

# **BMC Software A/S**

**CVR-no. 13 11 58 85**

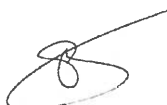
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## **ANNUAL REPORT**

**1 April 2015 - 31 March 2016**

**Adopted at the annual general meeting on 13 July 2016**

**Chairman: Arno Jan ter Avest**



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## Company details

Name	BMC Software A/S
Address	Borupvang 2 D, 2750 Ballerup
CVR-no.	13115885
Financial year	1 April 2015 - 31 March 2016
Telephone number	+45 447 31 000
Supervisory board	Arno Jan ter Avest, chairman Antti Samuli Vilhunen Ted Cory Bleuer
Executive board	Antti Samuli Vilhunen

### Shareholders holding 5% or more of the share capital or the voting rights:

	Shares
BMC Software, Inc., Houston, Texas, USA	100 %
Parent	BMC Software, Inc. 2103 CityWest Blvd. Houston, TX 77042 USA
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuthsvej 4 2000 Fredriksberg
Bank	RBS Danske Bank

## Statement by the supervisory and executive boards on the annual report

Management has reviewed and approved the annual report of BMC Software A/S (the "Company") for the financial year 1 April 2015 - 31 March 2016.

The annual report is prepared in accordance with the Danish accounting principles.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2016 and of the results of the Company's operations for the financial year 1 April 2015 - 31 March 2016.

In our opinion, the management's review includes a fair review of the matters dealt with.

We recommend the adoption of the annual report at the annual general meeting.

Ballerup, 13 July 2016

Executive board:



Antti Samuli Vilhunen

Supervisory Board :



Arno Jan ter Avest  
Chairman



Antti Samuli Vilhunen



Ted Cory Bleuer

## Independent auditor's report

### To the shareholder of BMC Software A/S

We have audited the financial statements of BMC Software A/S for the financial year 1 April 2015 – 31 March 2016, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements have been 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 should give a true and fair view in accordance with the Danish Financial Statements Act. Further, management is responsible for such internal control as it 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 according to Danish audit regulations. 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 judgement, including an assessment of the risks of material misstatement 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. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, 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 opinion.

The audit did not result in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2016 and of its results of operations for the financial year 1 April 2015 – 31 March 2016 in accordance with the Danish Financial Statements Act.

**Statement on the management's review**

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

Copenhagen, 13 July 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR -no. 30 70 02 28



Henrik Nørgaard  
state authorised public accountant

## **Management's review**

### **Business activities and mission**

BMC Software A/S is a company of the BMC Software Group, that sells software products developed by this group. In addition, BMC Software A/S offers professional services to support the implementation of software products.

BMC Software A/S does not carry out any research or development activities.

### **Business review**

The Company's income statement for the year ended 31 March 2016 shows a net profit of DKK 2 479 512 and the balance sheet at 31 March 2016 shows an equity of DKK 12 844 347.

### **Post balance sheet events**

No events have occurred after the financial year-end which could significantly affect the Company's financial position.

## Accounting policies

### Accounting policies

The annual report of BMC Software A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies are consistent with those of last year.

### Reporting currency

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

### Foreign currency retranslation

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

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

## Income statement

### Revenue

Income from the sale of services is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be estimated reliably. Revenue also includes sales and marketing activities performed for group enterprises. VAT, indirect taxes and discounts are excluded from the revenue.

### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

### Staff costs

Staff costs include wages, commissions, bonuses, pensions fees and employee welfare expenses.

### Depreciation of property, plant and equipment

The item includes depreciation and write-off's of property, plant and equipment. Depreciation is provided on the basis of current assessments of the depreciation profile, useful life and residual value of the assets.

Property, plant and equipment are depreciated to the residual value, based on the cost, measured by reference to the following assessment of useful lives:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years



Property, plant and equipment are written off to the extent that the carrying amount exceeds the higher of the fair market value and the net selling price. Such assessment is made for individual assets or, if that is not possible, for the smallest group of assets for which a value in use can be determined.

**Income/(loss) from investments in subsidiaries**

This includes the proportionate share of profit/(loss) after tax from the Company's subsidiaries.

**Other financial income and expenses**

Other financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Financial income and expenses include interest income and expenses, realized and unrealized exchange gains and losses on foreign currency transactions and surcharges and allowances 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 less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognized directly in equity are taken directly to equity.

## Balance sheet

**Property, plant and equipment**

Property, plant and equipment comprise of leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-off's.

**Investments**

Investments comprise of investments in the subsidiary in Norway and deposits.

Investments in subsidiaries are measured, using the equity method, at the parent's proportionate share of such enterprises' equity plus goodwill on consolidation and less intra-group profits and negative goodwill.

**Receivables**

Receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced for allowances for bad debt.

**Deferred income**

Deferred income, included in other payables, is recognized as a liability and comprises payments received for income of future reporting years.

**Other liabilities**

Other liabilities are measured at the nominal value.

**Equity**

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

## Income statement 1 April - 31 March

	Notes	2015/16 DKK	2014/15 DKK
Revenue		38 226 618	36 691 550
External expenses		<u>-11 982 418</u>	<u>-12 222 900</u>
<b>Gross margin</b>		<b>26 244 200</b>	<b>24 468 650</b>
Staff costs	1	-24 568 670	-21 956 327
Depreciation and write-off's of property, plant and equipment		<u>-135 197</u>	<u>-52 555</u>
<b>Profit before financial income and expenses</b>		<b>1 540 333</b>	<b>2 459 768</b>
Income/(loss) from investments in subsidiaries	4	854 206	-450 855
Other financial income		87 352	462 273
Other financial expenses		<u>-2 379</u>	<u>-13 925</u>
<b>Profit before tax</b>		<b>2 479 512</b>	<b>2 457 261</b>
Tax for the year	2	<u>0</u>	<u>0</u>
<b>Net profit for the year</b>		<b><u>2 479 512</u></b>	<b><u>2 457 261</u></b>
<b>Proposal for the distribution of profit</b>			
Proposed dividend distribution		0	0
Reserve for net revaluation under equity method		854 206	-450 855
Retained earnings		<u>1 625 306</u>	<u>2 908 116</u>
		<b>2 479 512</b>	<b>2 457 261</b>

## Balance sheet at 31 March

	Notes	2016 DKK	2015 DKK
<b>ASSETS</b>			
Leasehold improvements		45 404	51 131
Other fixtures and fittings, tools and equipment		339 383	346 418
<b>Property, plant and equipment</b>	<b>3</b>	<b>384 787</b>	<b>397 549</b>
Investments in subsidiaries	4	3 816 784	3 212 236
Deposits		159 740	152 678
<b>Investments</b>		<b>3 976 524</b>	<b>3 364 914</b>
<b>Total fixed assets</b>		<b>4 361 311</b>	<b>3 762 463</b>
<b>Current assets</b>			
Trade receivables		1 114 609	533 787
Receivables from group enterprises		27 293 049	32 437 046
Other receivables	5	163 613	184 562
<b>Total receivables</b>		<b>28 571 271</b>	<b>33 155 395</b>
Cash and equivalents		982 695	483
<b>Total current assets</b>		<b>29 553 966</b>	<b>33 155 878</b>
<b>TOTAL ASSETS</b>		<b>33 915 277</b>	<b>36 918 341</b>

## Balance sheet at 31 March

	Notes	2016 DKK	2015 DKK
<b>EQUITY AND LIABILITIES</b>			
Share capital	6	500 000	500 000
Equity method transfer to net revaluation reserve		2 210 781	1 606 233
Retained earnings		10 133 566	8 508 260
<b>Total equity</b>	7	<b>12 844 347</b>	<b>10 614 493</b>
Trade payables		115 191	545 877
Payables to group enterprises		15 630 291	17 065 062
Other payables	8	5 325 448	8 692 909
<b>Short-term liabilities</b>		<b>21 070 930</b>	<b>26 303 848</b>
<b>Total liabilities</b>		<b>21 070 930</b>	<b>26 303 848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33 915 277</b>	<b>36 918 341</b>

## Notes

	2015/16	2014/15
	DKK	DKK
<b>Note 1. Staff costs</b>		
Wages and salaries	23 005 892	20 480 566
Pension costs	1 357 392	1 262 488
Other social security costs	119 495	84 335
Other staff costs	85 891	128 938
	<u>24 568 670</u>	<u>21 956 327</u>
Average number of employees	<u>17</u>	<u>18</u>

### Note 2. Tax for the year

No income taxes were paid or expensed in the year.

### Note 3. Property, plant and equipment

	Leasehold improvements	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK
<b>Cost</b>			
Balance at 1 April 2015	59 800	2 588 326	2 648 126
Additions in the year	0	122 435	122 435
<b>Cost at 31 March 2016</b>	<u>59 800</u>	<u>2 710 761</u>	<u>2 770 561</u>
<b>Depreciation and write downs</b>			
Balance at 1 April 2015	-8 669	-2 241 908	-2 250 577
Depreciation in the year	-5 727	-129 470	-135 197
<b>Depreciation and write downs 31 March 2016</b>	<u>-14 396</u>	<u>-2 371 378</u>	<u>-2 385 774</u>
<b>Carrying amount at 31 March 2016</b>	<u>45 404</u>	<u>339 383</u>	<u>384 787</u>
<b>Depreciation rate (straight-line)</b>	20 %	20-33%	20-33%

**Note 4. Investments**

According to the most recent financial statements, the results of operations and total equity are per 31 March 2016:

Subsidiaries	Percentage interest	Equity DKK	Result of the year DKK
BMC Software AS, Norway	100	3 816 784	854 206

**Note 5. Other receivables**

As per 31 March

	2016 DKK	2015 DKK
Prepayments	163 613	149 733
Other receivables	0	34 829
	<u>163 613</u>	<u>184 562</u>

**Note 6. Share capital**

As per 31 March

	2016 DKK	2015 DKK
3 shares of DKK 100.000 each	300 000	300 000
2 shares of DKK 50.000 each	100 000	100 000
2 shares of DKK 25.000 each	50 000	50 000
3 shares of DKK 10.000 each	30 000	30 000
2 shares of DKK 5.000 each	10 000	10 000
10 shares of DKK 1.000 each	10 000	10 000
<b>Total share capital</b>	<u>500 000</u>	<u>500 000</u>

No shares carry special voting rights.

The share capital has remained unchanged for the past five years.

**Note 7. Statement of changes in equity**

	Share capital DKK	Equity method transfer to net revaluation reserve DKK	Retained earnings DKK	Total DKK
Equity at 1 April 2015	500 000	1 606 233	8 508 260	10 614 493
Transfer in the year	0	854 206	1 625 306	2 479 512
Exchange rate adjustment	0	-249 658	0	-249 658
<b>Equity at 31 March 2016</b>	<u>500 000</u>	<u>2 210 781</u>	<u>10 133 566</u>	<u>12 844 347</u>

**Note 8. Other payables**

As per 31 March	2016	2015
	DKK	DKK
Deferred income	176 754	1 686 714
Other payables	5 148 700	7 006 195
	<u>5 325 448</u>	<u>8 692 909</u>

**Note 9. Contingent assets**

The Company's contingent assets amount to approximately DKK 1 613 thousand and relate to temporary differences between the carrying amount and the tax base of certain assets and liabilities, which at present are not expected to be utilised through elimination against future taxable earnings.

**Note 10. Contingent liabilities**

The Company entered into a lease concerning premises at 1 September 2014. The lease is non-cancellable until 31 August 2019. Annual rent amounts to DKK 531 thousand.

In addition, the Company has entered into leases concerning cars. The remaining lease payments amount to DKK 917 thousand.

The total lease commitment for premises, car lease and the copymachine amounts to DKK 2 897 thousand (2014/15 DKK 3 780 thousand).

**Note 11. Related parties**

Related parties having a controlling interest refer to the parent, BMC Software, Inc.

The Company performs extensive sales and marketing activities in Denmark for group enterprises. The costs relating to those activities are reimbursed by a group enterprise and included in the Company's revenue. Cost reimbursements account for approximately 81% of total revenue.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company has availed of the exception to Paragraph 112 of the Danish Financial Statements Act from preparing and delivering consolidated financial statements. The results of the Company and its subsidiary are included in the consolidated financial statements of BMC Software Finance, Inc., which have been prepared in accordance with U.S. generally accepted accounting principles. The consolidated financial statements of BMC Software Finance, Inc. are available from 2103 CityWest Boulevard, Houston, Texas, 77042, USA.