

CA Software ApS
CVR-nr. 75137613

Annual Report 2015/2016

Borupvang 5 B - 2750 Ballerup

The Annual General Meeting adopted the annual report on

Chairman of the General Meeting

Name: Jens Andresen

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Entity details

Entity

CA Software ApS
Borupvang 5B
2750 Ballerup

Central Business Registration No: 75 13 76 13
Founded: 22.11.1984
Registered in: Ballerup
Financial year: 01.04.2015 – 31.03.2016
Phone: +45 45 47 41 41
Internet: www.ca.com

Board of Directors

Jens Andresen, Chairman
Tommy Højegaard
Paul Phelan

Managing Director

Paul Phelan

Auditors

KPMG P/S
Dampfærgevej 28
2100 København Ø

Statement by Management on the annual report

The Board of Directors and the Managing Director have today considered and approved the annual report of CA Software ApS for the financial year 01.04.2015– 31.03.2016.

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

In our opinion, the financial statements give a true and fair view of the entity's financial position at 31.03.2016 and of the results of its operations for the financial year 01.04.2015 – 31.03.2016.

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

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

Ballerup,

Managing Director:

Paul Phelan

Board of Directors:

Jens Andresen
Chairman

Tommy Højegaard

Paul Phelan

Independent auditor's report

To the shareholder of CA Software ApS

Independent auditor's report on the financial statements

We have audited the financial statements of CA Software ApS for the financial year 1 April 2015 – 31 March 2016. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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 financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2016 and of the results of the Company's activities for the financial year 1 April 2015 – 31 March 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant

Management commentary

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Financial highlights					
Key figures					
Gross profit/loss	51,253	48,137	70,729	112,288	128,811
Operating profit/loss	9,509	10,751	21,871	66,265	78,175
Net financials	-985	-2	459	511	775
Profit before tax	8,524	8,551	22,33	66,776	78,95
Profit/loss for the year	6,394	7,224	16,009	50,054	59,099
Total Assets	1,059,005	1,059,957	1,140,310	1,143,632	1,102,898
Investment in property, plant and equipment	0	81	809	160	0
Equity	1,029,568	1,023,174	1,015,950	999,941	949,887
Net interest-bearing debt	29,437	36,023	123,058	140,198	151,135
Average number of full-time employees	33	38	43	47	52
Ratios					
Return on equity %	0.6	0.7	1.6	5.1	6.4
Solvency ratio %	97.2	96.5	89.1	87.4	86.1

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management commentary (continued)

Primary activities

CA Software ApS is a part of the US-based IT group CA Technologies. CA Technologies is one of the world's largest IT management software providers. Our software and expertise unify and simplify complex IT environments.

During the year the company has continued working on positioning CA's solutions in the Danish market. No major, significant events have occurred.

Development in activities and finance

The absolute amount of the revenues have been declining since the introduction of the commissionaire structure on 01 October 2010 as, existing customer contracts expire and are renewed under the commissionaire scheme.

During the current fiscal year operating costs have decreased by DKK 15.9 m. The profitability before taxes in the current fiscal year (DKK 8.5 m) is highly comparable to prior fiscal year (DKK 8.5 m).

Gross profit increased from DKK 48.1 m to DKK 51.3 m, which is in line with the transition to the commission structure.

Management has assessed that the value of investment in group enterprises is fairly presented.

Particular risks

General risks

The company's most significant financial risks are attached to the group's ability to continue to be leading regarding development of management software.

Financial risks

The company's financial risks are assessed to be low due to the company's strong financial position.

Foreign exchange risks

The company's foreign exchange risks are assessed to be low as well as material income and expenses are settled in local currency.

Credit risks

The company has, in general, large and important customers and strong procedures for credit rating have been established.

Management commentary (continued)

Intellectual capital resources

It is essential for the company's development to be able to attract and retain competent and well educated employees which is done through recruiting processes and in-house training.

Events after the balance sheet date

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

Expectations for the future

We believe that we are well positioned in our market and believe that we will continue to gain market share. Due to changes in CA's business model, which is now fully implemented, we expect a slightly lower result than previous year.

Accounting policies

Reporting class

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

Changes in accounting policies

The Company has changed its accounting policies regarding the reporting class from C (medium) to B. The changes in accounting policies is due to the decrease in the activity and therefore is categorised in a lower reporting class.

The changed accounting policies have not affected the profit/loss for 2015/16, total assets and equity at 31 March 2016. No changes have been made to the comparative figures.

The Company have pre-adopted the new Danish Financial Statements Act effecting the Financial statements 2015/16.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. CA Software ApS is included in the consolidated financial statements of CA, Inc., which can be obtained at:

CA, Inc.
520 Madison Ave
New York, NY 10022
USA

Foreign currency translation

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

Accounting policies (continued)

Recognition and measurement

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

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

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

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

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

Income statement

Revenue

Net revenue and commissionaire revenue from sale of software licences is recognised in the income statement when the license is used. The invoiced amounts are thus fully accrued over the part of the contract period that relates to the invoiced amounts. Net revenue is recognized exclusive of VAT, duties and less discounts related to the sale.

Net revenue from sale of services is recognized in the income statement when the service is delivered.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has chosen to aggregate the items revenue and other external expenses in the item gross profit/gross loss.

Revenue comprises net revenue and commissionaire revenue from sale of software licences. Income is accrued over the periods to which it relates and is included in the income statement at the amounts relating to the accounting period concerned.

Other expenses comprise expenses for sale, write-down of loan receivables, office premises and administration.

Other external expenses

Other external costs expenses include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Accounting policies (continued)

Staff costs

Staff costs include costs to salaries and wages, commission, pensions and other costs to staff, board of executives and board of directors.

Amortisation, depreciation and impairment losses

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

Other financial income

Other financial income comprises interest income, realised and unrealised gains arising from current investments debt and transactions in foreign currencies as well as allowances under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Income taxes

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

Accounting policies (continued)

Balance Sheet

Property, plant and equipment

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

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

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

Other fixtures and fitting, tools and equipment	3-5 years
Leasehold improvements	5 years

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

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

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount. Dividends exceeding the accumulated earnings in the group enterprises during the ownership period is treated as a reduction of the cost price.

Receivables

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

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies (continued)

Deferred tax

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

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

Operating leases

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

The total liability of the company relating to operating leases and rental agreements is disclosed as contingencies.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula
Return on equity (%)	$\frac{\text{Profit / loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$

Ratios reflect

Return on equity

The entity's return on capital invested in the entity by the owners.

Accounting policies (continued)**Solvency ratio**

The financial strength of the equity.

Interest bearing-debt

Relates to current liabilities (debts) owed by the company which is subject to interest payments.

Income statement for 2015/16

	Notes	2015/2016 DKK '000	2014/2015 DKK '000
Gross profit		51,253	48,137
Staff costs	1	-41,532	-37,242
Amortisation, depreciation, and impairment losses	5	-212	-144
Operating profit		9,509	10,751
Other financial income	2	18	55
Other financial expenses	3	-1,003	-2,255
Financial profit		-985	-2,200
Profit/loss from ordinary activities before tax		8,524	8,551
Tax on profit/loss from ordinary activities	4	-2,130	-1,327
Profit/loss for the year		6,394	7,224
Proposed distribution of profit/loss			
Retained earnings		6,394	7,224
		6,394	7,224

Balance Sheet at 31.03.2016

ASSETS

	Notes	2015/16 DKK '000	2014/15 DKK '000
Other fixtures and fittings, tools and equipment		109	202
Leasehold improvements		314	434
Property, plant and equipment	5	423	636
Investments in group enterprises		590,526	590,526
Fixed asset investments	6	590,526	590,526
Fixed assets		590,949	591,162
Trade receivables		22,862	18,349
Receivables from group enterprises		5,343	4,013
Other receivables		2,359	2,118
Deferred tax asset	9	79	321
Income tax receivable	10	3,363	4,298
Prepayments	7	961	1,258
Receivables		34,967	30,357
Cash		433,089	438,438
Current assets		468,056	468,795
Assets		1,059,005	1,059,957

Balance Sheet at 31.03.2016 (continued)**EQUITY AND LIABILITIES**

		2015/16	2014/15
		DKK	DKK
		'000	'000
		_____	_____
Contributed capital	8	1,001	1,001
Retained earnings		1,028,567	1,022,173
Equity		1,029,568	1,023,174
Deferred tax	9	0	0
Other long-term provisions	11	0	759
Provisions		0	759
Trade payables		6,228	4,432
Payables to group enterprises		9,160	16,791
Income tax payable	10	-	328
Other payables		7,791	7,545
Deferred income		6,258	6,928
Current liabilities other than provisions		29,437	36,024
Equity and liabilities		1,059,005	1,059,957
Contingencies, mortgages and securities	12		
Related parties with control	13		
Ownership	14		

Statement of changes in equity for 2015/2016

	Contributed capital DKK '000	Retained earnings DKK '000	Total DKK '000
Equity beginning of the year	<u>1,001</u>	<u>1,022,173</u>	<u>1,023,174</u>
Profit/loss for the year	-	6,394	6,394
Equity end of the year	<u>1,001</u>	<u>1,028,177</u>	<u>1,029,568</u>

Notes

	2015/16	2014/15
	<u>DKK '000</u>	<u>DKK '000</u>
1. Staff costs		
Wages and salaries	39,471	35,208
Pensions costs	1,811	1,800
Other social security costs	106	202
Other staff costs	144	32
	41,532	37,242
Average number of full-time employees	33	38
<p>With reference to section 98b (3) of the Danish Financial Statement Act, there is no disclosure of wages, salaries, remuneration and, pension etc. to the Board of Executives.</p> <p>Key employees and management are part of a stock option program at CA Inc. (USA).</p>		
2. Other financial income		
Financial income from group enterprises	0	32
Other interest income	18	23
	18	55
3. Other financial expenses		
Interest expenses	723	960
Currency translation adjustments	280	1,295
	1,003	2,255

Notes (continued)

4. Tax on profit/loss from ordinary activities

Current tax	1,860	2,033
Change due to previous year	28	-331
Change in deferred tax	242	-375
	2,130	1,327

5. Property, plant and equipment

	<i>Other fixtures and fittings, tools and equipment</i>	<i>Leasehold improvements</i>
	DKK '000	DKK '000
Cost beginning of year	3,947	4,540
Additions	0	0
Cost end of year	3,947	4,540
Depreciation and impairment losses beginning of year	3,745	4,106
Depreciation for the year	93	120
Depreciation and impairment losses end of year	3,838	4,226
Carrying amount at end of year	109	314
Gain recorded on sale of fixed asset	0	0

Notes (continued)**6. Fixed asset investments**

	Investments in group enterprises
	DKK '000
Cost beginning of year	590,526
Carrying amount end of year	590,526

Subsidiary	Registered in	Corporate form	Currency	Equity interest %	Profit/(loss)	Equity
CA Software	Finland	OY	EUR '000	100%	668	13,156
CA Norway AS	Norway	AS	NOK '000	100%	8,427	429,136
CA Software Sweden AB	Sweden	AB	SEK '000	100%	9,538	654,665

The above information represents the parent company's ownership share, profit and equity in subsidiary enterprises according to the most recent, approved annual reports relating to the accounting year 2015/16.

7. Prepayments

Prepaid expenses consists of prepaid rent, insurance and other expenses of DKK ('000) 961 (2014/2015 DKK ('000) 1,248).

8. Contributed capital

	Number	Par value DKK	Nominal value DKK '000
Shares	1,001	1,000	1,001
	1,001		1,001

The share capital consists of 1,001 shares of DKK 1,000.

No changes have been made to share capital during the past 5 years.

Notes (continued)**9. Deferred tax**

	2015/16	2014/15
	DKK '000	DKK '000
The deferred tax at the beginning of the year	321	-54
Change in deferred tax	-242	375
Deferred tax asset (liability) end of year	79	321

10. Income tax receivable / liability

Corporate tax asset beginning of year	4,298	7,721
Adjustment regarding previous years	-27	331
Tax received regarding previous year	-4,271	-8,049
Current tax for the year	1,860	-2,033
Tax paid on account	8,223	6,000
Corporate tax asset end of year	3,363	4,298
Corporate tax liability end of year	0	-328

Danish Tax Authorities Audit

In the fiscal year ending 31 March 2016, the Danish tax authorities initiated a transfer pricing audit of the Company for periods ending 31 March 2011 through 31 March 2015. This tax audit was not finished by the end of this fiscal period. On 27 April 2016, the Danish tax authorities released its preliminary tax assessment report for the periods reviewed. The Company disagrees with the preliminary assessment and has initiated technical discussions with the Danish tax authorities as part of the normal audit process, consequently CA Denmark has not recorded any provision with respect to the preliminary assessment.

The preliminary tax assessment from the Danish Tax authorities could have a significant tax impact. Should the tax authorities be successful in defending their preliminary tax assessment, it is management's assessment that the company will have sufficient financial resources to cover the tax claim.

11. Other long-term provisions

Provisions beginning of year	759	1248
Used provision during the year	-759	-489
Provisions end of year	0	759

The reduction in FY2016 is influenced as the company had over accrued in FY2015.

Notes (continued)**12. Contingencies, mortgages and securities****Contingent liabilities**

The company has entered into agreements regarding rent and lease of cars of total DKK ('000) 25,961 (2014/15 DKK ('000) 31,327) which is due within 5 years.

13. Related parties with control

CA Software ApS' related parties with significant influence include group enterprises.

14. Ownership

The following shareholder is recorded in the company's register of shareholders as sole proprietor of the share capital:

CA Software B.V., Orteliuslaan 1001, 3528 BE UTRECHT, Holland