

Berlingske Media A/S

Pilestræde 34
DK-1112 Copenhagen K
CVR no 29 20 73 13

Annual Report for 2016

Adopted at the Annual General
Meeting on 22 May 2017

Chairman

Kim Graven-Nielsen

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Statement by Management on the Annual Report

The Executive Board and Board of Directors have today considered and approved the Annual Report of Berlingske Media A/S for the financial year 1 January - 31 December 2016.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's Review includes a fair and true account of the matters dealt with in the Management's Review.

We recommend the adoption of the Annual Report at the Annual General Meeting.

Copenhagen, 22 May 2017

Executive Board

Mette Maix
CEO

Board of Directors

Kim Graven-Nielsen
Chairman

Celine Mirjam van Praag

Christian Van Thillo

Christophe Convent

Lars Monrad-Gylling

Marianne Ellegaard Fajstrup
Staff Representative

Katrine Gundel Harmens
Staff Representative

Mikkel Ludvigsen
Staff Representative

Independent Auditor's Report

To the shareholder of Berlingske Media A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Berlingske Media A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

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.

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 Financial Statements Act.

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

Independent Auditor's Report

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 judgment and maintain professional skepticism 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.

Independent Auditor's Report

- 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.

Hellerup, 22 May 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant

Leif Ulbæk Jensen
State Authorised Public Accountant

Company Details

The Company

Berlingske Media A/S
Pilestræde 34
DK-1112 Copenhagen K

Tel: + 45 33 75 75 75
Website: www.berlingskemedias.dk

CVR no.: 29 20 73 13
Reporting period: 1 January - 31 December
Incorporated: 31 March 1950
Financial year: 67th financial year
Domicile: Copenhagen

Board of Directors

Kim Graven-Nielsen, Chairman
Celine Mirjam van Praag
Christian Van Thillo
Christophe Convent
Lars Monrad-Gylling
Marianne Ellegaard Fajstrup, Staff Representative
Katrine Gundel Harmens, Staff Representative
Mikkel Ludvigsen, Staff Representative

Executive Board

Mette Maix, CEO

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

5-year summary:

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	856.640	942.664	1.046.806	1.230.448	1.364.204
Gross profit	442.741	510.834	521.600	730.496	611.329
Net financials	3.659	5.042	6.641	9.079	8.300
Profit/loss for the year	23.080	-37.872	72.994	198.770	-47.546
Balance sheet					
Balance sheet total	1.325.765	1.354.545	1.431.248	1.464.830	1.158.283
Investment in property, plant and equipment	10.897	5.051	7.530	4.807	39.682
Equity	586.951	563.871	601.743	603.749	404.979
Number of employees	715	756	766	876	874
Financial ratios					
Gross margin	51,7%	54,2%	49,8%	59,4%	44,8%
Profit margin	-0,1%	-5,1%	4,0%	12,5%	-6,1%
Return on assets	-0,1%	-3,5%	3,0%	10,5%	-7,2%
Solvency ratio	44,3%	41,6%	42,0%	41,2%	35,0%
Return on equity	4,0%	-6,5%	12,1%	39,4%	-11,1%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines, 2015. For definitions, see the summary of significant accounting policies.

Management's Review

Business activities

Berlingske Media owns the three major Danish news brands Berlingske, BT and Weekendavisen - as per January 2017, the group also owns 70% of the free sheet MetroXpress Denmark (MX) through a joint venture (70/30) with the Swiss media group Tamedia AG, when MX and BT was merged in one joint operation.

Further, Berlingske Media owns Denmark's largest deal site Sweetdeal, the advertising agency Marketsquare and one of the most renowned national radio stations Radio24syv. Every month, the group reaches more than 3 million Danes across print, digital and radio, and through quality journalism, the media inform the Danish public and contribute to the democratic debate.

Development in the year

The income statement shows a profit of TDKK 23.080 in 2016 compared to a loss of TDKK 37.872 in 2015. Equity as end of year 2016 is TDKK 586.951 compared to TDKK 563.871 as end of year 2015.

Revenue shows a total of TDKK 856.640 in 2016 compared to TDKK 942.664 in 2015. The decline in revenues mainly stems from the development in the challenged market for printed adds, as well as a reduction in the number single copies sold.

The profit for the year has been affected by a loss of a sub-supplier of DKKm 5, a redundancy provision of DKKm 9 in connection with the restructuring of the BT business and an impairment of approx. DKKm 6 due to the decision regarding closing of printing facilities. In connection with the later, a provision recognized at year-end 2015 regarding printing facilities has been reversed, thus affecting the profit by DKKm 9.

The result of the year is considered satisfactory and in line with expectations.

New strategic direction and implementation

2016 was a year characterized by executing on several major decisions and on the strategic directions set out by the shareholder – De Persgroep - in the course of 2nd half of 2015 and 2016.

In 2016, Berlingske Media not only continued the strategy of focusing on the three super brands, Berlingske, BT and Weekendavisen. Major steps have been taken in the transformation and preparation to become an even more digital resilient and modern media house.

Berlingske re-launch

Berlingske re-launched the printed edition and the task was two-sided. On the one hand, the trustworthiness and all the values embedded in a traditional and respected newspaper like Berlingske should be emphasized. On the other hand, the task was to fundamentally change the perception of the Berlingske brand, modernizing it and turning it into the preferred morning paper for modern, urban-orientated Danes.

Management's Review

The newspaper was re-launched on 6 September 2016, and reactions in the market have been highly satisfactory. The new design won four specific prizes at The European Newspaper Award, and the concept with a free flow in the first section, as well as a better balance in the content with more emphasize put on culture, debate and free flow.

Further, more focus was directed towards the digital platforms. A new app for “business” was introduced and a new premium payment model was launched.

To be able to do all the above in an efficient manner, the newsroom was redesigned towards a higher digital and customer oriented presence.

BT merged with MetroXpress

BT celebrated its 100 years anniversary, on August 31th. 2016. It was marked with a B2C campaign “BT for all of Denmark” together with events for readers and advertisers at Bakken amusement park and a party for all BT’s employees.

BT also improved product platforms by rolling out a complete redesign both on print and digitally. It was decided to merger BT with the largest free daily paper MetroXpress in January 2017, and today the two papers are fully up and running through one integrated and joint newsroom serving both titles. Berlingske owns 70% of the shares in BTMX P/S and is considered a subsidiary of Berlingske Media A/S.

New editor in chief at Weekendavisen

Weekendavisen continued the strong and solid performance in 2016, and Martin Krasnik took over the role as Editor in Chief in January 2017, when Anne Knudsen stepped down after 19 years as MD and Editor in Chief.

New Management Team

At corporate level a new management team was implemented and new managers were hired in the course of 2016. Mette Maix join as new CEO in February, Rene Bröchner join as new CCO in August, and Dennis Kilian as CFO in October.

A major ICT transformation out from the outsourcing partner - HCL to own De Persgroep centralized facilities - was planned and executed during 2016 and the first quarter of 2017. The transformation went successful with no material disruption of production and administration at all.

Win of “Cavling prisen”

Last but not least, “Cavling prisen” the most prestigious journalistic price in Denmark was won by three Berlingske Journalists: Chris Kjær Jessen, Lars Nørgaard Pedersen and Michael Lund for their fact finding and disclosure of manipulation of numbers and facts related to the approval of “landbrugspakken”.

Management's Review

Future market development

The economic growth is expected to continue in Denmark in 2017 with a slight increase in private consumption.

In addition, positive growth in overall advertising volume in 2017 is foreseen. The structural change in the media market, where digital media is growing, while print media position becomes proportionately less, is however expected to continue. Strongest growth is seen in mobile, digital channels with content in any form, be it social media, web-TV, keyword advertising, etc., but also when it comes to news.

The digital news consumption has grown significantly in recent years, especially on mobile. More Danes have a smart mobile phone with Internet access. Media providers are faced with constant requirement to provide relevant, engaging and timely content to readers around the clock. Further the requirements for both the quality of journalism as the technologically-based usability constantly develops.

Berlingske wants to maintain and strengthen our position in the market and we work continuously on the development of content, products, marketing, sales models and technology to meet the stringent demands of readers and exploit the new digital opportunities for the sale of ads and products.

Digital innovation with a strong focus on user experience is therefore a key focus area for Berlingske Media.

Dailies on print have experienced decline over several years, both in terms of circulation and readership as well as in advertising. In the past year however there has been a tendency that the decline has stagnated and stabilized the situation more. This applies both within the category of niche newspapers which Weekendavisen belongs to and in the morning newspaper category.

Non-financial conditions

Intellectual capital resources

Changes in the media business create an ongoing need for the development of skills and strong leadership skills. Berlingske Media has continued its leadership training, within the framework of Berlingske Academy in 2016.

External environment

In terms of production, the company put emphasis on suppliers, including subsidiaries, to minimize material usage and ensure the collection of environmentally harmful substances for recycling and controlled degradation. There is no direct discharge of consumables and waste products to nature in connection with the company production.

Management's Review

Through industry associations, we contribute to the development of printing methods, which reduce environmental impact. Paper is purchased jointly with other media companies, which ensures an environmentally friendly green paper production and replanting trees (FSC approved). Unsold newspapers are recycled.

Statement on corporate social responsibility

The Company complies with current rules and legislation on the markets in which it operates. The Company does not have established policies for compliance with corporate social responsibility, cf. Danish Financial Statements Act § 99, as it has not been considered necessary. This is based upon the nature of the products and their contribution to, news debate and media pluralism in the Danish society. Therefore, the stated review contains no information on which standards are followed, how it translates them into action and an assessment of what has been achieved and the expectations for future work.

Although the company does not have an established policy on social responsibility, human rights and the reduction of climate impacts, Berlingske Media continues to keep focus on these areas which are expressed in independent policies on anti-corruption, anti-bribery and procurement.

Gender balance in management

Berlingske Media made in 2013 a target for gender balance of the company's board of directors.

The aim of a more equal representation of the board of directors is that the underrepresented sex must always be represented by at least one third (33%) of the general meeting elected members.

Our objective remains unchanged, but it is expected that the initial goal of achieving this will be met by the end of 2018. At present, Berlingske Media has one female member out of a total of five board members (20%), which is unchanged compared to last year, as no change was made regarding the members of the board.

With this policy for gender balance Berlingske Media commits to work for all employees regardless of gender, to have equal opportunities to achieve career in the company. Therefore, regarding recruitment, setting training programs, etc. in Berlingske Media it will always be talent, skills and qualifications that decide who gets employed in the various positions.

In 2016 39% of the staff was of female gender, which is the same as in 2015.

On the management and specialist level 33% was of female gender, which also is the same as in 2015.

Subsequent events

We refer to note 19 in the Financial Statements.

Management's Review

Further, it has been decided to close down Berlingske's printing facilities in Hvidovre and continue the printing activities from the location in Slagelse, which has led to an impairment in 2016 of the equipment located in Hvidovre. The last newspaper was printed in the facilities in Hvidovre on March 1st.

Expect for this, no other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Expectations for the year ahead

Berlingske Media is working hard and with a firm focus on core business.

The complete focus on the four strong media brands Berlingske, BT, MX and Weekendavisen should strengthen the business by making the brands even more relevant for customers and position them stronger in a media market that is also undergoing rapid transformation.

The digital transformation of the media market will still accelerate and the task of Berlingske Media's brands is to continue to deliver relevant publicist quality content on all the platforms that are relevant to users, customers and readers of the titles.

Therefore, the development of our products continues, both on print and especially in digital in 2017. Work will continue to strengthen journalistic content, communication, user experience, presentation and visual expression as well as the internal and external marketing.

At the same time this is the code for a continued economic sustainability and enhanced business.

When Berlingske Media's brands is stronger in the market and meet readers 'and users' needs better, the foundation is created for a positive development of subscription sales, both in terms of retaining existing customers and attracting new ones - helped by new innovative sales methods.

A stronger position in attractive reader segments and target groups is the foundation for stronger advertising sales both in terms of volume and in terms of prices, both in print as digital.

The result for 2017 is expected to be higher than for 2016. Capital resources are considered adequate.

Accounting Policies

The Annual Report of Berlingske Media A/S for 2016 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 are consistent with those of last year.

The Annual Report for 2016 is presented in TDKK.

Consolidated financial statements

Pursuant to sections §112, of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements, as the Company and its subsidiaries is included in the consolidated financial statements of De Persgroep NV.

Basis of recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Accounting Policies

Leases

All leases that is not classified as financial leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Segment information on revenue

With reference to section 96(1) of the Danish Financial Statements Act, the Company has not disclosed segment information on revenue, as it is assessed that the information will lead to material competitive disadvantages.

Revenue

Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods and services 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.

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

Cost of goods and services sold

Costs of goods and services sold comprise the expenses to achieve revenue for the year. Income from public subsidies, ie. "Mediestøtte" is recognized in cost of goods and services sold.

Accounting Policies

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.

Other external expenses

Other external expenses comprise advertising, administration, rent of leasehold, provisions for bad debt, other leases etc.

Staff expenses

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

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Mecom Denmark Holdings ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised on a straight-line basis over the useful life, which is assessed at 2-7 years.

Acquired publishing rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Publishing rights are amortised on a straight-line basis over the useful life, which is assessed at 5 years.

Accounting Policies

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.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available 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:

	Useful life
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	5-9 years
Leasehold improvements	5-9 years

Depreciation period and residual value are reassessed annually.

Investments in subsidiaries and associates

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

The items "Investments in subsidiaries" and "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 addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Company to cover the negative balance of the enterprise is recognised in provisions.

Other investments

Other investments are measured at the lower of cost and recoverable amount.

Accounting Policies

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax

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, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. 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 liabilities and assets

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years, primary prepaid subscriptions.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as the cash flow statement is included in the consolidated financial statements of De Persgroep NV.

Financial Highlights

Definitions of financial ratios.

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

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Revenue		856.640	942.664
Other operating income	1	135.656	105.640
Cost of goods and services sold		-292.534	-335.217
Other external expenses		-257.021	-202.253
Gross profit		442.741	510.834
Staff expenses	2	-417.718	-526.435
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-26.086	-32.582
Profit/loss before financial income and expenses		-1.063	-48.183
Income from investments in subsidiaries	4	24.267	7.587
Income from investments in associates	5	-3.783	-5.628
Financial income	6	4.619	6.993
Financial expenses	7	-960	-1.951
Profit/loss before tax		23.080	-41.182
Tax on profit/loss for the year	8	0	3.310
Net profit/loss for the year		23.080	-37.872
Proposed distribution of profit			
Retained earnings		23.080	-37.872
		23.080	-37.872

Balance Sheet 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Assets			
Software		15.899	16.702
IT Software in progress		9.280	3.262
Intangible assets	9	<u>25.179</u>	<u>19.964</u>
Other fixtures and fittings, tools and equipment		15.149	14.989
Leasehold improvements		8.837	13.888
Property, plant and equipment in progress		0	493
Property, plant and equipment	10	<u>23.986</u>	<u>29.370</u>
Investments in subsidiaries	11	249.477	268.658
Investments in associates	12	13.219	2.002
Receivables from group enterprises	13	41.682	7.885
Other fixed asset investments	13	4.691	4.691
Deposits	13	13.024	12.724
Fixed asset investments		<u>322.093</u>	<u>295.960</u>
Fixed assets total		<u>371.258</u>	<u>345.294</u>
Trade receivables	14	26.891	98.807
Receivables from group enterprises		743.661	686.807
Other receivables		22.075	18.362
Deferred tax asset	16	81.093	81.093
Prepayments		15.693	17.875
Receivables		<u>889.413</u>	<u>902.944</u>
Cash at bank and in hand		<u>65.094</u>	<u>106.307</u>
Currents assets total		<u>954.507</u>	<u>1.009.251</u>
Assets total		<u>1.325.765</u>	<u>1.354.545</u>

Balance Sheet 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		216.567	216.567
Retained earnings		<u>370.384</u>	<u>347.304</u>
Equity	15	<u>586.951</u>	<u>563.871</u>
Provisions relating to investments in group entities	11	24.875	0
Other provisions	17	<u>20.010</u>	<u>10.975</u>
Provisions total		<u>44.885</u>	<u>10.975</u>
Other payables		<u>4.164</u>	<u>4.768</u>
Long-term debt	18	<u>4.164</u>	<u>4.768</u>
Trade payables		136.219	109.863
Payables to group enterprises		267.237	285.815
Other payables	18	129.891	202.661
Deferred income		<u>156.418</u>	<u>176.592</u>
Short-term debt		<u>689.765</u>	<u>774.931</u>
Debt total		<u>693.929</u>	<u>779.699</u>
Liabilities and equity total		<u>1.325.765</u>	<u>1.354.545</u>
Subsequent events	19		
Rental agreements and lease commitments	20		
Contingent assets, liabilities and other financial obligations	21		
Related parties and group information	22		
Fee to auditors appointed at the general meeting	23		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January 2016	216.567	347.304	563.871
Net profit/loss for the year	<u>0</u>	<u>23.080</u>	<u>23.080</u>
Equity at 31 December 2016	<u>216.567</u>	<u>370.384</u>	<u>586.951</u>

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
1 Other operating income		
Gain on sale of publishing rights	0	1.305
Other operating income	<u>135.656</u>	<u>104.335</u>
	<u>135.656</u>	<u>105.640</u>
2 Staff expenses		
Wages and salaries	391.496	493.775
Pensions	20.162	23.081
Other social security costs	<u>6.060</u>	<u>9.579</u>
Staff expenses total	<u>417.718</u>	<u>526.435</u>
Executive Board	13.739	21.261
Board of Directors	<u>144</u>	<u>192</u>
	<u>13.883</u>	<u>21.453</u>
Average number of employees	<u>715</u>	<u>756</u>
Remuneration to Executive Board for 2016 relates to two members employed during the year, hereunder redundancy cost related to the former member of the executive board. Remuneration to the Executive Board for 2015 is affected by a redundancy provision related to former CEO and CFO.		
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	10.415	15.842
Depreciation of property, plant and equipment	<u>15.671</u>	<u>16.740</u>
	<u>26.086</u>	<u>32.582</u>

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
4 Income from investments in subsidiaries		
Net profit/loss for the year, cf. note 11	21.479	620
Amortisation of net goodwill/badwill, cf. note 11	<u>2.788</u>	<u>6.967</u>
	<u>24.267</u>	<u>7.587</u>
5 Income from investments in associates		
Net profit/loss for the year, cf. note 12	-3.783	-6.876
Gain on disposal, cf. note 12	<u>0</u>	<u>1.248</u>
	<u>-3.783</u>	<u>-5.628</u>
6 Financial income		
Interest received from group enterprises	4.564	6.691
Other financial income	<u>55</u>	<u>302</u>
	<u>4.619</u>	<u>6.993</u>
7 Financial expenses		
Interest paid to group enterprises	111	863
Other financial expenses	<u>849</u>	<u>1.088</u>
	<u>960</u>	<u>1.951</u>
8 Tax on profit/loss for the year		
Deferred tax for the year	<u>0</u>	<u>-3.310</u>
	<u>0</u>	<u>-3.310</u>

Notes to the Financial Statements

9 Intangible assets

	Software	IT Software in progress
	TDKK	TDKK
Cost at 1 January 2016	263.413	3.262
Additions for the year	0	15.630
Disposals for the year	-53.750	0
Transfers for the year	9.612	-9.612
Cost at 31 December 2016	<u>219.275</u>	<u>9.280</u>
Impairment losses and amortisation at 1 January 2016	246.711	0
Amortisation for the year	10.415	0
Reversal of amortisation of disposals for the year	-53.750	0
Impairment losses and amortisation at 31 December 2016	<u>203.376</u>	<u>0</u>
Carrying amount at 31 December 2016	<u>15.899</u>	<u>9.280</u>

Notes to the Financial Statements

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January 2016	70.696	73.090	493
Additions for the year	0	3.494	7.403
Disposals for the year	-14.765	0	0
Transfers for the year	7.896	0	-7.896
Cost at 31 December 2016	<u>63.827</u>	<u>76.584</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2016	55.707	59.202	0
Depreciation for the year	7.126	8.545	0
Reversal of impairment and depreciation of sold assets	-14.155	0	0
Impairment losses and depreciation at 31 December 2016	<u>48.678</u>	<u>67.747</u>	<u>0</u>
Carrying amount at 31 December 2016	<u>15.149</u>	<u>8.837</u>	<u>0</u>

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
11 Investments in subsidiaries		
Cost at 1 January	<u>705.740</u>	<u>705.740</u>
Cost at 31 December	<u>705.740</u>	<u>705.740</u>
Revaluations at 1 January	-437.082	-463.169
Net profit for the year	21.479	620
Dividends declared	-46.658	-3.165
Other adjustments	4.759	0
Amortisation of goodwill	-1.971	6.967
Equity investments with negative net asset value amortised over receivables	-21.665	21.665
Equity investments with negative net asset value transferred to provisions	<u>24.875</u>	<u>0</u>
Revaluations at 31 December	<u>-456.263</u>	<u>-437.082</u>
Carrying amount at 31 December	<u>249.477</u>	<u>268.658</u>
Remaining goodwill included in the above carrying amount at 31 December	<u>19.422</u>	<u>21.393</u>

Argumentation for Goodwill depreciation periods

The Company's investment in the subsidiary Marketsquare A/S is as a strategic important acquisition. Taking into account, the plans to increase activities and profit, the economic life of goodwill is determined to 20 years, of which 10 years are remaining.

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>
Trykkompagniet A/S	Hvidovre	100%
Berlingske af 2007 A/S	Copenhagen	100%
Marketsquare A/S	Copenhagen	100%
Grenaa Bladet A/S	Copenhagen	100%
MOL Holding A/S	Copenhagen	88%
Berlingske Netdoktor A/S	Copenhagen	80%
Berlingske People A/S	Copenhagen	70%
FM6 A/S	Copenhagen	60%

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
12 Investments in associates		
Cost at 1 January	1.041	6.128
Transfer at 1 January	0	-630
Additions for the year	15.000	0
Disposals for the year	<u>0</u>	<u>-4.457</u>
Cost at 31 December	<u>16.041</u>	<u>1.041</u>
Revaluations at 1 January	961	3.390
Transfer at 1 January	0	-1.259
Disposals for the year	0	5.706
Net profit/loss for the year	<u>-3.783</u>	<u>-6.876</u>
Revaluations at 31 December	<u>-2.822</u>	<u>961</u>
Carrying amount at 31 December	<u>13.219</u>	<u>2.002</u>

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
A/S Bladkompagniet	Copenhagen	50%

Notes to the Financial Statements

13 Fixed asset investments

	Receivables from group enterprises	Other investments	Deposits
	TDKK	TDKK	TDKK
Cost at 1 January 2016	7.885	11.323	12.724
Addition	90.000	0	300
Repayment	-56.203	0	0
Cost at 31 December 2016	<u>41.682</u>	<u>11.323</u>	<u>13.024</u>
Impairment losses at 1 January 2016	<u>0</u>	<u>6.632</u>	<u>0</u>
Impairment losses at 31 December 2016	<u>0</u>	<u>6.632</u>	<u>0</u>
Carrying amount at 31 December 2016	<u>41.682</u>	<u>4.691</u>	<u>13.024</u>

14 Receivables

The Company is handling invoicing and collecting of trade receivables for all group companies, why the financial statement line "Trade receivables", besides the Company's own receivables, also contains group receivables.

15 Equity

The share capital consists of:

108.283 A-shares of TDKK 1	108.283
1 A-shares of TDKK 0,5	0,5
108.283 B-shares of TDKK 1	108.283
1 B-shares of TDKK 0,5	<u>0,5</u>
	<u>216.567</u>

There have been no changes in the share capital during the last 5 years.
The share classes does not hold any special rights.

Notes to the Financial Statements

16 Provision for deferred tax

Total deferred tax asset is estimated at approximately DKK 180 million (calculated at a tax rate of 22 pct.) and is unchanged compared to last year. Of the total deferred tax asset, DKK 81 million has been recognized as of 31 December 2016.

Management has recognized the tax asset based on budgets for the coming 5 years and assessed it to be probable that the deferred tax asset can be utilized within the Danish joint taxation Group.

	<u>2016</u> TDKK	<u>2015</u> TDKK
17 Other provisions		
Provision for restoration of leasehold	9.975	10.975
Provision for redundancy cost	<u>10.035</u>	<u>0</u>
Balance at 31 December	<u>20.010</u>	<u>10.975</u>

The provision is expected to mature as follows:

Within one year	10.035	0
Between 1 and 5 years	<u>9.975</u>	<u>10.975</u>
	<u>20.010</u>	<u>10.975</u>

18 Long term debt

Other payables

After 5 years	0	147
Between 1 and 5 years	<u>4.164</u>	<u>4.621</u>
Non-current part	4.164	4.768
Within 1 year	<u>129.891</u>	<u>202.661</u>
	<u>134.055</u>	<u>207.429</u>

Notes to the Financial Statements

19 Subsequent events

In January 2017 it was agreed to carve out the BT activity, and contribute the net liabilities to the newly established Company, BTMX P/S, of which the Company owns 70 pct.

Key figures for 2016 for the carved out BT business are as follows: Net Revenue: DKK 330 million; EBITDA: DKK 15 million; Net Liabilities DKK 60 million.

No other subsequent events incurred after 31 December 2016 significantly affecting the financial position.

20 Rental agreements and lease commitments

Rental and lease commitments

Operating lease commitments.

Total future lease payments:

	<u>2016</u> TDKK	<u>2015</u> TDKK
Within 1 year	30.808	29.393
Between 1 and 5 years	88.182	100.994
After 5 years	<u>0</u>	<u>6.207</u>
	<u>118.990</u>	<u>136.594</u>

Contractual obligations

Contractual obligations to service providers	7.705	62.388
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Notes to the Financial Statements

21 Contingent assets, liabilities and other financial obligations

Contingent liabilities

There is a risk that the Company will be met with claims for trading of unauthorized advertising in relation to some advertisers.

Berlingske Media A/S has issued letters of support for some of the subsidiaries. Berlingske Media A/S has in this respect guaranteed to support the subsidiaries with sufficient liquidity to ensure future operations and investments, and for debt to be paid when due. The letters of support expires at 31 December 2017.

The Company administrate the cash-pool for the Group why cash related to other group companies has been recognised in "Receivables from group enterprises" and in "Payables to group enterprises" respectively. The Company is liable in solidarity with other group companies that are included in the cash-pool.

The Company has an obligation of joint registration of withholding tax, ATP, VAT and duties.

The Company is part of national taxation in Denmark with Mecom Denmark Holdings ApS and is jointly liable with other Danish companies for corporate and withholding tax.

22 Related parties and group information

Controlling interest

Mecom Denmark Holdings ApS, Pilestræde 34, 1112 Copenhagen, Parent Company De Persgroep NV, Brusselsesteenweg 347, 1730 Asse (Kobbegem), Ultimate Parent Company

Transactions

Transactions with related parties has been carried out at arm's length terms.

Consolidated Financial Statements

The Company is included in the Group Annual Report of De Persgroep NV.

The Group Annual Report of De Persgroep NV. may be obtained at the following address:

De Persgroep NV
Brusselsesteenweg 347
1730 Asse (Kobbegem)
Belgium

Notes to the Financial Statements

23 Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statement Act, audit fees are not disclosed.