
MEC Denmark Holding A/S

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

Annual Report for 1 January - 31 December 2016

CVR No 66 85 22 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/6 2017

Lars Petersen
Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MEC Denmark Holding A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 31 May 2017

Executive Board

Thomas Nolsøe
CEO

Board of Directors

Jonas von Bernekow Benzon
Hemmingsen
Chairman

Jens Storkfelt

Thomas Nolsøe

Independent Auditor's Report

To the Shareholder of MEC Denmark Holding A/S

Opinion

We have audited the Financial Statements of MEC Denmark Holding A/S 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. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's Report

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent Auditor's Report

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Copenhagen, 31 May 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant

Morten Jarlbo
State Authorised Public Accountant

Company Information

The Company

MEC Denmark Holding A/S
Kristen Bernikows Gade 1,4.
DK-1105 Copenhagen C

CVR No: 66 85 22 10

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Jonas von Bernekow Benzou Hemmingsen, Chairman
Jens Storkfelt
Thomas Nolsøe

Executive Board

Thomas Nolsøe

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 Copenhagen C

Management's Review

Key activities

The Entity's primary activity is to hold investments in its subsidiaries.

The Entity forms part of the WPP Group.

Development in the year

The income statement of the Company for 2016 shows a profit of TDKK 52, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 33,189.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2016 TDKK	2015 TDKK
Income from investments in subsidiaries	1	146	-1.146
Other external expenses		-148	-105
Gross profit/loss		-2	-1.251
Profit/loss before financial income and expenses		-2	-1.251
Other financial expenses		-5	-4
Profit/loss before tax		-7	-1.255
Tax on profit/loss for the year	2	59	0
Net profit/loss for the year		52	-1.255

Distribution of profit

Proposed distribution of profit

Retained earnings		52	-1.255
		52	-1.255

Balance Sheet 31 December

Assets

	Note	2016 TDKK	2015 TDKK
Investments in subsidiaries	3	34.273	34.127
Fixed asset investments		34.273	34.127
Fixed assets		34.273	34.127
Receivables from group enterprises		5.882	5.963
Other receivables		46	97
Corporation tax		34	0
Receivables		5.962	6.060
Currents assets		5.962	6.060
Assets		40.235	40.187

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Share capital		24.100	24.100
Retained earnings		9.089	9.037
Equity	4	<u>33.189</u>	<u>33.137</u>
Payables to group enterprises		7.028	7.050
Other payables		18	0
Short-term debt		<u>7.046</u>	<u>7.050</u>
Debt		<u>7.046</u>	<u>7.050</u>
Liabilities and equity		<u>40.235</u>	<u>40.187</u>
Contingent assets, liabilities and other financial obligations	5		
Related parties	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	24.100	9.037	33.137
Net profit/loss for the year	0	52	52
Equity at 31 December	24.100	9.089	33.189

Notes to the Financial Statements

	2016 <u>TDKK</u>	2015 <u>TDKK</u>
1 Income from investments in subsidiaries		
Share of profits of subsidiaries	266	-1.026
Amortisation of goodwill	<u>-120</u>	<u>-120</u>
Income of investments in the subsidiaries MEC Denmark A/S, Maxus A/S and Outrider A/S.	<u>146</u>	<u>-1.146</u>
2 Tax on profit/loss for the year		
Current tax for the year	-34	0
Adjustment of tax concerning previous years	<u>-25</u>	<u>0</u>
	<u>-59</u>	<u>0</u>
3 Investments in subsidiaries		
Cost at 1 January	44.436	36.219
Additions for the year	0	7.050
Transfers for the year	<u>0</u>	<u>1.167</u>
Cost at 31 December	<u>44.436</u>	<u>44.436</u>
Value adjustments at 1 January	-10.309	-3.573
Revaluations for the year, net	266	-1.026
Amortisation of goodwill	-120	-120
Other adjustments	<u>0</u>	<u>-5.590</u>
Value adjustments at 31 December	<u>-10.163</u>	<u>-10.309</u>
Carrying amount at 31 December	<u>34.273</u>	<u>34.127</u>

As at 31 December 2016 the goodwill in subsidiary MEC Denmark A/S has been fully amortized.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
MEC Denmark A/S	Copenhagen	A/S	100%
Outrider A/S	Copenhagen	A/S	100%
Maxus A/S	Copenhagen	A/S	100%

Notes to the Financial Statements

4 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> TDKK
Ordinary shares	1	23.500
Ordinary shares	1	500
Ordinary shares	100.000	<u>100</u>
		<u>24.100</u>

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

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has provided a guarantee of DKK 14.500 thousand in favour of the Company's banker. The guarantee is provided towards the security fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the Company's obligations in relation to owners of papers and magazines, and a specified group of Danish media owners, respectively.

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

6 Related parties

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

<u>Name</u>	<u>Place of registered office</u>
WPP Plc.	27 Farm Street, W17 5RJ, London, England

The Group Annual Report of WPP Plc., Jersey may be obtained at the following address: www.wppinvestor.com

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of MEC Denmark Holding A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of WPP Plc., the Company has not prepared consolidated financial statements.

Recognition and measurement

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Other external expenses

Other external expenses include miscellaneous corporate expenses.

Other financial expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year and amortization of goodwill.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

Balance Sheet

Investments in subsidiaries

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised positive, or negative, goodwill.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Cash pool

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

Notes to the Financial Statements

7 Accounting Policies (continued)

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Financial debts

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