EGMONT

THE EGMONT FOUNDATION

Annual Report 2013

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EGMONT

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EGMONT

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Management's review

CONSOLIDATED FINANCIAL HIGHLIGHTS	2013	2012	2011	2010	2009
Key figures (EUR million)					
Revenue	1,620.8	1,616.9	1,386.3	1,423.1	1,443.1
Profit before net financials, depreciation, amortisation and impairment (EBITDA)	191.0	186.9	150.4	166.2	152.5
Operating profit	105.7	106.1 *	87.5	82.4	65.6
Profit/(loss) on net financials	(5.6)	(4.6)	6.2	(7.0)	(1.6)
- of which profit/(loss) from investments in associates	4.6	2.1	8.3	(3.7)	(8.8)
- of which financial income and expenses, net	(10.2)	(6.7)	(2.1)	(3.3)	7.2
Special items	-	67.3	-	-	-
Profit before tax (EBT)	100.1	168.7	93.7	75.3	64.0
Net profit for the year	74.6	151.2	73.6	49.6	66.2
Balance sheet total	1,535.2	1,604.4	1,294.8	1,267.0	1,192.4
Investments in intangible assets	64.7	45.1	43.6	41.6	40.6
Investments in property, plant and equipment	27.5	37.0	18.8	23.3	19.6
Net interest-bearing debt/(net balance)	95.5	119.0	(104.7)	(76.7)	31.2
Equity	664.8	676.4	505.9	461.1	421.5
Cash generated from operations	228.8	163.4	107.4	196.9	178.3
Financial ratios (%)					
Operating margin	6.5	6.6 *	6.3	5.8	4.5
Equity ratio	43.1	42.0	38.4	35.8	34.8
Return on equity	11.0	25.4	15.2	11.0	16.2
Average number of employees	4,667	4,615	4,161	4,312	4,754

** Calculated before special items.*

The key figures and financial ratios have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts 'Recommendations and Financial Ratios 2010'. Please see the definitions and terms used in the accounting policies.

Egmont is a leading media group in the Nordic region. Our media world spans TV, films cinemas, magazines, books, interactive games and internet services.

Our vision is to be the most attractive media group for our employees and business partners as well as consumers. Creating and telling stories on all platforms is at the heart of all Egmont's activities.

Egmont has 6,600 dedicated employees and publishes media in more than 30 countries.

Since its inception in 1878 Egmont has contributed positively to society at large – as a workplace and cultural broker and through donations to charitable causes that help improve the lives of vulnerable children and young people. In 2013 donations amounting to EUR 10 million were granted for this purpose.

In 2013 Egmont acquired the shares in Oslo Kino, an acquisition that was fully recognised in Egmont's consolidated financial statements as of 1 May 2013. In November 2013 the former business areas Magazines and Kids Media were consolidated to form a new division, Egmont Publishing.

THE GROUP

Revenue

Egmont's total net revenue for 2013 amounted to EUR 1,620.8 million, the highest to date. Calculated in local currency, this corresponds to 2.9 % growth.

Earnings

Profit before net financials, depreciation and amortisation (EBITDA) amounted to EUR 191.0 million, Egmont's best performance ever. The EBITDA margin came to 11.8 % against 11.6 % in 2012.

Profit before special items and net financials amounted to EUR 105.7 million, on par with last year. Calculated in local currency, profit before special items and net financials rose by 2.8 %.

In 2012 special items of net EUR 67.3 million were recognised as income, relating to the value adjustment and impairment of TV 2, Norway (a net amount of EUR 75.3 million) and the costs of closing printing offices (EUR 8.0 million). There were no special items in 2013.

Net financials (excluding results generated by associates) amounted to EUR (10.2) million against EUR (6.7) million in 2012. The increase is due mainly to a foreign exchange loss relating to the Norwegian krone.

Accordingly, the Group recorded a pre-tax profit of EUR 100.1 million in 2013 against EUR 168.7 million in 2012. Neutralised for the effect of special items in 2012 and calculated in local currency, EBT increased by 1.6 %.

Tax on the profit for the year amounted to an expense of EUR 25.5 million, corresponding to an effective tax rate of 25.5 %.

The net profit for the year was EUR 74.6 million in 2013 versus EUR 151.2 million the year before.

Balance sheet

The balance sheet total decreased by EUR 69.2 million to EUR 1,535.2 million as a result of reduced inventories and receivables, in addition to the effect of a lower Norwegian exchange rate.

The Group's net interest-bearing debt amounted to EUR 95.5 million against EUR 119.0 million in 2012.

Egmont's equity at end-2013 amounted to EUR 664.8 million, a decrease of EUR 11.6 million compared with 2012. The decrease is largely attributable to the foreign currency translation of international units (lower Norwegian krone exchange rate).

Return on equity was 11.0 % compared with 25.4 % the year before. If the equity is adjusted for special items, the return on equity would be 14.7 % for 2012.

The equity ratio at end-2013 came to 43.1 % relative to 42.0 % the year before.

Cash generated from operations amounted to EUR 228.8 million against EUR 163.4 million in 2012. This growth is attributable to the positive development in working capital. In 2013, net cash flows to investing activities amounted to an expense of EUR 148.7 million, reflecting the effect of the acquisition of Oslo Kino (EUR 52.2 million).

TV 2, Norway

Revenue 2013: EUR 446 million (2012: EUR 445 million)
Operating profit 2013: EUR 33 million (2012: EUR 36 million)
Employees 2013: 921 (2012: 870)

TV 2 is Norway's largest commercial media house in terms of daily use, and the most important marketplace for Norwegian advertisers.

TV 2 is a leading supplier of news, sports and entertainment for TV, the internet, mobile phones and tablet devices. TV 2 is a robust player in a changing media landscape.

TV 2 creates unforgettable moments for viewers of all programme genres, for all age groups and on all media platforms.

TV 2's revenue amounted to NOK 3,473 million in 2013 against NOK 3,324 million in 2012 (calculated on a fully consolidated basis; as at 1 February 2012 Egmont acquired the remaining shares in TV 2, which is now wholly owned). Operating profit amounted to NOK 259 million, an improvement on the year before when adjusted for the positive impact on 2012 of income from previous years.

In 2013 the daily time viewers spend watching television dropped from 175 to 168 minutes in the 12+ viewing group and from 164 to 151 minutes in the 20-49-year viewing group. Daily time spent watching programmes from the TV 2 media house dropped from 46 to 43 minutes in the 12+ viewing group and from 46 to 42 minutes in the 20-49-year viewing group. TV 2's total viewing share decreased by 0.5 percentage points from 26.1 % to 25.6 % for the 12+ target group, a decline largely ascribable to the fact that Canal Digital Kabel did not distribute the niche channels to 500,000 households in the period up to 1 May 2013.

TV 2's main channel bolstered its position as the largest channel in Norway for the 20-49-year target group. The main channel commands a 19.9 % share of these viewers while NRK, the national Norwegian Broadcasting Corporation, holds 19.4 %. Taken as a whole, however, TV 2's channels attracted the same share of these viewers, 27.6 %, as NRK, which for the first time found itself having to share first place with TV 2 in this target group.

In 2013 TV 2 focused on upgrading its web services, TV 2 Sumo and tv2.no, a move that generated good results in the shape of increased traffic. tv2.no enjoyed the highest organic growth of all Norwegian media houses, with a traffic increase exceeding 20 %. The internet-based TV service TV 2 Sumo grew 40 %. In 2013 tv2.no and TV 2 Sumo showed more than 100 million videos and transmitted over 1.2 billion viewing minutes.

TV 2 (MAIN CHANNEL)

TV 2 broke new ground with its coverage of the Norwegian election in 2013, slotting its election programme immediately after its 9 o'clock news broadcast. The transmission generated the highest viewing figures ever for TV 2 election broadcasting, strongly rivalling the national state channel NRK.

TV 2 Sport is an important element of the main channel's programming, with the emphasis on major international events such as the Olympic Games, the European and world football championships, the Tour de France and handball championships. TV 2 Sport also devises new events such as the Arctic Race, an international cycle race in northern Norway first staged in summer 2013. It was a massive hit with viewers, and, in association with the Tour de France owner, ASO, TV 2 intends to develop the event into an international race featuring top cycling names.

With 1,135,000 viewers, the final of *Farmen* became the most-watched TV 2 programme in 2013 and the 9th most watched in the channel's history. The popular series filled no fewer than five of the top ten spots on the list of viewer successes in 2013.

TV 2 got off to a glowing start in 2013, in the first months capturing viewing shares surpassing those of the previous year. The second season of the reality show *Hver gang vi møtes* beat NRK's Saturday evening offerings, and *Idol* attracted many Friday viewers.

In addition to *Farmen,* both *The Voice* and *Skal vi danse* also enjoyed excellent viewer ratings in the autumn. The outstanding figures notwithstanding, TV 2 failed to repeat the previous autumn's success, as the Saturday night line-up on other channels was tough to beat.

The morning show *God Morgen Norge* has been aired daily on TV 2 since 1994. In 2013 average viewing figures rose by more than 5 %. Acknowledging the inevitable, NRK cancelled its morning broadcasts in February 2014. Also in existence since TV 2's launch, the documentary series *Dokument 2* boosted its ratings by 16.4 % in 2013. Another documentary series, *Twin Sisters,* won the audience prize at the world's largest documentary film festival in Amsterdam (IDFA). The most-viewed documentary, *Søsken til evig tid*, attracted 672,000 viewers on the day after Christmas.

TV 2 NYHETSKANALEN

TV 2 Nyhetskanalen is Norway's only 24-hour news channel and the go-to channel for breaking news. The channel has consistently increased its viewing ratings since its inception in 2007, when it commanded a share of 0.5 %. In 2013 the channel increased its share to 2.2 % (2012: 2.0 %) despite limited distribution until 1 May 2013.

TV 2 ZEBRA

TV 2 Zebra was given a graphic makeover in 2013 to emphasise its distinctive masculine profile. TV 2 Zebra held a market share of 1.9 %, representing a decline of 0.4 percentage points. The decline was attributable to a weak first quarter resulting from the lack of distribution by Canal Digital Kabel.

TV 2 BLISS

TV 2 Bliss experienced a small drop in audience share to 1.2 % in 2013, attributable partly to limited distribution until 1 May 2013. The channel broadcasts drama, docusoaps, reality programmes and films.

TV 2 FILMKANALEN

Filmkanalen airs films 18 hours a day and has maintained a relatively stable viewing percentage of 0.6 %.

TV 2 SPORT PREMIUM

All English football broadcasting is concentrated in the three TV 2 Sport Premium channels, which transmit games and feature content from the Premier League and other championships. The channels show around 450 live matches every season. TV 2 holds the key Premier League rights, initially until the end of the 2015/2016 season.

TV 2 SPORTSKANALEN

TV 2 Sportskanalen covers sporting news and live sport 24/7 and is watched by approx. 150,000 viewers daily. In 2013 TV 2 Sportskanalen became available in HD and from all distributors in Norway.

tv2.no

TV 2 continued its growth on web and mobile platforms in 2013. No other media house in Norway recorded higher organic growth on the web in 2013 than TV 2. Web platforms demonstrated 21 % growth (2012: 26 %), earning the channel a seventh place on the list of largest Norwegian websites. On mobile devices TV 2 grew by 84 % (2012: 95 %).

TV 2 SUMO

In terms of revenue TV 2 Sumo is Norway's largest internet-based TV supplier, attaining 40 % growth in 2013 to 140,000 subscribers and generating revenue of NOK 185 million in an estimated market of NOK 450 million. In 2013 Sumo invested heavily in technology that enabled adaptation to all screen sizes and apps for iPhone and iPad, among other things.

TV 2'S SUBSIDIARIES

TV 2 owns the subsidiaries OB-Team, TV 2 Torget, Vimond, Mosart Medialab and Wolftech. On 4 March 2014 TV 2 sold its stake (77.2 %) in Mosart Medialab AS. TV 2 also holds ownership shares in RiksTV (33.33 %) and Norges Televisjon (33.33 %).

Nordisk Film

Revenue 2013: EUR 370 million (2012: EUR 339 million)
Operating profit 2013: EUR 30 million (2012: EUR 18 million)
Employees 2013: 987 (2012: 820)

Nordisk Film develops, produces and markets films in the Nordic region and operates cinemas in Denmark and Norway. Nordisk Film also manages Sony's PlayStation business activities in the Nordic and Baltic countries.

Revenue rose from EUR 339 million in 2012 to EUR 370 million in 2013. Operating profit amounted to EUR 30 million in 2013 against EUR 18 million in 2012. The profit for 2013 includes a EUR 9.7 million earn-out from the sale of Nordisk Film TV in 2009.

The growth in revenue and earnings reflects Nordisk Film's expansion in Norway following the acquisition of Norway's largest cinema chain, Oslo Kino, in April 2013. The launch of the PlayStation 4 game console and a host of successful film releases also helped boost earnings.

FILM

Nordisk Film produces, co-produces and markets feature films and TV series, both as in-house productions and in association with Nordic and other international partners.

In 2013 Nordisk Film released 56 cinema titles produced either in-house or by other production companies across the Nordic region.

2013 brought an exceptionally strong range of locally produced Nordic films that achieved considerable artistic and commercial success.

Produced by Nordisk Film Production, Nils Malmros' *Sorrow and Joy* became the highpoint of the director's long career, selling 260,000 tickets and winning a Robert award. Nordisk Film Production produced Michael Noer's second feature film, *Northwest*. Viewed by over 100,000 cinema-goers, the film won a Bodil award and was also shortlisted for Denmark's Oscar entry in the 'Best Foreign Language Film' category. Nordisk Film Production also produced the animation, *The Olsen Gang in Deep Trouble,* which sold 200,000 tickets.

Nordisk Film Production co-produced Christoffer Boes' *Sex, Drugs and Taxation* in association with Alphaville Pictures Copenhagen. The film was a great success, notching up box-office sales of 330,000 tickets and earning four Robert awards.

The Norwegian epic, *Kon-Tiki*, produced by Nordisk Film Production, was a success in its home country in 2012, selling 890,000 tickets. At the start of 2013 it was nominated for a Golden Globe as well as for an Oscar in the 'Best Foreign Language Film' category. It premiered in Denmark in 2013 and performed well at the box office, selling almost 200,000 tickets.

The associate company Zentropa stood behind two of Denmark's biggest box office hits in 2013 and for the third consecutive year had a film nominated for an Oscar. Thomas Vinterberg's *The Hunt* sold 672,000 tickets, while Mikkel Nørgaard's *The Keeper of Lost Causes* sold 720,000 tickets and became the year's most seen film. Voted 'Film of the Year' at the Bodil and the Robert award ceremonies, *The Hunt* took the lion's share of awards at both – seven Bodils and four Roberts. In 2014 the film was nominated for an Oscar in the 'Best Foreign Language Film' category.

In Norway the associate film production company, Maipo, produced the animation *Flåklypa* featuring the well-loved characters Solan and Ludvig in the lead roles. The film drew 880,000 Norwegians to the cinema and was the most popular film of the year in Norway. In Denmark the Danish version, 'Jul i Bakkekøbing', sold 70,000 tickets.

Nordisk Film was the co-investor and distribution company for a number of other Nordic film successes in 2013. In Norway *Ragnarok,* produced by Fante Filme, sold almost 250,000 tickets. Other popular Norwegian-produced titles were *Pioneer,* from Friland Film, with 170,000 ticket sales, and *Mormor og de 8 Ungene* from Paradox, which sold 190,000 tickets.

In Sweden the third title in the *Easy Money* series from the Tre Vänner production company sold 256,000 tickets, while *Sune on a Road Trip* from Eyeworks sold 430,000 tickets.

In Finland the big titles were *21 Ways to Ruin a Marriage* from Dionysos Film, which sold 403,000 tickets, while *Rölli and the Quest for a Heart* sold 205,000 tickets.

Through its association with the international film company Lionsgate/Summit, Nordisk Film Distribution launched eight international titles in the four Nordic markets in 2013.

Among others, Lionsgate/Summit owns the two successful global franchises *Hunger Games* and *The Twilight Saga*. *The Hunger Games: Catching Fire,* the second title in the quadrilogy, sold over 1.5 million tickets Nordic-wide.

In 2013 the market for physical discs (DVD and BluRay) dropped by 24 %. Video-on-demand distribution is on the up. Nordisk Film is the Nordic region's largest supplier of digital films for the video-on-demand market.

2013 was the first year in which all post production work at the Nordisk Film Shortcut companies was digitalised.

CINEMAS

As part of Nordisk Film's strategy to strengthen and consolidate cinema operations, in April 2013 Nordisk Film acquired Norway's largest cinema chain, Oslo Kino AS, from the Municipality of Oslo. After acquiring Oslo Kino, Nordisk Film began the process of integrating the Danish and Norwegian cinema activities, and reorganisation programmes have been completed in both countries.

During the year Nordisk Film expanded its cinema business in Norway by adding two cinemas in Ålesund, thus bringing the total number of cinemas run by Nordisk Film in Norway to 18 at end-2013.

In Denmark Nordisk Film added yet another cinema to its chain when it acquired Scala Bio in Nykøbing Falster on 1 July 2013. During the year an agreement was also signed regarding a large multiplex in the Fields shopping centre in Ørestaden, Copenhagen, with the opening slated for spring 2015. In 2013 the cinemas in Denmark were rebranded with a view to more clearly signalling the affiliation with Nordisk Film, changing cinema names and launching new digital platforms.

In 2013 the Danish cinema market generated ticket revenue amounting to over DKK 1 billion, a drop of approx. 4 % against the record year of 2012. The Norwegian market generated ticket revenue of almost NOK 1 billion, a decline of approx. 2 % relative to the record year of 2012. On the whole, market performance was satisfactory. Nordisk Film sold 5.8 million cinema tickets in Denmark and 3.2 million in Norway, corresponding to a market share of approx. 43 % in Denmark and approx. 27 % in Norway.

The cinema commercials production of Dansk Reklame Film in Denmark and Media Direct in Norway performed well, with Dansk Reklame Film enjoying particularly significant growth. In 2013 the company introduced the interactive advertising concept Biospillet.

Venuepoint A/S – which handles event ticket sales via Billetlugen in Denmark, Billettportalen in Norway and Biljettforum in Sweden – recorded a 25 % increase in its number of transactions. Venuepoint commands a strong position in Denmark and intends to enhance its standing in Sweden and Norway to the same level.

The partly owned company, Kino.dk (74 %), runs Denmark's leading film website, handling ticket transactions that represent approximately 33 % of all ticket sales in Denmark. Nordisk Film also co-owns Filmweb (64.2 %), the Norwegian counterpart. The two digital film portals and online ticket sites generated good results.

Nordisk Film handles a total of 19 million ticket transactions annually in the Nordic region.

INTERACTIVE GAMES

Nordisk Film Interactive is the official distributor of Sony PlayStation products in the Nordic region and Baltic countries. 2013 far surpassed expectations. In November the launch of the new PlayStation 4 enjoyed resounding success, with substantial demand for the new game console. The company also managed to maintain satisfactory sales figures for PlayStation 3 throughout the year.

Hardware and software sales experienced a general decline because consumers were waiting for the new game console. Interactive increased its market share in the falling software market. Big game titles in 2013 were notably *The Last of Us,* which sold 94,000 units, and *GT6* with 62,000 units sold.

End-year figures showed that 1.8 million PlayStation 3 consoles have been sold in the Nordic region since its launch in 2006. 55,000 Nordic consumers have bought the new PlayStation 4 console since its launch in November 2013. More units could have been sold if production had kept pace with demand. PlayStation continues to command a total market share of 50 % for game consoles, software and accessories.

Egmont Publishing

Revenue 2013: EUR 660 million (2012: EUR 687 million)
Operating profit 2013: EUR 40 million (2012: EUR 55 million*)
Employees 2013: 2,140 (2012: 2,290)

In November 2013 Egmont consolidated the leading global children's publisher, Egmont Kids Media, and the most profitable magazine publisher in the Nordic countries, Egmont Magazines, to create a strong, integrated international publishing business: Egmont Publishing. Revenue generated by Egmont Publishing accounts for 40 % of Egmont's total revenue.

Egmont publishing produces over 100 weekly and monthly magazines for adults, hundreds of children's magazines as well as children's books and digital services. The division has activities in more than 30 countries and exports products to other markets worldwide.

Print publications account for 93 % of earnings. Egmont Publishing maintains a sound, sustainable core business based on a strong position in print media – magazines in particular, which make up 80 % of earnings.

Egmont Publishing is developing digitally across its companies, a dynamic that underpins its business growth, with all platforms becoming increasingly digitalised.

In 2013 Egmont Publishing recorded earnings of EUR 660 million, a decline of EUR 27 million against 2012. The division realised an operating profit of EUR 40 million against EUR 55 million the year before. The decline is chiefly attributable to the costs incurred from consolidating the businesses and to challenges in the children's media market, where loss-making units and titles were discontinued.

NORWAY

Norway is Egmont Publishing's largest market. The Norwegian part of the business recorded satisfactory profits as a result of impressive earnings in the magazine sector. Egmont Publishing publishes four of Norway's five biggest weeklies, with *Hjemmet* still topping the list.

Looking to strengthen its presence in the lifestyle segment, in 2013 the Norwegian company acquired three interior design and food magazines from a competitor, Schibsted. A privious aquisition in this segment, *Lev Landlig*, grew by 40 %, a leap that made it the year's highest ranker in terms of circulation. *Bonytt*, *Rom 123* and *Elle Decoration* also grew in 2013. After an editorial makeover, *Mann* boosted its readership by 21 %.

Commanding a market share of 96 %, Egmont Publishing is the uncontested leader in the Norwegian market for cartoons and comics. In 2013 publications such as *Pondus*, *Nemi* and *Billy* enjoyed readership growth of between 10 and 16 %.

DENMARK

Egmont Publishing is the leading magazine publisher in Denmark. Monthly and speciality magazines again performed well, while books, games and children's magazines fell short of expectations. Profit was affected by consolidation costs and impairment losses.

With a total weekly circulation of 275,000, the four weeklies, *Hjemmet*, *ALT for Damerne*, *Her & Nu* and *Hendes Verden,* remain the pivotal titles in the Danish

* Calculated exclusive of the EUR 8 million cost of closing printing offices.

portfolio. Reflecting the market trend, in 2013 Egmont's titles suffered a downturn of approx. 7 % compared with the year before. Nonetheless, efficiency-enhancing measures enabled Egmont Publishing to generate satisfactory results in both the monthly and the weekly magazine portfolios.

To further enhance quality, in 2013 Egmont Publishing invested significant sums in its magazines' editorial content. *Hendes Verden* and *BoligLiv* were relaunched, and various strong editorial supplements developed, including *Alt for Damerne Interiør* and *Sally's,* which appeal to creative readers. Egmont Publishing produces 31 titles for children, with a total circulation of 318,000 per issue. The division also commands a 70 % share of the market for children and young people (5-15 years).

Some children's publications, including *Anders And & Co,* saw reading figures climb in 2013. Total sales of *LEGO magasinet* rose to 50,000 copies. The new publication *MovieStarPlanet* set a sales record in 2013, a ground-breaking example of the fact that strong digital brands can also be transformed into profitable print products.

SWEDEN

The underlying operations of Egmont Publishing in Sweden developed satisfactorily. Although *Hemmets Journal* maintained its solid position in the Swedish market in 2013, its circulation fell more steeply than in previous years. Egmont Publishing produces more than 100 other brands, among them several market leaders such as the fashion magazine *KING*, the travel monthly *Vagabond* and the children's comics *Kalle Anka* and *Bamse*. The circulation of magazines such as *Nära* and *Praktiskt Båtägande* continued to develop favourably.

Egmont Publishing launched several new print titles, including *Allt om Rymden*, *Sportkatalogen*, *Bakat och Gott, MovieStarPlanet* and *Prinsessa Sofia*. In 2013 the Swedish company acquired *BåtNytt* and *Vi Båtägare*, thus gaining a leading position in the boating segment. Egmont Publishing expanded its digital position in several areas, with activities including the launch of two web TV formats, *Fragzone TV* and *Kings Stil Guide*.

INTERNATIONAL

The companies in the large Russian and Polish markets achieved stable results. Poland in particular reinforced its position in the market for children's magazines, acquiring, for example, new strong licences such as the WINX magazine portfolio. The Hungarian and Romanian markets were under pressure for a period, for which reason it was decided to reduce activities in these two countries. The fiction books sector in Central and Eastern Europe continues its general growth, led by developments in the Turkish market. New successful contributions from partnerships with key licence holders, such as *Violetta* from Disney and *Monsters High* from Mattel, helped maintain Egmont's position as a leading publisher in Central and Eastern Europe.

In Germany Egmont Ehapa enjoyed favourable growth and delivered sound financial results. The company's core business, comprising the *Mickey Mouse* and *Wendy* magazines and the Pocket Book business area, remained solid, while the recently published 35th volume of *Asterix* performed admirably in the market. Egmont Verlagsgesellschaften continued its positive development, recording double-digit revenue growth and immense profitability. Egmont's romance label, LYX, enjoyed another impressive year, and a number of series, headed by *Mia and Me,* helped expand the children's business area. E-book activities in Germany delivered an encore performance, with growth almost double that of the previous year and substantially higher than the market trend.

In the UK Egmont combined the strengths of Egmont Press and Egmont Publishing Group to form a strong single children's publishing unit. The launch of *Minecraft* was one of the year's successes, selling 300,000 books.

The challenges posed to the fiction market throughout the year caused sales to decline. The magazines market remained fiercely competitive, but fortified with a robust portfolio of titles, Egmont held its high ground to deliver satisfactory results.

The transition from print to digital media in the UK business includes an expanded range of e-books, but in 2013 the company also looked into enhancing reading experiences and launched the *Classic Winnie the Pooh and War Horse* apps.

The opening of a children's book publisher in South Africa towards the end of 2012 has been a success. The company sustained its growth in 2013, which included a planned expansion of the portfolio.

In China Children's Fun Publishing retained its position as a market leader in children's books and magazines. Better sales channel management and more new licences propelled business activities to a level above the market average. Coupled with organisational changes, these developments have generated highly positive results. Publishing's joint venture with The Nation Group in Thailand recorded stable results.

DIGITAL MEDIA

Norske Nettavisen (50 % ownership share) continues its satisfactory development alongside the largest websites in Norway. Klikk.no also bolstered its position in 2013 with an increasing number of partnerships regarding web traffic utilisation.

Egmont Publishing developed more apps and digital services and reinforced its first place in the parenting segment after acquiring a 51 % stake in MyKid.no, an online service for parents with preschool children.

Internet traffic on Egmont Publishing's mobile and traditional platforms has increased substantially. A website launched in Denmark and Norway for people wishing to lose weight looks promising.

Egmont's social media presence has improved considerably, and its editorial process and social media are becoming better integrated.

In 2013 the launch of two new Donald Duck apps breathed new life into cherished characters. A *My Little Pony* app launched in Europe and North America took third place in the book category in the USA and first place in many European markets. The *Pixeline/Josefine* universe continued to do well while expanding its geographic footprint. Numerous other initiatives were tested out with varying results in iOS App Store, GooglePlay and Amazon Appstore. Egmont Publishing still believes in putting a strong focus on apps for children.

As part of an e-commerce strategy, Egmont Publishing has acquired a minority stake in the Swedish-based business, Jollyroom.se/no/dk, which sells baby equipment and toys. Jollyroom has lived up to expectations and delivered strong top-line growth.

Egmont Books

Revenue 2013: EUR 137 million (2012: EUR 139 million)
Operating profit 2013: EUR 8 million (2012: EUR 7 million)
Employees 2013: 469 (2012: 470)

Egmont Books publishes fiction and non-fiction, children's books, audio books, e-books and educational media.

Egmont Books comprises Norway's leading publishing house, Cappelen Damm, and the Danish publisher Lindhardt og Ringhof. In order to create synergies, Egmont's non-Scandinavian book publishing activities have been incorporated into Egmont Publishing.

In 2013 the division generated revenue of EUR 137 million, corresponding to 1.6 % growth based on unchanged exchange rates. Operating profit rose to EUR 8 million, an increase due primarily to the profit improvement recorded by Lindhardt og Ringhof.

CAPPELEN DAMM

Cappelen Damm is Norway's largest book publisher with activities spanning general literature, education, book clubs, e-commerce and the Sentraldistribusjon distribution business. It also owns the bookstore chain Tanum, with 12 book dealers in the Oslo area as well as the Bergen and Trondheim airports. Cappelen Damm is co-owned equally by Egmont and Bonnier.

Strong publications, effective operations and efficiency-enhancing measures made 2013 a good year for Cappelen Damm, with an EBITDA margin of over 10 % despite zero growth in the market as a whole.

Cappelen Damm further strengthened its market position in 2013. The publishing house is the clear leader in the market for general literature – children's books, fiction, non-fiction and documentaries. Norwegian literary fiction and documentaries enjoyed strong growth. Norwegian literary releases included Roy Jacobsen's *De Usynlige* and Chris Tvedt's *Den blinde guden*. *I am Malala* by Malala Yousafzai was a bestseller in the documentary segment.

Cappelen Damm is also a frontrunner in the market for books for upper secondary schools and commands a strong second position in books for primary and lower secondary schools. Over the past two years it has also significantly reinforced its position as a publisher of books and electronic products for universities and the professional market.

In 2013 Cappelen Damm strengthened its online sales of physical and digital products, which grew by over 30 %.

LINDHARDT OG RINGHOF

Denmark's second-largest publisher, Lindhardt og Ringhof, publishes approx. 600 titles annually and includes the publishing companies Alinea, Akademisk Forlag and Carlsen.

As in the two preceding years, significant organisational changes were implemented in 2013, thus completing the turnaround initiated in 2011. A 38 % profit increase further reflects the positive course the company is now taking.

The literary fiction department released titles including Leif Davidsen's *Patriarkens hændelige død* and Mikael Katz Krefeld's *Afsporet*. Both became major bestsellers. The department also introduced a couple of highly successful debut authors: Hassan Preisler with *Brun Mands byrde* and Maren Uthaug with *Og sådan blev det*. Both titles were reprinted several times and nominated for a number of literary awards. The department acquired the publishing company Forlaget Per Kofod, thus adding several major writers such as Paul Auster and Siri Hustvedt to its portfolio.

The non-fiction department maintained its market lead in cookbooks, lifestyle and culture, while several prominent publications helped significantly expand its position in the history, culture and current affairs genres. Topping the bestseller lists in this segment throughout the autumn of 2013, Søren Ryge's *Naturglæde* and Charlotte Langkilde's *Bedraget* helped underpin this success.

The children's publisher, Carlsen, acquired the Apostrof publishing house, thus gaining such key brands as *Where's Wally?* and *Flunkerne*.

As in 2012 the publishing company's digital activities boomed, audio and e-books in particular.

In 2012 the educational publishers produced a wide range of new digital learning media, and added new content to already published products so they now cover more class years. Sales of digital learning media grew by 50 %. Alinea thus remained Denmark's largest supplier in the educational market as a whole in 2013.

The Charitable Activities

The Egmont Foundation is a commercial foundation. A portion of the profits generated by the media business is invested in charitable activities with special emphasis on disadvantaged children and young people. The Foundation primarily supports initiatives in Denmark, but has expanded its activities to Norway in areas where the need is greatest and where synergies can be generated between programmes in the two countries.

Since 1920 the Egmont Foundation has donated almost EUR 362 million in present value to support charitable initiatives. In 2013 the Foundation's financial support amounted to EUR 10 million, almost EUR 0.5 million of which was donated via the Nordisk Film Foundation.

In 2013 the Egmont Foundation continued supporting high-quality development projects. However, the Foundation has also influenced the wider children's and youth agenda – through knowledge-building, debate, partnerships, its signature project, and initiatives in such crucial areas as learning, divorce, poverty, illness and the death of relatives.

WHO TAKES CARE OF THE EDUCATION OF CHILDREN PLACED OUTSIDE THE HOME?

Children placed in alternative care are a good example of those children who benefit from the Foundation's support. These children are among society's most vulnerable, and education is particularly important to them, because it is their key means of combating a negative social legacy.

For this reason, as its signature project for 2013, Egmont established the *Learning for Life* organisation, earmarking EUR 5.4 million to finance an initiative to run learning camps and provide ongoing support to 1,000 children in alternative care. The goal is ambitious: to equip the children to complete a programme of youth education.

The Egmont Foundation has chosen to take on a serious social problem. However, the first-year results are promising, and the children's feedback is enthusiastic. Teaching methods that instil a desire to learn have enabled the children to improve their academic performance, and they now score above instead of below the national average in the subjects of reading, writing and arithmetic.

CHILDHOOD OF DEPRIVATION

In the past year an official poverty line was established for Denmark. According to this threshold, almost 11,000 poverty-affected children live in Denmark. However, the definition only includes poverty lasting at least three years. From a child's point of view, this can be problematic, because even brief periods of poverty can have serious implications for his or her development and well-being. The paramount issue is not parental income, but the deprivation children suffer in their everyday lives.

This is a problem the Egmont Foundation has experienced up close throughout our almost century-long existence, endeavouring to offer financial help to the most disadvantaged children and their families.

In 2013 we recast our traditional concept of 'emergency assistance' for society's most vulnerable families. In future help will be given through partnerships with social organisations in Denmark and Norway. We will use their insight into families' needs to target our help in ways that empower children and their families – in the long and short terms.

ILLNESS AND DEATH – STILL A TABOO

It made for emotional reading when, in spring 2013, the Egmont Foundation asked children and young people whose lives had been affected by illness and death how they felt and what support they had received.

They described how illness and death can isolate the family and cause loneliness in children and young people. Illness and death are still shrouded in taboo, despite the fact that one in four of us will experience serious illness or death in our immediate family before the age of 25.

The Egmont Foundation will invest EUR 8 million in the area from 2013-2016. The aim is to give children and youth access to the right form of support to allow them to have a normal childhood and adolescence, despite illness or death.

In the years ahead the Egmont Foundation will keep on investing in promoting good lives for all children and young people. The Foundation wants to ensure these children are not forgotten and that their challenges – and particularly the solutions – remain on society's agenda.

NORDISK FILM FOUNDATION 2013

An independent part of the Egmont Foundation, the Nordisk Film Foundation has been helping to develop the Danish film industry since 1992. In 2013 the Foundation donated EUR 0.5 million.

41 gifted filmmakers received a total sum of EUR 134,000 to help them study abroad, and EUR 105,000 was granted to talent training programmes, including Super16, the National Film School of Denmark and Station Next.

In 2013 film director Kasper Munk received the Nordisk Film Pris talent award, while producers Sisse Graum and Louise Vesth were awarded Ballings Rejselegat travel grant. The Ove Sprogø cultural award went to actor Mia Lyhne.

Funds amounting to EUR 177,000 to support film industry development went, among others, to the Copenhagen, Aarhus and Viborg film festivals, the TV festival and the Bodil and Robert prize awards.

The European Film College was among the institutions given support to uphold Danish film culture (digitalisation), receiving EUR 34,000, the final installment of a total grant of EUR 134,000 to renovate the Store Bjørn cinema.

In 2013 the Nordisk Film Foundation also implemented a development project rooted in the Foundation's desire to nurture and showcase future world-class creative talent and skills, and thereby promote excellence in filmmaking. To be presented in 2014, the Nordisk Film Foundation's signature Project, Isbjørnens Forfatter Camp, received EUR 32,000. In future the Nordisk Film Foundation intends to work with its own signature projects in areas requiring special attention.

Management's review

PROFIT FOR THE EGMONT FOUNDATION

The profit of the Egmont Foundation, the parent entity of the Egmont Group, excluding dividends from equity investments in subsidiaries, was EUR 2.0 million. The Foundation's Commercial Activities primarily comprise royalty income from the Foundation's publishing rights and management of the Foundation's assets.

ORGANISATION

In connection with the Annual Meeting in March 2014 Mikael Olufsen will resign from the Board of Trustees of the Egmont Foundation, having reached retirement age under the terms of the Foundation's Charter. Mikael Olufsen has been a member of the Board of Trustees of the Egmont Foundation since 1993, was Vice Chairman for two periods from 1999-2002 and 2004-2009 and has been its Chairman since 2009.

CORPORATE GOVERNANCE

Based on the most recent recommendations from the Committee on Corporate Governance, the Board of Trustees and Board of Management have updated the description of the framework for Corporate Governance at Egmont. This framework is described in full on Egmont's website (www.egmont.com).

Egmont meets the above-mentioned Corporate Governance recommendations, with the exception of recommendations that are irrelevant because the parent entity, the Egmont Foundation, is a commercial foundation.

SOCIAL RESPONSIBILITY

In January 2013 Egmont joined the UN Global Compact and thus supports its ten principles in the areas of human rights, labour, the environment and anti-corruption. The items below are a summary from our first 'Communication on Progress' to the UN, divided into three categories: People, Planet & Profit.

Pursuant to section 99a of the Danish Financial Statements Act (*Årsregnsskabsloven)* the report in its entirety replaces our statutory reporting on social responsibility. The entire report can be downloaded at: www.egmont.com/csrcom2013

PEOPLE

Egmont supports the principles regarding human and labour rights and has formulated internal and external policies to underpin them. In 2013 we sustained our strong focus on providing healthy, safe workplaces, which resulted in an extremely high satisfaction score among our employees.

Policy for the underrepresented gender

Egmont's Board of Trustees adopted a policy for the underrepresented gender to further support equal opportunities for women and men. In 2013 approx. 47 % of all managers at Egmont were women. In the Danish organisation, 40 % of all managers were women.

Ethical supply chain management

In 2013 Egmont continued its control of third-party compliance with its policies via social audits conducted at the suppliers' premises, either by accredited auditing companies or by internal Egmont auditors. The audit evaluations are based on Egmont's Code of Conduct and form the basis for supplier approvals. Egmont follows up on audit results to ensure improvements are implemented within a specified timeframe.

PLANET

Environmental and climate policy

Egmont's Code of Conduct states that Egmont companies and suppliers must comply with all applicable environmental laws and regulations. This is part of Egmont's ethical supply chain management programme.

In 2013 several Egmont companies made efforts to reduce their energy consumption and thus their carbon emissions.

The goal for 2014 is to introduce a more specific environmental and climate policy that sets standards for how we can monitor and minimise our environmental and climate footprint.

Sustainable paper initiative – PREPS

Egmont works continuously to create positive change in the supply chain of one of our core raw materials: the paper used to produce our books. In 2013 we continued the work of analysing paper brands, initiated in 2012. The analysis showed that Egmont companies use 140 different brands of paper. The goal for the coming year is to increase the share of high-grade paper. To this end, training in high-grade paper purchasing will be conducted across the Group in 2014.

PROFIT

Policy on anti-corruption and bribery

In 2013 Egmont introduced an anti-corruption and bribery policy applying to all Egmont companies.

The policy has been integrated into Egmont's Code of Conduct and communicated to all major business partners and suppliers. The policy has also been communicated to all Egmont's employees and managers through a mandatory e-learning programme.

Whistleblowing policy

A whistleblowing system was introduced as part of the e-learning programme about corruption and bribery. The system is an encrypted website via which employees and other stakeholders can report their suspicion of misconduct among Egmont's employees or managers.

SPECIAL RISKS

Part of the Group's business is based on stable, long-standing relations with some of the world's leading rights holders. Egmont's strength and geographic breadth underpin its constant efforts to sustain and expand these partnerships.

Furthermore, by virtue of its activities the Group is exposed to various financial risks. Please refer to note 25, Financial risks and financial instruments.

OUTLOOK FOR 2014

Egmont will carry on developing media platforms, continuously adapting its media products to changing consumer needs, profitability programmes and efficiency-enhancing measures. The greatest uncertainty is associated with advertising revenue, which is sensitive to economic fluctuations, and with the development in weekly and monthly magazine circulation.

Statement by the Board of Trustees and Management Board

The Board of Trustees and Management Board have today discussed and approved the annual report of the Egmont Foundation for the financial year 1 January - 31 December 2013.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU, and additional Danish disclosure requirements according to the Danish Financial Statements Act. The financial statements of the Egmont Foundation have been prepared in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

In our opinion, the consolidated financial statements and the Foundation's financial statements give a true and fair view of the Group's and the Foundation's assets, liabilities, and financial position at 31 December 2013, and of the results of the Group's and the Foundation's operations and the consolidated cash flows for the financial year 1 January - 31 December 2013.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Group's and the Foundation's activities and financial matters, the net profit of the year and the Group's and the Foundation's financial position.

Copenhagen, 17 March 2014

MANAGEMENT BOARD:

Steffen Kragh
President and CEO

Hans J. Carstensen

BOARD OF TRUSTEES:

Mikael Olufsen
Chairman

Steen Riisgaard
Vice Chairman

Ulrik Bülow

Peder Høgild

Lars-Johan Jarnheimer

Anna von Lowzow

Jeppe Skadhauge

Torben Ballegaard Sørensen

Marianne Oehlenschlæger

Independent Auditor's Report

TO THE BOARD OF TRUSTEES OF THE EGMONT FOUNDATION

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FOUNDATION'S FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the Foundation's financial statements for the financial year 1 January – 31 December 2013. The consolidated financial statements and the Foundation's financial statements comprise the income statement, balance sheet and notes, including accounting policies for both the Group and the Foundation, as well as the statement of comprehensive income, statement of changes in equity and cash flow statement for the Group.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards, as adopted by the EU, and additional disclosure requirements according to the Danish Financial Statements Act. The Foundation's financial statements are prepared in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FOUNDATION'S FINANCIAL STATEMENTS

The Management is responsible for the preparation of consolidated financial statements and financial statements for the Foundation that give a true and fair view in accordance with the International Financial Reporting Standards, as adopted by the EU, and additional disclosure requirements according to the Danish Financial Statements Act (the consolidated financial statements), as well as the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter (the Foundation's financial statements).

Moreover, the Management is responsible for the internal control considered necessary by them to prepare consolidated financial statements and financial statements for the Foundation that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

Our audit has not resulted in any qualification.

OPINION

In our opinion, the consolidated financial statements and the Foundation's financial statements give a true and fair view of the Group's and the Foundation's financial position at 31 December 2013, and of the results of the Group's and the Foundation's operations and the consolidated cash flows for the financial year 1 January - 31 December 2013 in accordance with the International Financial Reporting Standards, as adopted by the EU, and additional disclosure requirements according to the Danish Financial Statements Act in respect of the consolidated financial statements, and in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter in respect of the Foundation's financial statements.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the Foundation's financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the Foundation's financial statements.

Copenhagen, 17 March 2014

KPMG
Statsautoriseret Revisionspartnerselskab

Jesper Ridder Olsen
State-Authorised Public Accountant

Income Statement of the Group

(EURk)

Note		2013	2012
2	**Revenue**	**1,620,797**	**1,616,880**
	Change in inventories of finished goods and work in progress	2,732	(309)
3	Other operating income	20,100	12,645
	Raw materials and consumables	(32,048)	(43,786)
	Other external expenses	(1,025,209)	(1,009,092)
4	Personnel costs	(391,252)	(385,182)
5	Depreciation, amortisation and impairment losses; property plant and equipment and intangible assets	(85,332)	(80,759)
	Other operating expenses	(4,090)	(4,270)
	Operating profit before special items and net financials	**105,698**	**106,127**
6	Special items	-	67,267
13	Profit/(loss) after tax from investments in associates	4,633	2,081
7	Financial income	6,510	11,733
8	Financial expenses	(16,697)	(18,463)
	Profit before tax	**100,144**	**168,745**
9	Tax on profit for the year	(25,498)	(17,561)
	Net profit for the year	**74,646**	**151,184**
	Net profit for the year attributable to:		
	The Foundation	73,670	148,386
	Non-controlling interests	976	2,798
	Total	**74,646**	**151,184**

Statement of Comprehensive Income of the Group

(EURk)

Note		2013	2012
	Net profit for the year	**74,646**	**151,184**
	Items that will not be reclassified to profit or loss:		
19	Actuarial gains/(losses) on defined benefit pension plans	(17,964)	38,852
	Tax on items that will not be reclassified to profit or loss	4,850	(10,879)
		(13,114)	**27,973**
	Items that may subsequently be reclassified to profit or loss:		
	Foreign exchange adjustments on translation to presentation currency	3,048	(2,842)
	Foreign exchange adjustments on translation of foreign entities	(73,062)	15,396
	Value adjustment of hedging instruments:		
	Value adjustments for the year	8,427	(10,953)
	Value adjustments transferred to financial expenses	2,212	5,121
	Tax on items that may subsequently be reclassified to profit or loss	(2,441)	379
		(61,816)	**7,101**
	Other comprehensive income after tax	**(74,930)**	**35,074**
	Total comprehensive income	**(284)**	**186,258**
	Total comprehensive income attributable to:		
	The Foundation	(920)	183,231
	Non-controlling interests	636	3,027
	Total	**(284)**	**186,258**

Balance Sheet of the Group at 31 december

(EURk)

Note	Assets	2013	2012
	Film rights, etc.	57,071	54,119
	In-house produced film rights	12,492	5,686
	Goodwill	284,162	264,546
	Trademarks	191,341	219,846
	Intangible assets in progress and prepayments for film rights	20,121	21,822
10	**Intangible assets**	**565,187**	**566,019**
	Land and buildings	169,965	172,978
	Plant and machinery	33,095	36,555
	Tools and equipment	23,864	22,684
	Leasehold improvements	9,228	5,877
	Property, plant and equipment under construction	1,435	2,876
11	**Property, plant and equipment**	**237,587**	**240,970**
12	**Investment properties**	**30,830**	**30,829**
13	Investments in associates	37,666	31,397
	Other investments	4,178	4,016
	Receivables from associates	16,587	22,349
20	Deferred tax	8,243	6,889
	Other non-current assets	**66,674**	**64,651**
	Total non-current assets	**900,278**	**902,469**
14	**Inventories**	**137,719**	**163,772**
25	Trade receivables	221,507	254,726
	Receivables from associates	966	3,698
	Other receivables	92,938	84,565
15	Prepayments	87,342	105,576
	Receivables	**402,753**	**448,565**
16	**Securities**	**45,744**	**48,084**
17	**Cash and cash equivalents**	**48,691**	**41,528**
	Total current assets	**634,907**	**701,949**
	TOTAL ASSETS	1,535,185	1,604,418

Balance Sheet of the Group at 31 december (continued)

Note	Equity and liabilities	2013	2012
	Capital fund	29,489	29,489
	Other reserves	(73,144)	(11,659)
	Transferred comprehensive income	705,300	655,370
	Foundation's share of equity	**661,645**	**673,200**
	Non-controlling interests	3,194	3,205
18	**Equity**	**664,839**	**676,405**
19	Pension obligations and similar obligations	60,409	47,307
20	Deferred tax	50,933	52,667
21	Other provisions	2,243	4,604
25	Mortgage debt	111,191	112,216
25	Other credit institutions	64,039	74,025
	Other financial liabilities	23,821	26,487
	Deferred income	6,305	1,622
	Non-current liabilities	**318,941**	**318,928**
25	Other credit institutions	6,803	11,716
	Prepayments from customers	49,326	56,510
	Trade payables	207,060	241,979
	Payables to associates	55	81
	Corporate income tax	7,961	6,058
	Other payables	184,976	201,662
21	Other provisions	66,804	66,599
	Deferred income	28,420	24,480
	Current liabilities	**551,405**	**609,085**
	Total liabilities	**870,346**	**928,013**
	TOTAL EQUITY AND LIABILITIES	**1,535,185**	**1,604,418**

Cash Flow Statement of the Group

(EURk)

Note		2013	2012
	Operating profit before special items and net financials	105,698	106,127
	Adjustment for non-cash operating items, etc.:		
5	Depreciation, amortisation and impairment losses	85,332	80,759
	Other non-cash operating items, net	(747)	(14,113)
	Provisions and deferred income	10,241	22,454
	Cash generated from operations before change in working capital	**200,524**	**195,227**
	Change in inventories	12,895	26,524
	Change in receivables	26,691	(60,184)
	Change in trade payables and other payables	(11,295)	1,852
	Change in working capital	**28,291**	**(31,808)**
	Cash generated from operations	**228,815**	**163,419**
	Interest received	5,206	7,031
	Interest paid	(13,157)	(17,680)
	Corporate income tax paid	(15,343)	(25,419)
	Cash flows from operating activities	**205,521**	**127,351**
	Acquisition of intangible assets	(64,658)	(45,131)
	Acquisition of property, plant and equipment	(27,485)	(36,982)
	Disposal of property, plant and equipment	1,729	18,195
	Acquisition of financial assets	(6,163)	(229)
	Disposal of financial assets	0	269
	Disposal of securities	1,366	137,746
29	Acquisition of subsidiaries and jointly controlled entities	(54,127)	(288,305)
	Disposal of subsidiaries and jointly controlled entities	638	4,324
	Cash flows from investing activities	**(148,700)**	**(210,113)**
	Repayments to credit institutions, etc.	(21,178)	(24,774)
	Dividends to non-controlling shareholders	(913)	(3,185)
	Donations	(10,393)	(8,454)
	Cash flows from financing activities	**(32,484)**	**(36,413)**
	Net cash flows from operating, investing and financing activities	**24,337**	**(119,175)**
	Cash and cash equivalents at 1 January	35,444	145,811
	Foreign exchange adjustment of cash and cash equivalents	(15,653)	8,808
17	**Cash and cash equivalents at 31 December**	**44,128**	**35,444**

The cash flow statement cannot be derived directly from the balance sheet and income statement.

Statement of Changes in Equity of the Group

(EURk)

	Capital fund	Reserve for hedging transactions	Reserve for foreign exchange adjustments	Transferred compre-hensive income	Non-controlling interests	Total equity
Equity at 1 January 2013	**29,489**	**(25,935)**	**14,276**	**655,370**	**3,205**	**676,405**
Net profit for the year	**0**	**0**	**0**	**73,670**	**976**	**74,646**
Foreign exchange adjustments on translation to presentation currency	0	3,039	0	9	0	3,048
Foreign exchange adjustments on translation of foreign entities	0	0	(72,722)	0	(340)	(73,062)
Value adjustments of hedging instruments:						
Value adjustments for the year	0	8,427	0	0	0	8,427
Value adjustments transferred to financial expenses	0	2,212	0	0	0	2,212
Actuarial gains/(losses) on defined benefit pension plans	0	0	0	(17,964)	0	(17,964)
Tax on other comprehensive income	0	(2,441)	0	4,850	0	2,409
Other comprehensive income	**0**	**11,237**	**(72,722)**	**(13,105)**	**(340)**	**(74,930)**
Total comprehensive income in 2013	**0**	**11,237**	**(72,722)**	**60,565**	**636**	**(284)**
Used for charitable purposes and associated costs	0	0	0	(10,393)	0	(10,393)
Acquisition/disposal, non-controlling interests	0	0	0	0	266	266
Dividends, non-controlling interests	0	0	0	0	(913)	(913)
Other capital items	0	0	0	(242)	0	(242)
Equity at 31 December 2013	**29,489**	**(14,698)**	**(58,446)**	**705,300**	**3,194**	**664,839**

Statement of Changes in Equity of the Group (continued)

	Capital fund	Reserve for hedging transactions	Reserve for foreign exchange adjustments	Transferred compre-hensive income	Non-controlling interests	Total equity
Equity at 1 January 2012	**29,593**	**(19,485)**	**(863)**	**487,793**	**8,848**	**505,886**
Net profit for the year	**0**	**0**	**0**	**148,386**	**2,798**	**151,184**
Foreign exchange adjustments on translation to presentation currency	(104)	(997)	3	(1,713)	(31)	(2,842)
Foreign exchange adjustments on translation of foreign entities	0	0	15,136	0	260	15,396
Value adjustments of hedging instruments:						
Value adjustments for the year	0	(10,953)	0	0	0	(10,953)
Value adjustments transferred to financial expenses	0	5,121	0	0	0	5,121
Actuarial gains/(losses) on defined benefit pension plans	0	0	0	38,852	0	38,852
Tax on other comprehensive income	0	379	0	(10,879)	0	(10,500)
Other comprehensive income	**(104)**	**(6,450)**	**15,139**	**26,260**	**229**	**35,074**
Total comprehensive income in 2012	**(104)**	**(6,450)**	**15,139**	**174,646**	**3,027**	**186,258**
Used for charitable purposes and associated costs	0	0	0	(8,454)	0	(8,454)
Acquisition/disposal, non-controlling interests	0	0	0	0	(5,485)	(5,485)
Dividends, non-controlling interests	0	0	0	0	(3,185)	(3,185)
Other capital items	0	0	0	1,385	0	1,385
Equity at 31 December 2012	**29,489**	**(25,935)**	**14,276**	**655,370**	**3,205**	**676,405**

List of Notes to the Consolidated Financial Statements

NOTE

1 Accounting policies

The Egmont Foundation is a commercial foundation domiciled in Denmark. The annual report of the Egmont Foundation for 2012 comprises both the consolidated financial statements of the Egmont Foundation and its subsidiaries (the Group) and the separate financial statements of the Egmont Foundation.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and additional Danish disclosure requirements for annual reports.

Egmont have implemented the standards and interpretations that are effective for the financial year of 2013, of wich amendments of IAS 1 and IAS 19R and IFRS 13 are relevant for the Group. Further, the Group have prematurely implemented the amendments to IAS 36. Apart from the amendments of IAS 19 regarding pension liabilities, which had only a marginal impact, no other changes have affected the Group's recognition and measurement of financial items. As a result of the implemented standards and interpretations have only affected the balance sheet at 1 January 2012 marginally, a third balance is not presented.

The Egmont Foundation's separate financial statements have been prepared in accordance with the Danish Financial Statements Act.

BASIS OF PREPARATION

The Egmont Foundation's functional currency is Danish kroner (DKK). The consolidated financial statements are presented in euro (EUR), rounded to the nearest thousand (EURk).

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value: derivative financial instruments, securities and investment properties.

The accounting policies set out below have been applied consistently to the financial year and to the comparative figures.

Use of estimates and judgements

Judgements, estimates and assumptions have to be made about future events when determining the carrying amount of certain assets and liabilities. The estimates and assumptions made are based on historical experience and other factors that the Group deems appropriate in the circumstances, but which are uncertain and unpredictable by nature. Therefore, the actual results may deviate from such estimates. Consequently, previous estimates may have to be changed as a result of changes in the circumstances forming the basis of such estimates, or because of subsequent events or the emergence of new information.

Information about the most significant accounting estimates is included in the following notes: note 10 Intangible assets, note 14 Inventories, note 19 Pension obligations and similar obligations, note 20 Deferred tax, note 21 Other provisions and note 29 Acquisition of businesses.

Consolidated financial statements

The consolidated financial statements comprise the Egmont Foundation and subsidiaries in which the Egmont Foundation has control of financial and operating policies in order to obtain returns or other benefits from its activities. Control is obtained when the Group holds more than 50 % of the voting rights, whether directly or indirectly, or otherwise has a controlling interest in the relevant entity.

Entities in which the Group has significant influence, but not a controlling interest, are considered associates.

1 Accounting policies (continued)

Significant influence is typically obtained when the Group, directly or indirectly, owns or holds more than 20 % of the voting rights, but less than 50 %.

When assessing whether the Egmont Foundation exercises control or significant influence, the potential voting rights that are exercisable at the end of the reporting period are taken into account.

In the consolidated financial statements jointly controlled entities are included according to the pro-rata method. The pro-rata method means that the proportionate share of the entities' items in the financial statements is included in the corresponding items in the consolidated financial statements.

The consolidated financial statements have been prepared by consolidating the Egmont Foundation's and the individual subsidiaries' financial statements, prepared in accordance with the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on transactions between the consolidated entities are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the associate. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place. Transactions with pro-rata consolidated entities are eliminated proportionally.

In the consolidated financial statements, the items of subsidiaries are recognised in full. The non-controlling interests' shares of the profit for the year, comprehensive income and of the equity of subsidiaries not wholly owned are included in the Group's net profit for the year, comprehensive income and equity, respectively, but are disclosed separately.

Business combinations

Businesses acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Businesses disposed of or wound up are recognised in the consolidated financial statements until the date of disposal or winding-up. The comparative figures are not restated for newly acquired businesses. Discontinued operations are disclosed separately; see below.

The acquisition method is used for acquisitions of new businesses over which the Egmont Foundation obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations made is recognised.

The acquisition date is the date when the Egmont Foundation effectively obtains control of the acquired business.

When the business combination is effected in stages, where either control, joint control or significant influence is obtained, the existing equity interest is remeasured at fair value and the difference between the fair value and carrying amount is recognised in the income statement. The additional equity investments acquired are recognised at fair value in the balance sheet.

Any excess (goodwill) of the consideration transferred, the value of non-controlling interests in the acquired entity and the fair value of any existing equity interest over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested for impairment at least annually. The first impairment test is performed before the end of the year of acquisition. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency of the Egmont Foundation are treated as assets and liabilities belonging to the foreign entity and upon initial recognition translated into the foreign entity's functional currency at the exchange rate

1 Accounting policies (continued)

at the transaction date. Negative differences (negative goodwill) are recognised in profit for the year at the acquisition date.

The consideration transferred for an acquired business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, this part of the consideration is recognised at fair value at the date of acquisition. Costs attributable to business combinations are expensed as incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it subsequently becomes apparent that the identification or measurement of the transferred consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the determination is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and the comparative figures are restated. Subsequently, goodwill is not adjusted. Changes to estimates of contingent considerations are recognised in the income statement.

The acquisition of further non-controlling interests after obtaining control is considered an owner's transaction, and the difference between acquisition cost and the share of such non-controlling interests acquired is recognised directly in equity.

Gains or losses on the disposal or winding-up of subsidiaries, jointly controlled entities and associates are stated as the difference between the selling price or the disposal consideration and the carrying amount of net assets, including goodwill, at the date of disposal, less the cost of disposal. If the disposal of either control, joint control or significant influence takes place in stages, the retained equity investment is measured at fair value, and the difference between the fair value and carrying amount is recognised in the income statement.

Non-controlling interests
On initial recognition, non-controlling interests are measured at the fair value of the ownership share or at the proportionate share of the fair value of the acquired business' identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the non-controlling interests' ownership share of the acquired business is thus recognised, while, in the latter scenario, goodwill in relation to the non-controlling interests is not recognised. The measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired businesses.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting entity operates. Transactions denominated in currencies other than the functional currency are considered foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates 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.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at 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.

In the consolidated financial statements, the income statements of entities with another functional currency than the presentation currency (EUR) are translated at the exchange rates at the transaction date, and the

1 Accounting policies (continued)

balance sheet items are translated at the exchange rates at the end of the reporting period. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such foreign entities at the exchange rates at the end of the reporting period and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised directly in other comprehensive income and presented in equity under a separate translation reserve. The exchange rate adjustment is allocated between the equities of the Foundation and the non-controlling interests.

Foreign exchange adjustments of intra-group balances which are considered part of the total net investment in foreign entities with another functional currency than the presentation currency (EUR) are recognised in other comprehensive income and presented in equity under a separate translation reserve.

On recognition in the consolidated financial statements of associates with another functional currency than the presentation currency (EUR), the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the end of the reporting period, are recognised in other comprehensive income and presented in equity under a separate translation reserve.

On disposal of wholly-owned foreign entities with another functional currency than the presentation currency (EUR), the exchange rate adjustments that have been recognised in other comprehensive income and are attributable to the entity are reclassified from other comprehensive income to the income statement together with any gains or losses from the disposal.

On disposal of partially owned foreign subsidiaries with another functional currency than the presentation currency (EUR), the amount of the translation reserve attributable to non-controlling interests is not transferred to the income statement.

On partial disposal of foreign subsidiaries with another functional currency than the presentation currency (EUR) without a loss of control, a proportionate share of the translation reserve is transferred from the Group to the non-controlling interests' share of equity.

On partial disposal of associates and jointly controlled entities, the proportionate share of the accumulated translation reserve recognised in other comprehensive income is transferred to the income statement for the year together with any gains or losses from the disposal.

Any repayment of intra-group balances which constitute part of the net investment in the foreign entity is not considered a partial disposal of that subsidiary.

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and a set-off of positive and negative values is only made when the entity has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability

1 Accounting policies (continued)

as far as the hedged portion is concerned. Hedging of future cash flows according to agreement (firm commitment), except for foreign currency hedges, is treated as a fair value hedge. The portion of the value adjustment of a derivative financial instrument that is not included in a hedge is recognised under financial items.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in future cash flows are recognised in other comprehensive income in equity under a separate hedging reserve until the hedged cash flows affect the income statement. At that time, any gains or losses resulting from such hedged transactions are transferred to other comprehensive income and recognised under the same item as the hedged item.

If the hedging instrument no longer qualifies for hedge accounting, the hedge will cease to be effective. The accumulated change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows affect the income statement. If the hedged cash flows are no longer expected to be realised, the accumulated change in value will be transferred to the income statement immediately. The portion of a derivative financial instrument not included in a hedge is recognised under financial items.

For derivative financial instruments that do not qualify for treatment as hedging instruments, changes in fair value are recognised on an ongoing basis in the income statement under financial items.

INCOME STATEMENT

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Magazine subscriptions are accrued and recognised over the period in which the items are dispatched (issued).

If, based on past experience or otherwise, the Group can make a reliable estimate of the amount of goods that will be returned, a provision for the goods estimated to be returned will be recognised. When there is uncertainty about the possibility of return, revenue is not recognised until the goods have been delivered and the time period for return has elapsed.

Advertising income is recognised on the delivery date, typically when issued or broadcasted.

Revenue from the sale of film broadcasting rights is recognised at the time when the film becomes accessible to the customer (availability date).

Royalties received are accrued and recognised as income in accordance with the concluded agreement.

Rental income is accrued and recognised as income on a straight-line basis over the lease term in accordance with the concluded agreement.

Barter agreements where the services exchanged are dissimilar are recognised at fair value and accrued as the services are performed or over the period specified in the concluded agreement. Fair value is measured at the value of either the delivered or the received services, depending on which services can be measured reliably.

1 Accounting policies (continued)

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts granted are recognised as a reduction of revenue.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the entities, including gains and losses on the disposal of businesses, which are not continuing operations, intangible assets and property, plant and equipment, as well as continuing value adjustments of investment properties at fair value. Gains and losses on the disposal of entities, intangible assets and property, plant and equipment are determined as the selling price less disposal costs and the carrying amount at the date of disposal.

Government grants

Government grants comprise film and ticket subsidies for in-house produced films. Grants are recognised when there is reasonable assurance that they will be received. Film subsidies for in-house produced films recognised in the balance sheet are offset against the cost of in-house produced films. Ticket subsidies are recognised in the income statement under other operating income.

Special items

Special items include significant income and costs that are not directly attributable to the ordinary operating activities of the Group, such as restructuring costs relating to fundamental structural and procedural reorganisations. Special items also includes other significant non-recurring items, including gains and losses on the disposal of significant activities, revaluation of the shareholding in an entity acquired by a step acquisition and impairment of goodwill.

These items are shown separately in order to give a more true and fair view of the Group's primary activities.

Share of result from investments in associates

The proportionate share of the associates' results after tax and non-controlling interests and after elimination of the proportionate share of intra-group gains/losses is recognised in the consolidated income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including finance lease commitments. Furthermore, changes in the fair value of derivative financial instruments which are not designated as hedging instruments as well as the ineffective portion of the hedges are also included.

Borrowing costs relating to general borrowing or loans directly relating to the acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Tax for the year

Tax for the year, which comprises current tax and changes in deferred tax for the year, is recognised in the income statement, in other comprehensive income or directly in equity.

BALANCE SHEET

Film rights, etc.

Film rights comprise film, DVD and TV rights. Film rights are recognised as an intangible asset at the time when control over the asset is transferred. Prepayments for film rights are recognised in the balance sheet as prepaid intangible assets, and when control is gained over the assets, the prepayments are reclassified to film rights.

Film rights are measured at cost. For purchases, the cost is allocated proportionally to the cinema, DVD and TV media, as well as to markets.

Film rights are amortised according to a revenue-based method over the period during which they are expected to generate income on the respective market and in the respective media.

1 Accounting policies (continued)

Other intellectual property rights with a limited useful life, such as domain names and magazine titles, are measured at cost on initial recognition and amortised on a straight-line basis over the useful life (typically 5 to 10 years).

In-house produced film rights

In-house produced film rights are measured at cost, which includes indirect production costs, less grants received, accumulated amortisation and impairment, or at the recoverable amount where this is lower.

In-house produced film rights are amortised according to a revenue-based method over the period during which they are expected to generate income.

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under 'Business combinations'. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The identification of cash-generating units is based on the management structure and internal financial control.

Trademarks

Acquired intellectual property rights, including trademarks acquired in business combinations, are measured at cost on initial recognition. Trademarks with an indefinite useful life are not amortised but are tested for impairment at least once annually.

Property, plant and equipment

Land and buildings, plant and machinery, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment.

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

Subsequent costs, e.g. in connection with replacing components of property, plant and equipment, are recognised in the carrying amount of the relevant asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

The cost of assets held under finance leases is recognised at the lower of the fair value of the assets and the present value of future minimum lease payments. In the calculation of present value, the interest rate implicit in the lease or the Group's incremental borrowing rate is used as the discount rate.

When individual components of an item of property, plant and equipment have different useful lives, the cost of such individual components is accounted for and depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives, based on the following estimates of the useful lives of the assets:

Corporate properties (head offices)	25, 50 years
Properties used for operational purposes	25 years
Installations and conversions *(the useful life depends on the nature of conversion)*	10, 15, 25 years
Plant and machinery	3 - 15 years
Tools and equipment	3 - 5 years
Leasehold improvements	5 - 10 years

Land is not depreciated.

Depreciation is made on the basis of the asset's residual value less any impairment losses. The residual value and useful life of the assets are reassessed every year. If the residual value exceeds the carrying amount, depreciation is discontinued.

In case of changes in the useful life or the residual value, the effect on depreciation is recognised prospectively as a change in accounting estimates.

1 Accounting policies (continued)

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under other operating income or other operating costs, respectively.

Investment properties

Properties are classified as investment properties when they are held for the purpose of obtaining rental income and/or capital gains. On initial recognition, investment properties are measured at cost, consisting of the acquisition cost of the property and any costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in the fair value are recognised in the income statement as a value adjustment of investment properties under other operating income/costs in the financial year in which the change occurs.

Realised gains and losses on the disposal of investment properties are determined as the difference between the carrying amount and the selling price and are also recognised in the item 'value adjustment of investment properties" under other operating income/costs.

Investments in associates

Investments in associates are recognised in the consolidated financial statements according to the equity method, which means that the investments are measured in the balance sheet at the proportionate share of the associates' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group gains and losses and plus any excess values on acquisition, including goodwill. Investments in associates are tested for impairment when impairment indicators are identified.

Investments in associates with negative equity are measured at EUR 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the associate, such deficit is recognised under liabilities.

Receivables from associates are measured at amortised cost less any impairment loses.

On the acquisition of investments in associates, the acquisition method is used; see the description of business combinations.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year. Likewise, development projects in process are subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated. If the carrying amount exceeds the recoverable amount, it is written down to the recoverable amount via the income statement. As a main rule, the recoverable amount is calculated as the present value of expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill has been allocated.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for impairment indicators. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected disposal costs and its value in use. Value in use is the present value of future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

1 Accounting policies (continued)

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent that changes in the assumptions and estimates underlying the impairment calculation have occurred. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Inventories
Inventories are measured at the lower of cost according to the FIFO method and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries as well as maintenance and depreciation of production machinery and equipment as well as administration and management costs.

The cost of acquired TV programmes are recognised as inventory at the time when the right to broadcast the TV programme begins. The cost of a TV programme is amortised proportionally over the period the TV programme is broadcast.

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

Receivables
Receivables are measured at fair value on initial recognition and are subsequently measured at amortised cost less any impairment. The Group considers evidence of impairment both on an individual level and on a group level where considered relevant.

Prepayments
Prepayments, such as prepaid royalty, prepaid authors' fees and prepaid TV programmes and sports broadcasting rights, which are recognised under assets, comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost.

Securities
Securities consist mainly of listed bonds that are held for investment of excess liquidity and managed in accordance with a documented investment strategy. Securities are measured initially at the listed price at the trade date and subsequently at the listed price at the end of the reporting period using the fair value option. Value adjustments are recognised directly in the income statement.

Pension obligations and similar non-current liabilities
The Group has entered into pension plans and similar arrangements with the majority of the Group's employees.

Obligations relating to defined contribution plans where the Group regularly pays fixed pension contributions to independent pension funds are recognised in the income statement in the period during which employees earn entitlement to them, and any contributions outstanding are recognised in the balance sheet under other payables.

1 Accounting policies (continued)

For defined benefit plans, an actuarial calculation (the Projected Unit Credit method) is performed annually of the present value of future benefits payable under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and life expectancy. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pension obligations.

If a pension plan constitutes a net asset, the asset is only recognised if it represents future refunds from the plan or will lead to reduced future payments to the plan.

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial assumptions at the beginning of the year. Any difference between the thus calculated development in pension plan assets and liabilities and the realised amounts determined at year-end is termed an actuarial gain or loss and is recognised in other comprehensive income.

Non-current employee benefits are recognised at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Current tax payable/receivable and deferred taxes
Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either result for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are set off if the entity has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities at the same time.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to be realised as current tax. Changes in deferred tax due to changed tax rates are recognised in the comprehensive income for the year.

Other provisions
Other provisions primarily consist of provisions for goods sold with a right of return, where, based on past experience or otherwise, the Group can make a reliable estimate of the amount of goods that will be returned as well as expected restructuring costs, etc.

1 Accounting policies (continued)

Provisions are recognised when the Group incurs a legal or constructive obligation due to an event occurring before or at the end of the reporting period, and meeting the obligation is likely to result in an outflow of economic benefits.

Provisions are measured at the best estimate of the expenses required to settle the obligation.

When provisions are measured, the costs required to settle the obligation are discounted provided that such discounting would have a material effect on the measurement of the liability. A pre-tax discount rate is used that reflects the current market interest rate level plus risks specific to the liability. Changes in the discount element during the financial year are recognised in the income statement under financial expenses.

Warranty provisions are recognised as the underlying goods are sold based on historical warranty costs experience in previous financial years.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan has been announced to the employees affected no later than at the end of the reporting period. On acquisition of businesses, provisions for restructuring in the acquiree are only included in goodwill when, at the acquisition date, the acquiree had an existing liability for restructuring.

A provision for onerous contracts is recognised when the expected benefits to be obtained by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

Financial and non-financial liabilities

Financial liabilities are recognised as at the date of borrowing as the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, such that the difference between the proceeds and the nominal value is recognised under financial expenses in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease commitment under finance leases, which is measured at amortised cost. Other liabilities are measured at net realisable value.

Deferred income

Deferred income, including the sale of film broadcasting rights, is measured at amortised cost.

CASH FLOW STATEMENT

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year’s changes in cash and cash equivalents as well as the Group’s cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of businesses is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition, and cash flows from disposals of businesses are recognised until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit for the year before net financials, adjusted for non-cash

1 Accounting policies (continued)

operating items, changes in working capital and corporate income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and disposal of businesses and activities and the acquisition and disposal of intangible assets, property, plant and equipment and other non-current assets, as well as securities.

Cash flows from financing activities comprise the raising of loans and repayment of interest-bearing debt, donations made and transactions with non-controlling interests.

Cash and cash equivalents comprise cash and marketable securities with a residual term of less than three months at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rates at the transaction date.

SEGMENT INFORMATION

The Egmont Foundation is not officially listed, and in accordance with IFRS, segment information need therefore not be presented.

FINANCIAL RATIOS

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

The financial ratios stated under financial highlights have been calculated as follows:

Operating margin

$$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Equity ratio

$$\frac{\text{Equity, excl. non-controlling interests, x 100}}{\text{Total assets}}$$

Return on equity

$$\frac{\text{Net profit for the year, excl. non-controlling interests, x 100}}{\text{Average equity, excl. non-controlling interests}}$$

2	Revenue	2013	2012
	Sale of goods	1,562,772	1,547,612
	Royalty	52,416	63,421
	Rental income	5,609	5,847
	Total	**1,620,797**	**1,616,880**

3	Other operating income	2013	2012
	Earn out tv-productions	9,739	0
	Adjustment of the purchase price re Venuepoint	3,067	0
	Sale of The Student Planner	0	3,424
	Government grants	268	187
	Miscellaneous	7,026	9,034
	Total	**20,100**	**12,645**

4	Personnel costs	2013	2012
	Wages and salaries	(320,571)	(315,961)
	Defined contribution pension plans	(18,662)	(15,676)
	Defined benefit pension plans	(7,217)	(9,895)
	Other social security costs	(44,802)	(43,650)
	Total	**(391,252)**	**(385,182)**
	Average number of employees, total	4,667	4,615

Compensation paid to Management Board amounted to 3,259 (2012: 3,211), of wich pension contributions amounted to 355 (2012: 349). Compensation paid to the Board of Trustees amounted to 453 (2012: 454).

5	Depreciation, amortisation and impairment	2013	2012
	Amortisation, intangible assets	(46,976)	(47,335)
	Impairment losses, intangible assets	(6,315)	(5,167)
	Depreciation, property, plant and equipment	(31,975)	(28,257)
	Impairment losses, property, plant and equipment	(66)	0
	Total	**(85,332)**	**(80,759)**

6	Special items	2013	2012
	Value adjustment of existing shares in TV 2, Norway	-	164,977
	Impairment losses of goodwill TV 2, Norway	-	(89,667)
	Cost of closing printing offices	-	(8,043)
	Total	**-**	**67,267**

Please refer to note 29 Acquisition of businesses regarding value adjustment of TV 2, Norway and note 10 Intangible assets regarding impairment of TV 2, Norway.

44 Notes to the Consolidated Financial Statements (EURk)

7 Financial income	2013	2012
Interest income, financial assets, measured at amortised cost	2,383	3,559
Interest income, securities	1,634	1,122
Foreign exchange gains, net	0	1,189
Change in fair value, derivative financial instruments	1,430	515
Other financial income	1,063	5,348
Total	**6,510**	**11,733**

8 Financial expenses	2013	2012
Interest expenses, financial liabilities, measured at amortised cost	(7,371)	(7,835)
Foreign exchange loss, net	(2,206)	0
Interest expenses, derivative financial instruments	(3,642)	(5,121)
Change in fair value, securities, net	(1,056)	(571)
Other financial expenses	(2,422)	(4,936)
Total	**(16,697)**	**(18,463)**

9 Taxes	2013	2012
Current tax	(19,672)	(9,750)
Deferred tax	(5,903)	(7,549)
Adjustments for prior years	77	(262)
Total	**(25,498)**	**(17,561)**
Tax on the profit for the year results as follows:		
Calculated tax, 25 % on profit before tax	(25,036)	(42,186)
Lowering of corporate tax rate in Denmark and Norway	1,967	0
Adjustment of calculated tax in foreign entities relative to 25 %	(1,929)	(4,090)
Tax effect of:		
Non-taxable income	4,250	56,796
Non-deductible expenses	(5,985)	(28,339)
Share of net profit/(loss) in associates	1,158	520
Adjustments for prior years	77	(262)
Total	**(25,498)**	**(17,561)**
Effective tax rate	25.5 %	10.4 %

The effective tax rate in 2012 was materially affected by a non-taxable value adjustment of TV 2, Norway. When adjustning for this, the effective tax rate was 22.9 % for 2012.

Tax recognised in other comprehensive income:	2013	2012
Tax on value adjustment of hedging instruments	(2,441)	379
Tax on actuarial gains/(losses) on defined benefit pension plans	4,850	(10,879)
Total	**2,409**	**(10,500)**

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10 Intangible assets

	Film rights, etc.	In-house produced film rights	Goodwill	Trade-marks	Intangible assets under development and pre-payments
Cost at 1 January 2013	189,339	75,246	367,975	220,492	22,433
Foreign exchange adjustments	(4,246)	(1,141)	(50,055)	(28,381)	0
Acquisitions through business combinations	464	0	57,153	0	0
Additions	13,046	19,768	0	0	37,065
Goverment grants	0	(5,221)	0	0	0
Transferred	38,023	0	0	0	(38,023)
Cost of assets disposed of	(1,483)	(104)	(219)	0	(743)
Cost at 31 December 2013	**235,143**	**88,548**	**374,854**	**192,111**	**20,732**
Amortisation and impairment losses at 1 January 2013	(135,220)	(69,560)	(103,429)	(646)	(611)
Foreign exchange adjustments	1,853	765	12,565	59	0
Amortisation and impairment losses of assets disposed of	1,142	0	172	0	0
Impairment losses	(6,315)	0	0	0	0
Amortisation	(39,532)	(7,261)	0	(183)	0
Amortisation and impairment losses at 31 December 2013	**(178,072)**	**(76,056)**	**(90,692)**	**(770)**	**(611)**
Carrying amount at 31 December 2013	**57,071**	**12,492**	**284,162**	**191,341**	**20,121**
Cost at 1 January 2012	131,247	73,345	121,262	47,294	24,933
Foreign exchange adjustments	189	479	6,554	2,779	(71)
Acquisitions through business combinations	21,696	0	302,956	191,167	0
Additions	4,733	16,539	0	0	34,096
Goverment grants	0	(10,237)	0	0	0
Transferred	35,276	(291)	0	550	(35,535)
Cost of assets disposed of	(3,802)	(4,589)	(62,797)	(21,298)	(990)
Cost at 31 December 2012	**189,339**	**75,246**	**367,975**	**220,492**	**22,433**
Amortisation and impairment losses at 1 January 2012	(93,200)	(65,113)	(30,836)	(2,714)	(613)
Foreign exchange adjustments	(992)	(404)	(3,501)	(257)	2
Amortisation and impairment losses of assets disposed of	3,402	2,723	21,739	2,467	0
Impairment losses	(4,003)	0	(90,831)	0	0
Amortisation	(40,427)	(6,766)	0	(142)	0
Amortisation and impairment losses at 31 December 2012	**(135,220)**	**(69,560)**	**(103,429)**	**(646)**	**(611)**
Carrying amount at 31 December 2012	**54,119**	**5,686**	**264,546**	**219,846**	**21,822**

46 Notes to the Consolidated Financial Statements (EURk)

10 Intangible assets (continued)

Goodwill

The carrying amount of goodwill is tested annually for impairment. The impairment test is made for the Group's cash-generating units, based on their management structure and management control; see below:

	2013	2012
TV 2, Norway	170,783	196,106
Nordisk Film, Cinemas	55,677	5,712
Publishing, Norway	30,236	34,355
Books, Norway	12,096	13,985
Other units	15,370	14,388
Carrying amount	**284,162**	**264,546**

In the impairment test of the cash-generating units, the recoverable amount, equivalent to the discounted value of expected future net cash flows, is compared with the carrying amount of the cash-generating units.

The recoverable amount is based on the value in use, determined by using expected net cash flows that are based on management-approved budgets and business plans for 2014, projections for subsequent years up to and including 2018, and average growth during the terminal period. For the primarycash-generating units, the following pre-tax discount rates have been used: TV 2, Norway 11.6 % (2012: 11.1 %), Nordisk Film, Cinemaes 10.8 % (2012: 9.3 %), Publishing, Norway 14.5 % (2012: 13.8 %) and Books, Norway 12.9 % (2012: 12.3 %).

The average growth during the terminal period is 2.5 % for TV 2, Norway (2012: 2.0 %), -5.0 % for Publishing, Norway (2012: -5.0 %) and 2.0 % for Books, Norway (2012: 2.0 %). Expected growth during the terminal period is not estimated to exceed the long-term average growth rate in the business areas.

Impairment tests for goodwill for 2013 regarding the cash-generating units of the Group show that the recoverable amount exceeds the carrying amount.

The TV business is cyclical and therefore affected by a generally larger uncertainty regarding the development in revenue and expenses. Combined with increasing prices acquiring TV rights for especially sports events and increasing program cost for Norwegian TV productions, it may result in a challenged EBITDA-margin the coming years. At the end of 2012 assessment and analyses of these uncertainties resulted in an impairment loss of goodwill regarding TV 2, Norway, for the amount of EUR 89.7 million. The impairment loss was recognized in the profit loss account under special items.

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10 Intangible assets (continued)

Trademarks

Trademarks with an indefinite useful life relate to the individual cash-generating units' primary sales. The Group is testing the carrying amount of trademarks with an indefinite useful life for impairment annually; see below:

	2013	2012
TV 2, Norway	166,154	190,791
Publishing, Norway	15,866	18,219
Books, Norway	8,809	10,115
Carrying amount	**190,829**	**219,125**

Trademarks for TV 2, Norway, and Publishing, Norway, are tested by using the Relief from Royalty method to assess future cash flows from royalty income for the individual trademarks. The royalty rate, determined on the basis of the cash-generating unit's products and the reputation of such products, ranged from 4.5 to 14.8 % for 2013 and 2012. The trademark of Books, Norway, has been tested together with the goodwill of the cash-generating unit to which it relates.

The following pre-tax discount rates have been used: TV 2, Norway 11.6 % (2012: 11.1 %), Publishing, Norway 14.5 % (2012: 13.8 %) og Books, Norway 12.9 % (2012: 12.3 %).

The average expected growth during the termnial period is 2.5 % for TV 2, Norway (2012: 2.0 %), Publishing, Norway -5.0 % (2012: -5.0 %) and 2.0 % for Books, Norway (2012: 2.0 %).

Impairment tests for trademarks for 2013 show that the recoverable amount exceeds the carrying amount.

The Group assesses that probable changes in the assumptions underlying the impairment calculations will result in no need to write down trademarks for impairment in the Group's primary cash-generating units.

Film rights and in-house produced film rights

The Group makes regular estimates of the useful lives of film rights and in-house produced film rights based on its expected sales in the cinema, DVD and TV media and in markets, which are naturally subject to uncertainty as actual sales may differ from estimated sales.

The Group continuously receives sales estimates, and if impairment indicators are identified, film rights and in-house produced film rights are written down for impairment. The useful lives of film rights and in-house produced film rights for 2013 were at the expected level.

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11 Property, plant and equipment

	Land and buildings	Plant and machinery	Tools and equipment	Leasehold improve-ments	Property, plant and equipment under construction
Cost at 1 January 2013	216,938	110,115	93,915	14,193	2,876
Foreign exchange adjustments	(534)	(12,298)	(5,981)	(530)	(60)
Acquisitions through business combinations	0	1,500	2,555	2,435	0
Additions	0	11,934	4,441	2,026	9,084
Transferred	3,229	100	5,348	1,165	(9,842)
Cost of assets disposed of	0	(37,870)	(3,616)	(288)	(623)
Cost at 31 December 2013	**219,633**	**73,481**	**96,662**	**19,001**	**1,435**
Depreciation and impairment losses at 1 January 2013	(43,960)	(73,560)	(71,231)	(8,316)	0
Foreign exchange adjustments	745	8,688	5,620	370	0
Depreciation and impairment losses of assets disposed of	0	37,815	2,971	274	0
Impairment losses	0	(10)	(56)	0	0
Depreciation	(6,453)	(13,319)	(10,102)	(2,101)	0
Depreciation and impairment losses at 31 December 2013	**(49,668)**	**(40,386)**	**(72,798)**	**(9,773)**	**0**
Carrying amount at 31 December 2013	**169,965**	**33,095**	**23,864**	**9,228**	**1,435**
Hereof assets held under finance leases	0	1,711	0	0	0
Cost at 1 January 2012	210,948	105,423	82,012	14,468	6,264
Foreign exchange adjustments	100	3,995	2,391	236	(11)
Acquisitions through business combinations	1,269	26,513	529	1,469	0
Additions	234	17,723	7,166	1,897	9,962
Transferred	5,287	325	6,036	832	(12,480)
Cost of assets disposed of	(900)	(43,864)	(4,219)	(4,709)	(859)
Costat 31 December 2012	**216,938**	**110,115**	**93,915**	**14,193**	**2,876**
Depreciation and impairment losses at 1 January 2012	(37,151)	(88,941)	(64,610)	(10,656)	0
Foreign exchange adjustments	(543)	(3,009)	(1,848)	(154)	0
Depreciation and impairment losses of assets disposed of	34	30,491	3,622	3,955	0
Transferred	(23)	0	0	23	0
Depreciation	(6,277)	(12,101)	(8,395)	(1,484)	0
Depreciation and impairment losses at 31 December 2012	**(43,960)**	**(73,560)**	**(71,231)**	**(8,316)**	**0**
Carrying amount at 31 December 2013	**172,978**	**36,555**	**22,684**	**5,877**	**2,876**
Hereof assets held under finance leases	0	3,142	0	0	0

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12 Investment properties	2013	2012
Fair value at 1 January	30,829	30,938
Foreign exchange adjustments	1	(109)
Fair value at 31 December	**30,830**	**30,829**

Investment properties consist of a rental property in Denmark, let under a long-term lease. The fair value is calculated according to the net rental method, and thus the value of the property has been calculated on the basis of its expected operating income (pre-tax return) of about 1,850 and a required rate of return of 6 %, determined on the basis of the general market level and specific circumstances relating to the property.

Rental income amounted to 2,372 (2012: 2,359) and operating costs to 525 (2012: 502).

13 Financial assets

Investment in jointly controlled entities

Note 30 includes an outline of the Group's investments in jointly controlled entities. The Group's investments in jointly controlled entities are consolidated on a pro-rata basis. The Group's shares of jointly controlled entities' revenue, costs, assets and liabilities are as follows:

	2013	2012
Revenue	142,727	151,436
Costs	(135,478)	(145,115)
Profit/(loss) before tax	**7,249**	**6,321**
Non-current assets	33,134	38,696
Current assets	74,611	74,427
Total assets	**107,745**	**113,123**
Non-current liabilities	20,394	24,875
Current liabilities	40,797	39,084
Total liabilities	**61,191**	**63,959**

The Group's operating lease commitments, contingent liabilities and collateral provided in jointly controlled entities appear from notes 23 and 24.

50 Notes to the Consolidated Financial Statements (EURk)

13 Financial assets (continued)

Investments in associates	2013	2012
Cost at 1 January	33,932	27,439
Foreign exchange adjustments	(2,727)	916
Acquisitions through business combinations	0	20,689
Additions	6,163	233
Disposals	(3,106)	(15,345)
Cost at 31 December	**34,262**	**33,932**
Adjustments at 1 January	(2,535)	(15,201)
Foreign exchange adjustments	(834)	(1,132)
Share of profit/(loss) for the year	4,633	2,081
Other capital items	(12)	(1,037)
Dividends	(615)	(688)
Disposals	3,002	22,048
Transferred for set-off against receivables	(156)	(8,685)
Transferred to provisions	(79)	79
Adjustments at 31 December	**3,404**	**(2,535)**
Carrying amount at 31 December	**37,666**	**31,397**

Note 30 includes an outline of the Group's investments in associates. The revenue, profit/loss for the year, assets and liabilities of the associates are as follows:

	Revenue	Net profit/(loss) for the year	Assets	Liabilities
2013	218,635	19,977	128,743	155,913
2012	205,139	14,447	98,532	169,662

14 Inventories

Inventories	2013	2012
Raw materials and consumables	17	39
Work in progress	2,218	2,983
Manufactured goods and goods for resale	87,019	99,748
TV programmes	48,465	61,002
Total	**137,719**	**163,772**

At the end of the reporting period, the Group estimates the writedown to realisable value for manufactured goods and goods for resale, which primarily relates to books and game consoles. The estimate is based on expected sales and therefore subject to some uncertainty.

The inventories and impairment of inventories expensed for the year amounted to 316,890 (2012: 370,227) and 12,751 (2012: 10,232), respectively. Reversed impairment of inventories in the income statement amounted to 438 (2012: 1,331). Inventories included capitalised payroll costs in the amount of 7,507 (2012: 9,306).

15 Prepayments

In the amount prepayed sports broadcasting rights are included with 6,828 (2012: 16,747), which are terminated more than 12 months from balance sheet day.

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16 **Securities**

Securities	2013	2012
Listed bonds	40,611	40,532
Other	5,133	7,552
Total	**45,744**	**48,084**

The average duration of the bonds is 6 months.

17 **Cash and cash equivalents**

Cash and cash equivalents	2013	2012
Cash and bank account deposits	48,691	41,528
Total	**48,691**	**41,528**

Of which deposited in fixed-term deposit 1,620 (2012: 1,265) and cash and equivalents pledged as collateral 4,563 (2012: 6,084).

18 **Equity**

The Egmont Foundation is a commercial foundation and thus subject to special conditions relating to its capital, as set out in the Foundation's Charter. The Foundation's assets are used for donations in connection with the Foundation's Charitable Activities. The balance of the Foundation's assets is transferred to a reserve to ensure that the Foundation are provided with the necessary capital for consolidating and expanding in accordance with sound principles. The Foundation's equity ratio stood at 43.1 % (2012: 42.0 %).

19 **Pension obligations and similar obligations**

Pension obligations and similar obligations	2013	2012
Defined benefit pension obligations	(50,068)	(37,003)
Other pension obligations	(10,341)	(10,304)
Total	**(60,409)**	**(47,307)**

Pensions:

The Group maninly has defined contribution pension plans, but also has collective pension plans (multi-employer plans) and defined benefit pension plans as well, where the obligation is determined using actuarial assumptions.

Multi-employer plans:

The Group has collective pension plans in Sweden that are entered into with other enterprises in the media business and the plans (ITP plans) are administered by PP Pension. According to an interpretation from the Swedish Financial Reporting Board (UFR 3), ITP-plans are classified as multi-employer plans. Such plans are defined benefit plans, but are treated as defined contribution plans because the participating enterprises are not provided with information that enables them to report its proportional share of the plans commitments and surplus to its insured enterprises and employees. PP Pension has approximately 620 member enterprises and its consolidation ratio as of 30 september 2013 was 109 % (2012: 105 %). Contributions made to collective pension plans in Sweden in 2013 amounts to EUR 3.2 million (2012: EUR 3.0 million). For 2014 the contributions are expected to be EUR 3.0 million.

Defined benefit pension plans:

The Group has defined benefit pension plans in Norway. These pension plans are funded in whole or in part through collective insurance plans with DNB Livsforsikring ASA who manages the administration and the investment of the members' pension funds. The scheme provides entitlement to annual pensions amounting to approximately 66 % of the qualifying income (annuity) from the retirment age of 67. The Group's defined benefit pension plans in both its wholly-owned and its jointly controlled Norwegian entities were closed to new members in 2004 and 2008, respectively.

52 Notes to the Consolidated Financial Statements (EURk)

19 Pension obligations and similar obligations (continued)

The Group's Norwegian enterprises in the Publishing division has chosen to convert its defined benefit pension plans to defined contribution pension plans as of 31 December 2013 which reduces the plan assets by EUR 8.2 million and the pension obligation by EUR 8.6 million.

For defined benefit pension plans, an actuarial valuation of the value of the plan assets and the present value of the pension obligations is made once a year.

The actuarial calculations are based on actuarial assumptions relating to e.g. discount rate and expected wage increases within the framework determined by the public authorities in Norway at the balance sheet date. The discount rate is determined by reference to market yields on Norwegian high quality corporate bonds. The Group is exposed to actuarial risks including risks on investment and interest rate and mortality.

Defined benefit pension obligations recognised in balance sheet	2013	2012
Present value of defined benefit pension obligations	(117,826)	(96,663)
Fair value of pension plan assets	73,553	64,187
Payroll tax	(5,795)	(4,527)
Net liability at 31 December	**(50,068)**	**(37,003)**

Movement in the present value of defined benefit obligations		
Liability at 1 January	(96,663)	(84,576)
Adjustments relating to previous year(s)	(213)	(1,380)
Foreign exchange adjustments	15,269	(6,986)
Acquisitions through business combinations	(21,754)	(43,048)
Pension costs for the financial year	(5,150)	(8,297)
Pension costs for the previous financial year	0	(21)
Calculated interest relating to liability	(4,788)	(3,338)
Actuarial gains/(losses) arising from changes in demographic assumptions	(14,924)	1,543
Actuarial gains/(losses) arising from changes in financial assumptions	(1,668)	32,366
Curtailments and repayments	8,621	12,743
Pensions paid, etc.	3,444	4,331
Liability at 31 December	**(117,826)**	**(96,663)**

Movement in the fair value of pension assets		
Pension assets at 1 January	64,187	50,142
Adjustments relating to previous year(s)	122	770
Foreign exchange adjustments	(8,289)	2,905
Acquisitions through business combinations	17,767	16,534
Calculated interest on plan assets	2,721	1,761
Actual return on plan assets greater/(less) than calculated interest	848	142
Curtailments and repayments	(8,193)	(11,780)
Group's contribution to plan assets	5,794	6,114
Pensions paid, etc.	(1,404)	(2,401)
Pension assets at 31 December	**73,553**	**64,187**

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19 Pension obligations and similar obligations (continued)

Actuarial gains/(losses) recognised in other comprehensive income	2013	2012
Actuarial gains/(losses) excl. payroll tax	(15,744)	34,051
Payroll tax	(2,220)	4,801
Total	**(17,964)**	**38,852**

Average composition of pension plan assets		
Bonds	57,6 %	56,1 %
Shares	8,7 %	7,1 %
Money market and the like	19,1 %	16,6 %
Property	14,6 %	20,2 %

Maturity of pension obligations	
Within 1 year	2,168
Between 1 - 5 years	10,548
After 5 years	105,110
Total	**117,826**

The Group expects to contribute EUR 7.0 million to defined benefit pension plans in 2014.

Average assumptions used for the actuarial calculations at the end of the reporting period in the individual pension plans:	2013	2012
Discount rate	4,0 %	3,9 %
Inflation rate	2,0 %	3,3 %
Salary increase	3,8 %	3,5 %
Pension increase	0,2 - 3,5 %	0,2 - 3,3 %
Mortality table	K2013/KU	K2005/KU

Sensitivity analysis:
The most significant assumptions used in the calculation of the obligation for defined benefit plans are discount rate and salary increqase. The Group is also exposed to fluctuations in the market value of assets. Below is showed a sensitivity analysis based on possible changes in the most significant assumptions defined at the balance sheet date.

Defined benefit pension obligation	2013
Reported defined benefit obligation	(117,826)
Discount rate sensitivity:	
Increase by 0.5 %	107,968
Decrease by 0.5 %	134,265
Salary increase sensitivity:	
Increase by 0.5 %	129,225
Decrease by 0.5 %	111,760

Other pension obligations:
The Group has recognised an obligation of EUR 10.3 million (2012: EUR 10.3 million) to cover other pension-like obligations, including primarily job security agreements in a number of subsidiaries. The benefit payments are conditional upon specified requirements being met.

54 Notes to the Consolidated Financial Statements (EURk)

20	Deferred tax	2013	2012
	Deferred tax at 1 January	(45,778)	14,211
	Foreign exchange adjustments	4,471	(807)
	Acquisitions through business combinations	2,111	(41,133)
	Deferred tax for the year recognised in the income statement	(5,903)	(7,549)
	Deferred tax for the year recognised in other comprehensive income	2,409	(10,500)
	Deferred tax at 31 December	**(42,690)**	**(45,778)**

Deferred tax has been recognised in the balance sheet as follows:

Deferred tax, asset	8,243	6,889
Deferred tax (liability)	(50,933)	(52,667)
Deferred tax, net	**(42,690)**	**(45,778)**

Deferred tax assets are recognised for all unutilised tax losses to the extent it is considered probable that taxable profits will be realised in the foreseeable future against which the losses can be offset. The amount to be recognised in respect of deferred tax assets is based on an estimate of the probable time of realising future taxable profits and the amount of such profits.

The Group has assessed that deferred tax assets totalling 8,243 (2012: 6,889), primarily attributable to Germany can be realised in the foreseeable future. This us based on the forecast earnings base of the enterprises in which tax assets can be utilised.

The deferred tax relates to	2013	2012
Intangible assets	(60,679)	(72,069)
Property, plant and equipment	385	2,430
Receivables	3,256	4,921
Inventories	3,569	1,962
Other current assets	816	728
Provisions	17,742	15,777
Other liabilities	(12,480)	(6,851)
Tax losses allowed for carryforward, etc.	4,701	7,324
Total	**(42,690)**	**(45,778)**

Unrecognised deferred tax assets relate to		
Tax losses	733	2,260
Temporary differences	650	265

Notes to the Consolidated Financial Statements (EURk) 55

21 Other provisions	Goods sold with a right of return	Other
Other provisions at 1 January 2013	59,555	11,648
Foreign exchange adjustments	(3,185)	(295)
Provisions made	67,077	2,769
Provisions used	(60,083)	(4,276)
Reversed	(769)	(3,394)
Other provisions at 31 December 2013	**62,595**	**6,452**

Goods sold with a right of return include magazines and books that the shops can return according to agreement. At the date of sale, the Group estimates how many goods are expected to be returned or exchanged based on historical experience of selling such goods. This estimate is naturally subject to uncertainty, as the quantity actually returned may deviate from the estimated quantity. However, the uncertainty concerning the return of magazines is limited due to the short period allowed for returning them.

Other provisions include warranty provisions, in respect of which expected partial compensation from the supplier is recognised in other receivables.

22 Fees to elected auditor	2013	2012
Statutory audit	(1,751)	(1,748)
Tax consultancy	(85)	(96)
Other assurance statements	(84)	(105)
Other services	(1,052)	(492)
Total fees to KPMG	**(2,972)**	**(2,441)**
Statutory audit	(159)	(125)
Tax consultancy	(40)	(30)
Other assurance statements	0	(6)
Other services	(196)	(12)
Total fees to other auditors	**(395)**	**(173)**
Total	**(3,367)**	**(2,614)**

23 Operating leases

Operating lease commitments comprise leases for properties of 203,105 (2012: 150,309) and other leases of 5,890 (2012: 10,017). These figures include leases for properties entered into by jointly controlled entities of 27,628 (2012: 38,250). The lease payments are stated on a nominal basis.

Non-cancellable operating lease payments amount to	2013	2012
Up to 1 year	41,417	42,387
Between 1 to 5 years	110,421	100,488
More than 5 years	57,157	17,452
Total	**208,995**	**160,327**

During 2013, 46,034 (2012: 43,815) was recognised as expense in the income statement in respect of operating leases.

56 Notes to the Consolidated Financial Statements (EURk)

24 Contingent liabilities and collateral

The Group has provided security to mortgage credit institutions of 112,218 (2012: 112,612) over corporate and investment properties, for which the carrying amount constitutes 160,924 (2012: 162,505). The Group's jointly controlled entities have provided security of 0 (2012: 278) to other credit institutions over miscellaneous assets (a floating charge). The carrying amount of such assets amounted to 0 (2012: 278).

Contractual investment commitments relating to intangible film rights amount to 24,939 (2011: 21,098).

Entities in the Group have furnished miscellaneous guarantees, etc., for 16,275 (2012: 19,104). These figures include guarantees furnished by jointly controlled entities for 1,975 (2012: 1,904).

25 Financial risks and financial instruments

As a result of its operations, investments and financing, the Egmont Group is exposed to a number of financial risks, including market risks.

Corporate Finance is responsible for centralised management of liquidity and financial risks in the Group's wholly owned entities. Corporate Finance operates as a counterparty to the Group's entities, thus undertaking centralised management of liquidity and financial risks. Liquidity and financial risks arising at jointly controlled entities are reported to Corporate Finance and thus managed on a decentralised basis. Management monitors the Group's financial risk concentration and financial resources on an ongoing basis.

The overall framework for financial risk management is laid down in the Group's Treasury Policy. The Treasury Policy comprises the Group's currency and interest rate policy, financing policy and policy regarding credit risks in relation to financial counterparties and includes a description of approved financial instruments and risk framework. The overall framework is assessed on an ongoing basis.

The Group's policy is to refrain from engaging in speculative transactions. Thus, the Group's financial management focuses exclusively on managing and reducing financial risks that are a direct consequence of the Group's operations, investments and financing.

Currency risks

The Group is exposed to exchange rate fluctuations as a result of the individual consolidated enterprises entering into purchase and sales transactions and having receivables and payables denominated in currencies other than their functional currency. Forward exchange contracts are used to secure that the actual exposure do not exceed the currency exposure limit of the Group. Hedge accounting is used regarding currency risk related to purchase of rights.

The Group's major currency risk related to financial instruments is used in hedge accounting. As per 31 December 2013 a 5 % drop in the exchange rates of DKK/NOK, EUR/NOK and DKK/USD will affect the equity with EUR 9.2 million (2012: EUR 10.0 million). The sensitivity analysis is based on financial instruments recognized as per 31 December and an effectiveness of 100 % in the use of hedge accounting.

The Group utilise forward contracts to hedge currency risks related to purchase of film rights and sports broadcasting rights. Value adjustments on equity amounts to EUR 4.8 million (2012: EUR 2.5 million), which will be recognised in the income statement during 2014-2016.

25 Financial risks and financial instruments (continued)

Translation risks

The Group's primary currency exposure is denominated in NOK and relates to the Group's investments in wholly owned and jointly controlled entities, including long-term intra-group loans. As a main rule, these currency risks are not hedged, as ongoing hedging of such long-term investments is not considered to be the best strategy based on overall risk and cost considerations. 2013 is affected negatively by EUR 72.7 million (2012: positive effect by EUR 15.1 million).

A 5 % drop in the exchange rates of NOK would have impacted the 2013 profits by about EUR -3.9 million (2012: EUR -9.0 million), and the equity at 31 December 2013 by about EUR -24,5 million (2012: EUR -24.1 million). Apositive change in foreign exchange rates would have has a reverse impact on profits and equity based on the financial instruments recognised at end-2013 and end-2012, and unchanged figures for production/sales and unchanged price and interest levels.

Interest rate risks

As a result of its investment and financing activities, the Group has an exposure related to fluctuations in interest levels.

The Group's policy is to hedge interest rate risks relating to loans when it is assessed that interest payments may be secured at a satisfactory level. The Group's interest rate risks are managed by entering into interest swap contracts, with floating rate loans being converted into fixed interest loans. The principal amount of interest swap contracts concluded by the Group for hedging purposes was EUR 84 million at 31 December 2013 and EUR 95 million at 31 December 2012. The fair value and value adjustments on equity amounted to EUR 17.0 million at 31 December 2013 (2012: EUR 23.8 million), which will be recognised in the income statement during 1-15 years (2012: 1-16 years). For 2013 the value adjustments on equity after tax amounted to EUR 3.7 million (2012: EUR -3.0 million).

As a result of the Group's use of derivative instruments to hedge its interest rate exposure relative to instruments of debt, changes in the fair value of the hedging instruments will impact the Group's reserve for hedging transactions under equity. A one percentage point drop in interest rates would reduce equity by about EUR 9 million. In addition, such an interest rate drop will not affect the income statement in any material way, because the effect by way of loss of interest income from net deposits and market value changes to derivative financiel instruments equals out and in addition will be insignificant.

Liquidity risks

The Group's liquidity reserve comprises cash and cash equivalents, securities and unutilised credit facilities. To ensure optimum utilisation of cash and cash equivalents, the Group operates with cash pools. The Group has a net interest-bearing debt of EUR 95.5 million (2012: EUR 119.0 million).

The Group's financing consists primarily of Danish floating rate mortgage loans expiring in 2028 and floating rate loans denominated in NOK maturing in 2015. In the debt repayment schedule shown below, it is assumed that the loan facility will be continullay extended.

The Group's liabilities other than provisions fall due as shown below. The debt repayment schedule is based on undiscounted cash flows incl. estimated interest payments based on current market conditions:

25 Financial risks and financial instruments (continued)

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Mortgage debt	111,191	133,472	1,248	5,116	127,108
Other credit institutions	70,842	91,160	12,415	5,436	73,309
Other financial liabilities	23,821	26,450	6,693	19,757	0
Finance lease liabilities	1,711	2,020	923	1,097	0
Trade payables	207,060	207,060	207,060	0	0
Non-derivative financial instruments	**414,625**	**460,162**	**228,339**	**31,406**	**200,417**
Derivative financial instruments	22,677	41,633	6,520	13,512	21,601
31 December 2013	**437,302**	**501,795**	**234,859**	**44,918**	**222,018**
Mortgage debt	112,216	141,197	4,075	16,192	120,930
Other credit institutions	85,741	107,162	13,074	7,574	86,514
Other financial liabilities	24,505	26,682	1,215	25,467	0
Finance lease liabilities	3,142	3,605	1,305	2,300	0
Trade payables	241,979	241,979	241,979	0	0
Non-derivative financial instruments	**467,583**	**520,625**	**261,648**	**51,533**	**207,444**
Derivative financial instruments	34,716	50,258	4,963	18,742	26,553
31 December 2012	**502,299**	**570,883**	**266,611**	**70,275**	**233,997**

The Group has in 2013 remortgaged loan with a principal amount of EUR 21.7 million. The new mortgage loan is an adjustable-rate loan and it is instalment-free until 31 December 2022.

Credit risks

The Group's credit risks relate primarily to trade receivables, securities and cash and cash equivalents. The Group is not exposed to any significant risks associated with a particular customer or business partner. According to the Group's policy for accepting credit risk, all major customers are regularly credit rated.

Trade receivables:

The Group has received collateral relating to sales. This occurs typically in connection with the distribution of magazines where deposits are received. In addition, some of the Group's entities take out credit insurance against losses on trade receivables to the extent deemed relevant. Collateral provided is included in an assessment of the need to make impairments for bad and doubtful debts. Trade receivables backed by collateral, with a consequent reduction in overall credit risk, amount to 26,268 (2012: 33,686).

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25 Financial risks and financial instruments (continued)

Trade receivables, including trade receivables backed by collateral, that have not yet fallen due and have not been impaired, can be broken down by geographical area as follows:

	2013	2012
Denmark	35,826	40,319
Other Nordic countries	90,017	101,818
Other European countries	43,144	40,788
Other countries	6,128	7,069
Total	**175,115**	**189,994**

In addition, the aging of trade receivables past due and not impaired is as follows:

	2013	2012
Up to 30 days	35,518	32,035
Between 30 and 90 days	6,863	8,674
Over 90 days	4,011	24,023
Total	**46,392**	**64,732**

Impairments:

	2013	2012
Impairment at 1 January	10,219	10,401
Foreign exchange adjustments	(459)	476
Impairment for the year	3,915	3,034
Realised losses	(2,106)	(2,363)
Reversed impairment	(648)	(1,329)
Impairment at 31 December	**10,921**	**10,219**

Securities, cash and cash equivalents:

The Group is exposed to counterparty risk through its cooperation with financial counterparties via funds deposited, but also via credit commitments. The Group manages this risk by cooperating with banks with a sound credit rating.

60 Notes to the Consolidated Financial Statements (EURk)

25 **Financial risks and financial instruments (continued)**

Categories of financial instruments
Financial instruments are broken down into categories of financial assets and liabilities below:

	2013	2012
Financial assets measured at fair value via the income statement	48,263	48,084
Financial assets used as hedging instruments	5,929	0
Trade receivables	355,654	384,517
Financial liabilities measured at fair value via the income statement	3,381	8,781
Financial liabilities used as hedging instuments	19,296	25,935
Financial liabilities measured at amortised cost	414,625	467,583

The carrying amount of receivables and other financial liabilities (current) is equal to the fair value.

Mortgage debt and debt to other credit institutions (non-current) are floating rate cash loans, and thus the fair value is equal to the carrying amount.

Securities are measured at listed prices (level 1). Derivative financial instruments are valued at fair value on the basis of inputs other than listed prices that are observable for the liability, either directly or indirectly (level 2).

26 **Related parties**
The Egmont Foundation is a commercial foundation and has no related parties with control.

The Egmont Group's related parties with significant influence comprise the Foundation's Board of Trustees, Management Board and their close relatives, as well as enterprises in which this group of persons has material interests. The compensation paid to the Board of Trustees and Management Board appears from note 4.

Related parties with significant influence also comprise associates; see notes 13 and 30. Transactions with associates consisted of loans to associates of 17,553 (2012: 26,203) and interest income of 718 (2012: 1,089).

27 **Standards and interpretations not yet adopted**
The IASB has issued a number of new standards and interpretations that have not yet become mandatory for the Egmont Foundation's consolidated financial statements for 2013. None of these new standards or interpretations are expected to have a significant effect on the consolidated financial statements, except for:

IFRS 11, Joint arrangements, will become effective from the 2014 financial year. According to the standard, it will no longer be possible to consolidate jointly controlled entities on a pro-rata basis. Jointly controlled entities are subsequently to be recognised according to the equity method, which means that the share of net profit or loss must be recognised under financial items. This will primarily result in a reduction of the Group's revenue and operating profit (EBIT) in respect of the Norwegian part of Egmont Books, while the net profit or loss will remain unchanged. The change is expected to reduce revenue by about 9 % compared to consolidation on a pro-rata basis. Comparative figures will have to be restated.

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28 **Subsequent events**

On 4 March 2014 TV 2 sold its stake (77.2 %) in Mosart Medialab AS. The selling price amounts to EUR 11.1 million and the profit is preliminarily estimated at EUR 10.3 million. Apart from the above mentioned, no events have accurred after the reporting period.

29 **Acquisition of businesses**

In 2013 the Group has bought 100 % of the shares in Oslo Kino AS. Please refer to seperate section below for a further elaboration of the acquisition. Furthermore the Group has acquired other busniesses for a total of EUR 2 million.

Fair value at acquisition date	Oslo Kino AS, Norway	Other	Total
Intangible assets	463	1	464
Property, plant and equipment	6,161	329	6,490
Other non-current assets	2,502	0	2,502
Current assets	15,639	336	15,975
Other non-current liabilities	(5,375)	0	(5,375)
Other current liabilities	(14,536)	(432)	(14,968)
Identifiable net assets	**4,854**	**234**	**5,088**
Goodwill	55,302	1,851	57,153
Purchase consideration	**60,156**	**2,085**	**62,241**
Cash and cash equivalents, acquired	(7,916)	(198)	(8,114)
Total cash consideration paid	**52,240**	**1,887**	**54,127**

Transaction costs attributable to the acquisitions are recognised in Other external expenses when incurred.

ACQUISITIONS IN 2013

Oslo Kino AS, Norway

In April 2013 the Group has bought 100 % of the shares in Norway's largest cinema chain, Oslo Kino AS.

The purchase consideration totalled EUR 52.2 million. Goodwill, which is not deductable for tax purposes, represents the value of location.

Transaction costs regarding advisers fees attributable to the acquisition amount to EUR 1.9 million.

Others

On 1 July 2013, the Group acquired all shares in Scala Bio Nykøbing F. ApS. The purchase consideration amount to EUR 1.7 million, of which EUR 1.5 million concerns goodwill.

In 2013 the Publishing division has acquired 51 % of the shares in Norwegian digital bussiness Mykid AS and the remaining 50 % of the shares in Barnemagasinet AS in order to strenghten its position in the parents/children-segment.

62 Notes to the Consolidated Financial Statements (EURk)

29 Acquisition of businesses (continued)

Acquisitions in 2012

In 2012 the Group has bought 50 % of the shares in AE-TV Holding AS (hereafter: TV 2, Norway) as well as 100 % of Venue Point Holding ApS and additional 30 % of Filmweb AS, Norway. Please refer to separat sections below for a further elaboration of the aquisitions. Furthermore the Group has acquired other businesses for a total of EUR 6 million.

Fair value at acquisition date	TV 2, Norway	Other	Total
Intangible assets	204,010	8,853	212,863
Property, plant and equipment	29,287	493	29,780
Other non-current assets	42,176	10	42,186
Current assets	162,411	8,698	171,109
Non-current financial liabilities	(2,961)	(965)	(3,926)
Other non-current liabilities	(240,772)	(1,393)	(242,165)
Current financial liabilities	(1,449)	(1,804)	(3,253)
Other current liabilities	(90,339)	(12,310)	(102,649)
Identifiable net assets	**102,363**	**1,582**	**103,945**
Goodwill	287,414	15,542	302,956
Fair value of 50 % shareholding	(108,731)	0	(108,731)
Purchase consideration	**281,046**	**17,124**	**298,170**
Cash and cash equivalents, acquired	(71)	(7,393)	(7,464)
Contingent consideration	0	(2,401)	(2,401)
Total cash consideration paid	**280,975**	**7,330**	**288,305**

Transaction costs attributable to the acquisitions are recognised in Other external expenses when incurred.

TV 2, Norway

On 8 January 2012, the Group entered into an agreement regarding the acquisition of the remaining 50 % shareholding in TV 2, Norway, with effect from 1 February 2012.

The purchase consideration totalled EUR 281.0 million after fair value adjustment of the existing 50 % shareholding. Goodwill, which is not deductible for tax puposes, represents the value of personnel, know-how, a platform for future income from advertising, distribution and user-paid services, as well as full ownership of the shares.

In accordance with the IFRS rules regarding business combinations achieved in stages, an amount of EUR 165.0 million is recognised as a fair value adjustment of the existing shares in connection with the acquisition of the remaining 50 % in 2012. The amount is recognised in Special items, see note 6.

Transaction costs regarding advisers fees attributable to the acquisition amount to EUR 0.9 million, and are recognised in Other external expenses i the income statement.

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29 Acquisition of businesses (continued)

Venuepoint

On 9 March 2012, the Group acquired all shares in Venuepoint Holding ApS (Billetlugen). The purchase consideration amount to EUR 8.6 million, of which EUR 2.4 million concerns a contingent consideration. The contingent consideration is based on expectations for future earnings.

Transaction costs regarding advisers fees attributable to the acquisition amount to EUR 0.4 million, and are recognised in Other external expenses i the income statement.

Filmweb

On 3 February 2012, the Group has acuired additional shares in Filmweb AS, whereby Egmont's ownership increases to 64 %. Filmweb.no is the leading web portal i Norway for movies and cinema. Since 2008 Egmont has owned 34 % of the shares. The purchase consideration amount to EUR 2.3 million.

Others

In 2012 the book publisher Cappelen Damm has acquired the two publishing companies Akribe AS and Høyskoleforlaget AS in order to reinforcing its position as a publisher for universities and the professional market.

In 2012 the Publishing division has acquired the activities of Krea Media, who is behind the well known children characters Pixeline and Magnus og Myggen and thereby strengthening its leading position in the Nordic region in both physical and digital edutainment for children.

30 Group entities

Unless otherwise stated, the entities are wholly owned. Insignificant – including primarily dormant – entities are not included in the outline.

The entities marked with * are owned directly by the Egmont Foundation.

SUBSIDIARIES

			Ownership share	
Country	Entity	Registered office	2013	2012
Denmark	Egmont International Holding A/S *	Copenhagen		
	Egmont Holding A/S	Copenhagen		
	Egmont Publishing Magasiner A/S	Gentofte		
	Egmont Publishing Specialblade A/S	Gentofte		
	Vægtkonsulenterne A/S	Gentofte		
	Egmont Printing Service A/S	Gentofte		
	Oxygen Magasiner A/S *(Merged with Egmont Publishing Magasiner A/S)*	Gentofte	-	96 %
	Egmont Publishing Kids A/S	Gentofte		
	Egmont Publishing Digital A/S	Gentofte		
	Egmont Creative Center A/S	Copenhagen		
	Egmont Sourcing A/S	Copenhagen		
	Lindhardt og Ringhof Forlag A/S	Copenhagen		
	Nordisk Film A/S	Copenhagen		
	Nordisk Film Distribution A/S	Copenhagen		
	Nordisk Film Shortcut A/S	Copenhagen		

64 Notes to the Consolidated Financial Statements (EURk)

30 Group entities (continued)

SUBSIDIARIES

Country	Entity	Registered office	Ownership share 2013	Ownership share 2012
Denmark	Nordisk Film Production A/S	Copenhagen		
	Nordisk Film Biografer A/S	Copenhagen		
	Scala Bio Nykøbing F. ApS	Nykøbing F		-
	Scala Bio Center Aalborg ApS	Aalborg	80 %	80 %
	NF Live A/S	Copenhagen		
	Kino.dk A/S	Copenhagen	74 %	74 %
	Billetlugen A/S	Copenhagen		
	Next2Live A/S	Copenhagen		
	Nordisk Film Bridge Finance A/S	Copenhagen		
	Dansk Reklame Film A/S	Copenhagen		
	Egmont Administration A/S	Copenhagen		
	Egmont Finansiering A/S	Copenhagen		
	Ejendomsselskabet Vognmagergade 11 ApS *	Copenhagen		
	Ejendomsselskabet Gothersgade 55 ApS*	Copenhagen		
	Ejendomsaktieselskabet Lygten 47-49	Copenhagen		
Norway	Egmont AS	Oslo		
	Egmont Holding AS	Oslo		
	Egmont Kids Media Nordic AS	Oslo		
	Nordisk Film AS	Oslo		
	Nordisk Film Distribusjon AS	Oslo		
	Nordisk Film Production AS	Oslo		
	Nordisk Film ShortCut AS	Oslo	66 %	66 %
	Drammen Kino AS	Drammen	66.7 %	66.7 %
	Venuepoint AS	Oslo		
	Oslo Kino AS	Oslo		-
	Oslo Kinodrift AS	Oslo		-
	Norsk Kinodrift AS	Oslo		-
	Norsk Filmdistribusjon AS	Oslo		-
	Media Direct Norge AS	Drammen		-
	Neofilm AS	Oslo	66.7 %	66.7 %
	Filmweb AS	Oslo	64.3 %	64.3 %
	Sportskort AS	Oslo	-	
	Egmont Hjemmet Mortensen AS	Oslo		
	Hjemmet Mortensen Trykkeri AS	Oslo		
	Hjemmet Mortensen Fagmedia AS	Oslo		
	Frysjaveien 42 AS	Oslo		
	TV 2 Gruppen AS	Bergen		
	TV 2 AS	Bergen		
	Nydalen Studios AS	Oslo		
	OB-Team AS	Oslo		
	Broom.no AS	Oslo		
	Outside Broadcast Team AS	Bergen		
	Eventyrkanalen AS	Bergen		

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30 Group entities (continued)

SUBSIDIARIES

Country	Entity	Registered office	Ownership share 2013	Ownership share 2012
Norway	TV 2 Torget AS	Bergen		
	Vimond Media Solutions AS	Bergen		
	Kanal 24 Norge AS	Fredrikstad		
	Mosart Medialab AS	Bergen	77.2 %	84.5 %
	Barnemagasinet AS	Oslo		50 %
	MyKid AS	Oslo	51 %	-
Sweden	Egmont Holding AB	Malmö		
	Egmont Tidskrifter AB	Stockholm		
	Egmont Tidskrifter BM AB	Stockholm		
	Egmont Kids Media Nordic AB	Malmö		
	Egmont Editions AB	Malmö		
	Sudd AB	Stockholm		
	Sören och Anders Interessenter AB	Malmö		
	Änglatroll AB	Malmö		
	Skandinaviske Skoledagböcker AB	Stockholm		
	Nordisk Film Sverige AB	Stockholm		
	Nordisk Film Produktion Sverige AB	Stockholm		
	Nordisk Film Distribution AB	Stockholm		
	Spiderbox Entertainment AB *(Merged with Nordisk Film Sverige AB)*	Stockholm	-	
	Nordisk Film ShortCut AB	Stockholm		
	Venuepoint AB	Gothenburg		
Finland	Egmont Holding Oy/Egmont Holding Ab	Helsinki		
	Oy Nordisk Film Ab	Helsinki		
	Dominova Oy/AB	Helsinki		
	BK Pro Fitness Oy	Vasa		
Germany	Egmont Holding GmbH	Berlin		
	Egmont Ehapa Verlag GmbH	Berlin		
	Egmont Verlagsgesellschaften mbH	Cologne		
	Mitte-Editionen GmbH	Berlin		
	Egmont Ehapa Rights Management GmbH	Berlin		
	Egmont Ehapa Comic Collection GmbH	Berlin		
United Kingdom	Egmont Holding Ltd.	London		
	Egmont UK Ltd.	London		
Poland	Egmont Polska sp. z o.o.	Warszaw		
Chech Republic	Egmont CR s.r.o.	Prague		
Hungary	Egmont Hungary Kft.	Budapest		
Russia	ZAO Egmont Russia Ltd.	Moscow		
Estonia	Egmont Estonia AS	Tallinn		

30 Group entities (continued)

SUBSIDIARIES

Country	Entity	Registered office	Ownership share 2013	Ownership share 2012
Latvia	Egmont Latvija SIA	Riga		
Lithuania	UAB Egmont Lietuva	Vilnius		
Ukraine	Egmont Ukraine LLC	Kiev		
Romania	Egmont Romania S.R.L.	Bukarest		
Bulgaria	Egmont Bulgaria EAD	Sofia		
Croatia	Egmont d.o.o.	Zagreb		
USA	Egmont US Inc.	New York		
	Mosart LLC	Frederik		-
	Sverre LLC	Denver	-	50.5 %
China	Egmont Hong Kong Ltd.	Hong Kong		
	Egmont Sourcing (HK) Ltd.	Hong Kong		
South Africa	Egmont Africa Pty, LTD	Cape Town		
Australia	Mosart Pty Ltd	Northbridge		-

JOINTLY CONTROLLED ENTITIES

Country	Entity	Registered office	Ownership share 2013	Ownership share 2012
Denmark	Pumpehuset af 2011 A/S	Copenhagen	-	50 %
Norway	Mediehuset Nettavisen AS	Oslo	50 %	50 %
	Næringslivsavisen Na24 AS	Oslo	50 %	50 %
	Bootstrap AS	Oslo	50 %	50 %
	Nordic World AS	Oslo	50 %	50 %
	Cappelen Damm Holding AS	Oslo	50 %	50 %
	Cappelen Damm AS	Oslo	50 %	50 %
	Cappelen Damm Salg AS	Oslo	50 %	50 %
	Tanum AS	Oslo	50 %	50 %
	Sentraldistribusjon ANS	Oslo	50 %	50 %
	Larsforlaget AS	Oslo		
	Cappelen Damm Holding AS owns		66 %	66 %
	Flamme Forlag AS	Oslo		
	Cappelen Damm Holding AS owns		80 %	80 %
	Maipo Film AS	Oslo	50.1 %	55.1 %
Finland	Solar Films Oy	Helsinki	50.1 %	50.1 %
	Egmont Kustannus Oy Ab	Helsinki	50 %	50 %

Notes to the Consolidated Financial Statements (EURk) 67

30 Group entities (continued)

JOINTLY CONTROLLED ENTITIES

Country	Entity	Registered office	Ownership share 2013	2012
Turkey	Dogan ve Egmont Yayincilik A.S.	Istanbul	50 %	50 %
Australia	Hardie Grant Egmont Pty Ltd	Melbourne	50 %	50 %
China	Children's Fun Publishing Company Ltd.	Beijing	49 %	49 %
Thailand	Nation Egmont Edutainment Company Ltd.	Bangkok	50 %	50 %

ASSOCIATES

Country	Entity	Registered office	Ownership share 2013	2012
Denmark	Zentropa Folket ApS	Hvidovre	49.69 %	49.69 %
	Ugebladenes Fælles Opkrævningskontor I/S	Albertslund	50 %	50 %
	Great Communications ApS	Gentofte	33.3 %	-
	Publizon A/S	Aarhus	36 %	36 %
	ABCiTY A/S	Copenhagen	30.67 %	24.42 %
	I/S Ugebladsdistributionen *	Albertslund	50 %	50 %
Norway	Motor ANS	Oslo	50 %	50 %
	Wolftech Broadcast Solutions AS	Bergen	49.9 %	40 %
	Norges Televisjon AS	Oslo	33.3 %	33.3 %
	RiksTV AS	Oslo	33.3 %	33.3 %
	Norges Mobil TV AS	Oslo	33.3 %	33.3 %
Sweden	Klintberg Nihlén Media AB	Stockholm	49 %	49 %
	Jollyroom AB	Mölndal	25 %	-
	ZooZoocom AB	Stockholm	30 %	-
	Motorrad AB	Solna	44 %	-
	Golfresan AB	Stockholm	-	35 %
Finland	Matila Röhr-Nordisk Oy	Helsinki	-	43.54 %
	HD-Post Oy	Helsinki	-	40 %
United Kingdom	Wendy Promotion Ltd.	London	50 %	50 %

Danish partnerships forming part of associates do not prepare official annual reports.

68 Notes to the Consolidated Financial Statements (EURk)

Income Statement of the Egmont Foundation

(EURk)

Note		2013	2012
	Royalty income, etc.	4,042	3,950
2	Personnel costs	(155)	(197)
	Other external expenses	(875)	(836)
	Operating profit	**3,012**	**2,917**
	Dividends from investments in subsidiaries	17,142	4,225
	Financial income	227	119
	Financial expenses	(416)	(289)
	Profit before tax	**19,965**	**6,972**
3	Tax on profit for the year	(843)	(190)
	Net profit for the year	**19,122**	**6,782**
	Distribution of net profit		
	Transfer to reserve fund	3,813	1,356
	Transfer to charitable fund	11,439	4,070
	Transfer to liquid reserve fund	3,870	1,356
	Total	**19,122**	**6,782**

Balance Sheet of the Egmont Foundation at 31 December

(EURk)

Note	Assets	2013	2012
4	Investments in subsidiaries	181,063	181,061
5	Investments in associates	251	251
	Financial assets	**181,314**	**181,312**
	Total non-current assets	**181,314**	**181,312**
	Receivables from group enterprises	113,263	101,369
	Other receivables	3,789	3,397
	Receivables	**117,052**	**104,766**
	Securities	**596**	**577**
	Cash and cash equivalents	**546**	**0**
	Total current assets	**118,194**	**105,343**
	TOTAL ASSETS	**299,508**	**286,655**

Note	Equity and liabilities	2013	2012
6	Capital fund	29,489	29,489
7	Reserve fund	227,356	228,218
8	Charitable fund	16,632	12,431
9	Liquid reserve fund	9,083	3,690
	Total equity	**282,560**	**273,828**
	Pensions	376	388
	Non-current liabilities	**376**	**388**
	Payables to group enterprises	528	120
	Donations committed but not yet paid	12,434	9,782
	Other payables	3,610	2,537
	Current liabilities	**16,572**	**12,439**
	Total liabilities	**16,948**	**12,827**
	TOTAL EQUITY AND LIABILITIES	**299,508**	**286,655**

1 Accounting policies

The financial statements of the Egmont Foundation have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to class C enterprises (large) and the financial reporting requirements of the Foundation's Charter.

The accounting policies applied in the presentation of the financial statements are consistent with those of the previous year.

No cash flow statement has been included for the Egmont Foundation, as reference is made to the consolidated cash flow statement.

Royalty income, etc.

Royalties received are accrued and recognised as income in accordance with the concluded agreement.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost is lower than the recoverable amount, impairments are made to this lower value.

Dividends

Dividends from investments in subsidiaries and associates are recognised in the financial year in which the dividend is declared, typically at the time when the general meeting approves the distribution of dividend by the relevant company. To the extent that the dividend distributed exceeds accumulated earnings after the acquisition date, dividend is recognised as a reduction of the cost of the investment.

Equity

Profit is distributed according to the Foundation's Charter. The Charitable Activities' donations and associated expenses are charged directly to the liquid reserve fund under equity.

The Foundation's equity consists of a capital fund and a reserve fund intended for the Commercial Activities. The capital fund is an undistributable reserve, while the reserve fund comprises distributable reserves. The charitable fund serves to ensure the existence of funds required for the Egmont Foundation's Charitable Activities. The liquid reserve fund is the amount which is to be used for charitable purposes under the Foundation's Charter within the scope of the Charitable Activities.

In the calculation of tax, due allowance is made for the deductibility of charitable donations made according to the Egmont Foundation's Charter. These are charged to equity. Tax provisions for future donations are also taken into account. Provision for deferred tax is made in case the Egmont Foundation does not expect to use liquid funds for charitable purposes equal to the tax provisions.

2	Personnel costs	2013	2012
	Wages and salaries	(128)	(166)
	Pensions	(39)	(40)
	Adjustment of pension obligation	12	9
	Total	**(155)**	**(197)**

Compensation paid to the Board of Trustees amounted to 155 in 2013 (2012: 155), of which 75 (2012: 75) was included in the costs of the Charitable Activities.

The Management Board of the Foundation is also employed by Egmont International Holding A/S, which pays all salaries to the Management Board. The Foundation pays an overall fee to Egmont International Holding A/S for this administration.

3	Tax on profit for the year	2013	2012
	Calculated royalty tax for the year	(843)	(190)
	Total	**(843)**	**(190)**

Tax on profit for the year consists of royalty tax.

4	Investments in subsidiaries	2013	2012
	Cost at 1 January	181,061	181,699
	Foreign exchange adjustments	2	(638)
	Cost at 31 December	**181,063**	**181,061**

5	Investments in associates	2013	2012
	Cost at 1 January	251	252
	Foreign exchange adjustments	0	(1)
	Cost at 31 December	**251**	**251**

Investments in associates consist of 50 % of the equity in I/S Ugebladsdistributionen, Albertslund.

6	Capital fund	2013	2012
	Balance at 1 January	29,489	29,593
	Foreign exchange adjustments	0	(104)
	Balance at 31 December	**29,489**	**29,489**

7	Reserve fund	2013	2012
	Balance at 1 January	228,218	230,678
	Foreign exchange adjustments	3	(813)
	Transfer from distribution of net profit	3,813	1,356
	Transfer to liquid reserve fund	(4,678)	(3,003)
	Balance at 31 December	**227,356**	**228,218**

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8	Charitable fund	2013	2012
	Balance at 1 January	12,431	11,628
	Foreign exchange adjustments	0	(50)
	Transfer from distribution of net profit	11,439	4,070
	Transfer to liquid reserve fund	(7,238)	(3,217)
	Balance at 31 December	**16,632**	**12,431**

9	Liquid reserve fund	Use according to articles 6-10	Use according to article 11	Total
	Balance at 1 January 2012	4,422	166	4,588
	Foreign exchange adjustments	(19)	(1)	(20)
	Used for charitable purposes	(7,024)	(466)	(7,490)
	Costs	(964)	0	(964)
	Transfer from reserve fund	2,703	300	3,003
	Transfer from charitable fund	3,217	0	3,217
	Transfer from distribution of net profit	1,220	136	1,356
	Balance at 31 December 2012	**3,555**	**135**	**3,690**
	Used for charitable purposes	(8,908)	(469)	(9,377)
	Costs	(1,016)	0	(1,016)
	Transfer from reserve fund	4,210	468	4,678
	Transfer from charitable fund	7,238	0	7,238
	Transfer from distribution of net profit	3,483	387	3,870
	Balance at 31 December 2013	**8,562**	**521**	**9,083**

The liquid reserve fund is the amount which is to be used for charitable purposes under the Foundation's Charter within the scope of the Charitable Activities.

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Board of Trustees and Management Board of the Egmont Foundation

All information as of 17 March 2014.

CM: Chairman
VC: Vice Chairman