Kastrup Airports Parent ApS

c/o Azets Insight A/S
Lyskær 3 CD
2730 Herlev

CVR No. 33781903

Annual Report 2016

6. financial year

The financial statements of the parent company is an integral part of the overall annual report. The full annual report including the consolidated annual report and financial statements for the parent company will be sent to Danish Business Authority, where a copy can be obtained at www.cvr.dk

Contents

Management's Review

Management´s review for Kastrup Airports Parent ApS is included in management´s review for the group in the consolidated annual report.

Key Figures and Financial Ratios

There are no specific key figures and financial ratios for the parent. Refer to the key figures in the consolidated annual report.

Accounting Policies

Basis of Preparation

Reporting Class
The Annual Report of Kastrup Airports Parent ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C. Refer to the basis of preparation for the group in the consolidated report.

Reporting currency
The Annual Report is presented in Danish kroner.

Income Statement

Investments in group companies
The proportionate share of dividends declared by subsidiaries is recognised in the income statement of the parent company.

Balance Sheet

Investments in group companies
Investments in group enterprises are measured at cost. If the cost price exceeds the recoverable amount the amount is written down to the lower value.

Equity
Proposed dividend for the year is recognised as a separate item in equity.

Accounting policies Cash Flow Statement

A separate cash flow statement for the parent has not been prepared pursuant to the Financial Statements Act § 86. Refer to the cash flow statement for the group in the consolidated annual report.

Income Statement

	Note	2016 kr.	2015 kr.
Other external expenses		-990.252	-866.505
Profit from ordinary operating activities		**-990.252**	**-866.505**
Income from investments in group enterprises	1	175.371.391	313.538.660
Other finance income from group enterprises		1.045.949	7.135.949
Finance expenses	2	-498.307.973	-486.945.035
Profit from ordinary activities before tax		**-322.880.885**	**-167.136.931**
Tax expense on ordinary activities	3	17.893.067	-6.460.132
Profit	4	**-304.987.818**	**-173.597.063**

Kastrup Airports Parent ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
Assets			
Long-term investments in group enterprises	5	6.297.646.370	6.297.646.370
Investments		**6.297.646.370**	**6.297.646.370**
Fixed assets		**6.297.646.370**	**6.297.646.370**
Short-term receivables from group enterprises		510.900.905	414.618.995
Prepayments		93.141	32.362
Receivables		**510.994.046**	**414.651.357**
Cash and cash equivalents		**31.621.306**	**17.974.074**
Current assets		**542.615.352**	**432.625.431**
Assets		**6.840.261.722**	**6.730.271.801**

Kastrup Airports Parent ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
Liabilities and equity			
Contributed capital		323.836	163.418
Retained earnings		326.140.054	281.704.502
Provision for distributions		416.212	416.212
Equity		**326.880.102**	**282.284.132**
Payables to group enterprises		5.878.700.074	5.924.077.187
Long-term liabilities other than provisions	6	**5.878.700.074**	**5.924.077.187**
Trade payables		609.137	608.622
Payables to group enterprises		402.469.461	300.874.964
Tax payables		168.071.751	121.459.447
Tax payables to group enterprises		63.531.197	100.967.449
Short-term liabilities other than provisions		**634.681.546**	**523.910.482**
Liabilities other than provisions within the business		**6.513.381.620**	**6.447.987.669**
Liabilities and equity		**6.840.261.722**	**6.730.271.801**

Significant events occurring after end of reporting period	7
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Collaterals and assets pledges as security	9

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2016	163.418	281.704.502	416.212	282.284.132
Increase of capital	160.418	349.839.582	0	350.000.000
Dividend paid	0	0	-416.212	-416.212
Profit (loss)	0	-304.987.818		-304.987.818
Equity 31 December 2016	**323.836**	**326.556.266**	**0**	**326.880.102**

Movement in share capital:

	2016	2015	2014	2013	2012
Balance at the beginning of the year	163.418	163.418	163.418	163.418	163.418
Correction at the beginning of the year	0	0	0	0	0
Additions during the year	160.418	0	0	0	0
Disposals during the year	0	0	0	0	0
Other adjustments	0	0	0	0	0
Balance at the end of the year	**323.836**	**163.418**	**163.418**	**163.418**	**163.418**

Notes

1. Income from investments in group enterprises

	2016	2015
Income from investments in group enterprises	175.371.391	313.538.660
	175.371.391	**313.538.660**

2. Finance expenses

	2016	2015
Finance expenses arising from group enterprises	497.442.888	480.410.219
Other finance expenses	865.085	6.534.816
	498.307.973	**486.945.035**

3. Tax expense

	2016	2015
Tax expense for the year	-17.893.067	-16.214.094
Tax expenses for prior period	0	22.674.226
	-17.893.067	**6.460.132**

4. Proposed distribution of results

Distributions	416.212	416.212
Retained earnings	304.571.606	173.180.851
Distribution of profit	**304.987.818**	**173.597.063**

5. Long-term investments in group enterprises

Group enterprises

Name	**Registered office**	**Share held in %**	**Equity**	**Profit**
Copenhagen Airports Denmark Holdings ApS	Copenhagen	100,00	4.837.149.896	284.727.682
			4.837.149.896	**284.727.682**

6. Long-term liabilities

	Due after 1 year	**Due within 1 year**	**Due after 5 years**
Payables to group enterprises	5.878.700.074	0	0
	5.878.700.074	**0**	**0**

The Company has received a letter of subordination regarding loan repayment until the Company has sufficient liquidity.

7. Significant events occurring after end of reporting period

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Notes

8. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The total amount appears from the annual report of Kastrup Airports Parent ApS which is the administration company in the joint taxation.

The company have received claim from the Danish tax authorities. Refer to note 25 in the consolidated annual report.

9. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

Kastrup Airports Parent ApS

c/o Azets Insight A/S
Lyskær 3 CD
2730 Herlev

CVR. nr. 33781903

Annual Report for 2016

The Annual Report is presented and approved
at the Company's Annual General Meeting
at 31 May 2017

Morten Eriksen
Chairman

Contents

Statement by the Executive Board

The Group Annual Report – which according to section 149 of the Danish Financial Statements Act is an extract of the Company annual report – does not include the financial statements of the Parent Company, Kastrup Airports Parent ApS. The financial statements of the Parent Company, Kastrup Airports Parent ApS, have been prepared as a separate publication which is available on request from Azets Insight A/S, Herlev. The financial statements of the Parent Company, Kastrup Airports Parent ApS, form an integral part of the full annual report.

The full annual report, including the financial statements of the Parent Company, Kastrup Airports Parent ApS, will be filed with the Danish Business Authority, and copies are also available from the Danish Business Authority on request. The full annual report has the following Management's statement and auditor's report.

The allocation of the profit for the year is described on page 12.

The Executive Board have today considered and adopted the Annual Report of Kastrup Airports Parent ApS for the financial year 1 January – 31 December 2016.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2016.

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

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

Copenhagen, 31 May 2017

Executive Board

Peter Søgaard	Ulf Høyen	David Mark Stanton
Richard Greenleaf	Maria Morsillo	Simon Boyd Geere

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In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2016.

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

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

Copenhagen, 31 May 2017

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In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2016.

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

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

Copenhagen, 31 May 2017

Executive Board

Peter Søgaard	Ulf Høyen	David Mark Stanton
Richard Greenleaf	Maria Morsillo	Simon Boyd Geere

Independent Auditor's Report

To shareholders of Kastrup Airports Parent ApS

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2016 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Kastrup Airport Parent ApS -Group for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group "financial statements".

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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.

Copenhagen, 31 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen

State Authorised Public Accountant

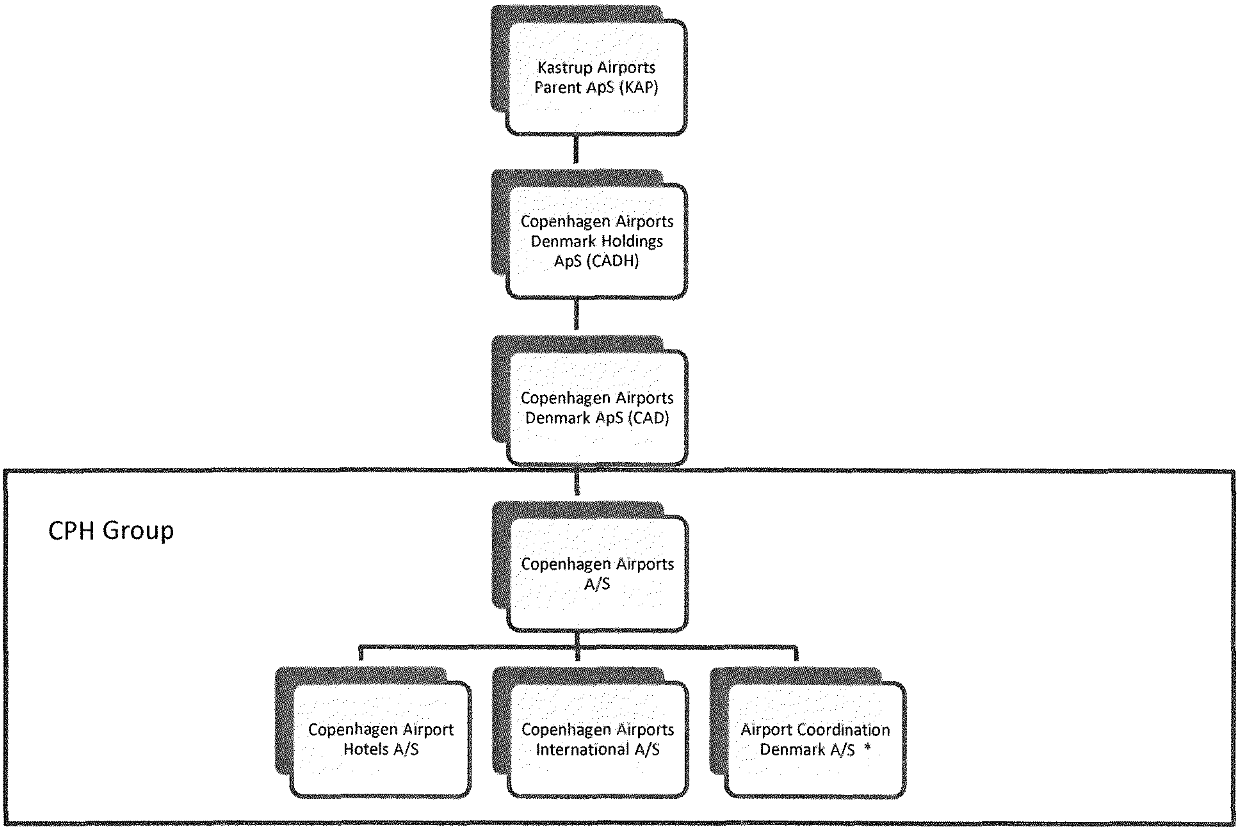
Company information

Executive Board	Peter Søgaard, Ulf Høyen, David Mark Stanton, Richard Greenleaf, Maria Morsillo, Simon Boyd Geere,
The Company	Kastrup Airports Parent ApS c/o Azets Insight A/S Lyskær 3 CD 2730 Herlev
CVR-nr.	33781903
Date of foundation	07-07-2011
Financial year	01-01-2016 - 31-12-2016
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's Review

The Management of Kastrup Airports Parent ApS (KAP or the Parent Company) submits the following review of the Group (as defined in note 1 of the attached consolidated financial statements) for the financial year ended 31 December 2016.

The objective of the Parent Company is holding shares in other companies. The Parent Company's current primary activity is the holding of shares in other companies and the funding of these shareholdings. A structure diagram, detailing the Parent Company and the Group is presented below.



* Note: this entity is an associate of CPH and is therefore not consolidated but accounted for using the equity method

As the ultimate controlling entity, KAP is required to prepare a Group annual report for the entire Danish group shown above. A Group statement is also prepared by Copenhagen Airports A/S (CPH), a limited company, domiciled in Denmark and listed on NASDAX OMX. The entities included in the CPH Group statement are hereafter referred to as the CPH Group. For a more detailed review of the CPH Group, please refer to the CPH Group Annual Report, available at www.cph.dk.

Management's Review

Group financial highlights and key ratios

DKK million	2016	2015	2014	2013	2012
Income statement					
Revenue	4.422	4.062	3.868	3.645	3.516
EBITDA	2.498	2.252	2.118	1.986	2.651
EBIT	1.793	1.577	1.439	1.364	2.093
Net financing costs	914	897	1.285	893	915
Profit before tax	879	680	155	471	1.178
Net profit	505	379	(137)	322	861
Statement of comprehensive income					
Other comprehensive income	(83)	78	(38)	91	(166)
Comprehensive income	421	456	(175)	412	695
Balance sheet					
Property, plant and equipment	9.800	9.403	8.928	8.669	8.420
Financial investments	340	246	1	1	1
Total assets	12.279	11.454	10.666	9.559	10.012
Equity	(7.674)	(7.945)	(7.980)	2.901	3.602
Interest-bearing debt	11.579	11.232	10.390	4.204	3.863
Cash flow statement					
Cash flow from operating activities	1.763	1.612	1.256	978	1.449
Cash flow from investing activities	(1.023)	(1.145)	(922)	(910)	(349)
Cash flow from financing activities	(462)	(423)	(248)	(523)	(351)
Cash at end of period	1.147	868	825	739	1.194
Key ratios					
EBITDA margin	56,5%	100,0%	100,0%	100,0%	100,0%
EBIT margin	40,5%	0,0%	0,0%	0,0%	100,0%

The definitions of ratios are in line with the recommendations from 2015 made by the Association of Danish Financial Analysts, except for the ratios not defined by the Association. Definitions of ratios are published at www.cph.dk/en/about-cph/investor/Publications.

Management's Review

Financial review

Income statement
EBIT rose by 13,7 %, when excluding one-off items. Reported EBIT rose by 13,7 % to DKK 1.792,5 million. The Increase was mainly attributable to the growing passenger numbers and a rise in concession, revenue, parking revenue and hotel operations.

Balance sheet
Liabilities
Total equity and liabilities is DKK 12.278,6 million as at 31 December 2016 (2015: DKK 11.454,0 million). The increase was mainly attributable to the growing of loan balance in the group.

As the operating activities of the Group predominantly take place at the CPH Group level, management recommended investors refer to the CPH Group Annual Report, which sets out these activities in further detail.

Events after the balance sheet date
CADH deferral for the payment relating to the interest case for 2006/2007 has expired in March 2017 for the amount of kDKK 192,272 exclusive of late payment interest. CADH has requested a deferral for the payment relating to the interest case for 2008-2010 for the amount of kDKK 278,575 exclusive of late payment interest with the response pending.

On 24 May 2017, CADH received an invoice from the Danish Tax authorities requesting payment of DKK703 million in withholding tax and penalty interest by 7 June 2017.

Post receipt of the CAD payment of intercompany interest to CADH– expected late May/early June - CADH will have enough funds on the balance sheet to pay the entire invoiced amount.

No other significant incidents have occurred since the termination of the accounting period.

The expected development of the company
Based on the expected traffic programed for 2017, the total number of passengers is expected to increase. Traffic in 2017 could, however, be adversely affected by continuing competition among airlines and by any closure of routes due to airline cutbacks or a slowdown in the global economy.

The increase in passenger numbers is expected to have a positive impact on revenue. Operating costs are expected to be higher than in 2016, primarily due to the expected rise in passenger numbers, stricter requirements for security, and cost inflation, but this will be partly offset by a continuing focus on operating cost efficiencies. Overall, depreciation charges and financial costs are expected to be slightly higher than in 2016, primarily as a result of the continually high investment level.

Risk factors
The key operational risks faced by the Group arise in relation to the operations of the CPH Group.

Risk management at CPH is based on Danish and international corporate governance recommendations. A continual identification and quantification of risks and assessment of the probability and consequences of events enables CPH to consider and manage the risks that are material in relation to the creation of value in CPH.

Each of these risk factors is explained in detail in the CPH Group Annual Report – please refer to this document for further information. For a description of the financial risks faced by the Group, please refer to note 17 of the Group financial statements.

Management's Review

An additional risk facing the Group, which arises at the CADH level, relates to uncertainty surrounding a claim made by the Danish tax authorities regarding the collection of withholding taxes on interest and dividends for 2006 and 2007. CADH has appealed against this claim and the case is currently being heard in the courts. During 2014, an additional claim was received from the Danish tax authorities regarding withholding tax on interest paid in 2008-10, which has also been appealed by the Company. There is a risk that further claims could be made by the Danish tax authorities. Please refer to note 22.

The annual result compared with the expected development in the recent published annual report
The developments in the group report have been more than satisfactory.

Report on Corporate Social Responsibility and the Gender Composition in Management
Introduction
Kastrup Airports Parent ApS (KAP or the Parent Company) is the parent company of the group of companies (KAP Group or the Group) including:

- Copenhagen Airports Denmark Holdings ApS (CADH)
- Copenhagen Airports Denmark ApS (CAD)
- Copenhagen Airports A/S (CPH).

Work in relation to Corporate Social Responsibility in the KAP group is in all material aspects defined by the activities carried out in the daughter company CPH. Therefore, the reporting of the KAP group's work in relation to Corporate Social Responsibility is identical to that of CPH, which is summarized below.

CPH is one of Denmark's largest workplaces and a transport hub for millions of travellers. We acknowledge that CPH has an impact to its surroundings from a corporate, social and environmental perspective.

Social performance
Work environment and health

High level of engagement and well-being

KAP Group, through CPH conducts an annual employee engagement survey covering everything from communication and collaboration to development, well-being and the working environment.

In 2016, 88% of employees completed the survey; a very good response rate, but down on 2015's 92%. Among other things, the survey revealed that CPH's employees have a high level of job satisfaction. The engagement index, which is an average of the scores for 13 statements relating to collaboration, line manager, values, amount of work, job satisfaction and other topics, remained unchanged from 2015 at 81. The target is an engagement index of 83 in 2020.

Employee development and performance
KAP Group understands that building employees' competences is critical for its success.

KAP Group wants to upgrade this employee group's competences with one such example being the introduction of English tuition for c.450 employees at CPH to better equip them for working in an everyday environment where certain aspects of the communication are in English, e.g. regulatory requirements to which the airport is subject.

Focus on reducing absence due to illness

KAP Group recognises the critical importance of the health and safety of its employees.

In order to prevent absence due to illness, CPH's employees are offered health checkups and advice on exercise, stress, diet and substance abuse, as well as free physiotherapy and access to a fitness centre. The target for 2020 is a maximum of 4.5% absence due to illness. In 2016, there was a small increase in absence due to illness to 5.1% from 4.9% in 2015, due in part to a slightly higher share of long-term illness.

In order to bring down absence due to illness, CPH implemented a number of initiatives in 2016, including "Health Leadership", in which managers are trained to spot the symptoms of a lack of well-being, and prioritise and conduct well-being assessments using appreciative techniques. In 2016, CPH also maintained its focus on keeping in touch with employees during long-term absence and producing action plans to help them return to work. Furthermore, CPH launched specific initiatives in those departments facing challenges with absence and the psychosocial working environment.

Back in 2015, CPH introduced the "Early Recovery Programme" to reduce absence following occupational injuries. After three days' absence, employees are offered an appointment at CPH's health clinic, where they receive advice and guidance on the most suitable treatment and rehabilitation.

Fewer occupational injuries

Another key indicator for the working environment is the number of occupational injuries. For many years, KAP Group through CPH has worked actively to reduce the number of occupational injuries.

In 2015, CPH met its former target for 2020 of maximum 13.5 occupational injuries per million working hours and consequently adjusted the target to 9.0. In 2016, CPH once again achieved a significant fall in injuries, down to 8.7 from 13.0 in 2015. This improvement was due to its more intensive focus on preventing work-related injuries.

In 2016 there was also a notable fall in the number of occupational injuries resulting in at least three days' absence, i.e. more serious injuries.

Cleaner air

KAP Group through CPH takes responsibility for the people who work at the airport and it is actively working to improve the working environment.

Key to this work are its efforts to reduce the level of ultrafine particles. In the period 2011-2015, these efforts resulted in a reduction of more than 50% in the central part of the airport's apron, and measurements for 2016 show that this reduction has been maintained. This has been achieved in part by pushing back aircraft onto the taxiways before engine start-up and replacing the highest-polluting vehicles.

Diversity and inclusion

The KAP Group believes that a diverse workforce is essential for ensuring future growth and creating a good relationship with passengers, business partners and other stakeholders.

The Group and especially CPH plays an important role in Danish society, and passengers and business partners have an international background that requires a diverse mindset and understanding. KAP Group believes it can achieve better performance by having a management team that is diverse in respect of gender, age and experience, as this diversity means varied management styles and working cultures, more innovation, better networking and business development, etc.

Management's Review

Gender Composition in the Boards of Directors

In 2016, the proportion of women among the shareholder-elected members of the Board of Directors was:
17% at CPH
17% at CAD
17% at CADH
17% at KAP

At CPH, the aim is to increase this figure to 33% by 2020, corresponding to the percentage of women in CPH's overall workforce in 2012. In 2016, we did not meet the target figure, as the members of the Board were re-elected.

The CAD, CADH and KAP Boards did not meet the target figure of 33% by 2020. In 2016, we did not meet the target; however, we are happy to have welcomed the first female director to the Boards this year in Maria Morsillo. She has been at OTPP since 2006 and is a director in the Infrastructure team.

Gender Composition in Other Management

Work to increase the number of the underrepresented gender at management levels in the KAP group is in all material aspects performed in CPH where the majority of the employees in the KAP group is engaged. In 2016, the gender distribution in CPH's management was 70% men and 30% women (2015: 72% and 28%). An example of how we work to achieve a more balanced gender composition is to require recruitment agencies to present at least one candidate of each gender when vacant positions are to be filled. Although we have registered a slight increase in the percentage of female managers, the target is to match the share of women in CPH's overall workforce, which in 2016 was 35%. The limited change in the balance between female and male managers can largely be attributed to very low management turnover in 2016. In 2017, CPH will be establishing a mentoring programme for female employees with management ambitions.

Age

The right mix of younger and older employees is essential for developing the KAP Group's business. Younger employees are often more in touch with new trends, while older employees can contribute life experience and knowledge of best practice. In 2016, we have continued to consider having the right mix of younger and older employees when recruiting and promoting. At the end of 2016 the average age of CPH employees was 44,9, which is in line with prior years.

Multiculturalism

A more international mindset will enable the KAP Group to engage more effectively with passengers and business partners, regardless of where they come from. It will also make us more innovative and allow us to introduce new activities and products more quickly.

KAP Group through CPH encourages multicultural understanding, with managers again in 2016 being trained in diversity and inclusive management, and partly through the recruitment of employees with an international background. In 2016, like in previous years, we are proud to have a multicultural employer base, many in front-end positions (ie. Security staff) catering our many users of the airport.

Business Ethics

Anti-corruption

KAP Group will not tolerate corruption or bribery, including facilitation payments. If an employee is implicated in corruption or bribery, it can have serious consequences both for the employee in question and for the Group. We continuously monitor transactions to mitigate cases of inappropriate behaviour. In 2016, we have not registered any incidents in relation to anti-corruption.

A responsible business partner

In 2012, the KAP Group through CPH set out specific requirements for suppliers in a Supplier Code of Conduct that, based on the principles of the UN Global Compact, requires its suppliers to comply with generally recognised ethical rules, combat corruption, work to ensure good health & safety and protect the environment.

Since then, the Supplier Code of Conduct has been an addendum to all standard contracts with suppliers, and in 2016, more than 90% of CPH's suppliers have committed to it.

Respect for human rights

KAP Group supports and respects human rights and does not take part in any activity that violates such rights. Specifically, CPH have in 2016 continued to work to ensure respect for human rights in connection with security checks of passengers and the handling of personal data. In 2016, we have not registered any complaints relating to violations of human rights.

Environmental performance

Energy

The KAP Group is committed to ensuring that passenger growth does not result in an increase in total energy consumption within the Group.

The Group, through CPH has therefore working actively to reduce energy consumption per passenger by making corresponding energy savings to offset the increase in passenger numbers. In recent years, CPH has intensively on lighting projects and integrating LED lighting into existing installations.

In 2016, initiatives at CPH included a focus on using second-quality water and investment in the first stage of a major heat pump project in connection with the groundwater cooling system.

Climate

CPH's target for CO2 is to emit no more than 1.0 kg CO2 per passenger by 2020. This level was reached in 2016, four years ahead of schedule.

Waste

CPH handles a large volume of waste every year and, given CPH's growth strategy, it is important to ensure that as much as possible is recycled. It has therefore set a target that at least 50% of waste from the day-today operation of terminal areas, service areas and administration at Copenhagen Airport should be recycled by 2020.

Management's Review

In 2016, 25% of waste from day-to-day operations was recycled. This means that the recycling rate in 2016 was almost double the 2015 rate of 14%. The total amount of waste generated increased by 9%, corresponding to the increase in passenger numbers.

Other Environmental Activities

KAP Group through CPH undertook various other initiatives during 2016 including:

- Managing historic pollution
- Phasing out the use of herbicides
- Mapping noise
- Monitoring runway usage

Taxation

KAP Group is an important contributor of taxes to the Danish State. This applies both to taxes expensed by CPH and taxes collected (in transit) by CPH. CPH's total tax contribution amounted to DKK 1,273 million in 2016 once profit, planet, people, product and property taxes are all included.

In 2015, KAP ApS was among the top 25 contributors of corporation tax in Denmark.

Group structure, ownership, tax strategy

CPH and its subsidiaries operate two airports and own a hotel, all in Denmark, and as such are primarily subject to Danish taxes. An associate in Denmark is subject to independent taxation. Copenhagen Airports Denmark ApS (CAD) holds 57.7% of the shares in CPH. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), which is the ultimate Danish holding company. CPH is jointly taxed with KAP. KAP, as the administration company in the joint taxation scheme, is responsible for the filing of corporation tax returns and related communication with the Danish tax authorities regarding corporation tax. In this context, CPH reports to KAP.

Consolidated Income statement, 1 January - 31 December

Note	DKK million	2016	2015
	Traffic revenue	2.600,2	2.364,5
	Concession revenue	1.214,5	1.136,6
	Rent	178,1	176,4
	Sale of services, etc.	429,1	384,4
3	**Revenue**	**4.421,9**	**4.061,9**
	Other income	6,2	3,1
4	External costs	(621,0)	(592,4)
5	Staff costs	(1.309,0)	(1.221,1)
6	Amortisation and depreciation	(705,6)	(674,7)
	Operating profit	**1.792,5**	**1.576,8**
7	Financial income	2,2	2,5
7	Financial expenses	(915,8)	(899,3)
	Profit before tax	**878,9**	**679,9**
8	Tax on profit for the year	(374,3)	(301,3)
	Net profit for the year	**504,6**	**378,6**
	Non-controlling interest of subsidiaries	(533,1)	(459,8)
	Net loss for the year attributable to shareholders	**(28,5)**	**(81,2)**

Statement of comprehensive income, 1 January - 31 December

Note	DKK million	2016	2015
	Net profit for the year	**504,6**	**378,5**
	Items that are reclassified to the income statement		
	Value adjustments of hedging instruments	(25,2)	517,3
7			
	Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	(81,5)	(416,8)
8	Tax on other comprehensive income	23,5	(22,6)
	Other comprehensive income for the year	**(83,2)**	**77,8**
	Total comprehensive income for the year	**421,4**	**456,4**
	Non-controlling interest of subsidiaries	**(519,4)**	**(482,6)**
	Total comprehensive income for the year	**(98,0)**	**(26,2)**

Balance sheet, Assets at 31 December

Note	DKK million	2016	2015
	NON-CURRENT ASSETS		
9	**Total intangible assets**	**502,9**	**539,6**
10	**Property, plant and equipment**		
	Land and buildings	4.620,5	4.500,6
	Plant and machinery	3.823,6	3.649,1
	Other fixtures and fittings, tools and equipment	560,9	483,5
	Property, plant and equipment in progress	795,3	770,0
	Total property, plant and equipment	**9.800,3**	**9.403,2**
	Financial investments		
	Investments in associates	0,4	0,4
17	Other financial assets	340,0	245,8
	Total financial investments	**340,4**	**246,2**
	Total non-current assets	**10.643,6**	**10.189,0**
	CURRENT ASSETS		
	Receivables		
11	Trade receivables	371,3	326,6
	Other receivables	38,6	31,1
	Prepayments	78,5	38,8
	Total receivables	**488,4**	**396,5**
	Cash	**1.146,6**	**868,5**
	Total current assets	**1.635,0**	**1.265,0**
	Total assets	**12.278,6**	**11.454,0**

Balance sheet, Equity and liabilities at 31 December

Note	DKK million	2016	2015
	EQUITY		
	Share capital	0,3	0,2
	Reserve for hedging	(319,9)	(250,4)
	Retained earnings	(8.643,9)	(8.965,1)
	Non-controlling interest	1.289,8	1.270,2
	Total equity	**(7.673,7)**	**(7.945,2)**
	NON-CURRENT LIABILITIES		
8	Deferred tax	1.026,9	980,6
	Payable to related party	5.878,7	5.924,1
12	Financial institutions and other loans	11.515,8	11.226,0
17	Other payables	54,2	-
	Total non-current liabilities	**18.475,6**	**18.130,7**
	CURRENT LIABILITIES		
12	Financial institutions and other loans	62,7	5,7
	Prepayments from customers	220,5	221,9
	Trade payables	547,0	504,1
8	Income tax	168,6	121,3
13, 17	Other payables	471,0	409,6
	Deferred income	6,9	5,9
	Total current liabilities	**1.476,7**	**1.268,5**
	Total liabilities	**19.952,3**	**19.399,2**
	Total equity and liabilities	**12.278,6**	**11.454,0**

Statement of changes in equity, 1 January - 31 December

Note DKK million	Kastrup Airports Parent ApS Share capital	Reserve for hedging	Retained earnings	Non-controlling interest	Total
Equity at 1 January 2016	**0,2**	**(250,4)**	**(8.965,1)**	**1.270,1**	**(7.945,1)**
Equity addition during the year	**0,1**				**0,1**
Increase of capital			**349,8**		**349,8**
Comprehensive income for the year					
Net profit for the year	-	-	(28,5)	533,1	504,6
Other comprehensive income					
Value adjustments of hedging instruments	-	(32,8)	-	13,2	(19,6)
Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	-	(36,7)	-	(26,9)	(63,6)
Total other comprehensive income	**-**	**(69,5)**	**-**	**(13,7)**	**(83,2)**
Total comprehensive income for the year	**-**	**(69,5)**	**(28,5)**	**519,4**	**421,4**
Transactions with owners					
Dividends paid	-	-	-	(499,7)	(499,7)
Total transactions with owners	**-**	**-**	**-**	**(499,7)**	**(499,7)**
Equity at 31 December	**0,3**	**(319,9)**	**(8.643,9)**	**1.289,8**	**(7.673,7)**
Equity at 1 January 2015	**0,2**	**(304,5)**	**(8.883,8)**	**1.208,2**	**(7.979,9)**
Equity addition during the year					
Increase of capital					
Comprehensive income for the year					
Net profit for the year	-	-	(81,3)	459,8	378,6
Other comprehensive income					
Adjustment of corporation tax rate from 25% to 22% on 1 January	-	-	-		-
Value adjustments of hedging instruments	-	235,3	-	160,4	395,7
Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	-	(181,2)	-	(137,7)	(318,9)
Total other comprehensive income	**-**	**54,1**	**-**	**22,8**	**76,9**
Total comprehensive income for the year	**-**	**54,1**	**(81,3)**	**482,6**	**455,4**
Transactions with owners					
Dividends paid	-	-	-	(420,6)	(420,6)
Total transactions with owners	**-**	**-**	**-**	**(420,6)**	**(420,6)**
Equity at 31 December	**0,2**	**(250,4)**	**(8.965,1)**	**1.270,2**	**(7.945,1)**

Cash flow statement, 1 January - 31 December

Note	DKK million	2016	2015
	CASH FLOW FROM OPERATING ACTIVITIES		
18	Received from customers	4.375,9	4.063,0
18	Paid to staff, suppliers, etc.	(1.916,6)	(1.728,0)
	Cash flow from operating activities before financial items and tax	2.459,3	2.335,0
18	Interest received, etc.	1,4	8,9
18	Interest paid, etc.	(440,8)	(463,3)
	Cash flow from operating activities before tax	2.019,9	1.880,7
8	Income taxes paid	(257,2)	(268,8)
	Cash flow from operating activities	**1.762,7**	**1.611,9**
	CASH FLOW FROM INVESTING ACTIVITIES		
10	Payments for property, plant and equipment	(953,1)	(994,8)
9	Payments for intangible assets	(80,4)	(153,6)
	Sales of property, plant and equipment	10,6	3,0
	Cash flow from investing activities	**(1.022,9)**	**(1.145,4)**
	CASH FLOW FROM FINANCING ACTIVITIES		
	Capital increase	350,0	-
	Repayments of long-term loans	(3.240,3)	(2.505,4)
	Proceeds from long-term loans	2.871,8	2.567,7
	Repayments of short-term loans	(453,8)	(253,5)
	Proceeds from short-term loans	510,7	189,1
	Dividends paid	(500,2)	(421,1)
	Cash flow from financing activities	**(461,8)**	**(423,2)**
	Net cash flow for the year	**278,1**	**43,3**
	Cash at beginning of year	**868,5**	**825,2**
	Cash at end of year	**1.146,6**	**868,5**

Notes to the financial statements

1. Summary of significant accounting policies

To make the report more manageable and readable, the accounting policies and the estimates and judgements for specific items are placed together with the appropriate note, and all information related to the item is in one place.

Basis of preparation of the financial statements
The Group is a limited company domiciled in Denmark and listed on Nasdaq Copenhagen.

The consolidated financial statements of The Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further requirements stated in the Danish Financial Statements Act.

The financial statements of the Parent Company, Copenhagen Airports A/S, are prepared in accordance with the Danish Financial Statements Act.

New financial reporting standards and interpretations
The accounting policies, including presentation, are unchanged from those applied in the 2015 Annual Report except for the changes mentioned below.

The Group has assessed the impact of the new IFRS standards and interpretations. The Group has concluded that all current standards and interpretations that have been in force for the financial year 2016 are either not relevant to The Group or have no significant impact on the financial statements of the Group.

Significant accounting estimates
The estimates made by The Group in the determination of the carrying amounts of assets and liabilities are based on assumptions that are subject to future events. These include, among other things, estimates of the useful lives of intangible assets and property, plant and equipment, and their residual values. Estimates and underlying assumptions are based on historical data and a number of other factors that Management considers relevant under the given circumstances. The carrying amounts of these items are disclosed in notes 9 and 10.

A number of estimates of cash flows and discount factors are made when assessing the need for impairment.

For a description of The Group's risks, see note 17 on financial risks.

General information
The consolidated financial statements are prepared under the historical cost principle. Assets and liabilities are subsequently measured as described below.

Basis of consolidation
The Group Annual Report comprises the Parent Company, Copenhagen Airports A/S, and companies where the Parent Company directly or indirectly controls the majority of the votes or in some other way controls the companies (subsidiaries). Companies where The Group controls less than 50% of the votes and does not have control but exercises a significant influence are considered associates.

In the consolidation, intercompany income and expenses, shareholdings, dividends and balances, and realised and unrealised intercompany gains and losses on transactions between the consolidated companies are eliminated.

The Group's Group Annual Report is prepared on the basis of the financial statements of the Parent Company and the subsidiaries. The financial statements used in the consolidation are prepared in accordance with The Group's accounting policies.

Notes to the financial statements

Other income
Other income contains items of a secondary nature relative to The Group's primary activities, including gains and losses on sales of assets.

Foreign currency translation
The Group's functional currency is the Danish krone (DKK). This currency is used as the measurement and presentation currency in the preparation of the Annual Report. Therefore, currencies other than DKK are considered foreign currencies.

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses arising as a result of differences between the exchange rate at the transaction date and the exchange rate at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rates ruling at the balance sheet date.

Profit/(loss) from investments in associates
Investments in associates are recognised and measured in the consolidated financial statements according to the equity method. In the income statement, the proportionate share of the profit after tax for the year is recognised under the line item Profit/(loss) from investments in associates after tax.

Gains and losses on the divestment of associates are determined as the difference between the sales price and the carrying amount of the net assets at the date of divestment including goodwill less anticipated costs involved in the divestment. Exchange differences regarding associates recognised in other comprehensive income are recycled on the divestment of associates and included in gains or losses. Gains or losses are recognised in the income statement.

Statement of comprehensive income
The Group presents comprehensive income in two statements, an income statement and a statement of comprehensive income, showing the results of operations for the year and income included in other comprehensive income. Other comprehensive income comprises hedging transactions. Tax related to other comprehensive income for the individual items is disclosed in the notes to the financial statements.

Equity
Dividends expected to be declared in respect of the year are stated under equity. Dividends are recognised as a liability at the time of adoption by the shareholders at the Annual General Meeting.

Prepayments and deferred income
Prepayments recognised under assets comprise costs incurred relating to the following financial year and are measured at nominal value.

Deferred income recognised under liabilities comprises payments received relating to income in subsequent financial years and is measured at nominal value.

Notes to the financial statements

Cash flow statement
The cash flow statement shows The Group's cash flows for the year distributed between operating, investing and financing activities, as well as the net changes in cash for the year and The Group's cash at the beginning and end of the year.

Cash and cash equivalents
Cash includes cash and balances on accounts available at no or short notice.

Cash flow from operating activities
The cash flow from operating activities comprises payments from customers less payments to employees, suppliers, etc., adjusted for financial items paid and income taxes paid.

Cash flow from investing activities
The cash flow from investing activities comprises cash flows from the purchase and sale of intangible assets and property, plant and equipment and financial investments, including acquisitions and dividends received from associates.

Cash flow from financing activities
The cash flow from financing activities comprises cash flows from the raising and repayment of long-term and short-term debt to financial institutions as well as payments to shareholders.

Notes to the financial statements

Note DKK million

2 **One-off items**

Accounting policies

One-off items comprise revenue and expenses of an exceptional nature relative to the Group's operating activities, such as costs incurred for structuring of processes and structural adjustments as well as any gains and losses on divestments related thereto and which, over time, are of material importance. Other amounts of a one-off nature are also included in this line item, including gains on the divestment of operations.

Note		Including one-off items	One-off items	Excluding one-off items
	2016			
3	Revenue	4.421,9	-	4.421,9
	Other income	6,2	-	6,2
4	External costs	(621,0)	(5,1)	(615,9)
5	Staff costs	(1.309,0)	(10,3)	(1.298,7)
	EBITDA	**2.498,1**	**15,4**	**2.513,5**
6	Amortisation and depreciation	(705,6)	-	(705,6)
	Operating profit	**1.792,5**	**15,4**	**1.807,9**
7	Net financing costs	(913,6)	-	(913,6)
	Profit before tax	**878,9**	**15,4**	**894,3**
8	Tax on profit of the year	(374,3)	3,4	(377,7)
	Profit after tax	**504,6**	**12,0**	**516,6**
	2015			
3	Revenue	4.061,9	-	4.061,9
	Other income	3,1	-	3,1
4	External costs	(592,4)	(6,0)	(586,4)
5	Staff costs	(1.221,1)	(8,1)	(1.213,0)
	EBITDA	**2.251,5**	**14,1**	**2.265,6**
6	Amortisation and depreciation	(674,7)	-	(674,7)
	Operating profit	**1.576,8**	**14,1**	**1.590,9**
7	Net financing costs	(896,8)	-	(896,8)
	Profit before tax	**679,9**	**14,1**	**694,0**
8	Tax on profit of the year	(301,3)	3,3	(304,6)
	Profit after tax	**378,6**	**10,8**	**389,4**

Notes to the financial statements

Note	DKK million	2016	2015

3 **Revenue**

Accounting policies

Revenue comprises the year's traffic revenue, rent, concession revenue and sales of services, net of value added tax and price reductions directly related to sales.

Traffic revenue comprises passenger, security, ETD, take-off and aircraft-parking charges, handling and CUTE charges (IT technology used in connection with check-in) and is recognised when the services are provided. Start-up discounts for previously unserved routes are deducted from traffic revenue. The NO_x charge is included in take-off charges. The ETD charge came into force at 1 September 2015.

Concession revenue comprises sales-related revenue from Copenhagen Airport's shopping centre, which is recognised in line with the revenue generated by the concessionaires. Revenue from car-parking facilities is recognised upon completion (exiting the car park).

Rent comprises rent for buildings and land and is recognised over the terms of the contracts.

Revenue from sales of services, etc. comprises revenue from the hotel operation and other activities, including services for persons with reduced mobility (PRM), which are recognised when delivery of the services takes place, and taxa management services (TMS), which are recognised on arrival at the taxa stand.

	2016	2015
TRAFFIC REVENUE		
Take-off charges	459,7	430,2
Passenger charges	1.199,2	1.105,7
Security charges	621,0	559,7
ETD charges	39,5	10,9
Handling	209,0	191,1
Aircraft parking, CUTE, etc.	71,8	66,9
Total traffic revenue	**2.600,2**	**2.364,5**
CONCESSION REVENUE		
Shopping centre	793,0	759,9
Car parking	363,7	326,4
Other concession revenue	57,8	50,3
Total concession revenue	**1.214,5**	**1.136,6**
RENT		
Rent from premises	115,2	114,8
Rent from land	56,4	54,6
Other rent	6,5	7,0
Total rent	**178,1**	**176,4**
SALES OF SERVICES, ETC.		
Hotel operation	227,5	212,8
Other sales of services, etc.	201,6	171,6
Total sales of services, etc.	**429,1**	**384,4**
Total revenue	**4.421,9**	**4.061,9**
RENT RELATING TO LEASES NON-CANCELLABLE BY LESSEE		
Within 1 year	113,2	109,3
Between 1 and 5 years	123,6	126,9
After 5 years	158,0	172,6
Total	**394,8**	**408,8**

Concession charges (minimum charges) related to the shopping centre and other concessions are subject to the level of activity. Consequently, it is not possible to determine the present value of these charges.

The Group's revenue consists only of services in the aeronautical and non-aeronautical segments.

Notes to the financial statements

Note	DKK million	2016	2015

4 External costs

Accounting policies
External costs comprise administrative expenses, sales and marketing expenses, and other operating and maintenance costs.

	2016	2015
Operation and maintenance	428,7	396,8
Energy	57,6	58,1
Administration	120,1	118,0
Other	14,6	19,5
Total external costs	**621,0**	**592,4**

Of which audit fees account for:

	2016	2015
Audit fee to PwC	1,6	1,7
Fees for assurance engagements other than audit	0,2	0,2
Tax advice	0,1	0,1
Non-audit services	0,9	1,6
Total audit fee	**2,8**	**3,6**

Included in non-audit services regarding 2015 are costs concerning establisment of a new branch for Copenhagen Airports International A/S in Istanbul, and a new company structure for KLHE A/S, now CAH A/S.

In 2016, the group incurred one-off costs of DKK 5.1 million mainly related to restructuring and charges regulation (2015: DKK 6.0 million). See note 2 for an overview of one-off items.

5 Staff costs

Accounting policies
Staff costs comprise salaries, wages and pension contributions for the Groups staff, including the Executive Management, fees to the Board of Directors and other staff costs.
Regular pension contributions under defined contribution plans are recognised in the income statement in the period in which they arise. For civil servants seconded by the Danish State, the Group recognises a pension contribution in the income statement, which is fixed each year by the State and paid to the State on a regular basis.

	2016	2015
Salaries and wages	1.261,2	1.179,4
Pension contributions	105,8	99,5
Other social security costs	9,4	8,8
Other staff costs	66,6	57,6
	1.443,0	1.345,3
Less amounts capitalised as non-current assets	(134,0)	(124,2)
Total staff costs	**1.309,0**	**1.221,1**

The average number of people employed by the group in 2016 was 2,334 full-time equivalents (2015: 2,260 full-time equivalents). The figure includes 27 civil servants who, pursuant to the Copenhagen Airports Act, retain their status as State employees (2015: 31 civil servants).

CPH makes annual pension contributions to the Danish State. The contributions are paid for those employees who, under their contracts of employment, are entitled to a pension from the Danish State. The rate of pension contributions is fixed by the Minister of Finance and amounted to 21.2% in 2016 (2015: 21.2%). In 2016, these pension contributions amounted to DKK 1.5 million (2015: DKK 1.7 million).

In 2016, CPH incurred one-off costs of DKK 10.3 million (2015: DKK 8.1 million) related to restructuring, including redundancy payments. See note 2 for an overview of one-off items.

The executive board of the Group have received DKK 0.3 million (2015: DKK 0.3 Million).

6 Amortisation and depreciation

Accounting policies
Amortisation and depreciation comprise the year's charges for this purpose on CPH's intangible assets and property, plant and equipment.

	2016	2015
Software	117,1	110,9
Land and buildings	199,3	179,0
Plant and machinery	257,6	263,1
Other fixtures and fittings, tools and equipment	131,6	121,7
Total amortisation and depreciation	**705,6**	**674,7**

See notes 9 and 10 for information about useful lives.

Note	DKK million	2016	2015
7	**Financial income and expenses**		

Accounting policies

Financial income and expenses include interest, realised and unrealised exchange differences, recycled accumulated gains and losses on swaps related to terminated hedges, amortisation of mortgage loans and other loans, including reversal of fair value adjustments of effective hedges of loans, supplements and allowances under the on-account tax scheme. Fair value adjustment of interest elements of swaps classified as a cash flow hedge for accounting purposes is recognised in comprehensive income.

DKK million	2016	2015
Financial income		
Interest on balances at banks, etc.	-	0,1
Interest on other receivables	1,0	1,0
Net exchange gains	1,2	1,4
Total financial income	**2,2**	**2,5**

Financial income decreased by DKK 0.3 million, primarily due lower interest rates in the market.

DKK million	2016	2015
Financial expenses		
Interest on debt to financial institutions and other loans, etc.	210,4	209,9
Interest on debt to related parties	734,8	480,4
Capitalised interest expenses regarding assets under construction	(36,8)	(44,8)
Exchange losses	0,7	1,0
Other financing costs	1,9	247,9
Amortisation of loan costs	4,8	5,0
Total financial expenses	**915,8**	**899,3**

In the calculation of loan costs for the cost of assets, an effective rate of interest of 4.5% was applied in 2016 (2015: 5.0%), corresponding to CPH's weighted average cost of capital for borrowings for purchases of property, plant and equipment.

As stated in note 17 on financial risks under Currency swaps and Hedging transactions, the Groups uses currency swaps to hedge foreign currency loans so that the exchange rate exposure on interest as well as principal is converted from the foreign currency into fixed payments in DKK over the terms of the respective loans. The loans in question have been fully hedged.

Exchange rate adjustments of loans as well as currency swaps (for loan principals) are recognised in financial income/expenses in the income statement at a net amount of zero, as the exchange rate adjustment of the loans is fully offset by an opposite exchange rate adjustment of the currency swaps.

The net value of exchange loss recognised in 2016 includes an unrealised exchange loss of DKK 81.5 million (2015: unrealised exchange loss of DKK 416.8 million) related to long-term loans denominated in USD and GBP offset by an unrealised exchange gain on currency swaps of DKK 81.5 million (2015: unrealised exchange gain of DKK 416.8 million) relating to the same loans.

Other financing costs mainly consist of commitment fees that the Group pays to have committed credit facilities available.

Amortisation of loan costs relates primarily to costs in connection with the establishment of bank loans and credit facilities in 2009, 2014, 2015 and 2016 and bond issues in 2003, 2010, 2013 and 2015.

Note	DKK million	2016	2015

8 **Tax on profit for the year**

Accounting policies

Copenhagen Airports A/S is taxed jointly with Kastrup Airports Parent ApS (KAP), Copenhagen Airports Denmark Holding ApS (CADH) and Copenhagen Airports Denmark ApS (CAD) and the two wholly-owned subsidiaries Copenhagen Airports International A/S (CAI) and Copenhagen Airport Hotels A/S (CAH). KAP is the administrative company for the jointly taxed companies and settles corporation taxes due to the tax authorities. CPH, CAI and CAH pay tax on account to KAP and settle tax underpaid/overpaid with KAP when the annual notices of assessment are received from the tax authorities.

Income tax for the year, consisting of the year's current tax and the year's change in deferred tax, is recognised in the income statement at the amount that can be attributed to the profit for the year, and posted directly in other comprehensive income at the amount that can be attributed to movements therein.

Current tax liabilities are carried on the balance sheet as current liabilities to the extent such items have not been paid. Tax overpaid on account is included as a separate line item under receivables. Interest and allowances regarding tax payments are recognised under financial income and financial expenses.

Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the accounting and tax value of assets and liabilities. Deferred tax adjustments are made regarding unrealised intercompany gains and losses.

Estimates and judgments

Deferred tax is calculated on the basis of the tax rules and tax rates that will apply under the legislation in force at the balance sheet date when the deferred tax item is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Deferred tax assets are recognised in the balance sheet at the value at which they are expected to be realisable.

	2016	2015
TAX EXPENSE		
Current income tax	304,6	249,1
Change in earlier year	-	22,7
Change in deferred tax	46,3	52,1
Total	350,9	323,9
TAX IS ALLOCATED AS FOLLOWS:		
Tax on profit for the year	374,3	278,7
Change in tax for earlier year	-	22,7
Tax on other comprehensive income related to hedging instruments	(23,5)	22,5
Total	350,9	323,9
BREAKDOWN OF TAX ON PROFIT FOR THE YEAR		
Tax calculated at 22.0% / 23.5% of profit before tax	304,6	249,1
Tax effect of:	-	-
Non-deductible costs including effect of interest limitation etc.	(4,7)	(12,0)
Total	299,9	237,1
PROVISIONS FOR DEFERRED TAX		
Balance at 1 January	980,6	928,5
Change in deferred tax	46,3	52,1
Balance at 31 December	1.026,9	980,6
BREAKDOWN OF DEFERRED TAX PROVISIONS:		
Property, plant and equipment	1.001,2	953,4
Other receivables	(1,9)	(2,2)
Other payables	27,6	29,4
Total	1.026,9	980,6
INCOME TAX PAYABLE		
Balance at 1 January	121,3	118,3
Regulation of tax for previous year	-	22,7
Tax paid on account in current year	(136,0)	(127,8)
Payment of tax underpaid in previous year	(121,3)	(141,0)
Current income tax	304,6	249,1
Balance at 31 December	168,6	121,3

DKK million

9 **Intangible assets**

Accounting policies
Software is measured at cost less accumulated depreciation.

Major projects in which software is the principal element are recognised as assets if there is sufficient certainty that the capitalised value of future earnings will cover the related costs.

Software costs comprise salaries, amortisation and other costs that can be attributable directly or indirectly to the software. Costs also include interest expenses dureing the development og the software.

Software projects that are clearly defines and identifiable, where the technical rate of utilisation, adequate resources and potential scope for development in the Group can be demonstrated, and where the intention is to produce and use the project, are recognised as non-current intangible assets, provided there is sufficient assurance that the value in use from future earnings will cover development costs.

Amortisation is charged on a straight-line basis commencing when the project is ready for use. The amortisation period is 3-5 years.

Impairments
The carrying amount of software, and software under development is tested at least annually for any impairment beyond that expressed in amortisation charges. Where there are such indications, an impairment charge is made against the recoverable amount of the assets if that is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. The recoverable amount of software are assessed together with other assests in the smallest group of assets for which a reliable recoverable amount can be determined in an overall assessment.

Estimates and judgments
The estimated useful lives are determined based on historical experience and expectations of future use of the assets. The expected future use of the assets may prove to be unachievable, which could lead to future reassessment of their useful lives and a need for impairment.

	Software	Software under development	Total	Software	Software under development	Total
2016						
Cost						
Accumulated cost at 1 January				752,4	267,3	1.019,7
Additions				-	80,4	80,4
Disposals				(51,6)	-	(51,6)
Transferred				200,8	(200,8)	-
Accumulated cost at 31 December				901,6	146,9	1.048,5
Amortisation						
Accumulated amortisation at 1 January				480,1	-	480,1
Amortisation				117,1	-	117,1
Amortisation on disposals				(51,6)	-	(51,6)
Accumulated amortisation at 31 December				545,6	-	545,6
Carrying amount at 31 December				356,0	146,9	502,9
2016						
Cost						
Accumulated cost at 1 January				721,9	241,3	963,2
Additions				-	153,6	153,6
Disposals				(97,1)	-	(97,1)
Transferred				127,6	(127,6)	-
Accumulated cost at 31 December				752,4	267,3	1.019,7
Amortisation						
Accumulated amortisation at 1 January				466,2	-	466,2
Amortisation				110,9		110,9
Amortisation on disposals				(97,0)		(97,0)
Accumulated amortisation at 31 December				480,1	-	480,1
Carrying amount at 31 December				272,3	267,3	539,6

Note	DKK million	2016	2015
10	**Property, plant and equipment**		

Accounting policies
Property, plant and equipment is measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. In the case of self-constructed assets, cost comprises direct costs attributable to the asset, including salaries and wages, materials, components, and work performed by subcontractors. Cost also includes interest expenses during construction.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

Land is not depreciated.

Useful lives of property, plant and equipment:

Land and buildings	
Land improvements (sewers, etc.)	40 Years
Buildings (terminals, offices, etc.)	80-100 years
Buildings (other)	40 years
Fitting out	5-10 years
Plant and machinery	
Runways, roads, etc. (foundations)	80-100 years
Surface of new runways, roads, etc.	10 years
Technical installations on runways	15 Years
Technical installations (lifts, etc.)	20 years
Technical installations in buildings	25 years
Other fixtures and fittings, tools and equipment	
IT equipment	3-5 years
Energy plant	15 years
Vehicles, etc.	4-15 Years
Furniture and fittings	10 years
Hotel equipment	15-20 years
Security equipment	10 years
Technical equipment	10 years
Other equipment	5 years

Gains and losses on the sale of non-current assets are recognised under Other income.

Significant estimates and judgments
Property, plant and equipment are depreciated to the estimated residual value over their estimated useful lives, which the Group has estimated above. These estimates are based on the Company's business plans and expected time of use of the assets, the technical and maintenance state of the assets, and regulatory requirements. The residual value is estimated at DKK 175.9 million (2015: DKK 0 million) at the balance sheet date. The useful lives and residual values of property, plant and equipment are reviewed at least at every year-end based on these factors. the Group evaluates the carrying amounts in order to assess whether events have occurred that require an adjustment of these amounts because they are not expected to be recoverable.

In the estimation of the runways' useful lives, the Group has chosen to divide the system into three elements: foundation, surface and technical installations. the Group's assessment is that each unit has a different useful life. The runway surfaces have shorter lives than the foundation due to immediate wear. Useful life expectancy is 10 years. This assessment is supported by historical replacement of runway surface and planning for future replacement. Technical installations related to the runways are estimated to have a useful life of 15 years. It is assessed that these technical installations do not have the same useful life as other technical installations taking into account the security measures.

Impairment
The carrying amount of property, plant and equipment is tested at least annually for any indications of impairment beyond that expressed in the amortisation or depreciation charges. Where there are such indications, an impairment charge is made against the recoverable amount of the assets if that is lower than the carrying amount.

In assessing the recoverable amount, the group takes into account significant indicators of potential impairment such as purchase and sales prices, and general market conditions.

Note DKK million 2016 2015

	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
2016					
Cost					
Accumulated cost at 1 January	7.342,2	7.165,3	1.694,6	770,0	16.972,1
Additions	-	-	-	990,0	990,0
Disposals	(60,8)	(44,9)	(174,5)	-	(280,2)
Transferred	323,6	432,1	209,0	(964,7)	-
Accumulated cost at 31 December	7.605,0	7.552,5	1.729,1	795,3	17.681,9
Depreciation					
Accumulated depreciation at 1 January	2.841,6	3.516,2	1.211,1	-	7.568,9
Depreciation	199,3	257,6	131,6	-	588,5
Depreciation on disposals	(56,4)	(44,9)	(174,5)	-	(275,8)
Accumulated depreciation at 31 December	2.984,5	3.728,9	1.168,2	-	7.881,6
Carrying amount at 31 December	4.620,5	3.823,6	560,9	795,3	9.800,3

* CPH properties have been mortgaged for a total of DKK 507.5 million (2015: DKK 507.7 million).

	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
2015					
Cost					
Accumulated cost at 1 January	7.112,9	6.840,8	1.656,3	527,8	16.137,8
Additions	-		-	1.039,5	1.039,5
Disposals	(10,5)	(120,5)	(74,2)	-	(205,2)
Transferred	239,8	445,0	112,5	-797,3	-
Accumulated cost at 31 December	7.342,2	7.165,3	1.694,6	770,0	16.972,1
Depreciation					
Accumulated depreciation at 1 January	2.675,8	3.371,1	1.163,4	-	7.210,3
Depreciation	179,0	263,1	121,7	-	563,8
Depreciation on disposals	(13,2)	(118,0)	(74,0)	-	(205,2)
Accumulated depreciation at 31 December	2.841,6	3.516,2	1.211,1	-	7.568,9
Carrying amount at 31 December	4.500,6	3.649,1	483,5	770,0	9.403,2

* See pevious page for information.

11 Trade receivables

Accounting policies
Receivables are recognised in the balance sheet at amortised cost less any write-down. Provisions are determined on the basis of an individual assessment of each receivable.

Estimates and judgments
The write-down is based on an objective indication of impairment, such as outstanding payments or financial difficulties, e.g. the debtor's suspension of payments, bankruptcy or expected bankruptcy.

	2016	2015
Trade receivables	404,5	360,5
Write-down	33,2	33,9
Net trade receivables	371,3	326,6
Write-down for bad and doubtful debts		
Accumulated write-down at 1 January	33,9	31,6
Change in write-down for the year	(1,0)	2,2
Realised loss for the year	0,3	0,5
Reversal	-	-0,4
Accumulated write-down at 31 December	33,2	33,9

The year's movements are recognised in the income statement under External costs. The carrying amount is the fair value.

In a number of cases, The Group receives collateral security for sales on credit, mainly regarding non-aeronautical activities, and such collateral is included in the assessment of the write-down required for bad and doubtful debts. The collateral may be in the form of financial guarantees. Of the trade receivables of DKK 371.3 million (2015: DKK 326.6 million), DKK 178.9 million (2015: DKK 129.1 million) was covered by collateral security. The maximum credit risk is reflected in the carrying amount of the financial assets in the balance sheet.

The Group's trade receivables at 31 December 2016 included receivables of DKK 37.3 million (2015: DKK 34.1 million), which were written down to DKK 3.4 million (2015: DKK 2.5 million) on the basis of an individual assessment.

Overdue receivables at 31 December 2016 which had not been written down totalled DKK 25.2 million (2015:DKK 17.1 million). The list of receivables by maturity is as follows:

Notes to the financial statements

Note	DKK million	2016	2015
	Overdue but not impaired receivables by maturity		
	Less than 30 days	**25,1**	16,5
	30 to 90 days	**0,3**	0,3
	More than 90 days	**(0,2)**	0,3
	Total	**25,2**	17,1

12 Financial institutions and other loans

Accounting policies
Mortgage loans, loans from financial institutions and other loans are recognised when taken out at the amount received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost so that the effective interest charges are recognised in the income statement over the term of the loan.

	2016	2015
Financial institutions and other loans are recognised in the balance sheet as follows:		
Non-current liabilities	**11.515,8**	11.226,0
Current liabilities	**62,7**	5,7
Total	**11.578,5**	11.231,7

The Group had the following loans as at 31 December:

Loan	Currency	Fixed/floating	Maturity date	Carrying amount 2016	Carrying amount 2015	Fair value* 2016	Fair value* 2015
Overdraft	DKK	Floating	-	57,0	-	57,0	-
RD (DKK 151 mio.)**	DKK	Fixed	31 Mar 2020	-	-	-	-
RD (DKK 58 million)**	DKK	Floating	30 Jun 2035	53,9	56,8	53,9	56,8
RD (DKK 64 mio.)**	DKK	Fixed	23 Dec 2032	53,3	56,0	56,9	56,0
Nordea Kredit**	DKK	Floating	30 Dec 2039	450,9	450,9	451,9	451,9
Handelsbanken	DKK	Floating	02 Apr 2019	-	200,0	-	200,0
Nordic Investment Bank (NIE	DKK	Fixed	12 Feb 2026	130,0	-	145,3	-
European Investment Bank (	DKK	Fixed	15 Dec 2026	250,0	-	250,3	-
Credit Agricole *****	DKK	Floating	22 Jan 2019	524,4	524,4	524,4	524,4
Credit Agricole *****	DKK	Floating	22 Jan 2019	624,4	624,4	624,4	624,4
Credit Agricole *****	DKK	Floating	22 Jan 2021	373,0	373,0	373,0	373,0
USPP bond issue	DKK	Fixed	27 Aug 2025	1.055,0	1.055,0	1.126,4	1.084,2
USPP bond loan	USD	Fixed	27 Aug 2018	705,5	683,0	764,2	765,4
USPP bond loan	USD	Fixed	29 Jun 2018	705,5	683,0	741,6	741,1
USPP bond loan	USD	Fixed	29 Jun 2020	1.037,1	1.004,0	1.154,0	1.152,3
USPP bond loan	USD	Fixed	22 Aug 2023	1.128,7	1.092,8	1.213,7	1.191,8
USPP bond loan	GBP	Fixed	29 Jun 2020	200,0	232,7	228,7	266,4
USPP bond issue	DKK	Fixed	30 Dec 2022	273,1	273,1	273,1	273,1
USPP bond issue	DKK	Fixed	29 Dec 2023	273,2	273,2	273,2	273,2
USPP bond issue	DKK	Fixed	31 Dec 2025	546,3	546,3	546,3	546,3
USPP bond issue	USD	Fixed	30 Dec 2022	352,5	341,5	352,5	341,5
USPP bond issue	USD	Fixed	29 Dec 2023	493,5	478,1	493,5	478,1
USPP bond issue	EUR	Fixed	29 Dec 2023	222,9	223,8	222,9	223,8
EUPP bond issue	DKK	Floating	22 Jan 2024	969,8	969,8	969,8	969,8
EUPP bond issue	EUR	Floating	22 Jan 2026	445,8	447,6	445,8	447,6
EUPP bond issue	EUR	Floating	22 Jan 2026	557,2	559,5	557,2	559,5
EUPP bond issue	EUR	Floating	22 Jan 2024	148,8	149,2	148,8	149,2
Total				**11.631,8**	**11.298,1**	**12.048,8**	**11.749,8**
Loan costs for future amortisation				-53,3	-66,4	-53,3	-66,4
Total				**-53,3**	**-66,4**	**-53,3**	**-66,4**
Total				**11.578,5**	**11.231,7**	**11.995,5**	**11.683,4**

* See note 17 for a description of the method for determining the fair value of financial liabilities.
** CPH's properties have been mortgaged for a total value of DKK 507.5 million (2015: DKK 507.7 million).
*** Funding for the expansion of Pier C.
**** Funding for the expansion of Copenhagen Airport, which is expected to be completed by the end of 2024.
***** These loans are issued by a consortium of banks, with Crédit Agricole acting as Agent. These loans are secured by share in CPH and bank deposits.

The fixed-rate USPP bond loans of USD 507 million and GBP 23 million (2015: USD 507 million and GBP 23 million) were swapped to DKK on close of contract, both in terms of principal and interest payments, using currency swaps.

The interest rate risk in connection with the floating-rate loan from Nordea Kredit has been hedged by an interest rate swap until 2020.

13 Other liabilities

Accounting policies
Other payables are recognised when, as a result of events occurring on or before the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other payables primarily comprise holiday pay liabilities, income taxes, other taxes and interest payable and are measured at nominal value. Other payables also comprise the fair value of derivative financial instruments.

	2016	2015
Holiday pay and other payroll items	277,8	262,5
Interest payable	32,7	31,7
Interest rate hedge	0,0	48,5
Other costs payable	18,6	66,9
Balance at 31 December	**329,1**	**409,6**

Note	DKK million	2016	2015

14 **Financial commitments**

The Group is committed to providing redundancy pay to civil servants pursuant to the provisions of the Danish Civil Servants Act, cf. note 5.

As 31 December 2016, The Group has entered into contracts to build facilities and other commitments totalling DKK 219.5 million (2015: DKK 241.6 million). Major commitments include contracts concerning new stands, expansion of Terminal 2 airside, Pier E and preparation of hangar 1.

The Group has entered into a contract for the replacement of the airport's traffic system for handling aircraft settlement at a purchase price of DKK 36.0 million. The commitment covers the investment in software. In addition, the contract includes a commitment in the form of annual service costs contingent on the number of passengers. There may be uncertainty in the calculation of the liability due to the estimated number of passengers. The total commitment amounts to DKK 144.7 million (2015: DKK 109.6 million) and is specified as follows:

	2016	2015
Within 1 year	20,5	8,9
Between 1 and 5 years	76,8	53,7
More than 5 years	47,4	47,0

Under a management agreement between Hilton International and Copenhagen Airport Hotels A/S (CAH A/S), The Group has undertaken to pay a contractual consideration to Hilton for managing the hotel. The agreement expires on 31 December 2021. See note 19 for post-balance sheet events.

Under the agreement with Naviair for the provision of air traffic services, The Group has undertaken to be liable for any terminal navigation charges (TNC) that Naviair users may fail to pay. This liability takes effect when the claim has been ascertained and documented as irrecoverable, and when other specifically agreed terms and conditions have been met.

Debt to financial institutions is secured by mortgages on The Group's properties as described in note 12.

The Group has a subsidiary liability for the tax liabilities of the Danish holding companies, which hold 57.7% of the shares in the Company. See note 8 for additional information.

The Group is not party to any significant agreements that take effect, alter or terminate upon change of control of The Group.

15 **Related parties**

The Group's related parties are the Ontario Teachers' Pension Plan (OTPP) and Macquarie European Infrastructure Fund III (MEIF3), cf. their controlling ownership interests in The Group and associates (see note 20), and the Board of Directors and Executive Management. See also note 6 regarding remuneration of the Board of Directors and Executive Management.

OTPP and MEIF3 (via their respective underlying holding companies) jointly own and control Copenhagen Airports Denmark ApS (CAD), company reg. (CVR) no. 29144249. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), company reg. (CVR) no. 33781903, which is owned by OTPP and MEIF3.

KAP is thereby the ultimate holding company of CPH. The consolidated annual report of KAP, in which CPH is included as a subsidiary, may be obtained from KAP through Azets Insight A/S, Lyskær 3C, 2730 Herlev, Denmark.

CAD owns 57.7% of both the shares and voting rights in CPH.

OTPP and MEIF3 (through their respective underlying holding companies) have signed a shareholders' agreement providing for agreement between the two parties on all material resolutions. The agreement also stipulates rules for the nomination of members of the Board of Directors of CPH.

For additional information on OTPP and MEIF3, see www.otpp.com and www.macquarie.co.uk/mgl/uk/meif/meif-3.

16 **Concession for airport operation and charges regulation**

Pursuant to section 55 of the Danish Air Transport Act, special permission from the Minister of Transport is required for airport operations. The permissions for the airports at Kastrup and Roskilde, which are issued by the Danish Transport, Construction and Housing Agency (DTCA), are valid until 1 January 2020, at which time they must be renewed.

Commission Regulation (EU) No 139/2014 establishes requirements and administrative procedures related to aerodromes and aerodrome operators. On 22 December 2016, CPH received from the DTCA under the EU aerodromes regulation. These certificates are issued to CPH as aerodrome operator and replace the former technical approvals. The certificates are valid indefinitely.

The Minister of Transport may lay down regulations concerning the charges that may be levied on the use of a public airfield ("charges regulation").

The charges regulation for CPH was set out by the DTCA in BL 9-15 of 8 March 2011, "Regulation on payment for use of airports (airport charges)", with annex 1 of 20 November 2013. According to BL 9-15, the airlines and the airport are first requested to seek consensus on future airport charges in the coming regulatory period. If this is not possible, the DTCA will set annual revenue caps, which comprise the maximum total amount the airport can apply for each of the years as a basis for setting the charges for the use of the aeronautical facilities and services (fall-back). If the charges are negotiated by the parties, the parties must also agree on the length of the coming regulatory period. The regulatory period is four years in the event that the parties cannot agree on the terms and conditions through negotiation.

BL 9-15 includes various rules on the determination of charges by negotiation and in the event of a fall-back situation. In a fall-back situation, the revenue caps will be determined to cover the operating costs, depreciation and cost of capital for efficient operation of the airport. On the basis of the revenue cap, CPH is then required to prepare a proposal for charges during the regulatory period, for approval by the DTCA. BL 9-15 includes various rules on how to calculate these revenue caps.

During the period 1 March 2014 – 1 September 2014, the airlines and CPH (under the supervision of the DTCA) negotiated and concluded a charges agreement which is valid from 1 April 2015 – 31 March 2019. According to the charges agreement the price for using the airport will follow the Danish Consumer Price Index. The charges agreement includes investments by CPH which help reduce total airline costs. These investments comprise a change to the airside security area on 4 December 2015, making it easier and cheaper to service aircraft, and merging domestic and international traffic on 1 April 2015 to strengthen the domestic product and make operations more efficient. Uniform prices for domestic and international traffic have been introduced in connection with the merger of domestic and international traffic with full harmonisation on 1 April 2016, with the exception that CPH Go will retain a lower passenger charge.

In accordance with the charges agreement and security requirements concerning explosives trace detectors (ETD), CPH introduced a new separate security charge on 1 September 2015 corresponding to CPH's costs to comply with the new requirements. As of 1 April 2016, the security charge has been DKK 3.59 per locally departing passenger (2015: DKK 3.16). The charge will be adjusted on 1 April each year to continuously reflect the actual costs for CPH.

For additional information, see the Copenhagen Airports Act, the Danish Air Transport Act, the Copenhagen Airport Expansion Act, the Articles of Association of Copenhagen Airports A/S and EU regulations, including regulations concerning design, operation, facilities, etc.

17 **Financial risks**

Accounting policies

In connection with the Group's hedging of future transactions and cash flows, derivative financial instruments are used as part of CPH's risk management.

Derivative financial instruments are initially recognised in the balance sheet at fair value on the transaction date under the items Other receivables and Other payables respectively.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future cash flows are recognised in other comprehensive income and accumulated under Reserve for hedging. If the expected future transaction results in the recognition of non-financial assets or liabilities, amounts previously deferred in other comprehensive income are transferred via other comprehensive income from equity and included in the initial measurement of the cost of the asset or liability respectively. Other amounts deferred in other comprehensive income as part of equity are transferred to the income statement in the period in which the hedged transaction affects the income statement.

Estimates and judgments
The fair value of interest rate and currency swaps is determined as the present value of expected future cash flows. The fair value of forward exchange contracts and other derivative financial instruments is determined based on observable exchange rates and the swap and forward rates at the balance sheet date. An evaluation of own and counterparty credit risks are also included.

The Group's risk management policy
The Group's financial risks are managed from its head office. The principles and framework governing The Group's financial management are laid down once a year by the Board of Directors. The financial risks occur primarily as a result of operating and investing activities and are hedged to the greatest extent possible.

Credit risks
The Group's credit risks are primarily related to receivables, bank deposits, securities and derivative financial instruments.

The credit risk regarding receivables arises when The Group's revenue in the form of traffic charges, concession charges, rent, etc. is not prepaid, or when customer solvency is not covered by guarantees, etc.

The Group's revenue comprises aeronautical revenue from national and international airlines, and non-aeronautical revenue from national and international companies within and outside the aviation industry. As part of The Group's internal procedures regarding risk management, the credit risk relating to customers is monitored on a monthly basis. This is done by reviewing any failure to pay amounts due and assessing whether the customer has financial problems.

The Group's trading partners SAS, Norwegian and Gebr. Heinemann, the largest concessionaire, constitute the only significant concentration of credit risk. The gross receivables from sales of services to these customers amounted to approximately 34.7% (2015: 37.3%) of the total. SAS's credit rating from Standard & Poor's is B (2015: B-). Norwegian does not have a published credit rating but has provided a deposit for rent. Gebr. Heinemann does not have a published credit rating, but has provided a banker's guarantee to The Group equivalent to four months' revenue (2015: four months' revenue). The remaining credit risk is distributed between The Group's other customers. See note 11 Trade receivables for further information.

Credit risks related to bank deposits, securities and derivative financial instruments arise as a result of uncertainty regarding the counterparty's ability to meet liabilities when due. The Group seeks to limit the credit risk regarding bank deposits and derivative financial instruments by diversifying financial contracts and by entering into contracts only with financial counterparties with satisfactory credit ratings.

The credit risk is calculated per counterparty based on the actual market value of the contracts entered into. Credit exposure to financial counterparties at 31 December 2016 totalled DKK 78.2 million (2015: DKK 83.4 million), corresponding to the value of bank deposits and money market deposits, including accrued interest. At the balance sheet date, The Group had no credit risk on derivative financial instruments.

Liquidity risk
The Group's policy concerning borrowings is, as far as possible, to ensure a certain flexibility by diversifying funding by maturity date and counterparties. Furthermore, it is The Group's policy to comply with the loan covenants in The Group's loan agreements. The Board of Directors ensures, together with management, that the Company has a sound capital structure. On the basis of this, the financing policy is approved on an annual basis.

The Group's liquid assets consist of cash totalling DKK 78.2 million (2015: DKK 83.4 million) and guaranteed unused long-term credit facilities totalling DKK 3,000.0 million (2015: DKK 1,800.0 million). The Group also has overdraft facilities available of DKK 93.0 million (2015: DKK 150.0 million). In addition to a general operational risk assessment, The Group endeavours to have minimum undrawn credit facilities of DKK 250.0 million at any time so that The Group is able to meet its obligations from time to time and still have the capital resources needed to conduct its business.

The Group, itself and on behalf of its subsidiaries, has undertaken not to create or permit to subsist any charge over its assets or those of its subsidiaries, subject to a maximum permitted amount. Furthermore, The Group has made a commitment to its lenders to comply with a number of other terms and conditions, including financial covenants. A number of The Group's agreements on loans and credit facilities can be terminated in the event of failure to comply with these terms and conditions. The Group complied with all terms and conditions as at 31 December 2016.

A complete overview of payment commitments is disclosed below. All cash flows are undiscounted and include all liabilities under the contracts. Interest payments on floating-rate debt not yet hedged are recognised at the fixed forward rate from the day the loans are expected to be swapped, based on the yield curve applicable at the balance sheet date. The DKK value of future interest and principal payments on loans in foreign currency is calculated based on the exchange rate at the balance sheet date.

Note DKK million 2016 2015

Maturity as at 31 December 2016	0-1 year	1-5 years	After 5 years	Total	Fair value level 2*	Carrying amount
Recognised at amortised cost						
Financial institutions and other loans	306,1	3.306,2	8.914,0	12.526,3	5.752,8	5.752,8
Payable to related party	-	-	8.706,7	8.706,7	5.878,7	5.878,7
Trade payables	547,0	-	-	547,0	326,6	326,6
Other payables	471,0	-	-	471,0	31,1	31,1
Total	1.324,1	3.306,2	17.620,7	22.251,0	11.989,2	11.989,2
Recognised at fair value						
Derivative financial instruments	-	51,2	421,1	472,3	472,3	472,3
Total	-	51,2	421,1	472,3	472,3	472,3
Total financial liabilities	1.324,1	3.357,4	18.041,8	22.723,3	12.461,5	12.461,5
Recognised at amortised cost						
Cash	1.146,6	-	-	1.146,6	1.146,6	1.146,6
Trade receivables	371,3	-	-	371,3	371,3	371,3
Other receivables	38,6	-	-	38,6	38,6	38,6
Total	1.556,5	-	-	1.556,5	1.556,5	1.556,5
Recognised at fair value						
Derivative financial instruments	-	216,0	124,0	340,0	340,0	340,0
Total	-	216,0	124,0	340,0	340,0	340,0
Total financial assets	1.556,5	216,0	124,0	1.896,5	1.896,5	1.896,5

Maturity as at 31 December 2015	0-1 year	1-5 years	After 5 years	Total	Fair value level 2*	Carrying amount
Recognised at amortised cost						
Financial institutions	240,1	3.533,4	8.759,9	12.533,4	11.718,7	11.267,0
Payable to related party	-	-	9.526,0	9.526,0	5.924,1	5.924,1
Trade payables	503,7	-	-	503,7	500,4	500,4
Other liabilities	415,5	-	-	415,5	342,6	342,6
Total	1.159,30	3.533,40	18.285,90	22.978,6	18.485,8	18.034,1
Recognised at fair value						
Derivative financial instruments	-	-79,9	51,0	-28,9	-28,8	-28,8
Total	-	-79,9	51,0	-28,9	-28,8	-28,8
Total financial liabilities	1.159,3	3.453,5	18.336,9	22.949,7	18.457,0	18.005,3
Recognised at amortised cost						
Cash	868,5	-	-	865,5	868,5	868,5
Trade receivables	326,6	-	-	326,6	326,6	326,6
Other receivables	31,1	-	-	31,1	31,1	31,1
Total	1.226,2	-	-	1.223,2	1.226,2	1.226,2
Total financial assets	1.226,2	-	-	1.223,2	1.226,2	1.226,2

* The fair value of financial liabilities is the present value of the expected future instalments and interest payments, except for trade payables, other payables and receivables, which are stated at the net carrying amount at year-end. A zero-coupon interest rate for similar maturities plus estimated credit cost based upon the present rating of the Company is used as the discount rate. The fair value of derivative financial instruments is determined based on published exchange rates, swap and forward rates, etc. An evaluation of own and counterparty credit risk is also included. The fair value measurement of financial instruments is divided into the following measurement hierarchy:
Level 1: Observable market prices of identical instruments
Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments
Level 3: Valuation models primarily based on non-observable prices
The fair value of the Group's forward exchange contracts and other derivative financial instruments (interest rate and currency swaps) is considered a level 2 fair value measurement, as the fair value is primarily determined directly based on published exchange rates and quoted swap and forward rates at the balance sheet date.

Note DKK million 2016 2015

Market risks

Interest rate risks
It is The Group's policy to hedge interest rate risks on its loans whenever it is considered that the interest payments can be hedged at a satisfactory level. Hedging is normally made by entering into interest rate swaps under which floating rate loans are swapped to a fixed interest rate.

Interest rate swaps have been used to hedge the floating rate on curtain mortgage loans over a part of the loan's maturity. At the balance sheet date, The Group has outstanding interest rate swaps at a notional amount of DKK 505.0 million (2015: DKK 507.8 million). The remaining period is approximately five years. The fair value of the interest rate swaps amounts to DKK (54.2) million (2015: DKK (62.4) million).

In order to reduce its overall interest rate sensitivity, The Group seeks to ensure that its debt has a duration that to a certain extent takes into account the useful lives of its assets. The duration of The Group's loans at 31 December 2016 has been determined at approximately 7.1 years (2015: approximately 7.0 years), including the effect of swap contracts.

Most of The Group's loan portfolio is at fixed rate or swapped to fixed interest rate or has been swapped to fixed interest rate. Fluctuations in the interest rate level would therefore have only a limited impact on The Group's income statement.

As the exchange rate and interest rate risk of debt denominated in USD, GBP and DKK is hedged by USD/DKK, GBP/DKK and DKK interest rate swaps, a change in interest rate levels would affect equity.

Sensitivity analysis of the current portfolio of swap contracts

EFFECT ON EQUITY OF:	2016	2015
An increase in the DKK rate of interest of 1 %-point	**(18,0)**	(17,7)
A decrease in the DKK rate of interest of 1 %-point	**5,8**	37,7
An increase in the EUR rate of interest of 1 %-point	**(13,8)**	(13,8)
A decrease in the EUR rate of interest of 1 %-point	**13,8**	13,8
An increase in the USD rate of interest of 1 %-point	**124,1**	163,6
A decrease in the USD rate of interest of 1 %-point	**(132,8)**	(102,4)
An increase in the GBP rate of interest of 1 %-point	7,9	9,5
A decrease in the GBP rate of interest of 1 %-point	(8,3)	(3,7)

A change in the DKK, USD and GBP interest rate will have an opposite effect on the loan portfolio. However, as the liability is recognised at amortised cost, it will not impact the carrying amount and thereby equity.

Exchange rate risks
Exchange rate fluctuations would have a moderate impact on The Group's operating results because most of its revenues and costs are settled in DKK.

Currency swaps
The currency swaps were entered into to hedge future cash flows in The Group´s functional currency, DKK.

Currency swaps have been used to hedge fixed-rate bond loans denominated in USD and GBP by swapping the exchange rate exposure on both interest and principal from fixed payments in USD and GBP to fixed payments in DKK throughout the terms of the respective loans. The total notional amount of these outstanding cross-currency swaps was USD 507 million and GBP 23 million at 31 December 2016 (2015: USD 507 million and GBP 23 million). The carrying amount of currency swap contracts amounts to DKK 340.0 million (2015: DKK 308.1 million).

Hedging transactions
The net fair value stated will be transferred from Reserve for hedging to the income statement as and when the hedged interest payments are made. The terms to maturity of the cross-currency swaps match the terms to maturity of the related loans. The terms to maturity of one of the interest rate swap is shorter than the underlying mortgage loans, but the hedges match the payments on the loans for the full terms of the hedges.

Notes to the financial statements

Note	DKK million	2016	2015
18	**Notes to the cash flow statement**		
	Received from customers		
	Revenue	4.421,9	4.061,9
	Change in trade receivables and prepayments from customers	(46,0)	1,1
	Total	4.375,9	4.063,0
	Paid to staff, suppliers, etc.		
	Operating costs	(1.930,0)	(1.813,5)
	Change in other receivables, etc.	(30,2)	42,1
	Change in cost-related trade payables, etc.	43,6	43,4
	Total	(1.916,6)	(1.728,0)
	Interest received, etc.		
	Interest received, etc.	1,1	0,1
	Realised exchange gains	0,3	1,7
	Operating costs	7,8	7,1
	Total	9,2	8,9
	Interest paid, etc.		
	Interest paid, etc.	(438,6)	(451,0)
	Realised exchange losses	(0,3)	(0,5)
	Other financial costs	(0,7)	(4,6)
	Other interest expenses	(1,2)	(7,1)
	Total	(440,8)	(463,2)

19 **Post Balance sheet events**

On 30 January 2017, Petter Anker Stordalen and CPH announced that Nordic Choice Hotels would assume management of the existing airport hotel from 1 April 2017. The existing airport hotel will be upgraded to a high-end Clarion Hotel. The agreement also includes the construction of a 500-room Comfort Hotel and a 3,000 m2 conference facility, expected to be opened by Nordic Choice Hotels in 2020. The total budget for upgrading and new construction will be approximately DKK 800 million. When work on the new hotel and conference centre is complete, Petter Anker Stordalen's property company, Strawberry Fields, will hold a 40% stake in the two hotels and the conference centre, with CPH holding the remaining 60%.

On 24 May 2017, CADH received an invoice from the Danish Tax authorities requesting payment of DKK703 million in withholding tax and penalty interest by 7 June 2017.

Post receipt of the CAD payment of intercompany interest to CADH– expected late May/early June - CADH will have enough funds on the balance sheet to pay the entire invoiced amount.

No other material events have occurred subsequent to the balance sheet date.

20 **Subsidiaries and associated companies**

Subsidiaries

- Copenhagen Airport Hotels A/S, Tårnby, Denmark - 100% owned by CPH
- Copenhagen Airports International A/S, Tårnby, Denmark - 100% owned by CPH
- Copenhagen Airports Denmark Holding ApS, Herlev, Danmark - 100 % owned by KAP
- Copenhagen Airports Denmark ApS, Herlev, Danmark - 100 % owned by CADH

Associated companies

- Airport Coordination Denmark A/S, Tårnby, Denmark - 50% owned by CPH

21 **Recently adopted accounting standards and interpretations for implementation**

Implementation of new and amended financial reporting standards (IAS/IFRS) and interpretations (IFRIC)
A number of minor amendments to existing financial reporting standards have been implemented in the 2016 financial year. The Group has assessed the effect of the updated IFRS standards and interpretations. The Group has concluded that all the standards and interpretations in question that entered into force for the financial years beginning 1 January 2016 are either not relevant to The Group or do not have a material impact on The Group's financial statements.

Financial reporting standards and interpretations adopted but not yet effective

The following amended financial standards and interpretations that may be relevant for The Group have been adopted by the IASB and endorsed by the EU. The standards come into force at a later date, which is why they will not be implemented until the annual reports for the years in which they become effective.

- IFRS 15: "Revenue from Contracts with Customers". New standard on revenue recognition. The standard may potentially affect recognition of revenue in a number of areas, including:
  * When revenue is recognised
  * Recognition of variable renumeration
  * Additional disclosure requirements.
  The standard become effective for the financial years beginning 1 January 2018 or later.
- IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities". The number of categories of financial assets is reduced to three: those measured at amortised cost and those measured at fair value via the income statement, and those measured at fair value via other comprehensive income.

  The rules governing write-downs of financial assets are being changed to a model based on expected cresit losses such that changes in the credit risk entail changes in the provision for bad debt. The rules governinng hedge accounting are being relaxed, so that they are more closely aligned with the entity's risk management strategy and goals. The standard becomes effective for the financial years starting 1 January 2018 or later.

The Group is in the process of investigating the consequences of implementing IFRS 9 and IFRS 15 but, based on the initial analyses, does not expect implementation of the new financial reporting standard to have a material impact on CPH's financial reporting.

The IASB has issued the following amendments to standards and new interpretations that may be relevant to The Group but have not yet been endorsed by the EU:

- IFRS 16: "Leasing". New standard on accounting treatment of leases by lessees. In the future, all leases must be recognised in the balance sheet in the form of a lease commitment and lease asset. The standard become effective for financial years beginning 1 January 2019 or later.
- IAS 12: Admendments clarifying the requirements to recognise deferred tax assets on unrealised losses on securities that are adjusted to fair value via other comprehenseive income. The admendment become effective for financial years beginning 1 January 2017 or later.
- IAS 7: Requirement for additional disclousure on reconciliation of financial liabilities. The opening and closing balances of interest-bearing debt must be reconciled. The standard become effective for financial years beginning 1 January 2017 or later.
- IFRS 15: Clarifications concerning identification of performance obligations, valuation of agent/principal and valuation of licences. The standard become effective for financial years beginning 1 January 2018 or later.
- Annual Improvements (2014-2016). These entail a number of minor amendments to IFRS.

The Group expects to implement these standards and interpretations when they become effective. The Group has not conducted an in-dept analysis of the amendments but does not expect the above-mentioned standards to have a material impact on The Group's financial reporting at present.

22 **Contingent liabilities**

The Danish tax authorities have made decisions on collection of withholding taxes on interest and dividends for 2006 and 2007. The tax dispute is expected to be concluded in the coming years. While the court process continues, the Danish National Tax Tribunal in October 2012 issued a decision in favour of Copenhagen Airports Denmark Holdings ApS in relation to dividend withholding taxes, and in favour of the Danish tax authorities in relation to interest withholding tax. This has not altered management's assessment that it does not expect that it is likely that the tax dispute will result in a change in the tax assessments for 2006 and 2007. In 2013, an additional claim was received from the Danish tax authorities regarding withholding tax on dividends paid in 2008. In 2014 an additional claim was received from the Danish tax authorities regarding withholding tax on interest in 2008-2010. the Company has appealed against both claims. There is a risk that further claims could be made by the Danish tax authorities. In May 2016, the Danish National Tax Tribunal issued a decision which upheld the Danish tax authorities' decision on 2008 interest payments but stated that there should be no withholding tax on the 2008 dividends. Copenhagen Airports Denmark Holding ApS intends to appeal the interest decision. The maximum liability exclusive of late payment interest is DKK 658 million.

In May 2017 the company received a draft notice from the Danish tax authorities regarding withholding taxes on interest for the income year 2011. The total liability exclusive late payment is DKK 44 million.

On 24 May 2017, CADH received an invoice from the Danish Tax authorities requesting payment of DKK703 million in withholding tax and penalty interest by 7 June 2017.

Post receipt of the CAD payment of intercompany interest to CADH – expected late May/early June - CADH will have enough funds on the balance sheet to pay the entire invoiced amount.

CADH and its tax adviser still believes that it is more likely than not that CADH will win all withholding tax cases currently outstanding.

23 **Guarantees and pledges**

The Group has pledged its shares in Copenhagen Airports International A/S and its bank deposit as security for its bank loan.