DKK 15.0 million towards the Company's business partners.

Together with other subsidiaries in the Group, the Company has issued a guarantee totalling DKK 34.766 million for the liabilities of the Parent Company.

### 16 Related parties

#### Controlling interest:

Circle K AS  
Sørkedalsveien 8  
N-0107 Oslo, Norway

Alimentation Couche-Tard Inc.  
4204 Industriel Blvd.  
Laval (Quebec) H7L 0E3  
Canada

#### Basis

Main shareholder/Parent Company (100% ownership)

Ultimate parent company