

McDonald's Danmark ApS

Falkoner Alle 20, 2000 Frederiksberg

CVR no. 24 21 40 87

Annual report 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman:

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Kennet Skyggelund Wienecke

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Management's review

Company details

Name	McDonald's Danmark ApS
Address, zip code, city	Falkoner Alle 20, 2000 Frederiksberg
CVR no.	24 21 40 87
Website	www.mcdonalds.dk
Telephone	+45 33 26 60 00
Telefax	+45 33 26 60 60
Board of Directors	Jo Geert E. Sempels Malcolm Wayne Hicks Joachim Bernhard Knudsen
Executive Board	Joachim Bernhard Knudsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, 2000 Frederiksberg
Bankers	Nordea Bank Danmark A/S Bank Mendes Gans N.V.

Management's review

Financial highlights

DKK'000	2015	2014	2013	2012	2011
Key figures					
Revenue	421,702	507,997	511,726	465,140	344,407
Operating profit	113,945	112,892	105,332	108,052	91,870
Net financials	-204	-226	-57	-19	263
Profit for the year	87,545	85,608	85,405	81,244	68,965
Balance sheet total					
Investments in property, plant and equipment	47,394	58,077	128,938	117,051	74,513
Equity	792,827	788,282	702,674	674,771	593,527
Financial ratios					
Return on assets	14.0	13.5	12.7	14.0	12.7
Equity ratio	87.2	86.1	83.1	83.1	81.4
Return on equity	11	10.9	12.4	12.8	11.4
Average number of full-time employees					
	303	481	436	411	268

Management's review

The Company's business review

The main activity of the company is to acquire real estate by renting or buying it, renovating and fitting it for the purpose of operating a McDonald's restaurant under a master franchise agreement made with McDonald's Corporation, the holder of the McDonald's global trademark.

By the end of 2015, McDonald's had 89 restaurants in Denmark, whereof 4 were operated by the company (2014: 16) and the remaining 85 restaurants (2014: 71) were operated by 22 (2014: 20) independent franchisees on contract for the operation of the individual restaurants for a period of up to 20 years. The total number of McDonald's restaurants has increased by 2 during 2015.

Financial review

The company realized a revenue decrease of 17% compared to the previous year (2014: -0.7%), a decrease that can mainly be attributed to the strategic decision by management to rebrand 12 company-operated restaurants to 4 existing and 1 new independent franchisee during the year. On this background, revenue from company-operated restaurants decreased by 34% while it was partly offset by increased franchised revenues by 15% driven by a combination of increased System Wide Sales and franchised income from rebranded restaurants.

Operating income for the year increased by TDKK 1,053 to TDKK 113,945 (2014: TDKK 112,892) which corresponds to an increase of 1%. The increase in operating income can primarily be explained by increased revenues from franchised restaurants and continued optimization of the company's cost structure combined with onetime gains from sale of assets. As in previous years, the company has gained income from sale of buildings and other fixed and intangible assets that are included in the financial statements under Other Operating Income with TDKK 7,958 (2014: TDKK 15,572), a decrease of TDKK 7,614 or 49 % compared to 2014

The result of the year increased by TDKK 1,937 to a total of TDKK 87,545 (2014: TDKK 85,608), which corresponds to an increase of 2%.

The management of the company finds the result of the year satisfying.

During 2015, the McDonald's restaurants in Denmark increased system wide sale* by 5% (2014: 1,6%)

* = system wide sales reflect the accumulated turnover in all McDonald's restaurants in Denmark. The figure partly encompasses turnover in the restaurants run by the company, which is included in this annual report, and partly the turnover in the franchise restaurants, from which the company receives rent which is included as part of the result in the annual report.

Social responsibility

It is important to McDonald's to be a socially responsible company. We believe in being involved in the community in which we operate. We strive to engage in frank and honest dialogue with our guests and our employees, as well as our local community about who we are and how our business is run. In addition, we always act in accordance with our seven values:

1. We place the customer experience at the core of all we do
2. We are committed to our people
3. We believe in the McDonald's system
4. We operate our business ethically
5. We give back to our communities
6. We grow our business profitably
7. We strive to continually improve

McDonald's Denmark is involved in numerous projects and initiatives regarding environmental issues, civic engagement, and result in certain employee initiatives including education

Management's review

A number of key initiatives and activities, in which McDonald's is involved, are outlined in the following sections:

Ronald McDonald Børnefond

Ronald McDonald Børnefond was founded by McDonald's Denmark in 1991. The purpose of the foundation is to aide children by supporting charitable, educational, and scientific initiatives aimed at helping children.

The fund has established Denmark's first Ronald McDonald House in 2002. At the Ronald McDonald House, families with critically ill children are able to stay close by, whilst their child is hospitalized in Rigshospitalet.

The primary purpose of the foundation is to assist with the establishment and the daily operation of one or more Ronald McDonald Houses. The house is visited by 150 families a year and the average stay is 33 days.

The secondary purpose is to support other projects or programs aimed at helping children with physical, psychological, or social problems stemming from serious illness.

Finally, Ronald McDonald Børnefond supports research that enhances the existing knowledge of illnesses that affect children.

McDonald's Denmark supports Ronald McDonald Børnefond with administrative tasks and the collection of donations in the McDonald's restaurants. McDonald's also supports the Ronald McDonald Børnefond through donating DKK 5 for every Happy Meal sold on the "McHappy Day" on October 15 for which McDonald's restaurants and guests collected DKK 303,140 in 2015.

In 2015, the McDonald's restaurants and guests collected a total of DKK 2,004,445, which was donated to the Ronald McDonald house and the families.

Keep Denmark Clean – Road campaign 2015

McDonald's uses paper and other materials in which we wrap our food. We constantly work on optimizing our use of materials for wrapping to the best benefit of the environment. Unfortunately, sometimes our wrappings are left in the streets outside our restaurants when our guests have finished their meal. Consequently, McDonald's has placed many bins inside and outside our restaurants across the country. We have initiated a "One Block Policy", entailing that our employees collect and discard wrappings found in the immediate area.

McDonald's Denmark would like to draw the attention to the problem of litter in our streets and help change the behavior of our guests. Therefore, McDonald's holds a seat on the board of 'Hold Danmark Rent', an organization that works towards changing the attitude of the Danish population in this respect. 'Hold Danmark Rent' regularly carries out campaigns, which McDonald's supports both financially and in other ways.

In 2015, McDonald's co-founded a new report by 'Hold Danmark Rent' which gathered knowledge on how to lessen the impact of thrown-away thrash. The focus on minimizing waste continues. In 2015, the McDonald's thrash collector picked up 7.6% less thrash compared to 2014 from McDonald's restaurants, although the number of restaurants increased. This amounts to 348.9 tonnes of waste.

Employee initiatives

At McDonald's everyone is welcome – also as a part of our McDonald's team. McDonald's has a diverse workforce which is reflected by different nationalities, different religious beliefs, and our age span. Diversity is an integral part our success. It is common sense and good business for McDonald's to work with diversity.

McDonalds closely collaborates with KLAP (Creative long term work planning), High:Five, and other organizations.

Management's review

KLAP is part of the aid organization LEV, which has great success in helping people with intellectual disabilities and other cognitive difficulties acquiring sheltered jobs on the ordinary job market. Throughout the years McDonald's has hired more than 30 citizens through KLAP.

High:Five helps young people who are on the brink of the law with entering or returning to the Danish job market. The collaboration with High:Five dates back to 2006. Since then McDonald's has had many interns and full time employees through High:Five.

For further information on the CSR and social responsibility please visit our website:

http://www.mcdonalds.dk/dk/Om_McDonalds/Ansvarlighed.html

Account of the gender composition of management

The management team consists of three men and one woman. At the remaining management levels in the company, the ratio of female managers is 50% and male 50% and the gender diversity is considered to be equal. We continue to focus on having a suitable gender split in our organization.

Post balance sheet events

It is the management's opinion that the annual report includes all significant information for evaluating the company's performance. No material subsequent events have occurred after year end.

Outlook

In 2016, the company expects an increase in the system wide sales and operating income.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of McDonald's Danmark ApS for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2015.

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

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

Frederiksberg, 31 May 2016
Executive Board:

Joachim Bernhard Knudsen

Board of Directors:

Jo Geert E. Sempels

Malcolm Wayne Hicks

Joachim Bernhard Knudsen

Independent auditors' report

To the shareholders of McDonald's Danmark ApS

Independent auditors' report on the financial statements

We have audited the financial statements of McDonald's Danmark ApS for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2015 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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Lars Hansen
State Authorised Public Accountant

Financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	2015	2014
2	Revenue	421,702	507,997
	Raw materials and consumables	88,526	134,783
3	Other operating income	8,415	12,172
	Other external expenses	73,581	78,404
	Gross margin	268,010	306,982
4	Staff costs	113,375	149,479
	Amortization/depreciation and impairment of intangible assets and property, plant and equipment	40,690	44,611
	Operating profit/loss	113,945	112,892
	Loss from investments in associates	40	233
	Financial income	104	55
	Financial expenses	308	281
	Pre-tax profit	113,701	112,433
5	Tax for the year	26,156	26,825
	Profit for the year	87,545	85,608
	Recommended profit appropriation		
	Proposed dividends	180,000	83,000
	Net revaluation reserve according to the equity method	-40	-233
	Retained earnings/accumulated loss	-92,415	2,841
		87,545	85,608

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Acquired intangible assets	3,539	5,501
	Goodwill	30,929	34,151
		<u>34,468</u>	<u>39,652</u>
7	Property, plant and equipment		
	Land and buildings	624,658	605,072
	Leasehold improvements	53,488	56,437
	Other fixtures and fittings, tools and equipment	26,607	71,355
	Property, plant and equipment under construction	1,534	7,107
		<u>706,287</u>	<u>739,971</u>
	Investments		
	Other securities and investments	39	195
8	Investments in associates, net asset value	404	444
	Other receivables	7,072	7,356
		<u>7,515</u>	<u>7,995</u>
	Total non-current assets	<u>748,270</u>	<u>787,618</u>
	Current assets		
	Inventories		
	Raw materials and consumables	810	3,789
		<u>810</u>	<u>3,789</u>
	Receivables		
	Trade receivables	39,223	30,407
	Trade receivables from group entities	685	2,397
	Income taxes receivable	0	54
	Prepayments and deferred charges	4,015	4,120
	Other receivables	1,583	4,861
		<u>45,506</u>	<u>41,839</u>
	Cash at bank and in hand	114,463	82,624
	Total current assets	<u>160,779</u>	<u>128,252</u>
	TOTAL ASSETS	<u><u>909,049</u></u>	<u><u>915,870</u></u>

Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	507,817	507,817
	Proposed dividends	180,000	83,000
	Retained earnings/accumulated loss	105,010	197,465
	Total equity	<u>792,827</u>	<u>788,282</u>
	Provisions		
	Deferred tax	46,288	48,837
10	Total provisions	<u>46,288</u>	<u>48,837</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	9,093	7,723
		<u>9,093</u>	<u>7,723</u>
	Current liabilities other than provisions		
	Trade payables	11,516	16,269
	Payables to group entities	9,721	8,773
	Deferred income	10,960	9,052
	Payable income tax	2,904	0
	Other payables	25,740	36,934
		<u>60,841</u>	<u>71,028</u>
	Total liabilities other than provisions	<u>69,934</u>	<u>78,751</u>
	TOTAL EQUITY AND LIABILITIES	<u>909,049</u>	<u>915,870</u>

Financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2015	507,817	197,465	83,000	788,282
Transfer from result for the year		-92,455	-83,000	-175,455
Proposed dividends			180,000	180,000
Equity at 31 December 2015	<u>507,817</u>	<u>105,010</u>	<u>180,000</u>	<u>792,827</u>

Financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	2015	2014
	Operating profit	87,072	85,605
14	Adjustments	30,183	31,956
15	Change in working capital	-9,032	-3,920
	Cash flows from operating activities	108,223	113,641
	Additions of property, plant and equipment	-47,394	-58,077
	Disposals of property, plant and equipment	53,530	34,190
	Other cash flows from investing activities	480	240
	Cash flows from investing activities	6,616	-23,647
	Dividends paid	-83,000	0
	Cash flows from financing activities	-83,000	0
	Net cash flows from operating, investing and financing activities	31,839	89,994
16	Cash and cash equivalents at 1 January	82,624	-7,370
	Net cash flow	31,839	89,994
	Cash and cash equivalents at 31 December	114,463	82,624

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of McDonald's Danmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Income statement

Revenue

Rent and lease income from franchise restaurants represent invoiced income. In addition, net turnover from the company's own restaurants has been recognized as income.

Sales by company owned restaurants are recognized on a cash basis while sales from franchised restaurants, based on a percent of sales with a minimum of rent payments, are recognized in the period they are earned.

Revenue is measured net of all types of discounts/-rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortization/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortization/depreciation and impairment of intangible assets and property, plant and equipment.

Goodwill is amortized over the expected economic life, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the industry and the dependence on key staff.

The cost for acquired IP rights is amortized over the expected useful life. Acquired IP rights include patents, rights and licenses. Since the period of depreciation is based on the assets expected useful life, no salvage value has been taken into account.

The estimated useful lives for intangible assets are as follows:

Acquired IP rights	10-20 years
Goodwill	5-20 years

The company depreciates goodwill associated with its own restaurants over a period of 5-20 years. The period of depreciation exceeds 5 years on the basis of management regarding assets as being strategic investments and management's concrete expectations for future cash flow.

Property, plant and equipment are depreciated on a straight line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The expected useful lives of the assets are as follows:

Buildings	10-40 years
Leasehold improvements	5-40 years
Other fixtures and fittings, tools and equipment	3-20 years

Income from investments in associates

The item includes the entity's proportionate share of the profit/loss for the year in associates after elimination of intra group income or losses and net of amortization and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance payment of tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortization and impairment losses.

Other intangible assets include other acquired intangible rights, including software licenses, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortization and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in associates

Investments in associates are measured, using the equity method, at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognized under 'Provisions' in so far as the parent has a legal or constructive obligation to cover the deficit.

Other securities and investments

Securities intended to be held to maturity are measured at amortized cost, using the effective interest rate method at the date of acquisition. Value adjustments are recognized in the income statement under 'Net financials'.

Other securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognized valuation principles if the securities are unlisted.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment as well as investments in associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognized on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

Prepayments

Prepayments recognized under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognized under 'Receivables from group entities'.

Income tax

Current tax payables and receivables are recognized in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortizable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognized on the raising of the loan at the proceeds received net of transaction costs incurred. Interest bearing debt is subsequently measured at amortized cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognized as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including a guaranteed residual value, if any, based on the interest rate implicit in the lease.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest bearing debt.

Cash and cash equivalents comprise cash and short term securities in respect of which the risk of changes in value is insignificant.

Segment information

Segment information is given for revenue broken down by business segment and geographical segment. The segmentation is in accordance with the entity's internal financial management.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios 'Recommendations and Financial Ratios 2010', cf. below:

Definition of financial ratios

Return on assets	$\frac{\text{Profit/loss from ordinary operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Closing equity} \times 100}{\text{Equity \& liabilities at year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	2015	2014
2 Revenue		
<i>Business segmentation of revenue:</i>		
Sales by company-operated restaurants	220,346	332,194
Revenues from franchised restaurants	201,356	175,803
	<u>421,702</u>	<u>507,997</u>
3 Other operating expenses		
The item includes net gain/loss on sale of restaurants, buildings, fixtures and fittings.		
Gain on sale of restaurants, buildings, fixtures and fittings	7,958	15,864
Other income/expenses	457	-3,691
	<u>8,415</u>	<u>12,173</u>
4 Staff costs		
Wages and salaries	103,490	136,734
Pensions	7,927	9,488
Other social security costs	1,958	3,257
	<u>113,375</u>	<u>149,479</u>
Average number of full-time employees	<u>303</u>	<u>481</u>
Management remuneration	<u>-</u>	<u>3,011</u>
<p>Remuneration paid to Management in 2015 has been excluded from the financial statements with reference to section 98b, 3 of the Danish Financial Statements Act.</p> <p>Remuneration for 2014 includes more than one person, due to change in Management during 2014.</p>		
5 Tax for the year		
DKK'000	2015	2014
Estimated tax charge for the year	29,178	23,681
Deferred tax adjustments in the year	-2,549	3,128
Tax adjustments, prior years	-473	16
	<u>26,156</u>	<u>26,825</u>

Deferred tax has been calculated on the basis of a corporate tax rate of 22%.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

6 Intangible assets

DKK'000	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2015	8,278	61,087	69,364
Additions	0	0	0
Disposals	-2,416	-1,436	-3,852
Cost at 31 December 2015	5,862	59,651	65,512
Impairment losses and amortization at 1 January 2015	2,726	26,987	29,713
Amortization	585	2,122	2,707
Impairment losses and amortization, disposals	-988	-388	-1,376
Impairment losses and amortization at 31 December 2015	2,323	28,721	31,044
Carrying amount at 31 December 2015	3,539	30,929	34,468

7 Property, plant and equipment

DKK'000	Land and buildings	Leasehold improve- ments	Fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total tangible
Cost at 1 January 2015	921,116	120,710	117,304	7,107	1,166,238
Additions	46,131	-417	351	1,329	47,394
Transferred	3,638	3,075	-202	-6,511	0
Disposals	-22,978	-663	-69,588	-391	-93,619
Cost at 31 December 2015	947,907	122,705	47,865	1,534	1,120,012
Impairment losses and deprecia- tion at 1 January 2015	316,043	64,272	45,951	0	426,266
Depreciation	21,927	5,294	10,762	0	37,983
Impairment losses and depreciation, disposals	-14,721	-349	-35,454	0	-50,524
Impairment losses and deprecia- tion at 31 December 2015	323,249	69,217	21,259	0	413,725
Carrying amount at 31 December 2015	624,658	53,488	26,607	1,534	706,287

Financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Investments in associates
8 Investments	
Cost at 1 January 2015	1,247
Cost at 31 December 2015	1,247
Impairment losses at 1 January 2015	-803
Share of the profit for the year	-40
Impairment losses at 31 December 2015	-843
Carrying amount at 31 December 2015	<u>404</u>

DKK'000	Legal form	Domicile	Interest (%)
I/S Fællesskiltning (Københavns Kommune)	I/S	Copenhagen	41.5

DKK'000	2015	2014
9 Share capital		
1,015,634 shares of DKK 500 each	<u>507,817</u>	<u>507,817</u>

The company's share capital has remained DKK 507,817 thousand over the past five years.

10 Provisions

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

DKK'000	2015	2014
Deferred tax	<u>46,288</u>	<u>48,837</u>

11 Contingent liabilities and other financial obligations

The company has joint and several liability with the co-owners of I/S Fællesskiltning for the partnership's obligations. The total statement of financial position in I/S Fællesskiltning amounts to DKK 1.1 million at 31 December 2015.

Other guarantees regarding payment of rent amount to DKK 11.9 million.

DKK'000	2015	2014
Other financial obligations		
Rent and lease liabilities	<u>117,940</u>	<u>127,303</u>

Financial statements for the period 1 January – 31 December

Notes to the financial statements

12 Related parties

Information about related parties with a controlling interest:

Related party	Domicile	Basis for control
Parent McDonald's Europe Ltd.	London, Great Britain	Participating interest

Information about consolidated financial statements:

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
McDonald's Corporation Inc.	Chicago, USA	http://www.aboutmcdonalds.com/mcd/investors/annual_reports.html
McDonald's Europe Ltd.	London, Great Britain	

Related party transactions not carried through on normal market terms:

There are no related party transactions that have not been carried through on normal market terms.

DKK'000	2015	2014
13 Fee to the auditors appointed by the company in general meeting		
Fee for the statutory audit of the financial statements	240	225
Fee for other services	69	50
	<u>309</u>	<u>275</u>
14 Adjustments – cash flow statement		
Amortization/depreciation and impairment losses	40,690	44,612
Gain/loss on the sale of fixed assets	-7,958	-15,863
Tax for the year	-2,549	3,208
	<u>30,183</u>	<u>31,956</u>
15 Changes in working capital, cash flow statement		
Changes in inventories	2,979	-103
Changes in receivables	-3,721	-2,627
Changes in trade payables, etc.	-8,290	-1,190
	<u>-9,032</u>	<u>-3,920</u>
16 Cash and cash equivalents, cash flow statement		
Cash and cash equivalents according to the balance sheet	114,463	82,624
	<u>114,463</u>	<u>82,624</u>