
Maersk Training A/S

Dyrekredsen 4, DK-5700 Svendborg

Annual Report for 1 January - 31 December 2015

CVR No 32 57 01 19

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/3 2016

Rasmus Holm
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maersk Training A/S for the financial year 1 January - 31 December 2015.

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 2015 of the Company and of the results of the Company operations for 2015.

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

Svendborg, 15 March 2016

Executive Board

Claus Bihl

Board of Directors

Lars-Erik Brenøe
Chairman

Carsten Plougmann Andersen

Maria Aagard Pejter

Søren Nørgaard Thomsen

Jørn Peter Madsen

Independent Auditor's Report on the Financial Statements

To the Shareholder of Maersk Training A/S

Report on the Financial Statements

We have audited the Financial Statements of Maersk Training A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Our 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 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

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 in accordance with the Financial Statements.

Hellerup, 15 March 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikkel Sthyr
State Authorised Public Accountant

Henrik Mikkelsen
State Authorised Public Accountant

Company Information

The Company

Maersk Training A/S
Dyrekredsen 4
DK-5700 Svendborg

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Website: www.maersktraining.com

CVR No: 32 57 01 19
Financial period: 1 January - 31 December
Municipality of reg. office: Svendborg

Board of Directors

Lars-Erik Brenøe, Chairman
Carsten Plougmann Andersen
Maria Aagard Pejter
Søren Nørgaard Thomsen
Jørn Peter Madsen

Executive Board

Claus Bihl

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK	2011 TDKK
Key figures					
Profit/loss					
Gross profit/loss	96.418	-5.380	-3.074	-15.488	-1.638
Operating profit/loss	2.633	-18.067	-11.263	-22.681	-7.311
Profit/loss before financial income and expenses	3.155	-18.067	-11.306	-22.681	-7.400
Net financials	-70.693	25.635	9.646	-4.468	-60
Net profit/loss for the year	-68.185	12.037	1.391	-23.967	-5.503
Balance sheet					
Balance sheet total	478.756	286.818	113.346	96.081	85.954
Equity	148.292	115.719	32.734	32.089	55.750
Investment in property, plant and equipment	4.103	83.843	400	1.339	734
Number of employees	115	13	7	6	5
Ratios					
Return on assets	0,7%	-6,3%	-10,0%	-23,6%	-8,6%
Solvency ratio	31,0%	40,3%	28,9%	33,4%	64,9%
Return on equity	-51,7%	16,2%	4,3%	-54,6%	-10,7%

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

Maersk Training A/S merged with two subsidiaries as of 1 January 2015. Comparatives regarding 2011-2014 has in accordance with the Danish Financial Statements Act not been restated.

Management's Review

Main activity

Maersk Training is a fully owned subsidiary in the A.P. Moller - Maersk Group, offering high quality development of staff skills, knowledge and competency for customers within the Maritime, Oil & Gas and Renewable Energy industries.

The mission for Maersk Training is to enable its customers to improve safety and operational excellence, through a broad number of diverse product lines focused at above industries. Maersk Training has established centres worldwide with a suite of operational equipment as well as advanced simulators, enabling customers to train staff in fully immersive simulated environments, where entire crews can be trained and their competencies assessed.

Development in the year

Maersk Training has the last five years been executing an aggressive growth strategy, commercializing a unique offering, which for decades was reserved for the A.P. Moller – Maersk Group.

2015 was another year with several significant achievements, supporting the position as industry leader.

Acquiring Transocean's four training centres and securing a long term training service agreement to provide continuous training and competency to the largest drilling contractor worldwide, was a significant win.

The global reach of the company was further strengthened by opening state of the art training and simulation centres in key locations such as Dubai and Houston.

The market acknowledged the competitiveness of Maersk Training's products and ability to deliver globally, by signing several global contracts in our key segments, and with very strong indications for further contracts to be signed during 2016.

Even though the market saw the downturn amplified in second part of 2015, making it difficult to reach the forecasted operational results, Maersk Training closes 2015 with an EBIT result very close to forecast and not least by drastically improving market shares in all our markets.

On a product perspective, Maersk Training developed and piloted new team based simulation sessions, which set a new standard for training and assessment of crews for oil & gas companies and their drilling contractors. It is an unmatched offering which will continue to be appreciated by the market place during 2016 and beyond, where a general strong focus operational improvement that can give clients results on a short term horizon is noted.

Considering the current market conditions the 2015 results are satisfactory and the company has delivered on the strategy that will yield good results in the longer years.

Management's Review

Investments

During the year Maersk Training has invested significantly in new facilities and simulators, in order to deliver on the growth strategy and continue to expand the global footprint of Maersk Training in the major maritime and oil & gas hubs around the world.

Risks

Maersk Training's income and expenditure is spread across several currencies, but recent investments are closely linked to the development of the exchange rate against the USD. Based on specific assessments the company uses financial instruments to reduce this risk and impact in general of exchange rate fluctuations, etc.

A large number of Maersk Training's customers are dependent on the oil price and should this deteriorate further it will also have an influence on Maersk Training's business.

The company has a certain concentration of customers but no significant dependency on any particular customer. The company has no significant credit risk.

Health, Safety and Environment

The core focus in Maersk Training is assisting our customers to improve safety and avoid accidents. Likewise, it is a key focus of Maersk Training to keep employees and course participants safe and free of accidents. Constant efforts are made to promote ever higher safety standards among all employees, participants and suppliers.

It is with deep regret a staff fatality occurred in the operation in Angola. Corrective measures to further strengthen relevant procedures have been taken.

The environment is a high priority area for the Company. Although the Company's energy consumption is not particularly demanding, the Company is constantly trying to find ways to reduce energy consumption, making its business activity as energy efficient as possible through technical innovation, as well as processes and operations in the centres.

Outlook for 2016

The market looks equally and potentially even more challenging in 2016, so tough market conditions must be expected in all our markets and focus industries, with significantly lower volume of staff in need of competence development and certification.

It is however also a market with significant opportunities for a company with unique offerings and Maersk Training will in 2016 continue to improve its market share.

Income Statement 1 January - 31 December

	Note	2015 DKK	2014 DKK
Gross profit/loss		96.418.363	-5.380.328
Staff expenses	1	-81.309.155	-12.333.703
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-11.945.676	-352.946
Other operating expenses		-8.167	0
Profit/loss before financial income and expenses		3.155.365	-18.066.977
Income from investments in subsidiaries		-63.510.784	26.211.316
Financial income	2	5.762.438	2.600.665
Financial expenses	3	-12.945.040	-3.176.549
Profit/loss before tax		-67.538.021	7.568.455
Tax on profit/loss for the year	4	-647.013	4.468.446
Net profit/loss for the year		-68.185.034	12.036.901

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		0	0
Retained earnings		-68.185.034	12.036.901
		-68.185.034	12.036.901

Balance Sheet 31 December

Assets

	Note	2015 DKK	2014 DKK
Land and buildings		142.936.188	0
Other fixtures and fittings, tools and equipment		31.557.466	1.575.874
Property, plant and equipment in progress		2.342.231	82.981.784
Property, plant and equipment	5	176.835.885	84.557.658
Investments in subsidiaries	6	162.034.254	147.656.810
Receivables from group enterprises		0	38.002.036
Fixed asset investments		162.034.254	185.658.846
Fixed assets		338.870.139	270.216.504
Trade receivables		8.757.165	0
Receivables from group enterprises		114.625.445	10.698.910
Other receivables		385.492	387.037
Deferred tax asset		14.399.868	1.618.079
Corporation tax		0	3.867.611
Prepayments		150.538	0
Receivables		138.318.508	16.571.637
Cash at bank and in hand		1.567.332	29.935
Currents assets		139.885.840	16.601.572
Assets		478.755.979	286.818.076

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK	2014 DKK
Share capital		10.000.000	8.000.000
Retained earnings		138.291.516	107.718.735
Equity	7	148.291.516	115.718.735
Credit institutions		35.251.497	0
Lease obligations		31.512.405	0
Payables to group enterprises		192.184.179	153.821.165
Long-term debt	8	258.948.081	153.821.165
Credit institutions	8	2.521.833	0
Lease obligations	8	519.829	0
Trade payables		25.487.716	763.278
Payables to group enterprises	8	7.310.192	5.408.664
Corporation tax		1.692.141	0
Other payables		18.215.359	11.106.234
Deferred income		15.769.312	0
Short-term debt		71.516.382	17.278.176
Debt		330.464.463	171.099.341
Liabilities and equity		478.755.979	286.818.076
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Related parties and ownership	10		

Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	DKK	account	earnings	DKK
	DKK	DKK	DKK	DKK
2015				
Equity at 1 January	8.000.000	0	107.718.735	115.718.735
Cash capital increase	2.000.000	98.000.000	0	100.000.000
Exchange adjustments relating to foreign entities	0	0	-4.344.447	-4.344.447
Other equity movements	0	0	5.102.262	5.102.262
Net profit/loss for the year	0	0	-68.185.034	-68.185.034
Transfer from share premium account	0	-98.000.000	98.000.000	0
Equity at 31 December	10.000.000	0	138.291.516	148.291.516
2014				
Equity 1. januar	7.000.000	0	25.734.167	32.734.167
Cash capital increase	1.000.000	70.000.000	0	71.000.000
Exchange adjustments relating to foreign entities	0	0	-52.333	-52.333
Net profit/loss for the year	0	0	12.036.901	12.036.901
Transfer from share premium account	0	-70.000.000	70.000.000	0
Equity at 31 December	8.000.000	0	107.718.735	115.718.735

Notes to the Financial Statements

	<u>2015</u>	<u>2014</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	75.572.942	11.180.453
Pensions	2.626.826	692.840
Other social security expenses	599.401	51.200
Other staff expenses	<u>2.509.986</u>	<u>409.210</u>
	<u>81.309.155</u>	<u>12.333.703</u>
Average number of employees	<u>115</u>	<u>13</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 received from group enterprises	2.071.790	2.497.373
Other financial income	<u>3.690.648</u>	<u>103.292</u>
	<u>5.762.438</u>	<u>2.600.665</u>
3 Financial expenses		
Interest paid to group enterprises	7.615.255	2.899.397
Other financial expenses	<u>5.329.785</u>	<u>277.152</u>
	<u>12.945.040</u>	<u>3.176.549</u>
4 Tax on profit/loss for the year		
Current tax for the year	1.692.141	-3.867.611
Deferred tax for the year	-3.087.217	-577.860
Adjustment of tax concerning previous years	<u>2.042.089</u>	<u>-22.975</u>
	<u>647.013</u>	<u>-4.468.446</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	0	2.172.475	82.981.784	85.154.259
Net effect from merger and acquisition	164.753.858	59.869.175	10.398	224.633.431
Additions for the year	0	1.771.036	2.331.833	4.102.869
Disposals for the year	0	-778.440	-82.981.784	-83.760.224
Cost at 31 December	<u>164.753.858</u>	<u>63.034.246</u>	<u>2.342.231</u>	<u>230.130.335</u>
Impairment losses and depreciation at 1 January	0	596.601	0	596.601
Net effect from merger and acquisition	17.208.741	23.837.141	0	41.045.882
Depreciation for the year	4.608.929	7.336.754	0	11.945.683
Reversal of impairment and depreciation of sold assets	0	-293.716	0	-293.716
Impairment losses and depreciation at 31 December	<u>21.817.670</u>	<u>31.476.780</u>	<u>0</u>	<u>53.294.450</u>
Carrying amount at 31 December	<u>142.936.188</u>	<u>31.557.466</u>	<u>2.342.231</u>	<u>176.835.885</u>
Including assets under finance leases amounting to	<u>30.256.826</u>	<u>0</u>	<u>0</u>	

Notes to the Financial Statements

	2015 DKK	2014 DKK
6 Investments in subsidiaries		
Cost at 1 January	170.928.006	108.095.800
Net effect from merger and acquisition	-68.728.259	0
Additions for the year	167.500.824	62.832.206
Cost at 31 December	<u>269.700.571</u>	<u>170.928.006</u>
Value adjustments at 1 January	-25.805.449	-40.964.424
Net effect from merger and acquisition	-19.684.560	0
Exchange adjustment	-4.344.438	-52.340
Net profit/loss for the year	-63.510.784	26.211.315
Dividend to the Parent Company	0	-11.000.000
Other equity movements, net	5.102.262	0
Value adjustments at 31 December	<u>-108.242.969</u>	<u>-25.805.449</u>
Equity investments with negative net asset value set off against receivables	<u>576.652</u>	<u>2.534.253</u>
Carrying amount at 31 December	<u>162.034.254</u>	<u>147.656.810</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Maersk Training Aberdeen Ltd.	Aberdeen, GB	100%
Maersk Training Centre India Pvt. Ltd.	Chennai, IN	100%
Maersk Training Newcastle Limited	Newcastle, GB	100%
Maersk Training Norway AS	Stavanger, NO	100%
Maersk Training Brasil Treimentos Maritimos Ltda	Rio, BR	100%
Maersk Training Nigeria Ltd	Port Harcourt, NGR	100%
Maersk Training, Inc.	Houston, US	100%
Maersk H2S Safety Service A/S	Esbjerg, DK	100%
Maersk Training DWC-LLC	Dubai, UAE	100%

Notes to the Financial Statements

7 Equity

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2015	2014	2013	2012	2011
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	8.000.000	7.000.000	7.000.000	7.000.000	2.000.000
Capital increase	2.000.000	1.000.000	0	0	5.000.000
Capital decrease	0	0	0	0	0
Share capital at 31 December	10.000.000	8.000.000	7.000.000	7.000.000	7.000.000

8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2015	2014
	DKK	DKK
Credit institutions		
After 5 years	26.330.354	0
Between 1 and 5 years	8.921.143	0
Long-term part	35.251.497	0
Within 1 year	2.521.833	0
	37.773.330	0
Lease obligations		
After 5 years	28.218.334	0
Between 1 and 5 years	3.294.071	0
Long-term part	31.512.405	0
Within 1 year	519.829	0
	32.032.234	0

Notes to the Financial Statements

8 Long-term debt (continued)

	2015	2014
	DKK	DKK
Payables to group enterprises		
Between 1 and 5 years	192.184.179	153.821.165
Long-term part	<u>192.184.179</u>	<u>153.821.165</u>
Within 1 year	4.260.615	0
Other short-term debt to group enterprises	3.049.577	5.408.664
Short-term part	<u>7.310.192</u>	<u>5.408.664</u>
	<u>199.494.371</u>	<u>159.229.829</u>

9 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year	9.050	46.650
	<u>9.050</u>	<u>46.650</u>
Rental agreements, non-cancellation period of 6 month	1.380.589	1.510.000

Contingent liabilities

The Danish companies of the A.P. Møller - Mærsk Group are jointly and severally liable for tax on consolidated taxable income.

The Company has provided guarantees at TNOK 1,086 to an external party regarding Maersk Training Norway AS lease of buildings.

The Company has provided guarantees at TUSD 3,333 to an external party regarding Maersk Training, Inc.'s lease of buildings.

Notes to the Financial Statements

10 Related parties and ownership

Transactions

The company has as part of its business significant transactions with subsidiaries and other companies in the A.P. Møller - Mærsk Group.

Consolidated Financial Statements

The Company is included in the Group Annual Report of A.P. Møller Holding A/S, Cvr.: 25 67 92 88.

The Group Annual Report of A.P. Møller Holding A/S, Cvr.: 25 67 92 88 may be obtained at the following address:

Esplanaden 50
1263 København K
Denmark

Accounting Policies

Basis of Preparation

The Annual Report of Maersk Training A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The intercompany merger at 1 January 2015 was effected under the "book value method" and the merger was carried through at booked value at the transfer date without restatement of the comparative figures.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of A.P. Møller Holding A/S, Cvr.: 25 67 92 88, 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 A.P. Møller Holding A/S, Cvr.: 25 67 92 88, the Company has not prepared a cash flow statement.

Recognition and measurement

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.

Accounting Policies

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised 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.

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.

Income Statement

Gross profit/loss

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

Revenue

Revenue is recognised when the risks and rewards 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.

Accounting Policies

Other external expenses

Other external expenses comprise indirect production costs and 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.

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes 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 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 Danish companies in the A.P. Møller - Mærsk Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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

Accounting Policies

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:

Buildings	50	years
Buildings on leased land	5-10	years
Other fixtures and fittings, tools and equipment	3-10	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 deduction or addition of unrealised inter-company profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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 Parent Company and adjusted for other equity movements in subsidiaries and associates.

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

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, subscriptions and interest.

Equity

Dividend

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

Accounting Policies

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.

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

Loans, such as mortgage loans and loans from credit institutions, are recognised 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 recognised as an interest expense in the income statement over the loan period.

Other 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.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

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

Return on equity

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