

Dansk Supermarked A/S

Højbjerg

Annual report

2013

CVR no. 35 95 47 16

The Annual report has been presented
and approved on the company's annual
general meeting at / 2014

Chair

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Financial highlights for the Group

DKK million	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net revenue	55,707	54,440	54,106	58,095	56,027
Result before financial items	2,309	1,660	5,850	2,596	2,635
Net financial items	23	149	64	129	96
Result for the year	1,771	1,317	5,262	2,026	2,005
Total assets	33,358	31,481	31,079	27,433	25,679
Equity	22,570	21,247	20,709	15,781	13,825
Investment in property, plant and equipment	1,666	1,898	2,705	2,225	3,093
Profit margin	4.1	3.0	10.8	4.5	4.7
Return on equity	8.1%	6.3%	28.8%	13.7%	15.2%

Profit margin is result before financial items divided by net revenue.

Return on equity is the result for the year divided by the average equity (average of equity at the beginning of the year and at the end of the year).

Management's review

Primary business area

The Group operates retailing in Denmark via the concepts Bilka, føtex, and Netto and in Germany, Poland and Sweden via the concept Netto.

The parent company's activities include retailing in Denmark via the concepts Bilka, føtex and Netto.

Development during the financial year

The market for grocery retail

The Danish retail market for fast moving consumer goods grew by 1% in 2013. The shift in volume from supermarkets towards discounters continued during 2013. The changed law in 2012 allowing for longer opening hours including Sundays have especially benefitted the stronger part of the Discount sector i.e. stores that previously had to be closed on Sundays due to they exceeded the revenue limit.

The discount segment is still expected to grow in the coming years but not at the same pace as in 2013, mainly driven by new store openings.

Dansk Supermarked increased its market share in Denmark by 0.9 percentage point to 34.9% against 34.0% in 2012. Dansk Supermarked market share also increased in Poland and Sweden and remained stable in Germany.

Result for the year

The annual report for Dansk Supermarked A/S is presented in accordance with the provisions of the Danish Financial Statements Act. The reporting to the A.P. Møller – Mærsk Group is presented in accordance with the provisions of the International Financial Reporting Standards (IFRS) and includes the companies F. Salling A/S and F. Salling Holding A/S as well.

Net revenue and result for the year as reported in this annual report for the Dansk Supermarked Group are therefore not reconcilable to the net revenue and result reported by A.P. Møller – Mærsk for the Dansk Supermarked Group. The net revenue reported by A.P. Møller – Mærsk for the Dansk Supermarked Group amounts to DKK 56,857 million against DKK 55,707 million in this annual report. The difference is primarily due to the net revenue in F. Salling A/S and a difference in the classification of other operating income.

The net revenue for 2013 amounts to DKK 55,707 million, an increase of DKK 1,267 million compared to 2012. The expansion continued with opening of 66 new stores. During the year we closed 6 stores.

Management's review

Result for the year (continued)

The result before financial items (EBIT) as reported by the A.P. Møller – Mærsk Group equals DKK 2,401 million. The result for Dansk Supermarked A/S is DKK 2,309 million. The difference is primarily due to differences in the principles for amortisation and the result before financial items from F. Salling A/S. In 2012 the result before financial items (EBIT) amounted to DKK 1,660 million.

Cash flows from operating activities amount to DKK 3,426 million against DKK 2,304 million in 2012. Cash flows from investment activities were DKK 1,972 million against DKK 1,924 million in 2012.

Employees

In 2013 the Dansk Supermarked Group employed 46,044 employees against 43,826 in 2012. Converted into the average number of full time employees this equals 24,510 against 24,093 in 2012.

Social responsibility

Dansk Supermarked considers social responsibility to be important for the Group. Regarding the efforts in 2013 we refer to our report on social responsibility. The report is available on: <http://dansksupermarked.dk/en/about-us/the-company/dansk-supermarked-in-numbers/csr-reporting>.

Particular risks

The retailing activities primarily include sale of convenience goods and is to a degree market sensitive. The Group is not significantly dependent on certain customers or suppliers.

The Group's financial risks include interest-, bond price- and exchange rate risks. The interest- and bond price risks concern the portfolio of securities. Part of the portfolio is placed in international bonds. The returns are volatile causing an influence on the income statement. The exchange rate risk primarily concerns purchase of goods in USD. The major part hereof is covered by short-term forward contracts.

Expected development

The expectation for result before financial items (EBIT) for 2014 is in line with the good result of 2013. The result before tax is expected to decline in 2014 compared to 2013 due to increasing financial expenses resulting from the raising of loans in order to finance the proposed dividend connected to the expected sale of 49% of the ownership in Dansk Supermarked A/S to F. Salling Holding A/S and F. Salling Invest A/S.

Subsequent events

No subsequent events have occurred that would affect the annual report for 2013.

Management's statement

The Board of Directors and the Executive Board have today discussed and approved the annual report of Dansk Supermarked A/S for the financial year 1 January – 31 December 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements gives a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2013 and of the results of the Group's and the Company's operations and of the Group's cash flows for the financial year 1 January – 31 December 2013.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters, the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Højbjerg, 3 April 2014

Executive Board

Per Bank
CEO

Board of Directors

Nils S. Andersen
Chairman

Trond Westlie

Jens Bjerg Sørensen

Per Bank

Peter Nielsen
Employee representative

Christian Kronborg Andreasen
Employee representative

Gert Gjevnøe Torstensson
Employee representative

Independent auditors' reports

To the Shareholders of Dansk Supermarked A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Dansk Supermarked A/S for the financial year 1 January - 31 December 2013. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the parent company and cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

Auditors' responsibility

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

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

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

Our audit has not resulted in any qualification

Independent auditors' reports

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and the Group's cash flows for the financial year 1 January to 31 December 2013 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

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

Højbjerg, 3 April 2014

KPMG

Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised Public Accountant

Morten Friis
State Authorised Public Accountant

Accounting policies

The annual report for Dansk Supermarked A/S for 2013 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Accounting policies are unchanged compared to last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company Dansk Supermarked A/S and the subsidiaries in which Dansk Supermarked A/S directly or indirectly holds controlling interest.

The consolidated financial statements are prepared based on the accounts for the parent company and the subsidiaries and are a pooling of the accounting items of similar nature. On consolidation intra-group transactions are eliminated.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. Enterprises disposed of are recognised until the date of disposal. Expense/income associated with currency hedges with regards to sales prices for enterprises disposed of are posted under equity.

Goodwill on acquisitions is recognised as an intangible asset and is amortised based on an individual assessment of the useful life.

Minority interests

In the consolidated financial statements the minority interests proportionate shares of the result and equity of subsidiaries are recognised as separate items in the income statement and the balance sheet.

On purchase of minority interests the difference between the purchase price and the carrying amount is recognised directly in equity.

Foreign currencies

Transactions in foreign currencies are translated into DKK at the exchange rates prevailing at the date of the transaction. Monetary items in foreign currencies, which are not settled at the balance sheet date, are translated into DKK at the exchange rate at the balance sheet date.

Foreign exchange differences arising between the exchange rates at the transaction date and the exchange rates at the date of payment / the balance sheet date are recognised in financial items in the income statement.

Accounting policies

Foreign currencies (continued)

Financial statements of foreign entities are translated into DKK at the exchange rates prevailing at the date of the transaction for items of the income statement, and at the exchange rate at the balance sheet date for items of the balance sheet. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a cash flow hedge are recognised in the equity, and are reclassified to the income statement in the periods when the hedged item affects the income statement. Changes in the fair value of other derivative financial instruments are recognised in the income statement. The positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

Income statement

Net revenue

Net revenue from sale of goods for resale is recognised in the income statement provided that delivery and transfer of risks and rewards to the buyer have taken place. Net revenue is measured exclusive of VAT and taxes charged on behalf on third parties, and net of discounts relating to sales.

Financial items

Financial income and expenses comprise interest income and expenses, capital gains and losses on securities and gain on sale of company shares. Furthermore, realised and unrealised gains and losses regarding derivative financial instruments are included.

Tax on the result for the year

Tax on the result for the year comprises current tax for the year and adjustment in deferred tax.

Dansk Supermarked A/S is jointly taxed with A. P. Møller – Mærsk A/S. The tax effect of the joint taxation is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation).

Accounting policies

Balance sheet

Intangible assets

Goodwill is measured at cost and is amortised on a straight-line basis based on an individual assessment over the estimated useful life, which in general is 3 – 10 years.

Software is measured at cost and is amortised on a straight-line basis based on an individual assessment over the estimated useful life, which in general is 5 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date, when the asset is available for use.

Assets are depreciated on a straight-line basis over their estimated useful lives to residual value as follows:

Buildings	40 years
Fixtures and fittings, tools and equipment	3 - 10 years
Minor new acquisition of operating equipment and furniture for new stores and improvements	3 years
Leasehold improvements	12 years

Impairment of non-current assets

The carrying amount of property, plant and equipment is evaluated annually for indications of impairment.

If indications of impairment exist, tests are performed to determine whether recognition of impairment losses is necessary for individual assets as well as groups of assets. If the recoverable amount is lower than an asset's carrying amount, an impairment loss is recognised so that the carrying amount is reduced to the recoverable amount.

The recoverable amount is the higher value of an assets net sales price and its value in use. The value in use is assessed as the present value of the expected net cash flow from utilization of the asset or the group of assets and expected net cash flow from disposal of the asset or the group of assets after the end of the useful life.

Investments in affiliated companies

Investments in affiliated companies are measured in the parent company's balance sheet using the equity method. The proportionate share of the results after tax of the affiliated companies is recognised in the income statement.

Accounting policies

Inventories

Inventories are measured at calculated cost (weighted averages) less write-down for obsolescence.

Receivables

Receivables are measured at amortised cost price less write-down for expected loss.

Securities (current assets)

Listed securities are measured at fair value at the balance sheet date. Other securities are measured at estimate fair value.

Equity – Dividend

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting. The expected dividend payment for the year is presented in a separate line item within equity.

Corporation tax and deferred tax

Corporation tax payable 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.

Provision for deferred tax is made on differences between the accounting and tax values of assets and liabilities. Deferred tax assets are recognised at the value at which they are expected to be realised.

Other provisions

Other provisions comprise among others pension obligations and onerous lease and rental contracts. Pension obligations are recognised on the basis of an actuarial calculated obligation with all value adjustments included in the income statement as staff expenses. Other provisions are recognised based on specific calculations.

Outstanding claims

Outstanding claims provisions comprise the estimated expenditure based on actuarial calculations that the Group expects to incur. The outstanding claims provisions are based on insured events that have taken place before year end. The estimate includes the direct and indirect amounts that the Group expects to pay to settle the outstanding claims. The provisions are discounted based on estimates of the payment period.

Liabilities other than provisions

Liabilities other than provisions are recognised as the net proceeds from the loan at the time of the raising of the loan. In the subsequent periods the debt is measured using amortisation of the cost price.

Other liabilities are measured at net realisable value.

Accounting policies

Cash flow statement

The cash flow statement shows the Group's cash flows for operating, investment and financing activities for the year divided.

Cash and cash equivalents include cash and securities, current liabilities with credit institutions and current receivables from and current payables to affiliated companies.

In accordance with section 86, paragraph 4 of the Danish Financial Statements Act no cash flow statement has been prepared for the parent company.

Segment information

The Group's main activity is retailing. The Group has no other significant activities.

Consolidated income statement

DKK million

Notes	2013	2012
1 Net revenue	55,707	54,440
Other operating income	296	345
	56,003	54,785
Consumption of goods	-41,082	-40,477
2 Other external expenses	-5,514	-5,446
Gross profit	9,407	8,862
3 Staff expenses	-6,336	-6,362
Result before depreciations	3,071	2,500
4 Depreciation, amortisation and impairment losses	-762	-858
14 Gain on sale of business	0	18
Result before financial items	2,309	1,660
5 Financial income	147	243
6 Financial expenses	-124	-94
Result before tax	2,332	1,809
7 Tax on the result for the year	-561	-465
Result before minority interests	1,771	1,344
12 The minority shareholders' share of the result for the year	0	-27
Result for the year	1,771	1,317

Consolidated balance sheet

DKK million

Assets

Notes	31/12 2013	31/12 2012
Software	511	173
Development of software	560	631
Goodwill	58	103
Other rights	10	0
8 Intangible assets	1,139	907
Land and buildings	15,812	15,028
Fixtures and fittings, tools and equipment	1,332	1,312
Leasehold improvements	302	266
Assets under construction	277	206
9 Property, plant and equipment	17,723	16,811
Total non-current assets	18,862	17,718
Inventories	4,436	4,003
10 Receivables from affiliated companies	7,941	7,506
Other receivables	187	194
Company tax	38	0
11 Deferred tax asset	286	280
Prepayments	91	130
Receivables	8,543	8,110
Securities	516	548
Cash at bank and in hand	1,001	1,102
Total current assets	14,496	13,763
Total assets	33,358	31,481

Consolidated balance sheet

DKK million

Equity and liabilities

Notes	31/12 2013	31/12 2012
Share capital	500	500
Retained earnings	4,455	20,247
Proposed dividends	17,615	500
Total equity	22,570	21,247
12 Minority interests	0	0
11 Deferred tax	76	0
Outstanding claims	113	121
Other provisions	387	323
Total provisions	576	444
Mortgage credit institutions	2,832	2,832
13 Non-current liabilities other than provisions	2,832	2,832
Credit institutions and loans	135	514
Trade payables	4,853	4,126
Payables to affiliated companies	0	159
Corporation tax	338	136
Other payables	2,045	2,010
Deferred income	9	13
Current liabilities other than provisions	7,380	6,958
Total liabilities other than provisions	10,212	9,790
Total equity and liabilities	33,358	31,481

15 Contractual obligations and contingencies, etc.

16 Related party disclosures

Consolidated statement of changes in equity

DKK million

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total</u>
Equity at 1 January 2013	500	20,247	500	21,247
Dividends paid			-500	-500
Result for the year		-15,844	17,615	1,771
Foreign currency translation adjustments, affiliated companies		-60		-60
Deferred tax related to purchase of minority interests		112		112
Equity at 31 December 2013	500	4,455	17,615	22,570

Consolidated cash flow statement

DKK million

Notes	2013	2012
Result before financial items	2,309	1,660
17 Adjustments	794	914
18 Change in working capital	428	101
Cash flows from operating activities before financial items	3,531	2,675
Financial income etc.	232	178
Financial expenses etc.	-120	-66
Corporation tax paid	-217	-483
Cash flows from operating activities	3,426	2,304
Purchase of intangible assets	-351	-252
Purchase of property, plant and equipment	-1,666	-1,898
Sale of property, plant and equipment	13	164
Sale of equity investment	0	18
Purchase of securities	-451	-342
Sale/drawing of securities	483	386
Cash flows from investment activities	-1,972	-1,924
Granting/repayment of loan to affiliated companies	125	975
Dividends distributed to minority interests	0	-148
Dividends distributed to shareholders in the parent company	-500	-500
Purchase of minority interests	0	-463
Cash flows from financing activities	-375	-136
Change in cash and cash equivalents for the year	1,079	244
Cash and cash equivalents at 1 January	1,203	951
Foreign currency translation adjustments etc.	-3	8
Cash and cash equivalents at 31 December	2,279	1,203
Specified as follows:		
Cash at bank and in hand	1,001	1,102
Receivables from affiliated companies	1,413	774
Current liabilities - credit institutions and loans	-135	-514
Current liabilities - payables to affiliated companies	0	-159
	2,279	1,203

Notes to the financial statements for the Group

DKK million

	2013	2012
1 Net revenue		
Denmark	39,135	38,521
Abroad	16,572	15,919
Retailing	55,707	54,440
2 Other external expenses		
Fees to the statutory auditors		
KPMG:		
Fee for auditing	4.3	3.9
Other opinions with assurance	0.2	0.5
Tax advice	0.8	0.3
Fee for services other than auditing	7.0	3.1
3 Staff expenses		
Salaries	5,636	5,688
Pensions	342	332
Other social security costs	358	342
	6,336	6,362
Average number of full-time employees	24,510	24,093
The board of directors received no fees. Regarding description of remuneration to the Executive Board see note 1 in the parent company.		
4 Depreciation, amortisation and impairment losses		
Software	74	44
Goodwill	45	51
Other rights	0	0
Land and buildings	258	380
Fixtures and fittings, tools and equipment	354	343
Leasehold improvements	31	40
	762	858

Notes to the financial statements for the Group

DKK million

	2013	2012
5 Financial income		
Interest from affiliated companies	76	159
Capital gains on securities	1	0
Other financial income	70	84
	147	243
6 Financial expenses		
Interest to affiliated companies	0	0
Capital losses on securities	0	5
Other financial expenses	124	89
	124	94
7 Tax on the result for the year		
Current tax for the year	401	338
Adjustment to tax regarding previous years	-20	-95
Adjustment of deferred tax for the year	171	127
Adjustment of deferred tax at the beginning of the year due to a change in the corporation tax rate from 25% to 22% (during 2014 - 2016)	-18	0
Adjustment of deferred tax regarding previous years	27	95
Total tax	561	465

8 Intangible assets

	Software	Development of software	Goodwill	Other rights
Cost:				
1 January 2013	339	631	469	0
Additions during the year	0	341	0	10
Transfers	412	-412	0	0
31 December 2013	751	560	469	10
Amortisation and impairment losses:				
1 January 2013	-166	0	-366	0
Amortisation and impairment losses for the year	-74	0	-45	0
31 December 2013	-240	0	-411	0
Carrying amount at 31 December 2013	511	560	58	10

Notes to the financial statements for the Group

DKK million

9 Property, plant and equipment

	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements	Assets under construction
Cost:				
1 January 2013	22,247	4,094	1,046	206
Foreign currency translation adjustments	-103	-16	-8	-2
Additions during the year	290	387	70	919
Disposals during the year	-14	-78	-5	0
Transfers	844	2	0	-846
31 December 2013	<u>23,264</u>	<u>4,388</u>	<u>1,103</u>	<u>277</u>
Depreciation and impairment losses:				
1 January 2013	-7,219	-2,782	-780	0
Foreign currency translation adjustments	14	11	5	0
Disposals during the year	11	69	5	0
Depreciation and impairment losses for the year	-258	-354	-31	0
31 December 2013	<u>-7,452</u>	<u>-3,056</u>	<u>-801</u>	<u>0</u>
Carrying amount at 31 December 2013	<u>15,812</u>	<u>1,332</u>	<u>302</u>	<u>277</u>

10 Receivables from affiliated companies

DKK 1,388 million of the receivables from affiliated companies falls due after more than 1 year (31 December 2012: DKK 2,315 million).

Notes to the financial statements for the Group

DKK million

	2013	2012
11 Deferred tax/tax asset		
Deferred tax/tax asset at 1 January	280	525
Foreign currency translation adjustments	-2	6
Adjustment of deferred tax regarding previous years	-27	-95
Adjustment of deferred tax for the year	-171	-127
Adjustment of deferred tax at the beginning of the year due to a change in the corporation tax rate from 25% to 22% (during 2014 - 2016)	18	0
Adjustment of deferred tax included in equity	112	0
Disposal	0	-28
Deferred tax/tax asset 31 December	210	280
Included in the balance sheet as:		
Deferred tax asset	286	280
Deferred tax	-76	0
	210	280
Deferred tax/tax asset relates to:		
Intangible assets	-114	-196
Property, plant and equipment	147	330
Provisions	132	99
Securities	0	0
Tax loss carryforward	43	45
Others	2	2
	210	280

The Group has a deferred tax asset of DKK 113 million at 31 December 2013 that is not recognised in the balance sheet (31 December 2012: DKK 102 million).

12 Minority interests

Minority interests at 1 January	0	163
Foreign currency translation adjustments	0	1
Disposals during the year	0	-42
Share of distributed dividend	0	-148
Share of the result for the year	0	27
Minority interests at 31 December	0	0

Notes to the financial statements for the Group

DKK million

	2013	2012
13 Non-current liabilities other than provisions		
Mortgage credit institutions	2,832	2,832
Total non-current liabilities other than provisions	2,832	2,832
Due as follows:		
Between 1 and 5 years	0	0
After 5 years	2,832	2,832
	2,832	2,832

14 Discontinuing activity

The Group's English retail activities was sold in April 2011 which resulted in an additional profit of DKK 18 million in 2012.

15 Contractual obligations and contingencies, etc.

The Group has entered contractual agreements about leasing of properties. The total income from leaseholds during the contractual lease period is DKK 563 million as of 31 December 2013 (31 December 2012: DKK 522 million).

Danish leaseholds normally run for maximum 10 years. Foreign subsidiaries have entered leaseholds with longer term of notice in accordance with common practice in the individual countries. Leasing obligations at 31 December 2013 amount to DKK 1,296 million (31 December 2012: DKK 1,323 million).

Leasing commitments (operational leasing) fall due for payment within 5 years with a total of DKK 118 million (31 December 2012: DKK 184 million).

Companies in the Group are part of the joint registration with F. Salling A/S regarding payment of VAT, PAYE taxes etc. and are thus jointly liable for the total liability of DKK 363 million at 31 December 2013 (31 December 2012: DKK 454 million).

Companies in the Group are jointly taxed with A. P. Møller – Mærsk A/S, and have limited and subsidiary liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

As security for mortgage loans land and buildings with a carrying amount of DKK 1,200 million have been provided as collateral (31 December 2012: DKK 1,189 million).

The Group has entered contractual commitments regarding acquisition and construction of properties etc. of a total of DKK 748 million (31 December 2012: DKK 717 million).

Notes to the financial statements for the Group

DKK million

16 Related party disclosures

Transactions with related parties take place at arm's length terms.

	2013	2012
	<u> </u>	<u> </u>
17 Cash flow statement - adjustments		
Amortisation and impairment losses on intangible assets	119	95
Depreciation and impairment losses on property, plant and equipment	643	763
Gain/loss on disposal of non-current assets	-1	-50
Gain on sale of company shares	0	-18
Other adjustments	33	124
	<u>794</u>	<u>914</u>
18 Cash flow statement - change in working capital		
Change in inventories	-449	178
Change in receivables	41	-2
Change in prepayments and trade and other payables	836	-75
	<u>428</u>	<u>101</u>

Parent company

Income statement

DKK million

Notes	2013	2012
Net revenue	39,135	38,521
Other operating income	122	119
	39,257	38,640
Consumption of goods	-27,807	-27,550
Other external expenses	-5,152	-5,226
Gross profit	6,298	5,864
1 Staff expenses	-4,973	-5,081
Result before depreciations	1,325	783
2 Depreciation, amortisation and impairment losses	-333	-302
Result before financial items	992	481
Gain on sale of company shares	0	18
8 Share of result in affiliated companies	958	762
3 Financial income	127	293
4 Financial expenses	-48	-50
Result before tax	2,029	1,504
5 Tax on the result for the year	-258	-187
Result for the year	1,771	1,317
Proposal for distribution of the result:		
Proposed dividends	17,615	500
Reserve for net revaluation under the equity method	958	762
Retained earnings	-16,802	55
	1,771	1,317

Parent company

Balance sheet

DKK million

Assets

Notes	31/12 2013	31/12 2012
Software	511	173
Development of software	560	631
Goodwill	18	23
Other rights	10	0
6 Intangible assets	1,099	827
Fixtures and fittings, tools and equipment	932	960
Leasehold improvements	125	111
Assets under construction	0	2
7 Property, plant and equipment	1,057	1,073
Investments in affiliated companies	14,130	12,034
8 Investments	14,130	12,034
Total non-current assets	16,286	13,934
Inventories	3,229	3,004
Receivables from affiliated companies	8,370	8,821
Other receivables	157	141
9 Deferred tax asset	0	57
Prepayments	36	52
Receivables	8,563	9,071
Securities	69	124
Cash at bank and in hand	681	693
Total current assets	12,542	12,892
Total assets	28,828	26,826

Parent company

Balance sheet

DKK million

Equity and liabilities

Notes	31/12 2013	31/12 2012
Share capital	500	500
Reserve for net revaluation under the equity method	4,245	3,235
Retained earnings	210	17,012
Proposed dividends	17,615	500
Total equity	22,570	21,247
Deferred tax	32	0
Other provisions	501	439
Total provisions	533	439
Credit institutions and loans	1	171
Trade payables	3,651	3,092
Payables to affiliated companies	250	165
Corporation tax	179	38
Other payables	1,633	1,661
Deferred income	11	13
Current liabilities other than provisions	5,725	5,140
Total liabilities other than provisions	5,725	5,140
Total equity and liabilities	28,828	26,826

10 Contractual obligations and contingencies, etc.

11 Related party disclosures

Statement of changes in equity for the parent company

DKK million

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividends	Total
Equity at 1 January 2013	500	3,235	17,012	500	21,247
Dividends paid				-500	-500
Result for the year		958	-16,802	17,615	1,771
Changes in equity in affiliated companies		112			112
Foreign currency translation adjustments, affiliated companies		-60			-60
Equity at 31 December 2013	500	4,245	210	17,615	22,570

The share capital is composed as follows:

2 shares of TDKK	1	0
4 shares of TDKK	1	0
2 shares of TDKK	2	0
40 shares of TDKK	5	0
59 shares of TDKK	10	1
2 shares of TDKK	25	0
4 shares of TDKK	50	0
12 shares of TDKK	100	1
9 shares of TDKK	250	2
191 shares of TDKK	500	96
8 shares of TDKK	50,000	400
		<u>500</u>

There has been no changes in the share capital during the previous 4 years.

Notes to the financial statements for the parent company

DKK million

	2013	2012
1 Staff expenses		
Salaries	4,528	4,638
Pensions	325	319
Other social security costs	120	124
	4,973	5,081
Average number of full-time employees	16,353	16,504
The board of directors received no fees. Remuneration of the Executive Board is not disclosed in accordance with section 98b(3) of the Danish Financial Statements Act.		
2 Depreciation, amortisation and impairment losses		
Software	74	44
Goodwill	5	11
Other rights	0	0
Fixtures and fittings, tools and equipment	241	236
Leasehold improvements	13	11
	333	302
3 Financial income		
Interest from affiliated companies	112	234
Other financial income	15	59
	127	293
4 Financial expenses		
Interest to affiliated companies	0	3
Capital losses on securities	20	6
Other financial expenses	28	41
	48	50
5 Tax on the result for the year		
Current tax for the year	178	119
Adjustment to tax regarding previous years	-9	-79
Adjustment of deferred tax for the year	89	68
Adjustment of deferred tax regarding previous years	9	79
Adjustment of deferred tax at the beginning of the year due to a change in the corporation tax rate from 25% to 22% (during 2014 - 2016)	-9	0
	258	187

Notes to the financial statements for the parent company

DKK million

6 Intangible assets

	Software	Development of software	Goodwill	Other rights
Cost:				
1 January 2013	339	631	48	0
Additions during the year	0	341	0	10
Transfers	412	-412	0	0
31 December 2013	<u>751</u>	<u>560</u>	<u>48</u>	<u>10</u>
Amortisation and impairment losses:				
1 January 2013	-166	0	-25	0
Amortisation and impairment losses for the year	-74	0	-5	0
31 December 2013	<u>-240</u>	<u>0</u>	<u>-30</u>	<u>0</u>
Carrying amount at 31 December 2013	<u>511</u>	<u>560</u>	<u>18</u>	<u>10</u>

7 Property, plant and equipment

	Fixtures and fittings, tools and equipment	Leasehold improvements	Assets under construction
Cost:			
1 January 2013	2,921	643	2
Additions during the year	213	27	0
Disposals during the year	-28	-2	0
Transfers	2	0	-2
31 December 2013	<u>3,108</u>	<u>668</u>	<u>0</u>
Depreciation and impairment losses:			
1 January 2013	-1,961	-532	0
Disposals during the year	26	2	0
Depreciation and impairment losses for the year	-241	-13	0
31 December 2013	<u>-2,176</u>	<u>-543</u>	<u>0</u>
Carrying amount at 31 December 2013	<u>932</u>	<u>125</u>	<u>0</u>

Notes to the financial statements for the parent company

DKK million

8 Investments

	Investments in affiliated companies
	<u> </u>
Cost:	
1 January 2013	8,799
Additions during the year	1,086
31 December 2013	<u>9,885</u>
Value adjustments:	
1 January 2013	3,235
Foreign currency translation adjustments	-60
Deferred tax related to the purchase of minority interests	112
Result for the year	958
31 December 2013	<u>4,245</u>
Carrying amount at 31 December 2013	<u>14,130</u>

Specification of shares in affiliated companies:

<u>Name</u>	<u>Domicile</u>	<u>Ownership</u>
Netto Supermarkt GmbH	Stavenhagen	100
Netto Sp. Z o.o	Szczecin	100
Netto Marknad AB	Halmstad	100
Netto Fastigheter AB	Halmstad	100
NETTO Ukraine LLC	Lviv	99
Orbita Property LLC.	Lviv	100
FutureExpress Ltd.	Leeds	100
Dansk Supermarked Ejendomme A/S	Højbjerg	100
D. S. Forsikring A/S	Højbjerg	100
Dansk Netto Deutschland ApS	Højbjerg	100

Notes to the financial statements for the parent company

DKK million

	2013	2012
9 Deferred tax/tax asset		
Deferred tax/tax asset at 1 January	-57	-204
Adjustment of deferred tax/tax asset for the year	89	68
Adjustment of deferred tax at the beginning of the year due to a change in the corporation tax rate from 25% to 22% (during 2014 - 2016)	-9	0
Adjustment of deferred tax/tax asset regarding previous years	9	79
Deferred tax/tax asset at 31 December	32	-57
Deferred tax/tax asset relates to:		
Intangible assets	213	200
Property, plant and equipment	-74	-149
Others	-107	-108
	32	-57

10 Contractual obligations and contingencies, etc.

Guarantees of DKK 5 million have been provided for foreign subsidiaries' credit institutions (31 December 2012: DKK 5 million).

Guarantees of DKK 42 million have been provided for Group enterprises' leasing obligations (31 December 2012: DKK 27 million).

Leaseholds with affiliated companies usually run for 20 years, and amounts to DKK 5,340 million as at 31 December 2013 (31 December 2012: DKK 5,204 million).

Leaseholds with external parties usually run for maximum 10 years, and amounts to DKK 366 million as at 31 December 2013 (31 December 2012: DKK 404 million).

Leasing commitments (operational leasing of cars, equipment etc.) fall due for payment within 5 years with a total of DKK 116 million (31 December 2012: DKK 179 million).

Companies in the Group are part of the joint registration with F. Salling A/S regarding payment of VAT, PAYE taxes etc. and are thus jointly liable for the total liability of DKK 363 million at 31 December 2013 (31 December 2012: DKK 454 million).

Companies in the Group are jointly taxed with A. P. Møller – Mærsk A/S, and have limited and subsidiary liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

The company has entered contractual commitments regarding acquisition and development of software of a total of DKK 13 million (31 December 2012: DKK 3 million).

Notes to the financial statements for the parent company

DKK million

11 Related party disclosures

Transactions with related parties take place at arm's length terms.

Controlling interest

The company is included in the consolidated financial statements for A. P. Møller - Mærsk A/S, Esplanaden 50, København. A. P. Møller - Mærsk A/S has controlling interest in the company.

Ownership

The following shareholders own more than 5% of the share capital:

F. Salling Holding A/S, Bjødstrupvej 18, Højbjerg

F. Salling Invest A/S, Bjødstrupvej 18, Højbjerg

A.P. Møller - Mærsk A/S, Esplanaden 50, København