Annual *Report*

A/S TH. WESSEL & VETT
MAGASIN DU NORD

Annual Report for 1 September 2016 – 31 August 2017

CVR-NR. 58 19 12 13

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26 October 2017

Rasmus Elverdam
Chairman

Magasin

Kongens Nytorv 13
1050 København K

Contents

Statement by Management on the Annual Report

The Executive Board and Board of Directors have today discussed and approved the Annual Report of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for the financial year 1 September 2016 - 31 August 2017.

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

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 August 2017 and of the results of the Company's operations for the financial year 1 September 2016 - 31 August 2017.

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

Management recommends that the Annual Report should be approved at the Annual General Meeting.

Copenhagen, 26 October 2017

Executive Board

Peter King CEO	Peter Fabricius CFO

Board of Directors

Matthew George Smith Chairman	David John Smith Deputy Chairman	Sally Hyndman
Aoife Mary Blicher Staff Representative	Jette Lilian Frederiksen Staff Representative	

Independent Auditor's Report

To the shareholder of Aktieselskabet Th. Wessel & Vett, Magasin du Nord

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 august 2017 and of the results of the Company's operations for the financial year 1 September 2016 - 31 August 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for the financial year 1 September 2016 - 31 August 2017, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes (“Financial Statements”).

Basis for Opinion

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

Statement on management's review

Management is responsible for management's review.

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

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

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

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

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 26 October 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Gert Fisker Tomczyk
State Authorised Public Accountant

Kim Danstrup
State Authorised Public Accountant

Company Details

The Company	Aktieselskabet Th. Wessel & Vett, Magasin du Nord Kongens Nytorv 13 1050 Copenhagen K Website: www.magasin.dk CVR no.: 58 19 12 13 Reporting period: 1 September 2016 - 31 August 2017 Domicile: Copenhagen
Board of Directors	Matthew George Smith, Chairman David John Smith, Deputy Chairman Sally Hyndman Aoife Mary Blicher, Staff Representative Jette Lilian Frederiksen, Staff Representative
Executive Board	Peter King, CEO Peter Fabricius, CFO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Consolidated Financial Statements	The Company is included in the Group Annual Report of Debenhams plc. The Consolidated Financial Statements of the Group can be obtained at www.debenhamsplc.com.

Financial Highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2016/17 MDKK	2015/16 MDKK	2014/15 MDKK	2013/14 MDKK	2012/13 MDKK
Key figures					
Revenue in Magasin	2.822	2.851	2.764	2.559	2.375
Revenue	1.791	1.814	1.736	1.597	1.428
Gross profit	639	661	606	551	520
EBITDA	228	227	194	168	141
Profit/loss before financial income and expenses	172	176	145	119	94
Net financials	1	3	5	3	4
Profit/loss for the year	135	143	134	149	98
Balance sheet					
Balance sheet total	816	888	1.148	960	815
Investment in property, plant and equipment	87	68	51	62	66
Equity	343	408	665	530	381
Number of employees	1.080	1.122	1.110	1.100	1.038
Financial ratios					
EBIT margin	9,6%	9,7%	8,4%	7,5%	6,6%
Return on assets	20,2%	17,3%	13,8%	13,4%	12,8%
Solvency ratio	42,0%	45,9%	57,9%	55,2%	46,7%
Return on equity	36,0%	26,7%	22,4%	32,7%	29,5%

Management's Review

Business activities
The Company operates department stores in Denmark at Kongens Nytorv, in Lyngby, in Rødovre, at the Fields shopping centre on Amager, in Odense, and in Aarhus, and operates an online shop.

Development in activities and financial circumstances
Operating profit before depreciation, amortisation, impairment and tax amounted to DKK 228 million (2015/16: DKK 227 million), which is satisfactory and in accordance with our expectations.

The profit for the period amounted to DKK 135 million after tax (2015/16: DKK 143 million) as expected.

Amortisation, depreciation and impairment amounted to DKK 56 million (2015/16: DKK 51 million).

Equity amounted to DKK 343 million (2015/16: DKK 408 million) and equity interest amounted to 42.0 % (2015/16: 45.9 %).

Balance sheet total amounted to DKK 816 million.

Department store operations
The Magasin revenue decreased by DKK 29 million or 1.0 % during the year, mainly because of the refurbishment at the flagship store at Kongens Nytorv through the financial year.

The gross margin has once again increased slightly compared to last year due to an ongoing good control of inventory during the year.

Expenses have increased slightly primarily due to an increase in rent, estate costs and warehouse costs to the online shop. Payroll expenses have decreased due to decreased revenue and lower costs to sales provision and bonus. The payroll ratio calculated on the basis of revenue has decreased from 23.9 % to 22.9 % for the year.

Investments
Investments for the year in property, plant and equipment amounted to DKK 87 million and to DKK 11 million in intangible assets. With this, Magasin maintains and develops its ambition of continuing the introduction of new brands and improving the shopping experience in the department stores and on Magasin.dk.

Strategy
Magasin's vision is to be one of the most successful department stores in Europe, with a promise to give the customers a little more than they expect.

Management's Review

With more than 2,000 quality brands and private label merchandise, Magasin strive to offer our customers a curated selection of the most loved brands, the best personal services and constantly maintain relevance by delivering newness and grow brands and products with limited distribution.

2016/17 has been a year of large-scale store refurbishments in Magasin. By far the largest refurbishment project in Magasin's history has now come close to completion in the flagship store at Kongens Nytorv. The project includes new lifestyle departments for footwear, beauty, jewellery, accessories, lingerie, yoga & loungewear. Moreover, a brand-new food hall is opening on the lower ground floor, which offers world-class food experiences and Scandinavia's leading confectionery universe.

The Womenswear range has been significantly upgraded across all stores. More than 40 new brands, such as IRO, Rodebjer, Nué Notes and Libertine-Libertine have been added in the spring of 2017 alone. At the same time, investments have been made towards striking feminine in-store design such as the new Belle Boutique concept. The Menswear range has also been expanded and refurbishments have been carried out in several stores, e.g. the new Men's Fashion and Denim area in Aarhus.

With more than 240,000 weekly unique visitors on average, Magasin's online shop, Magasin.dk continued to see double-digit profitable growth in 2016/17, reflecting the success of Magasin's investments in this area.

The ambition is to further enhance the customer experience across all platforms, whether the customers are interacting with Magasin in a physical department store, on a computer or on a mobile device, they need the same service levels and access to information throughout the entire shopping experience.

Expectations for the future
Magasin expects revenue and gross profit to increase for the financial year 2017/2018 (September 1, 2017 - August 31, 2018) compared to the same period in 2016/2017 and expects to show a profit for the year.

The total investment level for the coming year will be increased compared to 2016/2017. A significant part of the investment will be dedicated to the store flt-out of a new 7,500 square meter department store in the city centre of Aalborg. The new store is expected to open in the early autumn of 2018.

Marketing, promotion campaigns and customer service will remain at a high level in order to maintain Magasin's market position. In the summer of 2017 Magasin launched a new Goodie Card app available for download in the App Store and Google Play. The app is both for new and existing customers and offers benefits such as invitations to Goodie promotions, VIP-events and competitions, special prices on Magasin Chocolate and digital Goodie bags with free gifts and unique offers.

Net profit for 2017/18 is expected to be in line with the same period last year and a solid profit after tax and a solid positive cash flow from operating activities are expected.

Ownership structure
Magasin is wholly owned by Debenhams Retail plc. which is registered in the UK.

Cash and capital resources
As a department store Magasin is a highly seasonal business and its cash needs are strongest in September and October immediately before the Christmas trading.

Dividends of DKK 200 million have been distributed in 2016/17 to Debenhams Retail plc.

As stated, investments of DKK 98 million were made during the year without raising any supplementary financing.

General risks
Magasin’s most material operating risk is its ability to keep a strong position in the retail market and to continue being innovative and constantly launching new brands and products at the right price. Magasin is moreover exposed with respect to its ability to continue controlling and optimising inventory and making the right purchases. Magasin has a leading market position within these areas via a structured performance within merchandising and a flexible purchasing model which combines its own purchases and brands with concession and consignment agreements as well as Debenhams products and knowhow.

Corporate social responsibility
Magasin considers corporate social responsibility increasingly important to its business. Reference is made to the Annual Report of the ultimate Parent Company Debenhams plc for more details, which is available at www.debenhamsplc.com.

Target figure and policy to increase the proportion of the under-represented gender at Magasins management
At Magasin, we want to reflect society's as well as our customers' distribution of women and men. This also applies at management level.

Management's Review

At Magasin, we want all our employees to feel that the company has an open and openminded culture where each employee can utilize his or her skills and talent as best as possible, regardless of gender.

As Magasin has achieved equal gender distribution on the Board, the Company is exempt from setting and reporting a target figure to the supreme management body.

Target figure
The legislation aims to ensure equal gender distribution among the governing body, which means that both sexes are represented by 40% or more.

At Magasin the highest governing body is Magasins Board of Directors.

The share of female board members elected by the shareholders’ committee is one of three selectable seats, by which the intended target is achieved.

Magasin has achieved equal gender distribution at other management levels and is therefore exempt from explaining policies, actions and results to increase the underrepresented gender.

Policies to increase the proportion of the under-represented gender in the other levels of management
The legislation aims to ensure equal gender distribution among the company's other management levels, which means that both sexes are represented by 40 % or more. At Magasin, male managers account for 41 % and the female managers account for 59 %. At Magasin the underrepresented sex among the company's other management levels are therefore men.

Magasin has therefore focused on increasing the proportion of men in Magasin at other management levels through the following policies and initiatives:

- Attracting and recruiting new employees

Magasins job adverts clearly states that the candidate is not judged by gender, age or religious beliefs.

- Succession

All managers have succession planning conversations where factors such as work-life balance can be discussed and any actions or changes can be agreed upon.

Furthermore, with our succession plans we ensure that there is diversity within the individual management teams, in relation to e.g. gender and age, in order to achieve synergy between the team members.

Management's Review

- Part Time Management / part-time management position

At Magasin, we strive to achieve a good worklife balance for all our employees. Therefore,we work with a variety of initiatives to enable us to retain good employees and managers on the long-term.

We believe that we will have happier more motivated and thus dedicated managers, if they have the opportunity for a better balance between work and personal life. We also want to get both women and men back on the career track after maternity leave or when the children become older.

Hence, as manager at Magasin you have the option to work part-time for a period. This is a system that is tailored to the individual and with fixed work schedules, so it is clear to the managers and colleagues, when the manager is working.

Accounting Policies

The Annual Report of Aktieselskabet Th. Wessel & Vett, Magasin du Nord for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Accounting Policies applied are consistent with those of last year.

The Annual Report for 2016/17 is presented in MDKK.

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the Annual Report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Accounting Policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest Financial Statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company's net revenue comprises revenue from department stores and internet sales as well as fees from concessions.

Revenue is recognised in the income statement when delivery and transfer of risk has been made before year end.

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

Revenue in Magasin is included as this revenue reflects the total sales activities in Magasin's department stores and internet shop including revenue from consession and consignment sales.

Cost of goods sold

Cost of goods sold include cost of purchased goods etc. used in generating the year’s revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interest and realised and unrealised exchange adjustments.

Accounting Policies

Tax on profit/loss for the year
Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets
Software is measured at cost less accumulated amortisation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Amortisation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Software	2-5	years

Tangible assets
Items of Tangible assets are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

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

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

Other fixtures and fittings, tools and equipment	2-10	years
Leasehold improvements	10-25	years

Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting Policies

Impairment of fixed assets
The carrying amount of intangible assets, property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Deposits
Deposits comprises primarily of deposits regarding rent for department stores.

Inventories
Inventories are measured using theFIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale comprises the purchase price plus delivery costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables
Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

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

Accounting Policies

Provisions
Provisions are recognised when as a result of a past event the Company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Income tax and deffered tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Amounts owed to concessionaires
Amounts owed to concessionaires, consists of amounts relating to revenue to be settled with concessionaires.

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

Cash flow statement
The Company has chosen in accordance with the Danish Financial Statements Act § 86:4, not to present a cash flow statement, as the Company is included in the consolidated group report for the ultimate Parent Company Debenhams plc.

Accounting Policies

Financial Highlights

Definitions of financial ratios.

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

Income Statement 1 September - 31 August

	Note	2016/2017 MDKK	2015/2016 MDKK
Revenue in Magasin		2.822	2.851
Hereof related to concessions etc.		-1.031	-1.037
Revenue		**1.791**	**1.814**
Cost of goods sold		-758	-775
Other external expenses		-394	-378
Gross profit		**639**	**661**
Staff costs	2	-411	-434
Earnings Before Interest Taxes Depreciation and Amortization		**228**	**227**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-56	-51
Profit/loss before financial income and expenses		**172**	**176**
Financial income	3	1	3
Profit/loss before tax		**173**	**179**
Tax on profit/loss for the year	4	-38	-36
Net profit/loss for the year		**135**	**143**
Distribution of profit	5		

Balance Sheet 31 August

	Note	2017	2016
		MDKK	MDKK
Assets			
Software		14	10
Intangible assets	6	**14**	**10**
Other fixtures and fittings, tools and equipment		179	145
Leasehold improvements		98	94
Tangible assets	7	**277**	**239**
Deposits	8	149	147
Financial investments		**149**	**147**
Fixed assets total		**440**	**396**
Goods for resale		241	256
Inventories		**241**	**256**
Trade receivables		36	32
Receivables from group enterprises		33	139
Other receivables		5	3
Deferred tax asset	9	11	27
Prepayments	10	27	29
Receivables		**112**	**230**
Cash at bank and in hand		**23**	**6**
Current assets total		**376**	**492**
Assets total		**816**	**888**

Balance Sheet 31 August

	Note	2017 MDKK	2016 MDKK
Liabilities and equity			
Share capital		184	184
Retained earnings		159	224
Equity	11	**343**	**408**
Other provisions	12	5	6
Provisions total		**5**	**6**
Deposit received from concessions etc.		10	10
Long-term debt	13	**10**	**10**
Amounts owed to concessionaires	13	104	94
Trade payables		202	208
Payables to group enterprises		0	1
Corporation tax		22	25
Other payables		130	136
Short-term debt		**458**	**464**
Debt total		**468**	**474**
Liabilities and equity total		**816**	**888**
Rental agreements and lease commitments	14		
Securities	15		
Related parties and group information	16		
Fee to auditors appointed at the general meeting	17		

Statement of changes in equity

	Share capital	Retained earnings	Total
	MDKK	MDKK	MDKK
Equity at 1 September 2016	184	224	408
Extraordinary dividend paid	0	-200	-200
Net profit/loss for the year	0	135	135
Equity at 31 August 2017	**184**	**159**	**343**

Notes to the Annual Report

1 Information on segments

Segment information according to section 96 of the Danish Financial Statements Act is not relevant since the Company only operates department stores in Denmark. There are therefore no different business activities or different geographical areas.

		2016/2017	2015/2016
		MDKK	MDKK
2	**Staff costs**		
	Wages and salaries	369	392
	Pensions	29	29
	Other social security costs	2	3
	Other staff costs	11	10
		411	**434**
	Including remuneration to the Executive and Supervisory Boards	**5**	**7**
	Average number of employees	1.080	1.122
3	**Financial income**		
	Interest received from parent	1	3
		1	**3**

Notes to the Annual Report

		2016/2017	2015/2016
		MDKK	MDKK
4	**Tax on profit/loss for the year**		
	Current tax for the year	22	25
	Deferred tax for the year	16	11
		38	**36**

		2016/2017	2015/2016
5	**Distribution of profit**		
	Retained earnings	135	143
		135	**143**

		Software
6	**Intangible assets**	MDKK
	Cost at 1 September 2016	84
	Additions for the year	11
	Cost at 31 August 2017	95
	Impairment losses and amortisation at 1 September 2016	74
	Amortisation for the year	7
	Impairment losses and amortisation at 31 August 2017	81
	Carrying amount at 31 August 2017	**14**
	Amortised over	2-5 years

7 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	MDKK	MDKK
Cost at 1 September 2016	560	154
Additions for the year	71	16
Cost at 31 August 2017	631	170
Impairment losses and depreciation at 1 September 2016	415	60
Depreciation for the year	37	12
Impairment losses and depreciation at 31 August 2017	452	72
Carrying amount at 31 August 2017	**179**	**98**
Depreciated over	2-10 years	10-25 years

8 Financial investments

	Deposits
	MDKK
Cost at 1 September 2016	147
Additions for the year	2
Cost at 31 August 2017	149
Carrying amount at 31 August 2017	**149**

Notes to the Annual Report

		2017	2016
		MDKK	MDKK
9	**Deferred tax asset**		
	Deferred tax asset at 1 September	27	38
	Recognized in income statement	-16	-11
	Deferred tax asset at 31 August	**11**	**27**

Management has assessed the recognition of the tax asset, which is primarily a result of the unlimited carryforward of unutilised tax losses. The recognised tax asset is based on Management's assessment of the utilisation opportunities available within a period of 3-5 years.

10 Prepayments

Prepayments consist of prepaid property tax and rent and other prepaid expenses.

11 Equity

The share capital consists of 184.000.001 shares of a nominal value of DKK 1. No shares carry any special rights.

		2017	2016
		MDKK	MDKK
12	**Other provisions**		
	Balance at beginning of year at 1 September	6	6
	Applied in the year	-1	0
	Balance at 31 August	**5**	**6**

Other provisions consists of provision for refunds, insurance cases and regulation of concessions revenue.

Notes to the Annual Report

13 Long term debt

	2017	2016
	MDKK	MDKK
Deposit received from concessions etc.		
Between 1 and 5 years	10	10
Non-current portion	10	10
Within 1 year	104	94
Current portion	104	94
	114	**104**

14 Rental agreements and lease commitments

Operating lease commitments. Total future lease payments:		
Within 1 year	200	187
Between 1 and 5 years	825	736
After 5 years	2.228	2.246
	3.253	**3.169**

The financial obligations are as follows:

Lease obligations regarding buildings	3.247	3.165
Other rental obligations	6	4

The lease with the longest duration cannot be terminated until 1 December 2034. There is an obligation on the Company's leases to refurbish the leases upon their expiration.

15 Securities

As security for the loan facility, an agreement has been entered into with the Company's primary bank regarding negative pledge on the Company's assets as well as registered floating company charges equivalent to DKK 50 million.

16 Related parties and group information

Transactions

Transactions with closely related parties are done at marked conditions.

Consolidated financial statements

The Company is included in the Group Annual Report of Debenhams plc.

The Consolidated Financial Statements of the Group can be obtained at www.debenhamsplc.com.

17 Fee to auditors appointed at the general meeting

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