

ANNUAL REPORT

2014



HEJLSØ

Green innovation since 1866



Patron for Hedeselskabet
Her Majesty
Queen Margrethe II of Denmark

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Objects clause

Hedeselskabet ensures that the enterprise operates at a high ethical, professional and profitable level with respect to natural amenities and natural resources in Denmark and abroad.

Hedeselskabet also works actively to improve living conditions, primarily in rural areas, and to exploit natural resources for the benefit of society through research, development and dissemination within nature, environment and energy.

Hedeselskabet can build, acquire, establish and operate real property or business enterprises within the scope of Hedeselskabet's objects clause and in such a way that Hedeselskabet's enterprises are operated in corporate form with limited liability.

HEDESELSKABET

Hedeselskabet's historical roots date back to 1866, when a group of visionary men led by Enrico Mylius Dalgas took an initiative that would prove to have great importance for Danish society and the country's landscape. With the foundation of Hedeseelskabet, the cornerstone was laid for the development of the Danish heaths, which were transformed into fertile farmland or planted with vegetation.

Today Hedeseelskabet is an association with the status of a business foundation that owns and operates a number of subsidiaries. The customer is the focal point of our business activities, with the commercial side of Hedeseelskabet acting as the customer's innovative business partner.

In addition to owning – either in whole or in part – a number of subsidiaries, Hedeseelskabet is an association with members that form the basis for our method of governance. It is via the association that a portion of the earnings generated by the subsidiaries is awarded to projects that lie within the scope of Hedeseelskabet's objects clause.

Modern and innovative

Hedeseelskabet is based on strong traditions. We are proud of our past, but we are more than simply a legacy of Enrico Mylius Dalgas. Hedeseelskabet is a modern group of companies with primary focus on nature, environment and energy.

It is both a privilege and an obligation to be an association with the status of a business foundation. It means that Hedeseelskabet is able to take a long-term approach and invest in innovative solutions. We are very much aware of the privilege endowed upon us by being responsible for our business activities. The profits from these business activities enable us to invest in the future, thus forming the basis of Hedeseelskabet's existence many years down the line.

Through the association we accumulate and share knowledge and professional expertise. This means, in turn, that we can continue to attract committed employees that work hard to ensure that our customers enjoy good quality and service on a daily basis.

1866

Year of foundation

Hedeselskabet was founded in 1866 and will celebrate its 150th anniversary in 2016.

500,000

Hours

Orbicon provided consultancy services for customers totalling more than 500,000 hours in 2014.

2,452

Members

By the end of 2014 Hedeselskabet had 2,452 members.

1,944

Employees

In 2014 Hedeselskabet's subsidiaries and associated companies had 1,944 employees.

16 %

International turnover

No less than 16 % of Hedeselskabet's total turnover stems from international activities.

10,000

Projects

Hedeselskabet's subsidiaries and associated companies launched more than 10,000 projects in 2014.

150,000

Hectares of forest

HedeDanmark manages, develops and maintains more than 150,000 hectares of forest. Hedeselskabet is also a major forest owner with some 11,813 hectares.

BUSINESS ACTIVITIES

Hedeselskabet's subsidiaries exist in the market on competitive terms on a par with other companies. The customer is the most important stakeholder. Our success is based on the satisfaction and loyalty of the customer.

Hedeselskabet represents good quality and service. Our focus is on innovation and digitisation, and we look to supply products and services that provide value for our customers. This is supplemented by our history and experience that go back almost 150 years. Since 1866 we have endeavoured to develop and deliver solutions to our customers.

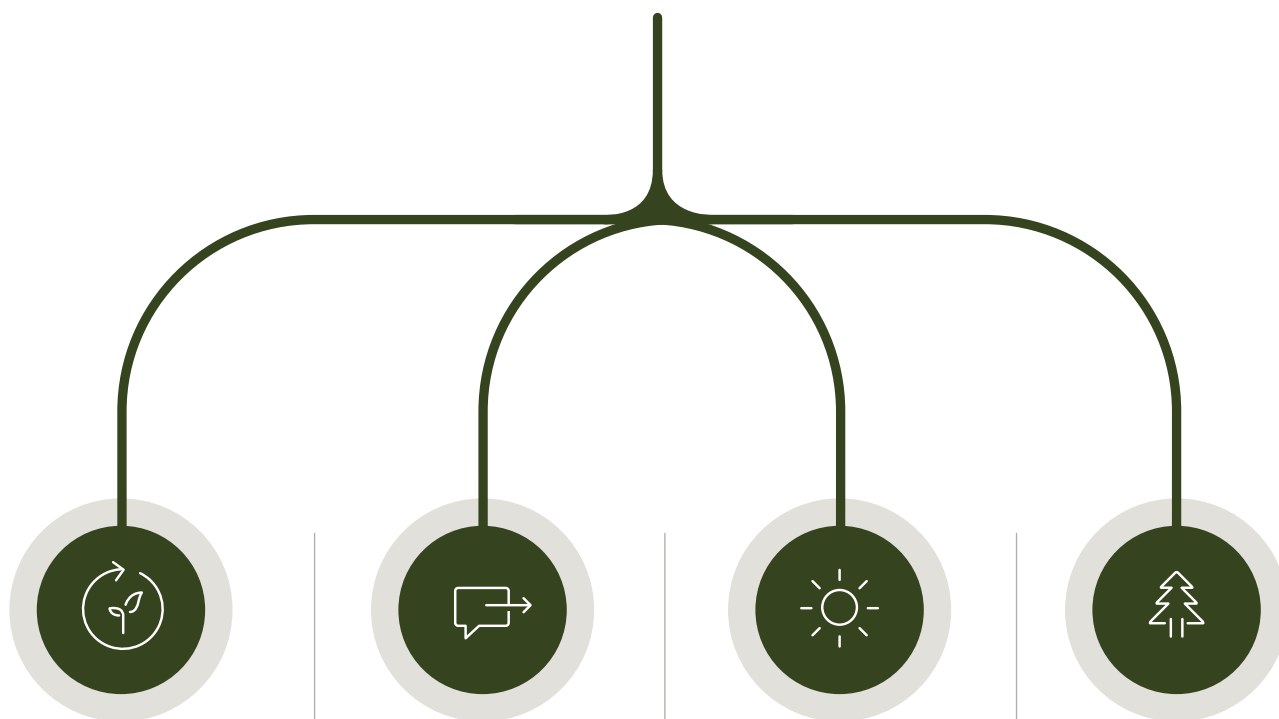
We primarily provide solutions for businesses and major private customers, as well as central, regional and local government. Our tasks encompass services, commercial trade, consultancy services and the construction and operation of energy plants. Today Hedeselskabet has more than 30 legal entities in 12 countries.

Business activities are strong and robust, rooted in the foundations of Hedeselskabet. This enables us to carry out long-term investments within areas in which we see development potential – for the benefit of our customers, Hedeselskabet itself and the society around us.

The enterprise is part of the association's history, culture and objectives. Our business activities are designed to earn money to secure our economic foundation and to develop services for our customers. A portion of the profits from our business activities is channelled into the association with a view to awarding funds to different projects for the benefit of nature, environment and energy.

Today Hedeselskabet's commercial activities are split into four segments: Green Service and Trade, Consultancy, Energy Plants and Forest Ownership.

HEDESELSKABET



GREEN SERVICE AND TRADE

Covers HedeDanmark a/s and affiliated companies that provide services and commercial services to the forests, open countryside, gardens and parks, as well as open spaces in towns and cities. The sector is subdivided into four activities:

- Outdoor Facility Services
- Contracts
- Forestry
- Commercial trade and planting


HedeDanmark

CONSULTANCY

Covers Orbicon A/S and affiliated companies that provide consultancy services within environment, nature, utility supply, building and construction, informatics and building development. The sector is subdivided into four activities:

- Environment
- Municipal engineering
- Building and construction
- Informatics

 | ORBICON

ENERGY PLANTS

Covers Hedeselskabet Sp. z o.o., Xergi A/S and affiliated companies that operate landfill gas plants and provide design, construction and operating services in connection with biogas plants.

- Biogas technology and plants
- Landfill gas


HEDESELSKABET
Sp. z o.o.

FOREST OWNERSHIP

Covers Hedeselskabet's own forest properties and partly-owned or fully-owned plantation companies. Hedeselskabet is a major forest owner with properties in Denmark, the Baltic and France.


HEDESELSKABET
Forest Ownership



MINI-WETLANDS - SMALL, BUT HIGHLY EFFECTIVE

In recent years Hedeselskabet has both supported and developed mini-wetlands as one of the means of fulfilling the goals of the river basin management plans aimed at reducing nitrate emissions and retaining phosphor. Mini-wetlands clean drainage water from the fields and help reduce pollution of the aquatic environment. Measurement data demonstrates that mini-wetlands are effective tools that do not require much space. Minister of the Environment Kirsten Brosbøl (S) visited North Jutland in 2014 to see the concept for herself.



THE ASSOCIATION

Hedeselskabet is backed up by its members. As a member you are able to exert your influence on Hedeselskabet's development by taking a seat on the Committee of Representatives. The Committee of Representatives is Hedeselskabet's highest authority, and the majority of the 60 seats are directly elected by the members. The Committee of Representatives chooses the Executive Committee, which, along with Hedeselskabet's management, determines the development of the group.

The members can enjoy unique nature experiences and acquire new knowledge at events put on for their benefit. They can also share their interest in nature, environment and energy with others that have the same spheres of interest. In Hedeselskabet's periodical, *Vækst*, we disseminate knowledge with regard to green innovation, nature conservation, environment and energy between practitioners and experts to everyone who has a broad professional interest in the area.

Hedeselskabet is founded on democracy and diversity, which will continue to be areas of focus in the future. Hedeselskabet wishes to strengthen the spirit of the association and to recruit more members. We regard the association as a gathering point for everyone who has an interest in participating in the development of the society of which we are a part. Hedeselskabet does this by awarding funds to projects that provide value to society.

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SUPPORT FOR DEVELOPMENT PROJECTS

Hedeselskabet has a tradition of supporting and carrying out relevant development projects that are within the scope of the objects clause. Support is granted to both major development projects and less concrete initiatives – provided that they lie within the fields of nature, environment and energy.

EXAMPLES OF PROJECTS THAT HEDESELSKABET HAS APPROVED FOR AWARDING OF FUNDS IN 2014:

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- Mini-wetlands – small, but highly effective

 - Members' projects

 - Control of Neonectria fungus

 - Company forests for climate improvement

 - Conditions for calculations in connection with watercourses of the future



MEMBERS' PROJECTS

In 2014 the members were given the chance to recommend exciting local projects that could be supported by means of funding from Hedeselskabet. During the course of the year this has resulted in many different and interesting proposals, of which five were chosen. Hedeselskabet awarded funds to generate a creative area at Nyker Church on the island of Bornholm and to establish a common room with information about shelter belts and chalk quarrying near Thyholm. In addition, a pleasant spot is to be established at Lynggård's plantation near Tarm in West Jutland. In Lemvig a new square is being built in the middle of the town, whilst Sorring Most in central Jutland has received support to further develop its work involving the processing of local windfall apples to make juice.



CONTROL OF NEONECTRIA FUNGUS

The Neonectria fungus attacks silver fir trees, and in many cases the source of infection is older trees within the silver fir family, which is made up of a number of the major tree species in Denmark. Hedeselskabet has joined the fight against the aggressive fungus by supporting a project that is designed to promote the control of Neonectria. Trees that are infected by the fungus cannot be cured, as a result of which forest owners may be forced to fell them. In 2013 the fungus was estimated to have cost Danish Christmas tree growers up to DKK 50 million.



COMPANY FORESTS FOR CLIMATE IMPROVEMENT

“Afforestation Plan for Company Forests” is the title of a new, interdisciplinary pilot project that Hedeselskabet has supported in 2014. As the name suggests, the planting of forest is the key to this project. Forests can be regarded as nature’s own CO₂ collectors. Through their multi-year growth they contribute to balancing out the increasing emission of man-made CO₂, and hence afforestation represents a straightforward and tangible opportunity for commercial enterprises to live up to their corporate social responsibility.



CONDITIONS FOR CALCULATIONS IN CONNECTION WITH WATERCOURSES OF THE FUTURE

The Danish municipal authorities have to juggle a sensible balance between discharge and environmental interests by laying down dimensions and maintenance practices in watercourses. A prerequisite for this work is that there is agreement on, and confidence in, the hydraulic principles and calculation tools that are used. In 2014 Hedeselskabet allocated funds for a project designed to create a common understanding of the conditions on which calculations are based in terms of the design and maintenance of watercourses in the future.

PREFACE

Focus on customers became even more concentrated in Hedeselskabet's subsidiaries in 2014. During the course of the year, this has created a number of interesting new tasks and projects that have contributed to Hedeselskabet being able to post earnings before tax of DKK 60.2 million in 2014. This result has been achieved on the basis of revenue that is on a par with that in 2013. A number of the new projects are highlighted in the annual report.

The positive trends in Hedeselskabet's cash flow from operations have continued in 2014 and have been improved upon yet further. This means, among other things, that it has been possible to reduce our short-term interest-bearing debt. Our international activities have also seen an increase in relation to 2013. This is true of both earnings and revenue. International activities now represent 16 % of the total revenue.

In contrast to the positive development in Hedeselskabet's overall result, a number of business areas have had a negative effect on profits in 2014, with the business area concerning the establishment of new facilities in our subsidiary HedeDanmark and landfill gas activities in Poland having been under particular pressure during the year.

Many of the markets in which Hedeselskabet operates are characterised by fierce price competition from both national and international operators. In order to ensure the development of our businesses, we have thus focused on enhancing our competitiveness and optimising profitability.

In years to come Hedeselskabet's subsidiaries will further set themselves apart through initiatives such as digital development and by being more innovative in the solution

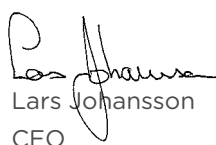
of their tasks. Being a customer of Hedeselskabet's subsidiaries must remain attractive, and therefore new products and services will continue to be developed on an ongoing basis.

The association will continue to distribute funds to relevant ends – both to major projects and smaller local initiatives. In order to be able to realise this goal, we need to operate a successful business that delivers good results.

The expertise in Hedeselskabet's subsidiaries is what ensures that our customers regard us as a trustworthy and professional business partner, and we will therefore further boost these capabilities in the years ahead.

Whereas customers and employees are the greatest assets of the commercial side of Hedeselskabet, the members are the primary assets within the association, with the main focus during the next few years being to raise awareness of Hedeselskabet in order to attract even more members. Competition is considerable, and we will therefore exploit our history and expertise within nature, environment and energy to an even greater extent in order to attract even more members who share Hedeselskabet's vision and objectives.

We are proud to report on the good year that Hedeselskabet has enjoyed in 2014. We now look forward to an exciting 2015 with high levels of activity in which the positive development that currently characterises Hedeselskabet looks set to continue.


Lars Johansson
CEO



INFRASTRUCTURE PROJECT IN GREENLAND

With Orbicon Grønland providing client design advisory services, the harbour capacity in Nuuk is to be expanded in order to future-proof the trade of goods to both the capital region around Nuuk and the rest of Greenland. The expansion must make it possible for cargo vessels to call at the port with greater quantities of goods. The construction project is expected to be one of the biggest infrastructure projects in the history of Greenland, with the total project sum forecast to be around half a billion Danish kroner. The new port is expected to be fully operational by the middle of 2016.

STRATEGIC DIRECTION

A customer-focused enterprise

The strategic direction for Hedeselskabet's commercial activities focuses on strengthening the enterprise in relation to customer needs and future challenges within our fields of operation. Hedeselskabet's primary market will continue to be Denmark, whereas international business activities will be focused on northern Europe and the Baltic.

During the next few years Hedeselskabet aims to grow – both organically and via acquisitions. Growth must be profitable and controlled, whereby we will increase market share, revenue, earnings and profit ratio.

This goal means that the sales and performance culture in the group must be bolstered through increased focus on strengthening the relationship to current customers and improving our own performance. In addition, there will be focus on achieving improvements within existing areas of expertise. Hedeselskabet will thus become an even stronger business partner, competitive and innovative – an attractive supplier of quality products and services that generate value for the customers.

Hedeselskabet's cost model is based on boosting competitiveness. This is to take place through outsour-

ing and partnership models, including contract solutions and production outside Denmark. This means that bids can be made in order to win and the expected results can continue to be delivered. At the same time, customers at Hedeselskabet's subsidiaries must continue to experience a professional sales and delivery process.

In the years ahead Hedeselskabet will undergo a digital development in order to increase the creation of value on the part of the customer. The process will make Hedeselskabet a more effective business partner that boosts its competitiveness and makes the solution of tasks more efficient via systems that are integrated with the customer and the customer's IT system. We shall set ourselves apart by being digitally innovative, and we must exploit the resulting benefits to enhance personal contact with the customer, as well as providing good quality and high levels of service. Collaborating with Hedeselskabet's subsidiaries must be an attractive and straightforward experience.

Solid group with a robust culture

Hedeselskabet must continue to be a financially robust group such that our customers, business partners and employees remain confident that we will continue to exist in the future. We will back this up by reducing our

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short-term, interest-bearing debt and by financing acquisitions and investments to a greater extent ourselves. The fact that Hedeselskabet has a solid economic foundation today is due in part to long-term investments in forests and plantations, and we will continue to be a major forest owner in the future.

Hedeselskabet has a strong culture with a broad scope of professional expertise and competent employees. This position must be maintained and strengthened. In future we will continue to be an attractive employer that attracts committed employees driven by a high degree of professional competence and an innovative approach, in addition to a sales and performance culture with focus on the customer.

A member-focused association

The strategic direction for Hedeselskabet's activities as an association is focused on a closer dialogue with our members.

This means, among other things, that we shall work both strategically and operationally on the improvement of communication towards and with our members. At the same time, we shall increase focus on both branding and activities that highlight the benefits of becoming a

member. In this way we will secure a continuous increase in the number of members. This will make the association more robust and ensure the best possible basis for the continued realisation of Hedeselskabet's objectives.

An important activity for Hedeselskabet as an association is the fact that it awards funds to projects within the scope of our objects clause. The distribution of funds is designed to ensure that value is created for our members and the world around us. Work to choose the best projects that can be realised with help from Hedeselskabet is therefore ongoing.

Activities and dialogue

Further weight is applied to active and proactive communication towards and with Hedeselskabet's members – including considerable focus on social media. Greater awareness is thereby generated with regard to Hedeselskabet's activities. This will attract new members, in addition to which the dialogue with existing members will receive a boost.

In continuation of the increased activity aimed at the members, workshops and seminars will be developed which will open the way for the exchange of knowledge between members and Hedeselskabet.





MANAGEMENT'S
REPORT

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2014

MANAGEMENT'S REPORT

HEDESELSKABET

Today Hedeselskabet is an association with the status of a business foundation that owns and operates a number of subsidiaries. Hedeselskabet's financial result has been attained through the group's overall activities within nature, environment and energy, which are organised in Green Service and Trade, Consultancy, Energy Plants and Forest Ownership.

BUSINESS ACTIVITIES IN 2014

In 2014 Hedeselskabet improved its earnings in relation to 2013, and a number of the group's subsidiaries posted historically good operating profits. The pick-up in earnings has been achieved in markets characterised by fierce price competition, several of which saw zero growth during the year. With focus on delivering quality products and a high level of service to the customers, Hedeselskabet's subsidiaries have strengthened their market position, whilst at the same time boosting profitability.

GREEN SERVICE AND TRADE



Hedeselskabet's Green Service and Trade come under the auspices of HedeDanmark a/s.

During 2014 HedeDanmark has optimised processes in its business units and developed digital solutions which, alongside increased customer focus, have enhanced the overall service to the customer. This has resulted in the core businesses at HedeDanmark returning better earnings in relation to 2013. Forestry and Outdoor Facility Service have enjoyed particularly positive development during the past year.

Within forestry, the primary customer group - forest owners - continues to feel the benefits of establishing long-term, strategic cooperation agreements with HedeDanmark. Digital services to forest owners have also been enhanced by the launch of a forest portal that collects all relevant data and provides the customer with an overview of his forest property. Furthermore, forestry has experienced a year of high levels of activity as a consequence of the storm damage that hit the country at the end of 2013.

The market for Outdoor Facility Service is seeing fierce price competition on public tenders. Through differentiated offers to customers and a continuous optimisation of the business, HedeDanmark has managed to win several municipal contracts. Outdoor Facility Service activities have also seen an improvement in results on international markets. In Sweden, both operating profit and the year's overall result have improved, whilst activities in Abu Dhabi show a much improved operating economy and earnings for the first time since 2009. The increase in earnings in Abu Dhabi has been achieved through targeted efforts in the area of care and maintenance. The result has also been boosted by payments from debtors that had previously been written off. There will continue to be focus on the Outdoor Facility Service area in Abu Dhabi.

Whereas the majority of HedeDanmark's activities have seen positive development in 2014, the contract business' establishment of new facilities has faced significant challenges on two major projects and the postponement of other tasks. New management, organisational restructuring, business adjustments and positive development in terms of results during the final few months of the year have, however, contributed to a more positive outlook in the area.

CONSULTANCY



Hedeselskabet's Consultancy Services within environment, municipal engineering, building and construction and informatics come under the auspices of Orbicon A/S.

Orbicon has also returned improved results in 2014 compared to 2013. This has been achieved through organisational restructuring and an increased focus on the development of areas in which Orbicon has particular strengths in relation to customers and the market.

Activities within building and construction, in particular, show a positive development in profitability. The building and construction industry in Denmark continues to suffer from the effects of the general economic crisis in Western Europe, however, and this has curbed organic growth.

Orbicon's consultancy services within building and construction have nevertheless seen positive development in 2014, which can be attributed in part to greater focus on project management. In this case, new organisation and full implementation of a more effective project model give the customer more development potential and better service. This has led to more reliable project execution with fewer project losses. The building industry is under pressure and is primarily characterised by low activity in private building development. At Orbicon it is therefore chiefly public building development and publicly funded renovation tasks that are seeing improvements in levels of activity.

In the area of municipal engineering, increased turnover on infrastructure services has been achieved. This positive progress has primarily been driven by the fact that the organisation is flexible and can adapt to the customer's needs on both major and minor tasks. Greater focus on activities related to climate change in the open countryside and in urban areas during recent years has also had a positive effect on municipal engineering in 2014. In the area of climate adaptation Orbicon combines utility supply engineering with expertise from the field of nature, which gives the customer a unique solution of the task in which water is

treated as a complete cycle. Furthermore, Orbicon has involved customers and other important stakeholders in the identification of foreign climate solutions that can be transferred to and implemented in Denmark.

Environmental consultancy has seen a year of generally positive development and growth. In particular, there has been positive development in terms of environmental impact assessments concerning the erection of wind farms at sea and on land.

ENERGY PLANTS



Hedeselskabet's Energy Plants come under the auspices of the companies Xergi A/S for project engineering of biogas plants and Hedeselskabet Sp. z o.o. for the recovery of gas at landfill sites in Poland.

The conditions for establishment of more biogas plants in Denmark have been improved as a consequence of the energy agreement from 2012. The effects of the agreement could clearly be felt in the national biogas market in 2014, which, among other things, has resulted in energy company NGF Nature Energy launching new Danish biogas projects. Thanks to its pioneering technology and strong references, Xergi has won three major tenders from the energy company and the associated groups of farmers.

The primary markets for the biogas plant business in France and the United Kingdom continue to grow, and Xergi has maintained its leading position in these markets in 2014. With projects such as the erection of France's biggest biogas plant, the company has recorded its highest ever levels of activity.

Both Danish and international customers will reap the benefits of the fact that a new project model has been implemented, as well as a new database for processing project data for biogas plants. These initiatives have led to greater productivity, automation and lower design costs, thus resulting in better service and competitive prices for the customer.

Whereas the biogas plant business has been able to show positive development in terms of results in 2014,

Polish landfill gas activities have been negatively affected by falling prices on renewable energy in Poland. The unease in the market is primarily due to the fact that the Polish government did not manage to reach agreement concerning the introduction of new energy legislation in 2014. There is an expectation that the government will adopt new energy legislation in 2015 that will be able to stabilise the market.

In addition, Hedeselskabet Sp. z o.o. has been hit by temporary production downturns in gas recovery. This is due in particular to natural physical conditions at the landfill site in Lubna near Warsaw, where the landfill site has settled at different rates and caused damage to the recovery plant. Furthermore, the area continues to be characterised by very low prices on carbon credits, which is a consequence of a lack of international support for the continuation of the UN's Kyoto agreement.

FOREST OWNERSHIP



Hedeselskabet's Forest Ownership is operated through its own forest properties and fully-owned or partly-owned plantation companies.

As with forestry at HedeDanmark, levels of activity at Hedeselskabet's Forest Ownership have been affected by the storm that hit Denmark at the end of 2013 and resulted in storm damage corresponding to around one year's worth of felling. The extra volume of timber has not had any effect on the market, however, and Hedeselskabet's forest properties felt the benefits of stable prices on timber throughout 2014. There have also been good sales on biomass in the form of woodchips. This market is expected to continue to grow in terms of volume with the construction of new woodchip plants.

In addition to stable prices on timber products, the sale of three minor areas of forest in Denmark, which Hedeselskabet owned through Skov-Sam, made a positive contribution to results in 2014. Areas in Latvia and France have also been purchased, thus increasing Hedeselskabet's relative forest area.

THE ASSOCIATION IN 2014

The association and its members are an important part of Hedeselskabet, and it is crucial for Hedeselskabet's activities as an association that the membership continues to be strong and diverse. In order to ensure this, extra focus in 2014 has been applied to making the association's activities visible and thus raising awareness of Hedeselskabet. These efforts will continue to be in focus in 2015.

The greater focus on the association has created a solid foundation for both existing and future members. This must be exploited to improve communication between the members and Hedeselskabet, including particular focus on digital dialogue.

It is expected that greater dialogue with the members and increased visibility will lead to a continuous increase in membership, thus further strengthening the association. The association will continue to contribute with support for projects that come within the scope of Hedeselskabet's objects clause.

As of 31 December 2014, the number of existing members was 2,452, which is on a par with the figure from 2013.

Events taking place subsequent to the end of the fiscal year

No material events have taken place after the balance sheet date that are significant in terms of the assessment of the annual report.



A GREEN ROOF FOR NOVO NORDISK

The outdoor areas surrounding Novo Nordisk's headquarters in Bagsværd were transformed into a nature park covering some 31,000 m² in 2014. HedeDanmark's new facility establishment was responsible for the individual trade contract on the park, whilst design was the work of landscape architects SLA. More than half of the park acts as a large green roof on top of an underground car park. In addition to the establishment of the green roof, HedeDanmark has carried out mixed climate proofing and planting of trees, herbaceous perennials and grasses around the new headquarters. In December Novo Nordisk Naturpark was awarded the prestigious Scandinavian Green Roof Award 2014.

FINANCIAL HIGHLIGHTS FOR THE GROUP

Key figures	2014 EUR million	2014 DKK million	2013 DKK million	2012 DKK million
Revenue	280.2	2,088.5	2,101.5	2,062.9
- of which international revenue	16 %	16 %	14 %	16 %
Profit/loss from ordinary activities (EBIT)	6.4	48.0	21.7	43.3
Profit/loss from fixed assets investments after tax	1.7	12.4	3.4	-4.8
Net financials	-0.0 ¹	-0.2 ¹	-23.7 ²	-6.4
Profit/loss before tax (EBT)	8.1	60.2	1.3	32.1
Tax on profit/loss for the year	-1.8	-13.6	-2.7	-11.2
Minority interests' share	-0.1	-0.4	-0.9	-0.8
Profit/loss for the financial year	6.2	46.1	-2.2	20.1
Fixed assets	131.3	977.3	1,006.0	1,082.6
Current assets	95.9	713.7	680.2	686.3
Total assets	227.2	1,691.0	1,686.2	1,768.9
Contributed capital	6.7	50.0	50.0	50.0
Equity	112.0	833.4	793.4	797.4
Minority interests' share	2.5	18.6	18.4	18.3
Provisions	4.0	29.6	20.4	8.1
Long-term debt	25.9	192.7	204.6	215.4
Short-term debt	82.8	616.7	649.4	729.7
Total equity and liabilities	227.2	1,691.0	1,686.2	1,768.9
Cash flow from operating activities	12.5	93.4	78.1	42.5
Net cash flow for investing activities	-2.3	-17.4	-0.2	-211.4
- of which for investments in property, plant and equipment	-2.7	-20.4	-6.5	-76.9
Cash flow from/for financing activities	-2.0	-14.5	-9.9	-9.3
Total cash flow	8.2	61.5	68.1	-178.2
Key ratios (For definitions, please refer to Accounting Policies)				
EBT margin	2.9	2.9	0.1	1.6
Return on capital employed	3.6	3.6	2.0	3.0
Solvency ratio	49.3	49.3	47.1	45.1
Return on equity	5.7	5.7	-0.3	2.6
Changes in equity				
Equity at beginning of year	106.6	793.4	797.4	776.1
Retained earnings	6.0	44.7	-3.9	15.0
Foreign exchange adjustments of foreign subsidiaries	-1.0	-7.2	-1.4	7.3
The year's revaluation of property	-	-	-1.2	-
The year's value adjustment of associates	-	-	-	-0.4
Other adjustments	0.4	2.5	2.5	-0.6
Equity at end of year	112.0	833.4	793.4	797.4
Employees				
Average number of employees	1,375	1,375	1,401	1,472

¹ Includes reversed write-down on financial assets of DKK 4.1 million (EUR 0.6 million).

² Includes write-downs on financial assets of DKK 16.7 million (EUR 2.2 million).

FINANCIAL REPORT

Revenue in DKK million

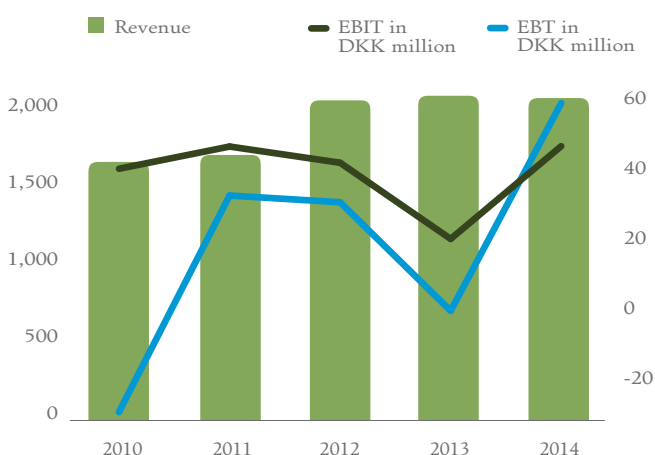
2,088.5 ▼ (-1 %)

Earnings before tax in DKK million

60.2 ▲ (4,365 %)

HEDESELSKABET, GROUP	2014	2013
Revenue in DKK million	2,088.5	2,101.5
- of which international revenue	16 %	14 %
EBIT in DKK million	48.0	21.7
EBT in DKK million	60.2	1.3
Profit/loss after tax in DKK million	46.1	-2.2
Equity in DKK million	833.4	793.4
Solvency ratio in %	49.3	47.1
Number of employees	1,375	1,401

DEVELOPMENT IN REVENUE, EBIT AND EBT DKK million



Result for 2014

The group realised revenue in 2014 on a par with that in 2013.

The net revenue is not affected by the equity interest in Xergi A/S, as Xergi A/S is included as an associated company in line with the group's accounting policies.

The share of the group's revenue outside Denmark was 16 % in 2014, against 14 % in 2013.

During the course of 2014 the group has increased operating profit, which has been achieved by implementing a number of carefully focused initiatives.

The results from associated companies include the share of profit/loss on equity interests in Xergi A/S, Emirates Landscape L.L.C. and the Skov-Sam groups.

Net financing costs are lower than last year, which is due to:

- lower utilisation of the group's credit facilities
- lower interest rate on the group's interest-carrying debt
- reversed write-downs on financial assets.

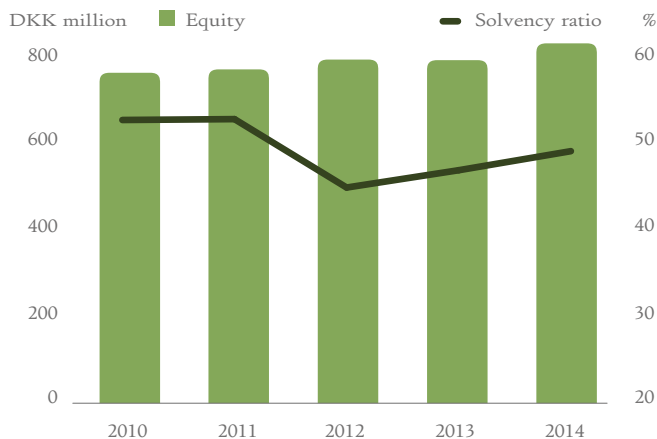
The group's earnings before tax are DKK 60 million, which is satisfactory.

The result of the group's ordinary activities (EBIT) is DKK 48 million, as opposed to an expected figure of DKK 40 million.



The net interest-carrying debt fell by DKK 76 million in 2014 and stood at DKK 350 million by the end of the year.”

DEVELOPMENT IN EQUITY AND SOLVENCY



Assets

The balance sum in 2014 is on a par with 2013. Net investments for the year are lower than depreciation and write-downs, which should be seen in the light of a planned outsourcing of forest machinery.

Efforts aimed at reducing working capital have continued in 2014. These efforts will continue to be in focus in the year ahead.

High levels of activity concerning winter services shortly before the turn of the year 2014/15 have required increased funds tied up in work in progress and receivables.

The group remains a major forest owner and owns forest in Denmark, France and the Baltic. A prudent approach to valuation of forests continues to be adopted.

Equity

Equity stands at DKK 833 million as at the end of 2014. It has increased by DKK 45 million as a result of earnings retained for the year.

During 2014 funding of DKK 1.4 million was awarded:

- Mini-wetlands: DKK 525,000
- Control of *Neonectria* fungus: DKK 200,000
- Company forests for improvement of climate: DKK 200,000
- Conditions for calculations in connection with watercourses of the future: DKK 450,000

As at the end of 2014 solvency was 49.3 %, against 47.1 % in 2013. This increase can be attributed to the lower level of net investments, the increase in earnings and the development in the group's interest-carrying debt.

Liabilities

The net interest-carrying debt fell by DKK 76 million in 2014 and stood at DKK 350 million by the end of the year. The financing structure is largely based on credits with durations of more than 1 year. 55 % of the interest-carrying debt is thus long-term debt, and 47 % falls due more than 5 years from the balance sheet date. Fixed-rate loans make up 5 % of the total loans at the end of 2014.

During the course of 2015 initiatives will be implemented aimed at ensuring that fixed-rate loans make up a greater proportion of the total loan volume.

Cash flow statement

The cash flow for the year has been affected by the focus on reducing the working capital and by improved operating profit.

As mentioned above, high levels of activity concerning winter services shortly before the turn of the year have required increased tied-up funds in work in progress and receivables.



GREEN SERVICE AND TRADE HEDEDANMARK A/S

PRIMARY COMPANIES WITHIN GREEN SERVICE AND TRADE:



(100 %)

• Skælskør Anlægsgartnere A/S	(100 %)
• Väla Mark & Trädgård AB	(100 %)
• HD Fest Forest Holding SIA	(100 %)
• Heidegesellschaft G.m.b.H	(100 %)
• Silva Estate A/S	(100 %)
• Emirates Landscape L.L.C.	(49 %*)

* Only included in "Earnings before tax (EBT) in DKK million" and "Profit/loss after tax in DKK million."

Revenue in DKK million

1,625.7

▼ (-3 %)

Earnings before tax in DKK million

53.8

▲ (309 %)

GREEN SERVICE AND TRADE, HEDEDANMARK

	2014	2013
Revenue in DKK million	1,625.7	1,670.9
- of which international revenue	19 %	16 %
EBIT in DKK million	49.3	33.1
EBT in DKK million	53.8	13.1
Profit/loss after tax in DKK million	40.3	9.2
Equity in DKK million	247.5	220.4
Solvency ratio in %	32.2	29.2
Number of employees	825	895

HedeDanmark provides services and commodities with focus on the forest, the open countryside, gardens and parks, as well as open spaces in towns and cities. The company is divided into four primary activities:

Outdoor Facility Service

Operation and maintenance of parks, roads and green areas, including winter services.

Contract

Establishment of green facilities, nature conservation and re-establishment, as well as handling and environmentally-friendly recycling of organic waste.

Forest

Management, development, operation and maintenance of the forest.

Commercial trade and planting

Production and trade of plants for forests and shelterbelts, equipment for forestry and commercial trade of forest properties.



HEDEDANMARK MAKES SEVERAL MUNICIPAL AUTHORITIES GREENER



Throughout 2014 HedeDanmark has expanded its collaboration with several Danish municipal authorities with regard to Outdoor Facility Services. Among other things, the company will deal with all tasks concerning winter services and the operation and maintenance of green areas in the Municipality of Odsherred.

In Greve a five-year contract has been agreed on the maintenance of outdoor areas at municipal property. Tasks range from the maintenance of sports fields and inspection of playgrounds to caring for indoor plants and special beach cleaning operations.

The municipal council at Egedal has assigned part of its operation and development of green areas to HedeDanmark. The idea of the project is that the municipal authority and HedeDanmark will share knowledge concerning the most operationally efficient solutions, and that by means of user surveys the local citizens will have an influence on how quality and service levels can be improved in selected areas.

Finally, HedeDanmark has moved into Esbjerg, where in future it will be responsible for operational and conservation tasks in a number of parks and green areas in the centre of the town.

ORBICON CONTRIBUTES TO THE CAPITAL'S FIRST URBAN SPACE ADAPTED TO CLIMATE CHANGE



Green street corners, lush front gardens and squares with plants growing wild. This is part of the experience when visiting the square at Tåsinge Plads in Copenhagen, which Orbicon has helped to transform into the capital's first urban space adapted to climate change.

Major changes to the climate, greater frequency of rain showers and torrential rain storms will lead to sewers and cellars being flooded. The square at Tåsinge Plads is an element in the City of Copenhagen's plan to protect the city against heavy rainfall by creating green

solutions at street level. These solutions will create attractive fertile urban spaces for the enjoyment of residents in the area, whilst at the same time effectively leading water resulting from cloudbursts away from the neighbourhood.

At the square more than 1,000 m² of asphalt has been transformed into a green oasis, thus enabling the square to cope with the increasing amount of rainfall at street level, in addition to establishing a landmark at Skt. Kjelds Kvarter on Østerbro.

CONSULTANCY ORBICON A/S

PRIMARY COMPANIES WITHIN CONSULTANCY SERVICES:



(100 %)

- Orbicon Grønland A/S (100 %)
- Orbicon Informatik A/S (100 %)
- Pluss Leadership A/S (35 %*)

* Only included in "Earnings before tax (EBT) in DKK million" and "Profit/loss after tax in DKK million."

Revenue in DKK million

455.8

▲ (9 %)

Earnings before tax in DKK million

18.1

▲ (490 %)

CONSULTANCY, ORBICON	2014	2013
Revenue in DKK million	455.8	416.7
– of which international revenue	5 %	3 %
EBIT in DKK million	18.0	3.5
EBT in DKK million	18.1	3.1
Profit/loss after tax in DKK million	12.5	0.9
Equity in DKK million	50.8	42.9
Solvency ratio in %	27.3	22.2
Number of employees	492	465

Orbicon provides consultancy services within environment, building and construction, utility supply, climate and sustainability. The company is divided into four primary activities:

Building and construction

Consultancy services within new building development and renovation, in addition to client design advisor services.

Environment

Consultancy services within soil contamination, environmental planning, working environment, nature and aquatic environment.

Municipal engineering

Consultancy services within nature, utility supply, infrastructure and climate adaptation.

Informatics

Consultancy services, development and sale of software services.

ENERGY PLANTS

PRIMARY COMPANIES WITHIN ENERGY PLANTS:

Xergi A/S	(50 %)
Hedeselskabet Sp. z o.o.	(100 %)

Revenue in DKK million

321.8 ▲ (46 %)

Earnings before tax in DKK million

11.9 ▲ (438 %)



Revenue in DKK million (Xergi, 100 %)

310.7 ▲ (52 %)

Earnings before tax in DKK million (Xergi, 100 %)

15.7 ▲ (283 %)

ENERGY PLANTS, <small>Xergi (100 %)</small>	2014	2013
Revenue in DKK million	310.7	204.3
- of which international revenue	51 %	88 %
EBIT in DKK million	15.3	3.9
EBT in DKK million	15.7	4.1
Profit/loss after tax in DKK million	12.6	1.4
Equity in DKK million	47.9	35.3
Solvency ratio in %	21.9	31.7
Number of employees	74	64

The business area provides design, construction and operating services within energy plants. The area is divided into two primary activities:

Biogas technology and plants (Xergi)

Technology development, design, installation, operation and maintenance of turnkey biogas plants.

Landfill gas (Hedeselskabet Sp. z o.o.)

Operation of renewable energy plants in Poland that recover gas from landfill sites which is then utilised for the production of electricity and heat. The area also involves the sale of carbon credits.



Revenue in DKK million (Hedeselskabet Sp. z o.o.)

11.1 ▼ (-30 %)

Earnings before tax in DKK million (Hedeselskabet Sp. z o.o.)

-3.8 ▼ (-101 %)

ENERGY PLANTS, <small>Hedeselskabet Sp. z o.o.</small>	2014	2013
Revenue in DKK million	11.1	15.8
- of which international revenue	100 %	100 %
EBIT in DKK million	-3.5	-1.5
EBT in DKK million	-3.8	-1.9
Profit/loss after tax in DKK million	-3.0	-1.5
Equity in DKK million	45.8	51.3
Solvency ratio in %	70.2	71.1
Number of employees	18	19



XERGI BUILDS FRANCE'S BIGGEST BIOGAS PLANT

Xergi was chosen as the supplier of the hitherto biggest biogas plant built in France based on residual products from the agricultural and food industries. The plant is to be delivered to biogas company Méthalandes in the town of Haget-mau, south of Bordeaux. The total investment in the biogas plant will be 23 million Euro, and the plant will process a total of 153,000 tonnes of biomass annually. The biogas from here will be used to produce 37.8 million kWh of electricity, corresponding to the electricity consumption of 9,000 households. Construction began in the first quarter of 2014, and the plant is expected to be commissioned in 2015.

STORM “BODIL” HAD A BIG IMPACT ON THE FORESTS

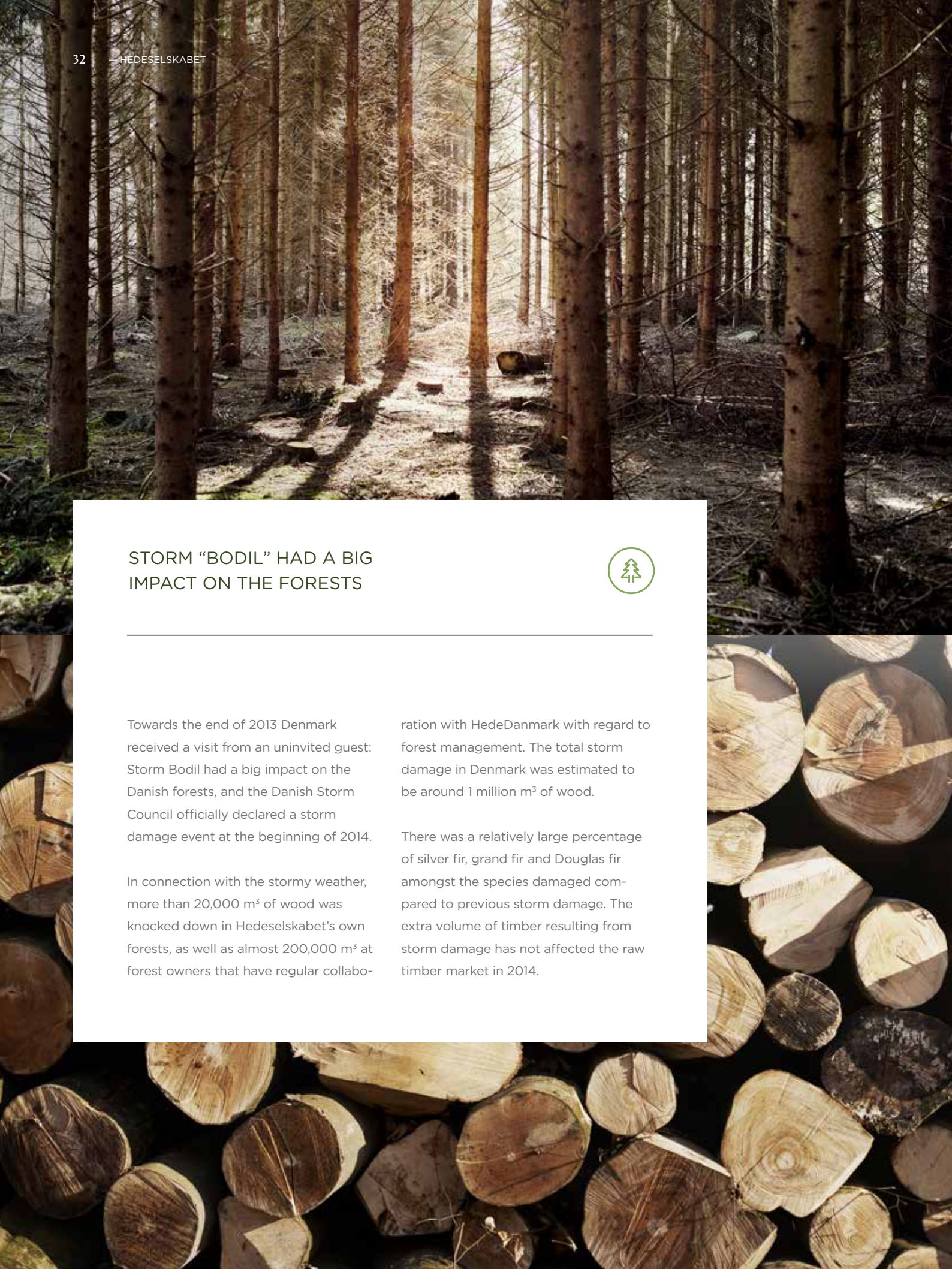


Towards the end of 2013 Denmark received a visit from an uninvited guest: Storm Bodil had a big impact on the Danish forests, and the Danish Storm Council officially declared a storm damage event at the beginning of 2014.

In connection with the stormy weather, more than 20,000 m³ of wood was knocked down in Hedeselskabet's own forests, as well as almost 200,000 m³ at forest owners that have regular collabo-

ration with HedeDanmark with regard to forest management. The total storm damage in Denmark was estimated to be around 1 million m³ of wood.

There was a relatively large percentage of silver fir, grand fir and Douglas fir amongst the species damaged compared to previous storm damage. The extra volume of timber resulting from storm damage has not affected the raw timber market in 2014.



FOREST OWNERSHIP

PRIMARY COMPANIES WITHIN FOREST OWNERSHIP:



HEDESELSKABET
Forest Ownership

• Own Forests	(100 %)
• DDH Forests A/S	(100 %)
• Plantningsselskabet Steen Blicher A/S	(74 %)
• Skovselskabet Skov-Sam Holding ApS	(50 %)*
• Skovselskabet Skov-Sam II ApS	(15 %)*
• A/S Jysk Landvinding	(100 %)
• JSCJS Rindibel	(29 %)*
• Other plantation companies	(0.1 % - 34 %)*

* Only included in "Earnings before tax (EBT) in DKK million" and "Profit/loss after tax in DKK million."

Revenue in DKK million

18.5

▲ (15 %)

Earnings before tax in DKK million

12.3

▼ (-15 %)

The business area covers Hedeselskabet's activities as a forest owner. The group's relative share of ownership is 11,813 hectares in Denmark, the Baltic and France as at the end of 2014. The area also includes logging activities in Belarus.

FOREST OWNERSHIP	2014	2013
Revenue in DKK million	18.5	16.0
- of which international revenue	8 %	12 %
EBIT in DKK million	5.3	8.4
EBT in DKK million	12.3	14.4
Profit/loss after tax in DKK million	10.1	11.9
Minority interests' share	-0.4	-0.9

EXPECTATIONS

Hedeselskabet has a goal of achieving controlled, profitable growth in 2015 with focus on both revenue and earnings. It is therefore important that the business continues to develop products and services, good quality and service for the customers. Opportunities for strategic acquisitions both nationally and internationally will continue to be sounded out.

For the business areas of Green Service and Trade at HedeDanmark and Hedeselskabet's Forest Ownership, earnings in 2015 are expected to be at a similar level to 2014. With regard to Consultancy, Orbicon expects an overall increase in activity in Denmark and internationally, at the same time as which profitability in the business is expected to be maintained.

In the energy area, Xergi expects continued development of biogas activities in the Danish, British and French markets, as well as possible establishment on one or more overseas markets. In Poland it is expected that the challenging market conditions for landfill gas will continue to exist. Overall, an increased scope of activity is expected on the energy plant market in 2015 compared to 2014.

Hedeselskabet expects earnings before tax for 2015 to be in the region of DKK 60 million.

In 2015 it is expected that the construction process will commence on a new office building in Høje

Taastrup. The building will function as a location for a number of the business activities on Zealand (primarily within Orbicon). In addition, a new process will commence in 2015 aimed at implementing a new joint group resource planning system (Enterprise Resource Planning).

In 2015 there will be focus on improving dialogue with the members and thereby boosting membership. In this connection, it is essential to attract members that participate actively in the association, i.e. practitioners, experts and students with a wide-ranging interest in nature, environment and energy.

CORPORATE SOCIAL RESPONSIBILITY

Responsibility and sustainability are natural elements within Hedeselskabet's business activities. Hedeselskabet operates on a daily basis at a high professional, ethical and profitable level with respect to natural amenities and natural resources in Denmark and abroad.

Hedeselskabet's approach to CSR (Corporate Social Responsibility) therefore takes its point of departure in its business areas and is based on an ambition to exploit the core competencies in the group in order to promote a sustainable development of society.

Hedeselskabet also wishes to be a credible and responsible group with respect to both employees and business partners. Hedeselskabet will comply with applicable legislation, rules, conventions and relevant recommendations from international organisations at all times. Hedeselskabet expects that each and every subsidiary and employee will contribute to observing the group's business principles through responsible behaviour and actions.

CSR POLICY

Hedeselskabet's work with respect to corporate social responsibility is based on UN Global Compact's principles, which are organised into four key areas:

- Environment
- Employee rights

- Human rights
- Anticorruption

Hedeselskabet's CSR policy was most recently updated at the end of 2014 in connection with the formulation of the strategic direction for Hedeselskabet. The overall and adopted policy is as follows:

Environment

Respect for natural amenities and natural resources are fundamental elements in Hedeselskabet's core values and objects clause. This respect must be adopted by all employees in internal processes and externally in customer relations.

Employee rights

The employees shall have the right to be organised and the right to collective bargaining in accordance with applicable legislation. Qualifications and skills are crucial parameters for employment and promotion at all times. Hedeselskabet does not compromise with respect to the working environment when dealing with a task, and applicable regulations for the working environment, including prevention and reporting of industrial accidents, are observed at all times. Discrimination of any type is not acceptable.

CORPORATE SOCIAL RESPONSIBILITY

Human rights

Hedeselskabet wishes to observe internationally adopted conventions on human rights such as the UN's Universal Declaration of Human Rights and ILO conventions.

Anticorruption

Hedeselskabet has zero tolerance with respect to bribery, facilitation payment (payment that is designed to ensure or expedite an action to which the party is legally or otherwise is entitled), kickback and the creation of cartels.

There have been no cases concerning corruption in 2014. The expectation in 2015 is a continuation of the work involving this being made more visible to management groups and employees, in addition to broader implementation of a policy that defines the group's position in the area.

CSR AT HEDESELSKABET

At Hedeselskabet CSR is a concept that is reflected in daily routines – both through business activities in the group, but also through work via Hedeselskabet's status as a business foundation. Selected examples and cases can be found elsewhere in the annual report.

The adopted CSR policies are implemented and employed at Hedeselskabet and its subsidiaries on an ongoing basis. There is continuous follow-up and adjustment of the policies where necessary.

Environment and climate

Hedeselskabet's Own Forests in Denmark are subject to PEFC certification. Certification means that Hedeselskabet undertakes to manage its forests in line with the criteria and guidelines that are applicable to sustainable forest management based on economic, ecological and social conditions.

Hedeselskabet also focuses on an ongoing basis on reducing its impact on the environment and climate in connection with the performance of its activities. During the course of the year these efforts have included a reduction in transport needs by optimising transport planning, as well as a reduction of energy consumption at the enterprise's premises.

During the course of the year, subsidiary HedeDanmark has worked with and commenced the implementation of a policy for responsible supplier management in selected business areas. The approach to this work is based on materiality and risk.

Hedeselskabet also helps customers and suppliers to fulfil their responsibility with respect to nature and the environment in a careful and respectful manner, including:

- Planting and forest management that contribute to protection of the groundwater and binding atmospheric CO₂ in plant matter.
- Sustainability and energy optimisation are incorporated into consultancy services.
- Preparation, implementation and execution of climate adaptation strategies that ensure a long-term focus on alleviating the effects of climate change.
- Development of mini-wetlands that clean drainage water from fields and contribute to a reduction in the pollution of the aquatic environment.
- Products with fertiliser value are used as organic waste for farming purposes on the basis of a recirculation concept.
- Hedeselskabet's business units are contributing to the replacement of fossil fuels – including a role as Denmark's leading supplier of woodchips for bioenergy, by recovering gas from landfill sites in Poland and by constructing biogas plants that use various waste products and by-products for the production of electricity and heat.

Work involving the reduction of impact on the environment and climate will continue in 2015. The goal is for the significance and scope of the reductions in environmental and climatic impact that have already been achieved to be further increased.

Employees

Hedeselskabet's subsidiaries have drawn up employee policies and codes of conduct that embrace job satisfaction, absenteeism and certification of the working environment. Follow-up and adaptation of these policies based on the group's overall policies are carried out on an ongoing basis.

In certain areas of Hedeselskabet, trainees and apprentices undergo training, whilst collaboration is established in terms of company internship programmes within the enterprises' professional fields and within administrative functions. No targets have been set for the number of trainees, apprentices and interns. Work continues on an ongoing basis to plan and organise the performance of tasks such that the welfare of the employees is as far as possible taken into consideration, including those employees that are not fully able-bodied – either permanently or temporarily.

Planning and organisation of tasks also take place in order to ensure that absenteeism as a result of sickness and industrial accidents is kept to a minimum.

Human rights

With respect for the fact that the group has activities in many countries with different cultures and working conditions, internationally recognised human rights are integrated into the employment policies of the enterprise. These policies cover the working environment, job satisfaction and diversity, and support the right to non-discrimination and the right to a healthy and non-harmful working life. The commencement of implementation of responsible supplier management will, when implemented, make a positive contribution to this. In 2015 there will be further follow-up and adaptation of the policies based on the group's overall policies.

DIVERSITY IN THE MANAGEMENT

Hedeselskabet's Executive Committee has adopted a target of 17 % in terms of the proportion of the under-re-

presented sex in the Executive Committee in 2017. The 17 % figure is measured on the basis of the number of independent members of the Executive Committee. The target was not met in 2014. The work that has been commenced to ensure fulfilment of the target is running as planned and will continue in 2015.

It is the group's policy that the boards in the subsidiaries are to a significant extent populated internally by executive managers employed in the group. In major subsidiaries the boards are supplemented by external members that are not otherwise employed or have relations to the group. At the end of 2014 the under-represented sex measured on the basis of the total number of board positions in the group's Danish subsidiaries was 3 %, whilst the share measured in terms of external board members was 9 %. In 2015 the target for the under-represented sex measured in terms of the total number of board positions in the group's Danish subsidiaries will be determined, in addition to which work on ensuring a more equal distribution between the sexes, and thereby fulfilment of the target, will continue.

Hedeselskabet acts on the basis of a policy in which employees and job applicants feel that they have equal opportunities to enjoy a career in the company irrespective of their gender. Skills are at all times the overriding parameter with respect to recruitment and promotion at Hedeselskabet.

At the end of 2014 the under-represented sex accounted for 12 % of the group's senior management including senior business and function managers.

At employee appraisals during the course of the year and when recruiting or promoting employees, efforts are made to ensure that the policies are complied with and that no one is discriminated against on account of their sex. The under-represented sex internally at Hedeselskabet is also encouraged to apply for management positions provided that their qualifications match the jobs concerned. This includes information about how in-service training can be utilised to acquire any missing qualifications. The expectation for 2015 is a continuation of the policy, as well as follow-up that ensures that skills are the overriding parameter in recruitment and in the event of promotion.

CORPORATE GOVERNANCE

Hedeselskabet responds to the recommendations on good corporate governance on an ongoing basis. The collective management attaches great importance to the fact that corporate governance is practised with the aim of long-term creation of value and timely exchange of information between the governing bodies within the group. Hedeselskabet's highest authority is the Committee of Representatives, which is elected by the members and appointed by the Committee of Representatives and trade organisation Danish Agriculture & Food Council respectively. The Committee of Representatives receives information about Hedeselskabet's activities and development at the annual meeting, through information meetings, the annual report and via information material from the management. The Committee of Representatives elects six representatives for Hedeselskabet's Executive Committee.

The Executive Committee represents the executive management of the company and elects its officers on an annual basis with the election of chairman and vice chairman. The distribution of tasks takes place in accordance with the Executive Committee's rules of procedure. The work of the Executive Committee is structured on the basis of an annual wheel, which schematises the matters that the Executive Committee deals with during the course of the year.

The executive management makes up the day-to-day management of the company. The executive management reports to the Executive Committee on an

ongoing basis with respect to the group's financial position by means of monthly reports and management reports. Furthermore, budgets, forecasts, strategy plans and annual reports are reported to the Executive Committee.

At Hedeselskabet a member committee is appointed, which, among other things, is charged with recommending projects and activities to the Executive Committee. These projects and activities are supported in accordance with Hedeselskabet's objects clause. This committee consists of the chairman and vice chairman of the Committee of Representatives and a member of the Executive Committee.

RISK MANAGEMENT

RISKS

Currency risks

Hedeselskabet's international activities result in currency risks for the group. It is the group's policy to reduce currency risks by individually evaluating each assignment and market with regard to foreign currency hedging. Currency overdrafts are normally set up through credit institutions on the basis of an ongoing compilation of currency exposure in the major currencies. Forward contracts are also used to provide a safeguard against currency exposure. Investments in short-term and long-term receivables in affiliated foreign companies are normally not hedged in terms of currency. However, Hedeselskabet has secured a loan in US dollars in order to hedge a debt with the associated company Emirates Landscape L.L.C. in the United Arab Emirates.

Interest risks

Interest-bearing debt and interest-bearing assets in the group amounted to a net debt of DKK 350 million at the end of 2014. In order to minimise both interest costs and risks, cash pool and interest netting agreements comprising debts in Danish Kroner and Euro have been reached with the group's credit institutions.

Hedeselskabet financed the conversion and extension at Klostermarken 10-12 in Viborg in 2008 through a 30-year mortgage loan. The company chose a fixed rate of interest for the first 10-year period, corresponding to the term of the lease agreement with the Danish University and Property Agency concerning the District Court in Viborg. This hedging is characterised as a derivative financial instrument in the financial statements. The company does not otherwise have any derivative financial instruments.

Credit risks

A significant percentage of the group's customers consist of public customers, where the exposure to financial losses is minimal. The group's trade receivables from other customers are subject to ordinary credit risks. Credit assessment is therefore carried out with respect to these customers prior to commencement of an assignment. Trade receivables are covered through bank and insurance guarantees and letters of credit to whatever extent this is deemed appropriate.

Liquidity and loan risks

It is the group's policy to have the necessary liquidity at its disposal. The group's excellent, stable solvency results in high creditworthiness, which is reflected in expedient credit facilities and loan undertakings in both the short and the long term, in addition to the desired flexibility with respect to due dates and renegotiation dates.

Market risks

Decisions and postponements to the implementation of political initiatives at global, national and local level will have an impact on levels of activity and earnings. Weather and climatic conditions will of course also affect levels of activity and earnings. Hedeselskabet reduces the risks that are associated herewith by adapting and allocating activities in accordance with the effects.

Claims from customers and business partners are risks which the group tries to limit through professional liability insurance and contract guarantees.

INNOVATION

Hedeselskabet works constantly to develop new and better solutions that meet the challenges and needs experienced by our customers. Hedeselskabet's strategic and innovative development is thus assured – both nationally and internationally.

It is crucial that innovation continues to be developed even though the primary day-to-day focus is on servicing of customers and fulfilling performance targets. This will ensure that in future Hedeselskabet continues to be a profitable group, attractive partner and supplier with innovative products and services available at competitive prices.

There is great focus on business development and innovation in the subsidiaries through cooperation projects with the customers.

Furthermore, innovation takes place at Dalgas Strategy & Innovation, which was established in 2007 with the aim of securing long-term development and innovation at Hedeselskabet and supporting development in the subsidiaries. Dalgas Strategy & Innovation finances selected innovation projects with a greater degree of risk and uncertainty. Focus is on innovation projects that solve the known and unknown needs of customers, and on helping business units to set themselves apart in the market.

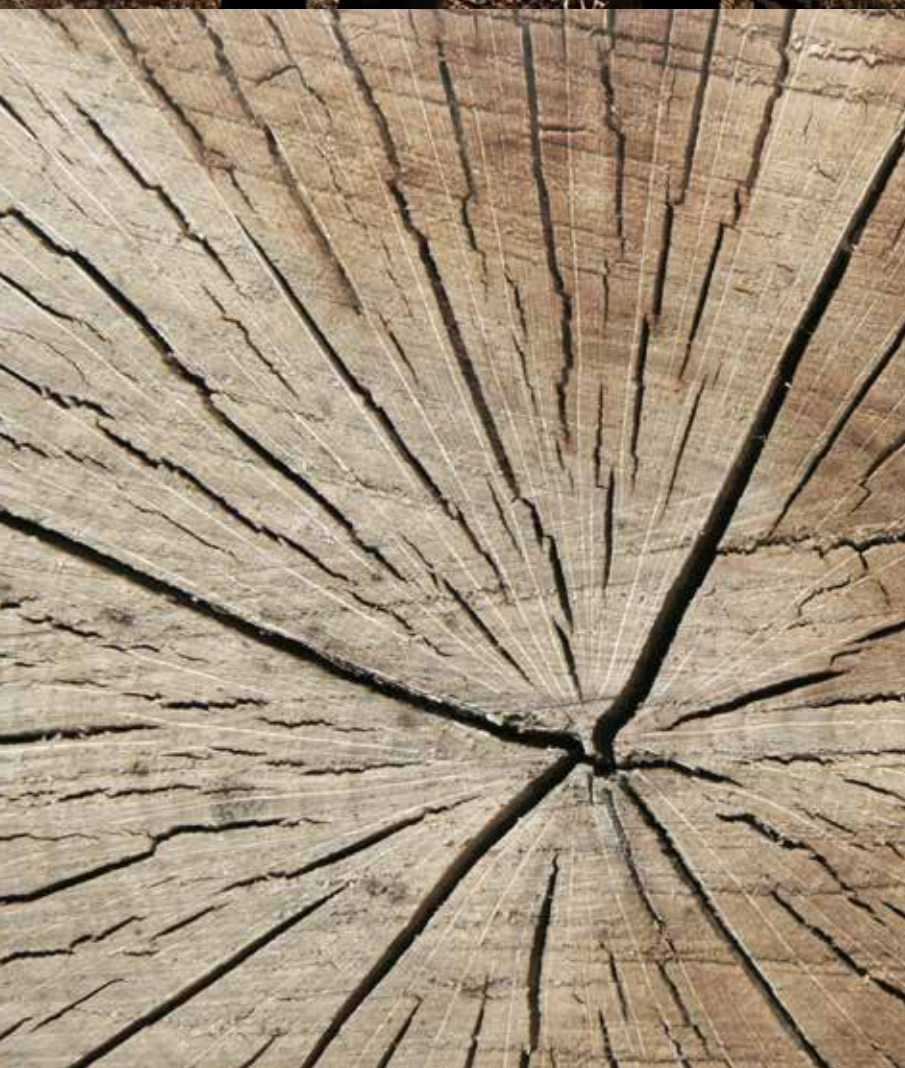
“

Hedeselskabet works constantly to develop new and better solutions that meet the challenges and needs experienced by our customers.”



A MORE DIGITAL WORKING DAY

Hedeselskabet's businesses develop digital solutions that can be integrated at customers and partners and thereby strengthen customer relations and ensure efficient processes. In recent years, HedeDanmark has developed a program called "HD Flis", which makes the logistics connected with deliveries of woodchips more efficient, and "Skovportalen", which collects data and gives the customer a good overview of his forest property. This strategic work has continued in 2014 with full implementation of the digital product "Vinterman", which automates and documents a number of functions in connection with winter services.



EXECUTIVE COMMITTEE AND MANAGEMENT



Executive Committee and Management posts in companies with major board activity.

EXECUTIVE COMMITTEE

Frants Bernstorff-Gyldensteen

Chairman of Hedeselskabet since 2007 and member of the Executive Committee since 1995.

Particular competencies within local government politics, agriculture, forest management, company management and business development.

Chairman:

- Dalgasgroup A/S

Board member:

- Xergi A/S
- Scholarships managed by Hedeselskabet
- Skovselskabet Skov-Sam Holding ApS and its subsidiaries
- Skovselskabet Skov-Sam II ApS and its subsidiaries
- Fonden af 28. maj 1948
- DAN-Engineering A/S and its subsidiaries

Peter Høstgaard-Jensen

Vice Chairman of Hedeselskabet since 2007 and member of the Executive Committee since 2006. Particular competencies within the energy and utility supply area and business development.

Chairman:

- Greentech Energy Systems A/S
- Aalborg Energie Teknik A/S
- Enviscan A/S
- Borean Innovation A/S

Vice Chairman:

- Dalgasgroup A/S

Board member:

- Xergi A/S
- Nordenergie A/S
- Nordenergie Renewables A/S
- Aalborg Engineering A/S and Aalborg Engineering Holding A/S
- Frederikshavn Forsyning A/S
- Norsk Miljøkraft AS

Jørgen Skeel

Member of the Executive Committee at Hedeselskabet since 2012. Particular competencies in agriculture, agricultural organisations and affiliated businesses.

Chairman:

- AKV-Langholt AmbA
- Cargrill-AKV I/S
- Donau Agro ApS
- Slåbakkegaard Fonden

Board member:

- Dalgasgroup A/S
- Den Shimmelmanske Fond

Svend Aage Linde

Member of the Executive Committee at Hedeselskabet since 2003. Particular competencies within business economics, business management, acquisitions and integration of businesses. Managing director of Eurofins Danmark A/S and Eurofins Steins Laboratorium A/S.

Chairman:

- The Eurofins Group's companies in Denmark, Finland, Norway and Sweden
- Holstebro Invest A/S
- Vejen Invest A/S
- Smedeskovvej 38 Galten A/S

Board member:

- Dalgasgroup A/S
- Eurofins Danmark A/S
- Eurofins Steins Laboratorium A/S
- 3D Logistik A/S
- GO Danmark A/S

Aleksander Aagaard

Member of the Executive Committee at Hedeselskabet since 2002. Particular competencies within local government and regional government politics, as well as responsibility for pensions and insurance for public employees, organisational development, management and personnel development.

Board member:

- Dalgasgroup A/S

Public duties:

- Member of the Regional Council at Central Region Denmark
- Central Region Denmark's Hospital Committee
- DUR – Djursland's Development Council



Back row from the left: Jens Ejner Christensen, Poul-Erik Nielsen, Bent Simonsen, Svend Aage Linde, Elise Johansen, Peter Høstgaard-Jensen, Aleksander Aagaard, Torben Bøgh Christensen, Jørgen Skeel. Seated on front row from the left: Frants Bernstorff-Gyldensteen, Lars Johansson.

MANAGEMENT

Jens Ejner Christensen

Member of the Executive Committee at Hedeselskabet since 2003. Particular competencies within rural policy agriculture, agricultural organisations and affiliated businesses.

Chairman:

- Vejle Spildevand A/S

Board member:

- Dalgasgroup A/S
- Jyske Medier A/S
- JE&P A/S
- Det Danske Madhus Vejle A/S
- Brandbjerg High School
- Lillebælt business academy

Public duties:

- Member of the Danish Parliament
- Member of the town council in Vejle

Torben Bøgh Christensen

Employee-elected member of the Executive Committee at Hedeselskabet since 2011. Employee-elected member of the board at Dalgasgroup A/S.

Elise Johansen

Employee-elected member of the Executive Committee at Hedeselskabet since 2014. Employee-elected member of the board at Dalgasgroup A/S.

Poul-Erik Nielsen

Employee-elected member of the Executive Committee at Hedeselskabet since 2011. Employee-elected member of the board at Dalgasgroup A/S.

Lars Johansson

CEO and managing director of Hedeselskabet since 2013. CEO and managing director of Dalgasgroup A/S since 2013.

Chairman:

- HedeDanmark a/s
- Orbicon A/S
- Enricom A/S
- DDH Forests A/S
- Plantningsselskabet Steen Blicher A/S
- A/S Jysk Landvinding

Board member:

- Hedeselskabet Sp. z o.o.
- Xergi A/S
- Scholarships managed by Hedeselskabet
- Skovselskabet Skov-Sam Holding ApS and its subsidiaries
- Skovselskabet Skov-Sam II ApS and its subsidiaries
- Kongenshus Mindepark

Bent Simonsen

CFO of Hedeselskabet and Dalgasgroup A/S since 2010.

Managing director of Hedeselskabet Sp. z o.o., Enricom A/S, DDH Forests A/S and SIA Dan Baltic Forest I since 2009.

Board member:

- HedeDanmark a/s
- Orbicon A/S
- Enricom A/S
- Hedeselskabet Sp. z o.o.
- DDH Forests A/S
- Plantningsselskabet Steen Blicher A/S
- A/S Jysk Landvinding
- A/S Plantningsselskabet Sønderjylland
- JSCJS Rindibel
- SIA Dan Baltic Forest I
- LHE af 1/1-2010 A/S
- Vestjysk Bank A/S

COMMITTEE OF REPRESENTATIVES

HONORARY MEMBERS

Oluf Krieger von Lowzow
Christian Sørensen

COMMITTEE OF REPRESENTATIVES 31 DECEMBER 2014

Elected by the members of Hedeselskabet

Lone Andersen
Henrik Bach
Ulrik I. Bernhoft
Henrik Bertelsen
Henrik Bindselev
Anders Bjørnshave-Hansen
Henning Ølgaard Bloch
Benny Ravn Bonde
Bolette van Ingen Bro
Niels Jørgen Bønløkke
Peder B. Corneliussen
Claus de Neergaard
Kim Enemark
Henrik Fabienke
Inge Faldager

Lone Færch
Peter Gæmelke
Andreas Hastrup
Hans Peter Hjerl
Lars Erik Hornemann
Torben Huss
Henrik Høegh
Jesper Høstgaard-Jensen
Svend Erik Jakobsen
Ib W. Jensen (Vice Chairman)
Niels Juhl Bundgaard Jensen
Jørgen Graulund Jørgensen
Jørgen Skovdal Larsen
Svend Aage Linde
Henning Lorentzen
Hans Helmuth Lüttichau
Peter Melchior
Lars Peter Nielsen
Jørn Nordstrøm
Esben Oddershede
Janus Skak Olufsen
Stig Pastwa
Finn-Olaf Pedersen
Henrik Petersen
Kristian Raunkjær
Bjarne Risvig

Birger H. Schütte
Knud Strøm
Carl Boisen Thøgersen
Dorrit Vanglo
Klavs Krieger von Lowzow
Anders Chr. Wegger
Aleksander Aagaard

Elected by the Committee of Representatives

Mai Louise Agerskov
Frants Bernstorff-Gyldensteen
Arne Frandsen
Peter Høstgaard-Jensen
Arent Bak Josefsen
Norbert F. V. Ravnsbæk
Jørgen Skeel (Chairman)

Appointed by the Danish Agriculture and Food Council

Jens Ejner Christensen
Torben Hansen
Kurt Mølgaard Jørgensen
Niels Hedegaard Kragh

MANAGEMENT STATEMENT

Management and the Executive Committee have today considered and approved the annual report of Hedeselskabet for the financial year 1 January to 31 December 2014.

The annual report is presented in accordance with the Danish Financial Statements Act.

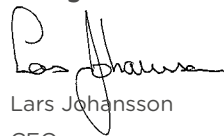
In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the

Group's and the Parent's financial position at 31 December 2014 and of their financial performance as well as the consolidated cash flow for the financial year 1 January to 31 December 2014.

We believe that the Management's report contains a fair review of the affairs and conditions referred to therein. We recommend the annual report for adoption by the Committee of Representatives.

Viborg, 26 March 2015

Management



Lars Johansson
CEO



Bent Simonsen
CFO

Executive Committee



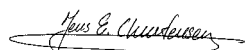
Frants Bernstorff-Gyldensteen



Peter Høstgaard-Jensen



Jørgen Skeel



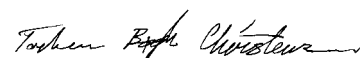
Jens Ejner Christensen



Svend Aage Linde



Aleksander Aagaard



Torben Bøgh Christensen



Elise Johansen



Poul-Erik Nielsen





FINANCIAL
STATEMENTS

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2014

INDEPENDENT AUDITOR'S REPORT

TO THE COMMITTEE OF REPRESENTATIVES OF HEDESELSKABET

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Hedeselskabet for the financial year 1 January to 31 December 2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent 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 parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the

auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent 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 entity'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 the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2014, and of the results of their operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Statements Act.

Statement on the Management's report

Pursuant to the Danish Financial Statements Act, we have read the Management's report. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the Management's report is consistent with the consolidated financial statements and parent financial statements.

Viborg, 26 March 2015

Deloitte, Statsautoriseret Revisionspartnerselskab

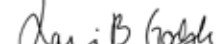
Kenneth Biirsdahl



State Authorised

Public Accountant

Louise B. Godsk



State Authorised

Public Accountant

INCOME STATEMENT

Note		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
1	Revenue	2,088,512	2,101,503	27,269	25,434
	Changes in inventories of finished goods and work in progress	7,971	4,268	-	-
	Work performed on own account and recognised under assets	369	284	-	-
2	Other operating income	1,948	5,822	475	611
	Total income	2,098,800	2,111,877	27,744	26,045
	Goods and services	-1,000,258	-1,004,663	-7,745	-5,589
3	Other external expenses	-308,289	-318,163	-19,338	-17,235
4	Staff costs	-678,460	-700,357	-2,052	-2,072
5	Amortisation, depreciation and impairment losses	-61,640	-64,544	-3,477	-3,359
	Other operating expenses	-2,110	-2,491	-	-
	Profit/loss from ordinary activities	48,043	21,659	-4,868	-2,210
11	Income from investments in subsidiaries	-	-	38,090	-10,236
11	Income from investments in associates	11,729	3,111	4,984	5,058
11	Income from other investments	630	266	630	266
6	Financial income	11,480	7,613	13,738	13,915
7	Financial expenses	-11,719	-31,302	-4,686	-6,261
	Profit/loss before tax	60,163	1,347	47,888	532
8	Tax on profit for the year	-13,633	-2,662	-1,785	-2,707
	Profit/loss from ordinary activities after tax	46,530	-1,315	46,103	-2,175
	Minority interests	-427	-860	-	-
	Profit/loss for the financial year	46,103	-2,175	46,103	-2,175
	Proposal for distribution of profit:				
	Distributed for association purposes			1,375	1,741
	Retained earnings			44,728	-3,916
	Total distribution of profit/loss			46,103	-2,175

BALANCE SHEET

Note	Assets as at 31 December	Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
	Fixed Assets				
	Completed development projects	2,250	2,603	-	3
	Acquired patents, licences, trademarks and rights	9,994	11,899	-	-
	Goodwill	88,916	100,858	-	-
	Development projects in progress	4,752	-	-	-
9	Total intangible assets	105,912	115,360	-	3
	Property, plant and equipment				
	Land and buildings	503,666	504,349	332,964	335,405
	Plant and machinery	73,526	94,059	94	153
	Other fixtures and fittings, tools and equipment	33,179	37,027	570	681
	Property, plant and equipment under construction	1,824	1,223	-	325
10	Total property, plant and equipment	612,195	636,658	333,628	336,564
	Investments				
	Investments in subsidiaries	-	-	119,626	79,039
	Investments in associates	214,243	210,213	186,988	188,921
	Receivables from associates	22,704	21,834	-	-
	Other investments	22,212	21,984	22,174	21,946
11	Total fixed asset investments	259,159	254,031	328,788	289,906
	Total fixed assets	977,266	1,006,049	662,416	626,473
	Current assets				
12	Inventories	125,677	119,776	500	2,400
	Receivables				
	Trade receivables	447,756	417,171	1,471	1,600
13	Contract work in progress	97,511	104,549	-	-
14	Receivables from subsidiaries	-	-	201,957	196,164
	Receivables from associates	701	1,056	-	-
15	Other receivables	15,967	18,003	312	300
16	Deferred tax asset	-	-	6,657	8,442
17	Prepayments	15,142	13,513	-	-
	Total receivables	577,077	554,292	210,397	206,506
	Cash	10,959	6,132	152,845	157,845
	Total current assets	713,713	680,200	363,742	366,751
	Total assets	1,690,979	1,686,249	1,026,158	993,224

BALANCE SHEET

Note	Equity and liabilities as at 31 December	Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
	Equity				
18	Contributed capital	50,000	50,000	50,000	50,000
	Revaluation reserve	227,911	226,241	200,989	200,989
	Retained earnings	555,458	517,174	582,380	542,426
	Total equity	833,369	793,415	833,369	793,415
19	Minority interests	18,602	18,439	-	-
	Provisions				
16	Provisions for deferred tax	26,264	17,548	-	-
20	Other provisions	3,309	2,887	250	750
	Total provisions	29,573	20,435	250	750
	Long-term debt				
	Mortgage debt	190,756	194,579	173,281	176,411
	Debt to employees with respect to bonds	-	5,804	-	4,741
	Other debt	1,990	4,180	-	-
21	Total long-term debt	192,746	204,563	173,281	181,152
	Short-term debt				
	Repayment on long-term debt due within 1 year	10,381	12,668	7,379	7,238
	Bank debt	158,073	214,765	4,760	4,544
13	Prepayments received for work in progress	126,007	126,525	-	-
	Trade payables	143,524	130,058	600	1,316
	Debt to subsidiaries	-	-	1,030	1,104
	Tax payables	280	76	-	-
22	Other debt	174,545	163,893	3,672	3,060
23	Deferred income	3,879	1,412	1,817	645
	Total short-term debt	616,689	649,397	19,258	17,907
	Total debt	809,435	853,960	192,539	199,059
	Total equity and liabilities	1,690,979	1,686,249	1,026,158	993,224
24	Contingent liabilities and security				
25	Related parties				

STATEMENT OF CHANGES IN EQUITY

Hedeselskabet, Group	Contributed Capital DKK '000	Revaluation reserve DKK '000	Retained earnings DKK '000	Total DKK '000
Equity at beginning of year	50,000	226,241	517,174	793,415
Net change	-	-	-7,204	-7,204
Change in deferred tax	-	1,670	-	1,670
Fair value adjustment of hedging instruments	-	-	760	760
Profit for the year	-	-	44,728	44,728
Equity at end of year	50,000	227,911	555,458	833,369

Hedeselskabet, Parent Organisation	Contributed Capital DKK '000	Revaluation reserve DKK '000	Retained earnings DKK '000	Total DKK '000
Equity at beginning of year	50,000	200,989	542,426	793,415
Net change	-	-	-7,204	-7,204
Adjustments concerning subsidiaries	-	-	1,670	1,670
Fair value adjustment of hedging instruments	-	-	760	760
Profit for the year	-	-	44,728	44,728
Equity at end of year	50,000	200,989	582,380	833,369

CASH FLOW STATEMENT

Note	Hedeselskabet Group	
	2014 DKK '000	2013 DKK '000
	Cash flow from operating activities	
	Operating profit	48,043
	Depreciation, amortisation and impairment losses	21,659
	Adjustment for non-cash operating items	61,640
		1,647
	Cash flow from operating activities before change in working capital	111,330
		89,907
26	Working capital changes	
	Financial income received	-9,505
	Financial expenses paid	6,723
		-11,582
	Cash flow from ordinary activities before tax	96,966
		82,242
	Income taxes paid	-3,541
	Cash flow from operating activities	93,425
		78,121
	Cash flow from investing activities	
	Purchase of intangible assets	-9,965
	Sale of intangible assets	74
	Purchase of property, plant and equipment	-37,234
	Sale of property, plant and equipment	16,859
	Investments in subsidiaries	-556
	Investments in associates	-9
	Dividends received from associates	6,950
	Receivables from associates	6,101
	Purchase of other fixed assets investments	-83
	Sale of other fixed assets investments	485
	Cash flow from investing activities	-17,378
		-192
	Cash flow from financing activities	
	Decrease in long-term debt	-13,481
	Distributions	-1,047
	Cash flow from financing activities	-14,528
		-9,875
	Cash flow from operating, investing and financing activities	61,519
		68,054
	Cash and cash equivalents at beginning of year	-208,633
		-276,687
27	Cash and cash equivalents at end of year	-147,114
		-208,633

NOTES

		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014	2013	2014	2013
		DKK '000	DKK '000	DKK '000	DKK '000
Note 1	Sale of goods, services and consultancy	2,071,233	2,080,867	14,314	11,557
	Rental income	17,279	20,636	12,955	13,877
Revenue		2,088,512	2,101,503	27,269	25,434
	Revenue by segment				
	Activity segmentation				
	Green Service	1,608,815	1,645,188	-	-
	Consultancy	446,707	410,592	-	-
	Energy production	11,053	15,154	-	-
	Forestry and other activities	21,937	30,569	27,269	25,434
	Total revenue	2,088,512	2,101,503	27,269	25,434
	Geographical segmentation				
	Denmark	1,743,961	1,799,089	27,269	25,434
	Rest of Scandinavia	75,229	69,375	-	-
	Western Europe	221,780	177,338	-	-
	Eastern Europe and the Baltic States	38,045	48,938	-	-
	Other	9,497	6,763	-	-
	Total revenue	2,088,512	2,101,503	27,269	25,434
Note 2	Income from members	350	339	350	339
Other operating income	Profit on sale of minor assets	401	511	-	-
	Compensation from insurance companies	304	101	44	4
	Profit on sale of properties	-	2,812	-	222
	Other income	893	2,059	81	46
		1,948	5,822	475	611
Note 3	Office and administrative expenses	73,249	77,728	14,902	12,990
Other external expenses	Operation and maintenance of equipment and buildings	107,966	122,965	3,338	3,287
	Freight of goods sold	90,021	79,046	3	-
	Other external expenses	37,053	38,424	1,095	958
		308,289	318,163	19,338	17,235
	Fee to auditor elected by the Committee of Representatives				
	Statutory audit	861	998	75	87
	Other assurance engagements	56	127	3	3
	Tax advice	107	42	70	-
	Other services	1,224	1,164	50	-

NOTES

		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014	2013	2014	2013
		DKK '000	DKK '000	DKK '000	DKK '000
Note 4	Wages and salaries	616,466	634,881	2,052	2,058
Staff costs	Pensions and contributions to pension plans	24,867	26,626	-	-
	Other social security costs	19,340	19,342	-	-
	Other staff costs	17,787	19,508	-	14
		678,460	700,357	2,052	2,072
	Number of full-time employees	1,375	1,401	-	-
	Salaries and remuneration to the Management in P. O.	6,573	8,807	1,644	1,484
	Remuneration to the Executive Committee in P. O.	1,520	1,520	1,520	1,520
	Remuneration to Committee of Representatives in P. O.	472	478	472	478
Note 5	Completed development projects	1,303	1,301	3	1
Amortisation, depreciation and impairment losses	Acquired patents, licences, trademarks and rights	6,092	5,741	-	-
	Goodwill	11,891	11,743	-	-
	Amortisation and impairment losses on intangible assets	19,286	18,785	3	1
	Land and buildings	7,977	8,659	3,262	3,125
	Plant and machinery	21,365	24,916	59	65
	Other fixtures and fittings, tools and equipment	14,108	15,867	153	168
	Depreciation and impairment losses on property, plant and equipment	43,450	49,442	3,474	3,358
	Profit and loss on sale of fixed assets	-1,096	-3,683	-	-
	Total amortisation, depreciation and impairment losses	61,640	64,544	3,477	3,359
Note 6	Interest on cash	3,293	3,170	2,608	2,658
Financial income	Interest from subsidiaries	-	-	11,105	11,129
	Interest on trade receivables	146	152	9	128
	Foreign exchange gains	482	147	14	-
	Impairment of financial assets, reversed	4,147	-	-	-
	Other financial income	3,412	4,144	2	-
		11,480	7,613	13,738	13,915
Note 7	Interest on mortgage debt	4,698	5,024	4,506	4,831
Financial expenses	Interest on bank debt	5,731	6,436	84	227
	Foreign exchange losses	569	713	1	5
	Impairment of financial assets	-	16,691	-	-
	Other financial expenses	721	2,438	95	1,198
		11,719	31,302	4,686	6,261

NOTES

	Hedeselskabet Group		Hedeselskabet Parent Organisation		
	2014	2013	2014	2013	
	DKK '000	DKK '000	DKK '000	DKK '000	
Note 8					
Tax on profit/loss for the year	Current tax on profit for the year	3,303	2,149	-	-
	Adjustments concerning previous years	6	1,742	-	-
	Change in deferred tax for the year	10,324	-695	1,785	2,106
	Effect due to a change in the tax rate	-	-534	-	601
		13,633	2,662	1,785	2,707

Note 9 Intangible assets

Hedeselskabet, Group

	Completed development projects DKK '000	Acquired patents, licences, trademarks DKK '000	Goodwill DKK '000	Development projects in progress DKK '000	Total intangible assets DKK '000
Cost at beginning of year	7,125	40,143	163,463	-	210,731
Translation adjustment	-	-4	-76	-	-80
Additions for the year	950	4,263	-	4,752	9,965
Disposals for the year	-	-3,008	-375	-	-3,383
Cost at end of year	8,075	41,394	163,012	4,752	217,233
Amortisation and impairment losses at beginning of year	4,522	28,244	62,605	-	95,371
Translation adjustment	-	-4	-25	-	-29
Amortisation for the year	1,303	6,092	11,891	-	19,286
Disposals for the year	-	-2,932	-375	-	-3,307
Amortisation and impairment losses at end of year	5,825	31,400	74,096	-	111,321
Carrying amount at end of year	2,250	9,994	88,916	4,752	105,912

Hedeselskabet, Parent Organisation

	Completed development projects DKK '000	Acquired patents, licences, trademarks DKK '000	Goodwill DKK '000	Development projects in progress DKK '000	Total intangible assets DKK '000
Cost at beginning of year	332	1,967	-	-	2,299
Cost at end of year	332	1,967	-	-	2,299
Amortisation and impairment losses at beginning of year	329	1,967	-	-	2,296
Amortisation for the year	3	-	-	-	3
Amortisation and impairment losses at end of year	332	1,967	-	-	2,299
Carrying amount at end of year	-	-	-	-	-

NOTES

Note 10 Property, plant and equipment

Hedeselskabet, Group	Land, buildings and forests DKK '000	Plant and machinery DKK '000	Other fixtures and fittings, tools and equipment DKK '000	Property, plant and equipment under construction DKK '000	Total property, plant and equipment DKK '000
Cost at beginning of year	293,084	229,223	118,437	3,192	643,936
Reclassification	-	94	-94	-	-
Translation adjustment	-1,534	-3,158	-1,128	-16	-5,836
Additions for the year	8,444	13,145	14,312	1,333	37,234
Disposals for the year	-4,607	-36,202	-24,995	-2,685	-68,489
Cost at end of year	295,387	203,102	106,532	1,824	606,845
Revaluation at beginning of year	273,048	-	-	-	273,048
Disposals for the year	-87	-	-	-	-87
Revaluation at end of year	272,961	-	-	-	272,961
Depreciation and impairment losses at beginning of year	61,783	135,164	81,410	1,969	280,326
Reclassification	-	41	-41	-	-
Translation adjustment	-727	-1,824	-739	-	-3,290
Depreciation for the year	7,977	20,850	14,108	-	42,935
Impairment losses for the year	-	515	-	-	515
Disposals for the year	-4,351	-25,170	-21,385	-1,969	-52,875
Depreciation and impairment losses at end of year	64,682	129,576	73,353	-	267,611
Carrying amount at end of year	503,666	73,526	33,179	1,824	612,195
Of which finance leases	-	1,511	-	-	1,511
Hedeselskabet, Parent Organisation					
	Land, buildings and forests DKK '000	Plant and machinery DKK '000	Other fixtures and fittings, tools and equipment DKK '000	Property, plant and equipment under construction DKK '000	Total property, plant and equipment DKK '000
Cost at beginning of year	160,287	588	3,234	2,294	166,403
Additions for the year	909	-	42	-	951
Disposals for the year	-1	-	-	-2,294	-2,295
Cost at end of year	161,195	588	3,276	-	165,059
Revaluation at beginning of year	211,167	-	-	-	211,167
Disposals for the year	-87	-	-	-	-87
Revaluation at end of year	211,080	-	-	-	211,080
Depreciation and impairment losses at beginning of year	36,049	435	2,553	1,969	41,006
Depreciation for the year	3,262	59	153	-	3,474
Disposals for the year	-	-	-	-1,969	-1,969
Depreciation and impairment losses at end of year	39,311	494	2,706	-	42,511
Carrying amount at end of year	332,964	94	570	-	333,628

NOTES

Note 11 Fixed asset investments

Hedeselskabet, Group	Investments in associates DKK '000	Receivables from associates DKK '000	Other investments DKK '000
Acquisition cost at beginning of year	318,113	46,659	10,369
Additions for the year	9	-	83
Disposals for the year	-	-6,101	-442
Acquisition cost at end of year	318,122	40,558	10,010
Adjustments at beginning of year	-107,900	-24,825	11,615
Adjustments	23	-	-
Foreign currency translation adjustments	-748	5,544	-
Adjustments concerning previous impairment losses	-	1,427	-
Dividend received	-6,950	-	-43
Share of profit for the year after tax	11,729	-	630
Adjustments at end of year	-103,846	-17,854	12,202
Carrying amount at end of year before set-off against receivables	214,276	22,704	22,212
Transferred for set-off against receivables	-33	-	-
Carrying amount at end of year	214,243	22,704	22,212

Of the carrying amount of other investments, the Group's share in 24 plantation companies accounts for 21,390 DKK '000 at year-end and 21,300 DKK '000 at beginning of year, respectively.

Hedeselskabet, Parent Organisation	Investments in subsidiaries DKK '000	Investments in associates DKK '000	Other investments DKK '000
Acquisition cost at beginning of year	72,865	251,251	10,332
Additions for the year	8,056	9	83
Disposals for the year	-	-	-442
Acquisition cost at end of year	80,921	251,260	9,973
Adjustments at beginning of year	6,174	-62,330	11,614
Adjustments	1,241	24	-
Foreign currency translation adjustments	-6,936	-	-
Adjustments due step acquisition	136	-	-
Dividend received	-	-6,950	-43
Intra-group profits/losses	2,613	-	-
Share of profit/loss for the year after tax	35,477	4,984	630
Adjustments at end of year	38,705	-64,272	12,201
Carrying amount at end of year	119,626	186,988	22,174

Of the carrying amount of other investments, Hedeseelskabet's share in 24 plantation companies accounts for 21,390 DKK '000 at year-end and 21,300 DKK '000 at beginning of year, respectively.

NOTES

Note 11 Fixed asset investments, continued

Subsidiaries	Ownership interest %	Equity DKK '000	Profit/loss for the year DKK '000	Hedeselskabet's share	
				Equity DKK '000	Profit/loss for the year DKK '000
Dalgasgroup A/S, Denmark ¹	100	35,106	33,853	35,106	33,853
DDH Forests A/S, Denmark	100	33,699	292	33,699	292
Plantningsselskabet Steen Blicher A/S, Denmark	74	72,550	1,664	53,948	1,238
A/S Jysk Landvinding, Denmark	100	8,033	94	8,033	94
				130,786	35,477
Intra-group profits/losses at end of year				-11,160	2,613
Parent organisation's share in subsidiaries				119,626	38,090

¹Dalgasgroup A/S's share in subsidiaries

	Ownership interest %	Equity DKK '000	Profit/loss for the year DKK '000	Dalgasgroup A/S's share	
				Equity DKK '000	Profit/loss for the year DKK '000
Orbicon A/S, Denmark	100	50,797	12,455	50,797	12,455
HedeDanmark a/s, Denmark	100	247,453	40,287	247,453	40,287
Enricom A/S, Denmark	100	9,506	110	9,506	110
Hedeselskabet Sp. z o.o., Poland	100	45,754	-3,049	45,754	-3,049
Dalgasgroup A/S's share in subsidiaries				353,510	49,803

Associates

	Ownership interest %	Equity DKK '000	Profit/loss for the year DKK '000	Hedeselskabet's share	
				Equity DKK '000	Profit/loss for the year DKK '000
Skovselskabet Skov-Sam Holding ApS, Denmark	50	323,589	8,104	161,795	4,052
Skovselskabet Skov-Sam II ApS, Denmark	15	127,031	5,265	19,055	790
A/S Dover Plantage, Denmark	24	1,930	332	465	80
ApS Hundsbæk Plantage, Denmark	22	14,626	-	3,197	-
Velling Plantage ApS, Denmark	20	2,881	186	576	37
Østvendsselsels Plantageselskab ApS, Denmark	29	6,143	122	1,754	35
Anpartsselskabet Sønderholm Plantage, Denmark	34	436	-28	146	-10
Total parent organisation share in associates				186,988	4,984
Xergi A/S, Denmark	50	43,336	11,709	21,668	5,855
JSCJS Rindibel, Belarus	29	8,609	1,714	2,466	491
Emirates Landscape L.L.C., Abu Dhabi	49	-	61	-	30
EST Kinnisvara OÜ, Estonia	49	2,008	411	979	200
Pluss Leadership A/S, Denmark	35	2,110	857	740	285
				212,841	11,845
Goodwill at end of year				1,402	
Amortisation and impairment losses of goodwill					-116
Total group share in associates				214,243	11,729

NOTES

		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
Note 12 Inventories	Raw materials and consumables	1,897	2,105	-	-
	Work in progress	9,156	8,030	-	-
	Finished goods and goods for resale	110,371	104,675	500	2,400
	Prepayments for goods	4,253	4,966	-	-
		125,677	119,776	500	2,400
Note 13 Contract work in progress	Selling price	642,072	551,606	-	-
	Invoicing on account	-670,568	-573,582	-	-
		28,496	21,976	-	-
	Included in the balance sheet:				
	Contract work in progress, assets	97,511	104,549	-	-
Prepayments received on work in progress, liabilities	126,007	126,525	-	-	
	28,496	21,976	-	-	
Note 14 Receivables from subsidiaries	Due 0-1 year	-	-	2,416	3,622
	Due after 1 year	-	-	199,541	192,542
		-	-	201,957	196,164
Note 15 Other receivables	Receivable income tax	4,822	4,386	307	300
	Receivables from managed forests	4,468	3,833	-	-
	VAT receivable	165	1,055	-	-
	Other receivables	6,512	8,729	5	-
		15,967	18,003	312	300

NOTES

		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
Note 16	Deferred tax is incumbent on the following items:				
Deferred tax	Intangible assets	-4,231	-5,115	-2,339	-2,979
	Property, plant and equipment	17,931	21,444	7,185	7,632
	Inventories	-800	-433	-1,087	-652
	Contract work in progress	47,066	43,239	-	-
	Receivables	-809	-1,225	-	-6
	Provisions	-856	-628	-55	-165
	Liabilities	-2,650	-3,209	-380	-373
	Tax loss carryforward	-29,387	-36,525	-9,981	-11,899
		26,264	17,548	-6,657	-8,442
	Recognised in the balance sheet:				
	Deferred tax assets	-	-	6,657	8,442
	Provisions for deferred tax	26,264	17,548	-	-
		26,264	17,548	-6,657	-8,442
	Deferred tax is not expected to be used until more than one year from the balance sheet date				
Note 17	Prepayments comprise various prepaid expenses.				
Note 18	Changes in contributed capital over the past five years:				
Contributed capital	Contributed capital at beginning of year 2010			50,000	
	Contributed capital at end of year 2014			50,000	
Note 19	Balance at beginning of year	18,439	18,285		
Minority interests	Share of profit/loss for the year	427	860		
	Other adjustments	428	-		
	Acquisitions	-692	-706		
	Balance at end of year	18,602	18,439		

NOTES

		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014 DKK '000	2013 DKK '000	2014 DKK '000	2013 DKK '000
Note 20 Other provisions	Balance at beginning of year	2,887	3,657	750	1,250
	Provisions for the year	2,615	1,693	-	-
	Provisions for the year, reversed and paid	-2,193	-2,463	-500	-500
	Balance at end of year	3,309	2,887	250	750
	Due 0-1 year	2,865	2,887	250	750
	Due after 1 year	444	-	-	-
		3,309	2,887	250	750
	Provisions for claims and complaints	3,309	2,887	250	750
		3,309	2,887	250	750
Note 21 Long-term debt	Mortgage debt:				
	0-1 year	3,331	3,340	2,637	2,664
	1-5 year	26,584	21,343	22,548	17,800
	More than 5 years	164,172	173,236	150,733	158,611
		194,087	197,919	175,918	179,075
	Debt to employees with respect to bonds:				
	0-1 year	5,804	6,579	4,742	4,574
	1-5 year	-	5,804	-	4,741
		5,804	12,383	4,742	9,315
Other long-term debt:					
0-1 year	1,246	2,749	-	-	
1-5 year	1,990	4,180	-	-	
	3,236	6,929	-	-	
Recognised in the balance sheet:					
Long-term debt	192,746	204,563	173,281	181,152	
Short-term debt	10,381	12,668	7,379	7,238	
	203,127	217,231	180,660	188,390	

NOTES

		Hedeselskabet Group		Hedeselskabet Parent Organisation	
		2014	2013	2014	2013
		DKK '000	DKK '000	DKK '000	DKK '000
Note 22	Debt to managed forests	29,928	26,892	-	-
Other debt	Payroll-related items payable	97,423	102,568	-	-
	VAT payable	34,393	29,069	485	250
	Payable relating to distribution for association purposes	1,209	682	1,209	682
	Other payable amounts	11,592	4,682	1,978	2,128
		174,545	163,893	3,672	3,060
Note 23	Deferred income comprises various				
Deferred income	prepaid income.				
Note 24	Security				
Contingent liabilities and security	Land and buildings at a carrying amount of DKK 333.8 million as at 31.12.2014 (DKK 309.7 million as at 31.12.2013) have been provided as security for the Group's mortgage debt of DKK 194.1 million (2013: DKK 186.7 million).				
	Contingent liabilities				
	The Group has undertaken rent and lease obligations with terms of between 1 month and 12 years. The current annual rent and lease obligations are DKK 33.5 million (2013: DKK 32.3 million), of which subsidiaries' commitments towards Hedeselskabet account for DKK 4.0 million (2013: DKK 5.0 million). The total rent and lease obligations amount to DKK 71.7 million (2013: DKK 80.2 million), of which subsidiaries' total commitments towards Hedeselskabet account for DKK 8.8 million (2013: DKK 11.1 million).				
	The Group's credit institutions and insurance companies have issued work guarantees of DKK 90.0 million for work in progress (2013: DKK 76.5 million).				
	Hedeselskabet has issued guarantees of DKK 56.1 million (2013: 57.6 million) to financing institutions and customers.				
	In addition, the Group has provided a guarantee of payment of DKK 20.0 million to an insurance company.				
	The Group has entered into a purchase agreement (put and call option) with NEFCO. According to the agreement, the Group is entitled to buy 51% of NEFCO's shares in JSCJS Rindibel at the end of 2016 at a price which is fixed as the price NEFCO has paid for the shares and with addition of an annual accumulated interest rate of 15%. The Group is obliged to buy 51% of NEFCO's shares at the end of 2018 at a price which is fixed as the net asset value of the shares with addition of four times the average EBITDA in JSCJS Rindibil in the two preceding years.				
	The Group's Danish companies participate in a Danish joint taxation arrangement with Dalgasgroup A/S serving as the administration company. The Group's Danish companies therefore have secondary liability from the financial year 2013 for income taxes etc. for the jointly taxed companies, and from 1 July 2012 also secondary liability for obligations, if any, relating to the withholding of taxes on interest, royalties and dividend for these companies. In both cases, however, secondary liability cannot exceed an amount equalling the share of capital held by the Danish companies which are owned by Hedeselskabet as the ultimate parent. Hedeselskabet does not participate in this Danish joint taxation arrangement, being an association with the status of a business foundation.				
	Pending court cases				
	In the opinion of Management, any negative outcomes of pending legal cases will not have any material influence on the Group's financial position.				

NOTES

Note 25
Related parties

Hedeselskabet's related parties comprise:

Controlling influence

Committee of Representatives, Executive Committee and Management.

Trading with related parties with a controlling influence primarily takes place within forest and landscape activities and is conducted on market terms.

Other related parties

Companies controlled by Hedeselskabet.

All transactions with other related parties take place on market terms.

Note 26
Working capital changes

Change in inventories
Change in receivables
Change in trade payables and other debt

Note 27
Cash and cash equivalents

Cash in hand
Bank debt

Hedeselskabet
Group

	2014 DKK '000	2013 DKK '000
	-5,901	-8,183
	-24,092	21,872
	20,488	-16,910
	-9,505	-3,221
	10,959	6,132
	-158,073	-214,765
	-147,114	-208,633

NOTES – ACCOUNTING POLICIES

Note 28

Accounting policies

The annual report for Hedeselskabet (the DDH Group) for 2014 is presented in accordance with the provisions of the Danish Financial Statements Act for large enterprises in reporting class C.

The financial statements are presented on the basis of the same accounting policies as the previous year.

Basis of recognition and measurement

Assets are recognised in the balance sheet when, as a result of a previous event, it is probable that future economic benefits will flow to the Group, and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when, as a result of a previous event, the Group has a legal or constructive obligation and it is probable that future economic benefits will be flow out of the Group, and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Assets and liabilities are subsequently measured as described for each individual financial item below.

When carrying out recognition and measurement, foreseeable gains, losses and risks that arise prior to the presentation of the annual report and which confirm or invalidate affairs and conditions that existed on the balance sheet date are taken into account.

Income is recognised in the income statement as and when earned, including value adjustments of financial assets and liabilities, which are measured at fair value. Furthermore, costs are recognised that are defrayed in order to achieve the year's earnings, including amortisation, depreciation, impairment losses and provisions, as well as reversals as a consequence of revised accounting estimates of amounts that have previously been recognised in the income statement.

Consolidated financial statements

The consolidated financial statements include the Parent Organisation and its subsidiaries in which Hedeselskabet directly or indirectly has the majority of the voting rights. Enterprises that are not subsidiaries, but in which Hedeselskabet and its subsidiaries hold equity interests that entitle them to hold between 20% and 50% of the voting rights or to exercise significant influence, are regarded as associates.

Consolidation principles

The consolidated financial statements are based upon the financial statements of Hedeselskabet and its subsidiaries by combining financial statement items of a uniform nature.

Consolidation involves the elimination of intragroup income and expenses, intra-group accounts and dividends, as well as realised and unrealised profits and losses incurred in transactions between the consolidated companies. The financial statements that are used for consolidation are prepared in accordance with the Group's accounting policies.

Minority interests

In the consolidated financial statements the subsidiaries' financial statement items are recognised 100%. The minority interests' proportionate share of the subsidiaries' profit or loss and equity is adjusted every year and recognised as a separate item in the income statement and balance sheet.

Business combinations

Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition or date of establishment, respectively. Companies that have been sold or liquidated are recognised in the consolidated income statement until the date of sale or date of liquidation, respectively. Comparative figures are not adjusted for newly acquired, sold or liquidated companies.

When acquiring new companies, the acquisition method is used, according to which the newly acquired companies' identifiable assets and liabilities are measured at fair value on the date of acquisition. Provisions are made for costs concerning restructurings in the acquired company in connection with acquisition. The tax effect of the revaluations carried out is taken into account.

Positive differences (goodwill) between the cost of the acquired equity interest and the fair value of the acquired assets and liabilities are recognised under intangible assets and are amortised systematically through the income statement following an individual assessment of the asset's useful life, although the maximum period is 20 years. Negative differences (negative goodwill), which correspond to the expected unfavourable development in the companies in question, are recognised in the balance sheet under deferred income and are recognised in the income statement as and when the unfavourable development is realised.

Profit or loss on fixed asset divestments

Profit or loss on the divestment or liquidation of subsidiaries is calculated as the difference between the selling price or liquidation price and the carrying amount of the net assets on the date of divestment or liquidation, inclusive of non-amortised goodwill and expected costs associated with sale or liquidation.

Foreign currency translation

On initial recognition, transactions in foreign currency are translated using the exchange rate on the date of transaction. Exchange rate differences which arise between the exchange rate on the date of transaction and the date of payment are recognised in the income statement under financial income/expenses.

Receivables, debts and other monetary items denominated in foreign currency which have not been settled on the balance sheet date are translated at the official rates of exchange on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate on the date of origin of the relevant receivable or debt or date of recognition thereof in the latest financial statements is recognised in the income statement as a financial income or a financial expense.

NOTES – ACCOUNTING POLICIES

Intangible assets, property, plant and equipment, inventories and other non-monetary assets which have been purchased in foreign currency are translated at historical exchange rates.

When recognising foreign subsidiaries and associates which are independent units, their income statements are translated into Danish kroner using periodic average exchange rates that do not deviate materially from the exchange rates on the transaction date. The balance sheet items are translated using exchange rates on the balance sheet date. Exchange rate differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange rate adjustments of balances with independent foreign subsidiaries that are regarded as being part of the total investment in the subsidiary are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other debt, respectively.

Changes in fair value of derivative financial instruments which are classified as and qualify for hedging of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the value of the hedged asset or hedged liability.

Changes in fair value of derivative financial instruments which are classified as and qualify for hedging of future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of the cost of the financial statement items in question.

INCOME STATEMENT

Revenue

Sales of finished goods and goods for resale are recognised in the income statement when delivery and transfer of risk to the purchaser have taken place, which corresponds to the time of invoicing. Revenue is recognised exclusive VAT, taxes and discounts in connection with the sale and is measured at the selling price of the specified consideration.

Services and consultancy services are recognised in revenue as and when the services are performed, whereby revenue corresponds to the selling price of the work carried out during the year (percentage-of-completion method).

Other external expenses

Other external expenses include direct and indirect expenses incurred to achieve revenue.

Other operating income and expenses

Other operating income and other operating expenses contain financial statement items of a secondary nature in relation to the main activities of the Group.

Profit/loss from investments in subsidiaries and associates

The pro-rata share of the individual subsidiaries' and associates' profit or loss after tax following full elimination of intra-group gains/losses and deduction of amortisation on goodwill is recognised in the Parent Organisation's income statement.

Financial income and expenses

Financial income and financial expenses include interest, gains and losses concerning securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities, as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme etc.

Tax

As a consequence of its status as a commercial foundation, Hedeselskabet is not jointly taxed with its subsidiaries. However, its subsidiaries are subject to the rules concerning compulsory joint taxation of Danish subsidiaries. Dalgasgroup A/S is the administration company for joint taxation and thus makes all resulting payments of corporation tax to the tax authorities.

The tax on profit/loss for the year, which consists of the year's current tax and changes in deferred tax – including that resulting from changes to tax rates – is recognised in the income statement by the portion attributable to the year's profit/loss, and entered directly against equity by the portion attributable to items taken directly to equity.

BALANCE SHEET

Intangible assets

Goodwill and premium on subsidiaries are amortised over their expected useful life, which is determined individually and on the basis of Management's experience.

Clearly defined and identifiable development projects for which the technical rate of utilisation, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets provided that the cost can be reliably calculated and that there is a sufficient degree of certainty that future earnings can cover manufacturing, selling and administrative costs in addition to the development costs. Other development costs are recognised in the income statement as and when incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. The cost of development projects comprises costs, including salaries and amortisation, which are directly and indirectly attributable to development projects.

Acquired intellectual property rights in the form of patents and licences, including software, are measured at cost less accumulated amortisation.

Amortisation is carried out applying the straightline-method over the expected useful life of the asset based on the following assessment of the assets' expected useful lives or remaining duration of a patent or remaining term of an agreement:

NOTES – ACCOUNTING POLICIES

Goodwill and premium on subsidiaries	5 – 20 years
Development projects	5 – 20 years
Patents remaining duration, but not more than	20 years
Licences term of agreement, but not more than	20 years
Software	3 – 8 years

Goodwill is amortised over a maximum period of 20 years. The period of amortisation is longest for strategically acquired enterprises with a strong market position and a long-term earnings profile.

The period of amortisation for capitalised development costs is usually 5 years, but in some cases it may be up to 20 years provided that the longer period of amortisation is deemed to be a better reflection of the Group's benefit from the developed product or developed process.

Intangible assets are written down to the the lower of recoverable amount and carrying amount. Each asset or group of assets is tested for impairment every year.

Property, plant and equipment

On initial recognition, land, buildings and forests are measured at cost. The cost includes the acquisition cost and costs directly associated with the acquisition until the time at which the asset is ready to be used. For self-manufactured assets the cost comprises direct and indirect costs of materials, subsuppliers and wages. For assets held under finance leases the cost is the lower of the asset's fair value and present value of future lease payments. Finance costs for loans in the manufacturing or installation period are recognised in the cost of capital expenditure for buildings.

For forests, regular revaluation is carried out at calculated fair value. An annual assessment of the value of the forests is carried out. If this value deviates significantly from the public land assessment value, the estimated value is used as fair value.

Operating buildings, plant, machinery and other fixtures and fittings, tools and equipment are measured at cost plus revaluation and less accumulated depreciation and impairment losses. The cost is based on the acquisition cost and direct costs associated with the acquisition. The basis of depreciation is cost less expected residual value at the end of the useful life of the asset. Depreciation is carried out in accordance with the straight-line-method over the expected useful life of the asset in question based on the following assessment of the assets' expected useful lives:

Operating buildings	30 years
Other buildings	50 years
Plant and machinery	5 – 8 years
Landfill gas plants	3 – 25 years
Other fixtures and fittings, tools and equipment	3 – 8 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Each asset or group of assets is tested for impairment every year.

Profit or loss on the disposal of property, plant and equipment is calculated as the difference between the selling price less selling costs and the carrying amount at the time of sale. Profit or loss is

recognised in the income statement under other operating income/ expenses for the portion that is associated with non-depreciable land, buildings and forests. Profit or loss concerning other property, plant and equipment is recognised in the income statement under depreciation and impairment losses.

Fixed asset investments

Investments in subsidiaries and associates are measured according to the equity method at the pro-rata share of the companies' equity less unrealised intra-group profit.

The Parent Organisation's share of the companies' results following elimination of unrealised intra-group profits or losses and plus or less goodwill or negative goodwill is recognised in the income statement.

In connection with the distribution of profits, net revaluation of investments in associates and subsidiaries is transferred to the reserve for net revaluation according to the equity method to the extent that the carrying amount exceeds cost.

When acquiring equity interests in subsidiaries and associates, the acquisition method is used, cf. description above under consolidated business combinations.

Other investments are measured at a calculated fair value corresponding to the equity value of the shares at the end of the preceding financial year. Changes in fair value are recognised in the income statement under financial income or expenses.

Inventories

Raw materials, consumables and goods for resale are measured at the lower of cost, calculated according to the FIFO method (first in, first out), and net realisable value. Cost comprises the acquisition cost plus delivery costs.

Work in progress and manufactured finished goods are stated at the lower of calculated cost comprising raw materials, direct wage costs and additions for indirect production costs and net realisable value.

Indirect production costs comprise indirect materials and wages, costs for maintenance and depreciation and impairment losses of the machinery, buildings and equipment used in the production process as well as costs for production administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the expected selling price less costs of completion and costs to be incurred to effect sale.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value, less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out less invoicing on account. The selling price is measured on the basis of the stage of completion of the order concerned on the balance sheet date and the total expected income from the individual project in progress.

NOTES – ACCOUNTING POLICIES

The stage of completion for each order is normally calculated as the ratio of resources consumed to total budgeted consumption of resources. For certain orders where the consumption of resources cannot be used as a basis, the ratio of completed sub-activities to total sub-activities for the order in question is used.

In the event that the selling price of a contract cannot be calculated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Finance costs concerning contracts are not included in the value of work in progress. Costs in connection with sales and tendering work when securing contracts are expensed in the income statement under other external expenses in the financial year in which they are incurred.

Invoicing on account is offset against the value of the individual contract and the net amount is recognised as an asset to the extent that it does not exceed the capitalised amount. In the event that invoicing on account exceeds the value of the capitalised amount, the net amount is recognised under prepayments from customers under short-term debt.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years. Prepayments are measured at cost.

Corporation tax and deferred tax

Current tax payable and current tax receivable are recognised in the balance sheet as calculated tax on the year's taxable income adjusted for tax on previous years' taxable income and for prepaid tax.

Deferred tax is calculated in accordance with the balance-sheet liability method on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, where the tax base of assets is calculated on the basis of the planned use of the asset concerned.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be used, either as an elimination against tax on future earnings or as a set-off against deferred tax liabilities.

Deferred tax is calculated on the basis of the tax regulations and rates that according to the legislation on the balance sheet date will be applicable when the deferred tax is expected to result in current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Provisions

Provisions are recognised when, as a consequence of a previous event, the Group has a legal or constructive obligation, and it is probable that discharging this obligation will result in an outflow from the Group's financial resources.

Other provisions are recognised and measured as the best estimate of the costs which, on the balance sheet date, are necessary to discharge any obligations.

Financial liabilities

At the date of borrowing, debts to mortgage credit institutions and financial institutions are measured at cost, corresponding to the proceeds received less transaction costs incurred. Subsequently, debts to mortgage credit institutions and financial institutions are measured at amortised cost. This means that the difference between the proceeds of the loan and the nominal value that is to be repaid is recognised in the income statement over the term of the loan as a financial expense using the effective interest method.

Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions and, at the time of inception of the lease, measured at the present value of the future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other debt

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received to be recognised in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement of the Group is prepared according to the indirect method on the basis of the profit or loss for the year.

The cash flow statement shows cash flow funds from operating, investing, financing activities and the year's changes in liquidity as well as cash and cash equivalents at the beginning and the end of the year. A separate cash flow statement for the Parent Organisation has not been drawn up since this is included in the cash flow statement for the Group.

Effect on cash flow from the acquisition and disposal of companies is shown separately under cash flow from investing activities. The cash flow statement recognises cash flow concerning acquired companies from the date of acquisition, whilst cash flow concerning companies disposed of is recognised up to the date of sale.

Cash flow from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items and working capital changes.

Cash flow from investing activities include the acquisition and disposal of intangible assets, property, plant and equipment and fixed asset investments.

Cash flow from financing activities comprise the raising of and instalment on long-term and short-term debt to financing and credit institutions as well as distributions.

Cash and cash equivalents include cash and the portion of short-term debt to credit institutions which forms part of the Group's ongoing liquidity management.

NOTES – ACCOUNTING POLICIES

Segment information

Information is provided on areas of business (Primary segment) and geographical markets (Secondary segment). Segment information is presented in accordance with the Group's accounting policies and internal economic management. The secondary segment information is provided on the basis of the location of the customers.

Key ratios

The key ratios listed under financial highlights are calculated as follows:

EBT margin =

Company's profitability =

$$\frac{\text{Profit/loss before tax} \times 100}{\text{Revenue}}$$

Return on capital employed =

The return on investment which the company generates in terms of the operating assets =

$$\frac{\text{Profit/loss from ordinary activities with addition of amortisation on goodwill (EBITA)} \times 100}{\text{Operating assets at end of financial year}}$$

Solvency ratio =

The company's equity as a percentage of total equity and liabilities =

$$\frac{\text{Equity at end of year} \times 100}{\text{Total equity and liabilities at end of year}}$$

Return on equity =

The company's return on the capital that is invested in the company =

$$\frac{\text{Profit/loss for the year (after tax)} \times 100}{\text{Average equity of the Parent Organisation}}$$

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as the operating profit/loss with the addition of the year's amortisation of goodwill.

Operating assets are total assets less cash and other interest-bearing assets measured at the end of the financial year.



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In the event of any inconsistencies
the Danish version shall apply.

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