

# **CSC Scandihealth A/S**

**Company Registration No 25 46 93 64**

**PO Pedersens vej 2**

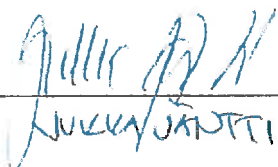
**8200 Aarhus N. Skejby**

## **Annual Report 2016/17**



The annual report is presented and adopted on the Annual General Meeting on 4. September 2017

**Chairman of the Annual General Meeting**

  
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JUKKA A. N. LUUKKAINEN

## **CSC Scandihealth A/S**

### **Contents**

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	<b>Page</b>
Company detail	1
Management's statement	2
Independent auditor's reports	3
Management report	6
Accounting policies	12
Income statement for the period 1 April 2016– 31 March 2017	17
Balance sheet as at 31 March 2017	18
Statement of changes in equity for 1 April 2016 – 31 March 2017	20
Notes	21

## **CSC Scandihealth A/S**

### **Company details**

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#### **Company details**

##### **Company**

CSC Scandihealth A/S

Company Registration No: 25 46 93 64

Municipality of domicile: Aarhus

Phone: +45 3614 4000

Fax: +45 3614 7324

Internet: [www.dxc.technology.com/dk](http://www.dxc.technology.com/dk)

E-mail: [scandihealth@csc.com](mailto:scandihealth@csc.com)

#### **Board of Directors**

Jørgen Jakobsen, Chairman

Andrea Fiumicelli

Ebba Waltre

Tina Johansen\*

Henrik Brahe Hager\*

\*Elected by Employees

#### **Executive Board**

Philippe Jacques Blanco, Managing Director

#### **Company auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

**CSC Scandihealth A/S**  
**Management's statement**

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The Board of Directors and the Executive Board have today considered and approved the annual report of CSC Scandihealth A/S for the financial year 1 April 2016 to 31 March 2017.

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 Company's financial position at 31 March 2017 and of its financial performance for the financial year 1 April 2016 – 31 March 2017.

We believe that the management report 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, 4. September 2017


**Executive Board**

  
\_\_\_\_\_  
Philippe Jacques Blanco  
Managing Director

**Board of Directors**

  
\_\_\_\_\_  
Jørgen Jakobsen  
Chairman

  
\_\_\_\_\_  
Andrea Frumicelli

  
\_\_\_\_\_  
Ebba Walte

  
\_\_\_\_\_  
Tina Johansen

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Henrik Brahe Hager

**CSC Scandihealth A/S**  
**Management's statement**

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Copenhagen, 4. September 2017

**Executive Board**

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Philippe Jacques Blanco  
Managing Director

**Board of Directors**



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Jørgen Jakobsen  
Chairman

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Andrea Fiumicelli



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Ebba Waltraud

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Tina Johansen



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Henrik Brahe Hager

## CSC Scandihealth A/S

### Independent auditor's report

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#### To the shareholders of CSC Scandihealth A/S

##### **Opinion**

We have audited the financial statements of CSC Scandihealth A/S for the financial year 01.04.2016 - 31.03.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31-03-2017 and of the results of its operations for the financial year 01.04.2016 – 31.03.2017 in accordance with the Danish Financial Statements Act.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 these financial statements.

**CSC Scandihealth A/S**  
**Independent auditor's report (continued)**

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As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 Entity'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

**CSC Scandihealth A/S**  
**Independent auditor's report (continued)**

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**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 4. September 2017

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

  
Henrik Wjort Kjelgaard  
State-Authorised  
Public Accountant

  
Kåre Konge Breindal  
State-Authorised  
Public Accountant



**CSC Scandihealth A/S**  
**Management report**

<b>Financial highlights</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>
<b>Key figures</b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
Revenue	467,010	417,194	449,796	456,974	401,059
Earnings from operating activities	(34,581)	25,644	(1,008)	44,513	11,368
Net Financial Costs	(591)	258	(1,428)	18	(34)
(Loss) /profits or loss for the year	(30,147)	20,232	(2,234)	33,376	8,282
Equity	460,864	491,012	470,778	473,014	439,638
Balance sheet total	600,735	631,746	607,313	592,357	572,063
Investment in property, plant & equipment	2,588	4,658	3,912	2,043	2,074
Average operating assets	369,227	324,907	301,333	266,958	226,986
<b>Ratios*</b>					
Operating margin (%)	(7)	6	-	10	3
Return on operating assets (%)	(9)	8	-	17	5
Return on equity (%)	-	4	-	7	2
Equity share (%)	77	78	78	80	77

\*Key ratios are calculated in accordance with the "The Danish Society of Financial Analysts recommendations & Financial Ratios 2015"

## **CSC Scandihealth A/S Management report**

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### **Core business activity**

CSC Scandihealth A/S's core business is the development and sales of IT solutions for the health and social sector.

### **Development of activities and financial matters**

#### **Result for the year**

The result includes a revenue increase of 11.9% compared to last year. Revenue came in at 467.0 DKKm with a loss after tax of 30.1 DKKm. The revenue has increased due to the management has reassessed the method for recognizing revenue for one contract as one integrated deliverable rather than two separate deliverables. The result for the year is impacted by higher than expected costs to complete projects. In current year there is a no labour restructuring cost.

#### **Evaluation of last year's expectations**

In the Annual Report for 2015/16, the expectation was for a positive development in the company's product portfolio, maintaining a leading position in the Danish market and a stringent policy of cost control. For the current fiscal year, management expected a comparable result to 2015/16. The result is not as good as expected due to higher costs to complete projects than expected.

#### **Investments**

In 2014/15 the Company has made sizeable investments with the intent of developing IT solutions on both a Global and Nordic level for both the primary and secondary healthcare sectors. A large portion of the investments have been used in CSC Clinical Suite and CSC VITAE Suite.

#### **Financial resources**

The company's equity ratio decreased to 76.7 from 77.7 in 2015/16 which is equal to an equity position of 460.9 DKKm as of 31 March 2017.

#### **Expectations for the future**

The Danish market is confronted with increasing pressure on containing IT spending. In addition the competition in the healthcare area is still tough. Therefore the goal for the coming years is to keep the current market share within Healthcare area for IT solutions and keep the level of result before tax. Thus management expects no change in the current market share in Denmark but expects to increase market shares in Norway and Sweden.

#### **Uncertainty relating to recognition and measurement**

The value of the company's development projects is supported by estimates for future revenue and earnings. If the estimate is not realised as expected this could have a significant negative effect on the carrying amount of the development projects.

## **CSC Scandihealth A/S**

### **Management report**

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#### **Special risks**

##### **Risk management policy**

As a result of its operations and financing, the Company is exposed to a number of financial risks e.g. changes in currency and interest rates, liquidity risks and credit risks. Management of financial risks is centralized and handled by the parent company CSC Danmark A/S. The general framework for financial risk management is determined in the CSC Group's finance policy which is applicable to all CSC entities worldwide.

##### **Operational risks**

The Company's most significant operational risk is related to its ability to be price-competitive as well as deliver solutions to clients who demand a highly qualified workforce at a competitive price. It is thus essential, that the workforce is continuously moulded to fit the actual demands of clients. Furthermore it is important that the company continuously innovate in order to be on the forefront in terms of the IT systems used in the health- and social sector.

##### **Market risks**

The Company's most significant market risk is tied to its ability to be strongly positioned within the important Nordic markets in which it primarily operates in.

##### **Currency risks**

The company invoices primarily in DKK and the bulk of the costs for salary and other external costs are also received in DKK.

## **CSC Scandihealth A/S**

### **Management report**

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#### **Risk management policy (continued)**

##### **Interest risks**

The interest bearing debt is held against the parent company CSC Danmark A/S, partially in variable and fixed intercompany loans as well as external variable rate financing. Changes in interest rates will have a moderate and indirect effect on the company's earnings, due to the company's involvement in the Group's cash pool scheme.

##### **Liquidity risks**

The company is dependent on having access to long-term financing. This is why the company adheres to the policy of having interminable credit limits that are sufficient to cover the planned operations.

The company is only exposed to the changes in interest rates. The company's financial resources are comprised of cash and cash equivalents and unutilized credit facilities. Cash pools have been established in the relevant currencies (DKK, SEK, NOK & EUR).

##### **Credit risks**

Credit risks tied to financial assets relate to those values which are calculated in the company's balance sheet. The company has no significant business risks related to or dependence of one customer or business partner. However the company has a significant exposure to a few public customers.

Historically, the company has found that that there have been only small loses on receivables which also applies to the current fiscal year.

##### **Intellectual capital property**

The company's business model seeks to create value for clients by delivering healthcare IT solutions which are adaptable to future needs. This makes large demands on knowledge based resources and business processes.

In order to be able to deliver these solutions, it is paramount that the company is able to recruit and retain individuals who are highly educated within IT solutions for the health- and social sector.

##### **Corporate social responsibility**

CSC is an environmentally aware organization and continually strives to reduce the detrimental environmental effects of its operations by way of process optimization, paper use, environmentally friendly cars and cooling of server and data centers.

CSC Danmark A/S, which is the head office for CSC Nordics and parent of CSC Scandihealth A/S is ISO9001/ISO20000 certified. This commits the Company to optimize daily routines and processes in order to minimize the use of resources. The Company's subsidiaries are covered by this certification.

Over and above this CSC Danmark A/S is ISO14001 environmentally certified, which is an important parameter for the Group's clients. CSC Scandihealth A/S benefit by this certification in the following areas.

Over the last five fiscal years CSC has managed to reduce paper usage by 55 % within the Danish companies. Furthermore, all new company cars registered from 2010 onwards belong to environmental class A or B.

## **CSC Scandihealth A/S Management report**

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### **Corporate social responsibility (continued)**

Corporate social responsibility in CSC is comprised of five pillars:

- **Clients.** Providing our customers with innovation to help resolve pressing global issues associated with climate change and natural resource usage.
- **Employees.** Striving to be the employer of choice, offering professional development, ensuring staff well-being and valuing creativity, respect and diversity.
- **Community.** Developing sustainable business-community partnerships to address local economic, social and environmental issues and contribute to sustainable development.
- **Environment.** Effectively managing our internal environmental sustainability, across energy, CO2 emissions, waste and water and natural resource use.
- **Governance.** Running our global business with high ethical, environmental and supply chain standards.

Please see the comments sections of the 2016 report of the ultimate parent company Computer Sciences Corporation at [http://www.dxc.technology/investor\\_relations/insights/141471-2017\\_annual\\_report](http://www.dxc.technology/investor_relations/insights/141471-2017_annual_report). During January to March, 2017 no changes have occurred relating to policies and results of actions.

### **Research and development**

The company development activities relate primarily to the development of IT solutions for the healthcare and social sector.

This year, the focus has been on dedicated development plans of new IT solutions. These plans are to ensure that there is a strategic fit between the Company's activities and the demands from the market, so that the Company's new and innovative IT products and solutions can be brought to the market and our clients as fast as possible.

### **Share of the under-represented gender**

CSC Scandihealth A/S has set a target of at least 33.33% female board members in 2018. The current status is that there are two elected female member (40%).

CSC will try to ensure, at least one female candidate is presented to all senior management positions. If two candidates are equal on qualifications the female candidate will be chosen. No changes in the senior management positions in current year.

CSC has implemented employee performance appraisal reviews and personal development plans for all employees, to ensure that all employees are measured up against individual goals, and get immediate feedback to these. Development plans are set to reach the best possible use of the employee qualifications. The plans are consolidated in a system, to ensure that CSC has a cross organizational overview of qualifications. This has enabled the company to utilize the employee qualifications in the best way.

It is important to CSC that female employees find that they have the same opportunities for career development and access to management positions as their male colleagues. CSC has flexible working conditions to ensure work life balance.

## **CSC Scandihealth A/S Management report**

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### **Subsequent events**

No events have occurred after the fiscal year end up until this date that affect the balance sheet and subsequently this annual report.

On May 24 2016, Computer Sciences Corporation announced that its board of directors had unanimously approved a plan to merge Computer Sciences corporation group with Enterprises services segment of Hewlett Packard Enterprises (HPE). The merger was completed by March 2017 with effective date 1 April 2017 under the new name DXC technology.

## **CSC Scandihealth A/S**

### **Accounting policies**

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This annual report for CSC Scandihealth A/S A/S for the financial year 2016/17 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C (large).

The company has during the year changed its operating model with respect to a number of larger contracts. As a consequence, the company has reassessed the method for recognizing revenue for these contracts. Based hereon and with effect from the current financial year one contract is accounted for as one integrated deliverable rather than two separate deliverables. All other accounting policies applied for this annual report are consistent with those applied last year.

In accordance with provision 86, 4 of the Danish Financial Statements Act, CSC Scandihealth A/S has omitted to prepare a cash flow statement as the cash flow is part of the cash flow statement for the group annual report for DXC Technology Company, Tysons, Virginia, USA.

#### **Recognition and measurement**

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

Liabilities are recognised in the balance sheet when the company 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 company, and the value of the liabilities 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.

Financial assets and liabilities are measured on the basis of amortised cost – within which a fixed interest rate is used. Amortised cost is calculated as the purchase price inclusive of any accumulated amortised additions/deductions of the difference between the cost price and the nominal value.

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 hereunder valuation adjustments of financial assets and liabilities measured at fair value or amortised cost is recognised in the income statement when earned. Costs that have been incurred in order to generate earnings are recognised in the income statement hereunder depreciation, write downs, provisions.

#### **Foreign currency translation**

On initial recognition, foreign currency transactions are converted by applying the exchange rate as at the transaction 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.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are converted using the exchange rate at the balance sheet date. The difference between the spot exchange rate and the date when the receivable or liability is realised, is recognised in the income statement under financial income and costs.

## **CSC Scandihealth A/S**

### **Accounting policies**

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Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

#### **Income statement**

##### **Revenue**

Revenue from the sale of services is recognised in the income statement when delivery is made, risk has transferred to the buyer, if the revenue can be calculated reliably and it is expected that payment is received. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the fixed consideration net of VAT and duties charged on behalf of a third party.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

##### **Other external expenses**

Other external expenses include expenses for distribution, sale, marketing, administration, premises, loss on bad debts etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet. In addition, provisions for loss on contract work in progress are recognised.

##### **Personnel expenses**

Personnel expenses include salaries and wages as well as social insurance contributions, pension contributions etc. for the company's employees.

##### **Financial income and expenses**

These items include interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies etc. as well as tax surcharge and tax relief under the Danish Tax Prepayment scheme.

##### **Income tax**

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.

##### **Balance sheet**

##### **Intangible assets**

Intangible assets are comprised of uncompleted and completed development projects with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets, if the cost price can be reliably measured and there is sufficient security that the future earnings are greater than other external expenses as well as development costs. Other development costs are recognised as costs in the income statement as incurred.



## CSC Scandihealth A/S

### Accounting policies

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#### **Intangible assets (continued)**

The cost of development projects include salaries that are directly and indirectly attributable to the company's development activities.

Completed development projects recognised in the balance sheet are measured at cost less accumulated amortization and impairment losses.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually five years, however, in certain cases it is seven years for development projects with a strong market position and long-term earnings profile.

The lifetime for newly-developed products is evaluated in conjunction with the start-up of a new development project. When existing products are developed further by adding new modules and functionalities, a reevaluation of the entire products expected useful lifetime is performed, including the existing product, at the end of the fiscal year.

Acquired intellectual property rights in the form of licences are measured at cost less accumulated amortisation and impairment losses. Licences are amortised over the term of the agreement.

Profits and losses from the sale of development projects and licenses are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits and losses are recognised in the income statement as an adjustment to amortisation and impairment losses, or under other income.

#### **Property, plant and equipment**

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

Costs include 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:

Plant and machinery	3-5 years
Other fixtures and fittings, tools etc.	5-10 years

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

#### **Devaluation of fixed assets**

The accounting value of intangible and fixed assets is evaluated yearly for indications of a decrease in value over and above that caused by depreciation and amortization.

If it becomes apparent that assets devalue, an impairment test is made of each and every asset or asset class. Assets are written down to the recoverable amount and carrying amount.

## **CSC Scandihealth A/S**

### **Accounting policies**

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#### **Receivables**

Receivables are measured at amortised cost, usually equaling nominal value.

A write down to counter to receivables will be performed if there are objective indications that the receivable or portfolio of receivables have devalued. If a single receivable is deemed to have devalued, then the write down will be undertaken on an individual receivable.

Write downs are calculated as the difference between the accounting value of receivables and the present value of the expected cash flows, hereunder the realised value of any received collateral. The discount rate used is the effective rate for each specific receivable or portfolio.

#### **Contract work in progress**

Contract work in progress is measured at the selling price of the work carried based on the stage of completion. The stage of completion is determined as the ratio between actual and total budgeted costs on each project.

When it is probable that total costs incurred on each project will exceed total income on the project, expected loss is recognised in the income statement.

When the sales value cannot be reliably measured, the sales value is measured at costs incurred or at a lower net realization value.

On account invoices are deducted in the sales value. Each contract in progress is recognised as a receivable when the net value is positive and as a liability when prepayments exceed the sales value.

Sales promotion costs and costs related to obtaining the contracts are recognised in the income statement concurrently with the incurred costs.

#### **Prepayments**

Prepayments disclosed as current assets include incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### **Tax payable and deferred tax**

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year taxable income, adjusted for prepaid 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 value of the carried forward taxable losses, are recognised in the balance sheet at their estimated realisable value, either to off-set future taxable income or deferred tax liabilities within the same legal entity or jurisdiction.

The company has entered into a joint taxation agreement. The actual Danish corporate tax is divided between the jointly taxed companies in proportion to their taxable income (distribution with reimbursement on losses).

## CSC Scandihealth A/S

### Accounting policies

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#### Other liabilities

Financial liabilities which include trade payables and liabilities to other group entities are measured at net realization value which usually corresponds to nominal value.

#### Deferred income

Deferred income disclosed as short term liabilities includes received income for recognition in subsequent financial years. Deferred income is measured at cost.

#### Segment reporting

Information is given regarding the business segments and geographical markets. Segment information follows accounting principles, risk and internal financial controlling.

#### Financial highlights

The definition of key ratios is in accordance with "The Danish Society of Financial Analysts Recommendations & Financial Ratios 2015"

$$\text{Operating margin (\%)} = \frac{\text{Earnings from operating act. x 100}}{\text{Revenue}}$$

$$\text{Return on operating assets} = \frac{\text{Earnings from operating act. x 100}}{\text{Average operating assets}}$$

$$\text{Return on equity (\%)} = \frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$$

$$\text{Equity share (\%)} = \frac{\text{Equity x 100}}{\text{Total Assets}}$$

Operating assets = Operating assets are all assets less Cash

**CSC Scandihealth A/S**  
**Income statement for the period 1 April 2016 - 31 March 2017**

	Note	2016/17 DKK'000	2015/16 DKK'000
Revenue	2	467,010	417,194
Other external expenses	3	(379,598)	(250,358)
<b>Gross profit</b>		<b>87,412</b>	<b>166,836</b>
Personnel expenses	4	(95,175)	(111,396)
Depreciation and amortisation and impairment of losses		(26,818)	(29,796)
<b>Earnings from operating activity</b>		<b>(34,581)</b>	<b>25,644</b>
Financial income		1,406	1,881
Financial expenses		(1,997)	(1,623)
<b>(Loss)/profit before income tax</b>		<b>(35,172)</b>	<b>25,902</b>
Income tax	5	5,025	(5,670)
<b>(Loss)/profit for the year</b>		<b>(30,147)</b>	<b>20,232</b>
<b>Proposed distribution of profit/loss</b>	6		

**CSC Scandihealth A/S**  
**Balance sheet as at 31 March 2017**

Assets	Note	2017 DKK'000	2016 DKK'000
Completed development projects		152,286	172,823
Acquired licenses		2,998	1,558
Development projects in progress		16,772	6,046
<b>Intangible assets</b>	7	<b>172,056</b>	<b>180,427</b>
Plant and machinery		8,075	7,327
Other fixtures and fittings, tools and equipment		455	486
Leasehold improvements		253	294
<b>Property, plant and equipment</b>	8	<b>8,783</b>	<b>8,107</b>
Other receivables	9	4,702	5,702
<b>Financial assets</b>		<b>4,702</b>	<b>5,702</b>
<b>Non-current assets</b>		<b>185,541</b>	<b>194,236</b>
Inventories	10	-	324
Trade receivables		82,531	99,145
Contract work in progress	11	110,298	31,630
Other receivables		2,877	1,445
Prepayments	12	21,890	7,752
Group entity receivables		786	-
<b>Receivables</b>		<b>218,382</b>	<b>139,972</b>
<b>Cash and cash equivalents</b>		<b>196,812</b>	<b>297,214</b>
<b>Current assets</b>		<b>415,194</b>	<b>437,510</b>
<b>Assets</b>		<b>600,735</b>	<b>631,746</b>

**CSC Scandihealth A/S**  
**Balance sheet as at 31 March 2017**

<b>Liabilities</b>	Note	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
Share capital	13	25,000	25,000
Reserve for development projects		169,058	-
Retained earnings		16,807	466,012
Proposed dividend		250,000	-
<b>Equity</b>		<b>460,865</b>	<b>491,012</b>
Deferred tax liabilities	14	-	5,025
Other provisions		-	7,186
<b>Provisions</b>		<b>-</b>	<b>12,211</b>
Prepayments from customers	12	-	4,847
Trade payables		11,791	6,207
Group entity payables		52,152	47,894
Other payables		45,911	46,930
Deferred income	15	30,016	22,645
<b>Current liabilities</b>		<b>139,870</b>	<b>128,523</b>
<b>Liabilities</b>		<b>139,870</b>	<b>140,734</b>
<b>Equity provisions and liabilities</b>		<b>600,735</b>	<b>631,746</b>
Uncertainty related to recognition & measurement		1	
Contingencies and commitments etc.		16	
Loans and collateral		17	
Related Parties		18	

**CSC Scandihealth A/S**  
**Statement of changes in Equity for 1 April 2016 - 31 March 2017**

	Share Capital	Reserve for Development projects	Retained Earnings	Proposed Dividend	Total
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Equity as at 1 April 2016	25,000	-	466,012	-	491,012
Development projects reserve	-	169,058	(169,058)	-	-
Loss for the year	-	-	(30,147)	-	(30,147)
Proposed dividend for the year	-	-	(250,000)	250,000	-
<b>Equity as at 31 March 2017</b>	<b><u>25,000</u></b>	<b><u>169,058</u></b>	<b><u>16,807</u></b>	<b><u>250,000</u></b>	<b><u>460,865</u></b>

**CSC Scandihealth A/S**  
**Notes**

**1. Uncertainty relating to recognition and measurement**

Uncertainties related to recognition and measurement of development projects is supported by estimates for future revenue and earnings. If the estimate is not realised as expected this could have a significant negative effect on the carrying amount of the development projects.

**2. Segment reporting**

	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Revenue divided between main segments</b>		
Services- municipal sector	56,707	78,648
Services- regional sector	394,109	325,458
Services- education sector	16,194	13,088
	<u>467,010</u>	<u>417,194</u>

Out of total revenue almost 90% (2015/16: 96%) of the company's services are sold on the Danish market and 10 % (2015/16 4 %) from exports.

**3. Fees to auditors appointed at the general meeting**

Statutory audit services	302	327
Other declaration and assurance	26	25
	<u>328</u>	<u>352</u>

**4. Personnel expenses**

Salaries and services	82,761	96,255
Pension costs	10,904	13,265
Other social insurance contributions	1,510	1,876
	<u>95,175</u>	<u>111,396</u>
 Total compensation and remuneration to Executive board and Board of directors	 <u>2,301</u>	 <u>3,060</u>
 Average number of employees	 <u>228</u>	 <u>273</u>

In accordance with provision 98 b, 3 of the Danish Financial Statements Act the remuneration of the Managing Director and Board of Directors is disclosed as a combined amount. 2016/17 had no restructuring costs.



**CSC Scandihealth A/S**  
**Notes**

**5. Income taxes**

	<b>2016/17</b> <b>DKK'000</b>	<b>2015/16</b> <b>DKK'000</b>
Change in deferred tax	(7,651)	6,228
Not recognised part of tax asset	2.625	(250)
Adjustment tax prior periods	-	24
Adjustments deferred tax, change in tax %	-	66
Change in tax % P&L	-	(398)
	<u>(5,025)</u>	<u>5,670</u>

**6. Proposed distribution of profit/loss**

	<b>2016/17</b> <b>DKK'000</b>	<b>2015/16</b> <b>DKK'000</b>
(Loss)/Profit for the year	(30,147)	20,232
Retained earnings	(250,000)	-
Proposed dividends	250,000	-
	<u>(30,147)</u>	<u>20,232</u>

<b>7. Intangible assets</b>	<b>Development Projects DKK'000</b>	<b>Acquired licences DKK'000</b>	<b>Development projects in Progress DKK'000</b>
Cost as at 01 April 2016	278,015	2,437	6,046
Additions	3,771	2,107	10,726
Disposals	-	(74)	-
<b>Cost as at 31 March 2017</b>	<u><b>281,786</b></u>	<u><b>4,470</b></u>	<u><b>16,772</b></u>
Amortisation as at 01 April 2016	105,192	879	-
Amortisation for the year	24,308	605	-
Reversals relating to disposals	-	(12)	-
Amortisation and impairment losses 31 March 2017	<u>129,500</u>	<u>1,472</u>	<u>-</u>
<b>Carrying amount as at 31 March 2017</b>	<u><b>152,286</b></u>	<u><b>2,998</b></u>	<u><b>16,772</b></u>

CSC Scandihealth A/S  
Notes

<b>8. Property, plant &amp; equipment</b>	<b>Plant and Machinery DKK'000</b>	<b>Other fixtures DKK'000</b>	<b>Leasehold improvements DKK'000</b>
Cost 01 April 2016	12,832	993	518
Additions	2,509	80	-
Disposals	-	(11)	-
<b>Cost 31 March 2017</b>	<b>15,341</b>	<b>1,062</b>	<b>518</b>
Depreciation and impairment losses as at 01 April 2016	5,505	507	224
Depreciation for the year	1,761	100	41
<b>Depreciation and impairment losses as at 31 March 2017</b>	<b>7,266</b>	<b>607</b>	<b>265</b>
<b>Carrying amount as at 31 March 2017</b>	<b>8,075</b>	<b>455</b>	<b>253</b>
 <b>9. Financial assets</b>			<b>Other Receivables DKK'000</b>
Cost as at 1 April 2016			5,702
Additions			-
Disposals			(1,000)
<b>Cost as at 31 March 2017</b>			<b>4,702</b>
Depreciation and impairment losses as at 1 April 2016			-
Depreciation for the year			-
<b>Depreciation and impairment losses as at 31 March 2017</b>			<b>-</b>
<b>Carrying amount as at 31 March 2017</b>			<b>4,702</b>
 <b>10. Inventories</b>			
	<b>2017</b>	<b>2016</b>	
	<b>DKK'000</b>	<b>DKK'000</b>	
Goods for resale	-	324	
	-	324	
 <b>11. Contract work in progress</b>			
	<b>2017</b>	<b>2016</b>	
	<b>DKK'000</b>	<b>DKK'000</b>	
Sales value of work performed	164,085	147,070	
Invoiced on account	(53,787)	(120,287)	
	<b>110,298</b>	<b>26,783</b>	
The net value is recorded as follows:			
Contract work in progress	110,298	31,630	
Prepayments from customers	-	(4,847)	
	<b>110,298</b>	<b>26,783</b>	

## CSC Scandihealth A/S Notes

### 12. Prepayments

Prepayments are made up of prepaid costs relating to personnel expenses as well as support- and maintenance licences.

### 13. Share capital

Share capital is made up of 25,000 shares at DKK 1,000 nominal value.

The ordinary shares are not divided into classes.

Number of own shares at nominal value 1,000 DKK amounts to 0 units (2015/16: 0 units).

No changes have been registered to the ordinary share portfolio in the past five financial years.

### 14. Deferred tax

Deferred tax regards the following financial statement items:

Intangible assets	34,161	38,364
Property, plant and equipment	(1,646)	(1,235)
Transition cost	114	-
Accrued income	(1,736)	(2,313)
Restructuring costs	-	(1,581)
Income tax losses carried forward	(33,519)	(28,210)
	<u>(2,626)</u>	<u>5,025</u>
Not recognised amounts	2,626	-
<b>Carrying value 31 March 2017</b>	<u>-</u>	<u>5,025</u>
Deferred taxes 01 April 2016	5,025	(645)
Impairment of taxes	2,626	(250)
Adjustment previous year incl. change in tax percentage	-	(308)
Change for the year	(7,651)	6,228
<b>Deferred taxes 31 March 2017</b>	<u>-</u>	<u>5,025</u>

### 15. Deferred income

Deferred income comprise of accrued profit regarding a 10-year sale-and-lease-back agreement regarding sales of the Company's office building in 2009/10 and other deferred income.

	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Profit will be recognised in the income statement as follows:		
0-1 year	24,743	14,004
1-5 years	<u>5,273</u>	<u>8,641</u>
	<u>30,016</u>	<u>22,645</u>

**CSC Scandihealth A/S**  
**Notes**

**16. Contingencies and commitments etc.**

The company has signed an irrevocable leasehold agreement ending March 2020. Future lease payment according to the contract are expected to become payable:

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
0-1 years	5,854	5,456
1-5 years	11,893	16,368
	<u>17,747</u>	<u>21,824</u>

The Company participates in a Danish joint taxation arrangement in which CSC Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

**17. Loans and collaterals**

The company's cash is part of a joint nordic Cash Pool and used as collateral for the debt to the banks in other Nordic companies.

**18. Related parties**

**Related parties with a controlling interest**

The following related parties have a controlling interest in CSC Scandihealth A/S:

Name	Municipality of domicile	Basis of influence
CSC Danmark A/S	Copenhagen	Danish parent
DXC Technology Company	Tysons, Virginia, USA	Ultimate parent

**Transactions with related parties**

	<b>2017</b> <b>DKK'000</b>	<b>2016</b> <b>DKK'000</b>
Revenue from related parties	326	1,067
Cost from related parties	247,024	129,687
Receivables/payables with related parties	(51,366)	(47,894)

**Ownership**

The following shareholders, who hold minimum 5% of the votes or minimum 5% of the nominal value of the share capital, are listed in the Company's register of owners:

CSC Danmark A/S, Copenhagen.

**Group ownership**

CSC Scandihealth A/S is included in the consolidated financial statements of Computer Sciences Corporation, Tysons, Virginia, USA. The consolidated financial statements for DXC technology Company is available at [http://www.dxc.technology/investor\\_relations/insights/141471-2017\\_annual\\_report](http://www.dxc.technology/investor_relations/insights/141471-2017_annual_report).