

KMD BPO A/S

Lautrupparken 40

2750 Ballerup

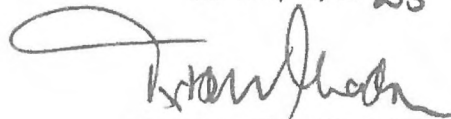
CVR No. 33357257

Annual Report 2015

6. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on

25 May 2016



TORBEN MADSEN
Chairman

KMD BPO A/S

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KMD BPO A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of KMD BPO A/S for the financial year 1 January 2015 - 31 December 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 assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations cash flow for the financial year 1 January 2015 - 31 December 2015.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.


Ballerup, 25 May 2016

Executive Board

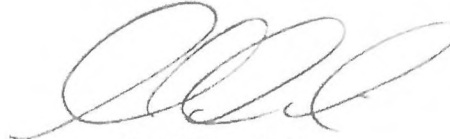


Hans-Ole Møller Madsen
CEO

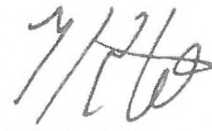
Board of Directors



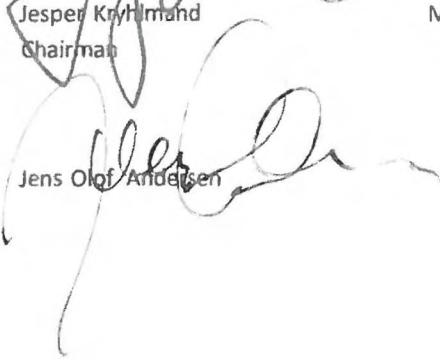
Jesper Kryhmand
Chairman



Mark Skriver Nielsen



Jannich Lund



Jens Olof Andersen

KMD BPOA/S

Independent Auditor's Report

To the shareholders of KMD BPO A/S

Report on the Financial Statements

We have audited the Financial Statements of KMD BPO A/S for the financial year 1 January 2015 - 31 December 2015 comprising Accounting Policies, Income Statement, Balance Sheet, cash flow and Notes. The Annual Report is presented in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act, and for such internal controls as Management determines is necessary to enable preparation of Financial Statements that are free from material misstatements, 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 have conducted our audit in accordance with international standards on auditing and additional requirements under Danish auditor regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance as to whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

In our opinion, 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 qualifications.

Opinion

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities, cash flow and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 25 May 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerskab
CVR-nr. 33 77 12 31

Leif Ulbæk Jensen

State Authorised Public Accountant

KMD BPO A/S

Company details

Company	KMD BPO A/S Lautrupparken 40 2750 Ballerup
Telephone	44601000
CVR No.	33357257
Date of formation	30 November 2010
Registered office	Ballerup
Financial year	1 January 2015 - 31 December 2015
Board of Directors	Jesper Kryhmand, Chairman Mark Skriver Nielsen Jannich Lund Jens Olof Andersen
Executive Board	Hans-Ole Møller Madsen, CEO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

Management's Review

The Company's Principal Activities

Owned by KMD A/S, KMD BPO A/S offers integrated payroll and personnel administration solutions to the Local Government Market, the Central Government Market and the Private Market. The solutions comprise development of and support for payroll and personnel administration systems. In addition to this, payroll tasks can be outsourced to KMD BPO A/S who will offer to take on the staff members who are responsible for the tasks at the agreement date.

KMD BPO A/S offers to enter into agreements where the following leading payroll systems are used in the contractual relationship: Perspektiv, SAP Nettoløn (SAP Net Payroll Component) and KMD OPUS. For Perspektiv it applies that the system is developed, maintained and supported directly by KMD BPO A/S. In addition to this, call center solutions handling different types of support for administrative systems are offered, primarily to Central Government.

Knowledge Resources

As a leading outsourcing provider and IT supplier the company employs staff with a high level of professional knowledge. Knowledge development and knowledge building programs are run continuously to create an attractive workplace for employees who seek to work professionally with customer service, personnel administration and IT development.

In 2014 the company was certified to ISO 27001.

At the end of 2015, the company had 192 full-time employees.

Research and Development Activities

KMD BPO A/S has in 2015 maintained its position in the market for payroll solutions in the Private Sector. Revenue in KMD BPO A/S has increased by 3% from DKK 180 million in 2014 to DKK 186 million in 2015.

In 2015 KMD BPO A/S won payroll administration for TOMS A/S.

Since the agreement with the Municipality of Copenhagen could not be prolonged, payroll administration was returned to the Municipality of Copenhagen. The return of payroll administration should have taken place in June 2015 however, it was postponed until December 2015. Also, payroll administration of the Municipality of Greve was returned in December 2015, since KMD BPO A/S did not re-win the agreement.

The Income statement for the financial year 01.01.2015 to 31.12.2015 shows a profit of t.kr. 6,034. The result is 5 million kr. lower than the profit of 2014. This is primarily due to higher personnel costs for handling a number of large and complicated agreements.

The company balance sheet at 31 December 2015 displays a balance sheet total of t.kr. 84.302 and a total equity of t.kr. 37,499.

Events after the closing of the financial year

After the reporting period it has been decided to merge KMD BPO A/S with KMD A/S during 2016.

Recognition and measurement uncertainty

Recognition and measurement have not been affected by any significant uncertainty.

Expectations for the future

The Company expects to be merged with KMD A/S during 2016.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appears in Millions

	2015	2014	2013	2012	2011
Net turnover	186	180	175	163	145
EBITDA	8	14	11	9	1
Tax	-2	-4	-3	-2	0
Profit/loss for the year	6	11	8	7	0
Total assets	84	68	57	42	77
Total equity	37	31	21	12	5
Profit margin (%)	4,3	8	6,4	5,6	0,4
Return on equity (ROE) (%)	17	69	51	77	14
Avg. number of full-time employees	192	228	215	210	197

For definitions of key ratios, see Accounting and Valuation Principles

Accounting Policies

Reporting Class

The Annual Report of KMD BPO A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in thousand danish kroner (t.kr.).

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax

Accounting Policies

repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting policies Cash Flow Statement

In accordance with section 86, para. 4 of the Danish Financial Statements Act, no statement of cash flows has been prepared for the Company as the Company's cash flows are included in the consolidated statement of cash flows for AI Keyemde ApS.

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Profit margin =
$$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$$

Return on equity (%) =
$$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$$

KMD BPO A/S

Income Statement

	Note	2015 tkr.	2014 tkr.
Revenue		186.027	180.486
Other external expenses		<u>-52.685</u>	<u>-47.530</u>
Gross result		133.342	132.956
Employee benefits expense	1	<u>-125.102</u>	<u>-118.487</u>
Profit from ordinary operating activities		8.240	14.469
Finance expences	2	<u>-129</u>	<u>-4</u>
Profit from ordinary activities before tax		8.111	14.465
Tax expense on ordinary activities	3	<u>-2.077</u>	<u>-3.568</u>
Profit		6.034	10.897
Retained earnings		<u>6.034</u>	<u>10.897</u>
		<u>6.034</u>	<u>10.897</u>

KMD BPO A/S

Balance Sheet as of 31. December

	Note	2015 tkr.	2014 tkr.
Assets			
Short-term trade receivables		28.389	44.274
Contract work in progress		103	0
Short-term receivables from group enterprises		43.502	49
Other short-term receivables		7	11
Deferred income		627	1.082
Current deferred tax		2.633	791
Receivables		<u>75.261</u>	<u>46.207</u>
Cash and cash equivalents		<u>9.041</u>	<u>21.955</u>
Current assets		<u>84.302</u>	<u>68.162</u>
Assets		<u>84.302</u>	<u>68.162</u>

Balance Sheet as of 31. December

	Note	2015 tkr.	2014 tkr.
Liabilities and equity			
Contributed capital		1.000	1.000
Retained earnings		36.499	30.465
Equity	4	<u>37.499</u>	<u>31.465</u>
Other provisions	5	10.183	1.385
Provisions		<u>10.183</u>	<u>1.385</u>
Prepayments received from customers		0	2.281
Trade payables		4.734	3.673
Payables to associates		1.298	2.775
Tax payables		3.919	3.588
Other payables		26.669	22.995
Short-term liabilities other than provisions		<u>36.620</u>	<u>35.312</u>
Liabilities other than provisions within the business		<u>36.620</u>	<u>35.312</u>
Liabilities and equity		<u>84.302</u>	<u>68.162</u>
Related parties	6		
Contingent liabilities	7		
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Cash Flow Statement

	2015	2014
	tkr.	tkr.
Profit	8.240	14.469
Decrease (increase) in receivables	-27.566	-16.094
Decrease (Increase) in trade payables	-415	1.520
Other adjustments for decrease (increase) in working capital	10.545	-2.448
Cash flow from operating activities before financial items	-9.196	-2.553
Interest paid	-130	-4
Cash flow from ordinary operating activities	-9.326	-2.557
Income taxes paid	-3.588	-3.079
Cash flows from operating activities	-12.914	-5.636
Repayment of debt to group enterprises	0	1.304
Raising of debt to group enterprises	0	378
Cash flows from financing activities	0	1.682
Net increase (decrease) in cash and cash equivalents	-12.914	-3.954
Cash and cash equivalents, beginning balance	21.955	25.909
Cash and cash equivalents, ending balance	9.041	21.955

Notes

	2015 tkr.	2014 tkr.
1. Employee benefits expense		
Wages and salaries	114.346	108.674
Post-employment benefit expense	10.063	9.427
Social security contributions	693	386
	<u>125.102</u>	<u>118.487</u>
Average number of employees	<u>192</u>	<u>228</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

2. Finance expenses

Other finance expenses	<u>129</u>	<u>4</u>
	<u>129</u>	<u>4</u>

3. Tax expense

Current tax	3.919	3.588
Adjustment to deferred tax for the year	-1.842	-34
Prior year adjustment	<u>0</u>	<u>14</u>
	<u>2.077</u>	<u>3.568</u>

4. Statement of changes in equity

	Contributed capital	Retained earnings	Total
Equity, beginning balance	-1.000	-30.465	-31.465
Net profit/loss for the year		<u>-6.034</u>	<u>-6.034</u>
	<u>-1.000</u>	<u>-36.499</u>	<u>-37.499</u>

The Share Capital Comprises 1 million shares of DKK 1.
In 2011 the share capital was increased from tDKK 500 to tDKK 1,000.

5. Other provisions

Anden gæld < 1 år	<u>10.183</u>	<u>1.385</u>
Balance at the end of the year	<u>10.183</u>	<u>1.385</u>

Provisions mainly relate to expected expenses in connection with customer projects.

There is some uncertainty regarding the size of the actual amounts and the time they fall due.

In the case of onerous contracts, the lack of certainty relates primarily to the number of hours that will be used to fulfill contracts, including fulfillment of service targets and interpretation of framework agreements, etc.

KMD BPO A/S

Notes

6. Related parties

The following shareholder is listed in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital: KMD A/S.

KMD A/S has Domicile in Ballerup, Denmark.

The smallest group in whose consolidated financial statements the Company is included is KMD A/S, while the largest is AI Keyemde ApS.

7. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

The shares in KMD BPO A/S have been pledged as security for the senior loan agreement in the Keyemde Group.

KMD BPO A/S is jointly taxed with the other Danish companies in the KMD Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.