Falck A/S - CVR-no. 33 59 70 45
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Denmark

Annual Report 2016

Conductor: 31/5-2017

Falck

Contents

Financial highlights

Global presence

North America

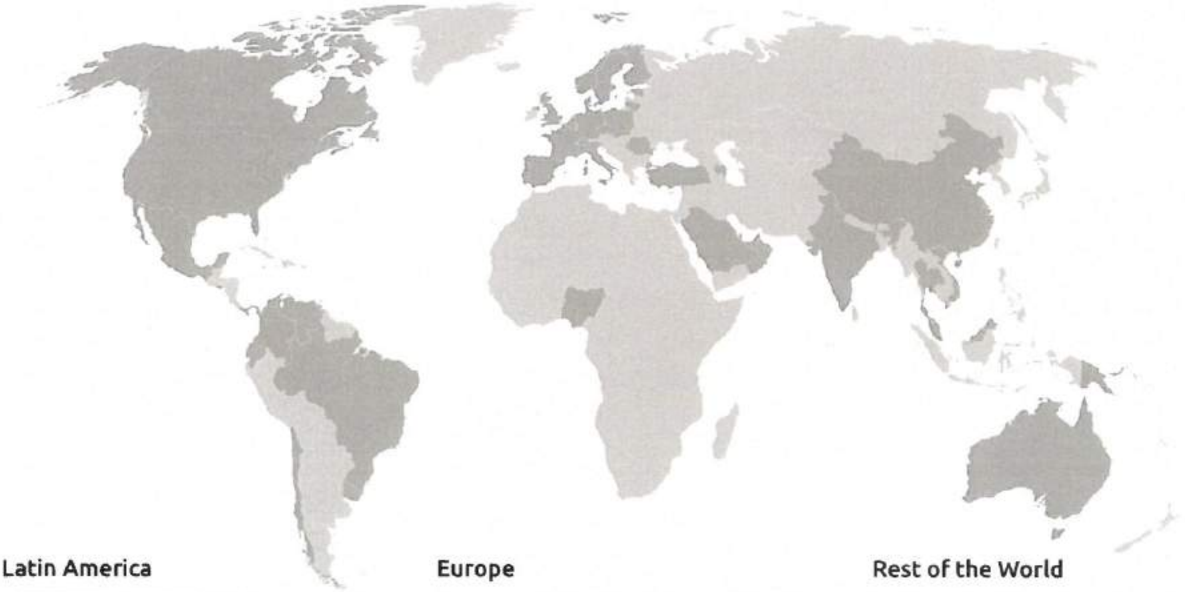
Revenue **2,542m**
4,666 employees

Denmark

Revenue **5,935m**
11,602 employees

Nordic region

Revenue **3,182m**
4,223 employees



Latin America

Revenue **855m**
5,339 employees

Europe

Revenue **3,046m**
11,807 Employees

Rest of the World

Revenue **404m**
933 Employees

Revenue by business area*

Emergency

9,987
Revenue, DKK million

Healthcare

2,669
Revenue, DKK million

Assistance

3,381
Revenue, DKK million

Safety Services

876
Revenue, DKK million

*Including revenue between business area of 949 DKK million

Falck is people helping people

Founded in Denmark in 1906, Falck is an international organisation whose objectives are to prevent accidents, disease and emergency situations, to rescue and assist people in emergencies quickly and competently and to rehabilitate people after illness and injury

Falck's activities take their starting point in assisting people in emergency situations and remedying damage to property. These activities primarily include:

- Ambulance services
- Firefighting
- Medical and healthcare clinics
- Medical assistance and repatriation services to international travellers and expats
- Roadside assistance
- Home assistance services

Based on a commitment to assisting people in emergency situations, Falck has developed services aimed at preventing and mitigating the consequences of emergency situations: services which include safety training, contingency planning, medical examinations and prevention of work-related injuries. Falck also provides services that mitigate the effect of accidents or illness, including patient transport, psychological treatment and treatment of the musculoskeletal system.

Falck has strong competencies in preventing and handling crisis situations through local organisations in a global network based on strong values of assisting people in emergency situations.

Falck provides the following services through four business areas:

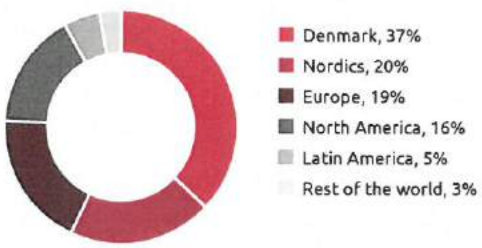
Emergency
Ambulance and fire services globally

Assistance
Roadside and other assistance services in the Nordic countries and medical assistance globally

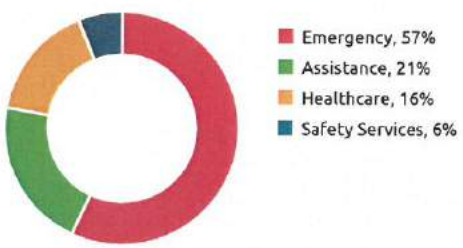
Healthcare
Employee healthcare services, medical clinics and staffing services in Scandinavia

Safety Services
Safety training services to the oil and gas, wind and maritime industry globally

Revenue, by region



Revenue, by business area



Falck in 2016

For the past decade, Falck has reported significant revenue growth year after year, but in recent years we have seen a decline in our operating margin. This trend continued in 2016. To reverse this trend, we implemented significant cost-reducing initiatives during the year and had to say goodbye to a significant number of employees, mainly in Safety Services but also in Emergency, Assistance and Healthcare.

The new ambulance contracts implemented in Denmark had a negative impact on our performance in 2016. Based on years of optimising the operation of the previous ambulance contracts we were able to reduce prices significantly in the new contracts. Together with the effects of these price reductions, we experienced operational staff shortages in several key emergency markets, including Denmark, Germany and the United Kingdom. To alleviate the employee shortages, we initiated projects to relocate employees from other geographies.

In the United Kingdom, we experienced negative earnings in the newly acquired company Medical Services Ltd. which had won a significant number of new contracts shortly before Falck took majority control. Following our acquisition, it became clear that the company had an inefficient operational setup for the new contracts. Our focus during 2016 was therefore on meeting the delivery and quality requirements of our customers at all times and on redefining the operational setup.

At Falck, we take pride in always meeting the delivery and quality requirements of the contracts we enter into and to meet the expectations of our customers. In consequence, in a number of our operations, it was necessary for us to take on additional costs to ensure that we would deliver as promised in our contracts. We expect the situation to stabilise in 2017 and to improve compared with 2016.

However, we also achieved significant successes during 2016. Revenue grew by 4.8% to DKK 15,964 million despite the contracts not renewed in Denmark and a negative impact from exchange rates.

In our Emergency business, we strengthened our position in the United States, as we renewed our single largest contract, the provision of 911 ambulance services to Los Angeles County, California, for the first time since our entry in the United States ambulance market. In addition to maintaining our original service area, we were awarded two additional areas which doubled our ambulance operations in Los Angeles County. The new contracts are expected to commence in April 2017.

In Spain, we successfully commenced the operation of the significant new contracts for areas around Barcelona won in 2015.

The strategic focus that we have placed on rolling out industrial fire services in Europe and Latin America continues to develop favourably.

In Assistance, we added several new services to Falck subscriptions and saw an increase in the number of cars covered by a Falck membership. We also entered into a cooperative agreement with Verisure under which they acquired our alarm portfolio and Falck will in the future sell alarms operated by Verisure. We also saw significant progress within Global Assistance. Multinational corporations are increasingly focusing on the expanded responsibility they have towards employees working outside their home country. In consequence, companies look to contract directly with a safety provider, such as Falck, when seeking to mitigate the related risks and liabilities.

In Healthcare, we saw strong growth within employee health services, but we also achieved a breakthrough in winning a contract to coordinate the treatment and health claims for a major Danish insurance company.

The significant cost reduction programmes implemented in Safety Services have had a positive effect, and earnings in the business area are improving despite continued weak activity in the oil and gas sector which has caused revenue to decline further.

1 January 2017 Jakob Just-Bomholt joined Falck as the new CEO for Falck's Emergency business area.

As announced on 20 December 2016, Allan Søgaard Larsen stepped down as President and CEO of Falck in 2016.

1 March 2017 we welcomed Jakob Riis as our new President and CEO of Falck. Jakob Riis will take up his new position on 1 May 2017 and will continue the journey Falck has taken to build a strong future for the company.

Our key focus in the coming years will be on reaping the benefits of the growth from recent years by improving margins while also capturing the strong growth potential inherent in the markets Falck operates in. We will endeavour to achieve these goals through a consistent commitment to always delivering on our promises and providing high-quality services in all areas of operation. This will continue to require the strong efforts of our highly qualified and dedicated Falck employees that are the crucial foundation of everything we do.

Peter Schütze
Chairman

Morten R. Pedersen
Deputy CEO

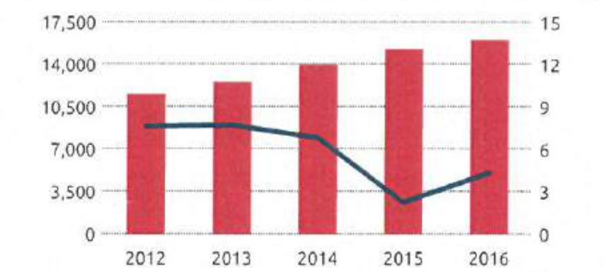
Key figures and financial ratios

The Group focuses on a number of key figures and ratios which are not all derived directly from the income statement, cash flow statement and balance sheet. Theese key figures and ratios are shown in the following tables.

KEY FIGURES AND FINANCIAL RATIOS		2016	2015	2014	2013	2012
Revenue	DKK million	15,964	15,227	13,952	12,534	11,504
Organic growth	%	4.3	2.2	6.8	7.7	7.6
EBITA before special items	DKK million	792	971	1,139	1,112	1,083
EBITA margin	%	5.0	6.4	8.2	8.9	9.4
Cash conversion rate	%	67.7	51.5	80.9	88.4	89.2
Operating profit	DKK million	292	-295	606	562	532
Profit for the year	DKK million	34	-586	218	205	119
Total assets	DKK million	18,161	18,339	18,693	17,681	17,179
Equity ratio	%	32.7	32.4	35.3	30.9	32.5
Return on equity, Falck A/S share	%	-0.1	-10.4	3.4	3.6	1.9
Net interest-bearing debt to EBITDA	Factor	3.97	4.05	3.54	4.06	3.94
Number of employees at year-end	Number	38,570	38,405	34,230	32,009	28,005

Revenue and organic growth

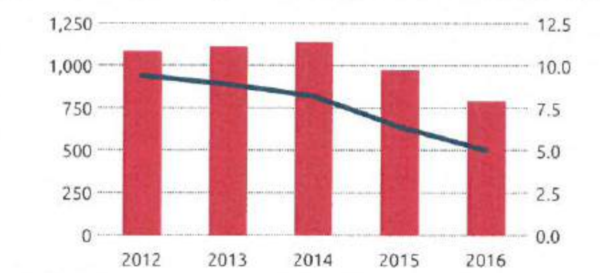
DKK million %



Revenue — Organic growth

EBITA and EBITA margin

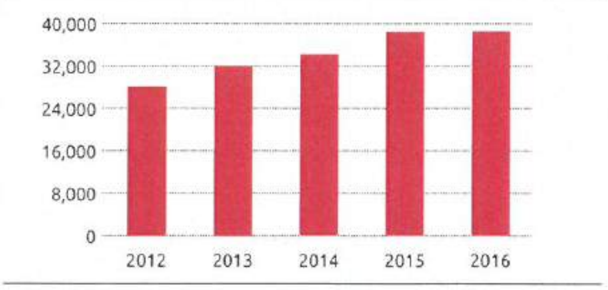
DKK million %



EBITA — EBITA margin

Employees at 31 December

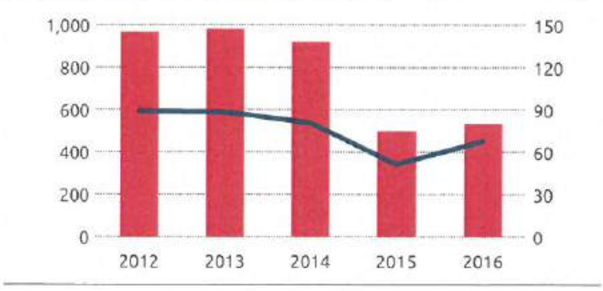
Number



Employees

Free cash flow and cash conversion rate

DKK million %



Free cash flow — Cash conversion rate

DKK million	2016	2015	2014	2013	2012
CASH FLOW STATEMENT					
EBITA before special items	**792**	**971**	**1,139**	**1,112**	**1,083**
Amortisation and depreciation	544	528	439	390	349
EBITDA before special items	1,336	1,499	1,578	1,502	1,432
Change in working capital including operating provisions	-265	-278	-117	-15	6
Investments in intangible assets and property, plant and equipment	-652	-814	-606	-530	-529
Sale of non-current assets	117	93	66	26	57
Free cash flow	**536**	**500**	**921**	**983**	**966**
Free cash flow after interest and tax	107	144	387	452	411
Investments in acquisitions	264	-324	-698	-729	-639
Capital injection, dividend paid, and changes in interest-bearing debt	-109	-142	407	260	239
Change in cash	**262**	**-322**	**96**	**-17**	**11**

In the Group, cash flow is divided into free cash flow, investments in acquisitions, capital injection, dividends paid and change in interest-bearing debt. The free cash flow is net of investment in property, plant and equipment as the Group invests in vehicles, infrastructure and similar assets as part of its ordinary operations. Thus, the free cash flow reflects the amount available for acquisitions and repayments on debt.

BALANCE SHEET	2016	2015	2014	2013	2012
Operating assets	3,022	2,885	2,437	2,000	1,792
Operating liabilities	-3,345	-3,428	-3,330	-3,142	-3,042
Working capital	**-323**	**-543**	**-893**	**-1,142**	**-1,250**
Operating provisions	-123	-162	-119	-77	-45
Non-current assets excluding goodwill	2,410	2,619	2,308	2,105	1,950
Net operating assets excluding goodwill	**1,964**	**1,914**	**1,296**	**886**	**655**
Goodwill	9,902	10,038	10,516	9,971	9,554
Intangible assets from acquisitions	1,298	1,674	1,970	2,261	2,634
Income taxes	-92	-67	-9	-21	-1
Net operating assets including goodwill	**13,072**	**13,559**	**13,773**	**13,097**	**12,842**
Equity attributable to Falck A/S	5,527	5,535	6,236	5,393	5,512
Non-controlling interests	406	398	371	62	77
Total equity	**5,933**	**5,933**	**6,607**	**5,455**	**5,589**
Net interest-bearing debt	6,118	6,365	5,678	6,215	5,755
Provision for deferred tax	172	378	486	591	791
Non-operating assets and liabilities	849	883	1,002	836	707
Financing	**13,072**	**13,559**	**13,773**	**13,097**	**12,842**

Financial review

Revenue, EBITA before special items, EBITA margin and organic growth by business area

DKK million	% of total	Revenue 2016	Revenue 2015	EBITA before special items 2016	EBITA before special items 2015	EBITA margin (%) 2016	EBITA margin (%) 2015	Organic growth (%) 2016	Organic growth (%) 2015
Emergency	62.5	9,987	9,340	362	525	3.6	5.6	5.7	3.5
Assistance	21.2	3,381	3,162	228	290	6.7	9.2	7.4	5.3
Healthcare	16.7	2,669	2,452	168	141	6.3	5.8	7.5	3.1
Safety Services	5.5	876	1,241	34	15	3.8	1.3	-20.7	-14.2
Eliminations	-5.9	-949	-968						
Group total	**100.0**	**15,964**	**15,227**	**792**	**971**	**5.0**	**6.4**	**4.3**	**2.2**

Basis of preparation

The financial review is based on the key figures and ratios provided on pages 4-5. The figures cannot necessarily be derived directly from the consolidated financial statements.

Activities and earnings

Group revenue for 2016 amounted to DKK 15,964 million, a 4.8% year-on-year increase on 2015. The improvement was attributable to our Emergency, Assistance and Healthcare business whereas Safety Services continued to report negative revenue growth due to the downturn in the oil and gas industry.

Growth in 2016 was impacted by the significant slowdown in Safety Services and the Emergency contracts not renewed in Denmark. Despite these negative effects, organic growth was 4.3% compared to 2.2% in 2015.

EBITA before special items was DKK 792 million, a decrease of DKK 179 million from DKK 971 million in 2015. The decline was primarily attributable to Emergency services in Denmark and the United Kingdom. The reduced earnings from the Assistance business were due to an increase in marketing costs and costs related to assistance provided to customers and to the introduction of additional services for subscribers in Denmark. EBITA before special items was affected negatively by a DKK 15 million provision made for salary payable during the termination period in relation to changes to the Executive Management. No severance payment will be made. The EBITA margin was 5.0%, which was less than the guidance for 2016.

Amortisation and costs from business combinations totalled DKK 409 million (2015: DKK 516 million). The decline originated from the full amortisation of intangible assets acquired in business combinations.

Special items were an expense of DKK 91 million (2015: DKK 750 million) related to costs incurred to implement the cost reduction programme introduced during 2016 partly offset by a gain from the sale of the alarm business in Scandinavia and an additional compensation received from the sale of shares in 2011.

Financial income and expenses, net amounted to DKK 257 million, an increase from the 2015 level of DKK 226 million attributable to interest on shareholder loans.

Tax on profit for the year was DKK 5 million (2015: DKK 63 million), equivalent to an effective tax rate of 13.6% (2015: 31.5%). The tax rate was impacted by tax-exempt income related to the sale of shares.

The result for the year amounted to DKK 34 million (2015: a net loss of DKK 586 million). The improvement was due to an impairment charge of DKK 750 million related to the Safety Service business in 2015.

Cash flow and financing

The free cash flow amounted to DKK 536 million (2015: DKK 500 million), and the Group's cash conversion rate (free cash flow divided by EBITA before special items) was 67.7% (2015: 51.5%).

The free cash flow in 2016 was affected by an increase in trade receivables from the general growth in business activities but also from payments expected to be received in 2017 instead of in 2016. Investments in non-current assets totalled DKK 535 million (2015: DKK 721 million).

Income tax paid amounted to DKK 181 million (2015: DKK 145 million). The increase was attributable to an increase in taxes paid in Denmark. Falck paid DKK 262 million (2015: DKK 244 million) in direct and indirect taxes in Denmark in 2016.

Cash flow related to acquisitions and divestments was an inflow of DKK 264 million (2015: cash outflow of DKK 324 million) and was primarily related to the sale of the alarm business in Scandinavia partly offset by payments related to prior years' acquisitions and additional acquisitions in 2016.

In 2016 an additional shareholder loan of DKK 600 million has been raised and regular instalments totaling DKK 852 million has been repaid on syndicated loan facilities.

Outlook for 2017

The Group expects to achieve revenue growth in the region of 5% for 2017, attributable to the full-year effect of new contracts and acquisitions made in 2016.

The EBITA margin for 2017 is expected to increase from 5.0% in 2016.

Forward-looking statements

Certain statements in this financial review are forward-looking statements. Such statements are based on current expectations and are by their nature subject to a number of uncertainties that could cause actual results and performance to differ materially from expected results or performance, expressed or implied, in the forward-looking statements.

4.8%

The Group has achieved a revenue growth of 4.8% in 2016, of which 4.3% was organic growth.

792 mio.

EBITA before special items was DKK 792 million.

536 mio.

Free cash flow for the year amounted to DKK 536 million.

Performance by business area

Emergency

Revenue in the Emergency business was DKK 9,987 million (2015: DKK 9,340 million), equivalent to an increase of 6.9% with organic growth of 5.7%. The organic growth mainly originated from the large-scale ambulance contracts won in 2015 in the United States and in Spain, but several other markets and Fire Services also achieved strong growth rates. The non-renewal of certain Danish ambulance contracts in 2015 had a negative impact on organic growth.

EBITA before special items was DKK 362 million (2015: DKK 525 million), a decrease of DKK 163 million originating primarily from Denmark and the United Kingdom.

In Denmark, based on years of optimising the operation of the previous ambulance contracts, Falck was able to reduce prices significantly in the new contracts. On this background, Falck won the maximum number of contracts allowed under the tender requirements in four Danish regions but lost all contracts in the Region of Southern Denmark. The most recent contract wins, i.e. with the Capital Region and Region Zealand, were commenced in Q1 2016. In Denmark, as well as in other key markets such as Germany and the United Kingdom, we have experienced a lack of medical professionals, which has driven up staff costs to maintain the required operational quality.

The newly acquired patient transport company in the United Kingdom reported an operating loss in 2016 as the infrastructure established and prices obtained were not enough to handle the significant new contracts won shortly before Falck took control of the company. During 2016, we made investments to improve our infrastructure and contract base in the United Kingdom.

Assistance

Revenue in the Assistance business was DKK 3,381 million (2015: DKK 3,162 million), an increase of DKK 219 million with organic growth of 7.4% originating from strong growth in Global Assistance which reported a general increase in the activity level from significant contract wins to provide medical assistance to customers of insurance companies. Also, revenue from the market for travel safety offered directly to corporations, which we assist in complying with their Duty of Care towards employees, increased significantly during 2016. Roadside Assistance revenue increased due to increased pay-on-use activity.

EBITA before special items was DKK 228 million (2015: DKK 290 million), a decrease of DKK 62 million originating from additional marketing costs and costs related to assistance provided to customers and to the introduction of additional services for subscribers in Denmark.

Healthcare

Revenue in the Healthcare business was DKK 2,669 million (2015: DKK 2,452 million). The DKK 217 million increase and the organic growth of 7.5% mainly originated from Employee Healthcare Services, but also from the implementation of a contract to manage the health services for a leading Danish insurance company and the establishment of general practitioner clinics in Denmark.

EBITA before special items was DKK 168 million (2015: DKK 141 million), an increase of DKK 27 million originating from the higher level of activity and from the operational improvements in Employee Healthcare Services in Sweden.

Safety Services

Revenue in the Safety Services business was DKK 876 million (2015: DKK 1,241 million), a decrease of DKK 365 million. The significant drop in revenue originated from the continued slowdown in the oil and gas industry where the number of offshore drilling rigs has declined by almost 50% during the past two years and from close down of certain centres. The negative development was partly offset by higher revenue from maritime safety training due to refresher courses becoming mandatory every five years.

EBITA before special items was DKK 34 million (2015: DKK 15 million) an increase of DKK 19 million as the negative effect from the lower revenue was more than offset by the effect of the cost reduction programmes implemented in 2015 and 2016.

Emergency

Falck is the global leader in ambulance services, patient transport and fire services. We serve communities in 31 countries on six continents with 24,331 rescue officers, nurses, doctors, firefighters and other dedicated staff

DKK million	2016	2015
Revenue	9,987	9,340
Revenue growth	6.9%	7.5%
Organic growth	5.7%	3.5%
EBITA	362	525
EBITA margin	3.6%	5.6%

Operating more than 2,500 ambulances, patient transport vehicles and medical emergency response units, Falck employees help ill and injured people all around the world. Falck's healthcare workers also assist people in their homes or treat them at one of Falck's some 300 medical or healthcare clinics.

Falck's Emergency activities were established in the Nordics but have grown to cover many areas of the world, and revenue from the Nordic region now accounts for 35% of total Emergency revenue.

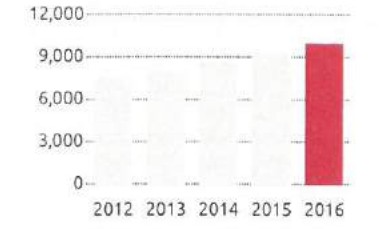
Building on more than one hundred years of firefighting experience provided in close cooperation with public authorities in Denmark, Falck has grown to become the leading international fire services provider offering services to high-risk industries and airports all over the world, including training and advisory services.

Ambulance and patient transport services
Falck's ambulance operations have their origins in Denmark, where Falck has provided ambulance services since 1908. From this outset, Falck has built a global ambulance and patient transport operation. Services are tailored to demand in each individual market and are provided through governments, insurance companies, hospitals and companies or directly to private individuals. The services we deliver cover emergency services, i.e. responding to accidents, heart attacks and similar severe incidents, but Falck also responds to less severe incidents and provides patient transport services between hospitals or to and from hospitals together with doctor-on-call services. Ambulances are either dispatched through our own call centres or by our customers.

From 2015 to 2016, revenue grew by

6.9%

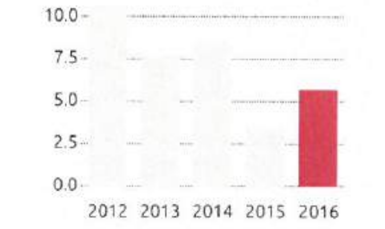
Revenue
DKK million



The organic growth rate was

5.7%

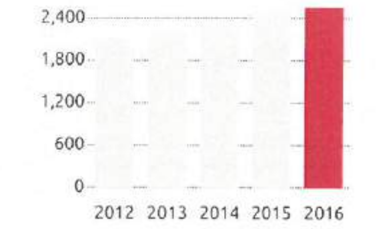
Organic growth
%

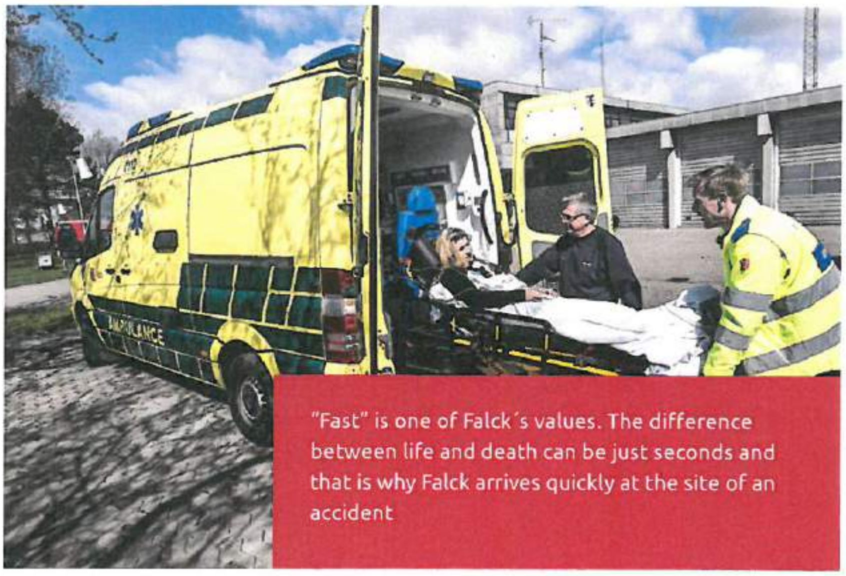


The number of ambulances rose to

2,551

Falck ambulances
Number





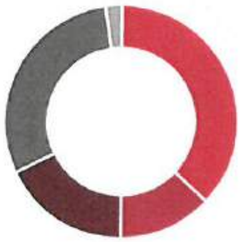
"Fast" is one of Falck's values. The difference between life and death can be just seconds and that is why Falck arrives quickly at the site of an accident

Revenue

- Nordics, 35%
- Europe, 30%
- North America, 24%
- Latin America, 8%
- Rest of the world, 3%

* Excluding intercompany revenue

EBITA



- Nordics, 37%
- Europe, 13%
- North America, 18%
- Latin America, 30%
- Rest of the world, 2%

* Excluding intercompany revenue

Key events in 2016:

- Won two additional ambulance zones in Los Angeles County in the United States, which will demand 50 additional ambulances
- Successfully implemented and operated large ambulance contracts in Spain and in the United States
- Maintained market share in the Danish fire services market despite structural transition and renegotiation of existing contracts
- Was awarded 22 new contracts for Fire Services, including the rescue and fire-fighting services at Belo Horizonte International Airport in Brazil, and made significant breakthroughs in certain European countries

In 2016, Falck commenced 10 complete new industrial firefighting contracts

Services are structured in many different ways: under some contracts, we dimension the ambulances to meet certain response time requirements, while under others customers determine the number and location of ambulances needed. The level of skills needed for staff ambulances varies from country to country and from contract to contract. Employee groups working in Falck's ambulance and patient transport business include doctors, nurses, paramedics and emergency medical technicians.

At Falck, we are committed to being the provider of ambulance and patient transport services that offer the highest possible quality and reliability in all the countries in which we operate at a cost efficient price.

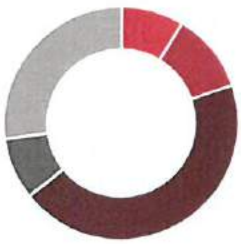
This commitment helped us grow our ambulance and patient transport business in 2016 by winning a number of significant contracts in a market that increasingly demands high-quality services. In late 2015 and early 2016, we successfully started up large emergency and non-emergency contracts in Spain and in the United States both involving contract renewals and contracts for new areas. In 2016, we were awarded contracts that will expand our activities in Los Angeles County, United States, by an additional 50 ambulances in 2017.

At the end of 2016, Falck operated more than 2,550 ambulances, in 22 countries worldwide, which generated total revenue of DKK 6,528 million. The largest of these operations were the United States, Denmark, Germany, Sweden, Spain and Colombia.

Fire services

The fire service business in Denmark was restructured in 2016 in response to 24 new inter-municipal emergency and fire service authorities that were established. Despite the structural transition and the resulting renegotiations of existing contracts, we managed to maintain our market share and Falck therefore continues to provide fire services to around two-thirds of the 98 Danish municipalities.

Industrial firefighting brigades services



* Excluding public firefighting brigades, which Falck only provides in Denmark.

Based on our more than 100 years of experience in providing fire services in close collaboration with the Danish authorities and its experience from acquired operations in Europe, we continued to expand its firefighting activities targeting industrial customers around the world.

Focus on safety of employees and assets continues to increase, and many companies are recognising the benefits of having an outsourcing provider focused exclusively on fire safety. In 2016, we grew our international Fire Service business revenue by a considerable margin to DKK 745 million.

Medical clinics

Falck consolidated its global network of health and medical clinics in 2016 and now operates some 250 clinics in Scandinavia and some 50 clinics in the rest of the world. The clinics range from small practices with one or two employees to medical clinics at companies in remote locations and large outpatient clinics with a wide range of medical expertise.


Falck
Falck
MSA
MSA

Assistance

Falck is the leading provider of assistance services to people, businesses and institutions in the Nordics whether the car breaks down, the basement is flooded or illness strikes during travels abroad

DKK million	2016	2015
Revenue	3,381	3,162
Revenue growth	6.9%	5.0%
Organic growth	7.4%	5.3%
EBITA	228	290
EBITA margin	6.7%	9.2%

Falck's assistance services help safeguard and support our customers, either by providing advice on the prevention of accidents and other incidents, or by ensuring fast and competent assistance if an accident does occur.

Our services include roadside assistance, transport to and from treatment facilities and assistance in connection with critical damage to homes and other buildings.

Within its largest service line, roadside assistance, Falck provides assistance when cars break down or are involved in an accident. In most cases, Falck's employees are able to fix the problem on the spot, allowing the motorist to continue the journey. If this is not possible, Falck makes sure customers get to his or her destination and transports the vehicle to a requested destination, e.g. a repair shop.

We offer roadside assistance to our Scandinavian subscribers no matter where in Europe a vehicle breaks down. Falck Euro Service is an extensive network of local roadside assistance companies that act as partners, providing the right kind of help to Falck customers in places where Falck's own roadside assistance vehicles are not present.

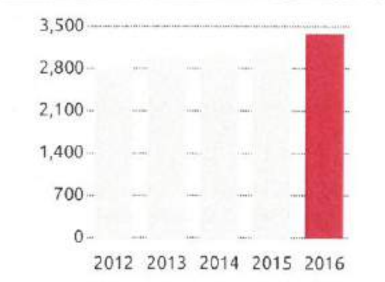
The assistance activities are concentrated in four Nordic countries - Denmark, Norway, Sweden and Finland - and in Estonia and Lithuania. At the end of 2016, 1.1 million private individuals, businesses and institutions in the Nordics and the Baltics subscribed to our services. Services are delivered both directly to private households and corporate customers and through insurance companies, leasing companies and car manufacturers.

From 2015 to 2016, revenue grew by

6.9%

Revenue

DKK million

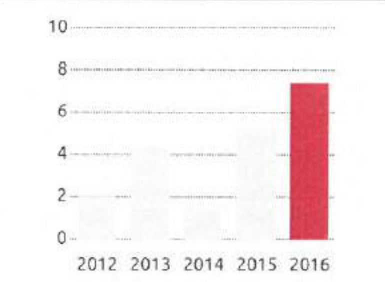


The organic growth rate was

7.4%

Organic growth

%

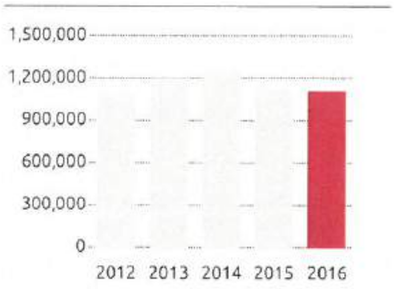


The number of subscribers was

1,110,294

Subscribers*

Number



* Excluding divestments

Every minute of every hour or every day, Falck´s roadside assistants are on the road, helping people with vehicles that are stuck or have engine problems

Global Assistance

Through Falck Global Assistance, we provide global medical and security assistance services to companies in various business sectors supporting their efforts to guarantee the safety and security of their employees - as well as of their customers - when travelling or working abroad.

We offer these services to leading insurance companies and global multinational companies - the latter via a unique concept that integrates travel risk management, medical and security assistance as well as on-site services (medical and security services at remote sites). In short, Falck Global Assistance supports companies in their Duty of Care efforts to protect their employees travelling and working abroad. During the year, we signed contracts with a number of high-profile corporate clients underlining the increasing global awareness and attention that our Duty of Care efforts are attracting.

Falck Global Assistance has skilled doctors, nurses and security specialists on duty at eight 24/7 emergency response centres around the world. An extensive worldwide network of providers ensures clients are able to access quality treatment and medical supervision - as well as local support - in emergency situations.

Immediately after the March terrorist attacks in Brussels, Belgium, Falck Global Assistance deployed a crisis team to the city to provide support and advice to Nordic travellers and expats, and assistance was likewise provided during the almost simultaneous emergency situations in July in Nice, France, and Istanbul, Turkey.

Key events in 2016:

- Signed several Duty of Care contracts with corporate customers
- Continued organic growth from the subscription portfolio
- Sold the alarm portfolio and the handling of the alarm operations to Verisure
- Further strengthened position in the Baltics

Healthcare

Falck is the largest provider of employee healthcare services in Scandinavia. We make it easy for businesses and organisations to ensure that employees and citizens have longer, healthier and better working lives

DKK million	2016	2015
Revenue	2,669	2,452
Revenue growth	8.8%	34.1%
Organic growth	7.5%	3.1%
EBITA	168	141
EBITA margin	6.3%	5.8%

Falck's Healthcare business has three primary areas of focus: employee assistance programmes, healthcare staffing services and citizen services.

Employee assistance programmes (EAP)

Falck is the largest private-sector provider of EAP services in Denmark and Sweden, providing occupational health and treatment services for insurance companies, pension funds and employers. These activities have been expanded to also cover Norway where we have established a nationwide network of treatment centres.

Falck's EAP activities are aimed at preventing accidents in the workplace and helping people avoid strain and injury or loss of working capacity. The goal is to help maximise job satisfaction and for each individual to perform efficiently throughout his or her working life, and thereby reduce employer costs related to sickness absence. In addition, the public sector saves on social security costs, while insurance and pension companies have fewer compensation costs related to occupational injury and incapacity for work.

Falck has a network of more than 3,000 physiotherapists, chiropractors, massage therapists, psychologists and other healthcare professionals. We provide health plans covering more than three million people across Denmark, Norway and Sweden and can thus offer quick and easy access to healthcare services in all Scandinavian countries.

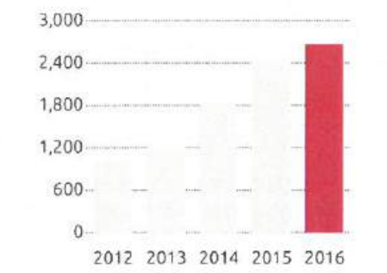
In Denmark, we started delivering on a Health Management Organisation (HMO) contract with a leading Danish insurance company, which outsourced the coordination of treatments in relation to health insurance claims.

From 2015 to 2016, revenue grew by

8.8%

Revenue

DKK million

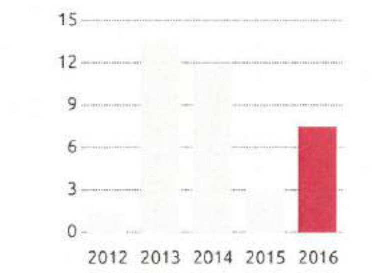


The organic growth rate was

7.5%

Organic growth

%

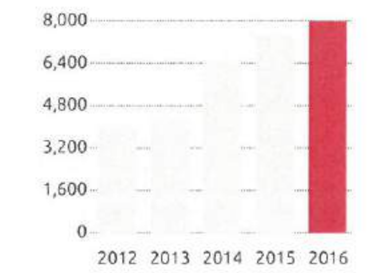


The number of healthcare staff rose to

7,989

Healthcare professionals

Number



In Scandinavia, Falck Healthcare has some 250 healthcare clinics which provide services that reduce sickness absence and improve people´s access to rehabilitation after sickness

Healthcare staffing services

Within staffing services, Falck provides temporary healthcare and social service professionals such as doctors, nurses and health assistants to hospitals, medical clinics, municipal home care, nursing homes, institutions, private businesses and private households in the Scandinavian countries.

Flexibility is essential when providing staffing services. Our network of more than 20,000 healthcare professional enables us to fill resource gaps at very short notice to cover short-term or long-term temporary positions to assist our customers efficiently and economically when they experience bottleneck periods, or are hit by illness or general staff shortages.

Employment empowerment

Within employment empowerment, Falck assists job centres in Denmark in bringing citizens from public welfare to self-support, through clarification, upgrading or rehabilitation and job placement. Lately, these activities have expanded to include psychology, psychiatry and services for refugee integration efforts by municipalities.

General practitioner clinics

Falck has recently entered the market for operating general practitioner clinics mainly in areas where it is difficult to attract doctors. Falck currently operates ten clinics in Denmark and one in Sweden.

Key events in 2016:

- Strengthened position in the Danish market for employee healthcare through the acquisition of SundhedsDoktor A/S
- Achieved a breakthrough in the Norwegian insurance market to provide healthcare services to their customers
- Started delivery on a health management contract with one of the largest insurance companies in Denmark

Safety Services

As the global leader of rescue and safety training for the offshore industry and other industries, Falck trains staff in safe conduct and survival skills aimed at preventing accidents and injuries at 35 centres in 21 countries around the world

DKK million	2016	2015
Revenue	876	1,241
Revenue growth	-29.4%	-9.1%
Organic growth	-20.7%	-14.2%
EBITA	34	15
EBITA margin	3.8%	1.3%

Falck Safety Services is the world leader in safety, health and survival training. We have served the oil and gas, shipping, renewable energy, military and aviation industries worldwide for more than three decades.

Based on our 110 years of experience in providing rescue services, we deliver innovative, cost-effective training and consultancy solutions to our clients from our purpose-built training centres on six continents. We were the first company to offer mobile training units, bringing training to our clients' premises wherever they are located.

Our activities focus on training staff at all levels of the organisation in safe conduct in order to avoid accidents in the workplace. In addition, course participants are trained in how to react under highly difficult and dangerous conditions if accidents do occur.

Our Safety Services teams are made up of over 1,000 highly skilled and experienced employees who are dedicated to developing high skill levels in companies and other organisations aiming to prevent and manage incidents. Falck offers workplace safety training and safety services accredited to the highest international standards, including OLF, OPITO, NOGEPA, STWC, JOIFF and others.

During 2016, Falck began to provide well control training which is a critical part of the oil and gas industry's safety training. The training is focused on risk and accident prevention during drilling operations. Falck acquired 25% of the shares in Aberdeen Drilling School, which is a globally recognised well-control training provider with facilities in the United Kingdom, Malaysia, Oman and Saudi Arabia.

Revenue i 2016 was DKK million

876

The organic growth rate was

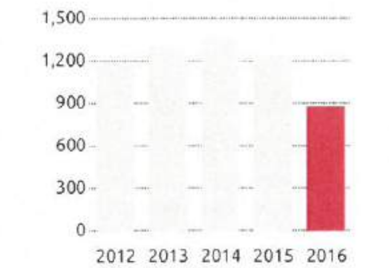
-20.7%

The number of course attendees

217,000

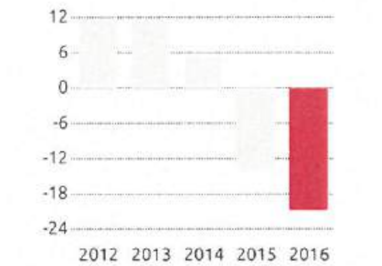
Revenue

DKK million



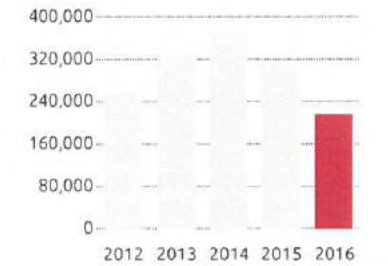
Organic growth

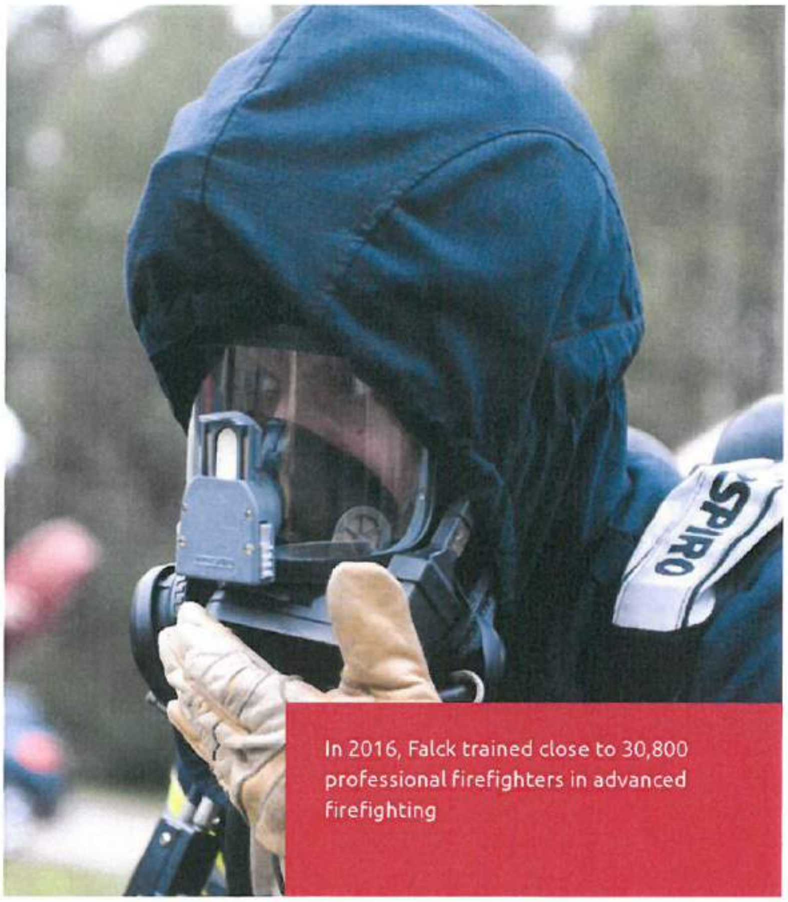
%



Course attendees

Number





In 2016, Falck trained close to 30,800 professional firefighters in advanced firefighting

Key events in 2016:

- Trained 217,000 course attendees in 2016
- Increased activity within maritime training and offshore wind training
- Expanded the training services provided with well control training

Shareholders of Falck A/S

The shareholders of Falck A/S are shown in the table below:

Name	Ownership
Lundbeckfond Invest A/S, Copenhagen	57.36%
KIRKBI Invest A/S, Billund	27.73%
Liberatio A/S, Copenhagen	10.25%
TryghedsGruppen smba, Virum	4.07%
Senior executives	0.59%

The share capital in Falck A/S is DKK 67 million (2015: DKK 67 million), divided into 66,952,345 shares with a nominal value of DKK 1 each.

Lundbeckfonden

Lundbeckfonden is one of the largest industrial foundations in Denmark with the total market value of its commercial activities estimated at more than DKK 60 billion and an annual spend of DKK 400-500 million in grants to support biomedical research of the highest international quality.

Founded in 1954 by the widow of the founder of the Danish pharmaceutical company, H. Lundbeck A/S, the foundation, via Lundbeckfond Invest A/S, is the largest shareholder of Falck, owning 57.36% of the capital. In addition, the foundation is the majority shareholder of two other large Danish companies, Lundbeck and ALK, and manages securities of about DKK 15 billion.

Lundbeckfonden also invests in European and American life-science companies and supports a range of early stage investment projects through Lundbeckfonden Emerge. Every year, Lundbeckfonden awards 'The Brain Prize', a personal research prize of EUR 1 million. The prize is awarded to one or more scientists who have distinguished themselves by an outstanding contribution to European neuroscience and who are still active in research.

For further information on the foundation, please visit www.lundbeckfonden.com

KIRKBI

KIRKBI is the Kirk Kristiansen family's holding and investment company. The company's strategic activities include 75% ownership of the LEGO Group, 29.9% ownership of Merlin Entertainments plc and investments in renewable energy.

The company's investment activities also include significant long-term investments in companies such as Falck A/S, Minimax Viking GmbH and ISS A/S as well as real estate investments in Denmark, Switzerland, Germany and the United Kingdom. KIRKBI has a long-term investment profile and is a responsible investor with high ethical standards.

For more information go to www.kirkbi.com.

Corporate governance

Falck's Management monitors corporate governance on a regular basis with a view to ensuring that the Group is managed, both internally and externally, in a manner consistent with national and international rules and in line with the corporate mission, and in a manner that matches the expectations of the different stakeholder groups, including the shareholders.

At Falck, corporate governance is considered a natural and crucial element in the achievement of the Group's goals and strategy.

Board of Directors

Pursuant to Danish legislation, Falck has a two-tier management system consisting of a Board of Directors and an Executive Management. The Board of Directors' role is to supervise the Group's activities, development, management and organisation, whereas the Executive Management is responsible for the Group's day-to-day development and operations. The two bodies are independent and do not have overlapping members. The Board of Directors acts in compliance with applicable legislation and meets at least five times a year and as required by special circumstances. Members of the Board of Directors are elected annually.

The Lundbeck Foundation is represented on the Board of Directors by Peter Schütze (Chairman) and Lene Skole (Deputy Chairman). Søren Thorup Sørensen represents KIRKBI. The other board members are independent of the Falck Group and the Group's shareholders.

Audit Committee

The Audit Committee monitors the Group's financial reporting process, accounting policies, statutory auditing of the annual report and the effectiveness of internal control and risk management systems on behalf of the Board of Directors. In addition, the Committee makes recommendations on these issues to the Board of Directors and follows up, on behalf of the Board of Directors, on the implementation of initiatives taken by the Executive Management. The Committee receives information from a number of head office departments and from the company's auditors.

Audit Committee members are Søren Thorup Sørensen (Chairman), Lene Skole and Lars Frederiksen, all of whom are appointed by the Board of Directors. Also attending this committee's meetings are the Executive Management, the Chief Financial Officer and the company's auditor. The Audit Committee meets at least three times a year.

Executive Management

The Executive Management is responsible for the day-to-day development and operation of Falck with a primary focus on developing and implementing strategies and significant initiatives approved by the Board of Directors. Moreover, the Executive Management is responsible for ensuring that the Board of Directors is informed about all material matters. The Executive Management currently consists of Deputy CEO Morten Reignald Pedersen.

Employee investment

To ensure that the interests of Executive Management and senior management employees coincide with the shareholders, a number of senior management employees have been offered the opportunity to purchase warrants at market value. Warrants have been subscribed for, entitling holders to subscribe for a total of 959,742 shares in Falck A/S, equivalent to 1.43% of the share capital. In addition, a group of senior executives, excluding Executive Management, hold 0.59% of the shares of Falck A/S.

The former and the current member of the Executive Management hold, through a joint company (Liberatio A/S), 10.25% of the shares in Falck A/S as well as warrants entitling them to subscribe for an additional 6.64% of the shares in Falck A/S, potentially bringing their shareholding to 15.6% after dilution.

Enterprise Risk Management

Managing Directors of Falck's operating entities are responsible for the identification, management and monitoring of key strategic and operational risks to their business. Entities report risks three times per year using a well-established risk management platform with clearly defined risk criteria to assess all risks.

Group Risk Management undertakes quality assurance of the submitted risk reporting and develops the consolidated risk reports for each of Falck's four Business Streams for the Executive Management's review. The Business Stream management teams also validate the effectiveness of the deployed risk mitigation controls.

Falck Executive Management Board reviews the Business Stream risk reports and presents the top risks facing the Group once a year to the Audit Committee and Board of Directors.

Internal control

Falck requires that business procedures and internal controls are laid down and complied with by all companies in the Group. Business procedures and internal controls include standardised requirements with respect to the segregation of duties, authorisations and powers, approval procedures and documentation requirements.

Based on an assessment of risk, the Group's finance function pays routine visits to the companies of the Group to ensure compliance with the requirements set forth in policies and procedures. Reports on these visits are submitted to local and group managements. The Group's Audit Committee receives an annual report on the visits made and any special focus areas, as well as a risk-based list of companies to which visits are planned during the following period.

Falck's Group finance function has defined a number of requirements applying to the monthly reporting from the companies of the Group, including reporting of income statements, balance sheets and cash flow statements. Reporting by group companies is consolidated on a monthly basis and reviewed and analysed.

Corporate Social Responsibility

Statement regarding Corporate Social Responsibility (cf. sections 99a and 99b of the Danish Financial Statements Act) is published on the Falck website and can be found here: www.falck.com/en/company/csr/csr-report

Gender diversity

Falck's approach to gender diversity is that the composition of management levels over a number of years should reflect the composition of the wider front line pool of employees.

In 2013, Falck defined a policy for this area. The principle of Falck's policy for diversity is that there must be equal conditions for both genders when external candidates are applying for leadership positions within the Falck Group. Likewise, internal promotions must reflect equality between the genders.

In order to comply with these principles, we ask external recruitment companies to specify that the company wants both genders represented in the candidate field for leadership positions. Internally, the company's HR organisation has a special focus on gender composition when appointing participants to the company's leadership development programmes.

The target in relation to the gender composition of the Board of Directors has been defined as at least two of six members must be women. Falck continued to meet this target in 2016.

Out of Falck's total employee headcount of 38,570, 35% are women and 65% are men. The high share of men employed is also be reflected in the number of men in management positions. While the Board of Directors comprise two women and four men, men are currently overrepresented in the Executive Management Board and the Group Management comprising one woman and 32 men. The management level below Group Management is currently made up of 25% women and 75% men.

Falck has a continuing focus on gender composition at management levels across the Group, although there was relative limited change in the distribution in 2016. We have initiated further studies to monitor diversity in the company.

Risk factors

Falck is an inherently resilient corporation. It benefits from more than a dozen distinct business models, a broad product portfolio, diverse customer population and a presence in several key markets.

At Group level, some risks may emerge and potentially impact the Group's financial position, revenue, earnings and its ability to pursue its strategy.

The following sections provide a representative selection of those Group level risks in random order.

Business risks

Violation of Falck' corporate values

Scenarios include potentially material incidents such as corruption, bribery, discrimination and non-compliance with competition law. It may impact Falck's image and thereby its growth potential and may also carry significant legal sanctions.

Decreasing outsourcing of pre-hospital, fire and healthcare services

Governmental decision-makers or other public authorities may decide to carry out services currently provided by private enterprises on behalf of public authorities. Such changes may occur at short notice and be based on ideological reasons. The occurrence of such events may cause Falck to lose significant long-term business opportunities.

Protectionism in the provision of pre-hospital and healthcare services in key markets

This risk factor implies that significant contracts in key Falck markets may be awarded to incumbents without an open tender process or with heavily biased tender requirements. Falck's addressable market could decline as a result.

Competition in key markets

New entrants or existing competitors could attempt to aggressively take market share. As a result, Falck may experience decreasing profitability or declining market share in the markets affected.

Inadequate operational quality and loss of competitiveness

Falck could incur severe liabilities and experience an eroding market share and profitability if Falck is unable to maintain a consistently high level of operational quality. At the same time, Falck's business models are generally vulnerable to operational factors such as increasing production costs, salaries or absentee rates, because Falck may not be able to pass on the associated cost increases to its customers. This could reduce profitability and, potentially, Falck's market share.

Business-supporting IT

IT and communication systems provide critical support to the Group's business and thus aid Falck in its ability to fulfil its promises to customers and society in general.

Lack of key medical and healthcare skills in key markets

Falck relies on employees with a variety of medical and healthcare skills to serve customers and fulfil contractual requirements. A lack of employees with sufficient medical or healthcare skills may make Falck unable to maintain or expand its business in affected markets or increase operating costs and thus reduce profitability.

Financial risk

Capital structure

In addition to equity totaling DKK 5,527 million (2015: DKK 5,535 million), the Group is funded by shareholder loans totaling DKK 935 million (2015: DKK 281 million) and a syndicated loan of DKK 5,307 million (2015: DKK 6,165 million). In 2016 an additional shareholder loan of DKK 600 million has been raised and regular instalments totaling DKK 852 million have been repaid on syndicated loan facilities. The syndicated loan and the shareholder loans are due to be repaid in full in 2019.

The loan terms of the syndicated loan contain covenants requiring certain financial performance indicators to be met. All loan terms were honoured in 2016.

Interest rate and foreign exchange risk

Falck A/S has hedged 70% of the interest expenses on the syndicated loan with interest rate swaps until the loan matures. The rest of the financing is primarily based on short-term floating rates.

The exchange rate exposure of the Group's transactions is limited by the fact that subsidiaries outside Denmark largely operate in their respective local currencies, to the effect that revenue and most of the expenses of each subsidiary are in the same currency. The main exchange rate exposure faced by the Group relates to the translation into Danish kroner of the financial results, cash flows and equity of subsidiaries.

For a more detailed description of the Group's financial risks, see note 25.

Contents of the consolidated financial statements

Income statement 1 January - 31 December

Note	DKK million	2016	2015
1	Revenue	15,964	15,227
2	Other operating income	84	128
	Cost of sales and external assistance	-1,946	-1,820
3	Other external costs	-3,317	-3,158
4	Staff costs	-9,449	-8,879
	Depreciation and amortisation	-544	-528
	Income after tax from associates	-	1
	Operating profit before amortisation and cost from business combinations and special items (EBITA before special items)	**792**	**971**
6	Amortisation and cost from business combinations	-409	-516
7	Special items	-91	-750
	OPERATING PROFIT	**292**	**-295**
	Income after tax from associates and joint arrangements	4	-2
8	Financial income	84	75
9	Financial expenses	-341	-301
	PROFIT BEFORE TAX	**39**	**-523**
10	Income taxes	-5	-63
	PROFIT FOR THE YEAR	**34**	**-586**

	2016	2015
ALLOCATION:		
Falck A/S	-8	-615
Non-controlling interests	42	29
TOTAL	**34**	**-586**

Statement of comprehensive income 1 January - 31 December

Note	DKK million	2016	2015
	Profit for the year	**34**	**-586**
	Items that cannot be reclassified to the income statement		
	Actuarial adjustment of pension provisions	-2	1
		-2	**1**
	Items that can be reclassified to the income statement		
	Foreign exchange differences	11	-101
	Value adjustment of currency hedging instruments	4	-3
	Value adjustment of interest hedging instruments	9	-1
	Adjustment for hyperinflation	5	-4
10	Tax on other comprehensive income	-12	-26
		17	**-135**
	Other comprehensive income after tax	**15**	**-134**
	TOTAL COMPREHENSIVE INCOME	**49**	**-720**

ALLOCATION:		
Falck A/S	7	-749
Non-controlling interests	42	29
TOTAL	**49**	**-720**

Cash flow statement 1 January - 31 December

Note	DKK million	2016	2015
	Operating profit	**292**	**-295**
	Depreciation and amortisation	544	528
6	Amortisation and cost from business combinations	409	516
	Special items	91	750
	Profit before depreciation, amortisation and cost from business combinations, special items and financials (EBITDA before special items)	**1,336**	**1,499**
	Change in operating assets	-221	-245
	Transactions with associates	4	-
	Change in operating liabilities	11	-5
	Change in provisions	-55	-28
	Reversal of profit/(loss) on divestment of non-current assets, net	-44	-37
	Cash flows from operating activities before special items, financials and tax	**1,031**	**1,184**
	Special items paid	-25	-
21	Net interest paid	-223	-211
10	Income tax paid	-181	-145
	CASH FLOWS FROM OPERATING ACTIVITIES	**602**	**828**
22	Investments in subsidiaries, non-controlling interests and operations	-149	-262
	Investments in associates	-	-4
	Cash flows from hedging of net investments	23	-58
	Divestment of subsidiaries, non-controlling interests and operations	386	-
11	Investments in intangible assets	-174	-154
12	Investments in property, plant and equipment	-478	-660
	Sale of property, plant and equipment	161	130
	CASH FLOWS FROM INVESTING ACTIVITIES	**-231**	**-1,008**
	Transactions with shareholders	-	-228
23	Transactions with non-controlling interests, net	-55	-26
	Interest-bearing debt raised	894	796
	Repayment of interest-bearing debt	-922	-684
	Purchase of securities	-26	-
	CASH FLOWS FROM FINANCING ACTIVITIES	**-109**	**-142**
	Change in cash and cash equivalents	**262**	**-322**
	Cash and cash equivalents at the beginning of the year	637	1,015
	Foreign exchange differences relating to cash and cash equivalents	1	-56
	CASH AND CASH EQUIVALENTS AT YEAR-END	**900**	**637**

Balance sheet as at 31 December

Note	DKK million	2016	2015
	Assets		
	Goodwill	9,902	10,038
	Intangible assets from acquisitions	1,298	1,655
	Other intangible assets	451	389
11	**TOTAL INTANGIBLE ASSETS**	**11,651**	**12,082**
	Land and buildings	552	650
	Leasehold improvements	173	129
	Fixtures and fittings, tools and equipment	1,234	1,451
12	**TOTAL PROPERTY, PLANT AND EQUIPMENT**	**1,959**	**2,230**
	Investments in associates and joint ventures	64	52
	Receivables from associates	26	21
	Other receivables	68	63
16	Deferred tax assets	253	161
	TOTAL FINANCIAL ASSETS	**411**	**297**
	TOTAL NON-CURRENT ASSETS	**14,021**	**14,609**
	Inventories	93	108
13	Trade receivables	2,548	2,401
	Receivables from associates	47	41
	Income tax receivable	-	39
	Other receivables	231	216
	Prepayments	180	173
14	Securities	141	115
	Cash	900	637
	TOTAL CURRENT ASSETS	**4,140**	**3,730**
	TOTAL ASSETS	**18,161**	**18,339**

Balance sheet as at 31 December

Note	DKK million	2016	2015
	Equity and liabilities		
	Share capital	67	67
	Hedging reserve	-58	-68
	Currency translation reserve	-202	-209
	Retained earnings	5,720	5,745
	EQUITY ATTRIBUTABLE TO PARENT COMPANY	**5,527**	**5,535**
	Non-controlling interests	406	398
15	**TOTAL EQUITY**	**5,933**	**5,933**
17	Provisions related to acquisitions of operations and non-controlling interests	520	827
16	Deferred tax	424	539
18	Other provisions	64	68
19	Loans	6,135	6,494
20	Other payables	39	-
	TOTAL NON-CURRENT LIABILITIES	**7,182**	**7,928**
19	Loans	1,024	623
17	Provisions related to acquisitions of operations and non-controlling interests	365	110
18	Other provisions	60	94
	Trade payables	742	857
	Payables to associates	28	15
	Income taxes	91	106
20	Other payables	1,202	1,163
	Prepayments from customers	1,534	1,510
	TOTAL CURRENT LIABILITIES	**5,046**	**4,478**
	TOTAL EQUITY AND LIABILITIES	**18,161**	**18,339**

Equity statement 1 January - 31 December

2016 DKK million	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Equity
Equity at 1 January 2016	**67**	**-68**	**-209**	**5,745**	**5,535**	**398**	**5,933**
Equity movements in 2016							
Foreign exchange differences			11		11		11
Value adjustment of currency hedging instruments		4			4		4
Value adjustment of interest hedging instruments		9			9		9
Actuarial adjustment of pension provisions				-2	-2		-2
Adjustment for hyperinflation			5		5		5
Tax on other comprehensive income		-3	-9		-12		-12
Other comprehensive income	-	10	7	-2	15	-	15
Profit for the year				-8	-8	42	34
Total comprehensive income	**-**	**10**	**7**	**-10**	**7**	**42**	**49**
Change in non-controlling interests' ownership share				2	2	-11	-9
Purchase and sale of treasury shares, warrants, etc.				-	-		-
Adjustment of provision for acquisition of non-controlling interests relating to acquisitions after 1 January 2010				-17	-17		-17
Dividend				-	-	-23	-23
Total transactions with owners	**-**	**-**	**-**	**-15**	**-15**	**-34**	**-49**
Total equity movements in 2016	**-**	**10**	**7**	**-25**	**-8**	**8**	**-**
TOTAL EQUITY AT 31 DECEMBER 2016	**67**	**-58**	**-202**	**5,720**	**5,527**	**406**	**5,933**

2015 DKK million	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Equity
Equity at 1 January 2015	**67**	**-65**	**-77**	**6,311**	**6,236**	**371**	**6,607**
Equity movements in 2015							
Foreign exchange differences			-101		-101		-101
Value adjustment of currency hedging instruments		-3			-3		-3
Value adjustment of interest hedging instruments		-1			-1		-1
Actuarial adjustment of pension provisions				1	1		1
Adjustment for hyperinflation			-4		-4		-4
Tax on other comprehensive income		1	-27		-26		-26
Other comprehensive income	-	-3	-132	1	-134	-	-134
Result for the year				-615	-615	29	-586
Total comprehensive income	**-**	**-3**	**-132**	**-614**	**-749**	**29**	**-720**
Change in non-controlling interests' ownership share				-6	-6	28	22
Purchase and sale of treasury shares, warrants, etc.				-3	-3		-3
Adjustment of liability for acquisition of non-controlling interests relating to acquisitions after 1 January 2010				282	282		282
Dividend				-225	-225	-30	-255
Total transactions with owners	**-**	**-**	**-**	**48**	**48**	**-2**	**46**
Total equity movements in 2015	**-**	**-3**	**-132**	**-566**	**-701**	**27**	**-674**
TOTAL EQUITY AT 31 DECEMBER 2015	**67**	**-68**	**-209**	**5,745**	**5,535**	**398**	**5,933**

Notes to the consolidated financial statements

Note

1 Segment information

Business areas
Falck's reporting segments are its four business areas, Emergency, Assistance, Healthcare and Safety Services, which provide various services.

The accounting policies of all business areas are as described in the accounting policy note to the financial statements.

The performance of the business areas is evaluated on the basis of operating profit before costs and amortisation from business combinations and exceptional items. In accordance with Falck's rules on transfer pricing and internal settlement, revenue and other transactions within and between business areas are accounted for as if they had taken place with third parties.

Emergency
Falck is the global leader in ambulance services and patient transport. Falck provides ambulance services to people in 31 countries on six continents in close collaboration with the authorities. Falck operates more than 2,500 ambulances with ambulance officers treating sick or injured people every day. In collaboration with the authorities, Falck provides a large number of other pre-hospital services using medical and healthcare clinics, doctor's cars, paramedic cars and medical helicopters.

Falck is also the world's largest international fire service provider with activities in 19 countries. In Denmark, Falck provides firefighting and fireprevention services for around two-thirds of the country's 98 municipalities. In its other countries of operation, Falck is active in industrial fire services, fire training and fire consulting for both public and industrial customers.

Assistance
Falck's traditional Assistance services are concentrated in the four Nordic countries, Estonia and Lithuania. In addition, Falck Global Assistance aids travellers around the world from alarm centres in eight countries, including the Nordics, China, India, Spain and the United States. Falck provides people with the greatest possible safety and security, by providing advice, prevention, or fast and competent assistance when accidents happen.

The services are often subscription-based and especially provide help to people with their cars and homes, and when travelling abroad. As an example, Falck helps its subscribers if their car has broken down, or if they are involved in an accident: in most cases, Falck staff can repair the car on the spot. Falck helps homeowners with everything from water in the basement to snow on the roof. And Falck helps travellers find the right hospital, and arranges for safe transportation back home. Also, private individuals, businesses and public authorities all make use of Falck's Assistance services in situations involving buildings, health and more.

Healthcare
Falck Healthcare is Scandinavia's leading provider of employee healthcare services, focusing on the following main areas: employee assistance programmes, healthcare staffing services, employee empowerment and general practitioner clinics. Under this business area, Falck helps keep employees and citizens healthy and able to function. An important part of the efforts consists of preventing illness, stress and attrition. The goal is to ensure that each individual enjoys the greatest possible degree of well-being at work and at home. In this way, Falck also helps employers reduce costs related to sickness. Moreover, the public sector saves on social security costs, and insurance and pension providers achieve lower payment of compensation related to occupational injuries and incapacity for work.

Safety Services
Falck is the leading provider of rescue and safety training and other safety services. Falck mainly provides these services to the offshore oil and gas industry, the maritime sector and the wind energy sector, but the aviation and chemical industries and the armed forces also make use of such services. Falck provides rescue and safety training at 35 training centres in 21 countries on five continents. At the centres, people are trained in how to prevent and fight fires, and they are taught how to react correctly – also under extreme conditions – if accidents do occur.

Notes to the consolidated financial statements

Note	DKK million	2016	2015

1 Segment information (continued)

Geographical breakdown	Revenue 2016	Non-current assets excluding deferred tax assets 2016	Revenue 2015	Non-current assets excluding deferred tax assets 2015
Denmark	5,935	8,972	6,169	9,440
Nordics	3,182	964	2,895	1,053
Europe	3,046	1,487	2,547	1,623
North America	2,542	1,508	2,365	1,490
Latin America	855	605	856	569
Rest of the world	404	232	395	273
Total	**15,964**	**13,768**	**15,227**	**14,448**

Segment revenue is broken down, as far as possible, by the customer's geographical location based on supply point. No single customer accounts for 10% or more of revenue.

The breakdown of assets is based on physical location.

The Nordics comprise the following countries:
Norway, Sweden and Finland.

Europe comprises the following countries:
Belgium, the Czech Republic, Estonia, France, Germany, Italy, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Switzerland, Turkey and the United Kingdom.

North America comprises the following countries:
Canada, United States.

Latin America comprises the following countries:
Brazil, Chile, Colombia, Ecuador, El Salvador, Mexico, Panama, Trinidad & Tobago, Uruguay and Venezuela.

The rest of the world comprises the following countries:
Azerbaijan, Australia, China, India, Kazakhstan, Malaysia, Nigeria, Oman, Papua New Guinea, Qatar, Singapore, Thailand, United Arab Emirates and Vietnam.

Inter-segment transactions are made on an arm's length basis.

Note DKK million

1 Segment information (continued)

Business areas 2016	Emergency [2]	Assistance	Healthcare	Safety Services	Elimination and non-allocated items	Total
KEY RATIOS						
EBITA margin (%) [1]	3.6	6.7	6.3	3.8		5.0
INCOME STATEMENT						
Revenue [3]	9,987	3,381	2,669	876	-949	15,964
EBITA before special items	**362**	**228**	**168**	**34**		**792**
Operating profit	**125**	**105**	**114**	**-45**	**-7**	**292**
Financials, net					-253	-253
Profit before tax					**39**	**39**
Income taxes					-5	-5
Profit for the year					**34**	**34**
BALANCE SHEET						
Total assets	16,468	6,393	2,405	1,345	-8,450	18,161
Net investments in intangible assets, property, plant and equipment	279	149	57	17	-	502

2015	Emergency [2]	Assistance	Healthcare	Safety Services	Elimination and non-allocated items	Total
KEY RATIOS						
EBITA margin (%) [1]	5.6	9.2	5.8	1.3		6.4
INCOME STATEMENT						
Revenue [3]	9,340	3,162	2,452	1,241	-968	15,227
EBITA before special items	**525**	**290**	**141**	**15**		**971**
Operating profit	**255**	**145**	**90**	**-785**		**-295**
Financials, net					-228	-228
Profit before tax						**-523**
Income taxes					-63	-63
Profit for the year						**-586**
BALANCE SHEET						
Total assets	14,596	6,619	2,371	1,448	-6,695	18,339
Net investments in intangible assets, property, plant and equipment	393	168	51	72	-	684

[1] EBITA before special items as a percentage of revenue.

[2] The Emergency business includes operations in Venezuela, which is defined as a hyperinflationary economy. The revenue and operating profit stated above therefore include a positive adjustment for hyperinflation of DKK 21 million (2015: DKK 16 million) and DKK 1 million (2015: DKK 0 million) respectively. The effect on profit for the year was negative in the amount of DKK 3 million (2015: DKK 6 million).

[3] Revenue comprises rendering of services DKK 15,823 million (2015: DKK million 15,119) and sale of goods DKK 141 million (2015:DKK million 108).

Notes to the consolidated financial statements

Note	DKK million	2016	2015
2	**Other operating income**		
	Gain on sales of assets	45	65
	Other operating income	39	63
	Total other operating income	**84**	**128**

Other operating income relates mainly to rent of premises and other activities.

3 Fees to auditors appointed at the annual general meeting

	2016	2015
Statutory audit	-11	-11
Other assurance engagements	-1	-
Tax advisory services	-2	-2
Other services	-1	-1
Total fees to Deloitte	**-15**	**-14**

4 Staff costs

	2016	2015
Salaries and wages to employees	-7,641	-7,199
Remuneration to the Executive Management Board	-15	-16
Remuneration to Executive Management Board during the notice period	-15	-
Remuneration to the Board of Directors	-4	-4
Total salaries and remuneration	**-7,675**	**-7,219**
Defined-contribution pension plans	-408	-409
Other social security costs	-826	-766
Other staff costs	-540	-485
Total other staff costs	**-1,774**	**-1,660**
Total staff costs	**-9,449**	**-8,879**
Permanent employees at 31 December	29,866	29,195
Other employees at 31 December	8,704	9,210
Total employees	**38,570**	**38,405**
Average number of employees (full-time equivalents)	29,176	27,024

Remuneration to the Executive Management Board includes both a fixed salary and variable remuneration. The variable remuneration is fixed on the basis of an assessment of the Group's performance. The members of the Executive Management Board and the Board of Directors do not receive contributions to pension plans.

The contract with the former member of the Executive Management Board will expire 31 December 2017 and the contract with the current member of the Executive Management Board will expire on 31 December 2018. Salary during the notice period of DKKm 15 has been expensed in 2016. No severance payment will be made.

The Group contributes to pension plans which cover employees in various companies of the Group. The pension plans are typically defined-contribution plans. The Group has insignificant defined-benefit plans in Norway, the United Kingdom and the Netherlands. Actuarial adjustments of these plans amounted to DKK 2 million in 2016 (2015: DKK -1 million) of which the fair value of pension liabilities and pension assets at year-end 2016 amounted to DKK 41 million and DKK 39 million respectively. The net liability of DKK 2 million is recognised in other provisions.

Notes to the consolidated financial statements

Note DKK million

5 Share-based payment

Warrant programme, Executive Management Board
At a meeting of the Board of Directors held on 15 March 2011, the Board passed a resolution to establish a warrant programme for the former and current member of the Executive Management Board. The warrant programme comprises 4,443,120 warrants.

Each warrant entitles the holder to subscribe for one share in Falck A/S with a nominal value of DKK 1.00. The warrants are exercisable in the period 2019-2021 at between DKK 171 and DKK 209 per share. The warrants issued were acquired at market value with no conditions attached.

	2016	2015
Outstanding warrants at 1 January	4,443,120	4,443,120
Issue of new warrants	-	-
Outstanding warrants at 31 December	**4,443,120**	**4,443,120**

Warrant programme, Other executives
At the annual general meeting held on 26 April 2012, the Board of Directors was authorised to establish a new warrant programme. At a meeting of the Board of Directors held on 25 June 2014, the Board passed a resolution to establish a new warrant programme for executive employees other than members of the Executive Management Board.

The warrant programme comprises 959,742 warrants held by 21 employees. Each warrant entitles the holder to subscribe for one share in Falck A/S with a nominal value of DKK 1.00. The warrants are exercisable in three tranches in 2021, 2023 and 2025 at a price based on a share price of DKK 102 plus 8% per year. Dividends in the period between issuance and exercise of the warrants are adjusted in the price.

The exercise of the warrants is subject to the employee being in continuing employment in the Group on the date of exercise. Special provisions are in place concerning sickness and death and in case of change to the Group's capital structure etc. The Board of Directors may at any time set an earlier time for exercise of the warrants than the said fixed times of exercise. If the employee does not use the option to exercise, the warrants lapse.

	2016	2015
Outstanding warrants at 1 January	965,572	1,040,877
Issue of new warrants	15,000	59,006
Buy-back of warrants	-20,830	-134,311
Outstanding warrants at 31 December	**959,742**	**965,572**

Valuation
The employees acquired the warrants issued at market value, equivalent to DKK 5 million, so no cost relating to the warrants is recognised in the income statement. The market value is based on a Black-Scholes option valuation model with adjustment for dilution. The volatility in the calculation is 23.3% (2015: 23.3%) and is estimated based on the average rate of volatility for the defined peer group. Zero-coupon interest rates adjusted for the term of the programme have been used as the risk-free interest rate of 0.5% (2015: 1.2%). Moreover, the calculation of market value takes into account the non-marketability of the warrants, whereas the employment requirement at the time of exercise is not included.

Notes to the consolidated financial statements

Note	DKK million	2016	2015
6	**Amortisation and cost from business combinations**		
	Amortisation of intangible assets from business combinations	-383	-504
	Costs from business combinations	-26	-12
	Total amortisation and cost from business combinations	**-409**	**-516**
7	**Special items**		
	Sale of activities and other special income	104	-
	Close down of activities	-86	-
	Redundancy and restructuring costs etc.	-109	-
	Impairment of goodwill, property, plant and equipment etc.	-	-750
	Total special items	**-91**	**-750**
8	**Financial income**		
	Interest from cash	9	9
	Foreign exchange gains	68	54
	Other financial income	7	12
	Total financial income	**84**	**75**
9	**Financial expenses**		
	Interest on loans	-217	-224
	Interest element on discounted liabilities	-12	-14
	Interest on shareholder loans	-61	-7
	Other financial expenses	-38	-21
	Foreign exchange losses	-13	-35
	Total financial expenses	**-341**	**-301**

Notes to the consolidated financial statements

Note	DKK million	2016	2015
10	**Income taxes**		
	Current tax	-170	-237
	Change in deferred tax for the year	169	160
	Prior-year adjustments	-4	14
	Total income taxes	**-5**	**-63**
	Tax on other comprehensive income	-12	-26
	Total tax	**-17**	**-89**
	Income tax paid during the year	-181	-145
	Breakdown of tax rate		
	Total income taxes	-5	-63
	Profit before tax	39	-523
	Impairment of goodwill	-	721
	Income after tax from associates	-4	1
	Tax base for effective tax rate	**35**	**199**
	Total income taxes as a percentage of profit before tax	**12.8%**	**-12.0%**
	Effective tax rate	**13.6%**	**31.5%**
	Danish tax rate	22.0%	23.5%
	Differences in foreign tax rates relative to Danish rate	-11.4%	-2.0%
	Non-deductible costs	14.5%	4.8%
	Non-taxable income for the period	-103.3%	-2.8%
	Non-capitalised tax losses etc. for the period	38.2%	5.7%
	Payroll tax on profit for the year	26.6%	7.2%
	Other adjustments including adjustments relating to prior years	27.0%	-4.9%
	Effective tax rate	**13.6%**	**31.5%**
	Tax on other comprehensive income		
	Tax on foreign exchange differences	-10	-27
	Tax on value adjustments relating to currency hedging instruments	-1	1
	Tax on value adjustments of interest hedging instruments	-1	-
	Total tax on other comprehensive income	**-12**	**-26**

Notes to the consolidated financial statements

Note DKK million

11 Intangible assets

2016	Goodwill	Intangible assets from acquisitions	Other intangible assets	Total
Cost at 1 January	10,759	3,914	606	15,279
Foreign exchange differences	-	6	-1	5
Additions on acquisitions	94	25	2	121
Additions	-	-	174	174
Revaluation of put options and earn-outs relating to acquisitions made before 1 January 2010	9	-	-	9
Disposals on divestments	-245	-35	-2	-282
Disposals and reclassification	-	14	-62	-48
Cost at 31 December	**10,617**	**3,924**	**717**	**15,258**
Impairment and amortisation at 1 January	-721	-2,259	-217	-3,197
Foreign exchange differences	6	-1	-1	4
Disposals and reclassification	-	-	40	40
Disposals on divestments	-	17	1	18
Amortisation	-	-383	-89	-472
Impairment and amortisation at 31 December	**-715**	**-2,626**	**-266**	**-3,607**
Carrying amount at 31 December 2016	**9,902**	**1,298**	**451**	**11,651**

2015	Goodwill	Intangible assets from acquisitions	Other intangible assets	Total
Cost at 1 January	10,516	3,701	466	14,683
Foreign exchange differences	23	29	-	52
Additions on acquisitions	247	188	1	436
Additions	-	-	154	154
Revaluation of put options and earn-outs relating to acquisitions made before 1 January 2010	-27	-	-	-27
Disposals and reclassification	-	-4	-15	-19
Cost at 31 December	**10,759**	**3,914**	**606**	**15,279**
Impairment and amortisation at 1 January	-	-1,750	-144	-1,894
Foreign exchange differences	-	-9	1	-8
Disposals and reclassification	-	4	15	19
Amortisation	-	-504	-89	-593
Impairment	-721	-	-	-721
Impairment and amortisation at 31 December	**-721**	**-2,259**	**-217**	**-3,197**
Carrying amount at 31 December 2015	**10,038**	**1,655**	**389**	**12,082**

Intangible assets from acquisitions primarily relate to customer contracts and other customer relations. The acquisitions were primarily made to achieve synergies with existing business areas, to further develop existing markets and to establish a presence on new markets. As a result, a large part of the consideration has been allocated to goodwill.

Other intangible assets are primarily related to software.

Except for goodwill and the Falck trademark in the amount of DKK 514 million, recognised in intangible assets from acquisitions, all intangible assets are deemed to have a definite life.

Notes to the consolidated financial statements

Note DKK million

11 Intangible assets (continued)

Goodwill impairment test
Goodwill has been allocated to the following cash-generating units:

	Goodwill	
	2016	2015
Emergency	5,440	5,380
Assistance	2,781	3,006
Healthcare	1,263	1,235
Safety Services	418	417
Total goodwill	**9,902**	**10,038**

Goodwill is tested for impairment at least once a year, and more frequently if there are indications of impairment. In the impairment tests, the discounted values of the future net cash flows of each of the cash-generating units (value in use) are compared with their carrying amounts. The impairment test performed identified no indication of impairment in any of our cash-generating units. In 2015, the impairment test performed in respect of Safety Services identified a need for an impairment of DKK 721 million.

Emergency
The Emergency activities primarily consist of ambulance services, non-emergency patient transportation, and of firefighting for public- and private-sector customers. Emergency also includes training and consultancy activities for private-sector companies in several countries. Growth is anticipated for the Emergency activities in the years ahead, primarily in Europe, North America and Latin America.

Assistance
The Assistance activities primarily consist of subscriptions for private customers in respect of vehicles and homes. In addition, the Assistance activities comprise assistance in connection with health and travel (Global Assistance). The growth within Assistance is mainly expected to come from Global Assistance.

Healthcare
The Healthcare activities primarily consist of subscriptions and long-term employee healthcare contracts. Growth in the Healthcare business in the years ahead is mainly expected to come from the EAP activities.

Safety Services
The Safety Services activities primarily consist of rescue and safety courses and other safety services. After a period of negative growth, Safety Services is expected to return to positive growth rates.

The key parameters of the impairment test are performance in terms of revenue and operating profit before costs and amortisation from business combinations and exceptional items. As capital tied up in net operating assets is generally low for the Group, this parameter has no material impact on the impairment test.

Growth
Growth rates are determined for each individual cash-generating unit (CGU). The growth rates applied for the terminal period are in line with, or lower than, the expected rate of inflation and assume no nominal growth. In connection with acquisitions and the related purchase price allocation, growth rates are assessed and determined based on factors relevant for the individual cash-generating unit.

Management has tested goodwill for impairment, based on future expectations for the four business areas using the future net cash flows assumed (value in use) in the budget for 2017 and an update to the current performance of the strategic plan for 2018 to 2021, applying the following key assumptions:

Cash-generating unit	Compound Annual Growth Rate (CAGR) 2011-2016	Compound Annual Growth Rate (CAGR) 2016-2021	Growth rate in the terminal period	Discount rate after tax	Discount rate before tax
Emergency	7.2%	6.0%	3.5%	7.5%	9.0%
Assistance	4.0%	5.5%	2.5%	7.5%	9.0%
Healthcare	7.4%	7.2%	2.5%	7.5%	9.0%
Safety Services	-2.3%	6.5%	2.5%	9.0%	11.0%

Notes to the consolidated financial statements

Note DKK million

11 Intangible assets (continued)

The CAGR used in the impairment test in Emergency and Healthcare was lower than the CAGR for the past five years. For Assistance and Safety Services the CAGR was higher than the previous five years. The higher CAGR in Safety Services should be seen in light of the fact that Safety Services has seen a decline in revenue in 2015 and 2016 due to the downturn in the oil and gas industry.

The growth rates during the terminal period have been estimated at 3.5% in the Emergency business (2015: 3.5%) and 2.5% in the other business areas (2015: 2.5%).

Discount rate
The risk-free interest rates used in the impairment tests performed in 2016 were based on observed market data. For countries where long-term risk-free interest rates are not observable, the interest rate is estimated based on observations from other markets and/or long-term expectations expressed by major international financial institutions. The risk premium for the risk-free interest rate was calculated based on published equity and country risk premiums, reflecting the expected long-term market price of capital. The total interest rate thus reflected the long-term interest rate applicable to the Group's investments in the individual markets.

The discount rate for Safety Services has been set at 11% before tax (2015: 11%) and at 9% for the other business areas (2015: 8%). The change in the discount rates compared to 2015 was related to a higher market premium.

Sensitivity
Sensitivity tests have been performed to determine the lowest budget and terminal period growth rates and/or highest discount rates that can be applied without resulting in impairment loss. The sensitivity test of the maximum decline in growth rate during the prognosis period assumes a year-on-year decline in the nominal growth rate, thereby estimating the accumulated effect of a negative change in the prognosis period.

The sensitivity tests have been completed assuming all other assumptions are equal, as it is relevant to assess the sensitivity to a decline in growth as this might be impacted by other changes independently of changes in the discount rate. Sensitivity analysis has been performed to determine impairment of goodwill in the event of a change in the growth rate during the terminal period and the discount rate. The sensitivity analysis did not identify potential impairment.

Notes to the consolidated financial statements

Note DKK million

12 Property, plant and equipment

2016	Land and buildings	Leasehold improvements	Fixtures, fittings, tools and equipment	Total
Cost at 1 January	781	182	2,073	3,036
Foreign exchange differences	-36	-9	29	-16
Additions on acquisitions			4	4
Additions	16	74	388	478
Disposals on divestments	-9	-7	-287	-303
Disposals and reclassification	-81	-1	-220	-302
Cost at 31 December	**671**	**239**	**1,987**	**2,897**
Impairment and depreciation at 1 January	-131	-53	-622	-806
Foreign exchange differences	-1	2	14	15
Disposals and reclassification	42	9	104	155
Disposals on divestments	1	1	151	153
Depreciation	-30	-25	-400	-455
Impairment and depreciation at 31 December	**-119**	**-66**	**-753**	**-938**
Carrying amount at 31 December 2016	**552**	**173**	**1,234**	**1,959**
of which assets under construction	13	-	11	24
of which assets held under finance leases	14	-	257	271

2015	Land and buildings	Leasehold improvements	Fixtures, fittings, tools and equipment	Total
Cost at 1 January	804	125	1,553	2,482
Foreign exchange differences	-40	-4	-29	-73
Additions on acquisitions	-	5	159	164
Additions	86	56	518	660
Disposals and reclassification	-69	-	-128	-197
Cost at 31 December	**781**	**182**	**2,073**	**3,036**
Impairment and depreciation at 1 January	-117	-39	-335	-491
Foreign exchange differences	5	6	36	47
Disposals and reclassification	18	-	85	103
Depreciation	-35	-19	-385	-439
Impairment	-2	-1	-23	-26
Impairment and depreciation at 31 December	**-131**	**-53**	**-622**	**-806**
Carrying amount at 31 December 2015	**650**	**129**	**1,451**	**2,230**
of which assets under construction	42	-	7	49
of which assets held under finance leases	13	-	265	278

Impairment is attributable to downturn within Safety Services.

Notes to the consolidated financial statements

Note	DKK million	2016	2015
13	**Trade receivables**		
	Total trade receivables	**2,548**	**2,401**
	Receivables overdue but not written down		
	Within - 1 - 30 days	317	364
	Within - 31 - 90 days	237	247
	Within more than 90 days	473	400
	Total receivables overdue but not written down	**1,027**	**1,011**
	Write-downs at 1 January	414	262
	Write-downs during the the year	438	388
	Realised write-downs during the year	-397	-236
	Write-downs at 31 December	**455**	**414**

The credit quality of receivables that are not overdue and have not been written down is assessed based on the Group's internal credit assessment procedures. They are generally deemed to be of a high quality with a low risk of losses as they are typically minor subscription receivables from individual customers, and a significant part of the receivables are from public authorities and other major customers.

However, write-downs of receivables are affected by the fact that ambulance companies in the United States collect payment directly from the patient if the patient does not have health insurance or is covered by a public insurance scheme. This may be difficult to do, especially in the event of emergency responses.

Write-downs are generally recognised in other external costs. However, write-downs of receivables from private customers in the United States are recognised in revenue when it is assumed in advance that they cannot be collected.

Write-downs of receivables are based on individual assessments of customers' ability to pay. Moreover, general write-downs may be made based on experience and the age distribution of receivables from customers.

14 Securities

DKK 141 million (2015: DKK 115 million) of the Group's securities are held in a Swedish subsidiary which is subject to Swedish insurance regulations and therefore subject to solvency requirements.

Notes to the consolidated financial statements

Note DKK million

15 Equity, treasury shares, non-controlling interests and dividends

Capital management

The share capital is divided into 66,952,345 shares (2015: 66,952,345 shares) with a nominal value of DKK 1.00 each. No shares are subject to special rights or restrictions on voting rights. The shares are fully paid up and are not divided into classes.

As per 1 January 2016, Falck Holding A/S merged with Falck A/S, with Falck Holding A/S as the continuing company. The merger has no effect on the share capital.

The Group is generally not subject to any capital requirements other than usual statutory requirements.

The Group monitors and manages its capital structure with a view to ensuring that it can meet its financing obligations. No changes have been made to the Group's management of capital as compared with 2015.

	Number of shares		Nominal value DKK (thousand)		% of share capital	
Treasury shares	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Treasury shares at 1 January	-	-	-	-	-	-
Additions	13,352	-	13	-	0.02	-
Treasury shares at 31 December	**13,352**	**-**	**13**	**-**	**0.02**	**-**

Dividend

No dividend is proposed for 2016 (2015: DKK 0).

Non-controlling interests

Subsidiaries with significant non-controlling interests	Primary place of business	Segment	Non-controlling interests' ownership interest
Falck Health Care Holding A/S - sub-group	Denmark	Healthcare	40.0%

The financial information set out on the next page summed up for the Falck Health Care Holding Group.
The information is stated before eliminations with other entities of the Falck Group.

Notes to the consolidated financial statements

Note	DKK million	2016	2015

15 Equity, treasury shares, non-controlling interests and dividends (continued)

	2016	2015
Revenue	2,227	2,001
Profit before financials	111	92
Profit for the year	71	51
Non-controlling interests' share of profit before financials	44	37
Non-controlling interests' share of profit for the year	28	20
Non-current assets	1,567	1,702
Current assets	658	489
Non-current liabilities	697	738
Current liabilities	593	617
Net assets	935	836
Non-controlling interests' share of net assets	374	334
Cash flows from operating activities	-2	166
Cash flows from investing activities	-76	-136
Cash flows from financing activities	97	-26
Change in cash and cash equivalents	19	4
Dividend paid to non-controlling interests during the year	-	-

In legal terms, non-controlling interests hold 40.6% of Falck Health Care Holding A/S. According to the Group's accounting policies, non-controlling interests with put options are deemed to have been redeemed. Accordingly, the ownership interest of non-controlling interests in Falck Health Care Holding A/S for accounting purposes is 40.0%.

16 Deferred tax

	2016	2015
Deferred tax provisions at 1 January	378	486
Foreign exchange differences	-5	-7
Net addition on acquisitions and divestments	1	13
Change in deferred tax for the year	-165	-123
Change in deferred tax for prior years	-38	9
Deferred tax provisions at 31 December	**171**	**378**
Deferred tax assets	-253	-161
Deferred tax provision	424	539
Deferred tax provisions at 31 December	**171**	**378**
Breakdown of deferred tax:		
Intangible assets	330	434
Property, plant and equipment	91	133
Current assets	-5	4
Non-current liabilities and provisions	-4	-8
Current liabilities	-43	-33
Tax losses carried forward	-161	-130
Foreign exchange differences recognised in equity	57	54
Other	-94	-76
Deferred tax provisions at 31 December	**171**	**378**

The tax losses carried forward and not included in deferred tax assets amount to DKK 51 million (2015: DKK 49 million).

Deferred tax assets are recognised on the basis of expected future earnings.

The Group does not have a material liability for withholding taxes in connection with potential dividend payments from subsidiaries.

Notes to the consolidated financial statements

Note	DKK million	2016	2015
17	**Provisions related to acquisitions of operations and non-controlling interests**		
	Liability for acquisitions of non-controlling interests	821	837
	Outstanding consideration and earn-outs	64	100
	Total liabilities	**885**	**937**
	Non-current liabilities		
	Liability for acquisitions of non-controlling interests	473	765
	Outstanding consideration and earn-outs	47	62
	Total	**520**	**827**
	Current liabilities		
	Liability for acquisitions of non-controlling interests	348	72
	Outstanding consideration and earn-outs	17	38
	Total	**365**	**110**
	Total liabilities	**885**	**937**
	Liability for acquisitions of non-controlling interests		
	Liability at 1 January	837	1,077
	Foreign exchange differences	17	45
	Additions on acquisitions	6	45
	Additions on disposal of non-controlling interests	-9	-
	Disposals on acquisitions of non-controlling interests	-28	-19
	Interest element on discounted liabilities	7	9
	Dividends paid and other adjustments	-34	-11
	Adjustments recognised in goodwill relating to business combinations before 1 January 2010	8	-27
	Adjustments and interest recognised in equity relating to business combinations after 1 January 2010	17	-282
	Liability for acquisitions of non-controlling interests at 31 December	**821**	**837**
	Classification of liability for acquisitions of non-controlling interests by expected maturity		
	Within 1 year	348	72
	Between 1 and 5 years	386	765
	More than 5 years	87	-
	Total	**821**	**837**
	Outstanding consideration and earn-outs		
	Liabilities at 1 January	100	83
	Foreign exchange differences	2	3
	Additions on acquisitions	-	36
	Reassessment of previously recognised earn-outs	-	3
	Payments and other disposals	-38	-25
	Outstanding consideration and earn-outs at 31 December	**64**	**100**
	Classification of outstanding consideration and earn-outs by expected maturity		
	Within 1 year	17	38
	Between 1 and 5 years	47	62
	More than 5 years	-	-
	Total	**64**	**100**

Notes to the consolidated financial statements

Note DKK million

17 Provisions related to acquisitions of operations and non-controlling interests (continued)

In connection with Falck assuming an obligation to acquire non-controlling interests, a concurrent right was obtained for Falck to acquire the same non-controlling interests in the agreed period.

The consideration for obligations and rights to acquire non-controlling interests is determined on the basis of profit before exercise multiplied by an already agreed multiple typically less net debt in the relevant companies. On recognition in the balance sheet, this liability is made up on the basis of earnings and net debt at the time when the non-controlling interests are expected to exercise their right to sell their shares to Falck. The calculated liability typically assumes an increase in earnings and a decrease in net debt in the relevant companies as compared with the value recognised in the financial statements.

18 Other provisions

2016	Occupational injuries	Other	Total
Other provisions at 1 January	64	98	162
Foreign exchange differences	-	-2	-2
Other provisions added during the year	38	69	107
Other provisions used during the year	-56	-87	-143
Other provisions at 31 December	**46**	**78**	**124**
Classification of provisions by expected maturity			
Within 1 year	17	43	60
Between 1 and 5 years	26	33	59
More than 5 years	3	2	5
Other provisions at 31 December	**46**	**78**	**124**

2015	Occupational injuries	Other	Total
Other provisions at 1 January	56	63	119
Foreign exchange differences	7	-1	6
Additions on acquisitions	-	66	66
Other provisions added during the year	29	9	38
Other provisions used during the year	-28	-39	-67
Other provisions at 31 December	**64**	**98**	**162**
Classification of provisions by expected maturity			
Within 1 year	37	57	94
Between 1 and 5 years	25	40	65
More than 5 years	2	1	3
Other provisions at 31 December	**64**	**98**	**162**

Other provisions primarily concern actuarial calculations relating to occupational injuries, employee obligations and onerous contracts.

Notes to the consolidated financial statements

Note	DKK million	2016	2015
19	**Loans**		
	Non-current liabilities		
	Assets held under finance leases	155	128
	Long-term loans	5,980	6,366
	Total	**6,135**	**6,494**
	Current liabilities		
	Assets held under finance leases	63	69
	Short-term loans	961	554
	Total	**1,024**	**623**
	Total loans	**7,159**	**7,117**

Of total long-term loans, mortgage loans represent DKK 325 million (2015: DKK 331 million).

	2016	2015
Breakdown by maturity		
Due within 1 year	1,024	623
Due between 1 and 5 years	5,804	6,146
Due after 5 years	331	348
Total	**7,159**	**7,117**
Breakdown by currency		
DKK	4,800	4,403
EUR	1,613	1,657
USD	617	555
GBP	81	338
NOK	16	134
Other	32	30
Total	**7,159**	**7,117**
Interest reset periods		
Within 3 months	5,614	6,211
Between 3 and 12 months	53	61
After 12 months	1,492	845
Total	**7,159**	**7,117**

The statements set out above do not include the effect of interest rate swaps. See note 25 for a description of the Group's risks and cash resources.

The Group's effective interest rate, including the effect of interest rate swaps, has been determined at 3.9% (2015: 3.4%). The interest rates set out below have been determined without the effect of interest rate swaps.

Loans from major shareholders was in 2016 increased by DKKm 600 to DKKm 875. The interest rates on the loans was 10%.

For debt with an interest reset period within 3 months, regular assessments are made of how long the interest period should be. As at the balance sheet date, the interest rate of the primary part of the debt in DKK was fixed for one month and averaged approximately 2.3% (2015: 2.0%). As at the balance sheet date, the interest rate of the primary part of the debt in EUR was fixed for one month and averaged approximately 2.3% (2015: 2.1%). As at the balance sheet date, the interest rate of the primary part of the debt in USD was fixed for one month and averaged approximately 2.9% (2015: 2.3%).

For debt with an interest reset period beyond 12 months (in DKK), the effective interest rate is currently approximately 7.3% (2015: 4.8%). DKK 46 million (2015: DKK 62 million) of capitalised loan costs has been deducted from the carrying amount of debt.

Notes to the consolidated financial statements

Note DKK million

19 Loans (continued)

The Group is funded by a syndicated loan of DKK 5,307 million (2015: DKK 6,165 million) with loan terms that include covenants requiring certain financial performance indicators to be met. All loan terms were honoured in 2016.

Assets held under finance leases
Assets held under finance leases comprise leased vehicles and buildings. The lease contracts do not include any contingent lease payments.

Breakdown of liabilities concerning assets held under finance leases

2016	Present value of lease payments	Interest	Minimum lease payments
Due within 1 year	77	5	82
Due between 1 and 5 years	134	18	152
Due after 5 years	7	3	10
Total at 31 December 2016	**218**	**26**	**244**

2015	Present value of lease payments	Interest	Minimum lease payments
Due within 1 year	69	3	72
Due between 1 and 5 years	121	16	137
Due after 5 years	7	2	9
Total at 31 December 2015	**197**	**21**	**218**

	2016	2015

20 Other payables

	2016	2015
Holiday pay, wages, etc.	786	778
Employee income taxes, etc.	132	120
VAT	122	136
Derivative financial instruments	73	87
Other	128	42
Total other payables	**1,241**	**1,163**
Classification of other payables by expected maturity		
Within 1 year	1,202	1,163
More than 1 year	39	-
Total other payables	**1,241**	**1,163**

21 Net interest paid

	2016	2015
Financial income and expenses	-257	-226
Of which unrealised gains and losses	-55	-19
Interest element on discounted liabilities	12	14
Change in amortised borrowing costs	19	14
Change in interest payable	58	6
Net interest paid	**-223**	**-211**

Notes to the consolidated financial statements

Note	DKK million	2016	2015
22	**Investments in subsidiaries, non-controlling interests and operations**		
	Assets		
	Intangible assets	27	189
	Property, plant and equipment	4	164
	Financial assets	-	6
	Cash	3	32
	Other current assets	25	234
	Equity and liabilities		
	Interest-bearing debt	-16	-200
	Current liabilities, provisions, etc.	-72	-256
	Deferred tax	-1	-13
	Non-controlling interests	-	-
	Net assets acquired	**-30**	**156**
	Goodwill	94	247
	Fair value of investments in phased acquisitions	-	-68
	Liability for acquisitions of non-controlling interests, additions during the year	-6	-45
	Purchase price	**58**	**290**
	Adjustment for cash and cash equivalents acquired	-3	-32
	Outstanding consideration	-	-36
	Consideration relating to prior-year acquisitions	68	28
	Expensed costs from business combinations	26	12
	Cash consideration for acquisitions	**149**	**262**

Other than customer contracts and customer relations with a total value of DKK 25 million (2015: DKK 188 million), no assets or liabilities have been identified which were not recognised in the companies acquired on the date of acquisition.

Valuation of intangible assets
In connection with acquisitions, an assessment is made of the value of the customer agreements, framework agreements and customer portfolios taken over. The valuation thereof is based on the "Multi Period Excess Earnings Method (MEEM-method)" in which the value is calculated on the basis of an expected future cash flow. The principal assumptions are expected lives of the existing agreements and portfolios, earnings and contribution for using associated assets and employees.

Business combinations made during the year are based on preliminary calculations. Acquired assets include receivables from sales at fair value of DKK 21 million (2015: DKK 128 million). The contractual gross receivable is DKK 21 million (2015: DKK 128 million), of which DKK 0 million (2015: DKK 0 million) was deemed to be unrecoverable as of the date of takeover.

Notes to the consolidated financial statements

Note DKK million

22 Investments in subsidiaries, non-controlling interests and operations (continued)

The following acquisitions were made during the financial year.

Acquisitions 2016	Main activity	Country	Month of acquisition	Purchase price	Considera-tion paid in	Percentage of voting rights acquired
Sundhedsdoktor	Healthcare	Denmark	November	30	Cash	100%
Other				28	Cash	100%
Total acquisitions in 2016				**58**		

Profit of acquired companies after date of acquisition	-1
Full-year revenue including acquisitions	16,067
Full-year profit including acquisitions	46

Sundhedsdoktor delivers health solutions to large Danish companies, municipalities and insurance companies. Falck Healthcare will be strengthening its position in the Danish EAP market and provide a more digital and proactive/preventive approach to its healthcare offerings. In order to harvest the synergies, the company is being integrated into Falck Healthcare. Part of the purchase price has been allocated to existing customer contracts, while the rest has been allocated to goodwill.

Other include minor acquisitions completed in 2016.

Acquisitions 2015	Main activity	Country	Month of acquisition	Purchase price	Considera-tion paid in	Percentage of voting rights acquired
Responce	Emergency	Denmark	April	97	Cash	75%
Manpower Hälsopartner	Healthcare	Sweden	April	23	Cash	100%
9Lives	Emergency	Finland	June	76	Cash	100%
Rapid Response	Emergency	USA	August	52	Cash	100%
Other				42	Cash	
Total acquisitions in 2015				**290**		

Profit of acquired companies after date of acquisition	-23
Full-year revenue including acquisitions	15,721
Full-year profit including acquisitions	-569

Responce is a Danish ambulance service provider with activities in Central and Southern Jutland. Part of the purchase price has been allocated to existing customer contracts, while the rest has been allocated to goodwill, relating to the potential synergy and efficiency gains through consolidation of Responce and Falck.

Manpower Hälsopartner supplies healthcare solutions for industrial businesses and public-sector customers in Sweden. Part of the purchase price has been allocated to existing customer contracts, while the rest has been allocated to goodwill, relating to the potential for expanding Falck's healthcare activities. The company and its 160 employees are being integrated into Previa, a subsidiary acquired by Falck in 2014.

9Lives is one of the largest ambulance service providers in Finland. This acquisition will make Falck the leading private patient transport and ambulance service provider in Finland. Part of the purchase price has been allocated to existing customer contracts. The rest has been allocated to goodwill, relating to the potential of growth in the Finnish market by achieving a strong foundation and efficiency through consolidation and by leveraging the competencies, knowledge and relations of key persons.

Rapid Response is an ambulance service provider in, primarily, Detroit. Part of the purchase price has been allocated to existing customer contracts and the rest to goodwill, relating to a strong platform for continued growth in the United States.

Notes to the consolidated financial statements

Note	DKK million	2016	2015
22	**Investments in subsidiaries, non-controlling interests and operations (continued)**		
	Divestment of subsidiaries and operations		
	Assets		
	Goodwill	244	-
	Intangible assets	19	-
	Property, plant and equipment	150	-
	Other current assets	73	-
	Equity and liabilities		
	Interest-bearing debt	-17	-
	Current liabilities	-122	-
	Deferred tax	-7	-
	Non-controlling interest	-14	-
	Net assets divested	**326**	**-**
	Gain on divestment of business, net	29	-
	Reclassified to associates	56	-
	Sales price	**411**	**-**
	Adjustment for cash and cash equivalents transferred	-20	-
	Sales price receivable	-5	-
	Cash flow from divestment of subsidiaries and operations	**386**	**-**

23 Transactions with non-controlling interests, net

	2016	2015
Dividend to non-controlling interests recognised in equity	-23	-30
Dividend to non-controlling interests recognised in provisions for acquisitions of non-controlling interests	-38	-11
Dividend to non-controlling interests recognised in liabilities	-15	-
Divestment of non-controlling interests and capital contributions from non-controlling interests	21	15
Total transactions with non-controlling interests	**-55**	**-26**

Notes to the consolidated financial statements

Note	DKK million	2016	2015

24 Contingent liabilities, contractual obligations and collateral security

Warranty and guarantee commitments	-	2

The Danish Competition and Consumer Authority (DCCA) has in 2016 issued a Notice of Concern to Falck Danmark A/S, a Danish subsidiary of the Group. The Notice is a part of DCCA's ongoing investigation of a hypothesis regarding Falck Danmark A/S' potential abuse of a dominant position on the ambulance and patient transportation market in Denmark in connection with the transfer of the ambulance operation in Region Southern Denmark to a new provider in 2015. Falck does not agree to DCCA's hypothesis and is in dialogue with DCCA with the view to having the matter clarified.

With respect to pending litigations and claims to which the Group is a party, it is still expected that the rulings in these matters will have no material impact on the Group's financial position.

In 2014, Falck Healthcare was merged with Previa and Quick Care, owned by TryghedsGruppen. The purchase price for TryghedsGruppen's acquisition of shares in Falck Health Care Holding is subject to a potential adjustment based on performance in 2017 or 2018 at the latest. The potential adjustment can be settled in cash of up to DKK 146 million or a corresponding transfer of shares in Falck Health Care Holding. The potential adjustment will be made directly to equity and therefore no effect on profit/(loss).

The Group has issued performance bonds to a certain extent in connection with a number of contracts, including performance guarantees in connection with ambulance contracts for a total of DKK 279 million (2015: DKK 252 million).

As part of the Group's activities, usual supplier agreements have been entered into.

Usual representations and warranties are made in connection with the divestment of companies and operations. There are currently no outstanding claims which are not sufficiently recognised in the balance sheet.

Joint taxation
Falck A/S and the Group's Danish subsidiaries are taxed jointly in Denmark with Lundbeckfond Invest A/S as the administration company. Pursuant to the Danish Corporation Tax Act, the company is liable from and including the financial year 2013 for income taxes etc. for the jointly taxed companies and, from and including 1 July 2012, also for any obligations to withhold tax at source on interest, royalties and dividends from the jointly-taxed companies.

Contractual obligations

	2016	2015
Minimum lease payments for operating lease commitments:		
Due within 1 year	472	424
Due between 1 and 5 years	1,209	1,040
Due after 5 years	1,247	1,132
Operating lease commitments at 31 December	**2,928**	**2,596**
Net present value of lease commitments	2,467	2,200
The present value has been calculated on the basis of current market interest rates in the individual countries.		
Lease payments recognised in the income statement	526	429

The operating lease commitments concern leases for vehicles and buildings. The lease term for cars is typically between 4 and 9 years. The lease term for buildings is typically up to 20 years.

None of the leases include material contingent lease payments, but the Group has a right of first refusal to buy a number of buildings at a preset value. At year-end, the Group is subject to a commitment to purchase a property at a value of DKK 16 million (2015: DKK 21 million).

Notes to the consolidated financial statements

Note	DKK million	2016	2015

24 Contingent liabilities, contractual obligations and collateral security (continued)

Collateral security
The shares in the subsidiaries Falck Danmark A/S, Falck Global A/S, Falck Assistance A/S, Falck Global Assistance A/S, Falck Health Care Holding A/S and Falck Safety Services Holding A/S have been provided as collateral for the Group's debt.

	2016	2015
Carrying amount of the Group's properties that have been mortgaged in security of loans	379	418
Bearer mortgages issued and used as collateral for credits	327	333
Unused bearer mortgages	13	13

See note 25 on liquidity risks for the conditions applicable to mortgaged assets.

25 Financial instruments

Financial risks
As a consequence of its operations, investments and financing, the Group is exposed to a number of financial risks, including market risk (foreign exchange and interest rate risk), credit risk and liquidity risk.

Group policy is to not actively speculate in financial risks. Accordingly, the Group's financial management exclusively involves the management and mitigation of financial risks that arise as a direct consequence of the Group's operations, investments and financing.

The Group's risk exposure is subject to continuous changes as a result of changes in the level of debt, inflation risk in emerging markets, foreign exchange risk and interest rate risk. The Group monitors these risks in an ongoing process and hedges them, if necessary. There are no material changes in the Group's risk management as compared to 2015.

Foreign exchange risk
The Group's foreign subsidiaries are not severely exposed to exchange rate fluctuation, as both revenue and most costs of the individual subsidiaries are denominated in the same currencies. The main exchange rate exposure faced by the Group relates to the translation into Danish kroner of the financial results and equity of foreign subsidiaries.

The income statement is affected to a minor extent by changes in exchange rates, as the profit of foreign subsidiaries is translated into Danish kroner using average exchange rates. 37% of the Group's revenue is denominated in Danish kroner (DKK) (2015: 41%). Other currencies that account for more than 5% of revenue or earnings are US dollars (USD), euros (EUR) Swedish kroner (SEK), Malaysian ringgit (MYR) and Colombian Pesos (COP).

The Group regularly assesses its foreign exchange risk in order to determine whether its exposure should be hedged by same currency loans or forward exchange contracts. The forward exchange contracts stated below were entered into to reduce the Group's foreign exchange risks in respect of the translation risk for investments in subsidiaries. See the below section regarding hedging.

	2016			2015		
Sensitivity analysis of financial instruments	**Change in exchange rate [1]**	**Impact on profit for the year [1]**	**Impact on equity [1]**	**Change in exchange rate [1]**	**Impact on profit for the year [1]**	**Impact on equity [1]**
EUR/DKK	1%	15	16	1%	15	16
USD/DKK	10%		69	10%		47
NOK/DKK	10%		-	5%		6
GBP/DKK	10%		-	5%		13
SEK/DKK	5%		34	5%		24
COP/DKK	15%		-	15%		1

[1] An increase in the exchange rate would lead to an increase in profit for the year and an impact on equity, and a decrease in the exchange rate would have the opposite effect.

Notes to the consolidated financial statements

Note DKK million

25 Financial instruments (continued)

Assumptions regarding sensitivity information
The sensitivities related to financial instruments have been determined on the basis of the financial instruments recognised at 31 December 2016. The sensitivities stated have been determined on the basis of an assumption that sales, price level and interest rate level are unchanged. The foreign exchange risks stated above do not include the translation risk of translating the profit and equity of foreign subsidiaries into Danish kroner.

Interest rate risk
The Group's interest rate risk is mainly affected by loans raised by the Group. The Group's syndicated loans carry variable interest, but the Group has decided to hedge this risk by interest rate swaps and consequently around 70% of the syndicated loans carry a fixed rate of interest. Based on the Group's assessment of the market situation, a decision has been made not to make any changes to the Group's existing interest rate swaps, which expire in 2019.

The interest rate exposure is hedged by interest rate swaps during the hedging period to the effect that interest rates on the part of the debt denominated in DKK cannot exceed 3.4% (2015: 3.1%) including the current interest rate margin, that interest rates on the part of the debt denominated in EUR cannot exceed 3.2% (2015: 2.9%) including the current interest rate margin, and that interest rates on the part of the debt denominated in USD cannot exceed 3.6% (2015: 3.4%) including the applicable interest rate margin. The Group is therefore only to a minor extent sensitive to fluctuations in market interest rates, and a fluctuation of 1% would change the interest expense for the year by DKK 16 million (2015: DKK 19 million) as a large part of the interest rate risk is hedged by interest rate swaps. Without these hedges, a fluctuation of 1% would change the Group's interest expense by DKK 53 million (2015: DKK 62 million).

Negative market interest rates affect the Group's interest expenses as Falck pays these rates on interest rate swaps concluded, while it is only partly compensated for negative interest rates on loans.

Credit risk
The Group's credit risk mainly concerns primary financial assets. Credit risk related to financial assets equals the values recognised in the balance sheet.

The Group is not exposed to significant risks concerning individual customers or business partners. When entering into significant contracts, the Group makes a credit assessment of the customer in order to reduce the potential credit risk. The Group's credit exposure to large customers is generally considered low as the Group's large customers are mainly public authorities. However, write-downs of receivables have generally increased. Falck's presence in the ambulance services market in the United States generally entails a higher credit risk exposure because payment for ambulance services in the United States is collected directly from the patient transported if the patient does not have health insurance or coverage under a public insurance scheme.

Subscription sales to private and corporate customers are not deemed to involve material risks to the Group as the amounts are small for the individual subscriptions, and general and individual write-downs are made for anticipated bad debts.

Liquidity risk
The Group's liquidity risk primarily concerns its ability to meet its obligations to pay its employees and creditors and to service its debts.

The Group continuously monitors its free cash flow in order to assess its liquidity risks. Some of the Group's loans, including the debt of Falck A/S, are subject to certain loan covenants, and the Group continuously monitors whether the covenants are complied with.

See note 19 for a breakdown of loan maturities. In addition to its recognised liabilities, the Group also has the option of drawing on a number of short-term credits.

At year-end 2016, the Group's unused credit facilities amounted to DKK 1,194 million (2015: DKK 1,065 million).

With the addition of available cash and cash equivalents of DKK 900 million (2015: DKK 637 million), total cash resources were in the region of DKK 2,094 million (2015: DKK 1,702 million).

Notes to the consolidated financial statements

Note DKK million

25 Financial instruments (continued)

Maturity analysis of financial assets and liabilities
Assumptions applied in the maturity analysis
The maturity analysis is based on all undiscounted cash flows, including estimated interest payments. Interest payments are estimated based on current market conditions.

The undiscounted cash flows from derivative financial instruments are presented gross unless the parties have a contractual right/ obligation to settle net.

2016 **Contractual cash flows including interest**	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Contractual cash flows**	**Total carrying amount**	**Market value**
Financial assets						
Trade receivables	2,548	-	-	2,548	2,548	2,548
Receivables from associates	47	26	-	73	73	73
Other receivables	229	31	35	296	296	296
Cash	900	-	-	900	900	900
Loans and receivables	**3,724**	**57**	**35**	**3,817**	**3,817**	**3,817**
Securities subject to regulations on solvency requirements	141	-	-	141	141	141
Held-to-maturity investments	**141**	**-**	**-**	**141**	**141**	**141**
Derivative financial instruments to hedge net investments in foreign companies	3	-	-	3	3	3
Financial assets used as hedging instruments	**3**	**-**	**-**	**3**	**3**	**3**
Total financial assets	**3,868**	**57**	**35**	**3,961**	**3,961**	**3,961**
Financial liabilities						
Loans	1,127	6,279	418	7,824	7,159	7,205
Provisions for acquisitions of operations and non-controlling interests	6	919	162	1,087	911	911
Trade payables	742	-	-	742	742	742
Other payables	1,165	-	-	1,165	1,165	1,165
Financial liabilities measured at amortised cost	**3,040**	**7,198**	**580**	**10,818**	**9,977**	**10,023**
Derivative financial instruments to hedge future cash flows	33	30	-	63	63	63
Derivative financial instruments to hedge net investments in foreign companies	13	-	-	13	13	13
Financial liabilities used as hedging instruments	**46**	**30**	**-**	**76**	**76**	**76**
Total financial liabilities	**3,086**	**7,228**	**580**	**10,894**	**10,053**	**10,099**

Notes to the consolidated financial statements

Note DKK million

25 Financial instruments (continued)

2015 Contractual cash flows including interest	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Contractual cash flows	Total carrying amount	Market value
Financial assets						
Trade receivables	2,401	-	-	2,401	2,401	2,401
Receivables from associates	41	-	-	41	41	41
Other receivables	216	28	35	279	279	279
Cash	637	-	-	637	637	637
Loans and receivables	**3,295**	**28**	**35**	**3,358**	**3,358**	**3,358**
Securities subject to regulations on solvency requirements	115	-	-	115	115	115
Held-to-maturity investments	**115**	**-**	**-**	**115**	**115**	**115**
Total financial assets	**3,410**	**28**	**35**	**3,473**	**3,473**	**3,473**
Financial liabilities						
Loans	779	6,589	433	7,801	7,117	7,153
Provisions for acquisitions of operations and non-controlling interests	71	981	-	1,052	937	937
Trade payables	857	-	-	857	857	857
Other payables	1,076	-	-	1,076	1,076	1,076
Financial liabilities measured at amortised cost	**2,783**	**7,570**	**433**	**10,786**	**9,987**	**10,023**
Derivative financial instruments to hedge future cash flows	43	30	-	73	73	73
Derivative financial instruments to hedge net investments in foreign companies	14	-	-	14	14	14
Financial liabilities used as hedging instruments	**57**	**30**	**-**	**87**	**87**	**87**
Total financial liabilities	**2,840**	**7,600**	**433**	**10,873**	**10,074**	**10,110**

Notes to the consolidated financial statements

Note DKK million

25 Financial instruments (continued)

Hedging and derivative financial instruments
The Group uses forward exchange contracts to hedge its risks related to exchange rates.

The market value of the effective part of the outstanding foreign exchange contracts as at 31 December used as hedging instruments and qualifying for hedge accounting in respect of future transactions has been recognised directly in equity through other comprehensive income until the hedged transactions are recognised in the income statement.

Forward exchange contracts are used to hedge investments in subsidiaries with a functional currency other than Danish kroner.

	2016		2015	
Foreign currency sold/(bought) on forward contracts	**Contract value**	**Market value**	**Contract value**	**Market value**
USD (expires in 2017)	212	3	-	-
SEK (expires in 2017)	669	-13	471	-14
Total	**881**	**-10**	**471**	**-14**
Of which recognised in income statement		-		-
For future recognition		**-10**		**-14**

The market value is recognised in other receivables/other payables.

All contracts expire in 2017 and as they hedge net investments abroad, they do not affect the income statement.

	2016		2015	
Interest rate swaps	**Hedged value**	**Market value**	**Hedged value**	**Market value**
DKK interest rate swap (fixed rate 0.56%), expired in June 2016	-	-	725	-3
DKK interest rate swap (fixed rate 0.88%), expires in September 2017	2,015	-18	2,015	-37
USD interest rate swap (fixed rate 1.14%), expires in September 2017	480	-1	464	-2
EUR interest rate swap (fixed rate 0.67%), expires in September 2017	1,197	-9	1,201	-20
DKK interest rate swap (fixed rate 0.53%), runs from September 2017 to June 2019	1,700	-20	1,700	-5
EUR interest rate swap (fixed rate 0.25%), runs from September 2017 to June 2019	1,487	-15	1,493	-6
Total		**-63**		**-73**
Of which recognised in income statement		-		-
For future recognition		**-63**		**-73**

The market value is recognised in other receivables/other payables.

All interest rate swaps are recognised in the income statement until expiry.

Notes to the consolidated financial statements

Note DKK million

25 Financial instruments (continued)

Methods and assumptions for the determination of market values
The portfolio of listed securities is measured at officially quoted prices or price quotes.

The market value of mortgage debt is measured on the basis of the market value of the underlying bonds.

The market value of credit institutions is measured by discounting based on market expectations.

Forward exchange contracts and interest rate swaps are measured using generally accepted valuation techniques based on relevant observable swap curves and exchange rates.

	2016			
Fair value hierarchy for financial instruments measured at fair value in the balance sheet	**Quoted market prices (Level 1)**	**Observable input (Level 2)**	**Non-observable input (Level 3)**	**Total**
Financial assets				
Derivative financial instruments to hedge net investments in foreign companies	-	3	-	3
Total financial assets	**-**	**3**	**-**	**3**
Financial liabilities				
Derivative financial instruments to hedge future cash flows	-	63	-	63
Derivative financial instruments to hedge net investments in foreign companies	-	13	-	13
Total financial liabilities	**-**	**76**	**-**	**76**

	2015			
Fair value hierarchy for financial instruments measured at fair value in the balance sheet	**Quoted market prices (Level 1)**	**Observable input (Level 2)**	**Non-observable input (Level 3)**	**Total**
Financial liabilities				
Derivative financial instruments to hedge future cash flows	-	73	-	73
Derivative financial instruments to hedge net investments in foreign companies	-	14	-	14
Total financial liabilities	**-**	**87**	**-**	**87**

Notes to the consolidated financial statements

Note	DKK million	2016	2015

26 Related parties

Falck A/S is subject to controlling influence by Lundbeckfond Invest A/S, Scherfigsvej 7, DK-2100 Copenhagen Ø, Denmark, which holds 57.4% of the share capital. Lundbeckfond Invest A/S is owned by the Lundbeck Foundation. Falck A/S is 57,4% owned by Lundbeckfonden Invest A/S and is included in the consolidated Annual Report of Lundbeckfonden Invest A/S. Lundbeckfonden Invest A/S is the ultimate Parent Company.

Falck A/S has registered the following shareholders who hold 5% or more of the share capital:

	2016	2015
Lundbeckfond Invest A/S, Copenhagen	57.4%	57.4%
KIRKBI Invest A/S, Billund	27.7%	27.7%
Liberatio A/S, Copenhagen (owned by former and current members of the Executive Management Board)	10.3%	10.3%
Transactions with shareholders were as follows:		
Dividend paid	-	-225
Loans received	600	275
Interest on loan	61	7

The loan expires on 1 July 2019 and is subordinate to the Group's syndicated loans. The balance at 31 December 2016 is DKK 935 million (2015: 281 million). In 2016 an additional shareholder loan of DKK 600 million has been raised.

Besides transactions related to the joint taxation with Lundbeckfond Invest A/S, as described in note 24, no transactions other than those stated above were completed with these related parties during the period under review.

Management
Related parties in Falck A/S with significant influence include the Group's Executive Management Board, the Board of Directors and their close relatives. Related parties also comprise companies in which these individuals have material interests.

Apart from the remuneration paid to the Management as stated in notes 4 and 5, the Group had no transactions with former or current members of the Executive Management Board, members of the Board of Directors or other persons with significant influence.

Associates
The related parties of Falck A/S also include associates in which the company has significant influence. See "Legal entities" for an overview of associates.

	2016	2015
Trading with associates was as follows:		
Sale of property, plant and equipment	46	25
Purchase of goods and services	-1	-2
Royalties	-	2
Lease costs	-27	-25

Receivables from associates appear from the balance sheet, and interest for the period amounted to DKK 4 million.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

Notes to the consolidated financial statements

Note

27 Events after the balance sheet date

No events have occurred after the balance sheet date that have a material impact on the financial position of the Falck Group.

28 Accounting estimates and judgments

The calculation of the carrying amounts of certain assets and liabilities relies on judgments, estimates and assumptions about future events.

The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from such estimates.

Estimates material to the financial reporting are made in the calculation of, i.a. depreciation, amortisation and impairment losses, provisions, the determination of fair values, as well as contingent liabilities and assets.

Amortisation and depreciation periods and residual values

In the determination of the carrying amount of intangible assets and property, plant and equipment, estimates are required of the estimated economic lives of the assets and of residual values. The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future uses may subsequently prove not to be realisable, which may require the useful lives to be reassessed.

Special items

The use of special items implies management judgement in the separation from other items in the income statement. Management carefully considers such changes in order to ensure the correct distinction between operating activities and restructuring of the Group carried out to enhance the future earnings potential .

Goodwill impairment test

In the annual goodwill impairment test or in case of any indication of impairment, an assessment is made of how the parts of the Group (cash-generating units) to which the goodwill relates will be able to generate sufficient cash flows in future to support the value of goodwill and other net assets in the relevant part of the Group.

As a result of the nature of the company's business, expected cash flows must be estimated over a period of a number of years, which inherently produces some degree of uncertainty. The uncertainty is reflected in the discount rate applied.

The impairment test of goodwill and the associated particularly sensitive factors and sensitivity analyses are described in note 11 to the consolidated financial statements.

Impairment of receivables

Impairment losses on trade receivables are calculated on the basis of Management's assessment of the customer's or the customer group's capacity to pay. Impairment losses on trade receivables are affected by the fact that ambulance companies in the United States collect payment directly from the patient if the patient does not have health insurance or is covered by a public insurance scheme. This may be difficult, especially in the event of emergency responses. Moreover, as a result of increased revenue and changed payment profile in the United States, the Group has seen overdue receivables go up during the past few years. This development is reflected in the impairment losses.

Purchase price allocation in business combinations

In connection with allocation of purchase price in business combinations, calculations are made of fair value of acquired assets and liabilities. As this determination is based on expected future cash flows related to the assets and liabilities acquired, the realisation of such cash flows as anticipated is subject to an inherent uncertainty. In accordance with IFRS 3, the purchase price allocations in business combinations may be adjusted for up to 12 months from the date of acquisition.

Liability for acquisition of non-controlling interests

In the determination of the value of issued put options under which the Group assumes an obligation to buy shares in subsidiaries held by non-controlling shareholders, Management makes certain estimates, including the future financial performance of the subsidiaries and the time of exercise. These factors are of material importance to the expected exercise price and the liability is therefore subject to uncertainty.

Notes to the consolidated financial statements

Note

29 Accounting policies

Falck A/S is a public limited liability company incorporated in Denmark. The annual report for the year ended 31 December 2016 includes both the consolidated financial statements of Falck A/S and its subsidiaries (the Group) and separate financial statements of the parent company.

The annual report of Falck A/S is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of large reporting class C entities.

The Board of Directors and the Executive Management Board considered and approved the annual report for 2016 of Falck A/S on 3 March 2017. The annual report will be submitted to the shareholders of Falck A/S for adoption at the annual general meeting to be held on 27 April 2017.

The Group has made certain reclassifications in the Income Statement which affects "Other external costs", "Depreciation and amortisation" and "Costs and amortisation from business combinations". In order to maintain comparability, the comparative figures for 2015 have been adjusted accordingly. The reclassification involves cost transferred from "Other external costs" to "Costs and amortisation from business combinations" and a split of impairment, amortisation and depreciation into new lines in the Income Statement. The reclassifications has no effect on Operating profit, Result for the year, Equity or cash flow.

The annual report has been prepared under the historical cost convention, except that derivatives and financial instruments are measured at fair value:
The annual report is presented in Danish kroner (DKK) rounded to the nearest million.

NEW FINANCIAL REPORTING STANDARDS

Based on an assessment of new or amended and revised financial reporting standards ('IFRSs') and interpretations ('IFRICs') issued by IASB, and IFRSs endorsed by the European Union effective on or after 1 January 2016, it has been assessed that the application of these new IFRSs has not had a material impact on the consolidated financial statements for 2016, and Management does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

FUTURE IFRS AMENDMENTS

Standards and additions issued by the IASB which come into force after 31 December 2016, standards and additions not yet adopted by the EU and standards for which the EU has postponed the effective date have not been implemented.

They include:
IFRS 9 – Financial Instruments
IFRS 15 – Revenue from Contracts with Customers
IFRS 16 – Leasing
Amendment to IAS 7 - Disclosure initiative
Amendment to IAS 12 - Income Taxes
Amendment to IFRS 2 - Share-based Payment
Amendment to IFRS 15 - Revenue from Contracts with Customers

- The implementation of IFRS 9 is expected to result in higher impairment losses on receivables as the standard requires recognition of expected losses, whereas under the current model impairment losses are not charged until there are indications of impairment.
- New standard on revenue recognition. In IFRS 15, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer together with a change in the agent-principal assessment and other criteria for recognition. An overall analysis has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the recognition of revenue. We expect to finish the analysis and review of selected contracts in the course of 2017.
- The implementation of IFRS 16 will result in recognition of assets held under operating leases and related liabilities in the balance sheet. The Group's operating lease commitments at 31 December 2016 are presented in note 24.
- The implementation of the standards will result in additional note specifications and reclassifications. Further analysis and review of contracts in 2017 will clarify the impact on income statements, the balance sheet or the related key ratios in the consolidated financial statements. At this point in time we have not identified any matters that is expected to have any significant impact on the profit for the year.

The implementation of other standards is not expected to significantly affect recognition and measurement. The analysis of the expected effect of implementing IFRS 9, IFRS 15, IFRS 16 and other standards and additions has yet to be completed.

The accounting policies set out below have been consistently applied to the financial year and the comparative figures.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

MATERIALITY IN PRESENTATION

In connection with the preparation of the annual report, Management evaluates how the annual report should be presented. In the evaluation, it is considered important that the contents are of a material nature to users.

In the management review, Management endeavours to present a comprehensive and useful review of matters with the greatest materiality to the Falck Group and the attainment of the Group's financial targets. In the presentation of the financial statements, a specific evaluation is made in respect of each line item and note to the financial statements of the need for further decomposition or, alternatively, aggregation of several line items and omissions or aggregation of notes to the financial statements. The choice of presentation is made based on an overall assessment of the requirement to give a true and fair view, the requirements under IFRS, Falck's specific circumstances and other relevant factors.

BASIS OF CONSOLIDATION

The consolidated financial statements include the parent company, Falck A/S, and its subsidiaries. Subsidiaries are entities controlled by Falck A/S. Control means that the Falck Group controls the company, i.e. that the Falck Group is exposed or has rights to variable returns from the company and has the ability to affect the size of those returns through its power over the company. Control is usually achieved by directly or indirectly holding or controlling more than 50% of the voting rights or other rights such as agreements on management control. The consolidated financial statements are prepared on the basis of the financial statements of Falck A/S and subsidiaries by adding items of a like nature.

The financial statements used for consolidation are prepared in accordance with the Group's accounting policies. On consolidation, investments in subsidiaries, intra-group income and expenses, intra-group balances and dividends and realised and unrealised gains and losses on transactions between Group entities are eliminated.The line items of the financial statements of subsidiaries are fully consolidated in the consolidated financial statements. Profit for the year and equity attributable to non-controlling interests in subsidiaries that are not wholly owned are included in the consolidated profit and equity, respectively, but as separate line items.

Associates

Enterprises in which the Falck Group exercises significant influence but not control of the operating policy and financial decisions are classified as associates. Significant influence is generally achieved by directly or indirectly holding or controlling more than 20%, but less than 50%, of the voting rights. Agreements and other matters are included in the assessment of influence.

Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of the enterprise.

Business combinations

Companies acquired or established during the financial year are recognised as from the date of acquisition or inception. Companies divested or discontinued are recognised in the income statement until the date of divestment or discontinuation. The comparative figures are not restated to reflect companies acquired, divested or discontinued.

Acquisitions of subsidiaries or associates are accounted for applying the acquisition method. Identifiable assets, liabilities and contingent liabilities of acquirees are stated at their fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or derive from a contractual right. Deferred tax on revaluations is recognised.

The acquisition date is the date on which the Group obtains control of the acquiree.

Any positive difference between the consideration and the value of non-controlling interests in the acquiree and the fair value of any previously held interests in the acquiree, on the one hand, and the fair value of the identifiable assets, liabilities and contingent liabilities, on the other hand, is recognised in the balance sheet as goodwill. Goodwill is not amortised, but is tested for impairment at least once a year. On acquisition, goodwill is allocated to the cash-generating units which will subsequently form the basis for future impairment tests.

Any goodwill arising and any fair value adjustments made on the acquisition of a foreign company whose functional currency is not the same as the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities of the foreign company and are translated on initial recognition to the foreign company's functional currency at the exchange rate at the transaction date.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

Any negative difference is recognised in the income statement on the date of acquisition.

The consideration for an enterprise consists of the fair value of the agreed purchase price. For business combinations in which the agreement includes a provision on adjustment of the consideration conditional on future events, the fair value of this part of the consideration is recognised at the date of acquisition. Any changes in the fair value of the contingent consideration after initial recognition are recognised in the income statement. Put options issued to minority shareholders in connection with acquisitions, for them to sell their remaining shares to Falck, the value of which is contingent on future events will be recognised as part of the consideration at the date of acquisition. The put options issued are subsequently measured at the present value of the expected exercise price. Any changes in the value of the issued put options after initial recognition are recognised in equity. Acquisition costs and the interest element of discounting are recognised in the income statement.

Adjustments of liabilities in connection with contingent consideration and issued put options, the value of which is conditional on future events relating to business combinations with an acquisition date prior to 1 January 2010, will continue to be recognised in accordance with IFRS 3 (2004), i.e. adjustments are recognised in goodwill until the conditions have been met or the issued put options are exercised.

If uncertainties regarding the measurement of acquired identifiable assets, liabilities, contingent liabilities or the consideration for the business combination exist at the acquisition date, initial recognition takes place on the basis of preliminary fair values. If identifiable assets, liabilities, contingent liabilities and the consideration for the business combination are subsequently determined to have had a different fair value at the acquisition date than first assumed, goodwill is adjusted until 12 months after the acquisition date. The effect of the adjustments is recognised in the opening equity, and the comparative figures are restated accordingly. Goodwill is not adjusted subsequently except in the event of material errors.

Gains or losses on divestment or winding up of subsidiaries and associates are stated as the difference between the sales or disposal amount and the carrying amount of the net assets including goodwill at the time of sale plus sales or winding up costs. In addition, any retained non-controlling interests are measured at fair value. Gains or losses on the divestment or winding up of subsidiaries and associates and the effect of renewed measurement of any retained non-controlling interests are recognised in the income statement.

Non-controlling interests
On initial recognition, non-controlling interests are measured either at fair value (including the fair value of goodwill related to non-controlling interests in the acquiree) or as non-controlling interests' proportionate share of the acquiree's identifiable assets, liabilities and contingent liabilities measured at fair value (excluding the fair value of goodwill related to non-controlling interests' share of the acquiree). The measurement basis for non-controlling interests is selected for each individual transaction.

Acquisition and divestment of non-controlling interests
Increases and reductions of non-controlling interests are accounted for as transactions with shareholders, in their capacity as shareholders. As a result, any differences between adjustment to the carrying amount of non-controlling interests and the fair value of the consideration received or paid are recognised directly in equity.

When put options are issued as part of the consideration for business combinations, the non-controlling interests receiving put options are considered to have been redeemed on the acquisition date. The non-controlling interests are eliminated and a debt obligation is recognised. The liability is determined as the present value of the expected exercise price of the option. Subsequent adjustments to the liability are recognised in equity.

Issued put options related to business combinations with an acquisition date prior to 1 January 2010 will continue to be recognised in accordance with IFRS 3 (2004), i.e. with recognition of interest expenses in the income statement and value changes in goodwill. Any subsequent dividend payments to the option holders reduce the liability, as the option price is adjusted for dividend payments.

Foreign currency translation and hyperinflation
A functional currency is determined for each of the reporting entities of the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

are recognised in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date when the receivable or payable arose or the exchange rate applied in the most recent financial statements is recognised in the income statement under financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than DKK, the statements of comprehensive income are translated at the exchange rates at the transaction date and the balance sheets are translated at the exchange rates at the balance sheet date. Average exchange rates for the month are used as the exchange rate at the transaction date to the extent that this does not significantly change the presentation of the underlying transactions. Exchange differences arising on the translation of the equity of these subsidiaries at the beginning of the year to the exchange rates at the balance sheet date and on the translation of statements of comprehensive income from the exchange rate at the transaction date to the exchange rate at the balance sheet date are recognised directly in other comprehensive income and classified in equity in a separate currency translation reserve. Exchange differences are allocated between the parent company's and the non-controlling interests' shares of equity.

On recognition in the consolidated financial statements of subsidiaries and associates operating in hyperinflationary economies, revenue and costs are translated at the exchange rate at the balance sheet date. Prior to the translation, the income statement and the non-monetary items of the balance sheet are restated taking into account the buying power of the functional currency based on inflation until the balance sheet date (inflation correction). The effect of the inflation correction is recognised in the currency translation reserve in equity. In the income statement, it is recognised in financial income or financial expense as a loss/gain on the monetary net position in the relevant entities. The assessment of when an economy is hyperinflationary is based on qualitative as well as quantitative factors, including whether the accumulated inflation rate over a three-year period is more than 100%.

Foreign exchange adjustments of balances that are considered part of the overall net investment in companies with functional currencies other than DKK are recognised in the consolidated financial statements directly in other comprehensive income and classified in equity in a separate currency translation reserve. Similarly, exchange gains and losses on the part of loans and derivative financial instruments effectively hedging the net investment in such companies and which effectively hedge against corresponding exchange gains/losses on the net investment in the company are recognised directly in other comprehensive income and are classified in equity in a separate currency translation reserve.

On recognition in the consolidated financial statements of associates with a functional currency other than DKK, the share of results for the year is translated at average exchange rates, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange differences arising on the translation of the share of the opening equity of foreign associates to exchange rates at the balance sheet date and on the translation of the share of results for the year from average exchange rates to exchange rates at the balance sheet date are recognised directly in other comprehensive income and are classified in equity in a separate currency translation reserve.

On full or partial divestment of foreign subsidiaries, where Falck ceases to have control, foreign exchange adjustments accumulated in equity through other comprehensive income and which can be attributed to entities are reclassified proportionately from the "Currency translation reserve" to the income statement together with any gain or loss on the divestment.

On the divestment of partially owned foreign subsidiaries, the part of the currency translation reserve that relates to non-controlling interests is not recognised in the income statement.

On partial divestment of foreign subsidiaries without giving up control, a proportionate share of the currency translation reserve is transferred from the parent company shareholders' to the non-controlling shareholders' share of equity.

On partial divestment of associates, the proportionate share of the accumulated currency translation reserve recognised in other comprehensive income is reclassified to profit for the year together with the gain or loss on the divestment

Any repayment of intra-group balances that are considered part of the net investment is not considered, in itself, a partial divestment of subsidiaries.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

Derivative financial instruments
Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the balance sheet at fair value.

The fair value of derivative financial instruments is recognised as separate assets or liabilities in other receivables or other payables respectively.

The fair value of derivative financial instruments is determined on the basis of market data and generally accepted pricing models.

Hedges of net investment
Derivative financial instruments entered into in order to effectively hedge investments in foreign subsidiaries are recognised in the consolidated balance sheet through comprehensive income at the time they are entered into and are measured at fair value at the balance sheet date. Exchange gains and losses are recognised in equity through other comprehensive income as a separate currency translation reserve.

Fair value hedges
Derivative financial instruments entered into in order to effectively hedge other assets and liabilities denominated in foreign currency are recognised in the balance sheet at the time they are entered into and are stated at fair value at the balance sheet date.

Any market value adjustments of derivative financial instruments entered into to hedge other assets and liabilities are recognised in the statement of comprehensive income in the same line items as the transactions hedged.

Cash flow hedges
Changes in the part of the fair value of derivative financial instruments designated as and qualifying for hedging of future cash flows, and which effectively hedge changes in the value of the hedged item, are recognised in other comprehensive income in a separate hedging reserve in equity. When the hedged transaction is realised, any gains or losses regarding such hedging transactions are transferred from equity and recognised in the same financial item as the hedged item. When proceeds from future borrowings are hedged, any gains or losses regarding hedging transactions are, however, transferred from equity over the maturity period of the borrowings.

Forward premiums or forward discounts on forward exchange transactions are recognised in the income statement during their terms.

Other derivative financial instruments
For derivative financial instruments which do not meet the criteria for hedge accounting, changes in the fair value are recognised directly in the income statement under financials.

INCOME STATEMENT

Revenue
Revenue represents the value of services and goods delivered and invoiced subscriptions attributable to the financial period, and is recognised in the income statement if delivery and transfer of risk to the buyer have taken place before year-end, and if the income can be reliably measured and is expected to be received.

The value of services rendered is recognised on the basis of the delivered percentage of the total service.

Revenue from subscriptions is allocated to the income statement on a straight-line basis.

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and other taxes collected on behalf of third parties. All discounts granted are recognised in revenue.

Other operating income
Other operating income represents revenue of a secondary nature relative to the Group's principal activities, such as gains on the sale of assets and rental income.

Cost of sales and external assistance
Cost of sales and external assistance represents costs incurred and external assistance used to generate the year's revenue.

Other external costs
Other external costs include costs relating to operating and maintaining equipment and property as well as sales and administrative expenses.

Staff costs
Staff costs represent salaries and wages, pension contributions, social security costs and other staff costs.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

Share of income after tax from associates, primary activities

Income from investments in associates are recognised in the income statement at the proportionate share of the results after tax of the associates and after elimination of the proportionate share of intra-group profits/losses. To the extent that profit from associates is derived from operations within the Group's primary activities, profit from associates is included in "EBITA before special items".

Special items

Special items consists of non-recurring income and expenses that the Group does not consider to be part of its ordinary operations such as restructuring projects, impairment of goodwill and gains and losses on divestments. The use of special items entails management judgement in the separation from the ordinary operations of the Group. When using special items it is essential that these constitute items that cannot be attributed directly to the Group's ordinary operating activities.

Share of income after tax from associates, secondary activities

Profit from associates after tax not generated from operations within the Group's primary activities is recognised in the income statement on the line item "Profit from financials".

Financial income and expenses

Financial income and expenses represent interest income and interest expense, realised and unrealised capital gains and losses and amortisation related to financial assets and liabilities. Dividends to capital holders who have received put options in connection with business combinations are recognised as a financial expense in the cases where the option price is independent of dividend payments. Financials are recognised at the amounts related to the year. Furthermore, realised and unrealised gains and losses on derivative financial instruments which cannot be classified as hedging arrangements are included.

INCOME TAXES

Falck A/S and the Group's Danish subsidiaries are jointly taxed with Lundbeckfond Invest A/S, which is the management company for the national joint taxation and consequently settles all payments of income taxes with the tax authorities in respect of the jointly taxed companies and the Foundation's other Danish subsidiaries.

Current Danish corporation tax is allocated among the jointly taxed companies according to the taxable income of these companies.

Income tax for the year, consisting of current tax for the year and changes in deferred tax, is recognised in profit for the year with respect to the part that can be attributed to profit for the year and in other comprehensive income with respect to the part that can be attributed to other comprehensive income or directly to equity.

Tax payables

Corporation tax payables include corporation taxes made up on the basis of estimated taxable income for the financial year and prior-year adjustments.

Deferred tax

Deferred tax is calculated according to the balance sheet liability method and is based on all timing differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is not recognised on goodwill that is not tax deductible, and deferred tax is not recognised on undistributed profits in subsidiaries and timing differences that arose at the time of recognition in the balance sheet other than for acquisitions, if such differences will not affect profit or taxable income.

When alternative tax rules can be applied to determine the tax base, deferred tax is measured based on planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset within the same legal tax entity or jurisdiction. Deferred tax assets are measured at the value at which they are expected to be realised.

Deferred tax is measured using the tax rate expected to apply when timing differences are reversed. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

ASSETS

Non-current assets in general
Intangible assets and property, plant and equipment, except for goodwill and other intangible assets with indefinite useful lives, are measured at cost less accumulated impairment, amortisation and depreciation. Goodwill and intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses. Impairment, amortisation and depreciation are recognised in the income statement.

The basis of depreciation is calculated with consideration to the asset's residual value, reduced by any impairment losses. The residual value is determined at the date of acquisition and revalued each year. Where the residual value exceeds the carrying amount, the asset ceases to be depreciated or amortised.

If the depreciation or amortisation period or the residual value is changed, the effect on depreciation or amortisation going forward is recognised as a change in accounting estimates.

Cost includes direct costs related to the asset and the initial estimate of the costs related to dismantling and removing the item and restoring the site on which it is located, if the costs meet the definition of a liability. Cost further includes borrowing costs from specific and general borrowings directly relating to the acquisition, construction or development of the individual qualifying asset.

Where parts of an intangible asset or an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Each year, the assets are reviewed in order to assess whether there are indications of impairment. If such indications exist, the recoverable amount, determined as the higher amount of the fair value of the asset adjusted for expected costs to sell and the value in use of the asset, is calculated. The value in use is calculated based on the estimated future cash flows, discounted by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or its cash-generating unit is lower than the carrying amount, an impairment charge is recognised in respect of the asset. The impairment loss is recognised in the income statement.

In addition, for goodwill and other intangible assets with indefinite useful lives, impairment tests are performed at each balance sheet date, regardless of whether there are any indications of impairment. For acquisitions, the first impairment test is performed before the end of the year of acquisition.

Impairment losses are reversed if the recoverable amount increases. Impairment losses will only be reversed to the extent that the value in use does not exceed the carrying amount of the asset if the impairment loss had never been charged. Impairment losses on goodwill are not reversed.

Intangible assets
Goodwill is recognised in the balance sheet at cost on initial recognition as described under "Business combinations". Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets acquired on acquisition are measured at cost less accumulated amortisation and impairment losses. Intangible assets acquired on acquisitions are amortised over the expected economic life, estimated to be 3 to 10 years.

Other intangible assets are measured at cost including costs which can be directly or indirectly attributed to the assets in question less accumulated impairment, amortisation and depreciation.

Other intangible assets include software, etc. Software is amortised on a straight-line basis over the expected economic life, estimated to be 3 to 5 years. The economic lives of major administrative systems are estimated to be 8 years.

Property, plant and equipment
Land and buildings are measured at cost less accumulated depreciation and impairment of buildings.

Depreciation of buildings is calculated on a straight-line basis over the expected useful lives of the assets, estimated to be between 25 and 33 years. Certain installations are depreciated over 10 years.

Leasehold improvements are depreciated on a straight-line basis over the term of the lease.

Other fixtures and fittings, tools and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The expected useful lives are as follows:

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

	Years
Vehicles according to category	5-12
Other fixtures and fittings, tools and equipment	3-10
Dispatch centres, radio systems, major administrative systems and networks	8
Other IT equipment	3-5
Fire extinguishers and similar equipment installed at customer locations	3-5

Assets held under finance leases are recognised under property, plant and equipment and measured at the lower of the fair value and value in use of the future lease payments at the inception of the lease.

Assets held under finance leases are depreciated over the estimated useful lives of the assets or, if shorter, over the lease term.

Gains or losses on the disposal or scrapping of property, plant and equipment are determined as the difference between the sales price less dismantling, selling and re-establishing costs and the carrying amount. Any gains or losses are recognised in the income statement as other operating income or external expenses respectively.

Associates

Investments in associates in the consolidated financial statements are measured using the equity method and recognised at the proportionate share of the equity of the relevant enterprise, made up according to the Group's accounting policies, with the addition of values added on acquisition, including goodwill. Investments in associates are tested for impairment when there is an indication that the investment may be impaired. Associates with negative equity value are measured at zero value. If the Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities. Receivables from associates are measured at amortised cost. Provision is made for bad debts.

Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties involved. Joint operations are recognised based on the Group's share of income, expenses, assets and liabilities. Joint ventures are recognised at equity value in line with associates.

Inventories

Goods for resale and consumables are measured at cost using the first-in, first-out method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Receivables

Receivables are initially recognised at fair value and subsequently at amortised cost less provision for bad debts.

A write-down is made for expected losses when there is an indication that a receivable or a portfolio of receivables is impaired. The write-down is calculated as the difference between the carrying amount and the net present value of expected future cash flows associated with the receivable. The assessment is based on the individual customer's capacity to pay and history as well as calculations based on experience as to customer types, payment patterns and other factors which Management finds relevant.

If at a later point it is found that the impairment loss no longer exists, the impairment loss is reversed in the income statement.

Prepayments

Prepayments comprise prepaid costs, which are measured at amortised cost.

Securities and other investments

Listed securities and unlisted securities, which are currently all classified as available for sale, are recognised at fair value, corresponding to the officially quoted price of listed securities and estimated fair values based on current market data and generally accepted valuation methods for unlisted securities. Unrealised fair value adjustments are recognised directly in other comprehensive income, except for impairment losses, which are recognised in the income statement under financials. On realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to financials in the income statement.

EQUITY

Dividend

Dividend that has been finally adopted is recognised as a liability.

Hedging reserve

Hedge transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised are recognised in equity through other comprehensive income under the hedging reserve.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

Foreign exchange adjustments relating to hedging transactions used to hedge the Group's net investments in such entities are recognised in equity through other comprehensive income under the hedging reserve.

Currency translation reserve
Foreign exchange adjustments arising on the translation of financial statements for entities which have a functional currency other than DKK and foreign exchange adjustments relating to financial assets, and liabilities representing a part of the Group's net investment in such entities are recognised in equity through other comprehensive income under the currency translation reserve.

On full or partial realisation of a net investment, foreign exchange adjustments are recognised in the income statement.

Non-controlling interests
The proportionate shares of the profits and equity of subsidiaries attributable to non-controlling interests are recognised as a separate item under equity. On initial recognition, non-controlling interests are recognised as described under "Business combinations".
Put options issued as part of the consideration for business combinations are recognised as described under "Acquisition and divestment of non-controlling interests" above.

Warrant programme, Executive Management Board
Warrants are issued at the market value on the date of grant. Payments received and made in relation to the warrant programme are recognised in equity.

Share-based payment
Warrants granted are acquired at market value. The amount received is recognised as a liability in the balance sheet until the warrants are either bought back by the company, exercised or expire without being exercised. The market value of the warrants granted is estimated using an option pricing model. The calculation takes into account the terms and conditions of the warrants granted.

LIABILITIES

Pension obligations
Most of the Group's pension agreements are defined contribution plans under which payments are made to external pension institutions. Contributions to such plans are recognised in the income statement in the period in which they are earned by the employees, and outstanding payments are included in the balance sheet under other payables.

In certain countries, the Group has pension agreements that are defined benefit plans. These plans are either externally funded, with the assets of the plans held separately from those of the Group in independently administered funds, or unfunded. The liabilities related to the defined benefit plans are determined using the projected unit credit method.

An actuarial assessment is made annually to determine the present value of the future benefits to be paid under the defined benefit plans. The present value is calculated on the basis of assumptions regarding future developments in the wage and salary level as well as interest, inflation, pensionable age and mortality rates in the countries where such plans exist. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group until the present time.

The actuarial calculation of the pension obligation is recognised as a liability in the balance sheet. If a pension plan constitutes a net asset, the asset is only recognised to the extent that it equals future repayments under the plan, or if it will lead to a reduction in future payments under the plan.

Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred, determined at the end of the year. Actuarial gains and losses are recognised directly in other comprehensive income.

For defined benefit plans, costs charged to the income statement consist of current service cost, based on actuarial assessments and financial forecasts made at the beginning of the year, including expected service cost, interest cost, expected return on plan assets and past service cost. The past service cost for the enhancement of pension benefits is accounted for when such benefits vest or become a constructive obligation.

Interest from pension assets and liabilities is recognised under financials.

Other non-current employee benefits are similarly recognised based on an actuarial calculation. However, all actuarial gains and losses are recognised immediately in the income statement. Other non-current employee obligations include jubilee bonuses and non-current severance schemes.

Provisions
Provisions are recognised when, as a consequence of an event occurring before or on the balance sheet date, the Group has a legal or constructive obligation and it is prob-

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

able that an outflow of resources will be required to settle the obligation. The amount recognised as a provision is Management's best estimate of the present value of expenses required to settle the obligation.

Provisions for retained risks related to workers' compensation are recognised at the time of the claim and include an estimate of claims incurred but not reported based on actuarial calculations.

Provisions for restructuring are recognised when a detailed, formal plan for the restructuring has been made before or on the balance sheet date and has been announced to the parties involved. In connection with acquisitions, provisions for restructuring costs are only included in the computation of goodwill if an obligation exists for the entity acquired as of the date of acquisition.

A provision for onerous contracts is made when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

When the Group is under an obligation to dismantle an asset or re-establish the site where the asset has been used, a provision is made corresponding to the present value of the expected future costs. The provision is determined based on current orders and estimated future costs, discounted to their present value. The discount factor used reflects the general level of interest rates. The present value of the costs is recognised in the cost of the item of property, plant and equipment in question and depreciated together with these assets. The increase of the present value over time is recognised in the income statement under financial expenses.

Financial liabilities
Debt to credit institutions, etc. is recognised at the raising of a loan at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost.

Residual lease commitments from finance leases are recognised at amortised cost.

Other financial liabilities are measured at amortised cost.

Prepayments from Customers
Prepayments from Customers primarily represents subscription revenue relating to the following financial period and revenue from contracts prepaid by customers.

Fair value measurement
The Group uses the fair value convention for certain disclosure requirements and for the recognition of financial instruments. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability, respectively, in an orderly transaction between market participants.

Fair value is based on the primary market. If no primary market exists, fair value will be based on the most advantageous market, defined as the market that maximises the price of the asset or liability less transaction and transport costs.

In the determination of fair value, the Group uses, to the widest possible extent, observable prices in active markets for identical instruments (level 1). Alternatively, other observable inputs are used, such as similar instruments in active markets or identical instruments in markets that are not active, or a valuation model based on other observable market data (level 2).

To the extent that observable information is not available or cannot be used without material modifications, the Group uses generally accepted valuation methods based on all other inputs.

LEASING

For financial reporting purposes, lease liabilities are classified as either finance or operating lease liabilities.

Leases are classified as finance leases when substantially all risks and rewards of ownership of the leased asset are transferred to Falck. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the related liability is described in the sections on property, plant and equipment and financial liabilities respectively.

Assets held under operating leases are not recognised in the balance sheet. Lease liabilities under operating leases are disclosed as contingent liabilities.

Lease payments concerning operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Notes to the consolidated financial statements

Note

29 Accounting policies (continued)

CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method and shows the cash flow from operating activities, the cash flow from investing activities, the cash flow from financing activities and cash and cash equivalents at the beginning and end of the year.

The cash flow statement includes cash flows from companies acquired as from the date of acquisition and cash flows from companies divested until the date of divestment.

Cash flow from operating activities
Cash flows from operating activities include revenue less operating expenses and interest adjusted for non-cash operating items and changes in working capital.

Cash flows from operating activities comprise cash flows related to special items and corporation tax.

Cash flow from investing activities
Cash flows from investing activities include cash flows from the acquisition and divestment of companies, non-controlling interests and operations, the purchase and sale of intangible assets, property, plant and equipment and other non-current assets and the purchase and sale of securities not included in cash and cash equivalents.

Cash flow from financing activities
Cash flows from financing activities include cash flows from changes in share capital and related costs, purchases and sales of treasury shares, cash flows from dividends, cash flows from interest-bearing debt raised and repayment thereof.

Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the time of acquisition which are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated at average exchange rates unless these differ materially from the exchange rate at the transaction date.

SEGMENT REPORTING

The segment information has been prepared in accordance with the Group's accounting policies and is based on the internal management reporting.

Segment income, expenses and assets comprise items that can be directly attributed to individual segments and items that can be allocated to the individual segments on a reasonable basis. Unallocated items are primarily assets and income and expenses relating to financial items, taxes and similar items.

Non-current assets in a segment comprise non-current assets used directly in the operation of the segment, including intangible assets, property, plant and equipment and investments in associates. Current assets in a segment comprise current assets used directly in the operation of the segment, including inventories, trade receivables, other receivables, prepaid expenses and cash.

FINANCIAL RATIOS

For definitions of financial ratios, see page 95.

Contents of the parent company financial statements

Income statement 1 January - 31 December

Note	DKK million	2016	2015
1	Other operating income	8	8
2	Other external costs	-4	-3
3	Staff costs	-33	-19
	OPERATING PROFIT	**-29**	**-14**
7	Gain on divestments of subsidiaries	461	-
4	Financial income	147	414
5	Financial expenses	-216	-73
	PROFIT BEFORE TAX	**362**	**327**
6	Income taxes	45	18
	PROFIT FOR THE YEAR	**407**	**344**
	ALLOCATION:		
	Proposed dividend	-	-
	Retained earnings	407	344
	PROFIT FOR THE YEAR	**407**	**344**

Statement of comprehensive income 1 January - 31 December

Note	DKK million	2016	2015
	Profit for the year	**407**	**344**
	Items that can be reclassified to the income statement		
	Value adjustment of currency hedging instruments	-26	-
	Value adjustment of interest hedging instruments	2	-
6	Tax on other comprehensive income	5	-
	Other comprehensive income after tax	**-19**	**-**
	TOTAL COMPREHENSIVE INCOME	**388**	**344**

Cash flow statement 1 January - 31 December

Note	DKK million	2016	2015
	Total revenue	8	8
	Total costs	-37	-22
	OPERATING PROFIT	**-29**	**-14**
	Change in operating payables	16	-
12	Net interest paid	-9	350
6	Income taxes received	33	29
	CASH FLOWS FROM OPERATING ACTIVITIES	**11**	**365**
	Investments in subsidiaries	-1,828	-
	Cash flow from hedging of net investments	-19	-
	Divestment of subsidiaries	3,343	-
	CASH FLOW FROM INVESTING ACTIVITIES	**1,496**	**-**
	Transactions with shareholders	-4	-228
	Change in intercompany balance with Group companies	-3,275	-413
10	Interest-bearing debt raised	2,067	275
	Repayment of interest-bearing debt	-221	-
	CASH FLOWS FROM FINANCING ACTIVITIES	**-1,433**	**47**
	Change in cash and cash equivalents	**74**	**-1**
	Cash and cash equivalents at the beginning of the year	-	1
	CASH AND CASH EQUIVALENTS AT YEAR-END	**74**	**-**

Balance sheet as at 31 December

Note	DKK million	2016	2015
	Assets		
7	Investments in subsidiaries	6,751	7,802
	Receivables from Group companies	4,799	778
9	Deferred tax assets	19	-
	TOTAL FINANCIAL ASSETS	**11,569**	**8,580**
	TOTAL NON-CURRENT ASSETS	**11,569**	**8,580**
	Tax receivables	23	16
	Cash	74	-
	TOTAL CURRENT ASSETS	**97**	**16**
	TOTAL ASSETS	**11,666**	**8,596**
	Equity and liabilities		
8	Share capital	67	67
	Hedging reserve	-46	-27
	Proposed dividend	-	-
	Retained earnings	4,809	6,254
	TOTAL EQUITY	**4,830**	**6,294**
9	Deferred tax	-	2
10	Loans	5,607	2,264
	TOTAL NON-CURRENT LIABILITIES	**5,607**	**2,266**
10	Loans	600	-
	Payables to Group companies	545	-
	Trade payables	1	-
11	Other payables	83	36
	TOTAL CURRENT LIABILITIES	**1,229**	**36**
	TOTAL EQUITY AND LIABILITIES	**11,666**	**8,596**

Equity statement 1 January - 31 December

2016 DKK million	Share capital	Hedging reserve	Proposed dividend	Retained earnings	Total
Equity at 1 January 2016	**67**	**-27**	**-**	**6,254**	**6,294**
Adjustments in connection with merger				-1,847	-1,847
Adjusted equity at 1 January 2016	**67**	**-27**	**-**	**4,407**	**4,447**
Equity movements in 2016					
Value adjustment of currency hedging instruments		-26			-26
Value adjustment of interest hedging instruments		2			2
Tax on other comprehensive income		5			5
Other comprehensive income	-	-19	-	-	-19
Profit for the year				407	407
Total comprehensive income	**-**	**-19**	**-**	**407**	**388**
Purchase and sale of treasury shares, warrants, etc.	-	-	-	-5	-5
Total equity movements in 2016	**-**	**-19**	**-**	**402**	**383**
TOTAL EQUITY AT 31 DECEMBER 2016	**67**	**-46**	**-**	**4,809**	**4,830**

2015 DKK million					
Equity at 1 January 2015	**67**	**-27**	**225**	**5,913**	**6,178**
Equity movements in 2015					
Value adjustment of currency hedging instruments					-
Value adjustment of interest hedging instruments					-
Tax on other comprehensive income					-
Other comprehensive income	-	-	-	-	-
Profit for the year				344	344
Total comprehensive income	**-**	**-**	**-**	**344**	**344**
Purchase and sale of treasury shares, warrants, etc.	-	-	-	-3	-3
Dividend			-225		-225
Total equity movements in 2015	**-**	**-**	**-225**	**341**	**116**
TOTAL EQUITY AT 31 DECEMBER 2015	**67**	**-27**	**-**	**6,254**	**6,294**

Notes to the parent company financial statements

Note	DKK mio	2016	2015
1	**Other operating income**		
	Management fee from Group companies	8	8
	Total other operating income	**8**	**8**
2	**Fees to auditors appointed at the annual general meeting**		
	Statutory audit	-1	-1
	Total fees to Deloitte	**-1**	**-1**
3	**Staff costs**		
	Remuneration to the Executive Management Board	-15	-16
	Remuneration to Executive Management Board during the notice period	-15	-
	Remuneration to the Board of Directors	-3	-2
	Total remuneration	**-33**	**-18**
	Other staff costs	-	-1
	Total staff costs	**-33**	**-19**
	Number of full-time employees at 31 December	1	2

Remuneration to the Executive Management Board includes both a fixed salary and variable remuneration. The variable remuneration is fixed on the basis of the Group's performance. The members of the Executive Management Board and the Board of Directors do not receive contributions to pension plans.

The contract with the former member of the Executive Management Board will expire 31 December 2017 and the contract with the current member of the Executive Management Board will expire 31 December 2018. Salary during the notice period of DKKm 15 has been expensed in 2016. No severance payment will be made.

Note	DKK mio	2016	2015
4	**Financial income**		
	Dividends from subsidiaries	100	400
	Foreign exchange gains	14	-
	Interest from Group companies	33	14
	Total financial income	**147**	**414**

Notes to the parent company financial statements

Note	DKK million	2016	2015
5	**Financial expenses**		
	Interest on loans	-139	-62
	Interest to Group companies	-3	-
	Interest on shareholder loans	-61	-7
	Other financial expenses	-13	-4
	Total financial expenses	**-216**	**-73**

6 Income taxes

	2016	2015
Current tax	41	16
Change in deferred tax for the year	4	1
Total income taxes	**45**	**17**
Tax on other comprehensive income	5	-
Total tax	**50**	**17**
Income taxes received	32	29
Breakdown of tax rate:		
Total income taxes	45	17
Tax base for the year	**362**	**327**
Effective tax rate	**-12.4%**	**-5.4%**
Danish tax rate	22.0%	23.5%
Non-deductible costs and tax-exempt income	-31.1%	-28.7%
Other adjustments including adjustments relating to prior years	-3.3%	-0.2%
Effective tax rate	**-12.4%**	**-5.4%**
Tax on other comprehensive income		
Tax on value adjustments of interest hedging instruments	-1	-
Tax on value adjustments of interest hedging instruments	6	-
Total tax on other comprehensive income	**5**	**-**

7 Investments in subsidiaries

	2016	2015
Cost at 1 January	7,802	7,802
Additions	1,828	-
Disposals	-2,879	-
Cost at 31 December	**6,751**	**7,802**
Carrying amount at 31 December	**6,751**	**7,802**

Investments in subsidiaries represents 100% of the share capital of Falck Danmark A/S and the acquisition of Falck Global A/S, Falck Global Assistance A/S, Falck Health Care Holding A/S and Falck Safety Services Holding A/S.

In 2016 Falck A/S sold its shares in Falck Assistance A/S to Falck Danmark A/S and its shares in Falck Alarm A/S to a third party.

Notes to the parent company financial statements

Note	DKK million	2016	2015

8 Share capital

The share capital is divided into 66,952,345 shares with a nominal value of DKK 1.00 each. No shares are subject to special rights or restrictions on voting rights. The shares are fully paid up and are not divided into classes.

As per 1 January 2016, Falck Holding A/S merged with its 100% owned subsidiary Falck A/S, with Falck Holding A/S as the continuing company. Falck Holding A/S has subsequently changed its name to Falck A/S. The merger has no effect on the share capital.

9 Deferred tax

	2016	2015
Deferred tax at 1 January	2	3
Adjustments in connection with merger	4	-
Adjusted deferred tax at 1 January	**6**	**-**
Change in deferred tax for the year	-25	-1
Deferred tax provisions at 31 December	**-19**	**2**
Deferred tax provision	-19	2
Deferred tax provisions at 31 December	**-19**	**2**
Breakdown of deferred tax		
Non-current liabilities and provisions	2	2
Tax losses carried forward	-21	-
Deferred tax provisions at 31 December	**-19**	**2**

10 Loans

	2016	2015
Long-term loans	5,607	2,264
Short-term loans	600	-
Total loans	**6,207**	**2,264**

The increase in loans is due to the merger with its 100% owned subsidiary and transfer of loans from Falck Danmark A/S. The increase in loans is partly offset by the increase in receivables from Group companies.

	2016	2015
Breakdown by maturity		
Due within 1 year	600	-
Due between 1 and 5 years	5,607	2,264
Total	**6,207**	**2,264**
Breakdown by currency		
DKK	4,230	2,264
EUR	1,495	-
USD	481	-
GBP	1	-
Total	**6,207**	**2,264**

Notes to the parent company financial statements

Note	DKK million	2016	2015

10 Loans (continued)

Interest reset period:		
Within 3 months	5,272	1,983
After 12 months	935	281
Total	**6,207**	**2,264**

The figures set out above do not include the effect of interest rate swaps. See note 25 to the consolidated financial statements for a description of the Group's risks and cash resources.

The effective interest rate has been determined at 4.3% (2015: 3.5%).

For debt with an interest reset period within 3 months, regular assessments are made of how long the interest period should be. As at the balance sheet date, the interest rate in DKK was fixed for one month and averaged approximately 2.4% (2015: 2.0%) during the financial year. The interest rate has been determined without the effect of interest rate swaps.

DKK 46 million (2015: DKK 18 million) of capitalised loan costs has been deducted from the carrying amount of debt.

11 Other payables

Payable wages	15	-
Derivatives	63	36
Other	5	-
Total other payables	**83**	**36**

12 Net interest paid

Financial income and expenses	-69	341
Of which unrealised and realised gains and losses	-14	-
Change in amortised borrowing costs	13	1
Change in interest payable	61	8
Net interest paid	**-9**	**350**

13 Contingent liabilities, contractual obligations and collateral security

Warranty and guarantee commitments	83	-

Falck A/S has issued guarantees for rental obligations of certain subsidiares

Joint taxation
Falck A/S is taxed jointly in Denmark with Lundbeckfond Invest A/S as administration company. Pursuant to the Danish Corporation Tax Act, the company is liable from and including the financial year 2013 for income taxes etc. for the jointly taxed companies and from and including 1 July 2012 for any obligations to withhold tax at source on interest, royalties and dividends from the jointly taxed companies.

Collateral security
The shares in the subsidiaries Falck Danmark A/S, Falck Global A/S, Falck Assistance A/S, Falck Global Assistance A/S, Falck Health Care Holding A/S and Falck Safety Services Holding A/S have been provided as collateral for Falck A/S' debt.

Notes to the parent company financial statements

Note DKK million

14 Financial instruments

Financial risks
The policy of Falck A/S is to not actively speculate in financial risks. Accordingly, the financial management exclusively involves the management and mitigation of financial risks that arise as a direct consequence of the operations, investments and financing in Falck A/S and its subsidiaries.

The risk exposure is subject to continuous changes as a result of changes in the level of debt, inflation risk in emerging markets, foreign exchange risk and interest rate risk. These risks are monitored in an ongoing process and hedged, if necessary. There are no material changes in Falck A/S' risk management as compared to 2015.

Foreign exchange risk
The foreign subsidiaries of Falck A/S are not severely exposed to exchange rate fluctuations as both revenue and most costs of the individual subsidiaries are denominated in the same currencies. The main exchange rate exposure faced by Falck A/S relates to the translation into Danish kroner of the financial results and equity of foreign subsidiaries.

The income statement is affected to a minor extent by changes in exchange rates as the profit of foreign subsidiaries is translated into Danish kroner using average exchange rates.

Falck A/S regularly assesses its foreign exchange risk in order to determine whether its exposure should be hedged by same-currency loans or forward exchange contracts. Foreign exchange loans are entered into in Falck A/S, whereas foreign exchange contracts are entered into by subsidiaries.

Interest rate risk
The interest rate risk of Falck A/S is mainly affected by the Group's overall financing. Based on the current market situation, the Group's Executive Management Board and the Board of Directors have decided to extend the existing interest rate swaps so that approximately 70% of the overall financing of Falck A/S is at fixed rates of interest via interest rate swaps that expire in the period until June 2019. The rest of the overall financing is based on short-term interest rates. For this reason, Falck A/S is only to a minor extent sensitive to fluctuations in market interest rates, and a fluctuation by 1% would change the interest expense for the year by DKK 16 million (2015: DKK 3 million). Without these hedges, a fluctuation by 1% would change the Group's interest expense by DKK 53 million (2015: DKK 20 million). The signifcant increase compared to 2015 is caused by loan facilities being transferred from Falck Danmark A/S and merged into Falck A/S in connection with corporate restructurings made in 2016.

Interest rate swaps fixed rates on part of the debt that is denominated in DKK cannot exceed 3.4% (2015: 3.1%) including the current interest rate margin, on the part of the debt that is denominated in EUR cannot exceed 3.2% (2015: 2.9%) including the current interest rate margin, and on the part of the debt that is denominated in USD cannot exceed 3.6% (2015: 3.4%) including the applicable interest rate margin.

Falck A/S closely monitors developments in market interest rates closely in order to be able to react if the market situation changes.

Assumptions regarding sensitivity information:
The sensitivity stated has been determined based on the recognised financial assets and liabilities as at 31 December 2016. No adjustment has been made for servicing and raising of debt, or the like in 2016.

Furthermore, it is assumed that all hedges of floating-rate loans are deemed to be effective.

Notes to the parent company financial statements

Note DKK million

14 Financial instruments (continued)

Maturity analysis of financial assets and liabilities

Assumptions applied in the maturity analysis

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments. Interest payments are estimated based on current market conditions.

The undiscounted cash flows from derivative financial instruments are presented gross, unless the parties have a contractual right or obligation to settle net.

2016 Contractual cash flows including interest	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Contractual cash flows	Total carrying amount	Market value
Financial assets						
Receivables from Group companies	4,799	-	-	4,799	4,799	4,799
Cash	74	-	-	74	74	74
Loans and receivables	**4,873**	**-**	**-**	**4,873**	**4,873**	**4,873**
Total financial assets	**4,873**	**-**	**-**	**4,873**	**4,873**	**4,873**
Financial liabilities						
Loans	710	6,016	-	6,726	6,207	6,251
Payables to Group companies	545	-	-	545	545	545
Other payables	20	-	-	20	20	20
Financial liabilities measured at amortised cost	**1,275**	**6,016**	**-**	**7,291**	**6,772**	**6,816**
Derivatives to hedge future cash flows	33	30		63	63	63
Financial liabilities used as hedging instruments	**33**	**30**	**-**	**63**	**63**	**63**
Total financial liabilities	**1,308**	**6,046**	**-**	**7,354**	**6,835**	**6,879**

Notes to the parent company financial statements

Note DKK million

14 Financial instruments (continued)

2015 Contractual cash flows including interest	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Contractual cash flows	Total carrying amount	Market value
Financial assets						
Receivables from Group companies	-	778	-	778	778	778
Loans and receivables	**-**	**778**	**-**	**778**	**778**	**778**
Derivatives to hedge future cash flows	24	6	-	30	30	30
Financial assets used as hedging instruments	**24**	**6**	**-**	**30**	**30**	**30**
Total financial assets	**24**	**784**	**-**	**808**	**808**	**808**
Financial liabilities						
Loans	50	2,495	-	2,545	2,264	2,280
Financial liabilities measured at amortised cost	**50**	**2,495**	**-**	**2,545**	**2,264**	**2,280**
Derivatives to hedge future cash flows	43	24	-	67	67	67
Financial liabilities used as hedging instruments	**43**	**24**	**-**	**67**	**67**	**67**
Total financial liabilities	**93**	**2,519**	**-**	**2,612**	**2,331**	**2,347**

Hedging and derivatives
The fair value of the effective part of the outstanding foreign exchange contracts as at 31 December used as hedging instruments and qualifying for hedge accounting in respect of future transactions is recognised directly in equity until the hedged transactions are recognised in the income statement.

Interest rate swaps

2016	Bought Hedged value	 Market value
DKK interest rate swap (fixed rate 0.88%), expires in September 2017	2,015	-18
USD interest rate swap (fixed rate 1.14%), expires in September 2017	480	-1
EUR interest rate swap (fixed rate 0.67%), expires in September 2017	1,197	-9
DKK interest rate swap (fixed rate 0.53%), runs from September 2017 to June 2019	1,700	-20
EUR interest rate swap (fixed rate 0.25%), runs from September 2017 to June 2019	1,487	-15
		-63
Of which recognised in income statement		-
For future recognition		**-63**

No interest rate swaps have been sold to subsidiaries in 2016.

Notes to the parent company financial statements

Note DKK million

14 Financial instruments (continued)

	2015			
	Bought		Sold to subsidiaries	
	Hedged value	Market value	Hedged value	Market value
DKK interest rate swap (fixed rate 0.56%) expires in June 2016	725	-3	725	3
DKK interest rate swap (fixed rate 0.88%) expires in September 2017	2,015	-37	300	5
USD interest rate swap (fixed rate 1.14%), expires in September 2017	464	-2	464	2
EUR interest rate swap (fixed rate 0.67%), expires in September 2017	1,201	-20	1,201	20
DKK interest rate swap (fixed rate 0.53%), expires in June 2019	1,700	-5	-	-
		-67		30
Of which recognised in income statement		-		-
For future recognition		**-67**		**30**

Methods and assumptions for the determination of fair values
Interest rate swaps are measured using generally accepted valuation techniques based on relevant observable swap curves and exchange rates.

	2016			
Fair value hierarchy for financial instruments measured at fair value in the balance sheet	**Quoted market prices (Level 1)**	**Observable input (Level 2)**	**Non-observable input (Level 3)**	**Total**
Financial assets				
Derivatives to hedge future cash flows	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**
Financial liabilities				
Derivatives to hedge future cash flows	-	63	-	63
Total financial liabilities	**-**	**63**	**-**	**63**

	2015			
Fair value hierarchy for financial instruments measured at fair value in the balance sheet	**Quoted market prices (Level 1)**	**Observable input (Level 2)**	**Non-observable input (Level 3)**	**Total**
Financial assets				
Derivatives to hedge future cash flows	-	30	-	30
Total financial assets	**-**	**30**	**-**	**30**
Financial liabilities				
Derivatives to hedge future cash flows	-	67	-	67
Total financial liabilities	**-**	**67**	**-**	**67**

Notes to the parent company financial statements

Note	DKK million	2016	2015

15 Related parties

Falck A/S is subject to controlling influence by Lundbeckfond Invest A/S, Scherfigsvej 7, DK-2100 Copenhagen, Denmark, which holds 57.4% of the share capital. Lundbeckfond Invest A/S is owned by the Lundbeck Foundation.

Falck A/S has registered the following shareholders who hold 5% or more of the share capital:

	2016	2015
Lundbeckfond Invest A/S, Copenhagen	57.4%	57.4%
KIRKBI Invest A/S, Billund	27.7%	27.7%
Liberatio A/S, Copenhagen (owned by the former and current members of the Executive Management Board)	10.3%	10.3%
Transactions with shareholders were as follows:		
Dividend paid	-	-225
Loans received	600	275
Interest on loan	61	7

The loan expires on 1 July 2019 and is subordinate to the Group's syndicated loans. The balance at 31 December 2016 is DKK 935 million (2015: 281 million). In 2016 an additional shareholder loan of DKK 600 million has been raised.

Other than as stated above, there were no transactions with these related parties during the financial year.

As parent company, Falck A/S has a controlling interest in the Falck Group.

	2016	2015
Transactions with other Group companies were as follows:		
Dividend received	100	400
Management fee paid	2	2
Management fee received	8	8
Interest paid	3	-
Interest received	33	14

Management

Related parties in Falck A/S with significant influence include the Group's Executive Management Board and Board of Directors and their close relatives. Related parties also comprise companies in which these individuals have material interests.

The Group had no transactions with the members of the former and current Executive Management Board, Board of Directors or other persons with significant influence besides the remuneration paid to the Management as stated in notes 4 and 5 to the consolidated financial statement.

16 Events after the balance sheet date

No events have occurred after the balance sheet date that have a material impact on the financial position of the company.

Notes to the parent company financial statements

Note

17 Accounting policies

Falck Holding A/S has during the year merged with its 100% owned subsidiary Falck A/S, with Falck Holding A/S as the continuing company. Falck Holding A/S has subsequently changed its name to Falck A/S. The merger was completed using the book value method, why no change of comparative figures has been performed as a result of the merger. The merger has no effect on operating profit, result for the year or cash flow, but effect equity negatively with DKK million 1,847.

The company's financial statements are presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of large reporting class C companies.

IMPLEMENTATION OF NEW FINANCIAL REPORTING REGULATIONS

Reference is made to note 29 to the consolidated financial statements.

ACCOUNTING POLICIES

The parent company basically applies the same accounting policies for recognition and measurement as the Group. The accounting policies applied by the parent company deviate from the accounting policies set out in note 29 to the consolidated financial statements in the following respects:

Other operating income
Other operating income include management fee from Group companies, and is recognised concurrently with the supply of those services.

Dividend from group companies
Distributions of retained earnings in subsidiaries are recognised as Financial income in the income statement of the parent company in the year in which the dividend is declared. An impairment test is made if more than the comprehensive income of a subsidiary is distributed.

Investments in subsidiaries
Investments in subsidiaries are measured at cost in the parent company financial statements. Cost includes the consideration at fair value plus direct acquisition costs.

If there is an indication of impairment, an impairment test is performed as described in the accounting policies applying to the consolidated financial statements. Where the carrying amount exceeds the recoverable amount, the investments are written down to this lower value.

In the event of distribution of other reserves than retained earnings in a subsidiary, such distribution will be deducted from the acquisition price, if the distribution is in the nature of repayment of the parent company's investment.

Management's statement

The Board of Directors and the Executive Management Board today considered and approved the annual report of Falck A/S for 2016.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports. In our opinion, the accounting policies applied are appropriate, and the Group's and the parent company's financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as at 31 December 2016 and of the results of the Group's and the parent company's operations and cash flows for the financial period 1 January - 31 December 2016.

Furthermore, in our opinion, the Management's review includes a fair review of developments in the operations and financial position of the Group and the parent company, the financial results for the year and the Group's and the parent company's financial position.

We recommend the annual report to be approved by the shareholders at the annual general meeting.

Copenhagen, 3 March 2017

Executive Management Board:

Morten R. Pedersen
Deputy CEO

Board of Directors:

Peter Schütze
Chairman

Lene Skole
Deputy Chairman

Lars Frederiksen

Niels Smedegaard

Dorthe Mikkelsen

Søren Thorup Sørensen

Employee representative:

Vagn Flink Møller Pedersen

Jan Heine Lauvring

Henrik Villsen Andersen

Independent auditor's reports

To the shareholders of Falck A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Falck A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31-12-2016, and of the results of their operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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.

Statement on the management review
Management is responsible for the management review. Our opinion on the consolidated financial statements and the parent financial statements does not cover the management review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the consolidated financial statements and the parent 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 review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent 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 review.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 3 March 2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen
State Authorised Public Accountant

Erik Holst Jørgensen
State-Authorised Public Accountant

Board of Directors, Executive Management Board and auditors

The Board of Directors of Falck A/S photographed together with the employee representatives on the boards of Falck A/S and Falck Danmark A/S.

Board of Directors

Peter Schütze, born 1948
Chairman

Also on the boards of directors of:
- DSB SOV (chairman)
- Nordea-fonden and Nordea Bank-fonden (Deputy chairman)
- SimCorp A/S (Deputy chairman)
- The Danish Climate Investment Fund and The Danish Agribusiness Fund (chairman)
- Lundbeck Foundation
- Lundbeckfond Invest A/S
- Industrial Board Axcel and Axcel Future
- Board Leadership Society in Denmark
- Gösta Enboms Fond
- Dronning Margrethe II's Arkæologiske Fond (chairman)
- Member of The Systemic Risk Council

Lene Skole, born 1959
Vice Chairman
CEO of Lundbeck Foundation and directorships in two subsidiaries

Also on the boards of directors of:
- H. Lundbeck A/S (Deputy chairman)
- ALK-Abelló A/S (Deputy chairman)
- DONG Energy A/S (Deputy chairman)
- Tryg A/S and Tryg Forsikring A/S

Lars Frederiksen, born 1958

Also on the boards of directors of:
- Matas A/S (chairman)
- Danish Committee for Good Corporate Governance (chairman)
- Hedorf Foundation (chairman)
- Rockwool International A/S
- Widex A/S
- Augustinus Industri A/S
- Hedorf A/S
- PAI Partners SA (supervisory board member)
- Tate & Lyle plc

Søren Thorup Sørensen, born 1965
CEO of KIRKBI A/S

Also on the boards of directors of:
- K & C Holding A/S (chairman)
- Boston Holding A/S (chairman)
- Topdanmark A/S and Topdanmark Forsikring A/S (chairman)
- KIRKBI AG (Deputy chairman)
- INTERLEGO AG (Deputy chairman)
- LEGO A/S
- LEGO Juris A/S
- KIRKBI Invest A/S
- Ole Kirks Fond
- Koldingvej 2, Billund A/S
- Merlin Entertainments PLC

The Board of Directors of Falck A/S photographed together with the employee representatives on the boards of Falck A/S and Falck Danmark A/S.

Dorthe Mikkelsen, born 1967
Senior Vice President Diversified Brands, Merck & Co., Inc.

Niels Smedegaard, born 1962
President and CEO of DFDS A/S

Also on the boards of directors of:
- The Bikuben Foundation (chairman)
- ECSA (European Community Shipowners' Association) (chairman)
- Kollegiefonden Bikuben (chairman)
- Danish Shipowners' Association (Deputy chairman)
- Interferry
- TT Club
- Denmark-America Foundation
- FrederiksbergFonden
- Subsidiaries of the DFDS Group

Vagn Flink Møller Pedersen, born 1957
Elected by the employees
Rescue Officer

Also on the boards of directors of:
- Lundbeckfond Invest A/S (elected by the employees)
- Lundbeck Foundation (elected by the employees)

Henrik Villsen Andersen, born 1969
Elected by the employees
Rescue Officer

Jan Heine Lauvring, born 1953
Elected by the employees
Rescue Officer

Allan Rensgaard, born 1978
Elected by the employees to the board of Falck Danmark A/S
Part time firefighter

Executive management

Morten R. Pedersen, born 1968
Deputy CEO

Also on the board of directors of:
- Stibo Foundation

Auditors appointed by the general meeting

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

by/ Kirsten Aaskov Mikkelsen and
Erik Holst Jørgensen
State Authorised Public Accountants

Legal entities in the Falck Group as at 31 December

The list below shows the Group's significant subsidiaries and associates by geographical region.

Denmark	Country	Equity interest
Falck A/S	Denmark	
Falck Global Assistance A/S	Denmark	100.0%
Falck Global A/S	Denmark	100.0%
Falck Health Care Holding A/S	Denmark	59.4%
Falck Healthcare A/S	Denmark	100.0%
Sundhedsdoktor A/S	Denmark	100.0%
Falck Hjælpemidler A/S	Denmark	100.0%
VikTeam A/S	Denmark	100.0%
ActivCare Privat A/S	Denmark	100.0%
Sirculus ApS	Denmark	100.0%
Falck Healthcare CS Holding A/S	Denmark	100.0%
Falck Lægehuse A/S	Denmark	100.0%
Quick Care A/S	Denmark	100.0%
Falck Safety Services Holding A/S	Denmark	100.0%
Falck Safety Services A/S	Denmark	100.0%
Falck Danmark A/S	Denmark	100.0%
Falck Assistance A/S	Denmark	100.0%
Falck Emergency A/S	Denmark	100.0%
Falck Treasury A/S	Denmark	100.0%
A C Trafik A/S	Denmark	100.0%
Falck Luftambulance A/S	Denmark	100.0%
ActivCare A/S	Denmark	100.0%
Falck Medical Services Africa A/S	Denmark	60.0%
Falck Air Ambulance A/S	Denmark	50.0%
Traffilog Nordic ApS (1)	Denmark	49.0%
Falck Fire Services A/S	Denmark	100.0%
Falck Fire Services Greenland A/S	Denmark	100.0%
Falck Fire Services Eastern Europe Holding A/S	Denmark	100.0%
S Reg Holding A/S	Denmark	100.0%
Responce A/S	Denmark	100.0%
Global Life Care A/S (1)	Denmark	40.0%
KPC Ejendomme af 6. juni 2002 A/S (1)	Denmark	25.0%

Nordic region	Country	Equity interest
Falck Ensihoito Oy	Finland	100.0%
Falck Investments Finland Oy Ab	Finland	100.0%
Falck Oy	Finland	100.0%
9Lives Group Oy	Finland	51.0%
9Lives Care Oy	Finland	100.0%
9Lives Health Oy	Finland	100.0%
9Lives Oy	Finland	100.0%
HES Hoiva Oy	Finland	100.0%
HES Ensihoito Oy	Finland	100.0%
9Lives Pirkanmaa Oy	Finland	100.0%
9Lives Team Oy	Finland	100.0%
Luumänen Ensihoito Oy	Finland	100.0%
Sairaankuljetus A. Järvenpää Oy	Finland	100.0%
Falck Helse AS	Norway	100.0%
Falck Nutec AS	Norway	100.0%
Falck Norge Holding AS	Norway	100.0%
Falck Redning AS	Norway	100.0%
Falck Secure AS	Norway	100.0%
Falck Emergency AS	Norway	100.0%
Falck Emergency Norway AS	Norway	100.0%
Falck Services AS	Norway	100.0%

Nordic region	Country	Equity interest
Falck Global Assistance Norway AS	Norway	100.0%
Falck Brann og Redningstjeneste AS	Norway	100.0%
Falck Health Care Holding AB	Sweden	100.0%
Falck Healthcare AB	Sweden	100.0%
Skandinavisk Hälsovård AB	Sweden	100.0%
Svensk Närsjukvård AB	Sweden	100.0%
Doc Care AB	Sweden	100.0%
Ofelia Vård AB	Sweden	100.0%
AB Previa	Sweden	100.0%
Silverhälsan AB	Sweden	100.0%
Inlandshälsan AB	Sweden	100.0%
Previa Sjukvård AB	Sweden	100.0%
Galleriva Husläkarmottagning AB	Sweden	100.0%
Falck Hälsopartner AB	Sweden	100.0%
Falck Air AB	Sweden	100.0%
Falck Sverige Holding AB	Sweden	100.0%
Falck Investment Sverige AB	Sweden	100.0%
S Reg AB	Sweden	100.0%
Falck Secure AB	Sweden	100.0%
Falck Räddningskår AB	Sweden	100.0%
Falck Security AB	Sweden	100.0%
Falck Försäkringsaktiebolag	Sweden	100.0%
Falck Global Assistance AB	Sweden	100.0%
Falck Ambulans AB	Sweden	95.1%
Falck Räddningstjänst AB	Sweden	100.0%
Falck Services AB	Sweden	100.0%
Svensk Sjöambulans AB	Sweden	50.0%
Falck Aktiv Arbetsmedicin AB	Sweden	100.0%

Europe	Country	Equity interest
Falck Österreich GmbH	Austria	100.0%
Nutec Belgium Holding BVBA	Belgium	100.0%
Nutec Belgium BVBA	Belgium	100.0%
Falck Safety Services Belgium BVBA	Belgium	100.0%
Falck Fire Services BE NV	Belgium	100.0%
Falck Benelux NV	Belgium	49.0%
Falck Investments NV	Belgium	87.5%
Falck CZ a.s.	Czech Republic	92.5%
Falck Emergency a.s.	Czech Republic	100.0%
Falck Autoabi OÜ	Estonia	100.0%
Falck France SAS	France	65.0%
Falck Fire Services DE GmbH	Germany	100.0%
Falck Operations Services DE GmbH	Germany	100.0%
Falck Rettungsdienst GmbH	Germany	90.0%
G.A.R.D. Verwaltungsgesellschaft für Ambulanz und Rettungsdienst mbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Cuxhaven GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Hamburg West mbH	Germany	100.0%
GUARD Hospital Service GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Bremen mbH	Germany	100.0%
ASN-Ambulanz-Service-Nord GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Hamburg-Ost GmbH	Germany	100.0%

Legal entities in the Falck Group as at 31 December (continued)

Europe (continued)	Country	Equity interest
G.A.R.D. Arbeitsgemeinschaft Rettungsdienst Dresden GmbH	Germany	100.0%
G.A.R.D. ArGe Rettungsdienst Dresden GmbH & Co oHG	Germany	100.0%
G.A.R.D. Gemeinnützige Ambulanz und Rettungsdienst GmbH	Germany	100.0%
GUARD Gesellschaft für unabhängige ambulante Rettungsdienstleistungen GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst NRW mbH	Germany	100.0%
K&G Taxi-Krankentransporte und Dienstleitungs GmbH	Germany	80.0%
G.A.R.D. Beteiligungsgesellschaft für Ambulanz und Rettungsdienst mbH	Germany	100.0%
Ostsee-Ambulanz-Kiel GmbH	Germany	100.0%
Promedica Rettungsdienst GmbH	Germany	100.0%
RTD Consulting GmbH	Germany	100.0%
ASG Ambulanz Leipzig GmbH	Germany	100.0%
Promedica Rettungsdienst Bremehaven/Bremen GmbH	Germany	100.0%
Promedica Rettungsdienst Waldeck-Frankenberg GmbH & Co. KG	Germany	70.0%
Euro-Med Einkaufsgemeinschaft GmbH	Germany	66.7%
Promedica Services GmbH	Germany	100.0%
G.A.R.D. Ambulanzflugdienst GmbH	Germany	50.0%
Falck Kranken-Transport Herzig GmbH	Germany	100.0%
KS-Medi-Service GmbH	Germany	100.0%
Brava Holding GmbH	Germany	100.0%
Falck Servizi Industriali di Emergenza S.r.l.	Italy	65.0%
UAB Altas Assistance	Lithuania	100.0%
Falck Global Safety B.V.	Netherlands	100.0%
Falck Nutec B.V.	Netherlands	100.0%
MarineSafety International Rotterdam B.V.	Netherlands	100.0%
Falck BHV Operations B.V.	Netherlands	100.0%
Falck Alford International BV	Netherlands	100.0%
Falck Eurasia B.V.	Netherlands	100.0%
Falck Russia Holding II B.V.	Netherlands	100.0%
Falck Russia Holding B.V. (1)	Netherlands	49.0%
Falck Holding B.V.	Netherlands	100.0%
Falck B.V.	Netherlands	100.0%
Falck Consulting & Technology B.V.	Netherlands	100.0%
Falck Fire Services NL B.V.	Netherlands	100.0%
Falck Staffing B.V.	Netherlands	100.0%
Falck Prevention B.V.	Netherlands	100.0%
Prevention & Safety B.V. (1)	Netherlands	49.0%
Falck Fire Services Polska Sp. z o.o.	Poland	100.0%
Falck Medycyna Sp. z o.o.	Poland	100.0%
Starowka Sp. z o.o.	Poland	76.0%
Falck SCI Portugal – Segurança Contra Incêndios, SA.	Portugal	100.0%
Falck Fire Services S.R.L	Romania	92.5%
Falck Medical Vladivostok LLC	Russia	100.0%
Falck Fire Services Rus Limited Liability Company	Russia	100.0%
Falck SK a.s.	Slovakia	92.5%
Falck Emergency AS	Slovakia	50.9%
Falck Záchranná a.s.	Slovakia	100.0%
Falck Academy s.r.o.	Slovakia	100.0%
Falck Healthcare a.s.	Slovakia	100.0%
Falck Pharma s.r.o.	Slovakia	100.0%

Europe (continued)	Country	Equity interest
Falck Fire Services a.s.	Slovakia	100.0%
Falck Security Services s.r.o.	Slovakia	100.0%
Falck SCI, S.A.	Spain	65.0%
Falck Emergency Spain, S.L.	Spain	65.0%
Falck VL Servicios Sanitarios, S.L.	Spain	75.0%
Sauper, S.A.	Spain	100.0%
Falck Global Assistance Spain S.L.	Spain	100.0%
Falck Fire Services CH AG	Switzerland	100.0%
MoPi.ch Holding AG	Switzerland	51.0%
MoPi.ch GmbH	Switzerland	100.0%
Käch Falck AG	Switzerland	60.0%
Falck Sağlık AŞ	Turkey	100.0%
Aberdeen Drilling School Ltd	UK	25.0%
Falck Nutec Ltd.	UK	100.0%
Nutec Centre for Safety Ltd.	UK	100.0%
Falck Onsite Limited	UK	100.0%
Onsite Training Services Limited.	UK	100.0%
Nutec UK Ltd.	UK	100.0%
Falck UK Limited	UK	100.0%
Falck EMS UK Limited	UK	100.0%
Medical Services Ltd.	UK	51.0%
Hospital & Healthcare Cars Ltd.	UK	100.0%
National Independent Ambulance College Ltd.	UK	100.0%
First Response Ambulance Services Ltd.	UK	100.0%
Medical Services Contractors Ltd.	UK	100.0%
Falck Fire Consulting Limited	UK	92.6%
Falck Fire Services UK Limited	UK	100.0%
Falck India Limited	UK	100.0%

North America	Country	Equity interest
Falck Safety Services Canada Incorporated	Canada	55.0%
Falck Safety Services Canada (NL) Incorporated	Canada	100.0%
Falck Safety Services Canada (LA) Incorporated	Canada	100.0%
Haztec Services St. Lucia Ltd	St. Lucia	100.0%
Falck USA Holdings, LLC	USA	100.0%
Falck Alford Holdings, LLC	USA	100.0%
Alford Services, Inc	USA	100.0%
Alford Safety Services, LLC	USA	100.0%
Haztec Services - West Indies, LLC	USA	100.0%
Falck USA, Inc.	USA	98.2%
Falck Arizona Corp.	USA	100.0%
FCA Corp.	USA	88.6%
Care Ambulance Service, Inc.	USA	100.0%
Falck EMS Corp.	USA	99.3%
Lifestar Response Corporation	USA	100.0%
Lifestar Response of Alabama, Inc.	USA	100.0%
Medibus, Inc.	USA	100.0%
STAT Equipment Corp.	USA	100.0%
Bi-County Ambulance & Ambulette Transport Services Corp.	USA	100.0%
Falck Northeast Corp.	USA	100.0%
Lifestar Response of Maryland, Inc.	USA	100.0%
Access Transport Services Holding, Inc.	USA	100.0%
AccessOnTime Language Services, LLC	USA	100.0%
Falck Global Assistance, LLC	USA	100.0%

Legal entities in the Falck Group as at 31 December (continued)

North America (continued)	Country	Equity interest
Home Care Equipment, Inc.	USA	100.0%
Robinson's Ambulance & Oxygen Service, Inc.	USA	100.0%
Falck Southeast Corp.	USA	96.1%
Cape Cod Medical Enterprises, Inc	USA	100.0%
American Ambulance, Inc.	USA	100.0%
Falck Southeast II Corp.	USA	96.3%
Transitional Health Solutions, Inc.	USA	100.0%
Falck Northern California Corp.	USA	86.7%
Falck Northwest Corp.	USA	100.0%
Falck Rocky Mountain, Inc.	USA	100.0%
Rapid Response Emergency Services, LLC	USA	100.0%
Pulse EMS, LLC (1)	USA	50.0%

Latin America	Country	Equity interest
Falck Nutec Brasil Participacoes Ltda	Brazil	100.0%
Falck Nutec Brasil Treinamentos em Segurança Marítima Ltda	Brazil	100.0%
Falck Brasil AVD Participações Ltda.	Brazil	100.0%
Falck Brasil 747 Participações Ltda.	Brazil	100.0%
Falck Fire & Safety do Brasil S.A.	Brazil	65.0%
Falck Chile Holding S.A.	Chile	100.0%
Falck Safety Services Limitada	Chile	100.0%
Falck Capacitacion Limitada	Chile	100.0%
Servicio Emergencias Regional SER S.A.	Colombia	100.0%
BHM Soluciones Integrales de Logistica en Salud S.A.S.	Colombia	100.0%
Haces Inversiones y Servicios S.A.S	Colombia	100.0%
Empresa de Medicina Integral EMI S.A. Servicio de Ambulancia Prepagada - Grupo EMI S.A.	Colombia	100.0%
EMI Ecuador S.A.- Emergencia Medica Integral	Ecuador	100.0%
EMI El Salvador S.A. de C.V.	El Salvador	100.0%
Falck Holding de México, S.A. de C.V.	Mexico	100.0%
Falck Safety Services de México, S.A.P.I. de C.V.	Mexico	55.0%
Falck Panama Holding S.A.	Panama	100.0%
EMI Holdings Management S.A.	Panama	63.1%
EMI Foreign Holdings 1 S.A.	Panama	100.0%
EMI Foreign Holdings 2 S.A.	Panama	100.0%
EMI Foreign Holdings 3 S.A.	Panama	100.0%
EMI Foreign Holdings 4 S.A.	Panama	100.0%
EMI Venezuela Holding S.A.	Panama	100.0%
EMI Central America Holding S.A.	Panama	80.0%
EMI Panama S.A.	Panama	100.0%
Falck Safety Services Limited	Trinidad & Tobago	100.0%
Haztec Services Trinidad, Ltd.	Trinidad & Tobago	100.0%
Luvtel S.A.	Uruguay	100.0%
UCM Uruguay S.A.	Uruguay	100.0%
Portovenus S.A.	Uruguay	15.5%
Emergencia Medica Integral EMI Centro S.A.	Venezuela	100.0%
Centro Medico Integral CEMICA S.A.	Venezuela	100.0%

Rest of the world	Country	Equity interest
Falck Pty. Ltd.	Australia	53.4%
Falck Ambulance Services Australia Pty. Ltd .	Australia	100.0%
Falck Investments Pty. Ltd.	Australia	100.0%
Falck Safety Services Australia Pty. Ltd.	Australia	100.0%
First Response MT Pty. Ltd.	Australia	100.0%
Falck (Victoria) Pty. Ltd.	Australia	100.0%
Falck Caspian Safe LLC	Azerbaijan	100.0%
Falck Global Assistance (China) Limited	China	100.0%
Falck India Pvt. Ltd. (India)	India	100.0%
Falck Care Pvt. Ltd.	India	100.0%
Falck Services Pvt. Ltd. (India)	India	100.0%
Falck Kazakhstan LLP	Kazakhstan	100.0%
Aberdeen Drilling International (Malaysia) SDN BHD	Malaysia	100.0%
MSTS Asia Sdn. Bhd.	Malaysia	70.0%
Risktec (M) Sdn. Bhd.	Malaysia	100.0%
Falck Bestari Healthcare Sdn Bhd	Malaysia	82.0%
Falck Nutec Malaysia Sdn. Bhd.	Malaysia	70.0%
First Ambulance Services Sdn. Bhd.	Malaysia	51.0%
Falck Services Limited	Mauritius	100.0%
Falck Safety Services Nigeria Limited	Nigeria	51.0%
Falck Prime Atlantic Limited	Nigeria	51.0%
Aberdeen Drilling International Co. LLC	Oman	70.0%
Falck Safety Services LLC	Qatar	49.0%
MSTS Asia (S'pore) Pte. Ltd.	Singapore	100.0%
Falck Emergency Asia Pte. Ltd.	Singapore	100.0%
Falck South Africa Holding (PTY) LTD	South Africa	100.0%
Falck Lanka (Pvt) Ltd. (1)	Sri Lanka	50.0%
Southfield Ltd	Thailand	49.5%
Falck Nutec (Thailand) Ltd	Thailand	65.0%
Aberdeen Drilling International Limited	UAE	100.0%
Falck Safety Services LLC	UAE	49.0%
Falck Medical Services LLC	UAE	49.0%
Falck Nutec Vietnam Limited	Vietnam	88.0%

(1) Associates and joint ventures

Definitions of ratios

The ratios are basically calculated on the basis of the annual report and the Group's accounting policies. The Falck Group calculates a number of ratios on the basis of the financial-highlight figures in "Key figures and financial and key ratios" on page 4. The definitions of those ratios are stated below.

Organic growth
Growth in external revenue in local currency relative to the preceding year adjusted for:

- Acquisitions: Revenue relating to acquired entities or operations generated in the current year is not included. For entities or operations acquired in the preceding year, revenue generated in the current year is only included from the time when revenue is recognised in the comparative period for the preceding year.
- Divestments: Revenue from the preceding year relating to entities or operations divested in the preceding year is not included. For entities or operations divested in the current year, revenue from the preceding year is only included for the comparative period of the current year.
- Contracts: Material contracts entered into before or during the year after the acquisitions, where Falck has had a material impact on the contract in question, are recognised in revenue and considered organic growth. Any material isolated operations which Falck terminates or public-sector customers' insourcing of tasks without invitations for tender are considered divestments.
- Redefinition of segments: Revenue related to entities that are redefined to another segment is accounted for as acquisitions and divestments, as the case may be, in the respective business segments.

EBITA before special items
Operating profit before special items, amortisation and costs from business combinations and special items

EBITDA before special items
EBITA before special items, impairment, depreciation, amortisation and costs from acquisitions.

EBITA margin
EBITA before special items as a percentage of revenue.

Equity ratio
Total equity at year-end as a percentage of equity and liabilities at year-end.

Return on equity
Profit for the year attributable to Falck as a percentage of average equity excluding non-controlling interests.

Working capital
Trade receivables and other current operating assets less trade payables and other operating liabilities.

Net operating assets excluding goodwill
Net operating assets excluding goodwill are defined as working capital plus property, plant and equipment and intangible assets (excluding goodwill) and operating provisions.

Free cash flow
EBITA adjusted for non-cash operating items and change in net operating assets excluding goodwill.

Net interest-bearing debt to EBITDA
Net interest-bearing debt and purchase consideration payable to EBITDA. EBITDA has been normalised for the full-year effect of acquisitions made.

Cash conversion rate
Free cash flow as a percentage of EBITA before special items. The rate of EBITA before special items to the free cash flow (cash conversion rate) shows the Group's ability to generate cash flows from operating activities after investments in intangible assets and property, plant and equipment and cash that must be tied up in working capital in order to generate growth.

Compound annual growth
The compound annual growth rate is the average annual growth rate over a specified period of time longer than one year. To calculate a compound annual growth rate, divide the value at the end of the period in question by its value at the beginning of that period, raise the result to the power of one divided by the period length, and subtract one from the subsequent result

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