

**Falck Safety Services A/S**  
**Central Business Registration No**  
**27460828**  
**Uglviggårdsvej 3**  
**6705 Esbjerg Ø, Denmark**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 04.05.2016

**Chairman of the General Meeting**

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Name: Thomas Hinrichsen

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## **Entity details**

### **Entity**

Falck Safety Services A/S  
Uglviggårdsvej 3  
6705 Esbjerg Ø, Denmark

Central Business Registration No: 27460828

Registered in: Esbjerg, Denmark

Financial year: 01.01.2015 - 31.12.2015

### **Board of Directors**

Torben Peder Korsgaard, Chairman

Bo Uggerhøj

Henrik Bitsch Hansen

Helle Meiling Andersen

Søren Bowell

### **Executive Board**

Claus Nexø Hansen, Chief Executive Officer

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Frodesgade 125

Postboks 200

6701 Esbjerg

## **Statement by Management on the annual report**

The Board of Directors and the Executive Board have today considered and approved the annual report of Falck Safety Services A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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

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

Esbjerg, 04.05.2016

### **Executive Board**

Claus Nexø Hansen  
Chief Executive Officer

### **Board of Directors**

Torben Peder Korsgaard  
Chairman

Bo Uggerhøj

Henrik Bitsch Hansen

Helle Meiling Andersen

Søren Bowell

## Independent auditor's reports

### To the owners of Falck Safety Services A/S

#### Report on the financial statements

We have audited the financial statements of Falck Safety Services A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility for the financial statements

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

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

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

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

Esbjerg, 04.05.2016

#### Deloitte

Statsautoriseret Revisionspartnerselskab

Jørn Jepsen  
State Authorised Public Accountant

CVR-nr. 33963556

## Management commentary

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial high-lights</b>					
<b>Key figures</b>					
Gross profit	36.368	47.878	47.657	41.591	31.511
Operating profit/loss	546	11.256	12.628	8.716	4.177
Net financials	(299)	(259)	(385)	(526)	(597)
Profit/loss for the year	(724)	7.835	9.167	5.869	2.727
Total assets	36.121	39.234	34.770	37.433	37.768
Investments in property, plant and equipment	3.649	4.705	2.931	1.950	0
Equity	24.865	14.554	16.133	12.766	9.597
<b>Ratios</b>					
Return on equity (%)	(3,7)	51,1	63,4	52,5	29,9
Solvency ratio (%)	68,8	37,1	46,4	34,1	25,4

## **Management commentary**

### **Primary activities**

The Entity's primary activity is to provide safety training and consultancy services to relevant high-risk industries.

### **Development in activities and finances**

Net profit for the year is DKK -724k, and equity is DKK 24,865k at 31.12.2015.

Ambitious 2015 growth targets had been set for revenue from the Danish activities and for further development of the training activities in Bremerhaven, Germany. The results achieved through the activities in Denmark and Germany (branch) are considered unsatisfactory by Management.

### **Outlook**

Intensified competition in the market for safety training is expected for 2016 as well as market restraints. Expectations for training in the wind turbine manufacturing industry are still on the rise whereas demand in the oil and gas industries is expected to further decline due to the oil and gas situation. Based on this and given the Entity's market position, the achievement of the financial targets for 2016 will be very difficult.

### **Events after the balance sheet date**

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

## **Accounting policies**

### **Reporting class**

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

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

### **Recognition and measurement**

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

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

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

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

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

### **Foreign currency translation**

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

### **Income statement**

#### **Gross profit or loss**

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



## Accounting policies

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

### Staff costs

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

### Other financial income

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

### Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

### Other financial expenses

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

## Accounting policies

### Income taxes

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

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

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc. comprise development projects completed and intellectual property rights acquired.

The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is three to five years. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Intellectual property rights are amortised on a straight-line over their estimated useful lives. The amortisation period is three to five years, however, no more than the residual term of the rights concerned.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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

## Accounting policies

Buildings	20 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Receivables

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

### Income tax payable or receivable

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Deferred tax

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

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

### Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference

## Accounting policies

between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### Other financial liabilities

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

## Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios reflect</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

## Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
<b>Gross profit</b>		<b>36.367.572</b>	<b>47.878.280</b>
Staff costs	1	(31.938.458)	(32.859.235)
Depreciation, amortisation and impairment losses		<u>(3.882.763)</u>	<u>(3.763.300)</u>
<b>Operating profit/loss</b>		<b>546.351</b>	<b>11.255.745</b>
Other financial income		100.872	78.207
Financial expenses from group enterprises		(234.030)	(256.269)
Other financial expenses		<u>(166.279)</u>	<u>(81.172)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>246.914</b>	<b>10.996.511</b>
Tax on profit/loss from ordinary activities	2	<u>(971.399)</u>	<u>(3.161.533)</u>
<b>Profit/loss for the year</b>		<b><u>(724.485)</u></b>	<b><u>7.834.978</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		0	7.000.000
Retained earnings		<u>(724.485)</u>	<u>834.978</u>
		<b><u>(724.485)</u></b>	<b><u>7.834.978</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Acquired intangible assets		26.326	61.428
<b>Intangible assets</b>	<b>3</b>	<b><u>26.326</u></b>	<b><u>61.428</u></b>
Land and buildings		2.118.118	2.251.188
Other fixtures and fittings, tools and equipment		13.904.062	15.224.333
Leasehold improvements		2.574.037	1.320.036
Property, plant and equipment in progress		373.719	395.268
<b>Property, plant and equipment</b>	<b>4</b>	<b><u>18.969.936</u></b>	<b><u>19.190.825</u></b>
Other receivables		1.283.084	1.572.368
<b>Fixed asset investments</b>	<b>5</b>	<b><u>1.283.084</u></b>	<b><u>1.572.368</u></b>
<b>Fixed assets</b>		<b><u>20.279.346</u></b>	<b><u>20.824.621</u></b>
Trade receivables		5.447.286	8.522.731
Receivables from group enterprises		1.958.255	3.209.690
Other short-term receivables		3.936.579	3.884.885
Income tax receivable		1.519.811	329.116
Prepayments		481.316	521.741
<b>Receivables</b>		<b><u>13.343.247</u></b>	<b><u>16.468.163</u></b>
<b>Cash</b>		<b><u>2.498.327</u></b>	<b><u>1.941.030</u></b>
<b>Current assets</b>		<b><u>15.841.574</u></b>	<b><u>18.409.193</u></b>
<b>Assets</b>		<b><u>36.120.920</u></b>	<b><u>39.233.814</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	6	2.010.000	2.000.000
Retained earnings		22.855.462	5.553.909
Proposed dividend		0	7.000.000
<b>Equity</b>		<b><u>24.865.462</u></b>	<b><u>14.553.909</u></b>
Provisions for deferred tax		799.230	851.365
<b>Provisions</b>		<b><u>799.230</u></b>	<b><u>851.365</u></b>
Finance lease liabilities		939.536	0
<b>Non-current liabilities other than provisions</b>	7	<b><u>939.536</u></b>	<b><u>0</u></b>
Current portion of long-term liabilities other than provisions	7	30.993	0
Trade payables		2.404.302	1.249.320
Debt to group enterprises		2.159.242	15.870.689
Other payables		4.922.155	6.708.531
<b>Current liabilities other than provisions</b>		<b><u>9.516.692</u></b>	<b><u>23.828.540</u></b>
<b>Liabilities other than provisions</b>		<b><u>10.456.228</u></b>	<b><u>23.828.540</u></b>
<b>Equity and liabilities</b>		<b><u><u>36.120.920</u></u></b>	<b><u><u>39.233.814</u></u></b>
Unrecognised rental and lease commitments	8		
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**Statement of changes in equity for 2015**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	2.000.000	5.553.909	7.000.000	14.553.909
Increase of capital	10.000	18.271.000	0	18.281.000
Ordinary dividend paid	0	0	(7.000.000)	(7.000.000)
Other adjustments	0	(244.962)	0	(244.962)
Profit/loss for the year	0	(724.485)	0	(724.485)
<b>Equity end of year</b>	<b><u>2.010.000</u></b>	<b><u>22.855.462</u></b>	<b><u>0</u></b>	<b><u>24.865.462</u></b>



## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	28.679.415	29.638.683
Pension costs	2.828.835	2.760.747
Other social security costs	430.208	459.805
	<b>31.938.458</b>	<b>32.859.235</b>
	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Tax on ordinary profit/loss for the year</b>		
Current tax	581.267	3.283.514
Change in deferred tax for the year	(52.135)	(34.635)
Adjustment relating to previous years	442.267	(87.346)
	<b>971.399</b>	<b>3.161.533</b>
		<b>Acquired</b>
		<b>intangible</b>
		<b>assets</b>
		<b>DKK</b>
<b>3. Intangible assets</b>		
Cost beginning of year		736.329
<b>Cost end of year</b>		<b>736.329</b>
Amortisation and impairment losses beginning of year		(674.901)
Amortisation for the year		(35.102)
<b>Amortisation and impairment losses end of year</b>		<b>(710.003)</b>
<b>Carrying amount end of year</b>		<b>26.326</b>

## Notes

	<b>Land and buildings DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>	<b>Property, plant and equipment in progress DKK</b>
<b>4. Property, plant and equipment</b>				
Cost beginning of year	2.952.694	35.957.329	2.617.864	395.268
Transfer to and from other items	0	0	0	(21.549)
Additions	0	2.065.265	1.583.556	0
<b>Cost end of year</b>	<b>2.952.694</b>	<b>38.022.594</b>	<b>4.201.420</b>	<b>373.719</b>
Depreciation and impairment losses beginning of the year	(701.506)	(20.732.996)	(1.297.828)	0
Depreciation for the year	(133.070)	(3.385.536)	(329.555)	0
<b>Depreciation and impairment losses end of the year</b>	<b>(834.576)</b>	<b>(24.118.532)</b>	<b>(1.627.383)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>2.118.118</b>	<b>13.904.062</b>	<b>2.574.037</b>	<b>373.719</b>
Recognised assets not owned by entity	0	1.112.220	0	0
				<b>Other receivables DKK</b>
<b>5. Fixed asset investments</b>				
Cost beginning of year				1.572.368
Disposals				(289.284)
<b>Cost end of year</b>				<b>1.283.084</b>
<b>Carrying amount end of year</b>				<b>1.283.084</b>
<b>6. Contributed capital</b>				
	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>	
Shares	1	2.000.000,00	2.000.000	
Shares	1	10.000,00	10.000	
	<b>2</b>		<b>2.010.000</b>	

## Notes

	<b>Instalments within 12 months 2014 DKK</b>	<b>Instalments within 12 months 2015 DKK</b>	<b>Instalments beyond 12 months 2015 DKK</b>	<b>Outstanding after 5 years 2015 DKK</b>
<b>7. Long-term liabilities other than provisions</b>				
Finance lease liabilities	0	30.993	939.536	737.171
	<b>0</b>	<b>30.993</b>	<b>939.536</b>	<b>737.171</b>

## 8. Unrecognised rental and lease commitments

The Entity has signed operating leases at average annual lease payments of DKK 691k. The remaining terms of the leases range from 0 to 36 months with lease payments totaling DKK 2,070k.

## 9. Contingent liabilities

The Entity has signed an interminable rental agreement effective until 30 September 2028 for its buildings. Annual rent totals DKK 3,487k.

The Entity has also signed a rental agreement for other premises effective until 31 October 2020. Annual rent amounts to DKK 1.564k.

The Company participates in a Danish joint taxation arrangement in which Lundbeckfond Invest 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.

## 10. Related parties with control

Falck Safety Services Holding A/S, Uglviggårdsvej 3, Esbjerg.

## 11. Consolidation

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

Lundbeckfonden, Scherfigsvej, København Ø

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

Falck Holding A/S, Polititorvet, København V