

Forsikringens Datacenter A/S (FDC)

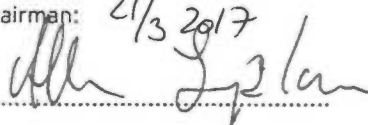
Lautrupvang 3 A, DK-2750 Ballerup

CVR no. 10 31 76 30



Annual report 2016

Approved at the annual general meeting of shareholders on

Chairman: 21/3 2017

.....



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Management commentary	7
Financial statements for the period 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow statement	14
Notes to the financial statements	15



Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Forsikringens Datacenter A/S (FDC) for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

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

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

Ballerup, 21 March 2017
Executive Board:

Birthe Elkjær
CEO

Board of Directors:

Allan Luplau
Chairman

Klaus Arpe

Tor Erik Silset

Frank Høst Meyer

Gitte Møylund Hansen



Independent auditor's report

To the shareholders of Forsikringens Datacenter A/S (FDC)

Opinion

We have audited the financial statements of Forsikringens Datacenter A/S (FDC) for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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



Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 21 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mona Blønd
State Authorised Public Accountant

Anders Ouedahl-Olesen
State Authorised Public Accountant



Management's review

Company details

Name	Forsikringens Datacenter A/S (FDC)
Address, Postal code, City	Lautrupvang 3 A, DK-2750 Ballerup
CVR no.	10 31 76 30
Established	1 July 1986
Registered office	Ballerup
Financial year	1 January - 31 December
Website	www.fdc.dk
E-mail	info@fdc.dk
Telephone	+45 44 65 45 00
Telefax	+45 44 65 48 84
Board of Directors	Allan Luplau, Chairman Klaus Arpe Tor Erik Silset Frank Høst Meyer Gitte Møjlund Hansen
Executive Board	Birthe Elkjær, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark



Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	309,003	315,712	352,989	345,237	321,844
Profit/loss before net financials	4,947	-17,966	-5,201	2,378	15,664
Net financials	352	-1,461	-1,564	-2,144	1,999
Profit/loss for the year	3,998	-17,780	-10,117	591	13,175
Total assets					
Equity	48,414	44,416	62,196	72,313	71,722
Cash flows					
Cash flows from operating activities	7,820	57,783	-7,238	15,266	2,510
Net cash flows from investing activities	-55	-2,301	-7,870	-15,994	-18,753
Investment in property, plant and equipment	-55	-102	-484	-4,083	-18,753
Cash flows from financing activities	0	0	0	-113	-213
Financial ratios					
Operating margin	1.6%	-5.7%	-1.5%	0.7%	4.9%
Solvency ratio	37.1%	31.7%	32.4%	47.2%	52.4%
Return on equity	8.6%	-33.4%	-15.0%	0.8%	18.4%
Average number of employees	231	281	300	310	284



Management's review

Management commentary

Business review

Vision

FDC's role is to provide solutions that lower our customers' costs by utilizing technology and standard applications and to build a bridge between our customer and the insured, hence retaining and providing new engagements. Using FDC as solution provider will lower the IT costs with a positive impact on the customers' administration costs. We are proud to be able to offer solutions that provide the insurance and pension sector with the IT foundations needed to win in tomorrow's market. The focused and ambitious companies that have already selected our platform will undoubtedly stay on the innovative course they have set for themselves.

Business area

FDC offers three business models:

- Large scale operations, delivered at Saas (Software as a Service), which is based on the F2100 common IT platform.
- Application Management (special customer solution) & Operation.
- Guidewire: implementation, application management and hosting.

We are able to provide operational reliability at known costs in our datacenter for the Pension & Insurance industry. We provide implementation of standard systems for both Insurance and Pension based on our shared model for implementation and innovation.

FDC is a well established supplier with more than 50 years of business experience. Our office is located in Ballerup. We possess detailed insight in processes and techniques within both the Insurance and Pension area. We are able to design solutions based on our business insight and experience, in order to deliver on the time, scope and price agreed. We continue to develop our project model to reflect the need for fast development combined with project management towards agile delivery. We have built a global delivery model in compliance with regulation to expand our capacity and reduce development costs.

Financial review

In 2016, the Company's revenue came in at DKK 309,003 thousand against DKK 315,712 thousand last year. The income statement for 2016 shows a profit of DKK 3,998 thousand against a loss of DKK 17,780 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 48,414 thousand. In the annual report for 2015, Management expected a profit in the range of DKK 5,000 thousand before tax. Management considers the Company's financial performance in the year satisfactory.

FDC will pay no dividends for this year.



Management's review

Management commentary

Non-financial matters

Clients

In 2016, we continued to maintain a good relationship with our clients, and our focus is to develop the relationship even further with strategy workshops, common innovation in 2017. We deliver according to our long-term contracts. We take in new projects from clients with new product development where we support the IT enabling of our customers' future offering and daily operation based on F2100.

We continue to deliver new functionalities for PensionDanmark's solution in 2017 and other clients in the Life & Pension business to expand enabling of standard process in our standard platform.

We are building our SaaS services as Guidewire partner within implementation, application management and operation for our new insurance core system. In 2017, we will continue to develop country layer for the three Nordic countries starting with Denmark. This will include all needed integrations and the gaps between Nordic insurance legislation and the Guidewire standard software.

Knowledge resources

In 2016, we employed an average of 231 employees and our employees within the field of IT technology are highly qualified within IT as well as insurance and pension. Many of our developers have obtained level 4 or higher from the Danish Insurance Training Academy (Forsikringsakademiet), and they all have solid IT qualifications. Within the area Life and Pension (Liv & Pension), FDC has employees with qualifications as actuaries. We maintain a high level of expertise - and we continuously succeed in recruiting and maintaining our employees. In our opinion, we are the company in the Nordic countries with the largest number of analysts and developers with actual experience within development of IT for insurance and pension.

In 2016, we have taken our project governance model to the next level to ensure our project delivery. We are working in an agile way in our development and have a number of certified project managers in SCRUM or similar.

Special risks

Business risks

We offer our IT standard solution F2100 and we develop customized solutions within Insurance and Pension. We base our business on long-term contracts for maintenance and operations. We develop specific solutions based on own development or third party solutions and components, mainly based on time and material.

Based on this, FDC's risks are limited to the ability to deliver the specific solutions on time to the estimated price and to have add on sale on the developed solutions for other clients.

Price risks

The majority of FDC's staff costs and direct production costs relate to expenses to hardware and software as well as other expenses and consumables. FDC's staff costs, wages and pension contributions to FDC employees are in line with market trends. As for expenses to hardware and software as well as other expenses and consumables, FDC is only dependent on specific suppliers to a limited extent. Consequently, FDC can obtain very competitive prices.

Currency risks

The majority of FDC's invoicing takes place in Danish kroner and a minor part takes place in Norwegian kroner. FDC considers the currency risk as being limited.

Interest risks

FDC has only to a limited extent long-term liabilities. Consequently, the interest risk is limited.



Management's review

Management commentary

Statutory CSR report

Based on our CSR policy, we wish to contribute to mutually beneficial financial results, which are also based on environmental and social responsibility.

We wish to grow in a financially and socially responsible manner by running a sound and stable business for the benefit of our clients, employees, shareholders and society.

Environment and Climate

Since FDC is not an energy-heavy company, we do not have direct policies and plans regarding environment and climate.

However, it is our intention to reduce the impact on the environment as far as possible, partly supported by having focus on alternative and eco-friendly initiatives, increase employee awareness and skills, and to use video and Skype meetings instead of air travel, where possible.

Employees and Human Rights

We aim at creating the best possible working environment for our employees, e.g. by increasing the employees' influence through a programme for annual performance reviews and employee satisfaction surveys. We have an Environment, health and safety policy and a number of health related offers to our employees, e.g. health insurance.

In 2016, we have continued meetings in a cooperation committee and a security committee that handles APVs (workplace assessment), including assessment of the indoor climate, ergonomics and psychic working environment and other general activities which affect the working environment in FDC.

We focus continuously on sick leave, and there is always a dialogue between the manager and the employee regarding long-term absence, just as we discuss sick leave in the annual employee interviews.

In accordance with previous years, the sick leave rate continued to be low. No work accidents were reported in 2016.

Account of the gender composition of Management

FDC has continued focus on society's requirements for diversity, including securing equal rights for men and women's career development.

New board member is appointed in 2016. Tor Erik Silset who replaces Kaare Østgaard. Allan Luplau has replaced Kaare Østgaard as new chairman for FDC. Consequently, similar to last year there is no female representation in the board of externally elected board members. The objective for female representation in FDC's board of directors is at least one female member within 4 years (in 2020).

The female representation in the central management group is 20%. We wish to enhance the current level for female management in FDC. We aim at having at least one of each gender is among the final three candidates in a recruitment process.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the financial year.

Outlook

In 2017, FDC expects to maintain its clients and revenue at the same level as in 2016.

We expect a minor profit in the range of DKK 3,000 thousand before tax for 2017 due to costs related to the reorganization and the implementation of the new strategic direction.

The current number of orders placed will more or less give FDC the budgeted revenue for 2017.

We expect the cash flow effect from operations in 2017 to be positive because of the expected profit.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
2	Revenue	309,003	315,712
	Cost of sales	-57,574	-52,451
	Other external expenses	-51,882	-50,544
	Gross margin	199,547	212,717
3	Staff costs	-184,451	-220,788
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-10,149	-9,895
	Profit/loss before net financials	4,947	-17,966
	Income from investments in group entities	0	-2,412
4	Financial income	686	1,344
5	Financial expenses	-334	-2,805
	Profit/loss before tax	5,299	-21,839
6	Tax for the year	-1,301	4,059
	Profit/loss for the year	3,998	-17,780



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Development projects in progress and prepayments for intangible assets	8,700	17,400
		<u>8,700</u>	<u>17,400</u>
8	Property, plant and equipment		
	Plant and machinery	221	1,592
	Other fixtures and fittings, tools and equipment	123	146
		<u>344</u>	<u>1,738</u>
	Financial assets		
	Other securities and investments	70	64
	Other receivables	0	1,945
9	Deferred tax assets	5,311	3,500
		<u>5,381</u>	<u>5,509</u>
	Total non-current assets	<u>14,425</u>	<u>24,647</u>
	Current assets		
	Receivables		
	Trade receivables	10,861	18,703
	Receivables from associates	22,890	16,401
	Income taxes receivable	0	603
	Other receivables	4,954	5,012
10	Prepayments	12,317	17,834
		<u>51,022</u>	<u>58,553</u>
	Cash	<u>64,878</u>	<u>57,113</u>
	Total Current assets	<u>115,900</u>	<u>115,666</u>
	TOTAL ASSETS	<u>130,325</u>	<u>140,313</u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	3,000	3,000
	Retained earnings	45,414	41,416
	Total equity	48,414	44,416
12	Non-current liabilities		
	Other provisions	1,000	0
	Total non-current liabilities	1,000	0
	Current liabilities		
	Other provisions	18,409	9,110
13	Work in progress for third parties	0	10,536
	Trade payables	15,213	29,389
	Income taxes payable	2,995	0
14	Other payables	38,654	46,862
	Deferred income	5,640	0
	Total current liabilities	80,911	95,897
	Total liabilities	81,911	95,897
	TOTAL EQUITY AND LIABILITIES	130,325	140,313

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Related parties
- 17 Fee to the auditors appointed by the Company in general meeting



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	3,000	41,416	44,416
18 Profit for the year	0	3,998	3,998
Equity at 31 December 2016	3,000	45,414	48,414



Financial statements for the period 1 January - 31 December

Cash flow statement

Note	DKK'000	2016	2015
	Profit/loss for the year	3,998	-17,780
19	Adjustments	12,092	14,233
	Cash generated from operations (operating activities)	16,090	-3,547
20	Changes in working capital	-9,108	62,319
	Cash generated from operations (operating activities)	6,982	58,772
	Interest received, etc.	686	155
	Interest paid, etc.	-334	-1,616
	Income taxes paid	486	472
	Cash flows from operating activities	7,820	57,783
	Additions of intangible assets	0	-2,199
	Additions of property, plant and equipment	-55	-102
	Cash flows to investing activities	-55	-2,301
	Net cash flow	7,765	55,482
	Cash and cash equivalents at 1 January	57,113	1,631
21	Cash and cash equivalents at 31 December	64,878	57,113



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Forsikringens Datacenter A/S (FDC) for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report large reporting class C entities.

The annual report of Forsikringens Datacenter A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class C entities (large).

Effective 1 January 2016, the Company has early adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment

Re 1: In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes affects the income statement or the balance sheet for 2016 or the comparative figures.

In addition, the Company has decided to present its balance sheet in horizontal format where non-current and current assets and liabilities are broken down and comparative figures for 2015 are restated.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the rendering of services, which comprises IT operation and development, is recognised as revenue when the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Development of systems which are delivered over several accounting periods is recognised at the sales value of the performed work (the production method). Recognition takes place when delivery of the agreed tasks takes place and when total income and costs on the agreement and the stage of completion at the balance sheet date can be reliably measured and when an outflow of economic benefits, including payments, is probable.

Time spent and costs incurred are recognised in cost of sales, other external costs or staff costs.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Other operating income and operating expenses

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains on the sale of non-current assets.

Cost of sales

Production costs comprise costs for acquisition and rent of hardware and software as well as for raw materials and consumables, etc. Production costs include amortisation of development projects in progress that are connected to ongoing contracts with customers.

Other external expenses

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

Staff costs

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

Amortisation/depreciation

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

Development costs comprise production costs, salaries and amortisation directly or indirectly attributable to the Company's development activities. Following the completion of the development work, development costs are amortised over the estimated useful life.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Financial income and expenses

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

Tax

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



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

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

Development projects are capitalised if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

- The technical feasibility of completing the project can be demonstrated.
- Plans are to produce and market the product or to use the product or the process.
- Sufficient technical and financial resources to complete and use or sell the project are available.
- It is probable that the project will generate future economic benefits and that a potential, future market or possibility of internal use in the entity exists.
- The cost can be made up reliably.

Development costs not satisfying the above criteria are expensed in the income statement as incurred.

The cost of development projects is measured at direct costs incurred as well as a portion of costs indirectly attributable to the individual development projects.

Property, plant and equipment

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

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Other securities and investments

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Impairment of non-current assets

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

Receivables

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



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash and cash equivalents comprise cash and bank balances.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

Deferred tax is measured at the tax rate applicable at the expected time of realisation. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short-term bank loans.

Segment information

Segment information is given for revenue broken down by geographical segment.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

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

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
2 Segment information		
Breakdown of revenue by geographical segment:		
Denmark	203,483	209,446
Other Nordic countries	105,520	106,266
	<u>309,003</u>	<u>315,712</u>
3 Staff costs		
Wages/salaries	160,377	191,930
Pensions	23,550	28,254
Other social security costs	524	604
	<u>184,451</u>	<u>220,788</u>
Average number of full-time employees	<u>231</u>	<u>281</u>

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

The Board of Directors does not receive remuneration.

DKK'000	2016	2015
4 Financial income		
Other interest income	4	155
Exchange gain	682	1,189
	<u>686</u>	<u>1,344</u>
5 Financial expenses		
Other interest expenses	234	883
Exchange losses	74	1,890
Other financial expenses	26	32
	<u>334</u>	<u>2,805</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015	
6 Tax for the year			
Estimated tax charge for the year	2,995	0	
Deferred tax adjustments in the year	-1,811	-4,059	
Tax adjustments, prior years	117	0	
	<u>1,301</u>	<u>-4,059</u>	
7 Intangible assets			
		Development projects in progress and prepayments for intangible assets	
DKK'000			
Cost at 1 January 2016		35,585	
Cost at 31 December 2016		35,585	
Impairment losses and amortisation at 1 January 2016		18,185	
Amortisation in the year		8,700	
Impairment losses and amortisation at 31 December 2016		26,885	
Carrying amount at 31 December 2016		<u>8,700</u>	
8 Property, plant and equipment			
		Other fixtures and fittings, tools and equipment	Total
DKK'000	Plant and machinery		
Cost at 1 January 2016	21,732	2,507	24,239
Additions in the year	0	55	55
Cost at 31 December 2016	<u>21,732</u>	<u>2,562</u>	<u>24,294</u>
Impairment losses and depreciation at 1 January 2016	20,140	2,361	22,501
Impairment losses in the year	516	0	516
Depreciation in the year	855	78	933
Impairment losses and depreciation at 31 December 2016	<u>21,511</u>	<u>2,439</u>	<u>23,950</u>
Carrying amount at 31 December 2016	<u>221</u>	<u>123</u>	<u>344</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
9 Deferred tax		
Deferred tax relates to:		
Intangible assets	974	2,466
Property, plant and equipment	-446	-301
Liabilities	-5,839	-2,998
Tax loss	0	-2,667
	<u>-5,311</u>	<u>-3,500</u>

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including licenses & other services, DKK 12,317 thousand.

DKK'000	2016	2015
11 Share capital		
Analysis of the share capital:		
3,000,000 shares of DKK 1.00 nominal value each	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

No shares carry special rights.

The Company's share capital has remained DKK 3,000 thousand over the past 5 years.

12 Non-current liabilities

DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other provisions	19,409	18,409	1,000	0
	<u>19,409</u>	<u>18,409</u>	<u>1,000</u>	<u>0</u>

Provisions primarily include expected costs of completion and costs of warranty commitments, etc., relating to new system supplies and service contracts on fixed price contracts, when the supplies are confirmed by the recipient.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
13 Work in progress for third parties		
Selling price of work performed	0	113,050
Progress billings	0	-123,586
	<u>0</u>	<u>-10,536</u>
14 Other payables		
VAT and other indirect taxes	1,813	2,587
Wages/salaries, salary taxes, social security contributions, etc.	5,163	5,763
Compensated absence commitment	24,246	29,947
Other accrued expenses	7,432	8,565
	<u>38,654</u>	<u>46,862</u>
15 Contractual obligations and contingencies, etc.		
Other financial obligations		
Other rent and lease liabilities:		
Rent and lease liabilities	<u>47,099</u>	<u>25,670</u>

Rent and lease liabilities include a rent obligation totalling DKK 8,725 thousand in interminable rent agreements with remaining contract terms of 0-1 years. Furthermore, the Company has contractual obligations relating to licenses and maintenance of systems, totalling DKK 38,373 thousand, with remaining contract terms of 5 years.

16 Related parties

Forsikringens Datacenter A/S (FDC)'s related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Nykredit Forsikring A/S	Copenhagen	Ownership of over 5% of share capital
Sygeforsikringen "danmark" G/S	Copenhagen	Ownership of over 5% of share capital
Bupa Denmark Services A/S	Copenhagen	Ownership of over 5% of share capital



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
17 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	244	290
Assurance engagements	675	580
Tax assistance	15	7
Other assistance	360	226
	<u>1,294</u>	<u>1,103</u>
18 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	3,998	-17,780
	<u>3,998</u>	<u>-17,780</u>
19 Adjustments		
Amortisation/depreciation and impairment losses	10,149	9,895
Provisions	-811	3,344
Financial income	-686	-155
Financial expenses	334	1,616
Tax for the year	1,301	-4,059
Other adjustments	1,805	3,592
	<u>12,092</u>	<u>14,233</u>
20 Changes in working capital		
Change in receivables	8,873	65,458
Change in trade and other payables	-17,981	-3,139
	<u>-9,108</u>	<u>62,319</u>
21 Cash and cash equivalents at year-end		
Cash according to the balance sheet	64,878	57,113
	<u>64,878</u>	<u>57,113</u>

