
SAS Ground Handling Denmark A/S

c/o Terminal 3, Københavns Lufthavn 3,
Ellehammersvej 3
DK-2770 Kastrup

Annual Report for 2015/16

CVR No. 32 33 90 26

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/3- 2017

Mürvet Sahin
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of SAS Ground Handling Denmark A/S for the financial year 1 November 2015 - 31 October 2016 (2015/16).

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 October 2016 of the Company and of the results of the Company operations for 2015/16.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Kastrup, 21 March 2017

Executive Board

Hans Henrik Spangenberg
CEO

Board of Directors

Kjetil Håbjørg
Chairman

Michael Lindborg

Carl-Johan Hellner

Lars Andersen

Henrik Meiner
Staff Representative

Morten Jørn Larsen
Staff Representative

Tony Bügel Jensen
Staff Representative

Independent Auditor's Report

To the Shareholders of SAS Ground Handling Denmark A/S

Report on Financial Statements

We have audited the Financial Statements of SAS Ground Handling Denmark A/S for the financial year 1 November 2015 to 31 October 2016, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Company. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 October 2016 and of the results of the Company operations for the financial year 1 November 2015 – 31 October 2016 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Hellerup, 21 March 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant

Martin Lunden
State Authorised Public Accountant

Company Information

The Company

SAS Ground Handling Denmark A/S
c/o terminal 3
Københavns Lufthavn 3
DK-2770 Kastrup

CVR No: 32 33 90 26

Financial period: 1 November - 31 October

Incorporated: 27 June 2013

Financial year: 3rd financial year

Municipality of reg. office: Tårnby

The Company is ISO 14001 Certified

Supervisory Board

Kjetil Håbjørg, Chairman
Michael Lindborg
Carl-Johan Hellner
Lars Andersen
Henrik Meiner
Morten Jørn Larsen
Tony Bügel Jensen

Executive Board

Hans Henrik Spangenberg

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

The development of the Company is described by the following financial highlights:

	<u>2015/16</u> <u>(12 mths)</u> TDDK	<u>2014/15</u> <u>(12 mths)</u> TDDK	<u>2013/14</u> <u>(16 mths)</u> TDDK
Key figures			
Profit/loss			
Revenue	1.179.461	1.194.958	1.528.937
Operating profit/loss	-453	436	123.042
Profit/loss before financial income and expenses	-353	3.045	123.045
Net financials	-113	344	-267
Net profit/loss for the year	-270	2.692	92.549
Balance sheet			
Balance sheet total	319.972	324.294	362.349
Equity	126.442	126.712	124.020
Investment in property, plant and equipment	259	311	63.696
Number of employees	1.591	1.690	1.717
Ratios			
Gross margin	74,0%	77,5%	77,7%
Profit margin	Neg.	0,3%	8,0%
Return on assets	Neg.	0,9%	34,0%
Solvency ratio	39,5%	39,1%	34,2%
Return on equity	Neg.	2,1%	52,0%

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.

Management's Review

Management's Review

Main activity

The main activities of the company are ground handling (passenger and baggage) and air freight cargo handling.

Development in the year

The financial result after tax for the year 2015/16 showed a loss of MDKK 0,3 which is not satisfactory. The result is below the expected last year.

The market during the year has been under continued pressure with a continued downward pressure on prices. British Airways choose to enter into a new contract with Menzies during the year.

Knowledge resources

Our staff costs are the single most important cost and our competitiveness is dependent on our ability to recruit, educate and maintain employees with the right qualifications and experience. Consequently, this is an area constantly monitored.

Similarly, all departments continuously work on improving our performance by making use of LEAN tools.

Risks

When we are handling aircrafts there is a risk of incurring damage to the aircraft. Likewise, we handle airfreight and risks of damaging or losing goods. The company is insured against such risks.

One customer constitutes a significant part of the total revenue.

Research and development

No research or development activities are currently carried out.

Corporate social responsibility

As part of the SAS Group, please refer to the SAS Group's Sustainability Report for 2015/16, which can be found on the following link:

<http://www.sasgroup.net/en/sas-sustainability-report-20152016/>

Management's Review

Gender balance in management

Board of Directors

The Board of Directors appreciates the strength of having a diverse and broadly composed board representation. However, the pool and its relevance to actual available positions will always be depending on the specific requirements and characteristics of the positions as well as competences and interest for the positions. The SAS Group Management has undertaken activities to support a balanced gender representation which will affect the Board of Directors equally and hence the Board of Directors of SAS Ground Handling Denmark A/S will work towards having both genders represented on its Board of Directors by no later than 2018. The goal is specifically to ensure that at least 1 out of 5 members elected by the General Assembly is of the underrepresented gender. Currently, none has been appointed, as there has been no need for changes among the board of directors appointed by the General Assembly.

Management

Similar to the Board of Directors, management appreciates the strength of having a diverse and broadly composed management representation, including the representation of both genders. However, the pool and its relevance to actual available positions will always depend on the specific requirements and characteristics of the positions as well as interest and competences for the position.

SAS Ground Handling Denmark A/S considers itself subject to the "Policy for board representation of the underrepresented sex" as adopted by SAS Group Management on 20 October 2014.

Under this Policy, and given the current pool of gender representation in relevant positions, it is a target to ensure a representation of the underrepresented sex by at least 20 % to grow to around 40% by 2020.

To ensure this goal the SAS Group has:

1. Adopted the "SAS Recruitment Policy 2015" under which "our selection is always based on merits; this means selecting the candidate who best fits the competence profile whilst considering SAS ' overall diversity aims [under the SAS Code of Conduct]". This policy is under continuous development and will, as part of SAS' long term diversity and inclusion strategy, be subject to update during 2017
2. Initiated a people/talent review process, which calibrates and sets the performance and potential of leaders and senior specialists. In this process we also evaluate which high potentials we have and how the planned succession looks like, i.e. whether we have appointed successors to critical positions, including whether women are among them (women being the underrepresented sex in the SAS Group)
3. Established a mentoring scheme under which SAS Group's General Management (GM) mentors seven staff members of which three are women and encourage them and other mentees to pursue management positions. A corresponding mentor/mentee scheme has been established outside this group.

Management's Review

Today, SAS Ground Handling Denmark A/S is not represented by women on the Board, 2 women are in general management and 13 women are in mid-level management. The process of adapting the overall Policy for board representation of the underrepresented sex is a continuous process. Progress has been made in so far that initiatives to raise the number of potential female candidates for management positions have been taken and continue to be driven. The work with this type of diversity is ongoing, however it must be taken into account that the entire process is highly dependent on the interest of the relevant candidates who have the relevant skill sets.

Expectations for the year ahead

The market for the coming year is expected to remain stable. Prices are expected to decline and we expect a deteriorating financial result below this year.

Subsequent events

Reference is made to note 13 in the Financial Statements.

Income Statement 1 November – 31 October

	<u>Note</u>	<u>1/11-2015 -</u> <u>31/10-2016</u> TDKK	<u>1/11-2014 -</u> <u>31/10-2015</u> TDKK
Revenue		1.179.461	1.194.958
Other operating income		100	2.609
Other operating expenses		-2.091	0
Other external expenses		<u>-304.138</u>	<u>-271.205</u>
Gross profit/loss		872.622	926.362
Staff expenses	1	-869.250	-915.519
Depreciation and impairment of property, plant and equipment		<u>-3.725</u>	<u>-7.798</u>
Profit/loss before financial income and expenses		-353	3.045
Financial income	2	96	868
Financial expenses	3	<u>-209</u>	<u>-524</u>
Profit/loss before tax		-466	3.389
Tax on profit/loss for the year	4	<u>196</u>	<u>-697</u>
Net profit/loss for the year		<u>-270</u>	<u>2.692</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	0
Retained earnings	<u>-270</u>	<u>2.692</u>
	<u>-270</u>	<u>2.692</u>

Balance Sheet 31 October

Assets

	<u>Note</u>	<u>31/10-2016</u> TDKK	<u>31/10-2015</u> TDKK
Plant and machinery		8.577	9.672
Other fixtures and fittings, tools and equipment		8.471	12.537
Leasehold improvements		<u>3.721</u>	<u>4.118</u>
Property, plant and equipment	5	<u>20.769</u>	<u>26.327</u>
Deposit		<u>3</u>	<u>3</u>
Fixed asset investments	6	<u>3</u>	<u>3</u>
Fixed assets		<u>20.772</u>	<u>26.330</u>
Inventories		<u>1.509</u>	<u>1.680</u>
Trade receivables		33.358	38.341
Receivables from group enterprises		245.705	237.556
Other receivables		7.505	11.603
Deferred tax asset	7	0	306
Prepayments		<u>9.507</u>	<u>6.971</u>
Receivables		<u>296.075</u>	<u>294.777</u>
Cash at bank and in hand		<u>1.616</u>	<u>1.507</u>
Currents assets		<u>299.200</u>	<u>297.964</u>
Assets		<u>319.972</u>	<u>324.294</u>

Balance Sheet 31 October

Liabilities and equity

	<u>Note</u>	<u>31/10-2016</u> TDKK	<u>31/10-2015</u> TDKK
Share capital		500	500
Retained earnings		<u>125.942</u>	<u>126.212</u>
Equity	8	<u>126.442</u>	<u>126.712</u>
Deferred tax liability	7	964	0
Accrued pension obligations	9	<u>2.223</u>	<u>2.564</u>
Provisions		<u>3.187</u>	<u>2.564</u>
Prepayments received from customers		81	71
Trade payables		30.549	23.677
Payables to group enterprises		17.225	18.572
Corporation tax		0	842
Other payables		<u>142.488</u>	<u>151.856</u>
Short-term debt		<u>190.343</u>	<u>195.018</u>
Debt		<u>190.343</u>	<u>195.018</u>
Liabilities and equity		<u>319.972</u>	<u>324.294</u>
Contingent assets, liabilities and other financial obligations	10		
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Fee to the auditor elected by the general Assembly	12		
Subsequent events	13		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 November	500	126.212	126.712
Net profit/loss for the year	<u>0</u>	<u>-270</u>	<u>-270</u>
Equity at 31 October	<u>500</u>	<u>125.942</u>	<u>125.942</u>

Notes to the Financial Statements

	<u>1/11-2015 -</u> <u>31/10-2016</u> TDKK	<u>1/11-2014 -</u> <u>31/10-2015</u> TDKK
1 Staff expenses		
Wages and salaries	762.246	798.277
Pensions	84.117	91.565
Other social security expenses	<u>22.887</u>	<u>25.677</u>
	<u>869.250</u>	<u>915.519</u>
 Average number of employees	 <u>1.591</u>	 <u>1.690</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Financial income		
Interest from group enterprises	0	1
Other financial income	0	286
Exchange rate	<u>96</u>	<u>581</u>
	<u>96</u>	<u>868</u>
3 Financial expenses		
Bank charges	69	57
Interest expenses	82	28
Interest expenses from group enterprises	14	348
Exchange rate	<u>44</u>	<u>91</u>
	<u>209</u>	<u>524</u>
4 Tax on profit/loss for the year		
Current tax for the year	-842	842
Deferred tax for the year	1.270	2.807
Adjustment of tax concerning previous years	<u>-624</u>	<u>-2.952</u>
	<u>- 196</u>	<u>697</u>

Notes to the Financial Statements

5 Property, plant and equipment

	<u>Plant and machinery</u> TDKK	<u>Other fixtures and fittings, tools and equipment</u> TDKK	<u>Leasehold improvements</u> TDKK
Cost at 1 November	12.231	19.410	4.998
Additions for the year	0	259	0
Disposals for the year	<u>-91</u>	<u>-3.689</u>	<u>-27</u>
Cost at 31 October	<u>12.140</u>	<u>15.980</u>	<u>4.971</u>
Impairment losses and depreciation at 1 November	2.559	6.873	880
Depreciation for the year	1.095	2.233	397
Reversal of impairment and depreciation of sold assets	<u>-91</u>	<u>-1.597</u>	<u>-27</u>
Impairment losses and depreciation at 31 October	<u>3.563</u>	<u>7.509</u>	<u>1.250</u>
Carrying amount at 31 October	<u>8.577</u>	<u>8.471</u>	<u>3.721</u>

6 Fixed asset investments

	<u>Deposit</u> TDKK
Cost at 1 November	3
Disposals for the year	<u>0</u>
Cost at 31 October	<u>3</u>
Carrying amount at 31 October	<u>3</u>

Notes to the Financial Statements

	<u>31/10-2016</u> TDKK	<u>31/10-2015</u> TDKK
7 Provision for deferred tax		
Pension Obligations	-489	-564
Bad debt	-26	-44
Tangible fixed assets	1.505	302
Net operating loss carryovers	-26	
Transferred to deferred tax asset	<u>0</u>	<u>306</u>
	<u>964</u>	<u>0</u>
Deferred tax asset 1 November	306	3.113
Recognized in income statement	<u>1.270</u>	<u>-2.807</u>
Deferred tax liability/asset as at 31 October	<u>964</u>	<u>306</u>
8 Equity		
<p>The share capital consists of 50,000 shares of a nominal value of TDKK 10. No shares carry any special rights.</p>		
9 Accrued pension obligations		
Accrued pension obligation primo	2.564	3.071
Disposal for the year	<u>-341</u>	<u>-507</u>
Total	<u>2.223</u>	<u>2.564</u>

Notes to the Financial Statements

	<u>31/10-2016</u> TDKK	<u>31/10-2015</u> TDKK
10 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	52.261	52.478
Between 1 and 5 years	130.929	252.702
After 5 years	<u>28.690</u>	<u>142.760</u>
	<u>211.880</u>	<u>447.940</u>

Contingent liabilities

The Company is jointly taxed with all controlled Danish companies within the SAS Group. The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

The Company has entered into defined contribution pension plans with employees. In connection with termination of employment, certain employee groups are entitled to severance payment calculated as the capitalized value of the remaining contributions in the period to originally agreed retirement date. In the event of the Company no longer being part of SAS Group, payment is due for these employees. The maximum obligation of the Company is approximately MDKK 22.2, of which MDKK 2.2 is provided in the balance sheet.

11 Related parties and Group information

Transactions

Transactions with closely related parties are done at market conditions

Consolidated Financial Statements

SAS Ground Handling Denmark A/S is included in the consolidated Financial Statements of SAS AB, Stockholm. The consolidated accounts are available at

<http://www.sasgroup.net/en/category/investor-relations/financial-reports/annual-reports/>.

12 Fee to the auditor elected by the general Assembly

The fee to the auditor is not disclosed in accordance with the Danish Financial Statement Act section 96(3).

13 Subsequent events

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

Accounting Policies

Basis of Preparation

Financial Statements of SAS Ground Handling Denmark A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. Financial Statements for 2015/16 are presented in TDKK.

Early implementation of Danish Financial Statements Act

The company has implemented changes to the Danish Financial Statements Act, which comes into force January 1, 2016, see. Law no. 738 of 1 June 2015. Changes to the Financial Statements Act has not influenced company's assets, liabilities and financial position. October 31, 2016, but only led additional information in the annual report. The accounting policies are consistent.

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 SAS AB, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenue is recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost as recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement.

Assets are recognized 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 recognized 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 Financial Statements Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

Accounting Policies

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 transaction date rates are recognised in financial income and expenses in the income statement.

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

Segment information

Segment information is presented in respect of revenue distributed on business segment based on the Company's risks and returns and its internal financial reporting system. The Company has only one business segment; ground handling and only one geographical market as the Company only operates in Denmark

Revenue

Revenue consists of ground handling revenue, which is core business of SAS Ground Handling Denmark A/S as well as other revenue, which consist of peripheral sources of income.

Revenue from sale of goods and services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

Accounting Policies

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of 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 all controlled Danish companies within the SAS Group. The actual Danish taxation is allocated between the jointly taxed companies in accordance with to their taxable income (full allocation with reimbursement concerning taxable loss).

Balance Sheet

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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Accounting Policies

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-40 years

The residual value and the useful life of an asset is reviewed at the end of each reporting period.

Impairment of fixed assets

The carrying amounts of 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.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

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

Pensions

The Company has entered into defined contribution pension plans with employees. In connection with termination of employment, certain employee groups are entitled to severance payment calculated as the capitalized value of the remaining contributions in the period to originally agreed retirement date. In the event of the Company no longer being part of SAS Group, payment is due for these employees.

Accounting Policies

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

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, 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.

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.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

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

Accounting Policies

Financial Highlights

Explanation of financial ratios

Profit margin

$$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

Gross margin

$$\frac{\text{Profit before interest} \times 100}{\text{Revenue}}$$

Return of assets

$$\frac{\text{Profit before interest} \times 100}{\text{Average total assets}}$$

Solvency ratio

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

Return on equity

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