AKQA Denmark A/S

Staunings Plads 3, 1., DK-1607 Copenhagen V

Annual Report for 1 January - 31 December 2018

CVR No 29 20 37 76

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/5 2019

Peter Bruun Nikolajsen
Chairman of the General Meeting

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Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of AKQA Denmark A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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.

Copenhagen, 15 May 2019

Executive Board

Steffen Blauenfeldt Otkjær

Board of Directors

Romain Lartigue Chairman	Michelle Louise Paddon	Lasse Morell

Independent Auditor's Report

To the Shareholders of AKQA Denmark A/S

Opinion
We have audited the Financial Statements of AKQA Denmark A/S for the financial year 1 January - 31 December 2018, 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 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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.

Independent Auditor's Report

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

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

Independent Auditor's Report

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 required 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.

Copenhagen, 15 May 2019
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant
mne10944

Christina Nilsson
State Authorised Public Accountant
mne44182

Company Information

The Company	AKQA Denmark A/S Staunings Plads 3, 1. DK-1607 Copenhagen V CVR No: 29 20 37 76 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Romain Lartigue, Chairman Michelle Louise Paddon Lasse Morell
Executive Board	Steffen Blauenfeldt Otkjær
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 Postboks 1600 DK-0900 Copenhagen C

Financial Highlights

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

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	120.335	110.354	105.354	77.233	69.348
Operating profit/loss	20.088	25.595	30.663	14.556	7.830
Profit/loss before financial income and expenses	20.088	25.595	30.663	14.556	7.830
Net financials	-208	-1.945	13	-296	38
Net profit/loss for the year	15.478	18.009	23.835	10.869	5.922
Balance sheet					
Balance sheet total	39.918	41.726	50.885	41.163	32.824
Equity	17.909	12.430	24.134	20.227	17.774
Investment in property, plant and equipment	4.023	1.213	1.701	903	237
Number of employees	116	106	93	75	77
Ratios					
Gross margin	79,9%	87,6%	87,1%	83,0%	83,0%
Profit margin	16,7%	23,2%	29,1%	18,8%	11,3%
Solvency ratio	44,9%	29,8%	47,4%	49,1%	54,1%
Return on equity	102,0%	98,5%	107,5%	57,2%	31,1%

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

Key activities

The object of the Company is to be a digital agency that delivers digital communication solutions in a way that leads our clients to see us as a sharp and straightforward partner who combines business understanding with technical insight, respect for the users, creativity and dedication.

Development in the year

The income statement of the Company for 2018 shows a profit of DKK 15,478,197, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 17,908,618.

The past year and follow-up on development expectations from last year

AKQA has grown to become one of the world's most awarded digital agencies and is part of WPP which is the world's largest group of media and communications companies.

Profit for 2018 reached DKK 19,879,159 before tax. The profit was affected by a number of investments made in new talents and in connection with the integration with AQKA and is therefore considered satisfactory by Management.

The integration with the remaining AKQA organisation is progressing according to plan, and the Company has realised good synergies from being part of AKQA.

Operating risks

The Company is not exposed to special risks expect for normal risks within the industry.

Foreign exchange risks

The Company is increasingly exposed towards currency risk. To a great extent, the Company takes this into consideration when negotiating terms in agreements etc. The Company has not entered into any forward contracts.

Targets and expectations for the year ahead

Management expects that the growth in the activity continues in 2019 and has positive expectations for the coming financial year.

Treasury shares

During the year, the Company acquired treasury shares due to the departure of a number of shareholders during the year. Treasury shares have been sold to multiple employees as an incentive measure to improve the value added to the Company. The Company had no treasury shares at the end of the year.

Management's Review

Intellectual capital resources

AKQA Denmark A/S is one of the leading digital agencies in Denmark. AKQA Denmark A/S employs 140 staff members in Copenhagen, Aarhus and London who use digital strategy, creativity and technology to create valuable client journeys for Danish and global businesses. On a wide range of technical platforms – and across all digital touchpoints.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2018	2017
		DKK	DKK
Revenue		**120.335.094**	**110.353.960**
Cost of sales		-9.705.947	-6.557.596
Other external expenses		-14.507.686	-7.156.956
Gross profit/loss		**96.121.461**	**96.639.408**
Staff expenses	2	-74.664.748	-69.722.345
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.369.206	-1.322.268
Profit/loss before financial income and expenses		**20.087.507**	**25.594.795**
Financial income		81.295	55.447
Financial expenses	4	-289.643	-1.999.962
Profit/loss before tax		**19.879.159**	**23.650.280**
Tax on profit/loss for the year	5	-4.400.962	-5.641.638
Net profit/loss for the year		**15.478.197**	**18.008.642**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Acquired licenses		19.498	85.691
Intangible assets	6	**19.498**	**85.691**
Other fixtures and fittings, tools and equipment		2.530.194	1.710.544
Leasehold improvements		2.372.039	472.081
Property, plant and equipment	7	**4.902.233**	**2.182.625**
Investments in subsidiaries	8	0	172.240
Other investments	9	49.370	49.370
Deposits	9	657.330	418.897
Fixed asset investments		**706.700**	**640.507**
Fixed assets		**5.628.431**	**2.908.823**
Trade receivables		17.725.657	20.679.406
Contract work in progress		8.199.527	2.015.100
Receivables from group enterprises		476.080	1.500.000
Other receivables		0	1.965.223
Deferred tax asset	10	94.418	166.000
Corporation tax		70.620	0
Prepayments	11	993.563	389.484
Receivables		**27.559.865**	**26.715.213**
Cash at bank and in hand		**6.729.948**	**12.101.891**
Currents assets		**34.289.813**	**38.817.104**
Assets		**39.918.244**	**41.725.927**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		1.149.160	1.149.160
Retained earnings		1.759.458	11.281.266
Proposed dividend for the year		15.000.000	0
Equity	12	**17.908.618**	**12.430.426**
Credit institutions		178.620	147.497
Prepayments received from customers		2.672.554	3.466.259
Trade payables		1.476.979	2.297.345
Contract work in progress, liabilities		1.176.000	1.453.550
Payables to group enterprises		5.201.309	626.816
Corporation tax		0	5.862.614
Other payables		11.304.164	15.441.420
Short-term debt		**22.009.626**	**29.295.501**
Debt		**22.009.626**	**29.295.501**
Liabilities and equity		**39.918.244**	**41.725.927**
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1.149.160	11.281.266	0	12.430.426
Extraordinary dividend paid	0	-10.000.005	0	-10.000.005
Purchase of treasury shares	0	-285.675	0	-285.675
Sale of treasury shares	0	285.675	0	285.675
Net profit/loss for the year	0	478.197	15.000.000	15.478.197
Equity at 31 December	**1.149.160**	**1.759.458**	**15.000.000**	**17.908.618**

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	2018	2017
	DKK	DKK
2 Staff expenses		
Wages and salaries	62.034.413	57.816.277
Pensions	8.454.479	7.790.008
Other social security expenses	830.338	691.710
Other staff expenses	3.345.518	3.424.350
	74.664.748	**69.722.345**
Average number of employees	**116**	**106**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2018	2017
Amortisation of intangible assets	66.193	250.709
Depreciation of property, plant and equipment	1.303.013	1.071.559
	1.369.206	**1.322.268**

4 Financial expenses

	2018	2017
Interest paid and write-offs to group enterprises	99.213	1.729.658
Other financial expenses	190.430	270.304
	289.643	**1.999.962**

Notes to the Financial Statements

5 Tax on profit/loss for the year

	2018	2017
	DKK	DKK
Current tax for the year	4.329.380	5.686.638
Deferred tax for the year	71.582	-45.000
	4.400.962	**5.641.638**

6 Intangible assets

	Acquired licenses
	DKK
Cost at 1 January	835.784
Disposals for the year	-726.393
Cost at 31 December	109.391
Impairment losses and amortisation at 1 January	750.093
Amortisation for the year	66.193
Reversal of amortisation of disposals for the year	-726.393
Impairment losses and amortisation at 31 December	89.893
Carrying amount at 31 December	**19.498**

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	6.081.578	1.574.289
Additions for the year	1.967.003	2.055.618
Disposals for the year	-1.886.205	0
Cost at 31 December	6.162.376	3.629.907
Impairment losses and depreciation at 1 January	4.371.034	1.102.208
Depreciation for the year	1.147.353	155.660
Reversal of impairment and depreciation of sold assets	-1.886.205	0
Impairment losses and depreciation at 31 December	3.632.182	1.257.868
Carrying amount at 31 December	**2.530.194**	**2.372.039**

8 Investments in subsidiaries

	2018	2017
	DKK	DKK
Cost at 1 January	172.240	172.240
Cost at 31 December	172.240	172.240
Write-offs for the year	-172.240	0
Value adjustments at 31 December	-172.240	0
Carrying amount at 31 December	**0**	**172.240**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
DIS/PLAY Deutschland GmbH	Köln	DKK 187.500	100%

Notes to the Financial Statements

9 Other fixed asset investments

	Other investments	Deposits
	DKK	DKK
Cost at 1 January	49.370	418.897
Additions for the year	0	431.430
Disposals for the year	0	-192.997
Cost at 31 December	49.370	657.330
Carrying amount at 31 December	**49.370**	**657.330**

10 Deferred tax asset

	2018	2017
	DKK	DKK
Deferred tax asset at 1 January	166.000	121.000
Amounts recognised in the income statement for the year	-71.582	45.000
Deferred tax asset at 31 December	**94.418**	**166.000**

11 Prepayments

Prepayments consist of prepaid expenses.

12 Equity

The share capital consists of 1,149,160 shares of a nominal value of DKK 1. No shares carry any special rights.

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

13 Distribution of profit

	2018	2017
	DKK	DKK
Extraordinary dividend paid	10.000.005	30.000.010
Proposed dividend for the year	15.000.000	0
Retained earnings	-9.521.808	-11.991.368
	15.478.197	**18.008.642**

Notes to the Financial Statements

	2018	2017
	DKK	DKK

14 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2018	2017
Rental and lease obligations	2.652.228	958.469

The Company's non-recognised rental and lease obligations are:

The Company has concluded a lease on rented offices in Copenhagen. The lease is terminable at six months' notice. The related obligation amounts to DKK 1,107k.

The Company has concluded a lease on rented offices in Aarhus. The lease is interminable up to 31 October 2020. The related obligation amounts to DKK 1,512k.

The Company has concluded a lease on operating equipment. The term of the lease is six months, and it expires in 2019. The total obligation up until the expiry of the lease amounts to DKK 33k at 31 December 2018.

Other contingent liabilities

The Company is party to a pending lawsuit against a former client who has set up a counterclaim against the Company. The final outcome of the case cannot be determined at present. Management assesses that it is not necessary to make a provision in this respect in the Financial Statements.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of WPP Holding Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15 Related parties

	Basis
Controlling interest	
Russell Square Holding BV	Shareholder

Transactions

Transactions with related parties are conducted on market terms.

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Name	Place of registered office
WPP Jubilee Limited (smallest group)	18 Upper Ground, SE1 9GL, London, England
WPP Plc. (largest group)	Hilgrove Street, St Helier, JE1 1ES, Jersey, England

The Group Annual Report of WPP Jubilee Limited may be obtained at the office address.

The Group Annual Report of WPP plc. may be obtained at www.wpp.com.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of AKQA Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of WPP Plc. (largest group), 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 WPP Plc. (largest group), the Company has not prepared a cash flow statement.

Recognition and measurement

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.

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 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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

Revenue from the sale of licenses is recognised when the risks and rewards relating to the licenses sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises indirect production costs and other costs to achieve the revenue for the year.

Other external expenses

Other external expenses comprise costs related to the primary activities of the Company, including expenses related to premises and office supplies, promotional costs, etc. The item also includes write-downs of receivables recognised in current assets.

Notes to the Financial Statements

16 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

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 WPP companies in Demark. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Licences are amortised over the licence period; however not exceeding 2-5 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 when the asset is ready for use.

Notes to the Financial Statements

16 Accounting Policies (continued)

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	3-5	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

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, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Fixed asset investments

Fixed asset investments, which consist of non-listed bonds and shares, are measured at cost.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Contract work in progress

Contract work in progress is measured at the sales value of the work carried out at the balance sheet date.

The sales value is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual tototal budgeted consumption of resources.

Where the selling price of work in progress cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities, depending on whether the net value, calculated as the selling price less on account billings, is positive or negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions etc.

Dividend

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

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Notes to the Financial Statements

16 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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.

Current tax receivables and liabilities

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. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

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