AI KEYEMDE APS ANNUAL REPORT 2015

CVR no. 34 69 93 72
(1 January 2015 – 31 December 2015)

IT WITH INSIGHT

Årsrapport
AI Keyemde ApS,
Lautrupparken 40, 2750 Ballerup,
CVR 34 69 93 72
for 1. januar - 31. december 2015
er fremlagt og godkendt på selskabets ordinære generalforsamling.

Den 1. april 2016

Torben Madsen

Torben Madsen, dirigent

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AI Keyemde ApS
Ballerup
CVR no. 34 69 93 72
Annual Report for 2015
Third financial year

COMPANY INFORMATION

The company	AI Keyemde ApS Lautrupparken 40 2750 Ballerup Denmark CVR no.: 34 69 93 72 Domicile: Ballerup
Financial year:	Third financial year (1 January 2015 – 31 December 2015)
Executive Board:	Léo Apotheker Frederic Wakeman Michael Christiansen John Woyton Morten Hübbe Eva Berneke Jannich Lund
Auditor:	PricewaterhouseCoopers Statsautoriseret Revisionsaktieselskab Strandvejen 44 2900 Hellerup Denmark CVR no.: 33 77 12 31

MANAGEMENT'S REVIEW

THE AI KEYEMDE GROUP

MANAGEMENT'S REVIEW
The financial statements cover AI Keyemde ApS and its subsidiaries.

AI Keyemde ApS was established on 1 September 2012 for the purpose of making investments and owning shares in AI Keyemde 2 ApS and in the related subsidiary AI Keyemde 3 ApS.

There has been no material activity in the parent company, AI Keyemde ApS, and all operating activities in the AI Keyemde Group relate to KMD A/S and its subsidiaries.

REVENUE AND EARNINGS

REVENUE
The Group's revenue increased by 7% or DKK 338 million, exceeding expectations. Organic growth for the year was 4%.

Given market conditions, this revenue development is considered satisfactory.

The Group's revenue comes primarily from sales of services relating to legal and administrative software and from IT outsourcing, services and project sales.

EBITDA
The Group's EBITDA was DKK 934 million in 2015, on par with earnings in 2014.

Higher revenue in 2015 compared with 2014 meant the EBITDA margin decreased from 19.5% in 2014 to 18.1% in 2015.

ADJUSTED EBITDA
Adjusted for one-off items, EBITDA grew 9% from DKK 994 million in 2014 to DKK 1,083 million in 2015.

One-off items in 2015 totaled DKK 158 million against DKK 58 million in 2014 and related mainly to rationalization measures.

Adjusted for one-off items, the EBITDA margin was 21.0% compared with 20.7% in 2014.

This level is considered satisfactory in the current market.

COMPREHENSIVE INCOME
The Group's comprehensive income increased from DKK -110 million in 2014 to DKK 39 million in 2015. The increase should be seen in the light of higher impairment losses on development projects in 2014 partially offset by increased amortization of development projects in 2015. The impairment losses on development projects in 2014 were due to the fact that future cash flows were reassessed as a result of changed IT architecture requirements. Impairment losses on development projects for 2015 were DKK 8 million compared with DKK 274 million in 2014.

This development is considered very satisfactory.

EXPENSES

COST MANAGEMENT
Expenses (staff costs and other external expenses) rose by 9% to DKK 4,230 million, 1% of which relates to acquisitive growth.

One-off items included in expenses were DKK 158 million, against DKK 58 million in 2014, and relate mainly to rationalization measures.

Adjusted for one-off items, expenses totaled DKK 4,072 million in 2015, an increase of 6%.

Staff costs rose by DKK 180 million, or 9%, primarily due to the increase in the average number of employees.

This development is considered satisfactory given the growth in revenue.

OUTLOOK

OUTLOOK FOR 2015
The outlook for the Group in 2015 was for revenue on par with 2014 and continued growth in earnings.

In 2015, the Group delivered organic revenue growth of 4% and earnings growth of 6%, adjusted for acquisitions and one-off items.

OUTLOOK FOR 2016
For 2016, the Group expects organic revenue growth of 2-4% and an increase in EBITDA of at least 5%.

The main critical factors that could affect the Group's financial performance both positively and negatively are new sales to local governments and the development in sales to the private and central government markets.

With the new strategy in place, the Group expects to be able to retain its position as one of the top three software and IT service providers in Denmark.

EVENTS AFTER THE BALANCE SHEET DATE
At the end of the year, the Group entered into an agreement to acquire the IT company Edlund. The acquisition is expected to be completed in 2016 once all the conditions for the transaction are in place, including approval from the Danish competition authorities.

There have not been any other events after the balance sheet date with a material impact on the Company's financial position as of 31 December 2015.

FINANCIAL HIGHLIGHTS
THE AI KEYEMDE GROUP

DKK MILLION	2015	2014	2013[2]
Income statement			
Revenue	5,151.2	4,813.6	4,670.3
Expenses	4,229.5	3,886.5	4,188.5
Other operating income	11.9	9.4	20.5
Earnings before interest, tax, depreciation and amortization (EBITDA)	933.6	936.5	502.3
Adjusted EBITDA[1]	1,083.2	994.2	902.3
Depreciation, amortization and impairment losses	591.3	816.2	443.3
Operating profit (EBIT)	342.3	120.3	59.0
Net financials	-228.1	-197.4	-208.9
Tax	-73.6	30.8	2.3
Net profit for the year	40.6	-107.9	-147.6
Comprehensive income	38.6	-110.3	-157.6
Balance sheet			
Total assets	7,507.5	7,858.7	7,550.3
Net interest-bearing debt	-3,991.5	-2,981.3	-2,840.3
Share capital	21.8	21.8	21.8
Total equity	1,114.0	1,908.4	2,018.7
Capital expenditure			
Property, plant and equipment	74.7	67.0	93.9
Statement of cash flows			
From operating activities	636.0	247.6	447.6
From investing activities	-622.5	-396.7	-5,127.5
From financing activities	-657.8	823.4	5,056.8
Net cash flow for the year	-644.3	674.3	376.9
Financial ratios			
EBITDA margin	18.1%	19.5%	10.8%
Adjusted EBITDA margin[1]	21.0%	20.7%	19.3%
Profit margin (EBIT margin)	6.6%	2.5%	1.3%
Solvency ratio	14.8%	24.3%	26.7%
Return on equity (ROE)	2.7%	-5.5%	-7.0%
Employees			
Number of full-time equivalents, year-end	3,228	3,027	2,960
Average number of full-time equivalents	3,202	2,998	3,199

[1] See Explanation of financial ratios.
[2] The financial year ran from 1 September 2012 to 31 December 2013.

CORPORATE COMPLIANCE AND GOVERNANCE

CORPORATE GOVERNANCE

The Executive Board of AI Keyemde ApS is responsible for ensuring that the control systems are appropriate and function satisfactorily. The basis for the Executive Board's work includes the Danish Companies Act, the Danish Financial Statements Act, the Company's bylaws and rules of procedure for the Executive Board, and good practice for companies of the same size as the AI Keyemde Group.

The Executive Board's review has been drawn up on the basis of the Danish Venture Capital and Private Equity Association's guidelines for active ownership and transparency in private equity funds (see www.dvca.dk).

OWNERSHIP AND CAPITAL STRUCTURE

As of 31 December 2015, the entire share capital of DKK 21.8 million (21,763,859 shares) in AI Keyemde ApS was owned by AI Keyemde & Cy SCA and the limited partnerships AI Keyemde B K/S, AI Keyemde B2 K/S and AI Keyemde C K/S.

The company structure is illustrated below. The share capital of AI Keyemde ApS is divided into A, B and C shares.

DIVIDEND

The Company's bylaws authorize the Executive Board to take decisions on distribution of extraordinary dividends where the financial situation of the Company and the Group allows.

AI Keyemde ApS distributed an extraordinary dividend of DKK 833 million to the Company's shareholders in 2015.

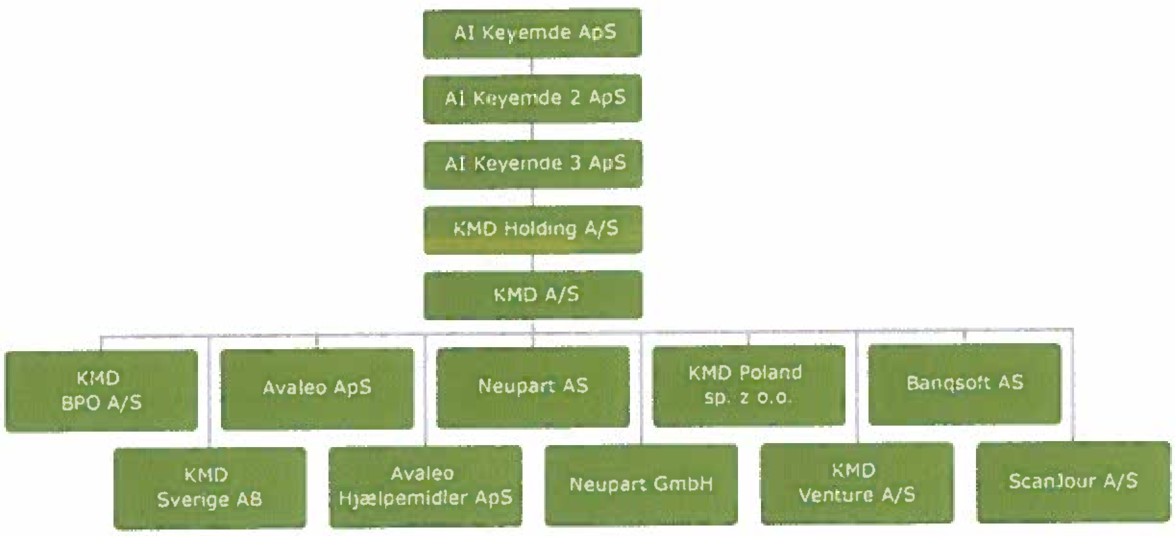
THE WORK OF THE BOARD OF DIRECTORS

The Board held 11 meetings in 2015. It worked on the revision of the Group's business strategy, followed up the implementation of AI Keyemde's strategy and action plans, and was briefed monthly by the Executive Board on the Company's financial performance.

Morten Hübbe, CEO of insurance company Tryg, joined the Board of AI Keyemde in 2015.

REMUNERATION OF THE EXECUTIVE BOARD

Total remuneration to the Executive Board in 2015 was DKK 0.0 million (2014: DKK 0.0 million). See Note 6 to the consolidated financial statements for further information.



CORPORATE COMPLIANCE

In 2015, the Group maintained focus on strengthening regulatory compliance, especially with UK and US anticorruption rules in light of the Group's ownership.

Based on the prioritized future compliance measures, in 2015 the Group focused on revising the Company's anticorruption policy, including policies on gifts and entertaining. Among other things, the revision standardized the rules on giving and receiving gifts to/from public and private sector customers and partners, and introduced an obligation to report gifts received of a value over a certain triviality limit as well as participation in free-of-charge courses and events hosted by suppliers and other external partners.

The reporting will be subject to the audit processes for the compliance area, with the Group's Internal Audit function carrying out audits at fixed intervals. The changes were implemented with effect from 1 October 2015.

With a view to strengthening anticorruption training for customer-facing employees on an ongoing basis, the Group has decided that – besides the general introductory compliance training given to all new employees, including new employees gained through acquisitions – the corporate compliance program should include a specific anticorruption e-learning program for customer-facing employees every other year. The new e-learning program, which will be compulsory, will be finalized and implemented in 2016.

In addition, the Group has finalized and implemented new internal authorizations that describe in detail who may act and enter into commitments for the Company with regard to financial undertakings. The rules were implemented with effect from 1 April 2015.

In 2014, the Group implemented an IT system to evaluate its high-risk suppliers, based on revenue, product, industry and the relevant country's risk level pursuant to Transparency International's Corruption Perception Index. The system is being rolled out over a three-year period with the aim of evaluating all identified high-risk suppliers. The roll-out is proceeding to plan.

The introduction of a whistleblower program in 2012 has given all employees and members of the Executive Board and the Board of Directors an alternative to the regular reporting pathways when reporting breaches of legislation or the Group's internal rules.

The whistleblower program covers the seven key compliance areas in the Group: anticorruption, IT security, authorizations, competition law, intellectual property rights, contractual risk management and document management/storage. A total of five cases were reported and dealt with through the program in 2015.

Further to the approval received from the Danish Data Protection Agency in 2015, the Group has now extended the whistleblower program to include external reporters.

The Board of Directors of the Group has chosen to delegate the execution of the corporate compliance program to the Audit Committee, which has a more agile approach to handling cases involving breaches of the program as required.

In 2016, the Group will continue to implement the prioritized compliance measures, which include update and roll-out of the new anticorruption e-learning program, a general update of policies on the compliance site and an ongoing focus on "Tone from the top."

We also work continuously on IT security policies and programs to support our objective of secure and compliant data processing.

KMD A/S is certified under the international security standard ISO 27001, and also holds certificates for quality (ISO 9001) and IT service management (ISO 20000). KMD A/S is also certified under the international environmental management standard ISO 14001.

SPECIAL RISKS

BUSINESS RISKS

In common with all other IT companies, the Group is exposed to a number of business risks relating to market developments, shifts in customer demand, technological changes, employee recruitment, project execution, etc.

Work to identify risks, consolidate the overview and ensure that relevant measures are initiated is an integral part of managing the business.

The Group's enterprise risk management processes are executed within the frameworks defined by the Board of Directors.

A significant part of the Group's business is delivered in the form of customer projects, with performance terms outlined in the relevant contracts.

In 2015, the Group was awarded several major contracts in addition to those it already had. The total contract portfolio is managed via the project management organization in close collaboration with Management.

Active management of project risks is a key element of this work. At portfolio level, too, progress is monitored with a view to identifying and addressing risks in the individual project and across the portfolio both proactively and reactively.

Active management of project risks is a key prerequisite for financial control across the portfolio, as the projects represent a significant direct cost factor as well as a risk in terms of indirect costs by virtue of the penalty clauses agreed in the contracts.

CONTROL AND RISK MANAGEMENT

The Group has established a number of control and risk management systems in connection with financial reporting, the purpose of which is:

_To ensure timely, accurate and informative financial reporting in accordance with applicable accounting legislation.
_To create a basis for internal financial control and budget follow-up.

The control and risk management systems established are improved continuously and are designed to ensure that errors and irregularities are detected and corrected in time. The systems established can be divided into:

_Control environment
_Risk assessment
_Control activities
_Information and communication
_Monitoring

CONTROL ENVIRONMENT

Responsibilities and authorities are defined in the instructions for the Executive Board. The organizational structure and the internal guidelines define the control environment in conjunction with laws and other rules and regulations.

RISK ASSESSMENT

Calculation of a number of items in the financial reporting is based on estimates, some of which are generated through processes based on complex assumptions. The ongoing process for risk assessment of contracts and projects in progress identifies these items, and the scope of the risks associated with them is determined by the controllers responsible for the business in close collaboration with the accounting department.

CONTROL ACTIVITIES

The aim of control activities is to prevent, detect and correct any errors and irregularities. These activities are integrated into the Group's accounting and reporting procedures, and include procedures for certification, authorization, approval, reconciliation, analysis of results, separation of incompatible functions, controls relating to IT applications and general IT controls.

All risk assessments and associated controls are consistent with the Group's strategy and targets.

INFORMATION AND COMMUNICATION

The Group maintains information and communication systems to ensure that financial reporting is reliable and complete. The Group's bookkeeping rules and procedures for financial reporting are set out in an accounting manual. This and other reporting instructions, including budget and month-end procedures, are updated as necessary. Together with other policies relevant to internal control of financial reporting, these are available to all finance employees and other relevant employees on the Group's intranet.

MONITORING

The Group uses a comprehensive enterprise system to monitor the Group's results, which makes it possible to detect and correct any errors and irregularities in financial reporting at an early stage, including weaknesses in internal controls and non-compliance with procedures and policies.

Compliance with the accounting manual is monitored on an ongoing basis at Group level.

STRATEGY AND ORGANIZATION

STRATEGY

The Group continues to run the business in accordance with the growth strategy covering the period through 2020, "The KMD Group on more markets."

The strategy's overall aim is to strengthen the Group to become a leading player in both the public and private sectors.

STRATEGY 2020
"The KMD Group on more markets" operates with three main focus areas:

_ The Group must strengthen its engagement on more markets. The Group has a clear growth strategy for central government, the private market, regions and the new citizen-centered areas in the local governments. Growth in the private and central government markets will ensure better balance and a broader market footprint.

_ The Group must increase customer focus. Customers must be satisfied, such that they become increasingly loyal to the KMD Group and recommend us to others.

_ The Group must be more efficient. The Group maintains its cost focus to make the business as competitive as possible.

THE KMD GROUP ON MORE MARKETS
The Group continues to strengthen and grow the business outside the historically strong local government core market.

The transformation is well under way, which is evident from the revenue distribution among the different markets. The local government segment has moved from 66% in 2014 to 62% in 2015, and the private sector now accounts for 22%.

The Group has experienced sound organic growth through 2015 as a result of significant new and renewed contracts in the private sector, strengthened positions within the central government market, and good commercial momentum with new and renewed contracts within the local government market.

As well as focusing on organic growth, in 2015 the Group has continued its acquisition strategy in line with 2014. The Group has added competencies, products and customers to the business through a number of strategic acquisitions: Avaleo, Neupart, Banqsoft and Edlund, as well as a BI business area from SAS Institute (Spend Analysis) and a development unit from Formpipe (Customer-specific Solutions).

The acquisition of the Scandinavian IT group Banqsoft marked the Group's first major international investment. Banqsoft is headquartered in Norway and has offices in Sweden, Finland and Poland. The acquisition is part of the Group's strategy to strengthen its presence in the financial sector. Banqsoft is a market leader in asset management software in the Nordic region and has also built up a strong software portfolio and niche position within the banking sector, where it supplies software to newly established, small and medium-sized banks ("bank-in-a-box").

Another significant investment in the financial sector came late in the year when the Group entered into an agreement to acquire the IT company Edlund, a Danish market leader in developing software for life insurance and pension companies.

The acquisition of Edlund brings in additional strong competencies, new technology and an extremely interesting customer portfolio. The new agreement also means that in future Edlund's customers will be able to leverage the Group's broad competencies within areas such as application management, IT outsourcing and security.

Avaleo was acquired to strengthen the Group's business in the health area, where the Group is in the process of growing its business. The Avaleo technology is a key building block of the new Nexus product suite, which is the flagship within local authority health and care provision.

The security software and consulting business Neupart was acquired by the Group to provide additional building blocks for the growing security business. Security, which is a key element of the Group's business, transverses all customer segments and plays a key role in the Group's future strategy for the period through 2020.

As an extension of its BI business, the Group also acquired a small division that develops and operates SAS Procurement Analysis from SAS Institute. The agreement saw the Group assume responsibility for development, operation, sales and marketing of SAS Procurement Analysis and IPR.

As part of the growth strategy within the central government market, in 2015 the Group also acquired a small unit from the Scandinavian IT company Formpipe Software A/S. The acquisition adds core competencies and project experience within government ministries, which will make a positive contribution to the Group's delivery setup and added value for customers.

THE GROUP´S POWER TO INNOVATE

In 2015, the Group established an investment fund and formed KMD Venture A/S, which is a wholly-owned subsidiary of KMD A/S.

The task of KMD Venture A/S is to identify and invest in opportunities that are not naturally captured by the Group's business units but that in the long term may be of great strategic and financial importance to the Group.

By means of direct investments in innovative start-ups and partnerships with other companies, the Group expects to strengthen its innovation capability and facility to respond quickly to new business opportunities.

In 2015, KMD Venture A/S invested in four companies, covering everything from support tools for patients and their families in the health area to digitization of legal documents and new options for managing digital legacy.

TOGETHER WE DEVELOP SOCIETY

In 2015, the Group launched the "Together we develop society" marketing campaign to raise awareness of the Group and strengthen the Group's brand.

The campaign embraced all the Group's customer segments and focused attention on a number of areas currently on the agenda of decision-makers in major organizations.

Denmark's public sector faces a situation where fewer employees have to help more citizens, and budgets have to stretch further. There are growing demands from citizens in terms of service and offering, which is why the public sector needs to work differently and provide services in a smarter way.

The private sector has to steer a course between ever-changing patterns of consumption and the need for higher productivity, hence the focus on improved productivity and new business models and products.

The campaign included a number of messages about how digitization can help to overcome these challenges.

INCREASE CUSTOMER FOCUS

The KMD Group launched the internal culture project "Satisfied customers > Stronger business" in 2014.

Customer focus and customer understanding are key to both higher customer satisfaction and growth.

2015 offered a whole series of workshops in the business units at which managers and employees discussed customer culture and concrete initiatives that can enhance customers' experiences with the KMD Group.

During the year, the Group employees voted on the best initiatives, and the winning project has already been launched.

A MORE EFFICIENT GROUP

The Group works continuously to increase competitiveness and strengthen its position in the market wherever possible.

There were several important initiatives in 2015, which among other things will help to drive the Group toward greater efficiency.

To strengthen its market position, in 2015 the Group decided to make significant investments in modernizing the decentralized infrastructure platform for a new software-controlled cloud platform.

In connection with this transformation, the underlying server and storage operations were outsourced to the global IT group Tech Mahindra. A number of managers and employees were transferred from the Group Operations to Tech Mahindra as a result of the agreement.

In 2015, the Group also entered into a new managed service delivery model with Tech Mahindra within execution in the administrative software solutions business area. The new agreement is a more efficient offshore delivery model, with Tech Mahindra taking on greater co-responsibility for execution and deliveries to customers.

The KMD Group also stepped up its nearshore activities in 2015. The Group has built up a Polish development unit with various specialties. At the end of the year, the KMD Group was able to officially open its new development center in Warsaw, from where, every day, around 200 Polish IT professionals assist Danish colleagues on projects that are helping to create a better welfare system and set new standards for public sector digitization in Denmark.

The Group expects the center in Poland to grow in the coming years.

THE GROUP'S EMPLOYEES

People are the most important success factor for a knowledge-intensive group such as the Group, and the Group strives continuously to improve in areas such as recruitment, employee development, leadership and organization development.

The Group grew in 2015, and the Group gained 200 employees compared with 2014. This increase was due to acquisitions as well as a number of contracts awarded in existing business areas that required additional competencies.

The Group also increased its geographical footprint in 2015 and now has employees in Denmark, Norway, Sweden, Finland and Poland.

SHORTAGE OF HIGH-DEMAND COMPETENCIES

The IT sector regularly experiences shortages of particular competencies. 2015 was one such year, with the industry, including the KMD Group, finding that the supply of IT specialists with a range of solid competencies was not sufficient to meet demand.

LOVE IT LIVE IT

The Group's ambition is to be widely known on the job market and to have an attractive profile as a workplace among all segments of IT professionals.

Surveys conducted in 2015 show the Group has a good reputation as a workplace. The Danish IT website Version2 and the publication *Ingeniørens Profil 2015* awarded the Group sixth place in the list of the most attractive IT workplaces in Denmark. Among young IT graduates, the Group came 19th. The Group was one of the companies that improved most in the 2015 survey of all workplaces in Denmark with a high proportion of engineers.

In order to enhance the Group's visibility in the job market and make clear the kind of IT workplace the Group is, the Group launched a new employer branding and recruitment campaign in 2015.

The campaign was primarily targeted at young IT professionals and was entitled "Can we log you on to KMD?" [a play on words as the Danish words for "log on" and "tempt" sound very similar] with the accompanying slogan "Love IT Live IT."

As part of the Group's employer branding, in 2015 the Group entered into a collaboration with COPENHELL, Denmark's largest rock and metal festival. The Group sees this as a good opportunity to reach out to potential candidates and to create a fun framework for existing employees interested in the genre.

THE KMD GROUP IN OPEN INNOVATION

For many years, the Group has worked with higher education institutions, among other things to create a connection between the Group and potential employees.

For example, in 2015 the Group entered into an open innovation collaboration – Oi-X – with the Technical University of Denmark (DTU) and a number of other business enterprises.

Oi-X is an opportunity to contribute to idea generation and profiling the IT profession to benefit both the IT sector and society in a broader sense. Oi-X is a good means of showcasing how exciting working with innovation and IT can be.

KMD MICROSOFT ACADEMY

As well as recruitment, the Group is also able to highlight the challenges brought by the need for solid technological competencies through its own training programs.

In 2015, the Group launched KMD Microsoft Academy, which primarily addresses new graduates with either a master's or bachelor's degree.

The task of KMD Microsoft Academy is to train profiles within .Net technology, for which there is a demand in the Group's Software Center.

The training runs over 4 to 12 months, during which the new developers are trained in the Microsoft platform at the same time as working on development projects.

The Group is considering extending this measure to other technologies such as SAP. The Group has previous positive experience with training its own profiles in SAP and mainframe operation.

EMBRACE YOUR TALENT

In 2015, the Group launched the Group's new graduate program – "Embrace your talent" – intended to help develop younger profiles for different roles in the Group.

KMD Graduate comprises three lines: an IT line, a project management line and a broader business line.

KMD Graduate is a two-year program that allows new graduates to develop their talents by working on concrete projects or ongoing activities, undertaking training, attending mentor meetings and participating in a graduate network.

The Group views graduates as an important parameter in terms of attracting business-critical competencies in future.

WELCOME TO THE KMD GROUP

The Group acquired a number of companies in 2014 and 2015 whose employees are now part of the Group.

In 2015, the Group welcomed employees from Neupart, ScanJour, Capevo, SAS Institute and Avaleo, as well as a number of new colleagues from Banqsoft based in the subsidiary's offices in Norway, Sweden, Finland and Poland.

To enhance competitiveness and increase access to key competencies, in 2015 the Group also opened its own software development unit in Poland.

Initial experiences with the Polish development unit have been extremely positive, and the Group expects to see continued growth in this area.

FOCUS ON EMPLOYEE SATISFACTION

The market in which the Group operates is in flux, as is the Group itself. So many changes can make it difficult to maintain the level of employee satisfaction the Group has enjoyed in the past.

The general tendency has been a fall in satisfaction with the Group as a workplace. The level of satisfaction at work reported by Group employees in 2015 was below the average for peer companies that use Ennova to conduct employee satisfaction surveys.

The Group has a clear ambition to be an attractive workplace. The Group believes that it also conforms to market standards for IT workplaces to a significant degree.

The Group wants to see the curve heading up, so Management has initiated four key measures covering:

_ Enhanced Management communication
_ Increased focus on career development and visibility of internal job openings
_ Improved reputation for the Group
_ Establishing cross-the Group networks

The Group is confident it can improve the level of employee satisfaction but, at the same time, recognizes that this is difficult in an organization undergoing significant change.

WOMEN ON THE BOARD OF DIRECTORS (§99B)

The Group has a policy for the representation of women on the Board of Directors (excl. employee-elected members), including a target of 17% by the end of 2016. With a share of 14.3%, this target has not yet been achieved.

In addition, the Group has set a target of having a number of female managers proportionate to the number of female employees. In 2015, 33.3% of the Group's employees were women, and the share of women at all levels of Management was 27%, an increase of 1.1% on 2014.

EXECUTIVE BOARD

CHAIRMAN
LÉO APOTHEKER
Born 1953
BA Economics & International Relations, Hebrew University, Jerusalem
Chairman since 2012

Other positions:
Vice chairman, Schneider Electric SA

Independence:
Considered independent of KMD.

OTHER MEMBERS
JOHN WOYTON
Born 1978
BSc Economics, London School of Economics
Director, Advent International Corporation
Member since 2012

Independence:
Considered independent of KMD.

FRED WAKEMAN
Born 1962
BA Economics and History, University of California, Berkeley, and MBA, Georgetown University School of Business
Managing Partner, Advent International Corporation
Member since 2012

Other positions:
Director, DFS and Oberthur Technologies

Independence:
Considered independent of KMD.

MICHAEL CHRISTIANSEN
Born 1945
LLB, University of Copenhagen
Member since 2010

Other positions:

Chairman, DR, Dansk Retursystem A/S, Aarhus University, Kraft & Partners A/S, Lead Agency A/S and SHL A/S
Director, the Norwegian National Opera and Ballet, the Royal Opera in Stockholm, CEJ A/S and Capnova A/S

Independence:
Considered independent of KMD.

MORTEN HÜBBE
Born 1972
BA Business, Language and Culture and MSc Financing and Accounting, Copenhagen Business School; Executive Leadership Program at the Wharton School, University of Pennsylvania
CEO of Tryg
Member since 2015

Other positions:
Director, Tryg Ejendomme A/S, Ejendomsselskabet af 8. maj 2008 A/S and Tjenestemændenes Forsikring

Independence:
Considered independent of KMD.

EVA BERNEKE
Born 1969
MSc Mechanical Engineering, Technical University of Denmark; MBA, INSEAD
CEO, KMD A/S
Employed in KMD since 2014
Member since 2014

Other positions:
Vice chairman, Copenhagen Business School
Director, LEGO A/S and Schibsted ASA

Independence:
Not considered independent as employed in the Group.

JANNICH KIHOLM LUND
Born 1970
MSc Economics, University of Copenhagen
CFO, KMD A/S
Employed in KMD since 2014
Member since 2014

Independence:
Not considered independent as employed in the Group.

CORPORATE SOCIAL RESPONSIBILITY REPORT

"Together we develop society." This has been KMD's DNA throughout the Company's history going back more than 40 years. We are an integral part of Denmark's public sector, and our IT systems bring us into contact with thousands of Danes every single day. We have a hand in almost one million Danes receiving their salaries, parents receiving child allowances and pensioners receiving state benefits. Our systems protect sensitive data from hackers, and we help social care workers and teachers to work more efficiently.

We therefore see it as our obligation to act responsibly toward the societies of which we are part. We are an IT company that seeks to create digital shortcuts for customers and society. In terms of work on corporate social responsibility (CSR), this means KMD wants to create digital shortcuts that contribute to a richer, safer and more sustainable society.

In 2015, we revised our CSR strategy, which reflects our use of core competencies in our work on CSR. Under the heading "Together we develop society," we focus on three main areas: health, education and security. In addition, we have clear targets for our work with our employees, climate & environment and supply chain. The various themes have been selected based on our CSR policy, which clearly states that, for KMD, CSR is about making an active contribution – rather than presenting a barrier – to social, economic and environmental sustainability.

In 2015, we focused on creating new partnerships and ensuring we uphold all our commitments and conform to all relevant requirements in terms of international and national guidelines and legislation. Our work on the four themes is described in more detail below.

KMD first made a commitment to apply the Ten Principles of the UN Global Compact in 2011. We are proud and pleased to uphold this commitment and once again supported the Global Compact with a donation of USD 5,000 in 2015.

The Global Compact provides KMD with a general framework for its CSR work. This work is coordinated by the Company's CSR Board, chaired by the CEO and otherwise comprising the Senior Vice Presidents for Innovation, Legal & Business Support, HR, Procurement and Communication & Marketing. The CSR Board defines guidelines for the Company's CSR efforts, and monitors and ensures progress on the targets set for the various focus areas. In addition, KMD's works council serves as a reference group for the development of CSR work.

KMD considers its overall CSR efforts to be satisfactory.

Best wishes

Eva Berneke

STATUTORY REPORT

This report constitutes the statutory report on corporate social responsibility for KMD A/S pursuant to section 99a of the Danish Financial Statements Act. The report provides an overview of KMD's work as a socially responsible business. Further information about KMD's CSR efforts can be found on its website at www.kmd.dk/csr. However, that additional information does not form part of the Company's reporting pursuant to section 99a.

<table>
<tr><th rowspan="2">FN'S GLOBAL COMPACT PRINCIPLES</th><th colspan="4">STRATEGIC CSR FOCUS AREAS FOR KMD</th></tr>
<tr><th>TOGETHER WE DEVELOP SOCIETY</th><th>EMPLOYEES</th><th>CLIMATE & ENVIRONMENT</th><th>SUPPLY CHAIN</th></tr>
<tr><td>PRINCIPLE 1
Businesses should support and respect the protection of internationally proclaimed human rights</td><td rowspan="2">Article 21
_KMD supports Danish parliamentary election and referendum on EU opt-out – p. 11
Article 22
_Partnership with DaneAge on IT skills for senior citizens – p. 33
_Partnership with organizations including Danish Council for Digital Security on development of CodeX, teaching material on safety online for students in years 5-6 – p. 33
Article 23
_KMD employees act as mentors for veterans from the Danish Armed Forces – p. 33
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_Partnership with Homework Help Online – p. 32
_Partnership with LøkkeFonden on Khan Academy – p. 32
_Partnership with DTU on Open Innovation X – p. 32</td><td></td><td></td><td rowspan="10">Articles 2, 4, 7, 18, 19, 20, 23, 24, 25
_In 2015, KMD screened a number of suppliers selected on the basis of industry, geography and sales to KMD. The screening includes 21 criteria covering human rights, employee rights, environmental and climate protection, and anticorruption – p. 39
_KMD trains all new and all customer-facing employees in anticorruption and corporate compliance – p. 39
_In 2015, KMD updated its anti-corruption policy and rules on gifts – p. 39
_In 2015, KMD established a whistle-blower program for external reporters – p. 39
_In 2015, KMD was recertified under the ISO 14001 environmental management system, which ensures that we maintain focus on our environmental efforts and make constant improvements – p. 37</td></tr>
<tr><td>PRINCIPLE 2
Business should make sure that they are not complicit in human rights abuses.</td><td rowspan="5">Articles 2, 7
_KMD has a diversity policy that protects employees and applicants from discrimination – p. 35
Articles 23, 24, 25
_With employees in Denmark, Norway, Sweden, Finland, Poland and India, KMD complies with all statutory requirements on working environment, pay and freedom to join a union.
_Through its works council, KMD conducts constructive dialogue with the union HK/Samdata.</td><td></td></tr>
<tr><td>PRINCIPLE 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</td><td></td><td></td></tr>
<tr><td>PRINCIPLE 4
Businesses should uphold the elimination of all forms of forced and compulsory labour.</td><td></td><td></td></tr>
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Businesses should uphold the effective abolition of child labour.</td><td></td><td></td></tr>
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Businesses should uphold the elimination of discrimination in respect of employment and occupation.</td><td></td><td></td></tr>
<tr><td>PRINCIPLE 7
Businesses should support a precautionary approach to environmental challenges.</td><td></td><td></td><td rowspan="3">_In 2015, KMD reduced carbon emissions by 7.1% – p. 37
_In 2015, KMD was recertified under the ISO 14001 environmental management system, which ensures that we maintain focus on our environmental efforts and make constant improvements – p. 37
_Together with our catering contractor, Fazer Amica, we have started a project to sort bio-waste for use in energy production – p. 37
_KMD has a number of products that help customers to reduce their carbon emissions – p. 37</td></tr>
<tr><td>PRINCIPLE 8
Businesses should undertake initiatives to promote greater environmental responsibility.</td><td></td><td></td></tr>
<tr><td>PRINCIPLE 9
Businesses should encourage the development and diffusion of environmentally friendly technologies.</td><td></td><td></td></tr>
<tr><td>PRINCIPLE 10
Businesses should work against corruption in all its forms, including extortion and bribery.</td><td></td><td>_KMD trains all new and all customer-facing employees in anti-corruption and corporate compliance matters – p. 39</td><td></td></tr>
</table>

The articles cited in the table refer to the UN Universal Declaration of Human Rights.

TOGETHER WE DEVELOP SOCIETY

RESULTS IN 2015

In 2015, KMD launched the campaign "Together we develop society." The same message is manifested in our CSR strategy and is a clear extension of our focus on digital solutions within health, education and security.

We see great opportunities in using digital solutions as a response to the demographic and financial challenges facing society. These solutions offer many advantages but also present many challenges, which is why we need to concentrate on sharing solutions and knowledge, while remaining aware of the challenges increased digitization may present for some groups in society.

EDUCATION

KMD maintained its focus on the education sector in 2015 and supported the following four initiatives:

HOMEWORK HELP ONLINE

KMD partnered with the organization Lektier Online in 2012, with employees offering help with homework from three call centers at our locations in Ballerup, Odense and Aalborg[1]. The main target group is children and young people from disadvantaged areas, who typically get little help with homework from their parents. Boys in particular tend not to use the physical homework cafés in their local communities[2].

Since 2012, more than 120 employees have provided help on more than 3,500 occasions[3]. As of 31 December 2015, 27 employees were involved in the project.

LØKKEFONDEN AND KHAN ACADEMY

In collaboration with LøkkeFonden and with assistance from Matematik Akademiet, in March 2015 KMD launched a Danish version of the world's most used online educational resource – the internationally recognized American Khan Academy. KMD's help has made it possible to provide support for the complete mathematics syllabus for Denmark's nine-year compulsory school system by means of translating Khan Academy from English into Danish.

Khan Academy is a platform that enables students to improve their skills. At the heart of the platform are a number of exercises, tests and instructional videos, which have previously been available only in English.

Since the launch of khanacademy.dk in March 2015, a total of 12,038 users have registered on the platform[4].

KMD EDUCATION AWARD

In 2014, KMD established the KMD Education Award as a pilot project for student teachers enrolled at a university college. In 2015, KMD awarded a national prize of DKK 25,000 for the first time. This is presented to an individual or group of teaching students who has/have taught material based on digital resources during their teaching practice. Teaching students from all seven of Denmark's university colleges are eligible. Each university college nominates its own winner, and the national winner is then chosen from the seven regional entries. The competition reflects KMD's wish to put the use of digital resources in Denmark's nine-year compulsory school system in focus and to create a positive attitude to this at the country's teacher-training colleges. In this way, we can support the training of the teachers of the future using the teaching tools of the future.

More than 70 students took part in KMD Education Award in 2015, and the winner was Mia Lynnerup Olesen from the teacher-training program at Metropolitan University College, Copenhagen.

In 2016, KMD Education Award will be renamed KMD Educa Award.

OPEN INNOVATION X

In 2015, KMD joined forces with the Technical University of Denmark (DTU) and IBM to develop the project Open Innovation X (Oi-X). This aims to facilitate open innovation between students and companies across competitor boundaries, with students being set a series of real-world challenges. KMD wants to show that innovation is a process involving an open approach in which knowledge and competency sharing across companies and students provide a richer source of inventiveness and opportunities for innovation than the traditional approach to R&D.

In 2015, a total of 65 students took part from a number of different subject areas and educational institutions.

[1] KMD's employees are able to swap four normal working hours a month for shifts as online helpers. All of the helpers are given introductory training and are then offered further training in homework help on an ongoing basis.
[2] State and University Library, Study of pupils' opportunities for help with homework, 2010.
[3] Calculated at 31 December 2015 by Lektier Online.
[4] Calculated at 31 December 2015 by Khan Academy.

HEALTH AND CARE

KMD views health and care as an important area of the welfare state where digital solutions have great potential to reduce costs and improve quality of life for both patients and the wider public.

DANEAGE

In 2015, KMD continued its collaboration with DaneAge – Denmark's largest organization for the elderly – on their joint e-learning program. The program targets those with limited computer literacy as part of the organization's drive to raise the general level of IT skills among senior citizens. The introduction of digital post from 1 November 2014 has made the new digital reality a challenge for many senior citizens.

The program was developed jointly by developers from KMD and volunteer IT teachers from DaneAge to give more senior citizens the chance to update their IT skills, and complements the thousands of IT courses the organization already runs each year. By the end of 2015, the program had attracted more than 76,966 unique users since its launch in 2012 and 22,231 users in 2015 alone[5].

In 2015, the program was used by 48% of all DaneAge's teachers. This is a decrease of 9 percentage points from 2014, which meant KMD and DaneAge failed to achieve their target of the program being used by at least 60% of all DaneAge's teachers.

DANISH LUNG ASSOCIATION AND THE CHILDREN'S LUNG ASSOCIATION

In 2015, KMD continued its partnership with the Danish Lung Association and, not least, the Children's Lung Association, donating DKK 100,000 to the latter for its work with children with lung disease and their families. The money was collected by means of the Company donating DKK 5 for every kilometer swum, cycled or run by employees in KMD IRONMAN triathlons and the KMD 4:18:4.

In addition, a total of 75 lung patients, lung specialists and their families took part in the KMD 4:18:4. KMD's employees also had the chance to test their lungs at KMD's locations in Aalborg and Odense, when the Danish Lung Association carried out lung function measurements in May 2015.

[5] An increase of 2,398 users on 2014. Calculated at 6 January 2015.

MENTORS FOR VETERANS

In 2015, KMD teamed up with a group of other companies to help a number of veterans from the Danish Armed Forces into the civilian job market. Two managers from KMD were mentors for two people who had previously been deployed to Afghanistan and Kosovo, and who, after ending their military career, were looking to enter the civilian job market. Both have subsequently found jobs, and KMD has decided to continue its involvement with the scheme and, among other things, will increase the number of mentor processes from two to four in 2016.

SAFETY ONLINE

In 2015, KMD was the main sponsor and a key partner in the development and launch of CodeX, the digital teaching material used to educate students in years 5-6 about safety online. KMD's contribution involved developing the material, coding and project management. A total of 100 school classes trialed the beta version of CodeX in 2015. The target is for 10,000 students to use the material in 2016.

CodeX is issued by the Danish Council for Digital Security in conjunction with the Danish Agency for Digitisation and the Danish IT Industry Association (ITB). Other participants include the Danish Consumer Council, the Danish Centre for Cybersecurity and a number of other partners and sponsors.

OTHER MEASURES

In 2015, KMD donated DKK 30,000 to the Indian organization and children's home Helpline Trust, located in Bangalore. This donation covers the entire food budget for the five employees and 45 children aged 6-18. In addition, KMD donated 10 laptops for the older children's schooling. The children also receive homework help and mentoring from employees linked to KMD's Indian operation in Bangalore. The children have visited KMD's offices in Bangalore and taken part in various other events arranged by KMD in Bangalore.

In 2015, KMD's employees had the opportunity to donate their Christmas gifts to the organization WaterNlife. A total of 239 employees chose to do so, which will provide a supply of clean water to 239 children in Kenya in 2016.

KMD considers the overall CSR work relating to "Together we develop society" to be satisfactory.

GOALS FOR 2016

EDUCATION

Homework help online: KMD will continue to offer help with homework online. The goal is for KMD's employees to provide help on at least 1,000 occasions.

KMD Educa Award: KMD will present KMD Educa Awards at all seven university colleges across Denmark before selecting a national winner in April. The goal is to attract at least 75 participants in KMD Educa Award.

Open Innovation X: KMD will continue with Open Innovation X, and the goal is for at least 120 students to take part in Open Innovation X per semester.

CARE AND HEALTH

DaneAge: KMD and DaneAge will register at least 25,000 unique users for its e-learning program, with at least 55% of DaneAge's IT volunteers using the program in their teaching.

Mentors for veterans: KMD will act as mentor for at least four veterans.

SAFETY ONLINE

Together with other partners in the CodeX project, KMD will work toward at least 10,000 students using the CodeX material.

EMPLOYEES

RESULTS IN 2015

KMD wants to be an attractive workplace where employees are proud of the contribution we make to society – by virtue of both our products and our behavior and knowledge.

We believe that we will remain strong as a company if we create clear structures for our employees and give them scope for personal and professional development.

The constant competition in the IT sector places great demands on KMD's ability to develop and retain employees in a job market where there is fierce competition for the most talented employees. This is why KMD has launched a number of different initiatives intended to help ensure that KMD continues to have the right competencies going forward. Among other things, KMD has started an ambitious graduate program, which in 2015 brought in 26 new graduates in project management and business transformation and development.

KMD increased the number of employees in 2015, partly through a series of acquisitions and partly because our continuing growth in our Software Center meant we needed more employees with new competencies. This is why we have also established a new Microsoft Academy, to provide new employees with training in relevant technologies and thus ensure a competency boost that will benefit the Company for many years to come.

DIVERSITY

Our goal is for the most promising prospective employees in the Danish labor market to choose KMD regardless of gender, ethnicity, age, disability, religion or sexual orientation. This is why KMD has a diversity policy, addressing issues such as the representation of women in Management, attracting more new graduates and increased ethnic diversity.

In 2015, we took on 26 graduates, and 17% of all new employees came direct from university or with very little professional experience.

KMD has experienced growth in the number of employees with a non-Danish ethnic background such that 2.8% of KMD's employees are now from a non-Danish ethnic background, compared with 2.1% in 2012, when the figure was last calculated. However, this remains significantly below the national average of 7.1%. Denmark is experiencing tremendous growth in the number of young people of non-Danish ethnic background studying relevant academic courses, for which reason KMD wishes to increase the proportion of employees with a non-Danish ethnic background to reflect the national average in the period through 2020.

In 2016, three Syrian refugees will start at KMD's Microsoft Academy (33% of all admissions). KMD will also work with the Danish Red Cross on a mentoring scheme for Syrian refugees in Aalborg. KMD hopes that this collaboration will lead to work placements or permanent employment opportunities.

HEALTHY EMPLOYEES

Average sickness absence was 2.7%, slightly below the national average for private companies with office-based activities. KMD will strive to maintain this level in 2016.

KMD has established a health insurance scheme for all employees that provides access to advice in the case of sickness absence, preventive measures, cross-disciplinary treatment, treatment insurance guaranteeing quick and efficient treatment, and, not least, initiatives to counter long-term sickness absence, and the opportunity to obtain confidential advice on everything from personal to work-related issues. The entire package is geared toward preventing long-term sickness absence, benefiting both individuals and KMD.

As the main sponsor of KMD IRONMAN and the KMD 4:18:4 triathlons, KMD is keen to make it easy for employees to exercise at whatever level. With this in mind, KMD organizes training at and outside its locations for employees who want to train for the triathlon events. In 2015, more than 450 employees took part in the KMD 4:18:4, KMD IRONMAN and KMD IRONMAN 70:3 triathlon competitions.

KMD also has a number of running and cycling clubs as well as various other sports and staff clubs.

KMD considers the overall CSR work relating to employees to be satisfactory.

GOALS FOR 2016

DIVERSITY

KMD will maintain a share of female managers that is proportionate to the number of women employees (27% against 33.3% as of 31 December 2015).

KMD will continue to ensure a high proportion of new graduates (17% of all new appointments in 2015 were in the "Young Professionals" category).

KMD will establish mentoring schemes for Syrian refugees with a view to work placements and/or permanent employment, and create places for Syrian refugees at our Microsoft Academy.

HEALTHY EMPLOYEES

KMD will maintain focus on a healthy workplace based on its already successful sports clubs. Special training programs for employees wanting to take part in the KMD 4:18:4 and KMD IRONMAN triathlons will continue across the business. KMD expects more than 500 employees to take part in one of these events.

KMD will also seek to maintain low levels of sickness absence and continue health-promoting measures in the workplace, including prevention of stress-related symptoms.

CLIMATE & ENVIRONMENT

RESULTS IN 2015

With 3,200 employees plus large data centers and Denmark's largest print center, KMD uses a lot of energy and generates a lot of waste each year. For this reason, we are very aware of our environmental footprint and since 2013, our print and data centers have been certified under the environmental management standard ISO 14001. KMD will extend the ISO 14001 certificate to all KMD A/S locations in 2016.

In 2015, KMD launched a new strategy and policy to ensure progress in environmental work and to focus on our products' positive effect on our customers' energy consumption, based among other things on the latest report from the international think tank GeSI, which estimates that the IT industry could reduce its current carbon emissions by as much as 20%[6].

ENERGY CONSUMPTION

Since 2008, KMD has made energy savings of 8.8 million kWh, equivalent to the annual consumption of more than 1,700 detached houses[7] or 28.2% of our total energy consumption in 2008.

In 2015, KMD made energy savings of 183,680 kWh with total electricity consumption of 30,168,896 kWh, a slight decrease of just under 0.2 million kWh compared with 2014 (0.6%). Our offices and print center lowered consumption, while the data centers recorded a slight increase as a result of outsourcing parts of KMD's server platform to our partner Tech Mahindra. An upgrade means that we expect energy consumption in connection with outsourcing of the server park to increase in 2016. However, KMD expects to achieve savings of up to 1 million kWh a year once the upgrade is complete. In addition, our total consumption of heating rose by 535 MWh in 2015.

KMD's total carbon emissions from direct energy consumption (heating and electricity) totaled 12,441 tons, down 7.1% on 2014. The majority of this decrease was due to a reduction in our electricity consumption and in the CO_2-equivalents for electricity, while there was a slight increase in heating consumption. KMD strives continuously to make its operations as energy efficient as possible, with the lowest possible carbon emissions. Since 2008, KMD has cut its carbon emissions from 17,796 to 12,441 tons, a reduction of 30.1%.

[6] SMARTer2030, GeSI, http://smarter2030.gesi.org/
[7] An average detached home with four inhabitants consumes 5,181 kWh per year. Source: DONG Energy.

TRANSPORT

KMD has been working for several years to reduce carbon emissions from transport between its locations, and has achieved a reduction of 8.8% since 2013. There was a slight increase in internal transport in 2015, but this is expected to fall in 2016 with the introduction of travel-free weeks and a travel-free month in July.

WASTE

In 2015, KMD achieved an overall recycling rate of 63.8% against 62.9% in 2014[8].

61% of KMD's waste comes from its print and data centers. The proportion of waste recycled from these in 2015 was 83.9%, on par with 2014 (84%)[9].

In 2015, KMD focused on increasing the recycling rate for waste from office and canteen facilities. We established sorting facilities for bio-waste in the canteens and introduced "follow me" printing, which reduces wasted prints. The full effect will be seen in 2016. KMD recycled 30.2% of its waste from offices and canteens, an improvement of 3.4 percentage points on 2014.

PRODUCTS

2015 saw the launch of KMD Atrium, a fully integrated facility management system that can guarantee savings for our customers of up to 15% on energy consumption through improved monitoring and overview.

Efficient operation of our server parks and a constant focus on energy efficiency enable us to offer customers more energy-efficient performance than if they were to operate their own data centers. We also offer a whole series of services in the area of welfare technology, for example patients and healthcare professionals can meet virtually, thus saving on transport and reducing carbon emissions as a result.

In 2016, KMD will work to map the concrete climate effect of a number of our products and services so as to be able to demonstrate what our services can deliver.

[8] The goal is 68% by 2017. The recycling rate excludes waste from the locations in Aalborg and Odense. The bulk of KMD's waste is generated at the location in Ballerup, Copenhagen, which is home to KMD's print and data center and just under 50% of its employees.
[9] In 2012, KMD set a target to improve its recycling rate by 5 percentage points from the baseline of 68.8%. This goal was achieved already in 2014.

GOALS FOR 2016

ENERGY
KMD will continue to focus on identifying energy savings in both data centers and offices, but still anticipates a significant increase in energy consumption due to outsourcing of the server park to our Indian partner, Tech Mahindra.

TRANSPORT
KMD will continue to focus on reducing internal transport between locations. KMD expects to be able to reduce the Company's carbon footprint from transport by 10% by the end of 2016. Further measures are required to achieve this goal.

WASTE
There will be continued focus on KMD's recycling rate in office buildings. KMD's goal is to increase the total proportion of waste recycled to 68% by the end of 2016.

ENVIRONMENTAL MANAGEMENT
KMD will continue work on the ISO 14001 standard. We will extend the certificate to cover office locations in KMD A/S and to include section 4.4.3 of ISO 50001 (energy management).

PRODUCTS
KMD will map the climate effect of selected products and present these to our customers.

KMD considers the CSR work relating to climate & environment to be satisfactory.

SUPPLY CHAIN

RESULTS IN 2015

Signing the UN Global Compact has committed KMD to 10 fundamental principles relating to protection of human and labor rights, climate and environmental issues, and anticorruption measures. This provides KMD with a concrete framework for the requirements the Company makes of itself and its suppliers.

At the same time, KMD wants to keep tight control of its own processes to ensure that the Company complies with relevant legislation and its commitments under the Global Compact, and sets requirements for its own suppliers that support these commitments.

PARTNERSHIPS

In 2015, KMD worked with the screening tool developed by EcoVadis SAS. We screen all high-risk suppliers on an annual basis. Suppliers are identified based on criteria such as revenue, geography and industry. A total of 43 suppliers were screened in 2015, seven of which were asked to provide further information relating to their procedures and policies.

The screening facilitates fact-based dialogue with our suppliers about their CSR work, while placing our Supplier Code of Conduct in a concrete context. This will make it easier for us and our suppliers to reach our goal of all key suppliers working in accordance with the principles of the UN Global Compact by the end of 2017.

In 2015, KMD was made aware of a number of irregularities relating to the use of student labor at a named Chinese factory that produces servers for several of KMD's subsuppliers. KMD requested a report from those of its suppliers who had received deliveries from the named factory. The reports were forwarded to our customers, and relevant measures to rectify the irregularities have been taken by our subsuppliers. KMD will follow up these measures in 2016.

CORPORATE COMPLIANCE

In 2015, KMD strengthened its corporate compliance setup, especially with regard to UK and US anticorruption rules, in light of KMD's ownership.

In 2015, KMD focused on revising its policy on anticorruption, including policies on gifts and entertaining. Among other things, we have standardized the rules for giving and receiving gifts to/from customers and partners in the public and private sectors, and now require employees to report gifts received over a certain triviality limit as well as participation in free-of-charge courses and events hosted by suppliers and other external partners. The reports will be subject to the audit processes in the compliance area. The changes were implemented with effect from 1 October 2015.

All new employees are given a general introduction to the corporate compliance rules. Moreover, KMD has decided that customer-facing employees should be trained in anticorruption every other year via a compulsory e-learning program, which will be implemented in 2016. KMD has also finalized and implemented authorizations that describe in detail who may act for and enter into commitments for the Company with regard to financial undertakings. The rules were implemented with effect from 1 April 2015.

In 2015, KMD extended its whistleblower program to guarantee an alternative reporting pathway for external reporters as well as employees and members of the Executive Board and the Board of Directors. The whistleblower program can be used to report circumstances that are in breach of legislation or KMD's internal rules in relation to seven compliance areas: anticorruption, IT security, authorizations, competition law, intellectual property rights, contractual risk management and document management/storage. A total of five cases were reported and dealt with through the program in 2015. None of the cases led to a change in procedures at KMD or had a negative effect on customers or other stakeholders.

Overall responsibility for the corporate compliance program has been delegated to the Board of Directors' Audit Committee, which has a more agile approach to handling cases involving breaches of the program.

In addition, KMD works on an ongoing basis to safeguard IT security policies and programs, and support KMD's goal of secure and correct data management.

KMD A/S is certified under the international security standard ISO 27001 and also has certificates for quality (ISO 9001) and IT service management (ISO 20000). KMD A/S is also certified under the environmental management standard ISO 14001.

KMD considers the overall CSR work relating to the supply chain to be satisfactory.

GOALS FOR 2016

PARTNERSHIPS

KMD will screen at least 75 selected suppliers and draw up relevant action plans for suppliers identified via screenings in the EcoVadis system.

CORPORATE COMPLIANCE

KMD will continue implementation of the prioritized compliance measures, which include update and roll-out of a new anticorruption e-learning program, a general update of policies on the compliance site, and a continuous focus on "Tone from the top."

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million

Note		2015	2014
4	Revenue	5,151.2	4,813.6
5	Other external expenses	1,970.6	1,807.7
6	Staff costs	2,258.9	2,078.8
	Other operating income	11.9	9.4
	Earnings before interest, tax, depreciation and amortization (EBITDA)	**933.6**	**936.5**
8,9	Depreciation and amortization	591.3	816.2
	Operating profit (EBIT)	**342.3**	**120.3**
7	Financial income	7.6	10.5
7	Financial expenses	235.7	207.9
	Earnings before tax (EBT)	**114.2**	**-77.1**
15	Tax on profit for the year	73.6	30.8
	Net profit for the year	**40.6**	**-107.9**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million

Note		2015	2014
	Net profit for the year	**40.6**	**-107.9**
	Other comprehensive income		
	Value adjustments of hedging transactions before tax	-22.3	-15.2
	Value adjustments of hedging transactions included in financial items	19.4	12.0
	Foreign currency translation adjustment of foreign enterprises	0.8	1.0
	Tax on comprehensive income	0.1	0,2
	Other comprehensive income after tax	-2.0	-2.4
	Comprehensive income	**38.6**	**-110.3**
	Attributable to:		
	Shareholders in the Parent Company	38.6	-110.3
	Non-controlling interests	0.0	0.0

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS

DKK million

Note		2015	2014
	NON-CURRENT ASSETS		
	Customer relationships	790.4	900.5
	Trademarks	92.8	92.8
	Rights	140.3	126.0
	Goodwill	3,692.1	3,403.0
	Completed development projects	635.5	773.5
	Development projects in progress	344.5	192.2
8	**Intangible assets**	**5,695.6**	**5,488.0**
	Land and buildings	68.7	78.5
	Leasehold improvements	42.5	39.1
	Plant and machinery	59.0	162.9
	Fixtures, operating equipment and vehicles	18.7	30.9
9	**Property, plant and equipment**	**188.9**	**311.4**
10	Deposits	44.9	45.8
	Deferred tax asset	9.9	5.3
	Other non-current assets	**54.8**	**51.1**
	Total non-current assets	**5,939.3**	**5,850.5**
	CURRENT ASSETS		
11	Inventories	4.2	7.3
18	Trade receivables	830.4	786.1
	Receivables from Group enterprises	50.8	37.8
12	Contract work in progress	113.4	42.0
	Other receivables	119.4	25.5
	Corporation tax receivable	7.0	23.6
13	Prepayments	36.0	33.9
	Securities	0.0	0.7
	Cash	407.0	1,051.3
	Total current assets	**1.568.2**	**2,008.2**
	Total assets	**7,507.5**	**7,858.7**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES

DKK million

Note		2015	2014
	EQUITY		
14	Share capital	21.8	21.8
	Hedging reserve	-17.0	-14.2
	Reserve for foreign currency translation adjustments	2.6	1.8
	Retained earnings	1,106.6	1,899.0
	Proposed dividend	0.0	0.0
	Total equity	**1,114.0**	**1,908.4**
	LIABILITIES		
15	Provision for deferred tax	336.3	333.0
16	Provisions	171.0	223.4
18	Credit institutions	3,891.1	4,112.6
	Other payables	33.5	26.8
	Non-current liabilities	**4,431.9**	**4,695.8**
	Credit institutions	254.5	41.5
	Prepayments from customers	33.7	32.3
	Trade payables	524.0	380.3
	Payables to Group enterprises	219.8	0.0
17	Other payables	603.9	573.3
	Derivative financial instruments	21.1	18.0
	Corporation tax payable	104.0	3.7
16	Provisions	60.9	78.1
	Deferred income	139.7	127.2
	Current liabilities	**1,961.6**	**1,254.5**
	Total liabilities	**6,393.5**	**5,950.3**
	Total equity and liabilities	**7,507.5**	**7,858.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Hedging reserve	Reserve for foreign currency translation adjustments	Retained earnings	Proposed dividend	Total
Equity at 1 January 2014	21.8	-10.8	0.8	2,006.9	0.0	2,018.7
Net profit for the year				-107.9		-107.9
Other comprehensive income for the year		-3.4	1.0			-2.4
Equity at 1 January 2015	**21.8**	**-14.2**	**1.8**	**1,899.0**	**0.0**	**1,908.4**
Net profit for the year				40.6		40.6
Other comprehensive income for the year		-2.8	0.8			-2.0
Proposed dividend				-833.0	833.0	0.0
Dividends paid					-833.0	-833.0
Equity at 31 December 2015	**21.8**	**-17.0**	**2.6**	**1,106.6**	**0.0**	**1,114.0**

The reserve for foreign currency translation adjustments relates to translation adjustment of profit and net assets for Group enterprises with a functional currency other than the presentation currency.

The dividend paid in 2015 was DKK 38.3 per share. No dividend was paid in 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

DKK million

Note		2015	2014
	Earnings before interest, tax, depreciation and amortization (EBITDA)	933.6	936.5
19	Adjustments of non-cash items	-52.9	-216.0
20	Change in working capital	-48.2	-264.4
	Corporation tax paid	3.5	-48.2
	Financial income	7.7	11.1
	Financial expenses	-207.7	-171.4
	Total cash flow from operating activities	**636.0**	**247.6**
8	Investments in intangible assets	-202.8	-296.6
9	Investments in property, plant and equipment	-74.7	-67.0
	Sale of property, plant and equipment	73.5	0.9
21	Investment in enterprises	-419.2	-34.3
	Sale of securities	0.7	0.3
	Total cash flow from investing activities	**-622.5**	**-396.7**
	Repayments of loans	-197.3	-188.4
	Raising of loans	204.4	1,060.6
	Other payables, non-current	-38.7	-11.0
	Loans to Group enterprises	206.8	-37.8
	Dividend paid	-833.0	0.0
	Total cash flow from financing activities	**-657.8**	**823.4**
	Total cash flow	**-644.3**	**674.3**
	Cash and cash equivalents at 1 January	1,051.3	377.0
	Cash and cash equivalents at 31 December	**407.0**	**1,051.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OVERVIEW

NOTE 01_ACCOUNTING POLICIES

The annual report for AI Keyemde ApS is presented in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU at 31 December 2015 and the additional Danish disclosure requirements contained in the IFRS Order issued by the Danish Business Authority.

BASIS OF PREPARATION

The accounting figures have been prepared using the historical cost convention, except where IFRS explicitly requires use of other values.

CONSOLIDATION

The consolidated financial statements cover the Parent Company, AI Keyemde ApS, and subsidiaries in which the Parent Company directly or indirectly owns more than 50% of the voting rights or otherwise has control.

The consolidated financial statements have been prepared by combining the financial statements of the Parent Company and the subsidiaries by adding together items of a uniform nature. The financial statements used in the consolidated financial statements are presented in accordance with the Group's accounting policies.

Intercompany income, expenditure, shareholdings, dividends and balances are eliminated, as are realized and unrealized internal gains and losses on transactions between the consolidated enterprises.

The subsidiaries' accounting items are recognized 100% in the consolidated financial statements.

Enterprises in which the Parent Company directly or indirectly owns between 20% and 50% of the voting rights or otherwise exercises significant influence are considered associates.

BUSINESS COMBINATIONS

Newly acquired or newly established subsidiaries are recognized from the time control is acquired over the acquired enterprise (acquisition date). The purchase method is applied to acquisition of subsidiaries.

The cost of acquisitions is calculated as the fair value of the acquired assets and liabilities and shares issued. The cost incorporates the fair value of any contingent considerations (earn-outs). Expenses in connection with the acquisition are charged to the income statement in the period in which they are incurred.

Identifiable assets, liabilities and contingent liabilities (net assets) relating to the acquired enterprise are recognized at fair value on the acquisition date.

In connection with each acquisition, goodwill and non-controlling interests are recognized in accordance with one of the following methods:

_ Goodwill related to the acquired enterprise is made up of any positive difference between the total fair value of the acquired enterprise and the fair value of the total net assets for accounting purposes. Non-controlling interests are recognized at the share of the acquired enterprise's total fair value (full goodwill).

_ Goodwill related to the acquired enterprise is made up of any positive difference between the purchase price and the fair value of the Group's share of the acquired enterprise's total net assets for accounting purposes at the acquisition date. Non-controlling interests are recognized at the proportionate share of the acquired net assets (proportionate goodwill).

Goodwill is recognized under intangible assets. Goodwill is not amortized but is assessed on an annual basis, or where there are indications of a decrease in value, in order to determine whether it has been subject to a decrease in value. If this is the case, it is written down to the asset's lower recoverable value.

Enterprises that are sold or wound up are recognized until the date of disposal. Any gain or loss relative to the carrying amount at the disposal date is taken to income at the time of sale where control of the subsidiary is also being relinquished.

The difference between cost and carrying amount of acquired non-controlling interests is recognized in equity. Profit or loss on sale to non-controlling interests is also recognized in equity.

Comparative figures are not restated for enterprises that are newly acquired, sold or wound up.

FOREIGN CURRENCY TRANSLATION

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

Transactions in foreign currencies are translated during the year at the rate prevailing on the transaction date. Gains and losses that arise between the rate on the transaction date and the payment date are recognized in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled on the balance sheet date are translated at the rate prevailing on the balance sheet date. The difference between the rate on the balance sheet date and the transaction date is recognized in the income statement under financial items.

Balance sheets of foreign subsidiaries with a functional currency other than DKK are translated at the rate prevailing on the balance sheet date. The subsidiaries' income statements and statements of cash flow are translated at average rates approximately equivalent to the rate prevailing on the transaction date. Foreign currency translation adjustments that arise on translation of foreign subsidiaries' equity at 1 January and foreign currency translation adjustments that arise as a result of the income statement being translated at an average exchange rate and the balance sheet being translated at the rate prevailing on the balance sheet date are recognized in the statement of comprehensive income.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial contracts considered to satisfy the conditions for recognition as cash flow hedges are termed "effective," while hedging instruments not considered to satisfy these conditions are termed "ineffective."

Changes in the fair value of effective derivative financial contracts are recognized in comprehensive income and accumulated as a reserve in equity under Hedging reserve.

Changes in the fair value of ineffective derivative financial contracts are recognized directly in the income statement under financial items.

Derivative financial instruments are recognized in the balance sheet at fair value on the trade date and subsequently measured at fair value. Positive and negative fair values of derivative financial contracts are included under Other receivables and Derivative financial instruments respectively.

The fair value of derivative financial instruments is calculated using standard valuation methods for such contracts based on observable market data. The fair value of interest rate-hedging contracts is calculated as the present value of expected future cash flows.

For both effective and ineffective derivative financial contracts, the part of the fair value adjustment that can be attributed to time value is always recognized directly in the income statement.

All fair values are based on prices calculated at market value or using standard pricing models.

INCOME STATEMENT

REVENUE

Income from the sale of services is recognized when the service is provided.

Income from the disposal of goods for resale is included in revenue at the time of delivery and risk transfer where the income is considered reliable. Revenue is stated net of VAT, charges and discounts.

Income from consultancy services is taken to income as the work is performed, with the revenue corresponding to the selling price of the work performed for the year.

License and royalty income is recognized at the time of delivery.

OTHER EXTERNAL EXPENSES

Other external expenses include accounting items incurred to achieve the revenue for the year, including cost of sales in connection with the disposal of goods for resale, and other external expenses for distribution, sales, advertising, administration, premises, bad debts, operating lease payments, etc.

OTHER OPERATING INCOME AND EXPENSES

Gains and losses in connection with disposal of non-current assets are recognized under other operating income or other operating expenses.

STAFF COSTS

Staff costs cover wages, salaries and pensions to the Group's staff and other staff costs.

SHARE-BASED PAYMENT

Share options are measured at the fair value of the granted share options at the grant date minus any amount paid by the employees. If the fair value exceeds the amount paid by the employees, the excess amount is considered as payment for services received from employees. The excess amount is therefore recognized in the income statement under staff costs over the period in which the final entitlement to the options is earned. The set-off is recognized directly in equity in the case of equity-settled schemes.

FINANCIAL ITEMS
Financial income and expenses are recognized in the income statement at the amounts relating to the financial year. Financial items cover interest income and expenses, share dividends, financial expenses in connection with finance leases, realized and unrealized exchange gains and losses relating to securities and transactions in foreign currencies, amortization of exchange losses, and borrowing costs. Borrowing costs that can be attributed directly to purchase, construction or production of a qualifying asset are included as part of the cost of the asset. A qualifying asset is an asset that it necessarily takes a significant period to make ready for its intended use or sale.

TAX
Tax on the profit for the year comprises current tax and deferred tax for the year, the effect on deferred tax of changes in tax rates, and prior-year adjustments. The part of tax for the year that can be attributed to entries made directly in the statement of comprehensive income is recognized directly therein.

Current tax is calculated at the tax rate applicable for the year. Deferred tax is calculated on the basis of the tax rules and tax rates in the respective countries that will be applicable by law on the balance sheet date where the deferred tax is expected to give rise to current tax.

BALANCE SHEET

INTANGIBLE ASSETS
Goodwill is recognized at cost minus any accumulated impairment losses.

Goodwill is tested for impairment each year if there are indications of a decrease in value. The impairment test is carried out for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable value) where this is lower than the carrying amount.

Intangible assets also include acquired intellectual property rights and development projects that meet the criteria for capitalization.

Customer-related assets are measured at cost less accumulated amortization and impairment losses based on the expected consumption pattern for future economic benefits.

Development projects that are clearly defined and identifiable, where the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where the intention is to manufacture, market or use the product or process, are recognized as intangible assets where there is sufficient assurance that future earnings will cover the costs of production, sales and administrative expenses, and total development costs. Other development costs are recognized as expenses in the income statement as they are incurred.

Development costs are calculated as directly incurred expenses plus a proportion of other expenses that can indirectly be attributed to the individual development projects.

Amortization of intangible assets excl. goodwill is carried out on a straight-line basis over a period of up to 20 years based on experience of the period of use.

The useful life of the assets is assessed and adjusted if necessary on each balance sheet date. The main amortization periods are:

	Amortization period
Acquired software rights	3-5 years
Development projects	5-15 years
Customer relationships	10-15 years
Other rights	3-20 years

Acquired intellectual property rights and completed development projects are tested for impairment where there are indications of a decrease in value. Development projects in progress are also subject to an annual impairment test.

The impairment test is carried out for each individual asset or group of assets. The assets are written down to the higher of the asset's or the asset group's value in use or net selling price (recoverable value) where this is lower than the carrying amount.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment includes land and buildings, plant and machinery, and fixtures, operating equipment and vehicles. Property, plant and equipment is measured at cost plus any revaluations and minus any accumulated depreciation and impairment losses.

Property, plant and equipment is depreciated on a straight-line basis over the expected useful life of the individual assets. The main depreciation periods are:

	Depreciation period
Land and buildings	50 years
Leasehold improvements	10-30 years
Major installations	10 years
Plant and machinery	2-5 years
Fixtures, operating equipment and vehicles	2-5 years

Assets held under finance leases are measured at the lower of the fair value pursuant to the lease and the present value of the lease payments, calculated on the basis of the internal interest on the lease minus any accumulated depreciation and impairment losses.

Property, plant and equipment is tested for impairment where there are indications of a decrease in value. The impairment test is carried out for each individual asset or group of assets. The assets are written down to the higher of the value in use and the net selling price (recoverable value) of the asset or group of assets where this is lower than the carrying amount.

INVESTMENTS

Equity investments in associates are measured using the equity method and recognized in the income statement at the proportionate share of the equity value in the enterprises calculated in accordance with the Group's accounting policies, plus goodwill.

In the balance sheet equity investments in associates are recognized at the proportionate share of the equity owned in the enterprises calculated in accordance with the Group's accounting policies, plus goodwill.

Associates with negative equity are measured at DKK 0, and any receivables from these enterprises are written down where an individual assessment shows this to be necessary. Where there is a legal or constructive obligation to cover the associate's negative value, a liability is recognized for this.

INVENTORIES

Inventories are recognized at cost calculated on the basis of average cost. Where the cost exceeds the expected selling price minus costs of completion and sale, inventories are written down to the lower net realizable value.

RECEIVABLES

Receivables and loans cover receivables that have arisen in connection with sales. Such receivables are classified as current with the exception of the part falling due more than 12 months from the balance sheet date. The amounts are included in the items Trade receivables and Other receivables.

Receivables are recognized in the balance sheet at fair value and subsequently measured at amortized cost. In the case of current non-interest-bearing receivables and receivables at variable rates of interest, this will usually correspond to nominal value.

On each balance sheet date the Company assesses whether there are circumstances indicating that significant individual receivables have been subject to a decrease in value. This is assessed on the basis of an age criterion and objective indications of financial problems on the part of debtors. If it is assessed that the receivable will not be paid in full, amortized cost is calculated on the basis of these expected lower payments. It is further assessed whether groups of receivables that are not significant receivables individually have been subject to a decrease in value. These receivables are then written down by group on the basis of the Group's past experiences.

CONSULTANCY SERVICES IN PROGRESS

Consultancy services in progress are measured at the selling price of the work performed. The stage of completion is calculated on the basis of the direct and indirect expenses incurred in relation to the expected total expenses.

The value of the individual items of work in progress minus invoicing on account is classified as receivables where the amounts are positive and as payables where the amounts are negative.

Provision is made for expected losses on work in progress based on an individual assessment of the loss until completion of the work.

PREPAYMENTS (ASSET)

Prepayments recognized under assets include prepaid expenses relating to subsequent financial years and are measured at amortized cost.

EQUITY

Dividends are recognized as a liability at the date of adoption by the general meeting.

PROVISIONS

Provisions are recognized where, as a result of an event that has occurred before or on the balance sheet date, the Group has a legal or constructive obligation and it is likely that an outflow of funds will be required to settle the liability.

CORPORATION TAX

Current tax liabilities are recognized in the balance sheet as tax calculated on the expected taxable income for the year, adjusted for tax on taxable income in previous years and taxes paid on account.

Deferred tax is measured on the basis of the effective tax rules and tax rates in the respective countries – according to the legislation in force on the balance sheet date – when the deferred tax is expected to crystallize as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement, with the exception of the effect concerning items recognized in Other comprehensive income.

Provision for deferred tax is calculated on all temporary differences between carrying amount and tax base.

Deferred tax assets are recognized at the value that is expected to be utilized, either by elimination in tax on future earnings or by offsetting against deferred tax liabilities.

LEASE COMMITMENTS

Finance lease commitments are measured at the present value of the remaining lease payments, including any guaranteed residual value based on the internal rate of interest on the individual leases.

FINANCIAL LIABILITIES

Financial liabilities are recognized at the time of borrowing at the proceeds received minus transaction costs incurred, and subsequently measured at amortized cost calculated on the basis of the effective rate of interest on the borrowing date.

DEFERRED INCOME (LIABILITY)

Deferred income recognized under liabilities includes payments received relating to income in subsequent years and is measured at amortized cost.

STATEMENT OF CASH FLOWS

The statement of cash flows shows the enterprise's cash flows for the year, change in cash and cash equivalents for the year, and the enterprise's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is shown using the indirect method and is calculated as the net profit for the year adjusted for non-cash operating items, change in working capital, financial items paid and corporation tax paid.

Cash flow from investing activities includes payments in connection with purchase and sale of non-current assets, securities attributed to investing activities, and dividends received from subsidiaries and associates.

Cash flow from financing activities includes dividend payments to shareholders, capital increases and reductions, plus the raising of loans and repayments of interest-bearing debt.

Cash and cash equivalents includes cash at bank and in hand, and highly liquid securities with an insignificant risk of changes in value.

NOTE 02_SIGNIFICANT ACCOUNTING ASSESSMENTS AND ESTIMATES

In preparing Al Keyemde's annual report, the Company's board makes a number of accounting assessments and estimates that form the basis for recognition and measurement of the Group's assets and liabilities. The most important accounting assessments and estimates are set out below. The Group's accounting policies are described in detail in Note 1 to the consolidated financial statements.

ACCOUNTING ASSESSMENTS

ACQUISITION OF ENTERPRISES

On acquisition of enterprises the Company's Management assesses whether, for accounting purposes, it is acquiring an enterprise or individual assets and liabilities. The assessment is based on whether the acquired enterprise constitutes integrated activities or assets.

APPLICATION OF THE PERCENTAGE OF COMPLETION METHOD

The Company's Management makes significant accounting assessments in connection with income recognition. If a project is customized to a high degree, revenue relating to projects in progress is recognized under the percentage of completion method, corresponding to the selling price of the work carried out based on the stage of completion. If a project does not qualify for recognition under the percentage of completion method, revenue is not recognized until risk is transferred to the purchaser. Delays, etc. can cause significant fluctuations in the timing of the Group's recognition of revenue and thus earnings relative to expectations.

ESTIMATION UNCERTAINTIES

Calculation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions concerning future events. The estimates made are based on historical experiences and other factors that Management considers appropriate in the circumstances, but that by their very nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the enterprise is subject to risks and uncertainties that may result in actual results differing from these estimates. It may be necessary to change estimates made previously as a result of changes in the circumstances that formed the basis of the previous estimates or on the basis of new knowledge or subsequent events.

IMPAIRMENT OF ASSETS

GOODWILL

In performing the annual impairment test, an estimate is made as to whether the individual units of the enterprise (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other necessary investments. The estimate of future net cash flows is based on budgets and business plans for the coming year and projections for subsequent years. Key parameters are revenue development, profit margin, investments in net working capital and growth expectations for the years ahead. Budgets and business plans for the coming year are based on concrete future business measures, with risks in the key parameters being assessed and recognized in the future expected cash flows. Projections beyond this first year are based on general expectations and risks. The discount rates used to calculate the recoverable value are before tax and reflect the risk-free interest plus specific risks in the individual business areas.

The cash flows used incorporate the effect of the future risks associated with this, which is why such risks are not incorporated in the discount rates used. See Note 8 for a description of the impairment test for intangible assets. The carrying amount of goodwill at 31 December 2015 was DKK 3,692.1 million (31 December 2014: DKK 3,403.0 million).

DEVELOPMENT COSTS

Completed development projects are reviewed annually for indications of impairment. Where indications of impairment are identified, an impairment test is carried out for the individual development projects. Completed development projects were written down for impairment by DKK 8.2 million in 2015 (2014: DKK 163.7 million). The write-downs in 2014 were a result of the closure of various software projects under development, following a change of technology, and consequent reassessment of future cash flows.

The carrying amount of completed development projects at 31 December 2015 was DKK 635.5 million (31 December 2014: DKK 773.5).

In the case of development projects in progress, an actual impairment test is carried out each year. The impairment test is based on various factors, including future use of the projects, the present value of expected future earnings, plus interest rate and other risks.

No write-down on development projects in progress was made in 2015. Write-downs of DKK 110.1 million were made on development projects in progress in 2014 as a result of a change of technology in the systems the development was intended to support, and consequent reassessment of future cash flows.

For AI Keyemde the measurement of development projects in progress could be significantly impacted by material changes in estimates and assumptions underlying the calculated values.

The carrying amount of development projects in progress at 31 December 2015 was DKK 344.5 million (31 December 2014: DKK 192.2 million).

CONTRACT WORK IN PROGRESS

Contract work in progress is measured at the selling price of the work performed. The stage of completion is calculated on the basis of the direct and indirect expenses incurred in relation to the expected total expenses. Provision is made for expected losses on work in progress based on an individual assessment of the loss until completion of the work.

The carrying amount of contract work in progress at 31 December 2015 was DKK 113.4 million (31 December 2014: DKK 42.0 million).

PROPERTY, PLANT AND EQUIPMENT

Impairment testing of property, plant and equipment is carried out if events or circumstances indicate the assets have been impaired.

The value in use is determined using the same method as for impairment losses relating to goodwill. Calculation of the impairment loss is therefore associated with the same degree of uncertainty for property, plant and equipment as for goodwill.

The carrying amount of property, plant and equipment at 31 December 2015 was DKK 188.9 million (31 December 2014: DKK 311.4 million).

NOTE 03_NEW FINANCIAL REPORTING STANDARDS

CHANGE IN ACCOUNTING POLICIES, INCLUDING PRESENTATION AND IMPLEMENTATION OF FINANCIAL REPORTING STANDARDS

The accounting policies for the financial statements for the Group and the Parent Company are unchanged from last year.

MOST RECENTLY ADOPTED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERPRETATIONS (IFRIC)

The Al Keyemde Group has implemented the financial reporting standards, and amendments to these, and the interpretations that have been endorsed by the IASB and the EU and entered into force in the 2015 financial year. These are as follows for the Al Keyemde Group:

_Annual Improvements (2010-2012). These entail a number of minor amendments to IFRS:

- IFRS 2: Clarification of the definitions of "vesting condition," "performance condition" and "service condition."
- IFRS 3: This clarifies that an obligation to pay a contingent purchase consideration that meets the criteria for a financial instrument must be classified as a financial obligation or equity pursuant to IAS 32.
- IFRS 8: This requires disclosure of Management judgment in connection with aggregation of operating segments.
- IFRS 13: This clarifies that current receivables and payables may be considered to have a fair value on the balance sheet date equal to the invoice amount.
- IAS 16 and IAS 38: Clarification of how the property, plant and equipment note is to be presented when an entity uses a revaluation model for property, plant and equipment or intangible assets.
- IAS 24: If a reporting entity provides key management services to an entity or that entity's parent company, payment for this will be subject to the disclosure requirements for Management remuneration in the ordering entity.

_Annual Improvements (2011-2013). These entail a number of minor amendments to IFRS:

- IFRS 1: This clarifies that an entity can voluntarily choose to apply a standard that has not yet entered into effect in its first IFRS financial statements.
- IFRS 3: Excludes joint arrangements, cf. definition in IFRS 11.
- IFRS 13: Clarification that the portfolio exception in IFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis also applies to non-financial contracts covered by IAS 39 or IFRS 7.
- IAS 40: This clarifies that the guidance in IFRS 3 must be used to determine whether the acquisition of a group of properties constitutes acquisition of an entity.

_Amendment to IAS 19: "Employee benefits." The amendment concerns measurement of defined benefit pension obligations when the employees make contributions to the pension plan.

KMD has assessed the effect of the new IFRS standards and interpretations, and has concluded that all the standards and interpretations that have come into force for financial years beginning 1 January 2015 are either not relevant to the Al Keyemde Group or do not have a material impact on the consolidated financial statements.

NEW FINANCIAL REPORTING STANDARDS (IAS/IFRS) AND INTERPRETATIONS (IFRIC) ADOPTED – BUT NOT APPLICABLE TO THE FINANCIAL YEAR UNDER REVIEW

The following amended financial reporting standards and interpretations that may be relevant to KMD have been adopted by the IASB. The standards come into force at a later date, which is why they will not be implemented until the annual reports for the years in which they become effective.

_IAS 1: Amendments to IAS 1 with a view to improving the disclosure requirements in accordance with IFRS. The amendment concerns materiality, presentation of items and subtotals in the income statement and balance sheet, and sequence of the notes.

_IAS 27: Makes it possible to apply the equity method in parent company financial statements.

_IAS 16/IAS 38: No longer permits application of revenue-based depreciation methods.

_IFRS 11: Acquisition of interests in a joint operation must be treated as acquisition of individual assets or acquisition of an entity.

The Al Keyemde Group has assessed the effect of the new IFRS standards and interpretations, and has concluded that all the standards and interpretations that have come into force for financial years beginning 1 January 2015 are either not relevant to the Al Keyemde Group or are not expected to have a material impact on the financial statements.

IASB HAS ISSUED THE FOLLLOWING AMENDMENTS TO STANDARDS AND NEW INTERPRETATIONS THAT COULD BE RELEVANT TO KMD BUT HAVE NOT YET BEEN ENDORSED BY THE EU:

_IFRS 9: "Financial Instruments – Phase 1: Classification and Measurement." The number of categories of financial assets is reduced to three: those measured at amortized cost, those measured at fair value via the income statement and those measured at fair value via other comprehensive income. Under IFRS 9, entities that choose to measure financial obligations at fair value (the fair value option) must present the part of the change in fair value for the period that can be attributed to changes in the entity's own credit risk in other comprehensive income.

_IFRS 14: "Regulatory Deferral Accounts." New common standard on regulatory assets (surplus/deficit) in utility companies in connection with first-time adoption of IFRS. The standard regulates only first-time adoption of IFRS.

_IFRS 15: "Revenue from Contracts with Customers." New common standard on revenue recognition. Depending on the industry in which the entity operates, the standard may potentially affect recognition of revenue in a number of areas including:

- When revenue is recognized.
- Recognition of variable remuneration.
- Allocation of revenue in combined contracts (contracts with multiple performance obligations).
- Recognition of revenue from licensing rights.
- Costs of entering into contracts.
- Additional disclosure requirements.

The effect of the standard on the AI Keyemde Group's annual report is under evaluation.

_IASB has issued IFRS 16, "Leasing," which amends the rules for the accounting treatment of operating leases by lessees. In future, operating leases must be recognized in the balance sheet in the form of an asset and an equivalent lease obligation. The standard has not yet been endorsed by the EU and will become effective for financial years beginning 1 January 2019 or later.

The AI Keyemde Group is in the process of examining the effect of the standard, which cannot yet be determined, but assesses that the standard will have a material effect on the Company's financial ratios, including EBITDA margin, return on equity and solvency ratio.

The AI Keyemde Group expects to implement these standards and interpretations when they become effective.

NOTE 04_REVENUE

DKK million	2015	2014
Sale of goods	305.9	325.5
Sale of services	4,845.3	4,488.1
Total	**5,151.2**	**4,813.6**

NOTE 05_AUDIT FEE

DKK million	2015	2014
Fee to the Company's auditors		
PricewaterhouseCoopers		
Statutory audit fee	1.0	0.8
Other assurance engagements	4.4	4.8
Tax advisory services	0.4	0.4
Other services	5.6	2.9
Total	**11.4**	**8.9**

NOTE 06_STAFF COSTS

DKK million	2015	2014
Wages and salaries	2,061.0	1,885.4
Pensions	175.6	180.0
Other social security costs	22.3	13.4
Total	**2,258.9**	**2,078.8**
Board of Directors		
Remuneration	0.0	0.0
Total	0.0	0.0
Executive Board		
Salaries, etc.	0.0	0.0
Pensions	0.0	0.0
Total	**0.0**	**0.0**
Average number of employees	3,202	2,998

An amount of DKK 128 million has been expensed in 2015 (2014: DKK 109 million) for salaries and compensation for employees who left the company as a result of structural adjustments.

INVESTMENT PROGRAM

An investment program has been established for the Executive Board and a number of senior employees. Investment is by means of endorsing the purchase of B and C shares in AI Keyemde ApS made by three limited partnerships. The share purchases comprise 4.11% of the share capital in AI Keyemde ApS. At 31 December 2015 the limited partnerships have not offered all the acquired shares to those covered by the program.

The holders of the shares have only limited voting rights and are only entitled to sell the shares to third parties in connection with a stock exchange listing or the sale of AI Keyemde ApS (exit event). If an employee covered by the program leaves their position before an exit event has occurred, the person is obliged to sell their shares at a price based on a predetermined formula.

The investment of the Executive Board in AI Keyemde ApS and senior employees in KMD A/S is specified in the table below.

SHARES	B shares	C shares
At 1 January 2015	**473,811**	**4,759**
Granted during the year	120,534	1,335
Terminations	198,208	1,340
Exercised	0	0
Expired	0	0
Outstanding at 31 December 2015	**396,137**	**4,754**

NOTE 07_FINANCIAL INCOME/EXPENSES

2014

DKK million	Interest	Foreign currency translation adjustments	Fair value adjustments	Total
Income				
Loans and receivables	8.8	1.6		10.4
Loans to Group enterprises	0.1	0.0	0.0	0.1
Total	**8.9**	**1.6**	**0.0**	**10.5**
Expenses				
Loans and receivables	169.6	2.2		171.8
Financial liabilities measured at amortized cost	36.1			36.1
Total	**205.7**	**2.2**	**0.0**	**207.9**

2015

DKK million	Interest	Foreign currency translation adjustments	Fair value adjustments	Total
Income				
Loans and receivables	1.8	5.6		7.4
Loans to Group enterprises	0.2			0.2
Total	**2.0**	**5.6**	**0.0**	**7.6**
Expenses				
Loans and receivables	195.7	11.9		207.6
Financial liabilities measured at amortized cost	28.1			28.1
Total	**223.8**	**11.9**	**0.0**	**235.7**

NOTE 08_INTANGIBLE ASSETS

2014

DKK million	Customer relation-ships	Trade marks	Rights and software	Goodwill	Develop-ment projects in progress	Com-pleted develop-ment projects	Total
Cost at 1 January	**1,274.0**	**92.8**	**45.6**	**3,368.9**	**176.1**	**1,263.0**	**6,220.4**
Acquisitions	12.8			34.1		90.4	137.3
Additions during the year			126.8		146.0	23.8	296.6
Disposals during the year							0.0
Transfers					-19.8	19.8	0.0
Cost at 31 December	**1,286.8**	**92.8**	**172.4**	**3,403.0**	**302.3**	**1,397.0**	**6,654.3**
Amortization and impairment losses at 1 January	162.1	0.0	38.4	0.0	0.0	208.0	408.5
Acquisitions						69.5	69.5
Impairment losses					110.1	163.7	273.8
Disposals during the year							0.0
Amortization for the year	224.2		8.0			182.3	414.5
Amortization and impairment losses at 31 December	386.3	0.0	46.4		110.1	623.5	1,166.3
Carrying amount at 31 December	**900.5**	**92.8**	**126.0**	**3,403.0**	**192.2**	**773.5**	**5,488.0**
Carrying amount of capitalized interest at 31 December	0.0	0.0	0.0	0.0	10.2	0.3	10.5
Of which assets held under finance leases	0.0	0.0	120.2	0.0	0.0	0.0	120.2

2015

DKK million	Customer relation-ships	Trade marks	Rights and software	Goodwill	Develop-ment projects in progress	Com-pleted develop-ment projects	Total
Cost at 1 January	1,286.8	92.8	172.4	3,403.0	302.3	1,397.0	6,654.3
Acquisitions	136.4		15.0	289.1		38.6	479.1
Additions during the year			28.5		154.5	19.8	202.8
Disposals during the year					-106.1	-570.7	-676.8
Transfers					-2.3	2.3	0.0
Foreign currency translation adjustments			-1.1		0.1		-1.0
Cost at 31 December	**1,423.2**	**92.8**	**214.8**	**3,692.1**	**348.5**	**887.0**	**6,658.4**
Amortization and impairment losses at 1 January	386.3	0.0	46.4	0.0	110.1	623.5	1,166.3
Acquisitions			7.0			0.5	7.5
Impairment losses						8.2	8.2
Disposals during the year					-106.1	-570.7	-676.8
Amortization for the year	246.5		21.8			190.0	458.3
Foreign currency translation adjustments			-0.7				-0.7
Amortization and impairment losses at 31 December	**632.8**	**0.0**	**74.5**	**0.0**	**4.0**	**251.5**	**962.8**
Carrying amount at 31 December	**790.4**	**92.8**	**140.3**	**3,692.1**	**344.5**	**635.5**	**5,695.6**
Carrying amount of capitalized interest at 31 December		0.0	0.0	0.0	7.0	1.4	8.4
Of which assets held under finance leases		0.0	0.0	0.0	0.0	0.0	0.0

The carrying amount of goodwill and customer relationships at 31 December 2015 was DKK 4,482.5 million (31 December 2014: DKK 4,303.5 million). The majority of the goodwill and customer relationships arose in connection with the acquisition of KMD in 2012.

The carrying amount of intangible assets excluding goodwill and customer relationships at 31 December 2015 was DKK 1,213.1 million (31 December 2014: DKK 1,184.5 million) and relates primarily to software development.

Capitalized interest at 31 December 2015 was DKK 8.4 million (31 December 2014: DKK 10.5 million). The average interest rate applied was 4.4%.

IMPAIRMENT TEST FOR GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amount of goodwill and other intangible assets with indefinite useful life is impairment-tested annually.

The impairment test for cash-generating units compares the recoverable value, calculated as the discounted value of expected future cash flows, with the carrying amount of the individual cash-generating units.

For all areas, the key parameters in the impairment test are revenue, EBITDA, funds tied up in working capital, growth assumptions and the discount rate.

Budgets and business plans for the next four years are based on AI Keyemde's known and expected events and risks in the key parameters, and are recognized in future expected cash flows.

The first year is based on the budget approved by Management. Projections for years two and thereafter are based on general expectations of the market and risks.

For intangible assets with an indefinite useful life, the terminal value is determined taking into account general growth expectations. The growth in the terminal period is set at 1% p.a.

The discount rate of 9.8% applied in calculating the recoverable value in both 2015 and 2014 is calculated before tax and reflects the risk-free interest and risk premium in the selected segments. The cash flows used incorporate the effect of future risks linked to this, and consequently, such risks are not added to the discount rates used.

The value in use is impacted mainly by changes in profit margin and discount rate.

DEVELOPMENT PROJECTS

At 31 December 2015 Management performed an impairment test on the carrying amount of development projects.

Recognized development projects in progress and completed development projects cover development primarily focused on solutions within Citizen Centered Software Solutions.

The value of the recognized development projects is compared with expected earnings from the products.

A write-down of DKK 8.2 million has been made in 2015 on a smaller development project. In 2014 a write-down of DKK 273.8 million was made further to closure of various software projects under development, partly due to a change of technology, and consequent reassessment of future cash flows.

The Company does not have any research costs. Development costs charged to the income statement in 2015 were DKK 81 million against DKK 104 million in 2014.

GOODWILL

At 31 December 2015 Management performed an impairment test on the carrying amount of goodwill.

Goodwill in the AI Keyemde Group relates to the following cash-generating units:

DKK million	**2015**
Citizen Centered Software Solutions	210.2
Centralized Social Benefit Systems and Local Government Administrative Solutions	2,740.1
Central Government	306.5
Private & Infrastructure	435.3
Total	**3,692.1**

The impairment test was carried out in the fourth quarter of the 2015 financial year on the basis of the budgets and business plans approved by the Executive Board and other information. The discount rate of 9.8% applied for all cash-generating units is calculated before tax.

The tests carried out in 2015 and 2014 did not indicate any impairment.

Management does not consider that likely changes in the underlying assumptions would result in the carrying amounts exceeding the recoverable value. The value is mainly affected by changes in profit margin and discount rate.

NOTE 09_PROPERTY, PLANT AND EQUIPMENT

2014

DKK million	Land and buildings	Leasehold improve-ments	Plant and machinery	Fixtures, operating equipment and vehicles	Total
Cost at 1 January 2014	143.2	51.1	572.9	211.3	978.5
Acquisitions		3.6		12.0	15.6
Additions during the year		3.0	57.0	7.0	67.0
Disposals during the year			-12.0	-3.2	-15.2
Cost at 31 December 2014	143.2	57.7	617.9	227.1	1,045.9
Depreciation at 1 January 2014	56.6	11.4	375.9	162.6	606.5
Acquisitions		3.3		11.0	14.3
Depreciation for the year	8.1	3.9	90.9	25.0	127.9
Depreciation eliminated on disposals			-11.8	-2.4	-14.2
Depreciation at 31 December 2014	64.7	18.6	455.0	196.2	734.5
Carrying amount at 31 December 2014	**78.5**	**39.1**	**162.9**	**30.9**	**311.4**
Of which assets held under finance leases	0.0	0.0	24.1	0.0	24.1

2015

DKK million	Land and buildings	Leasehold improve-ments	Plant and machinery	Fixtures, operating equipment and vehicles	Total
Cost at 1 January	143.2	57.7	617.9	227.1	1,045.9
Acquisitions		0.2		6.4	6.6
Additions during the year		9.0	50.8	14.9	74.7
Disposals during the year	-2.9	-3.6	-278.9	-13.8	-299.2
Foreign currency translation adjustments				-0.2	-0.2
Cost at 31 December	140.3	63.3	389.8	234.4	827.8
Depreciation at 1 January	64.7	18.6	455.0	196.2	734.5
Acquisitions		0.0		5.3	5.3
Depreciation for the year	8.0	5.5	84.5	26.8	124.8
Depreciation eliminated on disposals	-1.1	-3.3	-208.7	-12.4	-225.5
Foreign currency translation adjustments				-0.2	-0.2
Depreciation at 31 December	71.6	20.8	330.8	215.7	638.9
Carrying amount at 31 December	**68.7**	**42.5**	**59.0**	**18.7**	**188.9**
Of which assets held under finance leases			0.0		0.0

NOTE 10_DEPOSITS

DKK million	2015	2014
Cost at 1 January	**45.8**	**44.7**
Additions during the year	7.5	2.6
Disposals during the year	-8.4	-1.5
Carrying amount at 31 December	**44.9**	**45.8**

NOTE 11_INVENTORIES

DKK million	2015	2014
Hardware and software for resale	2.8	3.0
Raw materials and consumables	1.4	4.3
Carrying amount at 31 December	**4.2**	**7.3**

Cost of goods sold charged to the income statement under other external expenses was DKK 582 million in 2015 (2014: DKK 616 million).

Inventories expected to be sold after more than one year were DKK 0 million at 31 December 2015 (31 December 2014: DKK 0 million).

Write-downs on inventories at 31 December 2015 were DKK 0.3 million (31 December 2014: DKK 0.4 million).

No write-downs were reversed in 2015 or 2014.

NOTE 12_CONTRACT WORK IN PROGRESS

DKK million	2015	2014
Work in progress at 31 December at selling price	479.5	379.9
Work in progress invoiced on account	-366.1	-337.9
Work in progress, net	113.4	42.0
Recognized as follows:		
Work in progress (assets)	113.4	42.0
Work in progress (liabilities)	0.0	0.0
Revenue recognized via work in progress	437.5	379.9

No write-downs on work in progress were made in 2015 or 2014.

NOTE 13_PREPAYMENTS

DKK million	2015	2014
Prepaid salaries	0.8	3.8
Other prepayments	35.2	30.1
Carrying amount at 31 December	**36.0**	**33.9**

Other prepayments mainly include prepayments relating to accrual of third-party software/maintenance subscriptions.

NOTE 14_SHARE CAPITAL

DKK	2015	2014
The Parent Company's capital is made up as follows:		
A shares	20,853,808	20,853,808
A2 shares	15,000	15,000
B shares	890,051	890,051
C shares	5,000	5,000
Total	**21,763,859**	**21,763,859**

The Company was founded on 1 September 2012 with share capital of DKK 80,000. The share capital was increased by DKK 21,631,000 on 19 December 2012 and by DKK 53,000 on 5 April 2013.

The Company's shares are registered by name and are not negotiable papers.

NOTE 15_TAX ON PROFIT FOR THE YEAR

DKK million	2015	2014
Current tax	124.0	71.6
Change in deferred tax	-49.7	-39.8
	74.3	31.8
Prior-year adjustment	-0.8	-0.8
Total	**73.5**	**31.0**
Made up as follows:		
Tax on profit for the year	73.4	30.8
Tax relating to other comprehensive income	0.1	0.2
Total	**73.5**	**31.0**

DKK million **Reconciliation of effective tax rate for the year**	**2015**	**2014**
Corporation tax rate in Denmark (%)	23.5	24.5
Other non-taxable income and non-deductible expenses	-1.1	-6.6
Limitation of interest deductibility	43.7	-56.6
Adjustment to deferred tax as a result of change in tax rates	-2.0	-3.0
Use of unrecognized tax loss carried forward	1.1	0.4
Prior-year adjustment	-0.6	1.3
Effective tax rate for the year (%)	**64.6**	**-40.0**

Development in deferred tax can be specified as follows:

DKK million	**2015**	**2014**
Balance at 1 January	330.0	387.2
Adjustment of deferred tax, 1 January	12.0	-8.1
Adjustment of deferred tax in connection with acquisitions	40.2	-0.6
Adjustment of tax assets	0.8	-5.7
Adjustment for the year	-49.7	-39.8
Balance at 31 December	**336.3**	**330.0**
Deferred tax is made up as follows:		
Intangible assets	435.2	462.3
Property, plant and equipment	-44.8	-42.7
Other liabilities	-46.5	-62.1
Non-current portion	**343.9**	**357.5**
Current assets	6.4	3.6
Other liabilities	-14.0	-28.1
Current portion	**-7.6**	**-24.5**
Carrying amount at 31 December	**336.3**	**330.0**

NOTE 16_PROVISIONS

DKK million	2015	2014
Provisions at 1 January	301.5	536.5
Additions during the year	33.9	45.5
Used during the year	-103.5	-280.5
Carrying amount at 31 December	**231.9**	**301.5**

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

There is some uncertainty regarding the size of the actual amounts and the time they fall due. In the case of onerous contracts, the lack of certainty relates primarily to the number of hours that will be used to fulfill contracts, including fulfillment of service targets and interpretation of framework agreements, etc.

NOTE 17_OTHER CURRENT PAYABLES

DKK million	2015	2014
Holiday pay obligations	299.9	281.1
Other staff-related items	215.4	223.2
VAT, A tax (PAYE), social security contributions and ATP supplementary pension	75.1	68.4
Other payables	13.5	0.6
Balance at 31 December	**603.9**	**573.3**

NOTE 18_FINANCIAL INSTRUMENTS, ETC.

THE GROUP'S RISK MANAGEMENT POLICY

The Group is not particularly exposed to financial risks as a result of its operations, investments and financing. The Group's revenue essentially comes from the local government market, which is less subject to cyclical impacts than the private market.

The Group's policy is not to speculate in financial risks. The Group follows a board-approved finance policy that operates with a low risk profile, such that interest rate and credit risks primarily arise from commercial matters.

CREDIT RISK

The Group is exposed to credit risks on receivables and bank deposits. The maximum credit risk is equivalent to the carrying amount. The credit risk on receivables is considered minimal as a result of KMD's customer segment.

The Group strives to spread bank deposits across several different banks with high credit ratings.

Outstanding receivables are followed up centrally on an ongoing basis in accordance with the Company's credit procedures. Credit ratings are carried out for major new customers outside the public sector.

Where there is uncertainty as to a customer's ability or willingness to pay a receivable, and the claim is judged to be risky, the receivable is written down.

TRADE RECEIVABLES

DKK million	2015	2014
Trade receivables	831.0	786.3
Write-downs	-0.6	-0.2
Trade receivables, net	830.4	786.1
Receivables from Group enterprises	0.0	0.0
Total	**830.4**	**786.1**
Receivables past due that have been impaired	0.6	0.2
Receivables past due that have not been impaired can be specified as follows:		
Receivables past due, less than 6 months	22.8	42.4
Receivables past due, between 6 and 12 months	2.2	2.1
Receivables past due, more than 12 months	0.8	11.5
Total	**26.4**	**56.2**

NON-CURRENT RECEIVABLES

DKK million	2015	2014
Receivables due after 12 months	0.0	0.4

LIQUIDITY RISK

The required liquidity in the Group's entities is ensured on the basis of the Company's credit facilities and the liquidity generated by operations. The Group's liquidity management is the responsibility of the finance function, and entities in the Group are guaranteed access to liquidity via internal loans.

The maturity analysis is shown by category and class broken down by maturity period. Calculation of interest payments on liabilities at variable rates of interest is based on the rate prevailing on the balance sheet date.

The Group's loans are subject to specific covenants and can therefore only be canceled early on the lender's part in the event of breach of the covenants specified in the loan agreements.

Cash outflows are expected to be covered by the current excess liquidity and unutilized credits.

The calculation of fair value of hedging instruments is based on observable assumptions such as forward interest rates, etc. (Level 2 in the fair value hierarchy).

2014

DKK million	< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs	No agreed settle-ment	Total	Carrying amount	Fair value
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap	6.4	12.3				18.7	18.0	18.0
Measured at amortized cost:								
Borrowings	394.1	870.4	2,794.0	992.4		5,050.9	4,112.6	4,112.6
Trade payables	380.4					380.4	380.4	380.4
Other current liabilities	573.3					573.3	573.3	573.3
Financial liabilities	**1,354.2**	**882.7**	**2,794.0**	**992.4**	**0.0**	**6,023.3**	**5,084.3**	**5,084.3**
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap						0.0	0.0	0.0
Loans and receivables:								
Deposits					45.8	45.8	45.8	45.8
Trade receivables	786.1					786.1	786.1	786.1
Receivables from Group enterprises		37.8				37.8	37.8	37.8
Contract work in progress	42.0					42,0	42,0	42,0
Other receivables – current	10.6				14.9	25.5	25.5	25.5
Securities	0.7					0,7		
Cash and cash equivalents	1,051.3					1,051.3	1,051.3	1,051.3
Financial assets	**1,890.7**	**37.8**	**0.0**	**0.0**	**60.7**	**1,989.2**	**1,989.2**	**1,989.2**
Net cash outflow	**-536.5**	**844.9**	**2,794.0**	**992.4**	**-60.7**	**4,034.1**	**3,095.1**	**3,095.1**

Unutilized credits were DKK 250 million.

2015

DKK million	< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs	No agreed settle-ment	Total	Carrying amount	Fair value
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap	11.5	9.6				21.1	21.1	21.1
Measured at amortized cost:								
Borrowings	475.5	994.2	3,442.6	30.3		4,942.6	4,145.6	4,145.6
Payables to Group enterprises	219.8					219.8	219.8	219.8
Trade payables	524.0					524.0	524.0	524.0
Other current liabilities	603.9					603.9	603.9	603.9
Financial liabilities	**1,834.7**	**1,003.8**	**3,442.6**	**30.3**	**0.0**	**6,311.4**	**5,514.4**	**5,514.4**
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap						0.0	0.0	0.0
Loans and receivables:								
Deposits					44.9	44.9	44.9	44.9
Trade receivables	830.4	0.0				830.4	830.4	830.4
Receivables from Group enterprises		50.8				50.8	50.8	50.8
Contract work in progress	113.4					113.4	113.4	113.4
Other receivables - current	119.4					119.4	119.4	119.4
Cash and cash equivalents	407.0					407.0	407.0	407.0
Financial assets	**1,470.2**	**50.8**	**0.0**	**0.0**	**44.9**	**1,565.9**	**1,565.9**	**1,565.9**
Net cash outflow	**364.5**	**953.0**	**3,442.6**	**30.3**	**-44.9**	**4,745.5**	**3,948.5**	**3,948.5**

Unutilized credits were DKK 250 million.

MARKET RISK

The Group's loans on the balance sheet date are exclusively to Group enterprises and are at variable rates of interest. The Group does not hedge loans to Group enterprises. The interest rate risk is, however, limited as a result of the Group's low financial gearing, which is why an increase of 1% in the market rate is estimated to impact earnings before tax by only DKK -9.4 million and equity by the same amount.

CURRENCY

The Group's currency policy is to allow subsidiaries to operate in their own currency wherever possible and for contracts with foreign suppliers primarily to be entered into in the Group enterprises' local currencies or the euro.

In total, 98.6% of the Group's revenue in 2015 was earned in DKK (2014: 99.8%).

The Group's foreign enterprises will therefore not affect the Group to a significant degree as a result of currency fluctuations, as the majority of both income and expenses is denominated in local currencies.

CAPITAL MANAGEMENT

The Company's capital management is partly governed by the loan agreements entered into in the Group, which contain specifications for financial ratios. The Group's gearing, defined as net interest-bearing debt to EBITDA, is monitored on a monthly basis as part of managing the Group's capital structure. At year-end 2015 the maximum gearing was not permitted to exceed 5.75. At 31 December 2015 it was 3.66 (31 December 2014: 3.96).

NOTE 19_ADJUSTMENTS OF NON-CASH ITEMS

DKK million	2015	2014
Adjustments of non-current liabilities	-52.8	-216.2
Other adjustments	-0.1	0.2
Total adjustments	**-52.9**	**-216.0**

NOTE 20_CHANGE IN WORKING CAPITAL

DKK million	2015	2014
Change in inventories	3.0	-0.8
Change in receivables	-13.6	-63.6
Change in contract work in progress	-68.0	13.0
Change in trade payables	139.9	-95.7
Change in other items, net	-109.5	-117.3
Total change in working capital	**-48.2**	**-264.4**

NOTE 21_INVESTMENTS IN ENTERPRISES

2014
In 2014 KMD acquired all the shares in ScanJour A/S, Capevo A/S and Cenza ApS. At the end of 2014 a preliminary assessment of allocation of the purchase price to the assets and liabilities acquired in connection with the acquisitions was carried out. The figures for assets and liabilities on the acquisition dates represent the final allocation recognized in 2015.

FAIR VALUE AT ACQUISITION DATE

DKK million	ScanJour A/S	Capevo A/S	Cenza ApS	Total
Property, plant and equipment	29.1	5.9		35.0
Inventories and receivables	9.8	2.7		12.5
Deferred liabilities, net	3.5	0.8	0.5	4.8
Non-current payables	0.0	0.0		0.0
Current payables	-45.4	-4.6	-2.0	-52.0
Corporation tax payable, net	0.0	0.0		0.0
Acquired net assets	**-3.0**	**4.8**	**-1.5**	**1.8**
Goodwill	22.5	10.0	1.5	32.5
Acquisition cost	**19.5**	**14.8**	**0.0**	**34.3**
Cash and cash equivalents in acquired subsidiary	4.2	1.4	0.0	5.6
Net cash flow arising from acquisitions	**23.7**	**16.2**	**0.0**	**39.9**

SCANJOUR A/S
The activities in ScanJour A/S were acquired on 31 October 2014 and recognized in the financial statements from this date.

ScanJour is a market leader in developing IT systems for case and document management for the central government sector.

If the enterprise had been owned for the entire reporting period, recognized revenue and net profit would have been DKK 78 million and DKK 3.6 million respectively.

Revenue relating to ScanJour A/S has been recognized in the income statement and statement of comprehensive income since the acquisition, and amounted to DKK 14.5 million in 2014.

Goodwill mainly comprises intangible assets in the form of know-how and existing staff. The calculated goodwill is not amortizable for tax purposes.

Transaction costs of DKK 0.6 million have been recognized in other external expenses.

CAPEVO A/S

The enterprise was acquired on 5 December 2014 and recognized in the financial statements from this date.

Capevo is a Danish development and consulting company that specializes in analysis, development and implementation as well as maintenance and operation of digital reporting and self-service solutions.

If the enterprise had been owned for the entire reporting period, recognized revenue and net profit would have been DKK 13.8 million and DKK 0.6 million respectively.

Revenue relating to Capevo A/S has been recognized in the income statement and statement of comprehensive income since the acquisition, and amounted to DKK 1.0 million in 2014.

Goodwill represents the value of existing staff and know-how. The calculated goodwill is not amortizable for tax purposes.

Transaction costs of DKK 0.4 million have been recognized in other external expenses.

CENZA APS

The enterprise was acquired on 31 October 2014 and recognized in the financial statements from this date.

Cenza supplies digital HR and teaching platforms to the financial sector in Denmark.

There was no activity in 2014.

Goodwill represents the value of existing staff and know-how. The calculated goodwill is not amortizable for tax purposes.

The company was merged with KMD A/S with effect from 1 January 2015.

Transaction costs of DKK 0.1 million have been recognized in other external expenses.

2015

In 2015, KMD acquired all the shares in Banqsoft AS, Avaleo ApS, Avaleo Hjælpemidler ApS and Neupart A/S.

At the end of 2015 a preliminary assessment of allocation of the purchase consideration to the assets and liabilities acquired in connection with the acquisitions of Banqsoft AS, Avaleo ApS, Avaleo Hjælpemidler ApS and Neupart A/S was carried out. The figures for assets and liabilities on the acquisition dates represent the preliminary allocations recognized in 2015.

FAIR VALUE AT ACQUISITION DATE

DKK million	Avaleo	Banqsoft AS	Neupart A/S	Total
Property, plant and equipment	42.4	115.1	26.4	183.9
Inventories and receivables	6.2	31.7	8.9	46.8
Deferred liabilities, net	-7.6	-28.3	-6.6	-42.5
Non-current payables	0.0	0.0	0.0	0.0
Current payables	-15.3	-45.4	-1.6	-62.3
Corporation tax payable, net	0.0	4.5	-0.3	4.2
Acquired net assets	**25.7**	**77.6**	**26.8**	**130.1**
Goodwill	64.9	201.3	22.9	289.1
Net cash flow arising from acquisitions	**90.6**	**278.9**	**49.7**	**419.2**
Cash and cash equivalents in acquired subsidiaries	6.1	5.4	-3.6	7.9
Acquisition cost	**96.7**	**284.3**	**46.1**	**427.1**

AVALEO

The activities in Avaleo (Avaleo ApS and Avaleo Hjælpemidler ApS) were acquired on 15 February 2015 and recognized in the financial statements from this date. Avaleo is one of Denmark's leading companies within IT solutions for local authority healthcare provision, supplying case management and record systems for the care, social and health areas.

If the enterprises had been owned for the entire reporting period, recognized revenue and net profit would have been DKK 49 million and DKK 2 million respectively.

Revenue relating to Avaleo has been recognized in the income statement and statement of comprehensive income since the acquisition and amounted to DKK 34.8 million in 2015.

Goodwill mainly comprises intangible assets in the form of know-how and existing staff. The calculated goodwill is not amortizable for tax purposes.

Transaction costs of DKK 2.4 million have been recognized in other external expenses.

BANQSOFT AS

The enterprise was acquired on 17 July 2015 and recognized from this date. The core business of the Scandinavian Banqsoft group is software solutions for efficient management of portfolios in connection with loans, leasing, wholesale, vehicle fleets, and accounts for finance companies and banks.

If the enterprise had been owned for the entire reporting period, recognized revenue and net profit would have been DKK 145 million and DKK 1 million respectively.

Revenue relating to Banqsoft AS has been recognized in the income statement and statement of comprehensive income since the acquisition and totaled DKK 67 million in 2015.

Goodwill represents the value of existing staff and know-how. The calculated goodwill is not amortizable for tax purposes.

Transaction costs of DKK 6.3 million have been recognized in other external expenses.

NEUPART A/S

The enterprise was acquired on 2 September 2015 and recognized from this date. Neupart assists companies and public authorities with IT risk management and compliance with IT security requirements, e.g. ISO 27001 and EU personal data legislation.

If the enterprise had been owned for the entire reporting period, recognized revenue and net profit would have been DKK 16 million and DKK 3 million respectively.

Goodwill represents the value of existing staff and know-how. The calculated goodwill is not amortizable for tax purposes.

The company was merged with KMD A/S with effect from 2 September 2015.

Transaction costs of DKK 0.5 million have been recognized in other external expenses.

NOTE 22_CONTINGENT ASSETS AND LIABILITIES

The Group has entered into leases and operating leases that are non-cancelable on the part of the Group beyond 1 year. The value of the total rental and lease commitments is as follows:

RENTAL COMMITMENTS

DKK million	2015	2014
Rental commitments due within 1 year	80.9	85.7
Rental commitments due within 2 to 5 years	305.0	312.0
Rental commitments due after 5 years	774.5	321.8
Total	**1,160.4**	**719.5**

Lease commitments relate primarily to the Group's owner-occupied properties where contracts have been entered into that are non-cancelable until 1 January 2034.

Expenses recognized in the income statement on the above operating leases represented DKK 86 million in 2015 (2014: DKK 86 million).

LEASE COMMITMENTS

DKK million	2015	2014
Lease commitments due within 1 year	286.3	192.9
Lease commitments due within 2 to 5 years	461.8	124.2
Lease commitments due after 5 years	76.6	76.6
Total	**824.7**	**393.7**

Lease commitments mainly comprise lease commitments concerning third-party software/maintenance subscriptions.

Expenses recognized in the income statement in respect of operating leases amounted to DKK 193 million in 2015 (2014: DKK 193 million).

OTHER LIABILITIES AND CONTINGENT LIABILITIES

The Group is involved in normal commercial disputes. Although the final outcome of these matters cannot be predicted, Management does not consider that they will have a material impact on the Company's results or financial position.

The senior loan agreement is a loan facility comprising three loan facilities and a revolving credit facility. On 31 December 2015 the nominal debt in relation to the loan agreement was DKK 4,123 million (31 December 2014: DKK 4,118 million).

The shares in AI Keyemde 2 ApS and its subsidiaries have been pledged as security for the senior loan agreement.

KMD A/S has entered into an agreement with KL (Local Government Denmark) concerning regulation of price development and service level for certain IT systems critical in relation to local governments' administration of legislation in the welfare area.

NOTE 23_RELATED PARTIES

The Company's related parties are:	Domicile	Relationship	Ownership interest
AI Keyemde & Cy SCA	Luxembourg	Shareholder in AI Keyemde ApS	95.89%
AI Keyemde B K/S	Ballerup, Denmark	Shareholder in AI Keyemde ApS	3.85%
AI Keyemde B2 K/S	Ballerup, Denmark	Shareholder in AI Keyemde ApS	0.24%
AI Keyemde C K/S	Ballerup, Denmark	Shareholder in AI Keyemde ApS	0.02%
AI Keyemde ApS	Ballerup, Denmark	Shareholder in AI Keyemde 2 ApS	100.00%
AI Keyemde 2 ApS	Ballerup, Denmark	Shareholder in AI Keyemde 3 ApS	100.00%
AI Keyemde 3 ApS	Ballerup, Denmark	Shareholder in KMD Holding A/S	100.00%
KMD Holding A/S	Ballerup, Denmark	Shareholder in KMD A/S	100.00%
KMD Sverige AB	Stockholm, Sweden	Subsidiary of KMD A/S	100.00%
KMD BPO A/S	Ballerup, Denmark	Subsidiary of KMD A/S	100.00%
KMD Poland sp. Z o.o.	Warsaw, Poland	Subsidiary of KMD A/S	100.00%
Avaleo Hjælpemidler ApS	Taastrup, Denmark	Subsidiary of KMD A/S	100.00%
Avaleo ApS	Taastrup, Denmark	Subsidiary of KMD A/S	100.00%
Dansk Microsoftware A/S	Taastrup, Denmark	Subsidiary of Avaleo ApS	100.00%
Banqsoft AS	Oslo, Norway	Subsidiary of KMD A/S	100.00%
Banqsoft AB	Stockholm, Sweden	Subsidiary of Banqsoft AS	100.00%
Banqsoft OY	Esbo, Finland	Subsidiary of Banqsoft AS	100.00%
Banqsoft sp. Z o.o.	Warsaw, Poland	Subsidiary of Banqsoft AS	100.00%
KMD Venture A/S	Ballerup, Denmark	Subsidiary of KMD A/S	100.00%
Neupart AS	Lysaker, Norway	Subsidiary of KMD A/S	100.00%
Neupart GmbH	Düsseldorf, Germany	Subsidiary of KMD A/S	100.00%
ScanJour A/S	Ballerup, Denmark	Subsidiary of KMD A/S	100.00%
Relabee ApS	Copenhagen, Denmark	Associate of KMD Venture A/S	49.00%

AI Keyemde & Cy SCA owns 95.89% of the shares in AI Keyemde ApS. The ultimate owner of AI Keyemde & Cy SCA is funds managed by Advent International Corporation. These funds, which own more than 25% of the shares in AI Keyemde & Cy SCA, are Advent International GPE VII-B Limited Partnership (29%) and Advent International GPE VII-E Limited Partnership (20%). No other Advent funds own or manage more than 15% of the shares.

More information about Advent International can be found at www.adventinternational.com.

AI Keyemde ApS is included as a subsidiary in the financial statements of AI Keyemde & Cy SCA. The parent company can be contacted at the company's address: 2-4, rue Beck, L-1222 Luxembourg, Grand Duchy of Luxembourg.

RELATED PARTY TRANSACTIONS

The Group's related parties comprise the companies' boards of directors, executive boards and senior employees, and family members of these persons.

Related parties also comprise companies in which the specified group of people have significant influence.

Remuneration and shareholdings of the Board of Directors and Executive Board are described in Note 6. There have not been any other transactions with the Board of Directors, Executive Board or other related parties during the year.

NOTE 24_EVENTS AFTER THE BALANCE SHEET DATE

At the end of the year, KMD entered into an agreement to acquire the IT company Edlund. The acquisition is expected to be completed in 2016 once all the conditions for the transaction are in place, including approval from the Danish competition authorities.

No other events have occurred since the balance sheet date that have a material impact on the Company's financial position at 31 December 2015.

EXPLANATION OF FINANCIAL RATIOS

The financial ratios have been prepared in accordance with *Recommendations and Key Ratios 2015*, issued by the Danish Society of Financial Analysts.

The financial ratios cited in the Financial highlights have been calculated as follows:

Profit margin (EBIT margin)	$\frac{\text{Operating profit}}{\text{Revenue}} \times 100$
EBITDA margin	$\frac{\text{Earnings before interest, tax, depreciation and amortization (EBITDA)} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Return on equity (ROE)	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Interest-bearing debt	Debt to credit institutions + deposits + bonds + subordinated debt
Adjusted EBITDA	EBITDA in accordance with the consolidated financial statements adjusted for share of the accounting items Other operating income and expenses (gains and losses on sale of non-current assets plus profit on sale of companies) and Restructuring costs of a one-off nature

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

DKK million

Note		2015	2014
	Other external costs	1.2	0.1
	Operating profit (EBIT)	**-1.2**	**-0.1**
3	Financial income	1.1	0.3
4	Financial expenses	0.0	0.0
	Earnings before tax (EBT)	**-0.1**	**0.2**
6	Tax on profit for the year	0.2	0.0
	Net profit for the year	**-0.3**	**0.2**
	Allocated as follows:		
	Dividend	0.0	0.0
	Retained earnings	-0.3	0.2

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

ASSETS

DKK million

Note		2015	2014
	NON-CURRENT ASSETS		
3	Equity investments in subsidiaries	1,311.1	1,311.1
	Total non-current assets	**1,311.1**	**1,311.1**
	CURRENT ASSETS		
	Corporation tax receivable	0.0	0.0
	Cash	252.3	865.7
	Total current assets	**252.3**	**865.7**
	Total assets	**1,563.4**	**2.176.8**

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES
DKK million

Note		2015	2014
	EQUITY		
7	Share capital	21.8	21.8
	Retained earnings	1,321.5	2,154.8
	Proposed dividend	0.0	0.0
	Total equity	**1,343.3**	**2,176.6**
	LIABILITIES		
	Trade payables	0.2	0.0
	Payables to Group enterprises	219.8	0.2
	Corporation tax payable	0.1	0.0
	Current liabilities	**220.1**	**0.2**
	Total liabilities	**220.1**	**0.2**
	Total equity and liabilities	**1,563.4**	**2,176.8**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2015	21.8	2,154.8	0.0	2,176.6
Net profit for the year		-0.3		-0.3
Proposed dividend		-833.0	833.0	0.0
Dividend paid			-833.0	-833.0
Equity at 31 December 2015	**21.8**	**1,321.5**	**0.0**	**1,343.3**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

OVERVIEW

NOTE 01_ACCOUNTING POLICIES

The financial statements for the Parent Company have been prepared in accordance with the provisions of the Danish Financial Statements Act for companies in accounting class B.

The Group's accounting policies are set out in the consolidated financial statements. The accounting policies for the Parent Company are the same as for the Group with the adjustments set out below.

SUPPLEMENTARY ACCOUNTING POLICIES FOR THE PARENT COMPANY

DIVIDENDS AND INCOME FROM EQUITY INVESTMENTS IN SUBSIDIARIES
In the Parent Company financial statements this accounting item comprises dividends from subsidiaries. A dividend is recognized when the shareholders' entitlement to receive a dividend has been approved by the competent company bodies.

If the dividend exceeds total earnings after the acquisition date, it is recognized as a write-down of the cost of the investment.

INVESTMENTS
Equity investments in subsidiaries are measured in the Parent Company financial statements at cost minus any write-down for impairment.

Loans to subsidiaries are recognized under non-current assets in the Parent Company financial statements if these are considered part of the investment.

STATEMENT OF CASH FLOWS
Pursuant to section 86 para. 4 of the Danish Financial Statements Act, the Parent Company does not prepare a separate statement of cash flows; please refer to the consolidated statement of cash flows.

NOTE 02_STAFF COSTS

DKK million	**2015**	**2014**
Wages, salaries and remuneration	0.0	0.0
Pensions	0.0	0.0
Other social security costs	0.0	0.0
Total	**0.0**	**0.0**
Executive Board		
Salaries, etc.	0.0	0.0
Pensions	0.0	0.0
Total	**0.0**	**0.0**
Average number of employees	**0.0**	**0.0**

A new share investment program was established on 20 December 2012 for the Executive Board and a number of senior employees. Investment is by means of endorsing three limited partnerships, which together have purchased shares comprising 4.11% of the share capital in AI Keyemde ApS. See Note 6 to the consolidated financial statements for further information.

NOTE 03_FINANCIAL INCOME

DKK million	2015	2014
Interest income	1.1	0.3
Interest income, Group enterprises	0.0	0.0
Total	**1.1**	**0.3**

NOTE 04_FINANCIAL EXPENSES

DKK million	2015	2014
Interest expenses	0.0	0.0
Interest expenses, Group enterprises	0.0	0.0
Total	**0.0**	**0.0**

NOTE 05_TAX ON PROFIT FOR THE YEAR

DKK million	2015	2014
Current tax	0.2	0.0
Change in deferred tax	0.0	0.0
Total	**0.2**	**0.0**

NOTE 06_EQUITY INVESTMENTS IN SUBSIDIARIES

DKK million	2015	2014
Cost at 1 January	1,311.1	2,171.1
Additions	0.0	0.0
Dividend	0.0	-860.0
Disposals	0.0	0.0
Cost at 31 December 2015	1,311.1	1,311.1
Accumulated impairment losses at 1 January	0.0	0.0
Impairment losses for the year	0.0	0.0
Accumulated impairment losses at 31 December	0.0	0.0
Carrying amount at 31 December	**1,311.1**	**1,311.1**

Group enterprises	Domicile	Currency	Ownership interest	Equity	Profit after tax
AI Keyemde 2 ApS	Ballerup	DKK	100.0%	1310.9	-0.1

NOTE 07_SHARE CAPITAL

DKK million	2015	2014
The Parent Company's capital is made up as follows:		
A shares	20,853,808	20,853,808
A2 shares	15,000	15,000
B shares	890,051	890,051
C shares	5,000	5,000
Total	**21,763,859**	**21,763,859**

The Company was founded on 1 September 2012 with share capital of DKK 80,000. The share capital was increased by DKK 21,631,000 on 19 December 2012 and by DKK 53,000 on 5 April 2013.

The Company's shares are registered by name and are not negotiable papers.

NOTE 08_RELATED PARTIES

The Company has had the following transactions with related parties:

DKK million	2015	2014
Trading and balances with related parties comprise:		
Sale of goods and services, Group enterprises	0.0	0.0
Purchase of goods and services, Group enterprises	0.1	0.1
Interest income from Group enterprises	0.0	0.0
Interest expenses to Group enterprises	0.0	0.0
Receivables from Group enterprises	0.0	0.0
Payables to Group enterprises	219.8	0.2

See Note 23 to the consolidated financial statements for more information on related parties.

NOTE 09_EVENTS AFTER THE BALANCE SHEET DATE

At the end of the year, KMD entered into an agreement to acquire the IT company Edlund. The acquisition is expected to be completed in 2016 once all the conditions for the transaction are in place, including approval from the Danish competition authorities.

No events have occurred since the balance sheet date that have a material impact on the Company's financial position at 31 December 2015.

STATEMENTS

STATEMENT BY THE EXECUTIVE BOARD

The Executive Board have today discussed and approved the annual report for the financial year 1 January 2015 – 31 December 2015 for AI Keyemde ApS.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU, and the Parent Company financial statements have been prepared in accordance with the Danish Financial Statements Act. The consolidated financial statements and the Parent Company financial statements have also been prepared in accordance with additional Danish disclosure requirements for annual reports. Management's Review, which is not included in the audit, has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements provide a fair presentation of the Group's assets, equity, liabilities and financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January 2015 – 31 December 2015.

In our opinion the Parent Company financial statements provide a fair presentation of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 – 31 December 2015.

In our opinion Management's Review provides a fair account of the development in the Group's and the Company's operations and financial circumstances, net profit for the year, and the Group's and the Company's financial position, plus a description of the key risks and elements of uncertainty to which the Group and the Company are subject.

It is recommended that the annual report be approved by the Annual General Meeting.

Ballerup, 1 April 2016

EXECUTIVE BOARD

Léo Apotheker

Frederic Wakeman

Michael Christiansen

John Woyton

Morten Hübbe

Eva Berneke

Jannich Kiholm Lund

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AI KEYEMDE APS

STATEMENT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and Parent Company Financial Statements of AI Keyemde ApS for the financial year 1 January 2015 to 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and accounting policies for both the Group and the Parent Company, as well as statement of comprehensive income and statement of cash flows for the Group. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements have been prepared under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements have been prepared in accordance with additional Danish disclosure requirements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

The audit has not resulted in any qualification.

OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

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

STATEMENT ON MANAGEMENT'S REVIEW

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

Copenhagen, 1 April 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

Fin T. Nielsen
State Authorized Public Accountant

Leif Ulbæk Jensen
State Authorized Public Accountant

KEYEMDE'S ANNUAL REPORT 2015

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