
GroupM Denmark A/S

Kristen Bernikows Gade 1, 4, DK-1105 Copenhagen C

Annual Report for 1 January - 31 December 2017

CVR No 30 24 07 82

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2018

Lars Petersen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GroupM Denmark A/S for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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, 8 May 2018

Executive Board

Jonas Von Barnekow Benzon
Hemmingsen
CEO

Board of Directors

Jens Storkfelt
Chairman

Jonas Von Barnekow Benzon
Hemmingsen

Paw Daniel Munoz Saxgren

Independent Auditor's Report

To the Shareholder of GroupM Denmark A/S

Opinion

We have audited the Financial Statements of GroupM Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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, 8 May 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke

State Authorised Public Accountant

mne10944

Company Information

The Company

GroupM Denmark A/S
Kristen Bernikows Gade 1, 4
DK-1105 Copenhagen C

CVR No: 30 24 07 82
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jens Storkfelt , Chairman
Jonas Von Barnekow Benzou Hemmingsen
Paw Daniel Munoz Saxgren

Executive Board

Jonas Von Barnekow Benzou Hemmingsen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 Copenhagen C

Financial Highlights

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

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
Key figures					
Profit/loss					
Gross profit/loss	99.162	88.922	56.849	52.014	37.867
Operating profit/loss	2.953	3.369	278	5.016	5.434
Net financials	-95	-31	-524	-803	119
Net profit/loss for the year	2.253	2.524	-215	3.171	4.051
Balance sheet					
Balance sheet total	177.086	176.291	78.741	118.220	65.127
Equity	14.108	11.855	9.752	9.967	6.796
Investment in property, plant and equipment	1.118	1.583	292	3.938	239
Number of employees	161	144	83	65	44
Ratios					
Solvency ratio	8,0%	6,7%	12,4%	8,4%	10,4%
Return on equity	17,4%	23,8%	-2,2%	37,8%	55,7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts 2015. For definitions, see under accounting policies.

In connection with the merger in 2017, the comparative figures for 2013-2015 have not been restated. See the description under accounting policies.

Management's Review

Key activities

The primary activities are to provide services within administration and accounting as well as development of special qualifications within media purchases.

The Entity is part of the WPP Group.

Development in the year

The income statement of the Company for 2017 shows a profit of TDKK 2,253, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 14,108.

As of January 1, 2017 the Company acquired the shares in Outrider A/S, MEC Denmark Holding A/S, Maxus A/S and Wavemaker A/S (previously MEC Denmark A/S).

Furthermore as of January 1, 2017 the Company has merged with the subsidiaries Outrider A/S and MEC Denmark Holding A/S.

The financial performance is satisfactory.

Management believes that also considering the period after the balance sheet date the income statement and balance sheet with accompanying notes contain all significant information needed to evaluate the past year and the Entity's financial position at year-end.

Particular risks

No unusual risks are associated with the Entity's business. The business conditions of the market and the external environment as a whole have not changed significantly.

Outlook

The Entity expects to deliver a profit before tax in the range of TDKK 3-4.000 in 2018, with a similar level of growth in investments to maintain the leading position in the data and technology driven communications market.

Intellectual capital resources

A substantial part of Entity's business hinges on the existence of certain staff resources and tools which have been further developed throughout the year, both in terms of value-based management and with respect to processes and structures for the knowledge-based work.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Management's Review

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit/loss		99.162	88.922
Staff expenses	2	-94.669	-83.806
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.540	-1.747
Profit/loss before financial income and expenses		2.953	3.369
Financial income	4	652	265
Financial expenses	5	-747	-296
Profit/loss before tax		2.858	3.338
Tax on profit/loss for the year	6	-605	-814
Net profit/loss for the year		2.253	2.524

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Acquired patents		5	168
Intangible assets	7	5	168
Other fixtures and fittings, tools and equipment		1.978	1.920
Leasehold improvements		1.178	1.542
Property, plant and equipment	8	3.156	3.462
Investments in subsidiaries	9	32.461	34.273
Deposits	10	1.176	1.146
Fixed asset investments		33.637	35.419
Fixed assets		36.798	39.049
Trade receivables		18.302	20.157
Contract work in progress	11	651	811
Receivables from group enterprises		116.548	106.593
Other receivables		2.353	1.274
Deferred tax asset		39	92
Corporation tax		59	6.081
Prepayments	12	2.336	2.227
Receivables		140.288	137.235
Cash at bank and in hand		0	7
Currents assets		140.288	137.242
Assets		177.086	176.291

Balance Sheet 31 December

Liabilities and equity

	Note	2017 TDKK	2016 TDKK
Share capital		500	500
Retained earnings		13.608	11.355
Equity	13	14.108	11.855
Prepayments received from customers		206	29
Trade payables		46.416	32.373
Contract work in progress, liabilities	11	3.743	1.770
Payables to group enterprises		79.600	102.009
Other payables	15	33.013	28.255
Short-term debt		162.978	164.436
Debt		162.978	164.436
Liabilities and equity		177.086	176.291
Subsequent events	1		
Distribution of profit	14		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	500	11.355	11.855
Net profit/loss for the year	0	2.253	2.253
Equity at 31 December	500	13.608	14.108

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.

2 Staff expenses

	2017 TDKK	2016 TDKK
Wages and salaries	88.999	78.819
Pensions	4.390	3.847
Other social security expenses	1.054	959
Other staff expenses	226	181
	94.669	83.806
Average number of employees	161	144

Referring to section 98b(3) of the Danish Financial Statements Act, information about the Executive Board remuneration is not disclosed. No remuneration has been paid to the Company's Board of Directors.

The Executive Board and senior officers at GroupM Denmark A/S are participating in the WPP Group's share option programme. The programme has been entered with WPP Plc. and GroupM Denmark A/S is not impacted financially.

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

Amortisation of intangible assets	163	381
Depreciation of property, plant and equipment	1.377	1.366
	1.540	1.747

4 Financial income

Other financial income	0	2
Exchange gains	652	263
	652	265

Notes to the Financial Statements

	2017 TDKK	2016 TDKK
5 Financial expenses		
Other financial expenses	128	103
Exchange adjustments, expenses	494	174
Exchange loss	125	19
	747	296
6 Tax on profit/loss for the year		
Current tax for the year	553	536
Deferred tax for the year	86	415
Adjustment of tax concerning previous years	0	-151
Adjustment of deferred tax concerning previous years	-34	14
	605	814
7 Intangible assets		
		Acquired pa- tents TDKK
Cost at 1 January		15.007
Disposals for the year		-9.972
Cost at 31 December		5.035
Impairment losses and amortisation at 1 January		14.839
Amortisation for the year		163
Reversal of amortisation of disposals for the year		-9.972
Impairment losses and amortisation at 31 December		5.030
Carrying amount at 31 December		5

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	7.429	4.169
Additions for the year	859	259
Disposals for the year	-5.867	-1.452
Cost at 31 December	2.421	2.976
Impairment losses and depreciation at 1 January	5.509	2.627
Depreciation for the year	754	623
Reversal of impairment and depreciation of sold assets	-5.867	-1.452
Other regulations	47	0
Impairment losses and depreciation at 31 December	443	1.798
Carrying amount at 31 December	1.978	1.178

9 Investments in subsidiaries

	2017 TDKK	2016 TDKK
Cost at 1 January	34.273	34.273
Disposals for the year	-1.812	0
Carrying amount at 31 December	32.461	34.273

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Wavemaker A/S	Copenhagen	TDKK 24.600	100%	33.309	842

10 Other fixed asset investments

	Deposits TDKK
Cost at 1 January	1.145
Additions for the year	31
Cost at 31 December	1.176

Notes to the Financial Statements

Carrying amount at 31 December		<u>1.176</u>
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	<u>2017</u> TDKK	<u>2016</u> TDKK
11 Contract work in progress		
Selling price of work in progress	3.317	3.440
Payments received on account	<u>-6.409</u>	<u>-4.399</u>
	<u>-3.092</u>	<u>-959</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	651	811
Prepayments received recognised in debt	<u>-3.743</u>	<u>-1.770</u>
	<u>-3.092</u>	<u>-959</u>

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

13 Equity

The share capital consists of 500 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

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

14 Distribution of profit

Retained earnings	<u>2.253</u>	<u>2.524</u>
	<u>2.253</u>	<u>2.524</u>

Notes to the Financial Statements

	2017 TDKK	2016 TDKK
15 Other payables		
Value added tax etc	11.580	6.545
Wages and salaries, personal income taxes, social security costs, etc	4.004	3.282
Holiday pay obligation	11.020	10.384
Other debt	6.409	8.044
	33.013	28.255

16 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Commitments under rental agreements or leases until expiry	8.445	6.681
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A bank guarantee of DKK 2,271 thousand has been provided regarding rental obligations.

The Company has provided a guarantee of DKK 750 thousand in favour of the Company's banker. The guarantee is provided towards the Security Fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the Company's obligations in relation to owners of papers and magazines, and a specified group of Danish owners, respectively.

The companies GroupM Denmark A/S (MEC Denmark Holding A/S and Outrider A/S) and Wavemaker (MEC Denmark A/S and Maxus A/S) have provided a guarantee of DKK 14,500 thousand in favour of the Companies' banker. The guarantee is provided towards the Security Fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the companies' obligations in relation to owners of papers and magazines, and a specified group of Danish owners, respectively.

The Company participates in a Danish joint taxation arrangement in which WPP Holding Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is, therefore, liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes to the Financial Statements

17 Related parties

Controlling interest

WPP Holding Denmark A/S, Per Henrik Lings Allé 4, 7,
2100 Copenhagen Ø, Central Registration No 56873619
owns all the shares of the Entity and thus has control
over the Entity.

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 plc.	27 Farm Street, W1J 5RJ, London, England.

The Group Annual Report of WPP plc. may be obtained at the following address: www.wpp.com.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of GroupM Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

As of January 1, 2017 the Company has merged with the subsidiaries Outrider A/S and MEC Denmark Holding A/S. The merger has been based on booked values. Comparative figures for 2016 has been restated. The merger has no effect on the equity of the Company.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of WPP plc., 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., 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

18 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an out-flow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of media and administrative services to group related WPP-companies is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Consultancy services are included in revenue based on the stage of completion so that the revenue corresponds to the selling price of work performed in the financial year (the percentage-of-completion method).

Cost of sales

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses include expenses for premises, stationery and office supplies, marketing costs and services provided by group related companies etc. This item also includes write-downs of receivables recognised in current assets.

Notes to the Financial Statements

18 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, net foreign exchange gains, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net foreign exchange losses, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Intangible assets

Intellectual property rights acquired are measured at cost less accumulated amortisation. Amortisation is calculated over the expected useful period which are 3-5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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.

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	5 years
Leasehold improvements	3-5 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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash pool

The Company is part of a cash pool scheme with other Danish WPP companies. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from and payables to group enterprises, respectively.

Receivables

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

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 to total budgeted consumption of resources.

For some projects where the consumption of resources cannot be applied as a basis, stage of completion is determined as the ratio between completed and total sub activities of the individual projects.

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.

Cost of securing contracts are recognised in the income statement as incurred.

Prepayments

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

Notes to the Financial Statements

18 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

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

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