

# EGMONT FONDEN

## Annual Report 2016

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# Management's review

CONSOLIDATED FINANCIAL HIGHLIGHTS	2016	2015	2014	2013	2012
<b>Key figures (EUR million)</b>					
Revenue	1,559.9	1,575.8	1,552.0	1,477.0	1,465.2
Profit before net financials, depreciation, amortisation and impairment losses (EBITDA)	170.2	190.0	236.7	184.4	178.4
Operating profit	73.7	97.0	131.2	102.1	101.5 *
Profit/(loss) from investments in associates	(4.5)	6.8	3.3	4.6	2.1
Financial income and expenses, net	1.0	(2.3)	(7.1)	(8.1)	(4.2)
Special items	-	-	-	-	67.3
Profit before tax (EBT)	70.2	101.6	127.4	98.7	166.6
Profit for the year	62.1	85.3	107.7	74.6	151.2
Total assets	1,621.0	1,608.9	1,542.1	1,484.6	1,544.5
Investments in intangible assets	52.6	51.3	64.3	64.6	41.0
Investments in property, plant and equipment	27.1	36.2	21.1	25.1	35.7
Net interest-bearing debt/ (net interest-bearing deposits)	(46.8)	(57.4)	(33.7)	64.0	62.0
Equity	833.3	755.0	704.3	664.8	676.4
Cash generated from operations **	103.3	156.4	230.2	218.1	154.3
<b>Financial ratios (%)</b>					
Operating margin	4.7	6.2	8.5	6.9	6.9 *
Equity ratio	51.2	46.7	45.4	44.6	43.6
Return on equity	7.8	11.7	15.7	11.0	25.5
Average number of full-time employees	3,866	4,037	4,050	4,177	4,075

\* Calculated before special items.

\*\* Calculated before net financials and tax

The financial ratios have been calculated in accordance with the Danish Finance Society & CFA Denmark "Recommendations and Financial Ratios 2015". Please see the definitions and terms used in the accounting policies.

Egmont is a leading media group in the Nordic region and publishes media in more than 30 countries.

The Egmont companies employ a total of 6,200 employees who work dedicated and passionately with TV, films, cinemas, magazines, books, interactive games, e-commerce and digital services.

Our vision is to be the most attractive media group for our employees and business partners as well as consumers. All of Egmont's activities are centred around creating and telling stories on all platforms. Egmont's promise to the world is to bring stories to life.

Egmont is a commercial foundation that donates a portion of its profits to help improve the lives of vulnerable children and young people. 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. In 2016, Egmont granted donations amounting to EUR 13 million.

Revenue in 2016 surpassed the record level from 2015 when adjusting for currency, acquisitions and divestments. Earnings were solid but at a lower level than the year before. Nordisk Film, Egmont Publishing and Egmont Books all delivered growth in earnings. TV 2 had lower earnings due to higher investments in content and costs to adapt the organisation.

TV 2 had growth in the market share and continued a strong digital growth on TV 2 Sumo and tv2.no. Earnings were impacted significantly by increased investments in content and cost to an organisational transformation program.

Nordisk Film delivered all time high revenue and very strong earnings with all areas contributing to the strong performance.

Egmont Publishing delivered a strong result in a challenging market. The result is based on solid performance in key markets combined with strong cost control in general. Growth in e-commerce and Marketing Services contributed positively.

Egmont Books delivered all-time-high earnings. Cappelen Damm had its best year ever with good performance from all publishing areas and Lindhardt og Ringhof delivered solid earnings at the same level as the year before.

## THE GROUP

### Revenue

Egmont's total revenue for 2016 amounted to EUR 1,559.9 million, EUR 15.9 million less than last year. Adjusted for currency, acquisitions and divestments of businesses the revenue was 2.4% above the record level from last year.

### Earnings

Profit before net financials, depreciation and amortisation (EBITDA) amounted to EUR 170.2 million. The EBITDA margin came to 10.9% against 12.1% in 2015.

The pre-tax profit (EBT) in 2016 amounted to EUR 70.2 million compared to EUR 101.6 million the year before. The reduction is related to higher TV-content cost and restructuring cost in TV 2.

Tax on profit for the year amounted to an expense of EUR 8.1 million, corresponding to an effective tax rate of 11.6% compared to 16.0% the year before. The effective tax rate in 2016 was significantly affected by non-taxable income and lowering of corporate tax rate in Norway. Adjusting for this, the effective tax rate for 2016 was in the level of 23%.

The net profit for the year was EUR 62.1 million in 2016 against EUR 85.3 million the year before.

### Balance sheet

Total assets amount to EUR 1,621.0 million which is at the same level as in 2015.

The Group's net interest-bearing deposits amounted to EUR 46.8 million against EUR 57.4 million in 2015.

Egmont's equity at end-2016 amounted to EUR 833.3 million, an increase of EUR 78.3 million compared with 2015. The equity was mainly affected by net profit for the year,

positive foreign exchange adjustments on translation of foreign entities and donations.

Return on equity was 7.8% compared with 11.7% the year before.

The equity ratio at end-2016 came to 51.2% compared to 46.7% the year before.

Cash generated from operations amounted to EUR 103.3 million against EUR 156.4 million in 2015. The reduction is attributable to the development in operating profit and in non-cash operating items (change in provisions and deferred income as well as effects of sale of subsidiaries reclassified from operating profit to cash flow from investing activities).

Cash generated from change in working capital was a net-expense of EUR 10.5 million, which is at the same level as 2015. In 2016, net cash flows from investing activities amounted to an expense of EUR 125.8 million, an increase of EUR 12.7 million against the year before primarily due to further investments in joint ventures, associates and other investments of EUR 28.6 million.

# TV 2, Norway

**Revenue in 2016:** EUR 448 million (2015: EUR 436 million)  
**Operating profit in 2016:** EUR 11 million (2015: EUR 35 million)  
**Employees in 2016:** 987 (2015: 929)

TV 2 is Norway's largest commercial media house in terms of daily use and the most important marketplace for Norwegian advertisers. With headquarters located in Bergen, a strong presence in Oslo as well as local offices in Tromsø, Bodø, Trondheim, Ålesund, Stavanger and Hamar, TV 2 has become a household trademark close to every Norwegian's heart.

Along with its large news and commercial TV operation on seven TV-channels, TV 2 operates the OTT service TV 2 Sumo as well as tv2.no, the fastest growing online news outlet in Norway. TV 2's main focus areas are breaking news, unique Norwegian entertainment and national sports events. In 2016, TV 2 accelerated the transformation towards becoming an on-demand media house.

TV 2's revenue amounted to EUR 448 million in 2016 against EUR 436 million in 2015. In local currency revenue increased compared to 2015 and was all-time high. Operating profit amounted to EUR 11 million compared to EUR 35 million in 2015. The reduction is due to increased investments in content and rights as well as costs related to necessary organisational changes to prepare TV 2 for the future.

In 2016, TV 2's total viewing in the 12+ age group was 0.2% higher than in 2015, with 31 minutes per day. TV 2 maintained its position as Norway's largest broadcaster in the key 20-49-year viewing group, capturing a 29.4% share of TV viewing (NRK ranks second with 26.8%, while Discovery achieved a 21.9% share in 2016). TV 2's genre-based channels contributed positively with an overall share of 9.3% on par with 2015.

The average amount of time spent watching TV in Norway is high and quite stable. All Norwegians watch almost two hours every day on the official public service broadcasters, NRK and TV 2, which equals 63% of total time spent

watching all TV channels daily. While linear TV remains the most important news source for Norwegians, many also choose to follow breaking news and news updates online. TV 2 has Norway's largest editorial environment, apart from the state owned public broadcaster, NRK.

In 2016, TV 2 divested its shares in OB-Team AS to NEP Norway AS. OB Team is a provider of outside broadcast services established by TV 2 to provide internal services. As part of the divestment, TV 2 and NEP have entered into an agreement securing the continued delivery of outside broadcast services to TV 2.

## TV 2 (MAIN CHANNEL)

TV 2's main channel achieved a market share of 18.4% in the 12+ viewing group and 18.7% in the 20-49-year viewing group. This was 0.2 percentage points and 0.2 percentage points higher than in 2015.

In spring 2016, TV 2 launched a new season of *Idol*, the familiar talent-show, as well as *Hver gang vi møtes*, where Norwegian artists play each other's songs and make them their own. The Friday talk show *Senkveld* also aired this spring with a new twist where the hosts Thomas Numme and Harald Rønneberg travelled around the country to broadcast live from both small and big cities and municipalities. The viewers decided where they should go.

The Norwegian drama series *Det Tredje Øyet* had a new season. Other programmes were *Amatørens mester*, *Best av de Beste*, *Meglerne 2*, *En kveld hos Kloppen*, *Top Chef* and *Det er lov å være blid med Else*.

2016 was a huge year for sports events with X Games, UEFA 2016, Tour de France and the Summer Olympics in Rio. X Games had its first run on TV 2, and throughout the event

it gathered almost the whole nation and made hundreds of thousands of Norwegians interested in new and for many untraditional winter sports.

Tour de France was a big part of TV 2's summer schedule, providing high ratings several hours a day during the three-week race. Other popular programmes during the summer were *Allsang på Grensen*, featuring popular artists, and the talk show *God sommer Norge* which had its second season.

In August 2016, TV 2 distributed the Olympic Summer Games in Rio de Janeiro in Brazil. As the only Norwegian, and as one of only a few broadcasters in the world, TV 2 was allowed to broadcast its news updates from a stage placed in the middle of the crowd on the Rio promenade.

Autumn 2016, was packed with well-known programmes such as *Farmen*, *Skal vi Danse* and *Norske Talenter* in addition to a wealth of new launches. *Farmen*, a reality show in which 14 contestants are lodged on a farm set 100 years back in time, is now in its 12th season and is still a huge success for TV 2. The 2016 season saw an average of 819,000 viewers on TV 2, and 1,061,000 watched the season finale. Negotiations towards a 13th season have already started.

*Frikjent*, with Nicolai Cleve Broch in the lead as businessman Aksel Borgen, aired its second season. The Total Screen Rating, including TV 2 Sumo, was 802,000 viewers. The publishing strategy for *Frikjent*, started in 2015, continued in 2016 with the next episode available for on demand-costumers (TV 2 Sumo) a week before airing on linear TV.

The most important sports rights in 2016 were Premier League. TV 2 secured the rights for qualification competition for both UEFA EURO 2020, and 2022 FIFA World Cup.

TV 2 developed a brand new talent show, *The Stream*, along with two Norwegian partners, Monster and Little Hill. The format has become a challenger in the talent show genre and challenges familiar brands such as *The Voice*, *Idol* and

*X-factor* in the international format market. Artists are casted through uploading their contribution to *The Stream's* website, and the voting process is built around what people actually listen to as Spotify is a collaborating partner. *The Stream* aired on TV 2's main channel in 2016, and the format has been sold straight to license in the US where NBC is planning to air an US version in 2018. The deal was the largest export of TV content from Norway of all times, and TV 2 aspires to develop more concepts for the international market.

Since 1992, TV 2 has served as a national public service broadcaster. Throughout the years, various public service broadcaster agreements have been concluded with the Norwegian state, securing that TV 2 in different ways has been compensated for extra costs related to the public service obligations.

The existing public service broadcaster agreement expired at the end of 2016. TV 2 wants to continue to serve as a national public service broadcaster with its main channel and will apply for this position provided that a new agreement contains acceptable terms and conditions, including economic compensation for the costs directly linked to public service broadcasting.

#### TV 2 NYHETSKANALEN

TV 2 Nyhetskanalen is Norway's only all-day news channel, and it saw solid growth in 2016 despite tough competition from online news media. The channel is the viewers' number one choice for breaking news. In 2016, TV 2 Nyhetskanalen reached the highest share ever in the 12+ viewing group with a total share of 2.8% compared to 2.7% in 2015.

TV 2 Nyhetskanalen was the leading news source in many major news stories. The channel reported closely from the terror on the Nice promenade in France, it brought the results from the US election and named Donald Trump president elect before anyone else, and it also prioritised heavy coverage of developing news stories in Norway.



**TV 2 ZEBRA**

TV 2 Zebra's offerings include character-driven docuseries set in Norwegian environments such as *Fjorden Cowboys* and *Iskrigerne*. TV 2 Zebra airs numerous leading international series like *American Ninja Warrior* and action series such as *The Vikings*, as well as films and male skewing documentaries. In 2016, TV 2 Zebra averaged 2.7% in the 20-49-year viewing group. In the target group of men aged 20-49 TV 2 Zebra had a 3.4% share.

**TV 2 LIVSSTIL**

TV 2 Livsstil aims to be clear and distinct while offering a wide variety of lifestyle programmes. The channel launched in November 2015 and is particularly a women's channel with programmes such as *Kjære mamma*, *Rom123* and *The Kardashians*. TV 2 Livsstil averaged 2.2% in the 20-49-year viewing group.

**TV 2 HUMOR**

TV 2 Humor is a 24/7 comedy channel mainly airing American comedy series like *Modern Family* and *New Girl* and talk shows such as *The Tonight Show Starring Jimmy Fallon*. In the autumn of 2016, the channel launched several local comedy series, and in early 2016 a local version of *Lip Sync Battle* served as a marketing event to promote and increase awareness of the channel. TV 2 Humor reached a market share of 1.4% in the 20-49-year viewing group and 0.7% in the 12+ viewing group. In the main target group, men aged 15-34, TV 2 Humor averaged 2.0%.

**TV 2 SPORTSKANALEN**

TV 2 Sportskanalen broadcasts live sports events, magazine programmes and sports news 24/7. Along with the core sports of ice hockey, football, handball and cycling, the channel also features niche sport disciplines that are popular in Norway. Approx 130,000 viewers tune in to the channel daily. In 2016, TV 2 Sportskanalen's share in the 20-49-year

target group was 0.9%. TV 2 Sportskanalen is available in the basic TV package and offered in HD quality by most distributors.

**TV 2 SPORT PREMIUM**

All English football is broadcasted in the three channels that make up TV 2 Sport Premium which airs live matches and feature content from the Premier League, the Championships, FA Cup and Capital One Cup. In total, TV 2 Sport Premium gives viewers approx 400 live matches every season. TV 2 has acquired the Premier League TV rights in Norway until the end of the 2018-19 season.

**TV 2 SUMO**

TV 2 Sumo offers popular programmes from TV 2's different TV channels as well as exclusive series and content produced in-house and has climbed to the indisputable top of the Norwegian OTT market. The ambition is to grow the existing position and become a "must have" entertainment service for the Norwegian family and fulfil the needs of the quickly growing cable cutter segment.

TV 2 Sumo is now increasingly investing in exclusive content. For the first time, in 2015, TV 2 launched a drama series in its entirety on TV 2 Sumo before it had aired on linear TV. The series, *Maniac*, was released on December 1st 2015 and appeared on linear TV in 2016.

In order to adjust to changing consumer preferences and the public's ever-increasing demand for OTT, TV 2 is commencing a significant modernisation programme for TV 2 Sumo. TV 2 has a clear goal of more than doubling the number of subscribers by year-end 2020.

**tv2.no**

TV 2 continued its growth on web and mobile platforms in 2016, and tv2.no is currently Norway's third largest

commercial online news site, and it is the fastest growing commercial online news site in Norway. tv2.no exceeded close to 1.1 million daily unique visitors on average throughout the year (unique online and mobile visitors).

Compared to the other major commercial online news sites, tv2.no is also the only service staying stable in front-page traffic, while other sites are declining.

In 2016, tv2.no was responsible for some of the TV 2 Sumo advertising. It was not done as traditional advertising, but with an editorial twist. That approach generated thousands of new customers to TV 2 Sumo and made existing customers discover new content.

## **VIMOND**

Over the past five years, Vimond Media Solutions, a company that delivers solutions and technology for OTT and streaming services, has experienced strong growth and demand for its

products. To date Vimond has attracted 22 strong customer brands to its service. Vimond is fully owned by TV 2 and currently has 75 employees.

Vimond experienced 68% growth in revenue to EUR 14 million in 2016. With three new customers in the US, two new customers in APAC and three new customers in EMEA, the company staffed two new permanent offices, with seven employees in the US and six in Australia.

The company launched a new product, Vimond IO, with US company CBS being the first customer using it for the prestigious NFL. Vimond also launched a full blown cloud based sports service for Optus in Australia, featuring live and on demand coverage of the full British Premier League.

# Nordisk Film

**Revenue in 2016:** EUR 530 (2015: EUR 497 million)  
**Operating profit in 2016:** EUR 32 (2015: EUR 29 million)  
**Employees in 2016:** 978 (2015: 1,022)

Nordisk Film develops, produces and markets films and TV drama across the Nordic region. The company operates the leading cinema chains in Denmark and Norway and distributes PlayStation in the Nordic and Baltic countries. The company is also behind digital film services, the gift card business GoGift.com, the ticketing operator Venuepoint and the gaming investment unit Nordisk Film Games.

Revenue rose from EUR 497 million in 2015 to all-time high EUR 530 million in 2016 primarily due to increased sales in Nordisk Film Distribution. Operating profit amounted to EUR 32 million in 2016 against EUR 29 million in 2015. All Nordisk Film's business areas have contributed to the strong result and increase in revenue.

2016 was yet again an outstanding content year for Nordisk Film. The company and its associates produced and released a number of successful and critically acclaimed films, resulting in prestigious Oscar nominations for Martin Zandvliet's *Land of Mine* and Hannes Holm's *A Man Called Ove*.

The market has been very favourable for the film business, both in terms of production and distribution, the gift card business and PlayStation 4 – once again a strong performer. Also the cinema business and Nordisk Film's other business areas developed as planned.

## FILM

Nordisk Film produces, co-produces and markets feature films and TV drama, both as in-house productions and in association with a large number of Nordic and international partners.

In 2016, Nordisk Film introduced a strong line-up of feature films across the Nordic territories.

Nordisk Film's fully owned production company, Nordisk Film Production, was behind the successful *The Reunion 3 (Klassefesten 3)* which sold nearly 550,000 cinema tickets in

Denmark. Martin Zandvliet's *Land of Mine (Under Sandet)* earned both local and international acclaim, including the World Cinema Audience Award presented by the American Film Institute. *Land of Mine* was nominated for an Oscar in the "Best Foreign Language Film" category in 2017. It was the second year in a row that a feature film produced by Nordisk Film Production was nominated for an Oscar.

Nordic Film Series was established in 2016 with focus on TV drama. An ambitious and promising pipeline of projects has been established in collaboration with both local broadcasters and international partners, both OTT players and international co-producers. *Embassy Down*, an eight-episode thriller written by Anders Frithiof August for Viaplay, was the first project announced in 2016.

The associated company Zentropa delivered the biggest box office hit in Denmark in 2016, *A Conspiracy of Faith (Flaskepost fra P)*, selling more than 700,000 tickets. The company also produced Thomas Vinterberg's *The Commune (Kollektivet)* which sold more than 300,000 tickets and *The Day will Come (Der kommer en dag)* an outstanding drama about an orphanage where violence and humiliations is a part of everyday life. The film sold nearly 250,000 tickets. The three films received a total of 33 nominations for the Danish Film Academy's Robert Awards and won 8 of them, and 6 nominations for the Danish Film Critics Association's prestigious Bodil Awards.

Nordisk Film was the co-investor and distributor of a number of Nordic film successes in 2016. In Sweden *A Man Called Ove (En mann som heter Ove)* was the year's blockbuster, selling more than 2,000,000 cinema tickets across the Nordics. In Norway, *The Kings Choice (Kongens Nei)* was a huge success viewed by more than 720,000 cinemagoers. Both films were shortlisted for an Oscar in the "Best Foreign Language Film" category in 2017, and *A Man Called Ove* ended up being nominated for an Oscar in that category as well as in the "Best Achievement in Makeup and Hairstyling"

category. *Birkebeinerne*, another co-production, sold more than 270,000 cinema tickets in Norway and was a big export success.

In Finland, a remake by associated company Solar Film of the successful Danish franchise *The Reunion 2 (Klassefesten 2)* was a success with more than 300,000 tickets sold. *Tatu and Patu*, a film based on the strong local children's franchise, also reached 300,000 admissions.

Through its partnership with the international film company Amblin (former Dreamworks), Nordisk Film Distribution launched *The Big Friendly Giant* and *The Girl on the Train*, which sold 356,000 and 370,000 cinema tickets, respectively, across the Nordic territories. From Lionsgate/Summit, the bestselling titles were *Now You See Me 2* and *Allegiant* with 258,000 and 249,000 admissions, respectively.

In recent years, the home entertainment market has undergone structural changes from physical to digital distribution. In 2016, the Nordic market for physical discs (DVD and Blu-ray) dropped by close to 20%. The theatrical market continues to be healthy with a growth in Nordic box office of around 6%. The total digital market is estimated to have grown by more than 10% and is now close to the same size as the theatrical market.

## CINEMAS

Nordisk Film Cinemas continued to expand and strengthen its operations in the Danish and Norwegian cinema markets. Nordisk Film Cinemas operates 41 cinema multiplexes; 20 in Denmark and 21 in Norway (including partly owned KinoSør and Drammen) and is market leader in both countries.

The business unit also includes a digital media business with Dansk Reklame Film and Media Direct, sales of digital

commercials in cinemas, Kino.dk and Filmweb, online sale of cinema tickets and advertising, and AirMagine, advertising platform at Copenhagen Airport.

In 2016, Nordisk Film Cinemas opened two new cinema multiplexes in Denmark, one in Aalborg and one in Frederikssund, and several significant refurbishment projects have been carried out. In Denmark, the sales and ticketing system has successfully been replaced. Two new cinema multiplexes will open in 2017; one in Køge and one in Hundige, and construction will begin for two new cinema multiplexes in Bergen and Esbjerg.

In 2016, the Danish cinema market generated ticket revenue (box office sales) amounting to approx EUR 152 million, a decrease of approx 6 percentage points compared to 2015. The Norwegian market generated ticket revenue of approx EUR 135 million, an increase of approx 6 percentage points against 2015.

In 2016, Nordisk Film sold approx 5.7 million (2015: 6.0 million) cinema tickets in Denmark and approx 4.0 million (2015: 3.8 million) cinema tickets in Norway.

Market performance was satisfactory with a good line-up of both local and international titles. In particular, the admission numbers have been very strong in Norway. The Nordic cinema market is expected to grow slightly due to the establishment of new multiplexes and a general price development of 2-3% annually.

The partly owned company Kino.dk (74%) runs Denmark's leading website handling ticket transactions and accounts for approx 35% of all ticket sales in Denmark. Nordisk Film also co-owns Filmweb (64.3%), the Norwegian counterpart to Kino.dk. The two digital portals and online ticketing sites generated satisfactory results.

Dansk Reklame Film, Nordisk Film's Danish screen advertising company, continued its strong performance in the cinema market. The Norwegian counterpart, Media Direct, showed a very strong and positive development following a reorganisation and relocation to Oslo.

AirMagine, the world's first truly digital advertising solution for airports, delivered strong results and proof of concept during 2016 and is planning to expand its business internationally.

#### PLAYSTATION

Nordisk Film Interactive is the official distributor of Sony PlayStation products in the Nordic region and the Baltic countries. Consumer demand for the PlayStation 4 platform was high and exceeded expectations. Launched in November 2013, PlayStation 4 continued to demonstrate the fastest growth in PlayStation hardware history. As of December 2016, global PlayStation 4 sales to consumers exceeded 50 million units. In 2016, PlayStation launched PlayStation VR offering a virtual reality gaming experience for the PlayStation 4 platform.

Big software titles published by Sony Interactive Entertainment Europe and distributed by Nordisk Film Interactive in 2016 included the blockbuster *Uncharted 4*, innovative *No Mans Sky* and the long awaited *The Last Guardian*. Furthermore, the PlayStation Plus membership service enjoyed strong growth, with a large part of the PlayStation 4 user base taking advantage of the features and benefits in the Nordic region.

More than two million PlayStation 3 consoles have been sold in the Nordic region over the years. After three years on the market, PlayStation 4 continues to outpace PlayStation 3. PlayStation commands a strong market share in the home game consoles segment in the region.

#### GIFT CARDS

GoGift.com is a Nordisk Film owned gifting company with a primary focus on gift cards, currently operating in Denmark, Norway, Sweden and Finland. In 2016, GoGift.com strengthened its position as market leader in the Nordics. There has been strong growth in all markets and segments.

During 2016, all GoGift.com employees moved into new offices at Nordisk Film headquarters, a new ERP system was implemented and existing gifting brands, Gavekortet.dk, PresentkortTorget.se, GavekortTorget.no, Presentcard.fi and Goodtimes, were all rolled into one brand strategy under the GoGift.com umbrella. Additionally, ShopPartner, a company specialising in physical gifts and permission marketing, was acquired.

#### TICKETS

Venuepoint handles event ticket sales via Billetlugen in Denmark, Billettportalen in Norway and Biljettforum in Sweden. In 2016, Venuepoint was established as a jointly operated company between Nordisk Film and German company CTS Eventim, which is the second largest ticketing services provider in the world and market leader in Europe. The two companies have entered into a cooperation to create a leading Scandinavian ticketing operator and will operate the iconic Danish venue K.B. Hallen when it is rebuilt in 2018.

#### GAMES DEVELOPMENT

Accelerating new business, Nordisk Film ventured into games development in 2016. The business unit Nordisk Film Games will invest in the Nordic gaming industry, building a portfolio of minority investments. Investment targets start at companies of 10+ people going up to more mature companies of 100+ employees. The first investment is expected to be closed in 2017.

# Egmont Publishing

**Revenue in 2016:** EUR 529 million (2015: EUR 594 million)  
**Operating profit in 2016:** EUR 40 million (2015: EUR 36 million)  
**Employees in 2016:** 1,581 (2015: 1,772)

Egmont Publishing is a leading publisher in the Nordic region and holds market-leading positions in several other markets. In addition, Egmont Publishing has invested in a portfolio of companies within e-commerce and Marketing Services in the Nordic market.

Revenue amounted to EUR 529 million against EUR 594 million in 2015. The decrease is caused by lower magazine circulations and a significant reduction in print advertising - combined with the exit from the businesses in Russia, the Czech Republic and part of the business in VGS in Germany. Growth in acquisitions within e-commerce and Marketing Services contributed positively, but most revenues are not consolidated based on minority ownership.

Operating profit EUR 40 million was up on 2015 based on solid performance in the key markets, with Norway and Sweden accounting for the most significant contributions. It is a result of ambitious and well-executed global and local projects that target operational efficiency combined with strong cost control in general.

## PUBLISHING BUSINESS

Egmont Publishing is behind more than 700 weekly and monthly magazine titles as well as hundreds of children's books and digital services and is present in more than 30 markets. The publishing industry is undergoing constant changes these years in order to meet consumer demands and new behaviours. Egmont Publishing's print products continue to be of high importance for media consumers, and significant revenues will still be generated from sales of print products in the coming years. The consumers' demand for access to high quality content via digital channels is also increasing, and this will continue to be a focus area in Egmont Publishing going forward.

## NORDIC COUNTRIES

The businesses in Norway and Sweden achieved very strong results, mainly due to cost reductions, increasing efficiency, and solid performance in both the consumer magazines

and in the kids business. Denmark delivered a satisfactory result in the main publishing business, but realised one-off costs related to impairment losses and a legal merger with an unprofitable entity formerly operating app and digital development within the kids business.

## Norway

Egmont Publishing in Norway showed strong performance in an increasingly challenging market. In general, circulation continued to decline, but some titles such as the interior design titles *Lev Landlig* and *Bonytt* managed to increase circulation. Although Egmont Publishing maintained its market share in 2016, total circulation decreased by approx 5%.

Advertising sales continue to gain market share in a highly challenged print market characterised by migration to digital channels.

The Kids & Comics business enjoyed another strong year driven by the effects from various revenue increasing initiatives combined with an efficient cost structure.

2016 saw significant restructuring of the digital activities along with the definition of a new digital strategy which focuses on marketing services, target group evergreen content production, new big-data advertising formats and digital subscription services.

## Sweden

During 2016, the overall performance in Egmont Publishing's Swedish company was strong. Both consumer magazines and the kids segment delivered solid results. Among many initiatives, the Bamse 50th anniversary celebrations involved many different successful activities such as a new movie, increased frequency of the magazine publication and launch of several books. Egmont Publishing in Sweden also saw a strong improvement in its special-interest segment, primarily as a result of the re-structuring implemented during 2015. In addition, Egmont Publishing achieved very positive momentum in its internal event function in Sweden, which

carried out more than 100 events during the year. Further, the digital area showed good progress with many records and new launches.

Several restructuring initiatives were executed in 2016; the first step was to make the overall organisation more efficient and streamlined by reducing the number of business areas from three to two. The second step was to intensify focus on the digital B2B business by separating it into its own unit and, as step three, the magazine organisation in Malmö was restructured. These changes will lead to efficiency improvements in the years ahead.

#### Denmark

The Danish business showed underlying solid performance and gained market share in the magazine segment. Both *Alt For Damerne* and *Hjemmet* slightly underperformed the market, mainly due to a downscaling of many and very expensive marketing and in-store activities. In the magazine segment, Egmont Publishing outperformed the market across most categories, partly driven by the closing of some competing titles. In 2016, Egmont Publishing also implemented an international expansion of *RUM*, and the magazine was launched on several targeted markets around the world with an extended focus on international advertising sales.

In general, the advertising market for weeklies and magazines took a big drop in 2016, and even though Egmont Publishing continued to grow in digital advertising it could not compensate for the intensified decline in print advertising.

Compared to the general market trend, Egmont Publishing achieved a stable development in the readership figures in Denmark. Especially some of the niche magazines such as *Gastro*, *Rum* and *Fit Living* and the Kids portfolio saw strong growth. But also *Hjemmet* grew its readership figures.

In 2016, the “all you can read” digital subscription service *Flipp* was launched extensively. With a broad-based partnership model with Telcos and own subscribers, the base of active customers grew to a considerable level.

#### INTERNATIONAL

Egmont Publishing operates in more than 30 countries. Outside the Nordic region, the territories include Central and Eastern Europe, German-speaking countries, English-speaking countries and China.

In Germany, the *Micky Maus* circulation is receding, but the pocket book business remained solid and new magazines performed well. Combined with a leaner set-up in both the kids business and the remaining book business, this resulted in a strong financial performance from the German market in 2016.

The book business in Cologne was split up, and the series under the LYX brand were sold off to Bastei Lubbe. The remaining part of the German book business, which contains the children books and the manga series, was integrated into the Berlin office, making all German activities in both Ehapa and VGS operate out of one office.

The English-speaking region enjoyed a successful year, launching a number of new magazines and seeing strong sales of co-eds and rights in books. *Minecraft* remains one of the leading brands in children’s publishing, and other strong brands such as *Star Wars*, *Stampy* and *Winnie-The-Pooh* are performing well. In addition, 2016 saw strong new launches in magazines with *Paw Patrol* and *Finding Dory*, but also increased competition within the market and a trend towards lower sales per magazine across all publishers.

The Polish business is the largest operation in the Central and Eastern European market with a strong market leading magazine operation and a growing book business. In most other markets in Central and Eastern Europe, Egmont Publishing is local market leader in children’s book and magazine publishing.

Publishing joint ventures in Finland, China, Australia and Turkey all developed positively based on strong rights and good sales channel management, all strengthening their local market positions.



According to the new Russian law on mass media, foreigners are prohibited from owning more than 20% of mass media companies, including magazine publishing. As a result, Egmont sold its Russian company, including all Russian publishing rights, to the existing management in Russia.

### **E-COMMERCE**

Four years ago, Egmont Publishing ventured into e-commerce with the ambition of establishing a sustainable business alongside our publishing core. Egmont Publishing now has a portfolio of seven Nordic e-commerce businesses – Jollyroom, Fjellsport, Bagaren och Kocken, Med24, Nicehair, Animail and Outnorth – in distinct niche areas. All entities are showing stronger growth than expected and underlying margins in line with expectations. Revenues in the portfolio amounted to approx. EUR 179 million in 2016, and the organic growth was strong. Egmont Publishing's revenues include EUR 13 million of the total e-commerce portfolio revenues.

During 2016, Egmont Publishing invested in Nicehair in Denmark and Outnorth in Sweden and made add-on acquisitions to strengthen the position of both Nicehair and Fjellsport in Norway. In addition, Egmont Publishing acquired a larger share in three of the portfolio companies. Bagaren och Kocken has been working closely with the publishing activities to increase performance further and recently expanded to Denmark.

The portfolio of investments in e-commerce companies is growing strongly with Egmont Publishing often in minority positions. Further investments are planned to increase the business area substantially in the future, potentially also outside the Nordic countries.

Focus is on profitable growth and most companies are currently growing with underlying profitability with revenue levels exceeding expectations. Jollyroom is by far the biggest company in the portfolio, realising very solid growth in 2016 and obtaining a market leading position. Strong development is expected in 2017 as well.

### **MARKETING SERVICES**

Egmont Publishing has the ambition to establish a strong Nordic position within Marketing Services based on acquisition of digital agencies specialised in content and distribution in each of the Nordic markets.

Marketing Services is a key growth area within modern marketing with direct adjacencies to Egmont Publishing. Significant growth has already been achieved with strong performance both internally and especially through successful partner companies. The total portfolio now consists of six companies; Sempro, KAN, Patchwork Group, Cape Copenhagen, Klintberg Nilèhn and Bonzaii. Egmont Publishing only consolidates revenues from Sempro and Bonzaii.

Collaboration partners are showing high growth in line with or higher than expected, and especially Sempro and Patchwork realised a very strong development during the year and an additional stake in the Patchwork Group was acquired in the beginning of 2017. In late 2016, Egmont Publishing invested in KAN, one of the leading digital marketing service agencies in Sweden, and further investments in Marketing Services are expected. Acquisition activities will continue both as add-on investments to existing companies in the portfolio and new stand-alone investments. In general, consolidation is expected to take place in the market both at national and Nordic level.



# Egmont Books

**Revenue in 2016:** EUR 44 (2015: EUR 44 million)

**Operating profit in 2016:** EUR 6 (2015: EUR 6 million)

**Employees in 2016:** 195 (2015: 195)

Egmont Books comprises Norway's leading publishing house, Cappelen Damm, and the Danish publisher Lindhardt og Ringhof. Egmont's non-Scandinavian book publishing activities are part of Egmont Publishing.

## LINDHARDT OG RINGHOF

Denmark's second largest publisher, Lindhardt og Ringhof, includes the publishing units Alinea, Akademisk Forlag, Alfabet, Carlsen and Saga Egmont, and published approx 600 titles in 2016.

In 2016, Lindhardt og Ringhof had another strong year with revenue and operating profit on the same level as in 2015. The results were affected by investments in digital development and a number of licenses.

The Lindhardt og Ringhof fiction list 2016 was comprised of well-reviewed bestsellers such as Merete Pryds Helle's *Folkets skønhed* – which received the Danish book sellers' literary award "De Gyldne Laurbær" – and Mich Vraa's *Haabet*. The two novels have both been nominated for The Danish Broadcasting Company's fiction prize, and *Folkets skønhed* has also been nominated for fiction prizes awarded by Weekendavisen, Berlingske and The Danish Library Association. The Danish crime author Leif Davidsen published *Djævelen i hullet* which positioned itself comfortably in the top three of the bestseller lists throughout the autumn; Denmark's internationally renowned author Jørn Riel published his memoirs *Mit livs skrøne*, and Benn Q Holm received astonishing reviews for his novel *De levende og de døde*.

The American author Garth Risk Hallberg's international sensation *Byen Brænder* (*City on Fire*) was published with great success in Denmark in early spring. *Twilight* author Stephenie Meyer published her thriller *Kemikeren* (*The Chemist*) in late autumn, and the Nobel prize winner Svetlana Aleksijevitj's, *Zinkdrenge* (*Boys in Zink*), about the war in

Afghanistan, received glowing reviews - as did volumes two and three, *Om vinteren* and *Om foråret*, by the Norwegian author Karl Ove Knausgård. The international erotic bestseller series *Calendar Girl* was established successfully, month by month from late February, with 12 e-books and four printed volumes quarterly.

The non-fiction division held the position as leading publisher of history, cookbooks, lifestyle and culture, publishing books by authors such as Jamie Oliver, Yotam Ottolenghi and Antony Beevor. Claus Meyer, who established his food court and Michelin star restaurant at Grand Central in New York, published no less than three cookbooks: *Simremad*, *Pøsemageri* and *Salater året rundt*. The winner of the 2016 Pulitzer Prize, Joby Warrick, published his book *Sort flag* (*Black Flag*), a book on ISIS, and Afghan born Geeti Amiri published her controversial and well received *Glansbilleder*, a critical view on minorities and the Danish welfare system. Martin Iversen's impressive book *Udsyn* about Østasiatisk Kompagni, one of the most impressive Danish companies through all times, enjoyed glowing reviews.

Saga Egmont, publisher of e-books and audio books, made seven asset deals in 2016, including: Steinbach Sprechende Bücher, Germany's oldest audio publishing house with a backlist of renowned international bestseller authors. Svenske Ljud Classicas, a Swedish publishing house with an extensive list of e-books and audio books. Forlaget Rosenkilde, founded in 1999 and one of Denmark's largest digital publishing houses with a backlist of more than 1,000 e-books and audio books.

Saga Egmont has now established itself in Sweden and Germany, and it is still the ambition to double the amount of e-books in Denmark in 2017 by digitising 15,000 titles.

Carlsen's children's books celebrated important anniversaries: Curious George turned 75, and Rasmus Klump turned 65.

Both of them received huge attention from the media and Danish booksellers and libraries. Malene Sølvsten was nominated for Berlingske's and The Danish Library Association's fiction prize for her first book, the fantasy novel *Ravnenes Hvisken*, and Kristina Aamand was the winner of Carlsen's Young Adult competition with her novel *For enden af din pegefinger*.

Alinea's turnover from analogue book publishing remains at a stable level and digital turnover increased. In 2016, Alinea published the first titles of its next generation digital learning materials; *CampMat* and *iStavning* – both developed in-house. Lindhardt og Ringhof Uddannelse (the imprint for publications for upper secondary schools) strengthened the multi-publisher platform, Gymportalen, by replacing the core technology and intensifying marketing and sales efforts.

#### CAPELEN DAMM

Cappelen Damm is Norway's largest book publisher with a range of activities from general literature, education, book clubs and e-commerce to the bookstore chain Tanum, and the distribution business Sentraldistribusjon. Cappelen Damm publishes more than 1,500 new titles annually and is co-owned by Egmont and Bonnier on a 50/50 basis.

A strong publication programme and effective operations made 2016 the best year ever for Cappelen Damm, with revenue on par with last year and operating profit up by 3,6% in local currency. When measured on a 100% basis, revenue totalled NOK 1,455 million and operating profit NOK 118 million.

Cappelen Damm further strengthened its market position in 2016. The publishing house is a clear leader in the market for general literature – children's books, fiction, non-fiction and documentaries. During the year, all publishing units made impressive headway. New releases such as Vigdis Hjorth's

*Arv og miljø*, Selma Lønning Aarø's *Hennes løgnaktige ytre*, Karin Fossum's *Hviskeren*, Bruce Springsteen's *Born to run*, Lars Kepler's *Kaninjegeren*, Sophie Elise Isachsen's *Forbilde*, Torbjørn Færøvik's *Orientekspressen*, J K Rowling's *Harry Potter og barnets forbannelse (Harry Potter and the Cursed Child)*, and Audrey Carlan's *Calendar Girl* all graced the bestseller list for 2016. Gudny Ingebjørg Hagen won the Brage award for her five-book series *Fest og feiring (Parties and Celebrations)* which show how today's families with young children celebrate central religious festivals from world religions.

Cappelen Damm publishes every third Norwegian textbook, from primary school to university level. Over the past three years, the company has also significantly reinforced its position as a publisher of books and electronic products for universities and the professional market, thanks in particular to the establishment of the digital support tool VAR Healthcare for the Norwegian and Danish healthcare sectors.

In December 2016, Cappelen Damm reopened the first of five new Tanum bookstore operations at Oslo Airport.

Cappelen Damm completed two important acquisitions during 2016: Bazar forlag and Gammafon. Both companies further strengthen Cappelen Damm's position as the leading publisher for general literature in Norway.

# The Charitable Activities

Egmont Fonden is a commercial foundation. Part of the profits generated by the media business is donated through the charitable activities. In 2016, Egmont Fonden focused on fighting “modern poverty” by strengthening the learning and life skills of vulnerable children and young people. The year saw a number of significant initiatives targeted at vulnerable children.

Since 1920, Egmont Fonden has donated EUR 370 million in present value to help fund charitable activities. In 2016, the foundation’s financial support amounted to EUR 13.1 million, of which EUR 0.7 million was donated via Nordisk Film Fonden.

## MODERN POVERTY

Although the majority of Danish children and young people thrive and develop according to their age, too many lack the necessary personal, social and academic skills to create a good life. Today, about 15-20% of a given year group leave school without being able to master reading, writing and math.

Fighting poverty and reducing social vulnerability and deprivation has always been part of Egmont Fonden’s DNA – and this has also been the guiding principle for the foundation’s charitable activities in 2016.

In 1920, when Egmont Fonden was established, it granted funds for heating fuel to the less affluent in society. Today, Egmont Fonden is fighting a different kind of poverty. Now, poverty in Denmark is not so much about not being able to afford basic necessities, but more about not having a purpose in life to get up for. And too many young people lack this purpose. That is what Egmont Fonden calls “modern poverty”, and that is the social challenge it wishes to help solve via its charitable activities.

## EARLY INTERVENTION IS CRUCIAL

In 2016, Egmont Fonden focused on the vulnerability of the youngest children and, together with the Danish think tank DEA, launched the initiative *Småbørnsalliancen* (The Danish Alliance for Support to Young Children), which brings together key players that work with the age group 0-6.

Egmont Fonden granted EUR 0.2 million for the initiative. The goal is to get stakeholders across organisations and sectors to work together to ensure that children get a good start in life.

Research shows that children who are linguistically behind their peers at the age of three have behavioural problems at the age of 11 and do not perform as well as other children at the leaving examination following lower secondary school. In other words, the first 1,000 days of a child’s life constitute a “window of opportunity” to positively influence the child’s development.

The 2016 edition of the Egmont Report focused on the learning and life skills of the youngest children and attracted great attention. The report concluded that there is great potential in prioritising early intervention with health visitors, nurseries and volunteers playing a key role.

## EMERGENCY HELP FOR REFUGEES

In 2016, Egmont Fonden also chose to earmark EUR 4.0 million for a refugee action plan to support special initiatives targeted at newly arrived refugee children in 2016-2018. Since 2009, the number of children arriving in Denmark as refugees has increased from 375 to approx 7,500 in 2015. The same trend is seen in Norway. Many of the children are affected by serious social, health and learning problems.

The refugee efforts focus on initiatives that provide psychosocial support to ensure that the refugee children and their families thrive as much as possible, and on initiatives that provide a good start for the children in school and day-care. Egmont Fonden’s initiative has attracted great attention and positive response, and the foundation has already granted funds for several initiatives in Denmark and in Norway.

## STRENGTHENING THE LEARNING OF CHILDREN PLACED IN CARE

In 2016, approx 300 children placed in care are enrolled in Egmont Fonden’s signature programme *Learn for Life*, which aims to improve the academic and life skills of the children so they are able to complete an upper secondary education.

In 2016, *Learn for Life* has strengthened its position as a well-established and respected organisation. It cooperates with close to fifty per cent of the Danish municipalities, and the organisation attracts great attention from political and professional forums.

#### **PARTNERSHIPS PAVE THE WAY FOR POSITIVE CHANGE**

In 2016, Egmont Fonden entered into a partnership with Kronprinsparets Fond (The Crown Prince Haakon and Crown Princess Mette-Marit's Foundation) in Norway. The goal of the partnership is to give even more young people in Norway conditions and opportunities for a good and worthy life. The partnership runs for four years with a total funding framework of EUR 1.4 million.

Since its foundation, Egmont Fonden has distributed individual support to vulnerable and disadvantaged families under the Charter. Since 2013, individual support has been granted through the programme *A Helping Hand*, and it has been distributed via one-year partnership agreements with a number of social organisations. Based on a very positive external evaluation of the programme, Egmont Fonden earmarked EUR 6.7 million to a five-year partnership agreement with four of the current partners under *A Helping Hand*: Danish Red Cross, Mødrehjælpen (the Mother's Care Association), Børnehjælpsdagen (The Children's Aid Foundation) and Norske Kvinners Sanitetsforening (Norwegian Women's Public Health Association).

#### **NORDISK FILM FONDEN**

Nordisk Film Fonden is part of Egmont Fonden and donated EUR 0.7 million in 2016 for initiatives focusing on elite talent development in the film sector.

Nordisk Film Fonden helped talented filmmakers travel the world to develop their skills. 63 talents, 28 women and 35 men, received the travel scholarships *Big Polar Bear* and *Little Polar Bear*, totalling EUR 140,000

Project support, corresponding to a total grant of EUR 300,000, was distributed to five initiatives focusing on innovation in the film sector and on development of elite talent. For the first time, a project donation was given to develop Norwegian talents in Norway. The new talent

development programme, FilmLab Norge, received a grant of EUR 54,000. Another important donation in 2016 was Super16, the alternative film school, which received EUR 94,000 over a period of three years to create strong film talents and develop and evaluate their unique learning methods. Furthermore, a consortium led by Makropol ApS received EUR 67,000 to explore virtual reality.

Nordisk Film Fonden's Honorary Awards reward new voices that contribute to quality and diversity in film, in total EUR 108,000. The Nordisk Film Award was presented to one of Denmark's new and talented filmmakers, film director May el-Toukhy; The Erik Balling Award to film director Ask Hasselbalch; and the Ove Sprogøe Award was awarded to actress Johanne Louise Schmidt.

*The Polar Bear Writing Camp* is the signature project of Nordisk Film Fonden. It aims to widen the pool of talented scriptwriters in Scandinavia and to test new innovative learning methods. 48 talents have attended the post-graduate elite programme, which consists of two specially designed intensive camps and a mentoring scheme. The evaluation shows that the talents have increased their writing skills significantly, established new lasting relationships and been inspired to write material that is wilder and more innovative, and they have pushed the boundaries of their talent. The donation in 2016 totalled EUR 134,000.

#### **DISTRIBUTION POLICY**

The Board of Trustees has set the framework for distributing donations in *The Strategy for Charitable Work 2011-2016*. During the year, the Funding and Grant Administration presented individual proposals for donations to be distributed within that framework to the Board of Trustees.

Egmont Fonden's Statutory Report on Distribution Policy, cf. section 77b of the Danish Financial Statements Act, can be reviewed and downloaded at [www.egmont.com/distributionpolicy](http://www.egmont.com/distributionpolicy).

# Management's review

## RESULT IN EGMONT FONDEN

The result reported by Egmont Fonden, the parent entity of the Egmont Group, excluding dividends from equity investments in subsidiaries, was EUR 3.0 million (2015: 3.7 million). Egmont Fonden's commercial activities primarily comprise royalty income from the Foundation's publishing rights and management of the Foundation's assets.

## ORGANISATION

At the end of August 2016 board member Rasmus Starbæk resigned from his position in Egmont as well as the position as employee representative in the Board of Trustees. He was replaced by his substitute, Anna von Lowzow.

## FOUNDATION AND CORPORATE GOVERNANCE

Based on the legal requirements in Egmont Fonden's Charter as well as the most recent recommendations from the Committee on Foundation Governance and the Committee on Corporate Governance, the Board of Trustees and the Management Board have established the governance framework for Egmont.

Egmont Fonden fully supports the Danish Recommendations on Foundation Governance and complies with most of the recommendations. Egmont Fonden's Statutory Report on Foundation Governance for the financial year 2016 can be reviewed and downloaded at [www.egmont.com/foundationgovernance](http://www.egmont.com/foundationgovernance). The report includes a full description of Egmont's approach to each of the recommendations from the Committee on Foundation Governance.

The Board of Trustees has also prepared a Report on Corporate Governance for the financial year 2016 based on the Recommendations on Corporate Governance in order to provide a more complete and transparent overview of governance at Egmont. The report can be reviewed and downloaded at [www.egmont.com/corporategovernance](http://www.egmont.com/corporategovernance).

In February 2017, the Board of Trustees decided on some minor changes to the Foundation Charter, chapter 5 regarding the Foundation's management. The changes

include a change of the number of board members from "6" to "6-8" as well as deletion of the requirement for the Danish Business Authority to approve new board members and board remuneration. The changes have been approved by the Danish Business Authority.

## CORPORATE SOCIAL RESPONSIBILITY

Since 2013, Egmont has been a signatory to the UN Global Compact, supporting the 10 principles of human and labour rights, protection of the environment and anti-corruption.

Pursuant to section 99a in the Danish Financial Statements Act, Egmont's Communication on Progress (COP) in its entirety replaces our statutory report on Corporate Social Responsibility (CSR). The full report can be downloaded at: [www.egmont.com/COPreport](http://www.egmont.com/COPreport). The COP report also includes Egmont's report on targets and policy with respect to the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act.

The highlights from Egmont's COP 2016 are set out below.

## PEOPLE

Egmont continues to support the principles of human and labour rights through a number of policies and initiatives promoting those rights in Egmont and at suppliers. In 2016, we focused on our commitment to respect human rights throughout our supply chain as well as internally.

### Responsible Supply Chain Management

In 2016, Egmont continued to monitor the compliance level of suppliers via social audits. Furthermore, Egmont continued to carry out social compliance training sessions for Chinese covermount manufacturers. The training sessions are a valued tool for both covermount manufacturers and Egmont to ensure compliance with Egmont's Code of Conduct (CoC).

### Employee Engagement

In 2016, the result of Egmont's annual People Survey measuring employee satisfaction, motivation and loyalty ranked considerably above external benchmarks, which underlines

our strong focus on safe and good workplaces across the Group. We also focus on continuous upgrading of our employees' and leaders' competences.

### **Gender Composition in Management**

The gender split in Egmont's general workforce is nearly equal with 46% men and 54% women. The same applies to the overall management levels where overall 50% are men and 50% are women. In the Danish organisation, male managers account for 54% and female managers for 46%. Pursuant to the law this means that no gender is underrepresented.

Egmont's target with respect to the underrepresented gender on the Board of Trustees is to have one female board member no later than in 2018. Egmont appoints board members on the basis of their competences and uses external help to identify potential professional members to the Board of Trustees. A search company is asked to present both male and female candidates who have relevant experience and competences for the board. The target mentioned above is also valid for the eight Danish Egmont companies that are required under Danish law to set such target. In 2016, five of these eight companies met the target.

## **PLANET**

### **Environmental Compliance**

Manufacturers of Egmont products are obliged to comply with all applicable environmental laws and regulations when committing to the Egmont CoC. Via the Egmont Social Compliance Programme, Egmont monitors the environmental compliance level of third party first tier/core suppliers on an on-going basis.

### **Environment and Climate**

In 2016, Egmont's Environmental Policy was approved by Group Management, and the five key areas agreed on by the Group are: Energy Consumption, Packaging, Waste

Management, Chemicals, and Sourcing of Paper. The work to implement the policy and develop KPIs will take place in 2017.

In 2016, we also started reporting on the use of electricity and CO2 emissions for our office facilities and cinemas in Denmark. Other environmental initiatives count the installation of an additional green roof and replacement of bulbs with LED lighting at the corporate headquarters as well as a cost saving project in Egmont Publishing, which amongst other things, focused on reducing the amount of magazine and covermount returns. Through the project the participating subsidiaries have managed to reduce the number of printed magazines by 5.5 million in 2016. In addition, the bundling of printed magazines that can be reused as part of new products has brought down the number of copies being scrapped and wasted. Overall the project led to a reduction in the percentage of returns.

## **PROFIT**

### **Anti-corruption and anti-bribery policy**

Egmont has an anti-corruption and anti-bribery policy, which is mandatory for all Egmont companies. The policy was throughout 2016 communicated to new employees and managers through mandatory e-learning. The anti-corruption policy has been integrated in the Egmont Code of Conduct, which is communicated to major business partners and suppliers.

### **Whistle-blowing policy**

As part of Egmont's ambitions to eliminate corruption and other serious misconduct, a whistle-blowing system is available. The system is an encrypted homepage through which employees and other stakeholders can voice their suspicion. In 2016, one report was made to the system, but based on a thorough assessment of the matter, it was concluded that no breach of relevant laws or Egmont's Code of Conduct had taken place.

## **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 2017**

Egmont will carry on developing media platforms, continuously adapting its media products to changing consumer needs and new technology and run profitability programmes and efficiency-enhancing measures. The greatest uncertainty is associated with advertising revenue, which is sensitive to economic fluctuations and changes in consumer habits, the increasing cost of TV content and development in circulation of magazines.



# Board of Trustees and Management Board of Egmont Fonden

## BOARD OF TRUSTEES

**Steen Riisgaard (Chairman)<sup>1</sup>**  
(General and charitable activities)  
Director, born 1951, appointed 2002, 2014 and 2016, election period expires 2018  
**Chairman of the Funding and Grant Committee**  
Member of the boards of Egmont International Holding A/S (CM), Ejendomsselskabet Vognmagergade 11 ApS (CM), Ejendomsselskabet Gothersgade 55 ApS (CM), ALK-Abelló A/S (CM), COWI Holding A/S (CM), Xellia Pharmaceutical A/S (CM), WWF Verdensnaturfonden (CM), Novo Nordisk Fonden (VC), Villum Fonden (VC), Corbion, Novo A/S, VKR Holding A/S, Aarhus University

*Special competences: international business and management experience, growth markets, strategy implementation, acquisitions, CSR, commercial foundations*

**Lars-Johan Jarnheimer (Vice Chairman)<sup>1 3</sup>**  
(General and charitable activities)  
Director, born 1960, appointed 2011 and 2015, election period expires 2019  
Member of the boards of Egmont International Holding A/S (VC), Ejendomsselskabet Vognmagergade 11 ApS (VC), Ejendomsselskabet Gothersgade 55 ApS (VC), Qliro Group AB (CM), Sweden, Arvid Nordquist HAB, Sweden, SAS Group, Sweden, SSRS-holding, Sweden, INGKA Holding BV (CM), the Netherlands

*Special competences: international business and management experience, digital and telecoms, acquisitions, strategy implementation*

**Ulrik Bülow<sup>1 3</sup>**  
(General and charitable activities)  
Director, born 1954, appointed 2003 and 2016, election period expires 2018  
**Member of the Funding and Grant Committee**  
Member of the boards of Egmont International Holding A/S, Plougmann & Vingtoft A/S (CM), Have Kommunikation A/S (CM), GateHouse A/S, Oreco A/S, Widex A/S, Gigtforeningen (CM)

*Special competences: international business and management experience, publishing, sales and marketing, commercial foundations*

**Torben Ballegaard Sørensen<sup>1 3</sup>**  
(General and charitable activities)  
Director, born 1951, appointed 2006 and 2015, election period expires 2019  
Member of the boards of Egmont International Holding A/S, AS3-Companies A/S (CM), Capnova A/S (CM), Tajco Group A/S (CM), Liquid Vanity ApS (CM), Vestas A/S, Fonden Holstebro Musik Teater

*Special competences: international business and management experience, global BtB and BtC sales, multiplatform marketing and branding, digital transformation, strategy development and implementation*

**Jeppe Skadhauge<sup>1 3</sup>**  
(General and charitable activities)  
**Attorney and partner, Bruun & Hjejle, born 1954, appointed 2009, election period expires 2018**  
Member of the boards of Egmont International Holding A/S, Blindeg Støttefond (CM), Tømmerhandler Johannes Fogs Fond (CM), The Danish Arbitration Association (CM), Designmuseum Danmark (VC), the Danish Institute of Arbitration, the Dubai International Arbitration Centre

*Special competences: international business and management experience, commercial foundations, media, acquisitions, regulatory, dispute resolution*



**Martin Enderle<sup>1 3</sup>**

(General and charitable activities)

Director, born 1965, appointed 2014, election period expires 2018

Member of the boards of Egmont International Holding A/S, Rocket Internet SE, Germany, CEWE Stiftung & Co. KGaA, Germany

*Special competences: international business and management experience, growth markets, digital and telecoms, acquisitions, venture capital, strategy implementation*

**Anna von Lowzow<sup>2 4</sup>**

(General activities)

Journalist and director, Nordisk Film Production A/S, born 1961, joined 2016, election period expires 2019

**Marianne Oehlenschläger<sup>2 4</sup>**

(General activities)

HR consultant, Nordisk Film A/S, born 1958, elected 2011 and 2015, election period expires 2019

**Tine Staunsager<sup>2 4</sup>**

(General activities)

Sales & Event Manager, Egmont Publishing A/S, born 1960, elected 2015, election period expires 2019

## MANAGEMENT BOARD

**Steffen Kragh**

President and CEO, born 1964

Member of the boards of Nykredit Holding A/S (CM), Nykredit Realkredit A/S (CM), Lundbeckfonden (VC), Lundbeckfond Invest A/S

Chairman, vice chairman or member of boards of Egmont Group companies

**Hans J. Carstensen**

Executive Vice President and CFO, born 1965

Member of the board of Freja Ejendomme A/S (VC)

Chairman, vice chairman or member of boards of Egmont Group companies

All information as of 13 March 2017.

CM: Chairman

VC: Vice Chairman

No members are appointed by authorities or providers of grants etc.

<sup>1</sup> Male

<sup>2</sup> Female

<sup>3</sup> Independent board member

<sup>4</sup> Employee representative

# 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 Egmont Fonden for the financial year 1 January – 31 December 2016.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU, and additional requirements according to the Danish Financial Statements Act. The financial statements of Egmont Fonden 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 financial position at 31 December 2016, 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 2016.

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 for the year and the Group's and the Foundation's financial position.

Copenhagen, 13 March 2017

## MANAGEMENT BOARD:

**Steffen Kragh**  
President and CEO

**Hans J. Carstensen**

## BOARD OF TRUSTEES:

**Steen Riisgaard**  
Chairman

**Lars-Johan Jarnheimer**  
Vice Chairman

**Ulrik Bülow**

**Martin Karl Enderle**

**Anna von Lowzow**

**Jeppe Skadhauge**

**Tine Staunsager**

**Torben Ballegaard Sørensen**

**Marianne Oehlenschläger**

# Independent Auditor's Report

## TO THE BOARD OF TRUSTEES OF EGMONT FONDEN

### OPINION

We have audited the consolidated financial statements and the Foundation's financial statements of Egmont Fonden for the financial year 1 January – 31 December 2016, comprising an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for the Group as well as for the Foundation, and a consolidated statement of comprehensive income and a consolidated statement of cash flows. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and 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.

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

Further, in our opinion the Foundation's financial statements give a true and fair view of the financial position of the Foundation at 31 December 2016 and of the results of the Foundation's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the

"Auditor's responsibilities for the audit of the consolidated financial statements and the Foundation's financial statements" section of our report. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Group, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the Foundation's financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

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

Based on our procedures, we concluded that the Management's review is in accordance with the consolidated financial statements and the Foundation's financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

### **MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FOUNDATION'S FINANCIAL STATEMENTS**

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

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and the Foundation's financial statements that are free from material misstatement, whether due to fraud or error.

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

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FOUNDATION'S FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the Foundation's financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and

additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the Foundation's financial statements.

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

- Identify and assess the risk of material misstatement of the consolidated financial statements and the Foundation's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the Foundation's financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Group's and the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the Foundation's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may imply that the Group and the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the Foundation's financial statements, including the note disclosures, and whether the consolidated financial statements and the Foundation's financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 13 March 2017

Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

**Jesper Ridder Olsen**  
State Authorised  
Public Accountant

**Anders Stig Lauritsen**  
State Authorised  
Public Accountant

# Income Statement of the Group

(EURk)

Note		2016	2015
2	Revenue	1,559,878	1,575,804
3	Other operating income	14,806	5,411
	Raw materials and consumables	(88,170)	(83,534)
	Other external expenses	(971,195)	(961,563)
4	Personnel expenses	(344,026)	(347,406)
5	Depreciation, amortisation and impairment losses	(96,502)	(92,957)
	Other operating expenses	(6,971)	(3,712)
12	Profit/(loss) after tax from investments in joint ventures	5,912	4,988
	<b>Operating profit</b>	<b>73,732</b>	<b>97,031</b>
13	Profit/(loss) after tax from investments in associates	(4,497)	6,838
6	Financial income	10,148	8,647
7	Financial expenses	(9,156)	(10,966)
	<b>Profit before tax</b>	<b>70,227</b>	<b>101,550</b>
8	Tax on profit for the year	(8,119)	(16,236)
	<b>Net profit for the year</b>	<b>62,108</b>	<b>85,314</b>
	Net profit for the year attributable to:		
	Egmont Fonden	61,534	84,611
	Non-controlling interests	574	703
	<b>Total</b>	<b>62,108</b>	<b>85,314</b>

# Statement of Comprehensive Income of the Group

(EURk)

Note	2016	2015
Profit for the year	62,108	85,314
<i>Items that will not be reclassified to the income statement in subsequent periods:</i>		
19 Actuarial gains/(losses) on defined benefit pension plans	2,204	2,199
Actuarial gains/(losses) on defined benefit pension plans after tax in joint ventures	(428)	640
Other equity transactions in joint ventures	(57)	0
Equity transactions in associates	1,254	0
Tax on items that will not be reclassified to the income statement in subsequent periods	(551)	(550)
	<b>2,422</b>	<b>2,289</b>
<i>Items to be reclassified to the income statement in subsequent periods:</i>		
Foreign exchange adjustments on translation to presentation currency	2,853	(1,783)
Foreign exchange adjustments on translation of foreign entities	27,863	(29,051)
<i>Value adjustment of hedging instruments:</i>		
Value adjustments for the year	(1,297)	8,960
Value adjustments transferred to revenue	(252)	0
Value adjustments transferred to other external expences	(2,601)	0
Value adjustments transferred to financial expenses	3,240	(2,410)
Value adjustments transferred to intangible assets	(1,990)	(1,679)
Tax on items to be reclassified to the income statement in subsequent periods	3,330	1,259
	<b>31,147</b>	<b>(24,704)</b>
<b>Other comprehensive income after tax</b>	<b>33,569</b>	<b>(22,415)</b>
<b>Total comprehensive income</b>	<b>95,677</b>	<b>62,899</b>
Total comprehensive income attributable to:		
Egmont Fonden	95,031	62,271
Non-controlling interests	646	628
<b>Total</b>	<b>95,677</b>	<b>62,899</b>

# Statement of Financial Position of the Group at 31 December

(EURk)

Note	Assets	2016	2015
	Film rights and other acquired rights, etc.	48,017	47,238
	In-house produced film rights	12,647	25,007
	Goodwill	302,921	295,819
	Trademarks	173,340	169,283
	Intangible assets in progress and prepayments for film rights	14,543	13,386
9	<b>Intangible assets</b>	<b>551,468</b>	<b>550,733</b>
	Land and buildings	144,375	144,826
	Plant and machinery	28,309	30,106
	Tools and equipment	20,606	14,167
	Leasehold improvements	9,101	8,795
	Property, plant and equipment under construction	1,667	10,686
10	<b>Property, plant and equipment</b>	<b>204,058</b>	<b>208,580</b>
11	<b>Investment properties</b>	<b>30,937</b>	<b>30,821</b>
12	Investments in joint ventures	51,173	41,948
13	Investments in associates	59,380	48,493
	Other investments	8,008	3,568
26	Receivables from joint ventures and associates	25,847	35,360
20	Deferred tax	6,939	7,016
	<b>Other non-current assets</b>	<b>151,347</b>	<b>136,385</b>
	<b>Total non-current assets</b>	<b>937,810</b>	<b>926,519</b>
14	<b>Inventories</b>	<b>114,991</b>	<b>109,509</b>
25	Trade receivables	198,507	213,341
26	Receivables from joint ventures and associates	5,985	3,290
	Other receivables	59,744	57,172
15	Prepayments	110,437	100,901
	<b>Receivables</b>	<b>374,673</b>	<b>374,704</b>
16	<b>Securities</b>	<b>163,011</b>	<b>124,040</b>
17	<b>Cash and cash equivalents</b>	<b>30,478</b>	<b>74,098</b>
	<b>Total current assets</b>	<b>683,153</b>	<b>682,351</b>
	<b>TOTAL ASSETS</b>	<b>1,620,963</b>	<b>1,608,870</b>



# Statement of Financial Position of the Group at 31 December

(EURk)

Note	Equity and liabilities	2016	2015
	Capital fund	29,591	29,480
	Retained earnings and other reserves	800,211	721,671
	<b>Egmont Fonden's share of equity</b>	<b>829,802</b>	<b>751,151</b>
	Non-controlling interests	3,520	3,885
18	<b>Equity</b>	<b>833,322</b>	<b>755,036</b>
19	Pension obligations and similar obligations	9,342	11,882
20	Deferred tax	35,649	41,160
21	Other provisions	5,147	5,768
25	Mortgage debt	112,609	112,178
25	Other credit institutions	59,155	56,123
	Other financial liabilities	0	3,129
	Deferred income	5,115	7,038
	<b>Non-current liabilities</b>	<b>227,017</b>	<b>237,278</b>
25	Other credit institutions	0	13
	Prepayments from customers	51,022	70,857
25	Trade payables	189,642	214,463
25, 26	Payables to joint ventures and associates	265	6,882
	Other financial liabilities	1,571	1,123
	Corporate income tax	6,553	8,558
	Other payables	181,237	167,526
21	Other provisions	65,357	93,739
	Deferred income	64,977	53,395
	<b>Current liabilities</b>	<b>560,624</b>	<b>616,556</b>
	<b>Total liabilities</b>	<b>787,641</b>	<b>853,834</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,620,963</b>	<b>1,608,870</b>

# Cash Flow Statement of the Group

(EURk)

Note	2016	2015
Operating profit before net financials	73,732	97,031
<i>Adjustment for non-cash operating items, etc.:</i>		
Other non-cash operating items, net	(35,885)	(13,857)
5 Depreciation, amortisation and impairment losses	96,502	92,957
Profit/(loss) after tax from investments in joint ventures	(5,912)	(4,988)
Provisions and deferred income	(14,609)	(5,137)
<b>Cash generated from operations before change in working capital</b>	<b>113,828</b>	<b>166,006</b>
Change in inventories	(2,976)	(7,017)
Change in receivables	11,136	(37,695)
Change in trade payables and other payables	(18,640)	35,075
<b>Change in working capital</b>	<b>(10,480)</b>	<b>(9,637)</b>
<b>Cash generated from operations</b>	<b>103,348</b>	<b>156,369</b>
Interest received	5,612	5,521
Interest paid	(5,735)	(7,682)
Corporate income tax paid	(15,853)	(15,953)
<b>Cash flows from operating activities</b>	<b>87,372</b>	<b>138,255</b>
Acquisition of intangible assets	(52,629)	(50,872)
Acquisition of property, plant and equipment	(29,222)	(33,310)
Disposal of property, plant and equipment	3,473	2,384
Acquisition of financial assets	(28,640)	(13,336)
Disposal of financial assets	11,532	9,169
Acquisition of securities	(55,912)	(58,656)
Disposal of securities	17,440	33,703
29 Acquisition of subsidiaries	(919)	(2,168)
29 Disposal of subsidiaries	9,124	0
<b>Cash flows from investing activities</b>	<b>(125,753)</b>	<b>(113,086)</b>
Repayments to credit institutions, etc.	0	(457)
Dividends from joint ventures and associated companies	2,030	0
Dividends to non-controlling shareholders	(709)	(966)
Donations	(13,056)	(11,865)
<b>Cash flows from financing activities</b>	<b>(11,735)</b>	<b>(13,288)</b>
<b>Net cash flows from operating, investing and financing activities</b>	<b>(50,116)</b>	<b>11,881</b>
Cash and cash equivalents at 1 January	70,620	71,250
Foreign exchange adjustment of cash and cash equivalents	6,422	(12,511)
17 <b>Cash and cash equivalents at 31 December</b>	<b>26,926</b>	<b>70,620</b>

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	Retained earnings	Non- controlling interests	Total equity
Equity at 1 January 2016	29,480	(9,391)	(132,113)	863,175	3,885	755,036
<b>Net profit for the year</b>	0	0	0	61,534	574	62,108
Foreign exchange adjustments on translation to presentation currency	111	(24)	(492)	3,243	15	2,853
Foreign exchange adjustments on translation of foreign entities	0	(849)	28,655	0	57	27,863
<i>Value adjustments of hedging instruments:</i>						
Value adjustments for the year	0	(1,297)	0	0	0	(1,297)
Value adjustments transferred to revenue	0	(252)	0	0	0	(252)
Value adjustments transferred to other external expenses	0	(2,601)	0	0	0	(2,601)
Value adjustments transferred to financial expenses	0	3,240	0	0	0	3,240
Value adjustments transferred to intangible assets	0	(1,990)	0	0	0	(1,990)
Actuarial gains/(losses) on defined benefit pension plans	0	0	0	2,204	0	2,204
Actuarial gains/(losses) on defined benefit pension plans after tax in joint ventures	0	0	0	(428)	0	(428)
Equity transactions in joint ventures and associates	0	0	0	1,197	0	1,197
Tax on other comprehensive income	0	3,853	(523)	(551)	0	2,779
<b>Other comprehensive income</b>	111	81	27,640	5,665	72	33,569
<b>Total comprehensive income in 2016</b>	111	81	27,640	67,199	646	95,677
Used for charitable purposes and associated costs	0	0	0	(13,056)	0	(13,056)
Acquisition/disposal, non-controlling interests	0	0	0	0	(302)	(302)
Dividends, non-controlling interests	0	0	0	0	(709)	(709)
Other capital items	0	0	0	(3,324)	0	(3,324)
<b>Equity at 31 December 2016</b>	29,591	(9,310)	(104,473)	913,994	3,520	833,322

# Statement of Changes in Equity of the Group - Continued

(EURk)

	Capital fund	Reserve for hedging transactions	Reserve for foreign exchange adjustments	Retained earnings	Non- controlling interests	Total equity
Equity at 1 January 2015	29,555	(16,158)	(102,792)	790,238	3,472	704,315
Net profit for the year	0	0	0	84,611	703	85,314
Foreign exchange adjustments on translation to presentation currency	(75)	41	260	(2,000)	(9)	(1,783)
Foreign exchange adjustments on translation of foreign entities	0	1,219	(30,204)	0	(66)	(29,051)
<i>Value adjustments of hedging instruments:</i>						
Value adjustments for the year	0	8,960	0	0	0	8,960
Value adjustments transferred to financial expenses	0	(2,410)	0	0	0	(2,410)
Value adjustments transferred to intangible assets	0	(1,679)	0	0	0	(1,679)
Actuarial gains/(losses) on defined benefit pension plans	0	0	0	2,199	0	2,199
Actuarial gains/(losses) on defined benefit pension plans after tax in joint ventures	0	0	0	640	0	640
Tax on other comprehensive income	0	636	623	(550)	0	709
<b>Other comprehensive income</b>	<b>(75)</b>	<b>6,767</b>	<b>(29,321)</b>	<b>289</b>	<b>(75)</b>	<b>(22,415)</b>
<b>Total comprehensive income in 2015</b>	<b>(75)</b>	<b>6,767</b>	<b>(29,321)</b>	<b>84,900</b>	<b>628</b>	<b>62,899</b>
Used for charitable purposes and associated costs	0	0	0	(11,865)	0	(11,865)
Acquisition/disposal, non-controlling interests	0	0	0	0	751	751
Dividends, non-controlling interests	0	0	0	0	(966)	(966)
Other capital items	0	0	0	(98)	0	(98)
<b>Equity at 31 December 2015</b>	<b>29,480</b>	<b>(9,391)</b>	<b>(132,113)</b>	<b>863,175</b>	<b>3,885</b>	<b>755,036</b>

# List of Notes to the Consolidated Financial Statements

## NOTE

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## 1 Accounting policies

Egmont Fonden is a commercial foundation domiciled in Denmark. The annual report of Egmont Fonden for 2016 comprises both the consolidated financial statements of Egmont Fonden and its subsidiaries (the Group) and the separate financial statements of Egmont Fonden.

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

The separate financial statements of Egmont Fonden have been prepared in accordance with the Danish Financial Statements Act and the financial reporting requirements of the Foundation's Charter (the Foundation's financial statements).

### BASIS OF PREPARATION

The functional currency of Egmont Fonden 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 derivative financial instruments, securities and investment properties (which are measured at fair value).

The accounting policies set out below have been applied consistently to the financial year and to the comparative figures. The accounting policies remain unchanged compared to 2015.

### 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 9 Intangible assets, note 14 Inventories, note 19 Pension obligations and similar obligations, note 20 Deferred tax, note 21 Other provisions and note 29 Acquisition and divestment of businesses.

### Consolidated financial statements

The consolidated financial statements comprise Egmont Fonden and subsidiaries in which Egmont Fonden has control of financial and operating policies in order to obtain returns or other benefits from its activities. Control is usually 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. 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 Egmont Fonden exercises control or significant influence, the potential voting rights that are exercisable at the end of the reporting period are taken into account.

The consolidated financial statements have been prepared by consolidating the financial statements from Egmont Fonden and the individual subsidiaries, prepared in accordance with the Group's 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

## 1 Accounting policies (continued)

of the associate. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

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 recognised 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.

The acquisition method is used for acquisitions of new businesses over which Egmont Fonden 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 is recognised in respect of the fair value adjustments made.

The acquisition date is the date when Egmont Fonden 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 Egmont Fonden 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 at the transaction date.

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

The consideration 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 consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the determination is adjusted

## 1 Accounting policies (continued)

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 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 Egmont Fonden and the non-controlling interests.



## 1 Accounting policies (continued)

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 and joint ventures 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 and joint ventures 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 as far as the hedged portion is concerned.

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

## 1 Accounting policies (continued)

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 and changes in fair value are currently recognised 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 abovementioned criteria are all fulfilled and the time period for possible 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.

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, intangible assets and property, plant and equipment, as well as recognition of goodwill and value adjustments of investment properties at fair

## 1 Accounting policies (continued)

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 results from investments in joint ventures and associates

The proportionate share of the joint ventures' and 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, amortisation of financial assets and liabilities and foreign exchange adjustments. 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, comprises current tax and changes in deferred tax.

## 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 a prepayment for intangible assets, and when control is gained over the assets, prepayments are reclassified to film rights.

Film rights are measured at cost which 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.

Other intellectual property rights with a definite 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.

## 1 Accounting policies (continued)

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, 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.

### Intangible assets in progress

Intangible assets in progress are measured at cost and consist mainly of prepaid film rights.

### Property, plant and equipment

Land and buildings, plant and machinery 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 <i>(the useful life depends on the nature of conversion)</i>	10, 15, 25 years
Plant and machinery	3 - 15 years
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.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the

## 1 Accounting policies (continued)

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 joint ventures and associated companies

Investments in joint ventures and associated companies 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 joint ventures' and associated companies' 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 joint ventures and associated companies are tested for impairment when impairment indicators are identified.

Investments in joint ventures and associated companies with negative net asset values are measured at EUR 0 (nil). If the

Group has a legal or constructive obligation to cover a deficit in the joint venture and associated company, such deficit is recognised under liabilities.

Receivables from joint ventures and associated companies are measured at amortised cost less any impairment losses.

On the acquisition of investments in joint ventures and associated companies, 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 and if there is any indication of impairment. 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 or groups of cash-generating units 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 or groups of cash-generating units) 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

## 1 Accounting policies (continued)

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.

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 losses of goodwill are not reversed. Impairment losses on other assets are reversed only to the extent that changes in the assumptions and estimates underlying the calculation of impairment losses have occurred. Impairment losses are 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 administrative expenses 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 at an individual level and at 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 under financial income/expenses.

### 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.

## 1 Accounting policies (continued)

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.

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 mortality. 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 value 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 value, deferred tax is measured based on Management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards, 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.

## 1 Accounting policies (continued)

### 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.

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 costs 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 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 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 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 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



## 1 Accounting policies (continued)

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

Egmont Fonden is not a listed company, and in accordance with IFRS, segment information need therefore not be presented.

### FINANCIAL TERMS

In this annual report the following financial terms are used:

<b>Operating profit (loss)</b>	Profit (loss) before tax and net financials.
<b>EBITDA</b>	Operating profit (loss) before net financials, depreciation, amortisation and impairment losses.
<b>EBIT</b>	Operating profit (loss)
<b>EBT</b>	Profit (loss) before tax

### FINANCIAL RATIOS

Financial ratios are calculated in accordance with the Danish Finance Society & CFA Denmark "Recommendations and Financial Ratios 2015".

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

#### Operating margin

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

#### Equity ratio

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

#### Return on equity

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

<b>2 Revenue</b>	<b>2016</b>	<b>2015</b>
Sale of goods	1,450,439	1,484,294
Royalty	105,198	86,459
Rental income	4,241	5,051
<b>Total</b>	<b>1,559,878</b>	<b>1,575,804</b>
<b>3 Other operating income</b>	<b>2016</b>	<b>2015</b>
Sale of OB Team	8,833	0
Sale of Venuepoint	1,561	0
Sale of other non-current assets	441	603
TV 2, badwill Nordic World AS	0	614
Government grants	105	49
Miscellaneous	3,866	4,145
<b>Total</b>	<b>14,806</b>	<b>5,411</b>
<b>4 Personnel expenses</b>	<b>2016</b>	<b>2015</b>
Wages and salaries	(287,391)	(284,827)
Defined contribution pension plans	(19,761)	(22,826)
Defined benefit pension plans	(308)	(1,661)
Other social security costs	(36,566)	(38,092)
<b>Total</b>	<b>(344,026)</b>	<b>(347,406)</b>
Average number of full-time employees	3,866	4,037

Compensation paid to Management Board amounted to 4,648 (2015: 4,048), of which pension contributions amounted to 390 (2015: 380).

Compensation paid to the Board of Trustees amounted to 454 (2015: 453).

<b>Annual compensation to members of the Board of Trustees per task</b>	<b>2016</b>	<b>2015</b>
<i>Egmont Fonden, general:</i>		
Ordinary member	8	8
Chairman	13	13
<i>Egmont Fonden, charitable activities:</i>		
Ordinary member	5	5
Vice chairman	7	7
Chairman	10	10
<i>Funding and Grant Committee, charitable activities:</i>		
Ordinary member	13	13
Chairman	25	25
<i>Egmont International Holding A/S:</i>		
Ordinary member	28	28
Vice chairman	42	42
Chairman	57	57

<b>5</b>	<b>Depreciation, amortisation and impairment losses</b>	<b>2016</b>	<b>2015</b>
	Amortisation, intangible assets	(59,558)	(57,712)
	Impairment losses, intangible assets	(6,281)	(5,690)
	Depreciation, property, plant and equipment	(30,658)	(29,505)
	Impairment losses, property, plant and equipment	(5)	(50)
	<b>Total</b>	<b>(96,502)</b>	<b>(92,957)</b>
<b>6</b>	<b>Financial income</b>	<b>2016</b>	<b>2015</b>
	Interest income, financial assets, measured at amortised cost	3,359	3,954
	Interest income, securities	0	8
	Foreign exchange gains, net	4,083	337
	Change in fair value, derivative financial instruments	498	728
	Change in fair value, securities, net	742	309
	Other financial income	1,466	3,311
	<b>Total</b>	<b>10,148</b>	<b>8,647</b>
<b>7</b>	<b>Financial expenses</b>	<b>2016</b>	<b>2015</b>
	Interest expenses, financial liabilities, measured at amortised cost	(3,362)	(5,125)
	Interest expenses, derivative financial instruments	(3,222)	(3,137)
	Other financial expenses	(2,572)	(2,704)
	<b>Total</b>	<b>(9,156)</b>	<b>(10,966)</b>

8 Taxes	2016	2015
Current tax	(11,004)	(20,730)
Deferred tax	5,378	5,899
Adjustments for prior years	(2,493)	(1,405)
<b>Total</b>	<b>(8,119)</b>	<b>(16,236)</b>

Tax on the profit for the year results as follows:

Calculated tax, 22.0% (2015: 23.5%) on profit before tax	(15,450)	(23,864)
Lowering of corporate tax rate in Denmark and Norway	569	2,680
Adjustment of calculated tax in foreign entities relative to 22.0% (2015: 23.5%)	(729)	(2,027)

*Tax effect of:*

Non-taxable income	10,491	6,158
Non-deductible expenses	(819)	(557)
Share of net profit/(loss) in joint ventures	1,301	1,172
Share of net profit/(loss) in associates	(989)	1,607
Adjustments for prior years	(2,493)	(1,405)
<b>Total</b>	<b>(8,119)</b>	<b>(16,236)</b>

Effective tax rate	11.6%	16.0%
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The effective tax rate in 2016 was significantly affected by non-taxable income and lowering of corporate tax rate in Norway from 25% to 24%. Adjusting for this, the effective tax rate for 2016 was in the level of 23%.

Tax recognised in other comprehensive income:

Tax on value adjustment of hedging instruments	3,853	636
Foreign exchange adjustments on translation of foreign entities	(523)	623
Tax on actuarial gains/(losses) on defined benefit pension plans	(551)	(550)
<b>Total</b>	<b>2,779</b>	<b>709</b>

## 9 Intangible assets

	Film rights and other acquired rights, etc.	In-house produced film rights	Goodwill	Trade- marks	Intangible assets under development and pre- payments
Cost at 1 January 2016	297,767	120,815	378,454	175,100	13,386
Foreign exchange adjustments	1,797	(90)	18,761	8,927	50
Additions through business combinations	0	0	1,038	0	0
Additions	6,022	10,428	0	129	36,695
Government grants	0	(645)	0	0	0
Transferred	35,296	0	0	0	(35,296)
Disposals	(11,601)	(397)	(10,647)	0	(292)
<b>Cost at 31 December 2016</b>	<b>329,281</b>	<b>130,111</b>	<b>387,606</b>	<b>184,156</b>	<b>14,543</b>
Amortisation and impairment losses at 1 January 2016	(250,529)	(95,808)	(82,635)	(5,817)	0
Foreign exchange adjustments	(1,408)	(223)	(4,087)	(193)	0
Disposals	9,876	397	2,037	0	0
Impairment losses	(2,523)	0	0	(3,758)	0
Amortisation	(36,680)	(21,830)	0	(1,048)	0
<b>Amortisation and impairment losses at 31 December 2016</b>	<b>(281,264)</b>	<b>(117,464)</b>	<b>(84,685)</b>	<b>(10,816)</b>	<b>0</b>
<b>Carrying amount at 31 December 2016</b>	<b>48,017</b>	<b>12,647</b>	<b>302,921</b>	<b>173,340</b>	<b>14,543</b>
Cost at 1 January 2015	263,232	104,165	357,574	182,412	21,037
Foreign exchange adjustments	(1,569)	(123)	(18,147)	(9,805)	(53)
Additions through business combinations	1,445	0	39,287	1,248	0
Additions	3,902	16,773	0	1,851	28,747
Transferred	36,278	0	0	0	(36,278)
Disposals	(5,521)	0	(260)	(606)	(67)
<b>Cost at 31 December 2015</b>	<b>297,767</b>	<b>120,815</b>	<b>378,454</b>	<b>175,100</b>	<b>13,386</b>
Amortisation and impairment losses at 1 January 2015	(215,134)	(78,376)	(85,133)	(4,054)	0
Foreign exchange adjustments	1,329	299	4,483	218	0
Disposals	4,948	0	0	33	0
Impairment losses	(2,335)	(101)	(1,985)	(1,269)	0
Amortisation	(39,337)	(17,630)	0	(745)	0
<b>Amortisation and impairment losses at 31 December 2015</b>	<b>(250,529)</b>	<b>(95,808)</b>	<b>(82,635)</b>	<b>(5,817)</b>	<b>0</b>
<b>Carrying amount at 31 December 2015</b>	<b>47,238</b>	<b>25,007</b>	<b>295,819</b>	<b>169,283</b>	<b>13,386</b>

## 9 Intangible assets (continued)

**Goodwill**

The carrying amount of goodwill is tested for impairment annually or if there is any indication of impairment. The impairment test is made for the Group's cash-generating units, based on their management structure and internal financial reporting.

	2016	2015
TV 2, Norway	195,505	185,943
Nordisk Film, Cinemas	62,371	66,121
Publishing, Norway	30,615	28,802
Publishing, Sweden	6,924	7,199
Other units	7,506	7,754
<b>Carrying amount</b>	<b>302,921</b>	<b>295,819</b>

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 2017, projections for subsequent years up to and including 2021, and average growth during the terminal period.

Key parameters used in the impairment models for the primary cash-generating units:

	Pre-tax discount rates		Growth rate during terminal period	
	2016	2015	2016	2015
TV 2, Norway	10.4%	11.0%	2.0%	2.0%
Nordisk Film, Cinemas	9.8%	10.5%	2.0%	2.0%
Publishing, Norway	13.8%	13.4%	-5.0%	-4.3%
Publishing, Sweden	14.3%	11.6%	0.0%	-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 2016 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 for acquiring TV rights related to especially sports events and increasing program cost for Norwegian TV productions, it may result in a challenged EBITDA-margin in the coming years. The value of the business is primarily impacted by the development in advertising income, number of subscribers and the prices of TV content. Average annual growth in revenues in the forecast period is derived as the net of an expected annual increase in revenue from subscription sales and an expected annual decrease in revenue from advertising sales for traditional flow-TV.

## 9 Intangible assets (continued)

A key parameter for the cinema business is the line-up of both local and international titles which impacts ticket revenue (box office sales).

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

### Trademarks

The carrying amount of trademarks with an indefinite life is tested for impairment annually or if there is any indication of impairment.

	2016	2015
TV 2, Norway	154,904	146,692
Publishing, Norway	10,346	10,464
Publishing, Sweden	7,192	8,654
<b>Carrying amount</b>	<b>172,442</b>	<b>165,810</b>

Trademarks for TV 2, Norway and Publishing, Norway and Sweden 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 14.0% (unchanged from 2015).

Key parameters used in the impairment models for the primary cash-generating units:

	Pre-tax discount rates		Growth rate during terminal period	
	2016	2015	2016	2015
TV 2, Norway	10.4%	11.0%	2.0%	2.0%
Publishing, Norway	13.8%	13.4%	-5.0%	-5.0%
Publishing, Sweden	14.3%	11.6%	0.0%	-3.4%

Impairment tests for trademarks for 2016 regarding the cash-generating units of the Group 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 remaining useful lives of film rights and in-house produced film rights based on its expected sales in the cinema, DVD and TV media 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 2016 were at the expected level.

## 10 Property, plant and equipment

	Land and buildings	Plant and machinery	Tools and equipment	Leasehold improvements	Property, plant and equipment under construction
Cost at 1 January 2016	212,944	58,985	66,474	23,031	10,686
Adjustments relating to previous years	1,582	0	0	0	0
Foreign exchange adjustments	795	2,755	509	446	39
Additions	1,668	14,521	2,124	1,998	6,826
Transferred	4,454	(2,388)	12,730	590	(15,386)
Disposals	(367)	(20,994)	(4,434)	(151)	(498)
<b>Cost at 31 December 2016</b>	<b>221,076</b>	<b>52,879</b>	<b>77,403</b>	<b>25,914</b>	<b>1,667</b>
Depreciation and impairment losses at 1 January 2016	(68,118)	(28,879)	(52,307)	(14,236)	0
Adjustments relating to previous years	(1,582)	0	0	0	0
Foreign exchange adjustments	(252)	(1,270)	(374)	(199)	0
Disposals	0	19,015	3,833	151	0
Transferred	0	430	(430)	0	0
Impairment losses	0	0	(5)	0	0
Depreciation	(6,749)	(13,866)	(7,514)	(2,529)	0
<b>Depreciation and impairment losses at 31 December 2016</b>	<b>(76,701)</b>	<b>(24,570)</b>	<b>(56,797)</b>	<b>(16,813)</b>	<b>0</b>
<b>Carrying amount at 31 December 2016</b>	<b>144,375</b>	<b>28,309</b>	<b>20,606</b>	<b>9,101</b>	<b>1,667</b>
Cost at 1 January 2015	213,027	68,441	84,127	20,944	1,509
Foreign exchange adjustments	(599)	(3,233)	(1,711)	(446)	(5)
Additions through business combinations	347	170	55	0	0
Additions	1,664	15,600	5,613	2,909	10,400
Transferred	0	1,108	110	0	(1,218)
Disposals	(1,495)	(23,101)	(21,720)	(376)	0
<b>Cost at 31 December 2015</b>	<b>212,944</b>	<b>58,985</b>	<b>66,474</b>	<b>23,031</b>	<b>10,686</b>
Depreciation and impairment losses at 1 January 2015	(63,657)	(41,879)	(67,498)	(12,081)	0
Foreign exchange adjustments	407	2,128	1,783	282	0
Disposals	1,495	23,052	21,613	370	0
Impairment losses	0	0	(50)	0	0
Depreciation	(6,363)	(12,180)	(8,155)	(2,807)	0
<b>Depreciation and impairment losses at 31 December 2015</b>	<b>(68,118)</b>	<b>(28,879)</b>	<b>(52,307)</b>	<b>(14,236)</b>	<b>0</b>
<b>Carrying amount at 31 December 2015</b>	<b>144,826</b>	<b>30,106</b>	<b>14,167</b>	<b>8,795</b>	<b>10,686</b>
Hereof assets held under finance leases	0	323	0	0	0



11 Investment properties	2016	2015
Fair value at 1 January	30,821	30,899
Foreign exchange adjustments	116	(78)
<b>Fair value at 31 December</b>	<b>30,937</b>	<b>30,821</b>

Investment properties consist of a rental property in Denmark, let under a long-term lease with a 24 month term of notice. 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 2,000 (2015: 1,700) and a required rate of return of 4.00% (2015: 5.75%), determined on the basis of the general market level and specific circumstances relating to the property (level 3).

If the required rate of return increase or decrease by 0.25%, the fair value of the investment property will be affected by approx EUR 2.6 million.

Rental income amounted to 1,762 (2015: 2,371) and operating costs to 705 (2015: 517).

12 Investments in joint ventures	2016	2015
Cost at 1 January	28,935	25,787
Foreign exchange adjustments	665	(421)
Additions	5,111	3,569
Disposals	(1,052)	0
<b>Cost at 31 December</b>	<b>33,659</b>	<b>28,935</b>
Adjustments at 1 January	13,013	9,037
Foreign exchange adjustments	(132)	(1,020)
Share of profit/(loss) for the year	6,701	4,988
Impairment losses	(789)	0
Equity transactions in joint ventures	(485)	640
Dividends	(1,309)	(632)
Disposals	515	0
<b>Adjustments at 31 December</b>	<b>17,514</b>	<b>13,013</b>
<b>Carrying amount at 31 December</b>	<b>51,173</b>	<b>41,948</b>

Note 30 includes an outline of the Group's investments in joint ventures.

## 12 Investments in joint ventures (continued)

	Cappelen Damm		Others	
	2016	2015	2016	2015
<b>Comprehensive income</b>				
Revenue	156,651	163,858	107,608	113,186
Net profit for the year	8,142	7,146	6,454	2,780
Other comprehensive income	(1,059)	904	(52)	473
	<b>7,083</b>	<b>8,050</b>	<b>6,402</b>	<b>3,253</b>
Dividend received	0	0	1,309	632
<b>Balance sheet</b>				
Non-current assets	52,785	48,660	12,471	14,099
Current assets	78,483	83,516	69,357	66,176
Non-current liabilities	33,077	49,415	906	1,917
Current liabilities	46,771	41,012	38,505	37,684
Equity	51,420	41,749	42,417	40,674
<b>Egmont Fonden's share of equity</b>	<b>25,710</b>	<b>20,875</b>	<b>20,526</b>	<b>19,870</b>
Goodwill	168	168	4,769	1,035
<b>Investments in joint ventures</b>	<b>25,878</b>	<b>21,043</b>	<b>25,295</b>	<b>20,905</b>

Cappelen Damm is the only material joint venture and the group "others" consists of more than 15 joint ventures.

13 Investments in associates	2016	2015
Cost at 1 January	38,128	38,235
Foreign exchange adjustments	622	(742)
Additions	13,435	2,650
Disposals	(1,804)	(2,015)
<b>Cost at 31 December</b>	<b>50,381</b>	<b>38,128</b>
Adjustments at 1 January	10,365	5,854
Foreign exchange adjustments	1,226	282
Share of profit/(loss) for the year	268	6,838
Impairment losses	(4,765)	(1,341)
Equity transactions in associates	1,254	(1,344)
Dividends	(1,071)	(1,117)
Disposals	1,722	1,193
<b>Adjustments at 31 December</b>	<b>8,999</b>	<b>10,365</b>
<b>Carrying amount at 31 December</b>	<b>59,380</b>	<b>48,493</b>

Note 30 includes an outline of the Group's investments in associates.

## 13 Investments in associates (continued)

	RiksTV		Jollyroom		Others	
	2016	2015	2016	2015	2016	2015
Revenue	131,669	132,729	69,399	41,905	138,616	100,934
Net profit for the year	4,823	8,338	796	1,008	(1,800)	9,007
Dividend received	0	0	0	0	1,071	964
<b>Balance sheet</b>						
Non-current assets	27,869	26,737	3,429	1,595	12,891	5,716
Current assets	24,622	20,548	19,065	21,677	72,573	39,687
Non-current liabilities	19,166	24,653	1,917	1,963	6,477	840
Current liabilities	50,657	45,041	15,207	16,075	57,054	31,684
Equity	(17,331)	(22,408)	5,370	5,234	21,931	12,883
<b>Egmont Fonden's share of equity</b>	<b>(5,776)</b>	<b>(7,469)</b>	<b>1,933</b>	<b>1,570</b>	<b>8,708</b>	<b>7,135</b>
Goodwill	36,118	34,131	6,374	3,792	12,023	9,334
<b>Investments in associates</b>	<b>30,342</b>	<b>26,662</b>	<b>8,307</b>	<b>5,362</b>	<b>20,731</b>	<b>16,469</b>

RiksTV and Jollyroom are the only material associates. The group "others" consists of more than 25 associates.

14 Inventories	2016	2015
Raw materials and consumables	2,848	1,963
Work in progress	5,346	4,116
Manufactured goods and goods for resale	67,677	61,632
TV programmes	39,120	41,798
<b>Total</b>	<b>114,991</b>	<b>109,509</b>

At the end of the reporting period, the Group estimates the write-down 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 cost of inventories sold and write-down of inventories for the year amounted to 447,982 (2015: 393,872) and 7,819 (2015: 9,016), respectively. Reversed write-down of inventories in the income statement amounted to 221 (2015: 523). Inventories included capitalised payroll costs in the amount of 2,969 (2015: 3,172).

## 15 Prepayments

In the amount prepaid sports broadcasting rights are included at 9,819 (2015: 1,207), which are expected to be utilised more than 12 months from the balance sheet day.

16 Securities	2016	2015
Listed bonds	162,524	123,475
Other	487	565
<b>Total</b>	<b>163,011</b>	<b>124,040</b>

The average duration of the bonds is 6 months.

17 Cash and cash equivalents	2016	2015
Cash and bank account deposits	30,478	74,098

Of which deposited in fixed-term deposit 1,034 (2015: 21,668) and cash and equivalents pledged as collateral 3.552 (2015: 3,478).

## 18 Equity

Egmont Fonden 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 Egmont Fonden's assets is transferred to a reserve to ensure that the Foundation is provided with the necessary capital for consolidating and expanding in accordance with sound principles. Egmont Fonden's equity ratio stood at 51.2% (2015: 46.7%).

<b>19 Pension obligations and similar obligations</b>	<b>2016</b>	<b>2015</b>
Defined benefit pension obligations	(2,538)	(4,653)
Other pension obligations	(6,804)	(7,229)
<b>Total</b>	<b>(9,342)</b>	<b>(11,882)</b>

**Pensions:**

The Group mainly 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 and Collectum. 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 according to IAS 19 treated as defined contribution plans because the participating enterprises are not provided with information that enables them to report its proportional share of the plan commitments and surplus to its insured enterprises and employees. PP Pension has approximately 650 member enterprises and its consolidation ratio as of 30 September 2016 was 120% (2015: 124%). Contributions made to collective pension plans in Sweden in 2016 amount to EUR 3.0 million (2015: EUR 3.4 million). For 2017, the contributions are expected to be EUR 3.3 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 Kommunal Landspensjonskasse who manages the administration and the investment of the members' pension funds. The scheme provides entitlement to annual pensions amounting to approximately 70% of the qualifying income (annuity) from the retirement age of 67. The Group's defined pensions plans in Norway are closed to new members.

In 2016, the Group's remaining defined benefit pension plans in Norway were closed to new accruals.

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.

<b>Defined benefit pension obligations recognised in the balance sheet</b>	<b>2016</b>	<b>2015</b>
Present value of defined benefit pension obligations	(19,226)	(19,585)
Fair value of pension plan assets	17,002	15,505
Payroll tax	(314)	(573)
<b>Net liability at 31 December</b>	<b>(2,538)</b>	<b>(4,653)</b>

## 19 Pension obligations and similar obligations (continued)

<b>Movement in the present value of defined benefit obligations</b>	<b>2016</b>	<b>2015</b>
Liability at 1 January	(19,585)	(70,977)
Adjustments relating to previous year(s)	0	258
Foreign exchange adjustments	(1,188)	4,457
Pension costs for the financial year	(209)	(1,579)
Calculated interest relating to liability	(547)	(1,608)
Actuarial gains/(losses) arising from changes in demographic assumptions	1,639	2,694
Actuarial gains/(losses) arising from changes in financial assumptions	(282)	2,244
Curtailments and repayments	0	43,576
Pensions paid, etc.	946	1,350
<b>Liability at 31 December</b>	<b>(19,226)</b>	<b>(19,585)</b>
<b>Movement in the fair value of pension assets</b>	<b>2016</b>	<b>2015</b>
Pension assets at 1 January	15,505	61,940
Adjustments relating to previous year(s)	0	(180)
Foreign exchange adjustments	903	(3,692)
Calculated interest on plan assets	448	1,526
Actual return on plan assets greater/(less) than calculated interest	639	(3,013)
Curtailments and repayments	0	(46,459)
Group's contribution to plan assets	361	6,544
Pensions paid, etc.	(854)	(1,161)
<b>Pension assets at 31 December</b>	<b>17,002</b>	<b>15,505</b>
<b>Actuarial gains/(losses) recognised in other comprehensive income</b>	<b>2016</b>	<b>2015</b>
Actuarial gains/(losses) excl. payroll tax	1,996	1,925
Payroll tax	208	274
<b>Total</b>	<b>2,204</b>	<b>2,199</b>
<b>Average composition of pension plan assets</b>	<b>2016</b>	<b>2015</b>
Bonds	47.9%	47.5%
Shares	19.7%	19.8%
Money market and the like	20.2%	19.9%
Property	12.2%	12.8%

## 19 Pension obligations and similar obligations (continued)

The Group expects to contribute EUR 250 to defined benefit pension plans in 2017.

<b>Maturity of pension obligations</b>	<b>2016</b>	<b>2015</b>
Within 1 year	1,112	1,017
Between 1 - 5 years	5,887	5,570
After 5 years	12,227	12,998
<b>Total</b>	<b>19,226</b>	<b>19,585</b>

<b>Average assumptions used for the actuarial calculations at the end of the reporting period in the individual pension plans:</b>	<b>2016</b>	<b>2015</b>
Discount rate	2.6%	2.7%
Inflation rate	1.5%	1.5%
Salary increase	2.5%	2.5%
Pension increase	0.0 - 2.25%	0.0 - 2.25%
Mortality table	K2013/KU	K2013/KU

**Sensitivity analysis:**

The most significant assumptions used in the calculation of the obligation for defined benefit plans are discount rate and salary increase. 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.

<b>Defined benefit pension obligation</b>	<b>2016</b>	<b>2015</b>
Reported defined benefit obligation	(19,226)	(19,585)
Discount rate sensitivity:		
Increase by 0.5%	(17,992)	(18,064)
Decrease by 0.5%	(20,613)	(21,313)
Salary increase sensitivity:		
Increase by 0.5%	(19,345)	(19,736)
Decrease by 0.5%	(19,114)	(19,454)

**Other pension obligations:**

The Group has recognised an obligation of EUR 6.8 million (2015: EUR 7.2 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.

20 Deferred tax	2016	2015
Deferred tax at 1 January	(34,144)	(43,473)
Foreign exchange adjustments	(1,094)	1,447
Additions through business combinations	0	1,274
Disposals	(1,629)	0
Deferred tax for the year recognised in the income statement	5,378	5,899
Deferred tax for the year recognised in other comprehensive income	2,779	709
<b>Deferred tax at 31 December</b>	<b>(28,710)</b>	<b>(34,144)</b>

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

Deferred tax, asset	6,939	7,016
Deferred tax liability	(35,649)	(41,160)
<b>Deferred tax, net</b>	<b>(28,710)</b>	<b>(34,144)</b>

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 6,939 (2015: 7,016), primarily attributable to Germany can be realised in the foreseeable future. This is based on the forecasted earnings of the enterprises in which tax assets can be utilised.

The deferred tax relates to	2016	2015
Intangible assets	(50,510)	(49,199)
Property, plant and equipment	102	1,630
Receivables	(13)	200
Inventories	3,069	3,972
Other current assets	94	460
Provisions	4,771	6,990
Other liabilities	432	(1,916)
Tax losses allowed for carryforward, etc.	13,345	3,719
<b>Total</b>	<b>(28,710)</b>	<b>(34,144)</b>

Unrecognised deferred tax assets relate to	2016	2015
Tax losses	909	1,470
Temporary differences	0	175



21 Other provisions	Goods sold with a right of return	Other
Other provisions at 1 January 2016	49,902	49,605
Foreign exchange adjustments	(781)	851
Provisions made	23,746	14,100
Provisions used	(26,890)	(35,805)
Reversals	(3,035)	(1,189)
<b>Other provisions at 31 December 2016</b>	<b>42,942</b>	<b>27,562</b>

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 auditors	2016	2015
<i>Fee to EY:</i>		
Statutory audit	(1,079)	(1,048)
Tax consultancy	(132)	(95)
Other assurance statements	(187)	(77)
Other services	(299)	(193)
<b>Total fees to EY</b>	<b>(1,697)</b>	<b>(1,413)</b>
<i>Fee to other auditors:</i>		
Statutory audit	(67)	(75)
Tax consultancy	(100)	(20)
Other assurance statements	(5)	(53)
Other services	(252)	(468)
<b>Total fees to other auditors</b>	<b>(424)</b>	<b>(616)</b>
<b>Total</b>	<b>(2,121)</b>	<b>(2,029)</b>

### 23 Operating lease obligations

Operating lease obligations comprise leases for properties of 227,934 (2015: 187,606) and other leases of 18,770 (2015: 16,839).

Non-cancellable operating lease payments fall due	2016	2015
Up to 1 year	40,765	38,410
Between 1 to 5 years	111,035	87,389
More than 5 years	94,904	78,646
<b>Total</b>	<b>246,704</b>	<b>204,445</b>

The Group's share of operating lease obligations in joint ventures amounts to 38,856 (2015: 36,603).

Operating lease costs of 38,485 were recognised in the income statement for 2016 (2015: 40,431).

## 24 Contingent liabilities and collateral

The Group has provided security to mortgage credit institutions of 112,609 (2015: 112,185) over domicile and investment properties, with a carrying amount of 141,258 (2015: 141,600).

The Group has entered into binding contracts concerning purchase of intangible film rights at the value of 21,294 (2015: 19,841).

Entities in the Group have furnished miscellaneous guarantees, etc., for 8,105 (2015: 9,324).

The Group's share of miscellaneous guarantees in joint ventures amounts to 2,257 (2015: 1,888).

The Group's share of miscellaneous guarantees in associates amounts to 2,690 (2015: 2,680).

## 25 Financial risks and financial instruments

As a result of its operations, investments and financing, the Egmont Group is exposed to certain financial risks. Primarily related to foreign exchange and interests.

Corporate Finance is responsible for centralised management of liquidity and financial risks in the Group's wholly owned entities. Corporate Finance operates as counterparty to the Group's entities, thus undertaking centralised management of liquidity and financial risks. Liquidity and financial risks arising in joint ventures 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 approved by the Board of Trustees. 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 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 ensure that the actual exposure does not exceed the currency exposure limit of the Group.

At 31 December 2016, a 5%-drop in the exchange rates of NOK/DKK, EUR/NOK and USD/DKK will affect equity negatively with EUR 7.9 million (2015: EUR 5.8 million) in total. The sensitivity analysis is based on financial instruments recognised at 31 December and an effectiveness of 100% of hedge accounting.

The Group is using forward contracts to hedge currency risks related to purchase of film rights and sports broadcasting rights. The cumulative value adjustments recognised in other comprehensive income amount to EUR 9.8 million (2015: EUR 15.1 million), which will be recognised in the income statement during 2017-2022.

## 25 Financial risks and financial instruments (continued)

### Translation risks

The Group's primary currency risk exposure is denominated in NOK and relates to the Group's investments in wholly-owned entities and joint ventures, 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. Due to increase in exchange rate, the equity in 2016 is affected by EUR 28.7 million (2015: negative effect of EUR 30.2 million).

A 5% drop in the exchange rates of NOK would have impacted the 2016 profits by about EUR -1.6 million (2015: EUR -3.1 million), and the equity at 31 December 2016 by about EUR -23.1 million (2015: EUR -24.2 million). A positive change in foreign exchange rates would have a reverse impact on profits and equity based on the financial instruments recognised at end-2016 and end-2015, all other things being equal.

### Interest rate risks

As a result of its investment and financing activities, the Group has an exposure related to fluctuations in interest rate 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 59.2 million at 31 December 2016 and EUR 72.0 million at 31 December 2015. The cumulative fair value adjustments in other comprehensive income amounted to EUR -22.7 million at 31 December 2016 (2015: EUR -23.9 million), which will be recognised in the income statement over the coming 1-12 years (2015: 1-13 years).

As a result of the Group's use of derivative financial 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 8 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 financial 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 net interest-bearing deposits of EUR 46.8 million (2015: EUR 57.4 million).

The Group's financing consists primarily of Danish floating-rate mortgage loans expiring in 2028 and floating-rate loans denominated in NOK with the underlying facility having maturity in 2019. In the debt repayment schedule shown below, it is assumed that the loan facility will be continually extended.

## 25 Financial risks and financial instruments (continued)

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:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	After 5 years
Mortgage debt	112,609	119,086	468	10,206	108,412
Other credit institutions	59,155	67,407	702	3,511	63,194
Other financial liabilities	1,571	1,571	1,571	0	0
Trade payables	189,642	189,642	189,642	0	0
Payables to joint ventures and associates	265	265	265	0	0
<b>Non-derivative financial instruments</b>	<b>363,242</b>	<b>377,971</b>	<b>192,648</b>	<b>13,717</b>	<b>171,606</b>
Derivative financial instruments	26,962	32,172	4,610	12,638	14,924
<b>31 December 2016</b>	<b>390,204</b>	<b>410,143</b>	<b>197,258</b>	<b>26,355</b>	<b>186,530</b>
Mortgage debt	112,178	120,802	528	4,627	115,647
Other credit institutions	56,136	63,690	642	2,821	60,227
Other financial liabilities	4,252	4,252	1,123	2,131	998
Finance lease liabilities	323	421	392	29	0
Trade payables	214,463	214,463	214,463	0	0
Payables to joint ventures and associates	6,882	6,882	6,882	0	0
<b>Non-derivative financial instruments</b>	<b>394,234</b>	<b>410,510</b>	<b>224,030</b>	<b>9,608</b>	<b>176,872</b>
Derivative financial instruments	28,891	33,318	3,503	13,106	16,709
<b>31 December 2015</b>	<b>423,125</b>	<b>443,828</b>	<b>227,533</b>	<b>22,714</b>	<b>193,581</b>

**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:*

For certain sales the Group receives collateral. This occurs typically in connection with the distribution of magazines where deposits are received. Trade receivables secured by collateral, with a consequent reduction in overall credit risk, amount to 35,231 (2015: 31,724). In addition, some of the Group's entities take out credit insurance against losses on trade receivables to the extent deemed relevant.

Trade receivables, that have not yet fallen due and have not been impaired by geographical area:

	2016	2015
Denmark	45,125	45,613
Other Nordic countries	96,292	86,138
Other European countries	27,673	35,942
Other countries	1	223
<b>Total</b>	<b>169,091</b>	<b>167,916</b>

## 25 Financial risks and financial instruments (continued)

Aging of trade receivables past due and not impaired:

	2016	2015
Up to 30 days	17,191	29,235
Between 30 and 90 days	7,361	11,326
Over 90 days	4,864	4,864
<b>Total</b>	<b>29,416</b>	<b>45,425</b>

Impairment:

	2016	2015
Impairment at 1 January	9,002	12,003
Foreign exchange adjustments	111	(76)
Impairment for the year	2,671	1,350
Realised losses	(1,302)	(1,285)
Reversed impairment	(6,244)	(2,990)
<b>Impairment at 31 December</b>	<b>4,238</b>	<b>9,002</b>

*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.

#### Categories of financial instruments

	2016	2015
Financial assets measured at fair value via the income statement	164,501	125,122
Financial assets used as hedging instruments	762	2,532
Receivables	292,462	344,287
Financial liabilities measured at fair value via the income statement	4,012	4,608
Financial liabilities used as hedging instruments	22,950	24,283
Financial liabilities measured at amortised cost	363,242	394,234

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**

Egmont Fonden is a commercial foundation and has no owner 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 is disclosed in note 4.

Related parties with significant influence also comprise joint ventures and associates; see notes 12; 13 and 30.

Transactions with joint ventures and associates:

	2016		2015	
	Joint ventures	Associates	Joint ventures	Associates
Receivables	21,501	10,331	24,418	14,233
Payables	0	(265)	(5,762)	(1,120)
Interest income	724	299	1,245	471
Interest expense	(51)	0	(142)	0

**27 Standards and interpretations not yet adopted**

The IASB has issued a number of new standards and interpretations that are not yet mandatory for the Group's consolidated financial statements for 2016.

IFRS 9, Financial Instruments (endorsed by the EU) will become effective from 1 January 2018. The Group is in the process of preparing for the implementation in 2018. At this stage the impact is considered to be limited.

IFRS 15, Revenue (endorsed by the EU) will become effective from 1 January 2018. The Group has assessed the impact of the standard. Current recognition of revenue complies in all material aspects with the new standard which will thus not have any significant impact on revenue recognition or measurement in the consolidated financial statements. However, extended disclosures are expected.

IFRS 16, Leases (awaits EU endorsement) will become effective from 1 January 2019 and the impact will especially be on the balance sheet where lease contracts will have to be recognised as assets with corresponding impact on liabilities, thus affecting total assets and equity ratio. In the income statement the operating lease expenses will be split between a depreciation charge included in operating expenses and an interest expense on lease liabilities included in financial expenses. This will affect operating margin. Leases are disclosed in note 23.

All the standards will be adopted on their effective dates, i.e. no early adoption is planned.

**28 Subsequent events**

Apart from the events recognised or disclosed in the consolidated financial statements, no events have occurred after the reporting period.

## 29 Acquisition and divestment of businesses

**Acquisitions in 2016**

The level of acquisitions in 2016 was close to 0 and the value of any acquisitions was insignificant. The acquisitions table has therefore been left out of the report.

**Divestments in 2016**

In 2016, the group has sold shares in a number of companies. The main sales relates to OB Team AS (gain of EUR 8.8 million) and Venuepoint (gain of EUR 1.5 million). In OB Team all shares were sold. The sale of Venuepoint was part of a transaction where Egmont subsequently owns 50% and the company is recognised as an associate. All shares in Egmont Russia, Egmont Czech Republic and the TV 2 subsidiary, Nordic World AS, were also sold and are included in the Other category.

The transaction costs related to the sales are EUR 0.6 million which was mainly related to advisory services in relation to the sale of OB Team and legal services in relation to the sale of Egmont Russia.

Carrying amount at divestment date	OB Team	Venuepoint	Other	Total
Intangible assets	1,239	7,155	11	8,405
Property, plant and equipment	1,881	28	91	2,000
Current assets	7,541	8,209	6,848	22,598
Non-current financial liabilities	(919)	0	1,753	834
Other non-current liabilities	0	38	(81)	(43)
Other current liabilities	(2,371)	(8,474)	(6,232)	(17,077)
<b>Net assets divested</b>	<b>7,371</b>	<b>6,956</b>	<b>2,390</b>	<b>16,717</b>
Profit/(loss)	8,833	1,561	7	10,401
<b>Selling price on divestment of businesses</b>	<b>16,204</b>	<b>8,517</b>	<b>2,397</b>	<b>27,118</b>
Cash and cash equivalents, disposed	(3,496)	(13,162)	(1,336)	(17,994)
<b>Total cash consideration received</b>	<b>12,708</b>	<b>(4,645)</b>	<b>1,061</b>	<b>9,124</b>

## 29 Acquisition and divestment of businesses (continued)

**Acquisitions in 2015**

In 2015, the Group has acquired C More Norway (asset deal) and 70.1 % of the shares in Sempro AS. Please refer to separate section below for a further elaboration of the acquisitions. Furthermore the Group has acquired other businesses for a total of EUR 0.5 million.

Fair value at acquisition date	C More Norway	Sempro AS	Others	Total
Intangible assets	1,664	24	1,005	2,693
Property, plant and equipment	0	42	530	572
Other non-current assets	0	4	805	809
Current assets	0	988	4,820	5,808
Non-current financial liabilities	0	0	(259)	(259)
Other non-current liabilities	0	0	(217)	(217)
Other current liabilities	(37,795)	(850)	(4,786)	(43,431)
<b>Identifiable net assets</b>	<b>(36,131)</b>	<b>208</b>	<b>1,898</b>	<b>(34,025)</b>
Goodwill	35,521	2,590	1,176	39,287
Badwill	0	0	(614)	(614)
Minority interest	0	40	536	576
<b>Purchase consideration</b>	<b>(610)</b>	<b>2,838</b>	<b>2,996</b>	<b>5,224</b>
Cash and cash equivalents, acquired	0	(568)	(2,488)	(3,056)
<b>Total cash consideration paid</b>	<b>(610)</b>	<b>2,270</b>	<b>508</b>	<b>2,168</b>

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

**C More Norway**

The group acquired the Norwegian C More activities from C More Entertainment, a Nordic Premium TV company (sports, film and series), in July 2015.

The net cash purchase price is EUR -0.6 million. Goodwill is mainly related to the synergies that can be achieved when C More Norway is integrated into the existing setup for TV 2 Norway.

The transaction costs for advisory in relation with the acquisition is EUR 1.8 million.

**Sempro AS, Norway**

The group acquired 70.1 % of the shares in Sempro AS, a Norwegian content marketing agency, in August 2015.

The net cash purchase price is EUR 2.3 million. Goodwill is mainly related to the workforce in place and the knowhow that they possess.

There are no transaction costs.

**Other**

In 2015, OB Team, a subsidiary in TV 2 Norway, acquired 52 % of the shares in Aventura AS and 90.21 % of the shares in TVP Broadcast AS in order to create a one-shop TV production offer in Norway. TV 2 Norway acquired the remaining 50 % of Nordic World AS. Badwill related to this acquisition, EUR 0.6 million, is recognised in other operating income. The Publishing division acquired 51.3 % of Bonzaii AS to further strengthen and develop the content marketing business area.



## 30 Group entities

Unless otherwise stated, the entities are wholly owned. The entities marked with \* are owned directly by the Egmont Fonden.

Entities marked with \*\* do not prepare official annual reports.

### SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2016	2015
Denmark	Egmont International Holding A/S *	Copenhagen		
	Egmont Holding A/S (Merged with Egmont International Holding A/S)	Copenhagen	-	
	Egmont Publishing A/S	Copenhagen		
	Egmont Printing Service A/S	Copenhagen		
	Egmont Publishing Digital A/S (Merged with Egmont Publishing A/S)	Copenhagen	-	
	Egmont Creative Solutions A/S	Copenhagen		
	ABCiTY A/S	Copenhagen		80.4%
	Lindhardt og Ringhof Forlag A/S	Copenhagen		
	Nordisk Film A/S	Copenhagen		
	Nordisk Film Distribution A/S	Copenhagen		
	Nordisk Film Shortcut A/S	Copenhagen		
	Nordisk Film Production A/S	Copenhagen		
	Nordisk Film Biografer A/S	Copenhagen		
	Scala Bio Center Aalborg ApS (Merged with Nordisk Film Biografer A/S)	Aalborg	-	80%
	GoGift.com A/S	Copenhagen		
	ShopPartner A/S	Vordingborg		-
	Kino.dk A/S	Copenhagen	74%	74%
	Billetlugen A/S (Associate in 2016)	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			
MBG Sleeping Egmont A/S **	Copenhagen			
VPH Sleeping Egmont A/S **	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%
	Venuepoint AS (Associate in 2016)	Oslo	-	
	Drammen Kino AS	Drammen	66.7%	66.7%
	Nordisk Film Kino AS	Oslo		

## 30 Group entities (continued)

## SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2016	2015
Norway	Media Direct Norge AS	Oslo		
	Filmweb AS	Oslo	64.3%	64.3%
	Egmont Publishing AS	Oslo		
	Fagmedia AS	Oslo		
	MyKid AS	Oslo	56%	56%
	Bonzaii AS	Oslo	67%	51.3%
	Sempro AS	Moss	70.1%	70.1%
	TV 2 Gruppen AS	Bergen		
	TV 2 AS	Bergen		
	TV 2 Skole AS	Bergen		
	Nydalen Studios AS	Oslo		
	OB-Team AS	Oslo	-	
	Broom.no AS	Oslo		
	Outside Broadcast Team AS	Bergen		
	Eventyrkanalen AS	Bergen		
	TV 2 Torget AS	Bergen		
	Vimond Media Solutions AS	Bergen		
	Kanal 24 Norge AS	Fredrikstad		
	Nordic World AS	Oslo	-	
	Screen Media AS	Oslo		
	Screen Story AS	Stavanger	90.2%	90.2%
	Colorbar AS <i>Screen Story AS owns</i>	Stavanger	75%	75%
	Aventia Media AS	Nøtterøy	52%	52%
TV 2 Sol AS	Bergen			
Sweden	Egmont Holding AB	Malmö		
	Egmont Publishing Investments AB <i>(Merged with Egmont Publishing AB)</i>	Stockholm	-	
	Egmont Publishing Subsidiary AB	Stockholm		
	Forma Publishing Group AB	Stockholm		
	Bagaren och Kocken AB	Gothenburg	60%	60%
	Egmont Publishing AB	Malmö		
	Egmont Publishing Digital AB	Stockholm		
	Sören och Anders Interessenter AB <i>(Merged with Egmont Publishing AB)</i>	Örebro	-	
	Änglatroll AB	Örebro		
	Nordisk Film Sverige AB	Stockholm		
	Nordisk Film Produktion Sverige AB	Stockholm		
	Avanti Film AB	Stockholm	70%	70%
	Venuepoint AB <i>(Associate in 2016)</i>	Gothenburg	-	
Nordisk Film Distribution AB	Stockholm			

## 30 Group entities (continued)

### SUBSIDIARIES

Country	Entity	Registered office	Ownership share	
			2016	2015
Sweden	Nordisk Film ShortCut AB <i>(Merged with Nordisk Film Sverige AB)</i>	Stockholm	-	
	NML Sleeping Egmont AB	Malmö		
Finland	Egmont Holding Oy/Egmont Holding Ab	Helsinki		
	Oy Nordisk Film Ab	Helsinki		
	BK Pro Fitness Oy	Vasa		
Germany	Egmont Holding GmbH	Berlin		
	Egmont Ehapa Media GmbH	Berlin		
	Egmont Verlagsgesellschaften mbH	Berlin		
	Mitte-Editionen GmbH	Berlin		
	Egmont Ehapa Rights Management GmbH	Berlin		
	Egmont Ehapa Comic Collection GmbH	Berlin		
	Delta Verlagsgesellschaft mbH	Berlin		
United Kingdom	Egmont Holding Ltd.	London		
	Egmont UK Ltd.	London		
	Egmont Book Publishing Ltd.	London		
	Egmont Magazines Ltd.	London		
Poland	Egmont Polska sp. z o.o.	Warsaw		
	MaxiKarty.pl. sp. z o.o.	Warsaw		
Czech Republic	Egmont CR s.r.o.	Prague	-	
Hungary	Egmont Hungary Kft.	Budapest		
Russia	ZAO Egmont Russia Ltd.	Moscow	-	
Estonia	Egmont Estonia AS	Tallinn		
Latvia	Egmont Latvija SIA	Riga		
Lithuania	UAB Egmont Lietuva	Vilnius		
Ukraine	Egmont Investment UA LLC	Kiev		
	Egmont Ukraine LLC	Kiev		
Bulgaria	Egmont Bulgaria EAD	Sofia		
Croatia	Egmont d.o.o.	Zagreb		
USA	Egmont US Inc.	New York		
	Vimond Media Solutions Inc	New York		
China	Egmont Hong Kong Ltd.	Hong Kong		
	Egmont Sourcing (HK) Ltd.	Hong Kong		
South Africa	Egmont Africa Pty, LTD	Cape Town		
Australia	Vimond Media Solutions Apac Pty Ltd	Sydney	-	

## 30 Group entities (continued)

## JOINT VENTURES

Country	Entity	Registered office	Ownership share	
			2016	2015
Denmark	Patchwork Group A/S	Copenhagen	38.3%	45%
	Patchwork Denmark A/S	Copenhagen	38.3%	45%
	Everclassic ApS	Copenhagen	-	20.2%
	Med24.dk ApS	Løkken	49%	30%
	Cape Copenhagen ApS	Copenhagen	35%	35%
	I/S Ugebladsdistributionen **	Albertslund	50%	50%
	Ugebladenes Fælles Opkrævningskontor I/S ** (Merged with I/S Ugebladsdistributionen)	Albertslund	-	50%
Norway	Mediehuset Nettavisen AS	Oslo	50%	50%
	Nettavisen Oslo AS (Merged with Mediehuset Nettavisen AS)	Oslo	-	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 AS	Oslo	50%	50%
	Bazar Forlag AS	Eiksmarka	50%	-
	Ex Libris Forlag AS	Oslo	50%	50%
	Teknologisk Forlag AS	Oslo	50%	50%
	Unibok AS Cappelen Damm AS owns	Oslo	50%	50%
	Larsforlaget AS Cappelen Damm Holding AS owns	Oslo	66%	66%
	Storytel AS Cappelen Damm AS owns	Oslo	50%	50%
	Maipo Film AS	Oslo	50.1%	50.1%
	Patchwork Norway AS	Oslo	38.3%	45%
Sweden	Kanmalmo AB	Malmö	44.8%	-
	Good Old AB	Malmö	44.8%	-
	Patchwork Sweden AB	Stockholm	38.3%	45%
	Fem Förlag AB	Västra Frölunda	50%	50%
Finland	Solar Films Oy	Helsinki	50.1%	50.1%
	Egmont Kustannus Oy Ab	Helsinki	50%	50%
Turkey	Dogan Egmont Yayıncılık ve Yapımcılık A.Ş.	Istanbul	50%	50%
Australia	Hardie Grant Egmont Pty Ltd	Melbourne	50%	50%
China	Children's Fun Publishing Company Ltd.	Beijing	49%	49%

## 30 Group entities (continued)

## ASSOCIATES

Country	Entity	Registered office	Ownership share	
			2016	2015
Denmark	Zentropa Folket ApS	Hvidovre	50%	50%
	Venuepoint Holding A/S	Copenhagen	50%	-
	Venuepoint Live A/S	Copenhagen	50%	-
	Billetlugen A/S	Copenhagen	50%	-
	Fridthjof Film A/S	Copenhagen	25%	25%
	Udstyrsfabrikken ApS	Copenhagen	25%	25%
	Publizon A/S	Aarhus	36%	36%
	Unique Models of Copenhagen A/S	Copenhagen	30%	30%
	Rejsepriser ApS	Copenhagen	25%	-
	Nicehair ApS	Esbjerg	29%	-
	Valida Care ApS	Kolding	29%	-
Norway	Venuepoint AS	Oslo	50%	-
	KinoSør AS	Kristiansand	49%	49%
	Fjellsport Group AS	Sandefjord	40.8%	25%
	Wolftech Broadcast Solutions AS	Bergen	49.9%	49.9%
	Norges Televisjon AS	Oslo	33.3%	33.3%
	RiksTV AS	Oslo	33.3%	33.3%
	Norges Mobil TV AS	Oslo	33.3%	33.3%
	Electric Friends AS	Oslo	34%	34%
	Publish Lab AS	Oslo	50%	50%
Sweden	CTS Eventim Sweden AB	Stockholm	50%	-
	Venuepoint AB	Gothenburg	50%	-
	Klintberg Nihlén Media AB	Stockholm	49%	49%
	Jollyroom Group AB	Mölndal	36%	30%
	Animail AB	Skarpnäck	18.4%	18.4%
	ZooZocom AB	Stockholm	18.4%	22.8%
	Motorrad AB	Solna	44%	44%
United Kingdom	Wendy Promotion Ltd.	London	50%	50%
	Wendy Animation Promotions Ltd.	London	50%	50%

# Income Statement of Egmont Fonden

(EURk)

Note		2016	2015
	Royalty income, etc.	2,500	3,214
2	Personnel expenses	(134)	(123)
	Other external expenses	(405)	(828)
	<b>Operating profit</b>	<b>1,961</b>	<b>2,263</b>
	Dividends from investments in subsidiaries	5,179	12,160
	Financial income	1,329	1,737
	Financial expenses	(70)	(67)
	<b>Profit before tax</b>	<b>8,399</b>	<b>16,093</b>
3	Tax on profit for the year	(204)	(264)
	<b>Net profit for the year</b>	<b>8,195</b>	<b>15,829</b>
	Distribution of net profit:		
	Transfer to reserve fund	1,628	3,156
	Transfer to charitable fund	0	2,750
	Transfer to liquid reserve fund	6,567	9,923
	<b>Total</b>	<b>8,195</b>	<b>15,829</b>

# Statement of Financial Position of Egmont Fonden at 31 December

(EURk)

<b>Note</b>	<b>Assets</b>	<b>2016</b>	<b>2015</b>
4	Investments in subsidiaries	181,702	181,018
5	Investments in joint ventures	0	251
6	Loans to group enterprises	87,431	87,102
	<b>Financial assets</b>	<b>269,133</b>	<b>268,371</b>
	<b>Total non-current assets</b>	<b>269,133</b>	<b>268,371</b>
	Receivables from group enterprises	24,612	21,665
	Other receivables	4,072	3,672
	<b>Receivables</b>	<b>28,684</b>	<b>25,337</b>
	<b>Securities</b>	<b>637</b>	<b>634</b>
	<b>Cash and cash equivalents</b>	<b>473</b>	<b>710</b>
	<b>Total current assets</b>	<b>29,794</b>	<b>26,681</b>
	<b>TOTAL ASSETS</b>	<b>298,927</b>	<b>295,052</b>
	<b>Equity and liabilities</b>	<b>2016</b>	<b>2015</b>
	Capital fund	29,591	29,480
	Reserve fund	229,160	226,672
	Charitable fund	10,297	10,258
	Liquid reserve fund	9,312	15,733
	<b>Total equity</b>	<b>278,360</b>	<b>282,143</b>
	Payables to group enterprises	37	158
	Donations committed but not yet paid	14,550	12,209
	Other payables	5,980	542
	<b>Current liabilities</b>	<b>20,567</b>	<b>12,909</b>
	<b>Total liabilities</b>	<b>20,567</b>	<b>12,909</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>298,927</b>	<b>295,052</b>

# Statement of Changes in Equity of Egmont Fonden

(Eurk)

	Capital fund	Reserve fund	Charitable fund	Liquid reserve fund		Total equity
				Use according to articles 6-10	Use according to article 11	
<b>Equity at 1 January 2016</b>	<b>29,480</b>	<b>226,672</b>	<b>10,258</b>	<b>14,889</b>	<b>844</b>	<b>282,143</b>
Foreign exchange adjustments	111	860	39	64	4	1,078
Transfer from distribution of net profit	0	1,628	0	5,910	657	8,195
Used for charitable purposes	0	0	0	(11,101)	(619)	(11,720)
Costs	0	0	0	(1,282)	(54)	(1,336)
<b>Equity at 31 December 2016</b>	<b>29,591</b>	<b>229,160</b>	<b>10,297</b>	<b>8,480</b>	<b>832</b>	<b>278,360</b>
<b>Equity at 1 January 2015</b>	<b>29,555</b>	<b>227,899</b>	<b>15,077</b>	<b>6,202</b>	<b>152</b>	<b>278,885</b>
Foreign exchange adjustments	(75)	(577)	(38)	(16)	0	(706)
Transfer from distribution of net profit	0	3,156	2,750	8,931	992	15,829
Transfer	0	(3,806)	(7,531)	10,956	381	0
Used for charitable purposes	0	0	0	(10,015)	(634)	(10,649)
Costs	0	0	0	(1,169)	(47)	(1,216)
<b>Equity at 31 December 2015</b>	<b>29,480</b>	<b>226,672</b>	<b>10,258</b>	<b>14,889</b>	<b>844</b>	<b>282,143</b>

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.



## 1 Accounting policies

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

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015 (new Danish Financial Statements Act).

The new Danish Financial Statements Act does not affect the income statement or the balance sheet for 2016 or the comparative figures, and the accounting policies applied in the presentation of the financial statements are consistent with those of last year.

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

The accounting policies of Egmont Fonden deviate from the Group's accounting policies in the following areas:

### **Investments in subsidiaries and joint ventures**

Investments in subsidiaries and joint ventures are measured at cost. Where cost is lower than the recoverable amount, write-downs 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.

### **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 can only be distributed if it exceeds the consolidation requirements in the Foundation's Charter. The charitable fund serves to ensure the existence of funds required for Egmont Fonden'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. The total of the charitable fund and the liquid reserve fund represent the Foundation's basis of distribution.

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

<b>2 Personnel expenses</b>	<b>2016</b>	<b>2015</b>
Wages and salaries	(134)	(123)

Compensation paid to the Board of Trustees amounted to 155 in 2016 (2015: 155), of which 75 (2015: 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.

<b>3 Tax on profit for the year</b>	<b>2016</b>	<b>2015</b>
Royalty tax paid	(204)	(264)

Tax on profit for the year consists of royalty tax.

<b>4 Investments in subsidiaries</b>	<b>2016</b>	<b>2015</b>
Cost at 1 January	181,018	181,469
Foreign exchange adjustments	684	(451)
<b>Cost at 31 December</b>	<b>181,702</b>	<b>181,018</b>

For a list of subsidiaries please see note 30 in the consolidated financial statement.

<b>5 Investments in joint ventures</b>	<b>2016</b>	<b>2015</b>
Cost at 1 January	251	252
Foreign exchange adjustments	1	(1)
Disposals	(252)	0
<b>Cost at 31 December</b>	<b>0</b>	<b>251</b>

Investments in joint ventures consist of 50% of the equity in I/S Ugebladsdistributionen, Albertslund (sold in 2016).

<b>6 Loans to group enterprises</b>	<b>2016</b>	<b>2015</b>
Cost at 1 January	87,102	0
Foreign exchange adjustments	329	0
Addition	0	87,102
<b>Cost at 31 December</b>	<b>87,431</b>	<b>87,102</b>

7 Basis of distribution	2016	2015
Balance at 1 January	25,991	21,431
Exchange change adjustments	107	(54)
Transfer from reserve fund	0	3,806
Used for charitable purposes	(11,720)	(10,649)
Costs	(1,336)	(1,216)
Transfer from distribution of net profit	6,567	12,673
<b>Balance at 31 December</b>	<b>19,609</b>	<b>25,991</b>

## 8 Related parties

Related parties are defined as Egmont Fonden's Board of Trustees and Management Board, close family members of those persons, as well as Egmont Fonden's subsidiaries, associates and joint ventures.

Related parties also comprise companies controlled or jointly controlled by the aforementioned persons.

There is a duality of membership between the Board of Trustees and Management Board of Egmont Fonden and Egmont International Holding A/S.

Egmont Fonden receives royalty income and dividends from subsidiaries. Egmont Fonden pays for rent and administrative services delivered by subsidiaries. Egmont Fonden receives interest on loans to subsidiaries. Related party transactions are made on arm's length terms.

The compensation paid to the Board of Trustees and Management Board is disclosed in note 4 in the consolidated financial statement.

Trading with subsidiaries	2016	2015
Service fee	240	0
Royalty income	486	1,687
Rent	(69)	(68)
Acquisition of services	(482)	(134)
Interest, subsidiaries (net income)	1,490	1,486
<b>Capital transactions and balances with subsidiaries at 31 December</b>	<b>2016</b>	<b>2015</b>
Dividends	5,179	12,160
Loans to group enterprises	87,431	87,102
Receivables	24,612	21,665
Payables	(37)	(158)