

**Hill+Knowlton Strategies A/S
Central Business Registration No
13991707**

Annual report 2014

The Annual General Meeting adopted the annual report on 28.05.2015

Chairman of the General Meeting

Name: Lars Petersen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	6
Income statement for 2014	10
Balance sheet at 31.12.2014	11
Statement of changes in equity for 2014	13
Notes	14

Entity details

Entity

Hill+Knowlton Strategies A/S

Bredgade 65, 2.

DK-1260 Copenhagen K

Central Business Registration No: 13991707

Registered in: Copenhagen

Financial year: 01.01.2014 - 31.12.2014

Phone: +4533131433

Board of Directors

Henrik Christopher Halvorsen, Chairman

Rune Vilhelmsen

Bo Øksnebjerg

Executive Board

Bo Øksnebjerg

Leif Hindsted

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

0900 Copenhagen K

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Hill+Knowlton Strategies A/S for the financial year 01.01.2014 - 31.12.2014.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.05.2015

Executive Board

Bo Øksnebjerg

Leif Hindsted

Board of Directors

Henrik Christopher Halvorsen
Chairman

Rune Vilhelmsen

Bo Øksnebjerg

Independent auditor's reports

To the owners of Hill+Knowlton Strategies A/S

Report on the financial statements

We have audited the financial statements of Hill+Knowlton Strategies A/S for the financial year 01.01.2014 - 31.12.2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the 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 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 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 financial statements give a true and fair view of the Company's financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 28.05.2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Kim Mücke
State Authorised Public Accountant

Morten Jarlbo
State Authorised Public Accountant

Management commentary

Primary activities

The Company's activity is to operate PR related activities, such as public relations, communication, public affairs and marketing.

Development in activities and finances

Despite the difficult market situation in Denmark, Hill+Knowlton Strategies A/S performed satisfactory in 2014. The Company acquired a series of new customers and has also managed to develop a couple of new services that were introduced into the market place.

Outlook

Hill+Knowlton Strategies A/S expects to continue and finalise the planned changes in the workforce in order to create the right match between the Company's competencies and the requirements of the market place. Despite the costs of these changes, Hill+Knowlton Strategies A/S expects slightly higher top and bottom line in 2015 compared to 2014.

Events after the balance sheet date

No major events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

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

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and other external expenses.

Accounting policies

Revenue

Revenue is recognised in the income statement as work is performed. Revenue is recognised net of VAT, duties and sales discounts.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the sales value of the work performed.

Other external expenses

Other external expenses comprise expenses to achieve the revenue of the year.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment is calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses for sale, marketing, administration, premises, bad debts and other corporate expenses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and net gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net losses on transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

The Entity is jointly taxed with all Danish WPP companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Contract work in progress

Contract work in progress is measured at the sales value of the work carried out at the balance sheet date.

The sales value is measured based on the stage of completion and the total estimated income from the individual contracts in progress.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Accounting policies

Prepayments

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

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash pool

The Company is participating in a cash pool with related companies. Receivables with the cash-pool are included in receivables from group enterprises. Drawings from the cash pool is included in payables with group enterprises.

Income statement for 2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
Gross profit		14.179.602	12.526.796
Staff costs	1	(9.785.450)	(8.347.790)
Depreciation, amortisation and impairment losses		(33.407)	(47.065)
Other operating expenses		<u>(2.710.499)</u>	<u>(3.054.699)</u>
Operating profit/loss		1.650.246	1.077.242
Other financial income		0	139
Other financial expenses		<u>(17.564)</u>	<u>(20.999)</u>
Profit/loss from ordinary activities before tax		1.632.682	1.056.382
Tax on profit/loss from ordinary activities	2	<u>(407.436)</u>	<u>(269.515)</u>
Profit/loss for the year		<u>1.225.246</u>	<u>786.867</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.225.246</u>	<u>786.867</u>
		<u>1.225.246</u>	<u>786.867</u>

Balance sheet at 31.12.2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
Other fixtures and fittings, tools and equipment		91.113	75.369
Property, plant and equipment		91.113	75.369
Other receivables		474.405	463.291
Deferred tax		17.305	23.449
Fixed asset investments		491.710	486.740
Fixed assets		582.823	562.109
Trade receivables		4.463.549	1.891.141
Contract work in progress		1.108.443	479.809
Receivables from group enterprises		701.152	310.777
Prepayments		106.991	114.927
Receivables		6.380.135	2.796.654
Current assets		6.380.135	2.796.654
Assets		6.962.958	3.358.763

Balance sheet at 31.12.2014

	<u>Notes</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
Contributed capital	3	500.000	500.000
Retained earnings		<u>1.848.674</u>	<u>623.231</u>
Equity		<u>2.348.674</u>	<u>1.123.231</u>
Contract work in progress		697.802	483.432
Trade payables		214.222	336.827
Debt to group enterprises	4	1.870.768	172.496
Income tax payable		35.798	87.405
Other payables		<u>1.795.694</u>	<u>1.155.372</u>
Current liabilities other than provisions		<u>4.614.284</u>	<u>2.235.532</u>
Liabilities other than provisions		<u>4.614.284</u>	<u>2.235.532</u>
Equity and liabilities		<u><u>6.962.958</u></u>	<u><u>3.358.763</u></u>
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Ownership	7		
Consolidation	8		

Statement of changes in equity for 2014

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	500.000	623.428	1.123.428
Profit/loss for the year	0	1.225.246	1.225.246
Equity end of year	500.000	1.848.674	2.348.674

Notes

	<u>2014</u> <u>DKK</u>	<u>2013</u> <u>DKK</u>
1. Staff costs		
Wages and salaries	8.514.512	7.114.748
Pension costs	719.827	659.895
Other social security costs	107.951	107.433
Other staff costs	443.160	465.714
	<u>9.785.450</u>	<u>8.347.790</u>

	<u>2014</u> <u>DKK</u>	<u>2013</u> <u>DKK</u>
2. Tax on ordinary profit/loss for the year		
Current tax	401.292	259.199
Change in deferred tax for the year	6.144	10.316
	<u>407.436</u>	<u>269.515</u>

	<u>Number</u>	<u>Par value</u> <u>DKK</u>	<u>Nominal</u> <u>value</u> <u>DKK</u>
3. Contributed capital			
Ordinary shares	500	1.000,00	500.000
	<u>500</u>		<u>500.000</u>

The shares have not been divided into classes. The share capital has not changed for the past 5 years.

4. Short-term debt to group enterprises

The Company has entered into a cash-pool scheme with Group enterprises. At 31 December 2014, the Company has a overdraft in this cash-pool scheme of DKK 1,870.768.

The Company is a subsidiary of WPP plc and is, therefore, subject to the overall WPP plc financing arrangement.

	<u>2014</u> <u>DKK</u>	<u>2013</u> <u>DKK</u>
5. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>1.888.097</u>	<u>1.599.076</u>

Notes

6. Contingent liabilities

The Company is party to a national Danish joint taxation scheme with WPP Holding Denmark A/S as the management company. Consequently, from the financial year 2013 the Company is liable for corporation taxes for the jointly taxed companies and with effect from 1 July 2012, the Company is also liable for any obligations to withhold tax at source on interest, royalties and returns for the jointly taxed companies.

7. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

WPP Holding Denmark A/S, Copenhagen

Decara Holding Denmark ApS, Copenhagen

8. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Hill+Knowlton Strategies A/S is included in the consolidated financial statements of the Ultimate Parent WPP plc, 27 Farm Street, W17 5RJ, London, England.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Hill+Knowlton Strategies A/S is included in the consolidated financial statements of WPP Holding BV. Rotterdam, Netherlands.

The consolidated financial statements can be obtained from the companies mentioned above.