

KMD A/S
ANNUAL REPORT 2014



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PROFILE

KMD – IT WITH INSIGHT

KMD's position as one of Denmark's leading IT and software companies is founded on insight – insight rooted in the public sector but now benefiting the private sector too.

The majority of our business revolves around software development, creating and delivering IT solutions for the local government, central government and private markets. With main sites in Copenhagen, Aarhus, Odense and Aalborg, KMD is one of Denmark's largest IT companies, has some 3,000 employees and generated revenue of DKK 4.8 billion in 2014.

KMD is majority-owned by funds managed by private equity firm Advent International, while Danish pension fund Sampension and KMD's management hold the remainder of its stock.

SUPPORTING THE WELFARE STATE

For more than 40 years, KMD has played a key role in digitizing the Danish welfare state, helping make Denmark's public sector one of the best run, most efficient and highly digitized in the world.

KMD has developed and currently operates more than 400 IT systems that support the Danish welfare state and accompany Danes from cradle to grave. Each year our systems handle billions of kroner, equivalent to more than 20% of Denmark's GDP. Key social security benefits such as family allowance, maternity/paternity pay, sickness benefit, state pensions and cash benefits are paid through systems developed by KMD.

Our enterprise management systems also handle the finances of many local governments, and each month a million workers in the public and private sectors receive their salary through our payroll systems. Many local governments and private companies have also chosen to have KMD handle parts of their administrative burden, such as payroll and human resources.

THE FUTURE IS DIGITAL

KMD consistently strives to create new digital shortcuts, and we see it as our responsibility to contribute initiatives and solutions that support and develop Denmark's welfare system.

The public sector faces significant challenges: a smaller number of workers need to help a larger number of people, and budgets need to stretch even further. KMD views welfare technology and digitization as an important part of the solution, simultaneously improving public services and freeing up resources in the sector.

PARTNER FOR THE PRIVATE SECTOR

Decades of experience and expertise in the public sector mean that KMD is also able to handle even the most complex IT projects the private sector can muster. We now offer a wide range of services to private companies and organizations.

By outsourcing tasks such as operation and maintenance of IT systems, payroll and HR administration, and printing to KMD, companies can focus on their core business, strategic development and innovation.

In recent years, KMD has built up a solid portfolio of customers in the private sector and now carries out tasks for a number of Denmark's largest companies.

AN ATTRACTIVE WORKPLACE

KMD's 3,000 employees are its key asset. Our IT experts and business specialists are national leaders in translating complex processes and legislation into simple and effective IT solutions that make life easier for citizens and for employees and customers in the public and private sectors.

KMD wants to maintain its reputation as a great place to work. So that we continue to live up to our customers' requirements, we aim to remain one of Denmark's most attractive IT employers with the strongest specialist teams and the most challenging projects.

RESULTS

THE PAST YEAR

2014 has been an eventful year for KMD, both on the customer side and internally.

Despite continuation of the fierce competition seen in 2013, KMD was able to achieve revenue growth, which must be considered satisfactory in the current market.

KMD still has ambitions to grow and adjusted its business strategy during the year. The updated strategy – "KMD on more markets" – covers the period through 2020 and sets a goal of strengthening KMD to become a leading IT player in both the public and private markets.

As well as working to create organic growth, KMD made acquisitions in 2014 that brought new customers, products and competencies. In the fall of 2014, KMD bought the companies ScanJour, Cenza and Capevo – all among the leaders in their respective business areas and with their main customers in the central government and business markets. The acquisitions serve to underline KMD's growth ambitions.

There were several encouraging events on the customer side too.

Expansion of the cooperation with Q8 to include the entire Scandinavian company was an important contract for KMD in the private market.

Developing cooperation in the central government market is a priority for KMD, and in 2014 we started new projects with the Danish tax authority SKAT and the Ministries of Education and Health.

The Danish Digitisation Agency also awarded KMD the strategically important task of developing and operating the Data Distributor, which from 2015 will distribute all common public-sector basic data.

There were a number of strategically important tenders from KOMBIT – the IT company owned by the local governments – and Payments Denmark. We acquitted ourselves well, winning the contract to develop the support systems and being reawarded the contract to develop and operate NemRefusion, KOMBIT's system for reimbursement of sickness benefits and maternity/paternity pay.

For KMD Opus, 2014 brought both new customers and product innovations. Among other things, KMD was awarded the contract to replace the City of Copenhagen's payroll system, which calculates and pays the salaries of more than 45,000 employees.

The way payments are made is changing, and KMD wants to play a positive part in this. In the fall, KMD and Danske Bank announced they had joined forces to expand the use of mobile payments in the local government sector.

Employment policy is experiencing radical change, and KMD is consolidating the new job center environment in its new solution concept, Momentum. As the new legislation comes into force, Momentum will replace the current solutions KMD Opera and Workbase from Medialogic.

KMD has ambitions to be the most complete IT provider in the school sector and over the years has built up an effective unit that is now an important player within learning platforms as well as administrative systems for schools.

KMD Education is now used in schools throughout Denmark and, in tandem with this expansion, an increasing number of local governments have adopted the pupil record tool KMD Vokal.

The subsidiary KMD BPO won a number of new contracts, including with GN Store Nord, Lemvig-Müller and Tican Fresh Meat. The biggest prize of all, however, was the contract entered into with A.P. Møller - Mærsk.

KMD also further underlined its prominent role in Danish elections, supporting the referendum and European parliamentary elections in May 2014, as well as taking on new tasks. KMD is to develop the system that from 2015 will make it easier for new parties to stand in parliamentary elections in Denmark.

Security has been part of KMD's DNA for many years, and today just over 100 people at KMD work on security on a daily basis. At a time dominated by a number of security-related issues in the IT industry, in 2014 KMD was the first company in Denmark to open its own Security Analytics Center (SAC).

There have also been some changes to KMD's organization during 2014. At the start of the year, Lars Monrad-Gylling stepped down after 15 years as CEO and was succeeded by Eva Berneke, and Jannich Kiholm Lund joined the Executive Board as CFO.

As a consequence of lack of organic growth KMD decided in 2014 to downscale its organization in Sweden.

REVENUE AND EARNINGS

REVENUE

The KMD Group's revenue increased by 3.1% from DKK 4,671 million in 2013 to DKK 4,814 million in 2014, slightly above expectations. Adjusted for income from consulting services and product sales – including sale of hardware – revenue was on par with 2013.

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 grew 63.7% from DKK 440 million in 2013 to DKK 721 million in 2014, due partly to the effect of the rationalization measures implemented in 2013 and 2014 and lower expenditure on new initiatives in 2014.

ADJUSTED EBITDA

Adjusted for one-off items, EBITDA grew 13.8% from DKK 840 million in 2013 to DKK 956 million in 2014.

One-off items in 2014 totaled DKK 235 million against DKK 407 million in 2013, mainly comprising expenditure on rationalization measures in both years.

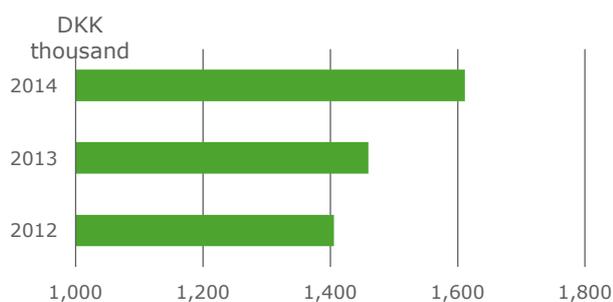
Adjusted for one-off items, the EBITDA margin was 19.9% compared with 18.0% in 2013.

COMPREHENSIVE INCOME

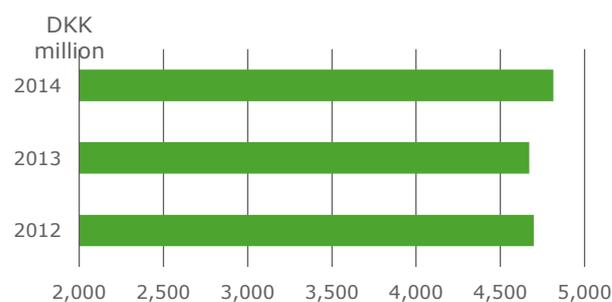
The Group's total comprehensive income rose from DKK 64.1 million in 2013 to DKK 119.0 million in 2014.

The increase should be seen in the light of lower expenditure on rationalization measures and the effect of the measures implemented. The positive effect was partly offset by higher impairment losses on development projects, because future cash flows were reassessed as a result of changed IT architecture requirements. Impairment losses on development projects for the year were DKK 393 million.

REVENUE/AVG. NUMBER OF EMPLOYEES



REVENUE



FINANCIAL HIGHLIGHTS

THE KMD GROUP

DKK MILLION

	2014	2013	2012	2011	2010
INCOME STATEMENT					
Revenue	4,813.6	4,670.5	4,698.7	4,266.3	3,951.9
Expenses	4,102.4	4,250.8	3,987.3	3,697.1	3,469.8
Other operating income	9.4	20.5	19.8	7.9	2.2
Earnings before interest, tax, depreciation and amortization (EBITDA)	720.6	440.2	731.2	577.1	484.3
Adjusted EBITDA ¹	956.3	840.2	856.3	696.0	526.3
Depreciation, amortization and impairment losses	556.0	363.7	139.3	135.6	129.6
Operating profit (EBIT)	164.6	76.5	591.9	441.5	354.7
Net financials	2.6	-5.7	10.5	-10.5	-25.2
Tax	48.9	-6.4	-154.1	-108.4	-85.3
Net profit for the year	118.3	64.4	448.3	322.6	244.2
Comprehensive income	119.0	64.1	449.8	325.2	244.5
BALANCE SHEET					
Total assets	2,385.0	2,448.4	2,581.6	2,202.3	1,937.0
Net interest-bearing debt	-159.6	-186.6	-90.3	36.9	-103.4
Share capital	240.0	240.0	240.0	240.0	240.0
Total equity	852.3	733.3	969.2	699.4	674.2
CAPITAL EXPENDITURE					
Property, plant and equipment	67.0	93.9	85.7	175.8	116.4
STATEMENT OF CASH FLOWS					
From operating activities	406.5	619.1	535.5	519.3	614.3
From investing activities	-396.7	-258.0	-210.8	-356.6	-206.6
From financing activities	-249.9	-210.5	-229.1	-311.9	-246.5
Net cash flow for the year	-240.1	150.6	95.6	-149.2	161.2
FINANCIAL RATIOS					
EBITDA margin	15.0%	9.4%	15.6%	13.5%	12.3%
Adjusted EBITDA margin ¹	20.7%	18.0%	18.2%	16.3%	13.3%
Profit margin (EBIT margin)	3.4%	1.6%	12.6%	10.3%	9.0%
Solvency ratio	35.7%	29.9%	37.6%	31.8%	34.8%
Return on equity (ROE)	14.9%	7.6%	53.7%	47.0%	24.4%
EMPLOYEES					
Number of full-time equivalents, year-end	3,027	2,960	3,372	3,267	3,192
Average number of full-time equivalents	2,988	3,199	3,342	3,112	3,183

¹ See Explanation of financial ratios.

EXPENSES

COST MANAGEMENT

Staff costs and other external expenses fell 3.5% to DKK 4,102 million, due largely to the fall in expenditure on rationalization measures in 2014.

One-off items were DKK 235 million, against DKK 407 million in 2013, and related mainly to rationalization measures.

Adjusted for one-off items, expenses totaled DKK 3,867 million, a marginal increase of 0.6% on 2013.

Staff costs fell DKK 287 million, or 12%, due partly to a significant reduction in the average number of employees and partly to lower restructuring expenses.

Adjusted for one-off items, staff costs and other external expenses fell 5%.

This development is considered satisfactory.

OUTLOOK

OUTLOOK FOR 2014

The outlook for the KMD Group in 2014 was for revenue to fall 4% compared with 2013 and earnings (EBITDA) to grow, driven by operational optimizations.

In 2014, KMD delivered revenue growth of 3% and improved earnings. However, the growth was driven by income from consulting services and product sales, including sale of hardware. Excluding these, revenue fell 1%.

OUTLOOK FOR 2015

For 2015, KMD expects revenue on par with 2014 and continued growth in earnings.

The critical factors that could affect KMD'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, KMD 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

The company acquired the shares in Avaleo A/S after the balance sheet date.

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 2014.

KMD'S MARKETS

LOCAL GOVERNMENT

KMD's largest customer segment is Denmark's 98 local governments, which account for around 66% of revenue. Revenue in this market in 2014 was on par with 2013.

We are pleased that our market share remains strong in the segment and that the market is constantly developing with new product launches and business opportunities.

THE TRANSITION AGREEMENT AND NEW TENDERS

In spring 2014, KMD and KOMBIT came to the end of the fifth year of the transition agreement. KMD is pleased to have been able to maintain the agreed service targets throughout the period of the agreement. At the start of 2014, KMD and KOMBIT laid the ground for the big KOMBIT tenders with a number of phase-out agreements.

Moreover, KMD has prepared thoroughly for the strategically important tenders from KOMBIT and Payments Denmark. To ensure the best possible bids, KMD has established a dedicated Bid Excellence unit, which coordinates and brings together KMD's many competencies in these areas.

We acquitted ourselves well and were awarded the contract to develop the support systems, as well as being reawarded the contract to develop and operate KOMBIT's NemRefusion reimbursement system.

STRONG DEVELOPMENT IN THE FINANCIAL AREA

The local governments continue to focus on effective enterprise management.

For a number of years, KMD has offered local governments support in this area via KMD Opus and a number of associated IT solutions and services. In 2014, there were both new customers for KMD Opus and product innovations.

One of the contracts awarded to KMD was to replace the City of Copenhagen's payroll system, which calculates and pays the salaries of more than 45,000 employees. Among other things, the new system offers the local government new salary simulation and management information options.

But it is not just the local governments that are investing in IT systems from KMD – it goes both ways. In 2014, KMD purchased Aarhus local government's NemØkonomi system. The system complements the Opus portfolio and is now being offered to other local governments.

The year also saw the launch of a new rota-planning system, KMD Opus Vagtplan, which has been developed in close collaboration with a number of local governments and will come on stream early in 2015.

PAYMENTS CHANGING

More than DKK 400 billion passes through KMD's systems each year, with the payment systems KMD Udbetaling and KMD Opus Debitor serving as the backbone of many of the Group's IT solutions.

The way payments are made is changing, and KMD wants to play a positive part in this. In the fall of 2014, KMD and Danske Bank announced they had joined forces to expand the use of mobile payments in the local government sector.

KMD sees good prospects for this partnership, which has the potential to make the local governments' enterprise management more efficient and, not least, to make life easier for citizens.

ELEVATING PARTNERSHIPS IN LOCAL GOVERNMENT

Rising demand for digital cooperation resources in the local governments was the impetus behind KMD Nova Dialog, which KMD launched in 2014.

As well as enabling local governments to work more smoothly and quickly on cases involving multiple parties, KMD Nova Dialog also allows citizens to keep tabs on their own cases.

The market potential is huge because the solution is the only one on the market built on a secure platform; it can hence be used for everything from local planning consultations to rehabilitation cases.

PARADIGM SHIFT IN FOCUS OF JOB CENTERS

Employment policy is undergoing radical change, and the employment reform outlines an actual paradigm shift in the focus of job centers from timeliness to outcome.

KMD's new solution concept Momentum consolidates the new job center environment. As the new legislation comes into force, Momentum will replace the current solutions KMD Opera and Workbase from Medialogic.

2014 also saw the launch of KMD Effekt og Progression, which among other things provides an overview of the tenders within the local government and experiences with these.

INTEREST IN ONE-OFF BENEFITS

An area that has attracted increasing attention from politicians and administrators in recent years is one-off benefits, and here there is potential for further rationalization of processes and payments.

KMD has previously developed a number of IT solutions in the LEX range, which handles various healthcare services, an area that has until now been supported by a number of manual processes.

At the end of 2014, KMD put the finishing touches to a new system to handle travel allowances. KMD Befordring will help to rationalize processing and, among other things, eliminate the large number of wasted journeys. KMD Befordring will be launched widely in the market early in 2015.

CONTINUED DIGITIZATION OF PUBLIC SCHOOLS

Public schools are on the brink of sweeping digitization in the wake of the new agreement to reform public schools and the government's digital welfare strategy.

By the end of 2017, every public school in Denmark must have started using the new user portal. This comprises a number of standalone elements such as learning platform, cooperation platform and the "Dash Board."

KMD has ambitions to be the most complete IT provider in the school sector and has, over the years, built up an effective unit that is now a solid player in learning platforms as well as administrative systems for schools.

KMD Education is now used in schools throughout Denmark, and in Vejle alone, the system is used in over 20 schools with more than 3,000 pupils being taught via the platform. In tandem with the expansion of KMD Education, an increasing number of local governments have adopted the pupil record system KMD Vokal.

ONLINE MEETINGS WITH NEW CITIZEN GROUPS

In 2014, KMD changed the name of its online health solution from KMD Online Omsorg to KMD Viva. At the same time, the solution has been further developed to function as the hub for all the digital welfare services provided to citizens in the health, care and social areas.

KMD Viva gained a handful of new customers in 2014, and a number of existing customers increased their usage – measured by number of citizens. Horsens municipality has achieved such positive results that, following a trial period of virtual treatment for citizens with disabilities and alcohol problems, the local government has now decided to expand use of KMD Viva to close on 200 citizens. Something completely new is that it now also covers children and young people in local-authority and foster care.

Administrative systems in the health, care and social areas also experienced a high level of activity in 2014. Using its KMD CARE platform, KMD has developed and provided access to "Det Fælles Medicinkort," a system that enables individuals and healthcare professionals to gain access to medical records. KMD SmartCARE, the new mobile tool for municipal healthcare professionals making home visits, has been implemented by a large proportion of customers. We have also gained a number of new customers for KMD EKJ, a system for keeping electronic records of social care clients.

SECURITY AT A PREMIUM

At KMD, security has been part of our DNA for many years. Today, just over 100 people in KMD work on IT security on a daily basis, and KMD has the latest international certifications in the area, including ISO 27001.

At a time dominated by a number of security-related issues in the IT industry, in 2014 KMD was the first company in Denmark to open its own Security Analytics Center (SAC).

SAC is a Danish security center set up in response to the large number of sophisticated and damaging IT attacks that Danish companies have experienced in recent years. The Center's main task is to provide surveillance and defensive measures against any form of cybercrime directed at KMD's customers and its own infrastructure.

In order to stay a step ahead regarding the current threat assessment, SAC combines sophisticated, state-of-the-art technology with the virtues of old-fashioned scrutiny.

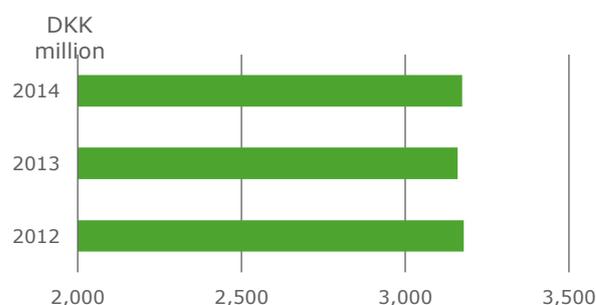
Alongside SAC, KMD offers customers a whole series of security solutions such as Identity Management, Log Management, etc. In particular, customers seek KMD's assistance to address employees' IT behavior, creating balance between control and the freedom to generate innovation.

CUSTOMER SATISFACTION

Overall satisfaction in the local government sector increased slightly in 2014, with 80% of customers expressing satisfaction with KMD.

Moreover, KMD's customer surveys measure 16 different character/image parameters on a scale of 1 to 5. All the scores received were over 2.5, with KMD scoring highest for security, understanding of legislation and professional conduct. As in corresponding surveys in the other customer segments, the three lowest variables were prices, modernity and proactivity.

REVENUE



CENTRAL GOVERNMENT

KMD's revenue in the central government market fell 15% in 2014 due to the closing of a number of major projects and activities in previous financial years.

DEVELOPING COOPERATION WITH CENTRAL GOVERNMENT

Developing cooperation in the central government market is a priority for KMD.

2014 was a good year on several fronts, with KMD entering into new contracts with the Danish tax authority SKAT and the Ministries of Education and Health.

KMD TO DEVELOP DATA DISTRIBUTOR

The Danish Digitisation Authority awarded KMD the contract to develop and operate the Data Distributor, which from 2015 will provide authorities and private companies with a single point of access to updated basic data on companies, properties, individuals, addresses and maps.

The Data Distributor will replace a number of public-sector distribution solutions, and guarantee authorities and companies easy and secure access to basic data in a single system rather than across many different systems and interfaces. The plan is for the Data Distributor to be up and running for users to start accessing data during 2015.

A DIGITAL CORNERSTONE

KMD has been a digital hub at election time in Denmark for many years. KMD is responsible for the technology used for election-related printing, including polling cards. KMD is also behind the digital infrastructure used on election day for voting via digital electoral registers and counting the votes in the evening.

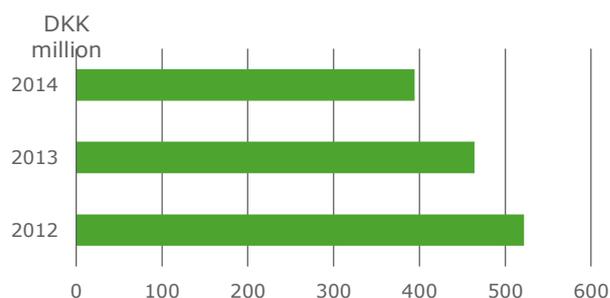
KMD has now also been tasked with developing a system – for launch in 2015 – that will make it easier for new parties to stand in national elections in Denmark, and easier for citizens to support them. KMD is proud to do this and continue to be a digital cornerstone of one of the most significant elements of Danish society.

CUSTOMER SATISFACTION

KMD's surveys show that customer satisfaction in the central government sector increased in 2014. 91% of customers said they were satisfied with KMD, continuing the progress of previous years.

Moreover, KMD's customer surveys measure 16 different character/image parameters on a scale of 1 to 5. All the scores received were over 3.0, with – as in the local government sector – KMD scoring highest for security, understanding of legislation and professional conduct. As in corresponding surveys in the other customer segments, the three lowest variables were prices, modernity and proactivity.

REVENUE



PRIVATE SECTOR

KMD's sales to the private sector grew 19.1% in 2014.

MÆRSK OUTSOURCES PAYROLL TO KMD

Outsourcing of payroll administration in the private sector has been an expanding business for KMD over the years.

2014 brought several new contracts for the subsidiary KMD BPO, with new customers including GN Store Nord, Lemvigh-Müller and Tican Fresh Meat. However, the biggest prize of the year was the contract with A.P. Møller - Mærsk, which covers their 5,200 employees in Denmark. As part of the agreement, KMD took over seven administrative employees from A.P. Møller - Mærsk.

KMD is particularly pleased with these contracts and views them as recognition of its competencies. KMD has shown itself to be a sound and competitive player on the market over a long period.

EXPANDED PARTNERSHIP WITH Q8

Expansion of the partnership with Q8 was an important contract for KMD in the private sector.

OK-Q8 AB and Q8 Danmark A/S, which merged in the summer of 2012, decided to outsource all IT operations and applications maintenance to KMD. This new contract expands the partnership to cover the entire new Scandinavian company.

KMD views the contract as an exciting opportunity to enter the Swedish business market for applications maintenance and IT operations.

NEW DEVELOPMENT FOR UNEMPLOYMENT FUNDS

The labor market is experiencing sweeping change, with unemployment funds facing ever tougher competition for members. Increasing demand for self-service options and a requirement for more efficient work processes place increased demands on the unemployment funds' digital support.

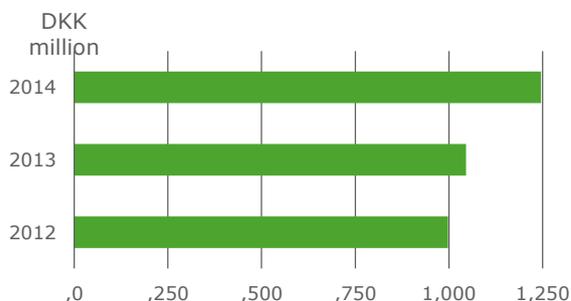
In 2014, KMD introduced a completely new IT solution in the area – KMD Føniks. This is KMD's new flagship solution within digitization of the trade union and unemployment fund area, and in its first year on the market won several prestigious contracts, including with the union Frie Funktionærer and the unemployment fund FTF-A.

CUSTOMER SATISFACTION

KMD's surveys reveal that business customers were more satisfied with KMD in 2014, with 78% expressing satisfaction with the Company.

In line with the surveys within the local government and central government sectors, 16 different character/image parameters were also measured on a scale of 1 to 5 in the private sector. All the scores were 2.5 or over, with – as in the public sector segments – KMD scoring highest for security, understanding of legislation and professional conduct. Similarly, the three lowest variables were prices, modernity and proactivity.

REVENUE



CORPORATE COMPLIANCE AND GOVERNANCE

CORPORATE GOVERNANCE

The Board of Directors and Executive Board of KMD A/S are responsible for ensuring that the Company's management structure and control systems are appropriate and function satisfactorily. The basis for management's work includes the Danish Companies Act, the Danish Financial Statements Act, the Company's bylaws and rules of procedure for the Board of Directors and Executive Board, and good practice for companies of the same size as KMD.

Management'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 2014, the entire share capital of DKK 240 million (240,000 shares) in KMD A/S was owned by the parent company KMD Holding A/S. All the other companies in the KMD Group – with the exception of AI Keyemde Aps – are also 100% owned by their parent company. AI Keyemde ApS is 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 KMD A/S is not divided into share classes.

DIVIDEND

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

No extraordinary dividend was distributed by KMD A/S in 2014.

THE WORK OF THE BOARD OF DIRECTORS

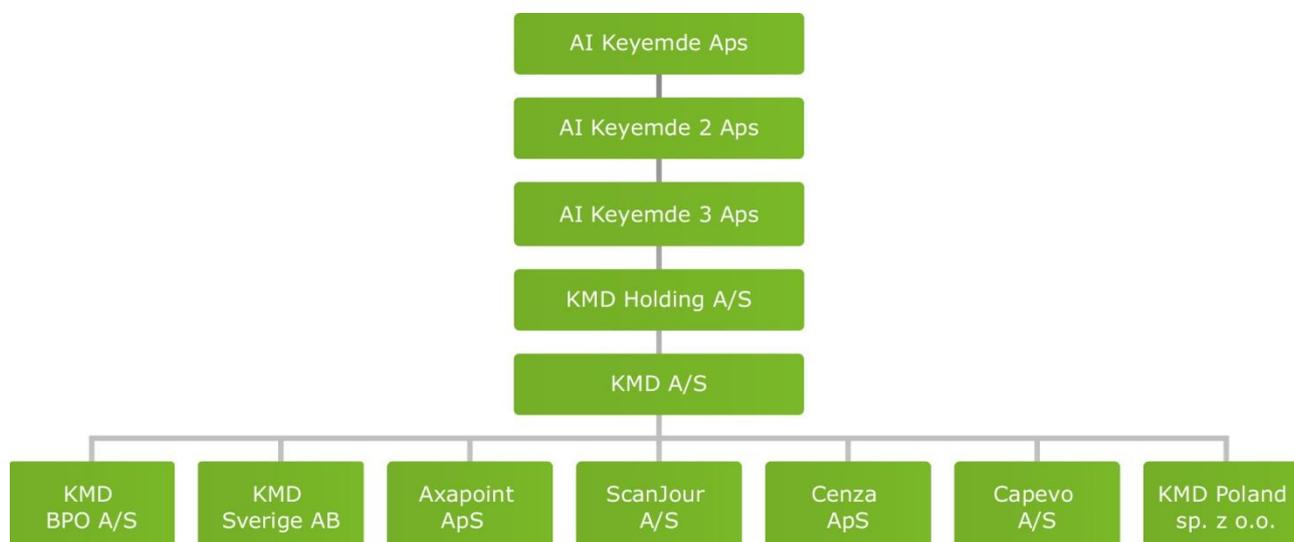
The Board of Directors held 10 meetings in 2014. It worked on the revision of the Group's business strategy, followed up the implementation of KMD's strategy and action plans, and was briefed monthly by the Executive Board on the Company's financial performance.

REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

Total remuneration of DKK 36.7 million was paid to the Board of Directors and the Executive Board in 2014, including severance pay to members of the Executive Board. See Note 6 to the consolidated financial statements for further information.

REMUNERATION

Board of Directors	DKK 0.2 million
Executive Board	DKK 36.5 million
Total	DKK 36.7 million



CORPORATE COMPLIANCE

In 2014, KMD maintained focus on its work on regulatory compliance, especially with UK and US anticorruption rules in light of KMD's ownership.

With assistance from external consultants, KMD has produced a gap analysis and a risk analysis based on Transparency International's recommendations to optimize the prioritization of future compliance measures.

Based on this prioritization, in 2014 KMD focused on establishing a supplier evaluation system to address CSR and anticorruption. After thorough market testing, KMD has entered into a contract with Eco Vadis SAS and implemented its IT system to evaluate KMD's high-risk suppliers, based on revenue, product, industry and the relevant country's risk level pursuant to Transparency International's Corruption Perception Index.

The program will be rolled out on an ongoing basis over the next three years, with the aim of evaluating all identified high-risk suppliers.

Moreover, audit processes for the compliance area with fixed audit intervals have been drawn up in conjunction with KMD's Internal Audit function.

As KMD does business mainly with the public sector, we have decided to strengthen the training of customer-facing employees in anticorruption. Besides the general introduction to compliance given to all new employees, in 2014 KMD developed and implemented a specific e-learning program on anticorruption for customer-facing employees. Completion of the program is compulsory, and at year-end 2014 more than 1,700 employees had completed it.

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 and KMD's internal rules.

The whistleblower program covers the seven key compliance areas at KMD: anticorruption, IT security, authorizations, competition law, intellectual property rights, contractual risk management and document management/storage. Two cases were reported and dealt with through the program in 2014.

In 2015, KMD will continue to implement the prioritized compliance measures, which include having notification of extension of the whistleblower program – to cover external reporters, updates to the e-learning program and general updates to policies on the compliance site – approved by the Danish Data Protection Agency.

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

KMD was certified under the Danish security standard DS 484:2005 in 2010, and recertified for quality (ISO 9001) and IT service management (ISO 20000) in 2012. We were also certified under the international information security management standard ISO 27001 in 2013.

SPECIAL RISKS

BUSINESS RISKS

Like all other IT companies, KMD is exposed to a number of business risks relating to market developments, customer demand, technological changes, employee recruitment, project management, etc.

KMD works systematically with risks via an Enterprise Risk Management function, which operates within the frameworks defined by the Board of Directors and provides KMD's Board of Directors and Executive Board with an overview of the Group's key risks and how they are managed.

Work on early identification and evaluation of risks and on planning how to handle known risks and incorporate them into strategies and targets is an integrated part of managing the business.

A significant part of KMD's business involves legal IT systems, which currently come under the transition agreement entered into with Denmark's local governments and KOMBIT in connection with the privatization of KMD in 2009.

All of these specialist areas are opened up to competition via KOMBIT and Payments Denmark, which have taken over some of the tasks from the local governments. The first tenders were completed during 2014.

KMD views free competition as positive for both customers and the IT sector.

The change of business model will, of course, present a commercial challenge.

We acquitted ourselves well in 2014 and were awarded the contract to develop the support systems, as well as being reawarded the contract to develop and operate KOMBIT's NemRefusion reimbursement system.

CONTROL AND RISK MANAGEMENT

KMD 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. These systems can be divided into:

- _ Control environment
- _ Risk assessment
- _ Control activities
- _ Information and communication
- _ Monitoring

CONTROL ENVIRONMENT

Responsibilities and authorities are defined in the Board of Directors' instructions for the Executive Board, policies, procedures and codes. The Board of Directors approves KMD's main treasury, finance and risk management policies, while the Executive Board approves other policies and procedures, and the responsible functions issue guidelines and supervise the application of all policies and procedures. Systems have been established to ensure correct functional separation in the accounting department. The organizational structure and the internal guidelines define the control environment in conjunction with laws and other rules and regulations.

RISK EVALUATION

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 KMD'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 KMD's strategy and targets.

INFORMATION AND COMMUNICATION

KMD maintains information and communication systems to ensure that financial reporting is reliable and complete. KMD'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 KMD's intranet.

MONITORING

KMD uses a comprehensive enterprise system to monitor the Company's results, making 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

KMD'S STRATEGY

2014 saw some changes to KMD's organization. At the start of the year, Eva Berneke succeeded Lars Monrad-Gyilling as CEO when he stepped down after 15 years at the helm, and Jannich Kiholm Lund joined the Executive Board as CFO. In addition, new people were appointed to head up a number of newly established units in KMD.

NEW ORGANIZATION IN PLACE

KMD underwent major organizational change in 2014. Within the main business areas Public Sector, Central Government, Administrative Software Solutions, Citizen Centered Software Solutions and Business & Infrastructure, 17 business units were given greater independent responsibility for everyday customer-facing activities.

At the same time, KMD established two larger internal units to handle software development and operations: Software Center and Operations.

STRATEGY 2020

KMD launched a new strategy named "KMD on more markets," covering the period through 2020. The strategy's overall aim is to strengthen KMD so that the company becomes a leading player in both the public and private sectors.

The strategy has three main focus areas:

- _ KMD is to strengthen its engagement on more markets. KMD has a clear growth strategy for central government, business, regions and the new citizen-centered areas in the local governments. Growth in the business and central government markets will ensure better balance and a broader market footprint.
- _ KMD is to increase customer focus. Customers are to be satisfied, such that they become increasingly loyal to KMD and recommend us to others.
- _ KMD is to be more efficient. KMD maintains its cost focus to make the business as competitive as possible.

KMD ON MORE MARKETS

KMD has a clear ambition to grow the business significantly outside the local government segment, where it has a strong legacy.

As well as working to generate organic growth, KMD made acquisitions in 2014 that brought new customers, products and competencies.

In the fall, KMD bought the companies ScanJour, Cenza and Capevo – all among the leaders in their respective business areas and with their main customers in the central government and business markets. The purchase of Avaleo, one of Denmark's leading companies within IT systems for local authority healthcare provision, followed in January 2015.

SATISFIED CUSTOMERS > STRONGER BUSINESS

Customer understanding and satisfaction are the key to KMD's success, which is why we launched a major culture project in 2014 focusing on customer culture and satisfaction.

The project "Satisfied customers > Stronger business" is intended to help all employees be even more aware of how KMD should act in a competitive market.

As part of the project, KMD revised its customer philosophy.

GLOBAL DELIVERY STRENGTHENED

With continued focus on strengthening competitiveness, Global Delivery has become an important parameter for KMD.

Increased competition on the market for IT solutions has led to growing use of offshoring. The combination of

local and foreign resources is often a prerequisite for KMD being able to win contracts and, subsequently, ensure delivery at the agreed time, price and quality. At the end of 2014, KMD initiated the establishment of a KMD development center in Poland.

CONTINUED FOREIGN AMBITIONS

KMD Sverige AB has been working for many years to gain a sound footing in the Swedish software market.

After the Swedish National Financial Management Authority (ESV) appointed KMD Sverige AB to supply enterprise management systems to Sweden's public sector, it was not possible to bring enough additional customers on board. Accordingly, in 2014 KMD decided to downscale the organization in Sweden.

KMD still has activities in Sweden, in connection with OK-Q8 AB and Q8 Danmark A/S choosing KMD as operations partner in both Denmark and Sweden.

KMD'S RULES OF CONDUCT TOWARDS CUSTOMERS



WE UNDERSTAND THE CUSTOMER'S BUSINESS

- We take pride in knowing and understanding the business of each individual customer.
- We know about market trends and about the cases where our solutions can make a difference to the customer.
- We understand the customer's line of business, and we know the customer's customers and their requests and needs.



WE TAKE RESPONSIBILITY

- We deliver what we have promised. We handle the customer's project as if it were our own.
- We are proactive, we act quickly and effectively, and we bring our knowledge of the field into play and dare challenge the customer.
- We respect both our external and internal customers by having a good appreciation of deadlines, budgets, and processes.



WE CREATE VALUE

- Our solutions must create value for the customer, the customer's customers, and – if possible – for the society as well. Our solutions must also create value for KMD.
- We create value by marking the customer's processes and workflows more efficient so the customer has more time left for doing what they do best.
- We also have an objective of creating efficient and modern solutions with a high degree of usability.

Satisfied Customers    **Stronger Business**
Together we create value

KMD'S EMPLOYEES

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

The market and KMD's position in it are undergoing a series of sweeping changes, reflected in a number of parameters on the employee side.

STIFFER COMPETITION

Being competitive on price is one of the fundamental requirements to be an attractive supplier in today's IT market.

KMD experienced further pressure on prices in the market in 2014. Being an attractive supplier in a market characterized by a long series of large and intensely competitive tenders requires KMD to be able to match competitors' prices. On this basis, KMD trimmed its organization and cut 109 jobs mid-year.

KMD has also adjusted a series of local agreements to bring them into line with the market from 2015. Among other things, all employees have been transferred to function-based salaries, and paid lunch breaks have been abolished.

CHANGES HAVE AN IMPACT

The many measures continuously being implemented to adjust the business have an impact – both positive and negative – on employees' perception of KMD as a place to work.

The overall tendency has been for satisfaction with KMD as an employer to fall, with KMD employees reporting a level slightly below the average for comparable companies in 2014. Employees point to job security as the key factor in the reduced level of job satisfaction.

KMD sees these results as a consequence of the many changes the Company is going through.

On the other hand, the survey revealed that employees are satisfied with senior management's communication of KMD's strategy and goals, and high level of customer focus.

Finally, the survey showed commitment is high among employees, and a relatively high proportion remain loyal to KMD. In addition, there is a high level of satisfaction with line managers and the day-to-day work.

Nevertheless, it is crucial for management that falling levels of employee satisfaction do not become a lasting trend. The decisive factor will be KMD's ability to deliver good results in the years ahead. KMD's employees must also see a positive role for themselves in the KMD of the future.

Although KMD is in constant flux, we still aim to be among the best IT employers in Denmark.

KMD GRADUATE

KMD is keen to take responsibility for developing the pool of talent in Denmark's IT sector and in 2014 launched a new two-year graduate program. There are three strands to the program: IT, project management and a broader business strand.

Graduates are an important parameter in attracting and supporting business-critical competencies going forward.

NEW PENSION AND HEALTH INSURANCE SCHEMES

In 2014, KMD brought its company pension schemes together under the umbrella of the Danish pension fund Sampension. As well as gaining an overall picture of the financial situation and contractual terms, it was important for KMD to have a single provider of pension and health insurance schemes.

Another deciding factor was KMD's ability going forward to offer employees a completely new insurance scheme in the event of loss of working capacity and a health insurance scheme with the emphasis on preventive measures.

IRONMAN CONTINUES

KMD IRONMAN Copenhagen is northern Europe's biggest event of its kind with over 3,000 entrants from more than 50 countries. The race attracts more than 200,000 spectators, making it one of Denmark's largest spectator events.

KMD and IRONMAN Denmark also sponsor KMD IRONMAN 70.3 Aarhus and KMD IRONMAN 70.3 Kronborg, two popular events in Aarhus and Elsinore covering half the traditional ironman distance.

Finally, the two parties are also behind the less extreme KMD 4:18:4, a triathlon for all fitness enthusiasts wanting to test themselves over the three disciplines: swimming, cycling and running. It's about exercise, wellbeing and teamwork rather than speed, equipment and rigorous training, and events are held in Aalborg, Odense, Aarhus and Copenhagen.

KMD is delighted to be lead sponsor of these events, together with IRONMAN Denmark, and in 2014 decided to extend the agreement. The races offer a good branding platform but have also become increasingly popular among KMD's employees, with more than 400 taking part in the various events in 2014.



SUBSIDIARIES

KMD BPO A/S

KMD BPO A/S is a wholly owned subsidiary of KMD A/S offering business process outsourcing (BPO) services for administrative processes, including payroll and HR, and has customers in both the public and private sectors.

KMD BPO A/S IN FIGURES, 2014

Revenue	DKK 180.5 million
Profit before tax	DKK 14.5 million
Equity, year-end	DKK 31.5 million
Employees, year-end	242

KMD SVERIGE AB

A decision was taken to implement a change of strategy in 2014, as a result of which the company's activities have been reduced and going forward will consist mainly in servicing KMD's customers on the Swedish market.

KMD SVERIGE AB IN FIGURES, 2014

Revenue	DKK 50.0 million
Profit before tax	DKK 12.5 million
Equity, year-end	DKK 18.0 million
Employees, year-end	4

KMD POLAND

Global Delivery is a key element of KMD's strategy, and 2015 saw the opening of a nearshore office, which will become an integrated part of KMD Softwarecenter.

KMD POLAND IN FIGURES, 2014

The company was newly established at the end of 2014 so there were no activities in 2014.

SCANJOUR A/S

The Danish company ScanJour was founded in 1983 and is a market leader in the development of IT systems for case and document management for the central government sector. Customers include the Danish Armed Forces, the tax authority SKAT, the Ministry of the Environment, and the utility companies DONG and HOFOR.

KMD acquired ScanJour on 31 October 2014.

SCANJOUR A/S IN FIGURES, 2014

Revenue	DKK 14.9 million
Profit before tax	DKK 1.2 million
Equity, year-end	DKK 6.9 million
Employees, year-end	54

AXAPOINT APS

Axapoint ApS, the Danish leader in architectural frameworks, was acquired by KMD in 2013 and is behind the organization and classification solution APOS2 for Danish local governments.

AXAPOINT APS IN FIGURES, 2014

Revenue	DKK 4.4 million
Profit before tax	DKK -1.7 million
Equity, year-end	DKK 0.6 million
Employees, year-end	6

CENZA APS

Cenza supplies digital HR and teaching platforms to the financial sector in Denmark, and is behind LæringsPortalen – the learning portal – which is an IT system for both LMS (Learning Management Systems) and HCM (Human Capital Management) used by several financial institutions in Denmark.

KMD acquired Cenza on 31 October 2014.

CENZA APS IN FIGURES, 2014

Revenue	DKK 0
Profit before tax	DKK 0
Equity, year-end	DKK 0
Employees, year-end	0

CAPEVO APS

Capevo is a Danish development and consulting company that specializes in digital reporting and self-service solutions. The company's expertise covers analysis, development and implementation as well as maintenance and operation of digital reporting and self-service solutions. Capevo has customers in both the public and private sectors, including the Danish Immigration Service, Sund & Bælt – the company responsible for operating the road and rail link between Denmark and Sweden – and Folkekirkens IT, which provides IT support to the Evangelical Lutheran Church in Denmark.

KMD acquired Capevo on 5 December 2014.

CAPEVO APS IN FIGURES, 2014

Revenue	DKK 1.0 million
Profit before tax	DKK 0.2 million
Equity, year-end	DKK 5.3 million
Employees, year-end	20

BOARD OF DIRECTORS

CHAIRMAN

LÉO APOTHEKER

Born 1953

BA Economics & International Relations, Hebrew University, Jerusalem
Chairman since 2012

Other positions:

Vice chairman, Schneider Electric SA

OTHER MEMBERS

JOHN WOYTON

Born 1978

BSc Economics, London School of Economics
Director, Advent International Corporation
Member since 2012

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

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

BRET BOLIN

Born 1968

BBA Finance, Texas Tech University
Operating Partner, Advent International Corporation
Member since 2014

Other positions:

Director, UNIT4 and The Oil and Gas Clearinghouse

EVA BERNEKE

Born 1969

MSc Mechanical Engineering, Technical University of Denmark, and 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

JANNICH KIHOLM LUND

Born 1970

MSc Economics, University of Copenhagen
CFO, KMD A/S

Employed in KMD since 2014

Member since 2014

ELSE BERGMAN

Born 1954

Technical consultant, KMD A/S

Employed in KMD since 1980

Member since 2012

Other positions:

Employee representative, KMD

KIM SKOVGAARD

Born 1962

Service consultant, KMD A/S

Employed in KMD since 1987

Member since 2014

Other positions:

HK union representative, KMD A/S

THOMAS BISBALLE JENSEN

Born 1970

Process operator, KMD A/S

Employed in KMD since 2004

Member since 2014

Other positions:

Employee representative, KMD

Working environment representative, KMD

Chairman, Samdata/HK

HENRIK HARDER OLSEN

Born 1972

Service consultant, KMD A/S

Employed in KMD since 2003

Member since 2014

Other positions:

Employee representative, KMD

Director, ITMK HK Østjylland

MANAGEMENT

EXECUTIVE BOARD

EVA BERNEKE
CEO

JANNICH KIHOLM LUND
CFO, Finance & Sales Support

BUSINESS MANAGEMENT

OLE N.J. JENSEN
Senior Vice President, Public Sector. Cases & Benefits

BJARNE GRØN
Senior Vice President, Local Governments & Regions.
Citizen Centered Software Solutions

HELLE HUSS
Senior Vice President, Local Governments & Regions.
Administrative Software Solutions

SØREN AMUND HENRIKSEN
Senior Vice President, Central Government

JESPER KRYHLMAND
Senior Vice President, Business & Infrastructure

MICHAEL HOLMBERG ANDERSEN
Senior Vice President, Software Center

FRANK OLESEN
Senior Vice President, Operations

FUNCTIONS

LISBETH HALD
Senior Vice President, HR & Facility Management

MORTEN LANGAGER
Senior Vice President, Communication & Marketing

CHRISTOFFER HOLTEN
Senior Vice President, Strategy & Business Development

MARK SKRIVER NIELSEN
Senior Vice President, Legal & Business Support

HANS HENRIK KNUDSEN
Senior Vice President, Business Transformation

HENRIK ULSØ
Senior Vice President, Procurement

RASMUS THEEDE
Head of Group Security, Group Quality & Security

FINN CONRADSEN
Area Director, Bid Excellence

Dear Reader

KMD has been an integral part of Denmark's public sector for more than 40 years. Our IT systems bring us into contact with thousands of Danes every single day. Almost one million Danes receive their salaries via KMD's systems, and our systems pay government benefits equivalent to more than 20% of Denmark's GDP. At the same time, we are upping the ante for IT and making life easier for thousands of users in the public and private sectors, schools, home care and healthcare.

We are in other words a cornerstone of the Danish welfare state, and our commitment to corporate social responsibility (CSR) is part of our DNA. Our CSR strategy covers four main areas: digital welfare, employees, climate & environment and supply chain.

In 2014, we focused on building partnerships and developing projects in these four areas. For us, CSR is about making an active contribution, rather than presenting a barrier, to social, economic and environmental sustainability. This is set out in our CSR policy introduced in 2011 and our CSR strategy launched in 2012. KMD will review its CSR strategy in 2015 and expects to present a revised strategy in the first half of the year.

The starting point is KMD's position as an IT company with the vision of creating digital shortcuts for customers and society. As regards CSR, this means that KMD will create digital shortcuts that contribute to a richer, safer and more sustainable society.

Our work in these four main areas is described in more detail below.

KMD first made a commitment to apply the UN Global Compact's 10 principles in 2011. We are proud and pleased to uphold this commitment and supported the Global Compact with a donation of USD 5,000 in 2014.

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 Citizen Centered Software Solutions, Legal & Business Support, HR & Facility Management and Communication & Marketing. The CSR Board issues 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
CEO, KMD A/S

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.

FN'S GLOBAL COMPACT PRINCIPLES	STRATEGIC CSR FOCUS AREAS FOR KMD			
	DIGITAL WELFARE	EMPLOYEES	CLIMATE & ENVIRONMENT	SUPPLY CHAIN
PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights.	<p>Article 19 _Partnership with the Danish Lung Association, p. 31 _KMD Analyse provides fertile ground for debate, p. 31</p> <p>Article 20 _KMD supports Football for A New Tomorrow (FANT), p. 32</p> <p>Article 21 _KMD supports European parliamentary elections and others, p. 12 _Partnership with DaneAge on IT skills for senior citizens, p. 32</p> <p>Article 26 _Partnership with Homework Help Online, p. 31 _Partnership with LøkkeFonden on Khan Academy, p. 31 _Supporting DigiGuides, p. 31</p>	<p>Article 2 _In 2014, KMD adopted a new diversity policy, p. 34</p> <p>Articles 22, 23, 24, 25 _KMD complies with all statutory requirements on working environment, pay and freedom to join a union, p. 20 _Through our works council, we conduct constructive dialogue with the union HK/Samdata, which is authorized to negotiate on its members' behalf. In addition, KMD worked with employee representatives to implement a process that ensured that as few employees as possible lost their jobs as a result of structural adjustments in the Company, p. 20 _Whistleblower scheme for all employees, p. 37</p>		
PRINCIPLE 2: Business should make sure that they are not complicit in human rights abuses.				<p>Articles 23, 24, 25 _In 2014, KMD entered into an agreement with the internationally renowned EcoVadis SAS to screen KMD's high-risk suppliers. The first campaign involving selected suppliers was conducted in 2014 and the first evaluation is expected in Q1 2015. A further two campaigns will be conducted in 2015, p. 37</p> <p>_In collaboration with our waste management supplier for our sites in eastern Denmark, KMD has built a picture of the total carbon footprint from the collection and disposal of waste from our sites, p. 36</p> <p>_In 2014, KMD was recertified under the ISO 14001 environmental management standard, p. 36</p> <p>_In 2014, KMD continued e-learning training for all customer-facing employees in anticorruption and corporate compliance, p. 38</p> <p>_In 2014, KMD took part in a national campaign for DONG Energy in connection with our Climate Partnership, sharing experiences of our energy-saving efforts.</p>
PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.				
PRINCIPLE 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.				
PRINCIPLE 5: Businesses should uphold the effective abolition of child labour.				
PRINCIPLE 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.				
PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges.			<p>_In 2014, KMD was recertified under the ISO 14001 environmental management standard, which ensures that we maintain focus on our environmental efforts and effects constant improvements, p. 36</p> <p>_In collaboration with our waste management supplier for our sites in eastern Denmark, KMD has built a picture of the total carbon footprint from the collection and disposal of waste from our sites, p. 36</p>	
PRINCIPLE 8: Businesses should undertake initiatives to promote greater environmental responsibility.				
PRINCIPLE 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.				
PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.				

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

DIGITAL WELFARE

RESULTS IN 2014

For many years, KMD's CSR relating to digital welfare has focused in particular on health and education. KMD sees real potential for digital solutions to the demographic and economic challenges facing the Danish welfare model and aims to support this process in a responsible manner. We are therefore concentrating on sharing solutions and knowledge, while remaining aware of the challenges increased digitization may present for some groups in society.

EDUCATION

The digitization of schools and training for young people is a focus area for KMD, and was supported by the following four initiatives in 2014:

HOMEWORK HELP ONLINE

KMD partnered with the State and University Library in 2012 to establish three online homework cafés at our sites in Ballerup, Odense and Aalborg. The main target group is children and young people from disadvantaged areas, who are typically unable to get help with homework from their parents. Boys in particular tend not to use the physical homework cafés in their local communities¹.

We were able to provide help on just under 1,200 occasions in 2014².

Besides providing help with homework, KMD also worked with the library on further developing the digital platform for the project. In 2014, KMD and the State and University Library increased the target group for homework help by launching Lektier Online Gym, which is available to all upper-secondary schools in Denmark, and entering into an agreement with three local governments, which now offer online homework help to all pupils in their areas.

Read more at www.statsbiblioteket.dk/lektier-online (in Danish).

LØKKEFONDEN AND KHAN ACADEMY

KMD has been working with LøkkeFonden – a charity founded by former prime minister Lars Løkke Rasmussen “to bring boys back from the edge to become useful members of society” – since 2012 on creating a Danish version of the world's most widely

used online educational resource, the much-praised Khan Academy.

Khan Academy is a platform that enables students to improve their skills, particularly in the natural sciences. At the heart of the platform are a number of exercises, tests and instructional videos, which have previously been available only in English. KMD and LøkkeFonden are in the process of translating the whole platform so that Danish students and teachers can access the entire public school curriculum via Khan Academy.

As of the end of 2014, a total of 892 mathematics videos had been recorded and uploaded to Khan Academy Denmark's YouTube channel, and a beta version of the entire platform had been launched at da-dk.khanacademy.org/. KMD expects to launch a full version of the platform in the first half of 2015.

DIGIGUIDES

KMD joined forces with the teacher training programs at University College Copenhagen (UCC) in 2013 to set up a corps of DigiGuides – teaching students with a special interest in IT and digital learning tools who can help teachers and students with digital solutions. In 2014, KMD supplied iPads and enabled DigiGuides to extend their subject knowledge by attending conferences.

KMD EDUCATION AWARD

In 2014, KMD established the KMD Education Award, presented to an individual or group of teaching students who has/have taught material based on digital resources during their teaching practice. Only teaching students from UCC were eligible to take part in 2014, but from 2015 the competition will be open to all seven university colleges, enabling all teaching students to take part. Each university college will nominate its own winner, and the national winner will then be chosen from the seven regional entries and announced at the Schools Fair in Aarhus on 23 April 2015.

The competition reflects KMD's wish to put the use of digital resources in public schools in focus and to create a positive attitude to this at Denmark'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.

HEALTH AND SOCIAL CARE

KMD views health and social 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.

¹ State and University Library, Study of pupils' opportunities for help with homework, 2010.

² KMD's employees are able to swap their normal working hours 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.

DANEAGE

In 2014, KMD and DaneAge – Denmark's largest organization for the elderly – launched a new version of their e-learning program for 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 makes the new digital reality a challenge for many older people.

The program has been developed jointly by KMD and volunteer IT teachers from DaneAge and complements the thousands of IT courses the organization already runs each year. KMD and DaneAge's aim was for at least 25,000 users to have used the program in 2014. By the end of 2014, the program had attracted more than 54,735 unique users since 2012 and 19,833 users for 2014 in isolation³ – a figure largely unchanged from 2013 (19,932 unique users). This meant that we did not achieve our target of 25,000 users in 2014.

KMD and DaneAge also had a target for the program to be used by a minimum of 60% of all DaneAge teachers, which, at 57%, was almost achieved. This is an increase of 13 percentage points from 2013, when 44% were using it.

You can find more information on the partnership at www.aeldresagen.dk/dus-med-pc (in Danish).

DANISH LUNG ASSOCIATION

KMD continued its partnership with the Danish Lung Association in 2014, working specifically on a new online patient network, snakomlunger.dk (in Danish), which enables lung patients to draw inspiration and strength from one another. The network was launched in May 2014.

As well as the online patient network, in 2014 KMD also supported the Danish Lung Association's "Swim for life and lungs" project, with 29 KMD employees raising DKK 18,000 for the association in a sponsored swim held in conjunction with sea swimmer Henrik Slot Nielsen swimming 18 km from Bornholm to Christiansø to raise money for and awareness of lung issues.

In addition, more than 400 KMD employees took part in the KMD 4:18:4 and KMD IRONMAN⁴ triathlons in Copenhagen in T-shirts supporting the Danish Lung

Association, alongside 75 lung patients, lung specialists and Danish celebrities. KMD's employees also had the chance to test their lungs at KMD's headquarters in Ballerup, when the Danish Lung Association carried out lung function measurements in August.

KNOWLEDGE-SHARING

KMD's analytical unit published two reports in 2014: one on digitization of European Parliamentary elections, and one gauging leadership and management conditions in the local government sector and the digitization of the two big welfare areas: schools and elderly care. The latter was carried out in collaboration with the Danish Association of Local Government Executives and Danish associations representing managers in the local government, social, health and labor market areas, and children's and cultural affairs⁵.

In 2014, KMD continued to engage users of the social media Facebook, LinkedIn and Tumblr in debate and knowledge-sharing on digitization of the health and education sectors in three communities, including one that seeks to involve parents in their children's learning.

OTHER MEASURES

In 2014, KMD supported the Danish organization FANT (Football for a New Tomorrow), which uses sport as a means to heal the wounds left by the long civil war in Sierra Leone. KMD provided sportswear and other equipment from its stock, as well as old laptops for the organization to use for its work in Sierra Leone.

In addition, KMD donated DKK 29,500 to a Danish charity that provides PCs to children in care. The money came from employees, who chose to donate their Christmas gifts to this good cause.

KMD considers its CSR work relating to digital welfare to be satisfactory.

³ As of 19 December 2014.

⁴ The KMD IRONMAN consists of a 2.4 mile swim, a 112 mile cycle ride and a 26 mile run. The KMD 4:18:4 is a 10th of the full KMD IRONMAN.

⁵ The reports can be found at kmd.dk/analyse.



GOALS FOR 2015

EDUCATION

Homework help: KMD will continue to offer help with homework online. The goal is for KMD's employees to provide help on at least 1,200 occasions.

Khan Academy: Together with LøkkeFonden, KMD will launch a full Danish version of Khan Academy.

DigiGuides: KMD will continue to support the DigiGuides project.

KMD Education Award: KMD will present KMD Education Awards at all seven university colleges across Denmark before selecting a national winner in April.

HEALTH AND ELDERLY CARE

DaneAge: KMD and DaneAge will achieve a minimum of 30,000 unique users for its e-learning program, with at least 60% of DaneAge's IT volunteers using the program in their teaching.

Danish Lung Association: KMD and the Danish Lung Association will join forces to offer lung function tests to all KMD employees, as well as raising awareness of lung issues by means of joint participation and activities in connection with the KMD 4:18:4 and KMD IRONMAN triathlons.

EMPLOYEES

RESULTS IN 2014

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.

KMD operates in a highly competitive market, requiring us to manage costs so as to match competitors' prices, and in 2014 this meant having to say goodbye to talented colleagues. A total of 109 job losses were originally announced in August, but positive and constructive dialogue with employee representatives on the redundancy process reduced the number of layoffs to 66.

New local agreements were negotiated in the spring to bring KMD's employment terms in line with the market. The changes, which came into effect on 1 January 2015, include employees being transferred to function-based salaries and a standard 37-hour working week compared with 34.5 previously. On the other hand, we now offer an improved bonus scheme and a new health insurance agreement for all employees.

As a consequence of the adjustments, satisfaction with KMD as an employer has declined, with KMD employees reporting a level slightly below the average for comparable companies in 2014.

DIVERSITY

In 2014, KMD adopted a diversity policy addressing issues such as the representation of women in management and attracting more new graduates.

Our goal is for the most promising prospective employees in the Danish labor market to choose KMD regardless of gender, ethnicity, age, religion or sexual orientation.

In 2015, we will increase the number of graduates and allocate at least 25% of new appointments to this group. One of the means to achieve this is the KMD Graduate Program, which started recruitment in October 2014. A total of 25-30 graduates are expected to join KMD in 2015.

KMD launched a policy in 2013 for the representation of women on the Board of Directors, 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, KMD has set a target of having a number of female managers proportionate to the number of female employees. In 2014, 34% of KMD's employees were women and the share of women at all levels of management was 27%.

HEALTHY EMPLOYEES

KMD conducted a workplace assessment in 2014, which showed that the working environment – both psychological and physical – is generally good. Some areas require extra focus, however. For example, 6.3% of employees reported that they had been signed off work with stress or stress-related symptoms. In addition, 102 employees (3.6%) stated they have experienced workplace bullying. We are very alert to the need to reduce bullying and protect employees from stress, and this will be a focus area in 2015, taking as its starting point the existing antibullying policy that forms part of our employee policy.

Average sickness absence was 6.37 days in 2014, which is 12.3% below the national average for private companies with office-based activities. This is on a par with KMD's performance in 2013 (6.4 days), and KMD aims to maintain this level in 2015.

With this in mind, 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 workplace-related issues. The entire package is geared toward preventing long-term sickness absence, benefiting both individuals and KMD.

More than 400 employees took part in the KMD 4:18:4 and KMD IRONMAN triathlons in 2014 – both the half- and full-length versions – with training organized at KMD's sites. In addition, more than 800 employees took part in the DHL 5x5 km relay race.

KMD considers the overall results of its CSR work in relation to employees to be satisfactory.



GOALS FOR 2015

DIVERSITY

KMD wants to maintain a share of female managers that is proportionate to the number of women employees (27% as of 31 December 2014).

KMD also wants to increase the proportion of new graduates.

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 reduce the proportion of employees with stress or stress-related symptoms to below 5%.

CLIMATE & ENVIRONMENT

RESULTS IN 2014

As one of Denmark's largest IT companies with around 3,000 employees plus large data centers and Denmark's largest print center, each year KMD uses a similar amount of electricity to a town of 18,000 people, while our print center and office printers print the equivalent of 280 million pages.

We are very aware of our environmental footprint, and in 2013 we were certified under the international environmental management standard ISO 14001. In 2014, we conducted an audit of our environmental management system. Our structured approach to environmental work, which has been developed over many years, and is now certified, proved to have a positive effect on a wide range of parameters in our environmental policy, which focuses on energy consumption, transport and waste management.

In 2015, KMD will launch a strategy and policy to ensure progress in environmental work.

ENERGY CONSUMPTION

KMD's electricity consumption totaled 30,356,802 million kWh, a slight increase of just under 1 million kWh compared with 2013 (3.4%). This was mainly because KMD gained a whole series of major outsourcing customers in 2014, which has increased production in our data centers.

Since 2009, KMD has identified 97 different energy-saving projects and realized 86% of their potential. As a result, since 2008 we have made savings of 8.6 million kWh, equivalent to the annual consumption of more than 1,600 detached houses⁶ or 28.1% of our total energy consumption in 2008. In addition, our total consumption of heating fell by 612.4 MWh in 2014.

As part of KMD's climate partnership with energy supplier DONG Energy, since 2009 we have purchased renewable energy certificates from DONG Energy's Horns Rev 2 wind farm equivalent to our total carbon emissions from direct energy consumption. KMD also purchases CO₂ quotas to compensate for heating consumption.

KMD's total carbon emissions from direct energy consumption totaled 12,354 tons in 2014, up 13.7% on 2013. The majority of this increase was due to a less green overall energy mix in Denmark. There was also a slight increase in carbon emissions from heating

⁶ An average detached home with four inhabitants consumes 5,181 kWh per year. Source: DONG Energy.

consumption despite a fall in total energy consumption. This is due to an increase in the CO₂-equivalent for district heating of more than 26%.

Since 2008, KMD has cut its carbon emissions from 17,796 to 10,864 tons, a reduction of 38.9%.

TRANSPORT

Since 2010, KMD has worked hard to reduce carbon emissions from transport between its sites. Having reduced transport by 5.5% in 2013, carbon emissions from transport rose by 1.3% in 2014. Among other things, this is because KMD's new organization has increased the need for coordination and management of employees at multiple locations – particularly between headquarters in Ballerup and the site in Aalborg – and the result has been an increase in air travel. The goal of reducing internal transport between sites by 10% by the end of 2014 has thus not been achieved.

WASTE

Another focus area during the year was increasing the recycling rate and gaining a picture of the carbon emissions associated with waste collection as a first step in mapping our carbon footprint from cradle to grave.

KMD increased the proportion of waste recycled at its print and data centers from 72.2% in 2013 to 84% in 2014. This means we have increased the proportion of waste recycled from 68.8% in 2012 and are therefore far above the target of a 5% increase in the recycling rate by the end of 2014. Focus has now shifted to overall recycling at all sites, with a recycling rate of 62.9% achieved in 2014. KMD will increase this by 5% by the end of 2016⁷.

Together with our waste management supplier, Henrik Tofteng A/S, we have launched a project to build a picture of the total environmental impact from the collection and disposal of the waste we generate.

KMD considers the overall results of its environmental efforts to be satisfactory.

⁷ The recycling rate excludes waste from the sites in Aalborg and Odense, which is measured by collection and not by weight. The bulk of KMD's waste is generated at the site in Ballerup, Copenhagen, which is home to KMD's print center and more than 50% of its employees.



GOALS FOR 2015

CARBON EMISSIONS

KMD will continue to focus on energy savings in both data centers and offices, but still anticipates a slight increase in energy consumption due to an ever larger customer base.

KMD will continue to focus on reducing employees' transport between sites. We expect to be able to reduce our carbon footprint from transport by 10% by the end of 2016. Further action will be needed to achieve this.

WASTE

There will be continued focus on KMD's print consumption in office buildings. The breakthrough of follow-me printing will be followed up with campaigns directly targeting employees' print consumption as well as sorting waste at source. KMD's target is still to increase the total proportion of waste recycled by 5% by the end of 2016.

ENVIRONMENTAL MANAGEMENT

KMD will continue work on the ISO 14001 standard. We will introduce a common system of environmental accounting across the Company and focus on continual improvements in terms of our environmental data so that we can continue to improve in general terms the environmental work that has characterized the last five years, and reassure our customers and partners of KMD's unwavering commitment to climate and environment issues.

SUPPLY CHAIN

RESULTS IN 2014

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.

Accordingly, in 2014 KMD entered into an agreement with the internationally renowned EcoVadis SAS, which carries out online screenings of suppliers. This work will be anchored in KMD's new central procurement department under KMD's first Senior Vice President, Procurement. This step will strengthen KMD's control of its supplier portfolio and ensure a more uniform approach to suppliers in general and high-risk suppliers in particular.

PARTNERSHIPS

In 2014, KMD implemented a new screening tool from EcoVadis SAS. Over the next few years, KMD will screen all high-risk suppliers on an annual basis. Suppliers are identified on the basis of criteria such as revenue, geography and industry. 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 help us reach our goal of all key suppliers working in accordance with the principles of the UN Global Compact by the end of 2015.

KMD intends to work with suppliers to draw up action plans to help them improve their work in selected areas.

KMD has also started working with its waste management supplier, Henrik Tofteng A/S, on mapping the environmental impact of the collection and disposal of the waste we generate.

CORPORATE COMPLIANCE

In 2014, KMD reviewed its policies in relation to the 10 principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. As a result, we have revised our CSR policy so that it refers more explicitly to human rights and drawn up a new diversity policy. We have also revised our employee policy such that it now refers to the other policies in the relevant areas.

We also maintained focus on our work on regulatory compliance, especially with UK and US anticorruption rules in light of KMD's ownership.

With assistance from external consultants, KMD has produced a gap analysis and a risk analysis based on Transparency International's recommendations to optimize the prioritization of future compliance measures.

As KMD does business mainly with the public sector, however, we have decided to strengthen the training of customer-facing employees in anticorruption. Besides the general introduction to compliance given to all new employees, in 2014 KMD therefore developed and implemented a specific e-learning program on anticorruption for customer-facing employees. Completion of the program is compulsory, and at year-end 2014 more than 1,700 employees had completed it.

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 and KMD's internal rules.

The whistleblower program covers the seven key compliance areas at KMD: anticorruption, IT security, authorizations, competition law, intellectual property rights, contractual risk management and document management/storage. Two cases were reported and dealt with through the program in 2014.

KMD considers its work on CSR in the supply chain to be satisfactory.



GOALS FOR 2015

PARTNERSHIPS

KMD will draw up relevant action plans for selected suppliers identified via screenings in the EcoVadis system.

KMD will also continue to work with suppliers to map our environmental footprint throughout the value chain.

CORPORATE COMPLIANCE

KMD will continue the screening of high-risk suppliers using the EcoVadis tool.

KMD will also continue implementation of the prioritized compliance measures, which include having notification of extension of the whistleblower program – to cover external reporters, updates to the e-learning program and general updates to policies in the compliance area – approved by the Danish Data Protection Agency.

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million

Note		2014	2013
4	Revenue	4,813.6	4,670.5
5	Other external expenses	2,023.9	1,885.7
6	Staff costs	2,078.5	2,365.1
	Other operating income	9.4	20.5
	Earnings before interest, tax, depreciation and amortization (EBITDA)	720.6	440.2
8,9	Depreciation and amortization	556.0	363.7
	Operating profit (EBIT)	164.6	76.5
7	Financial income	15.8	8.0
7	Financial expenses	13.2	13.7
	Earnings before tax (EBT)	167.2	70.8
15	Tax on profit for the year	48.9	6.4
	Net profit for the year	118.3	64.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million

Note		2014	2013
	Net profit for the year	118.3	64.4
	Other comprehensive income		
	Value adjustments of hedging transactions before tax	-0.6	-1.3
	Value adjustments of hedging transactions included in financial items	0.5	0.6
	Foreign currency translation adjustment of foreign enterprises	0.7	0.2
	Tax on comprehensive income	0.1	0.2
	Other comprehensive income after tax	0.7	-0.3
	Comprehensive income	119.0	64.1
	Attributable to:		
	Shareholders in the Parent Company	119.0	64.1
	Non-controlling interests	0.0	0.0
	Total comprehensive income	119.0	64.1

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS

DKK million

Note		2014	2013
NON-CURRENT ASSETS			
	Customer relationships	40.8	40.5
	Rights	126.0	7.2
	Goodwill	213.5	179.5
	Completed development projects	135.4	406.3
	Development projects in progress	192.2	176.1
8	Intangible assets	707.9	809.6
	Land and buildings	78.5	86.6
	Leasehold improvements	39.1	39.7
	Plant and machinery	144.9	161.0
	Fixtures, operating equipment and vehicles	10.9	8.7
9	Property, plant and equipment	273.4	296.0
10	Deposits	45.8	44.7
15	Deferred tax asset	3.6	3.8
	Other non-current assets	49.4	48.5
	Total non-current assets	1,030.7	1,154.1
CURRENT ASSETS			
11	Inventories	7.3	6.5
18	Trade receivables	786.1	711.6
	Receivables from Group enterprises	322.5	0.2
12	Contract work in progress	42.0	55.4
	Other receivables	25.4	23.0
	Corporation tax receivable	14.7	49.0
13	Prepayments	33.9	85.8
	Securities	0.7	1.0
	Cash	121.7	361.8
	Total current assets	1,354.3	1,294.3
	Total assets	2,385.0	2,448.4

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES

DKK million

Note		2014	2013
EQUITY			
14	Share capital	240.0	240.0
	Hedging reserve	-0.5	-0.5
	Reserve for foreign currency translation adjustments	1.5	0.8
	Retained earnings	611.3	493.0
	Proposed dividend	0.0	0.0
Total equity		852.3	733.3
LIABILITIES			
15	Provision for deferred tax	16.3	58.2
16	Provisions	9.5	9.2
18	Credit institutions	243.9	140.4
	Other payables	26.8	35.8
Non-current liabilities		296.5	243.6
18	Credit institutions	41.4	6.6
	Prepayments from customers	32.3	62.3
	Trade payables	380.0	474.3
	Payables to Group enterprises	0.0	29.2
17	Other payables	572.8	671.5
	Derivative financial instruments	0.7	0.6
	Corporation tax payable	3.7	4.6
16	Provisions	78.1	96.8
	Deferred income	127.2	125.6
Current liabilities		1,236.2	1,471.5
Total liabilities		1,532.7	1,715.1
Total equity and liabilities		2,385.0	2,448.4

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 2013	240.0	0.0	0.6	728.6	0.0	969.2
Comprehensive income for the year						
Realized hedging transactions		-0.5	0.2	64.4		64.1
Extraordinary dividend				-300.0	300.0	0.0
Dividend paid					-300.0	-300.0
Equity at 31 December 2013	240.0	-0.5	0.8	493.0	0.0	733.3
Issue of warrants						
Comprehensive income for the year		0.0	0.7	118.3		119.0
Extraordinary dividend				0.0	0.0	0.0
Dividend paid					0.0	0.0
Balance at 31 December 2014	240.0	-0.5	1.5	611.3	0.0	852.3

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 2014 was DKK 0 per share against DKK 1.25 per share in 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

DKK million

Note		2014	2013
	Earnings before interest, tax, depreciation and amortization (EBITDA)	720.6	440.2
19	Adjustments of non-cash items	0.5	-5.9
20	Change in working capital	-265.4	295.0
	Corporation tax paid	-51.7	-98.3
	Financial income	15.7	1.8
	Financial expenses	-13.2	-13.7
	Total cash flow from operating activities	406.5	619.1
8	Investments in intangible assets	-296.6	-157.5
9	Investments in property, plant and equipment	-67.0	-93.9
	Sale of property, plant and equipment	0.9	39.3
	Sale of Group enterprises	0.0	5.6
21	Investment in enterprises	-34.3	-52.0
	Sale of securities	0.3	0.5
	Total cash flow from investing activities	-396.7	-258.0
	Repayments of loans	-33.1	-3.1
	Raising of loans	145.1	150.0
	Other payables, non-current	-11.0	35.8
	Repayments of loans to Group enterprises	-29.2	-93.2
	Loans to Group enterprises	-321.7	0.0
	Dividend paid	0.0	-300.0
	Total cash flow from financing activities	-249.9	-210.5
	Total cash flow	-240.1	150.6
	Cash and cash equivalents at 1 January	361.8	211.2
	Cash and cash equivalents at 31 December	121.7	361.8

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NOTE 01_ACCOUNTING POLICIES

The annual report for KMD A/S is presented in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU at 31 December 2014 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 KMD A/S 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 of 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 flows 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 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. 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.

Deferred tax assets and liabilities are offset within the same legal tax entity and jurisdiction.

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 KMD's annual report, the Company's management 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 on 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 2014 is DKK 213.5 million (31 December 2013: DKK 179.5 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 213.1 million in 2014. These write-downs arose from 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 2014 is DKK 135.4 million (31 December 2013: DKK 406.3 million).

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. Write-downs of DKK 110.1 million were made in 2014 on development projects in progress linked to the written-down development projects described above. These write-downs arose from a change of technology in the systems the development was intended to support, and consequent reassessment of future cash flows.

For KMD the measurement of development projects in progress could be significantly impacted by material changes in estimates and assumptions, including developments in technologies and interest rates, underlying the calculated values.

The carrying amount of development projects in progress at 31 December 2014 is DKK 192.2 million (31 December 2013: DKK 176.1 million).

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. 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 consultancy services in progress at 31 December 2014 is DKK 42,0 million (31 December 2013: DKK 55.4 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 2014 is DKK 273.4 million (31 December 2013: DKK 296.0 million).

NOTE 03_NEW FINANCIAL REPORTING STANDARDS

CHANGE IN ACCOUNTING POLICIES, INCLUDING PRESENTATION AND IMPLEMENTATION OF ACCOUNTING 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)

KMD 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 2014 financial year. These are as follows for KMD:

_Amendment to IAS 36 "Impairment of Assets"

_IAS 32 Financial Instruments: Presentation

_Amendments to IFRS 10, IFRS 12 and IAS 27

_Amendment to IAS 39 "Financial Instruments: Recognition and Measurement"

_IFRIC 21 "Levies"

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 2014, are either not relevant to KMD 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 and endorsed by the EU. The standards come into force at a later date, which is why they will not be implemented until the annual reports for 2015 and 2016.

_Amendment to IAS 19 "Employee Benefits"

_Annual Improvements 2010-2012. Clarifications and minor revisions to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 1, IAS 7, IAS 12, IAS 16, IAS 24 and IAS 36

_Annual Improvements 2011-2013. Clarifications and minor revisions to IAS 1, IFRS 1, IFRS 13 and IAS 40

KMD has assessed the effect of the new IFRS standards and interpretations.

KMD 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 KMD Group or are not expected to have a material impact on the financial statements.

IASB has issued the following 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"

_IFRS 11 "Joint Arrangements"

_IFRS 14 "Regulatory Deferral Accounts"

_IFRS 15 "Revenue from Contracts with Customers"

_Amendment to IAS 1

_IAS 16 "Property, Plant and Equipment"

_IAS 38 "Intangible Assets"

_IAS 27 "Consolidated and Separate Financial Statements"

_Amendments to IFRS 10, 11 and 12, and IAS 28

_Clarifications and minor revisions to IFRS 5, IFRS 7, IAS 19 and IAS 34

None of the above standards are currently expected to have a material impact on KMD, but this will be monitored on an ongoing basis until the implementation date.

NOTE 04_REVENUE

DKK million	2014	2013
Sale of goods	325.5	191.1
Sale of services	4,488.1	4,479.4
Total	4,813.6	4,670.5

NOTE 05_AUDIT FEE

DKK million	2014	2013
Fee to the Company's auditors PricewaterhouseCoopers		
Statutory audit fee	0.8	0.8
Other assurance engagements	4.8	5.3
Tax advisory services	0.4	0.7
Other services	2.9	4.2
Total	8.9	11.0

NOTE 06_STAFF COSTS

DKK million	2014	2013
Wages and salaries	1,885.1	2,163.8
Pensions	180.0	185.0
Other social security costs	13.4	16.3
Total	2,078.5	2,365.1
Board of Directors		
Remuneration	0.2	0.2
Total	0.2	0.2
Executive Board		
Salaries, etc.	35.5	10.5
Pensions	1.0	0.2
Total	36.5	10.7
Average number of employees	2,998	3,199

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

Remuneration to the Executive Board includes salaries, etc. of DKK 22.4 million in connection with termination.

SHARE-BASED PAYMENT – SHARE OPTION 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 purchase comprises 4.11% of the share capital in AI Keyemde ApS.

At 31 December 2014 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 entitled to sell the shares to third parties only in connection with a stock exchange listing or the sale of AI Keyemde ApS (exit event). If an employee covered by the program leaves his or her position before an exit event has occurred, the person is obliged to sell his or her shares at a price based on a predetermined formula.

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

SHARES	B shares	C shares
At 1 January 2014	871,202	4,638
Granted during the year	50,731	2,269
Terminations	448,122	2,148
Exercised	0	0
Expired	0	0
Outstanding at 31 December 2014	473,811	4,759

NOTE 07_FINANCIAL INCOME/EXPENSES

2013

DKK million	Interest	Foreign currency translation adjustments	Fair value adjustments	Total
Income				
Loans and receivables	8.0			8.0
Financial liabilities measured at amortized cost	0.0			0.0
Total	8.0	0.0	0.0	8.0
Expenses				
Loans and receivables	13.7			13.7
Financial liabilities measured at amortized cost	0.0			0.0
Total	13.7	0.0	0.0	13.7

2014

DKK million	Interest	Foreign currency translation adjustments	Fair value adjustments	Total
Income				
Loans and receivables	15.8			15.8
Financial liabilities measured at amortized cost	0.0			0.0
Total	15.8	0.0	0.0	15.8
Expenses				
Loans and receivables	13.2			13.2
Financial liabilities measured at amortized cost	0			0.0
Total	13.2	0.0	0.0	13.2

NOTE 08_INTANGIBLE ASSETS

2013

DKK million	Customer relationships	Rights	Goodwill	Development projects in progress	Completed development projects	Total
Cost at 1 January	58.5	44.3	138.5	620.9	56.9	919.1
Acquisitions	8.1		41.0		48.2	97.3
Additions during the year		3.5		123.9	36.3	163.7
Disposals during the year	0.0	-2.2		-1.4	0.0	-3.6
Transfers				-567.3	567.3	0.0
Cost at 31 December	66.6	45.6	179.5	176.1	708.7	1.176.5
Amortization and impairment losses at 1 January	14.7	36.2	0.0	0.0	24.1	75.0
Acquisitions					29.4	29.4
Impairment losses					212.2	212.2
Amortization for the year	11.4	4.4			36.7	52.5
Disposals during the year		-2.2				-2.2
Amortization and impairment losses at 31 December	26.1	38.4	0.0	0.0	302.4	366.9
Carrying amount at 31 December	40.5	7.2	179.5	176.1	406.3	809.6
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

2014

DKK million	Customer relationships	Rights	Goodwill	Development projects in progress	Completed development projects	Total
Cost at 1 January	66.6	45.6	179.5	176.1	708.7	1,176.5
Acquisitions	12.8		34.0		90.4	137.2
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	79.4	172.4	213.5	302.3	842.7	1,610.3
Amortization and impairment losses at 1 January	26.1	38.4	0.0	0.0	302.4	366.9
Acquisitions					69.5	69.5
Impairment losses				110.1	283.1	393.2
Amortization for the year	12.5	8.0			52.3	72.8
Disposals during the year						0.0
Amortization and impairment losses at 31 December	38.6	46.4	0.0	110.1	707.3	902.4
Carrying amount at 31 December	40.8	126.0	213.5	192.2	135.4	707.9
Carrying amount of capitalized interest at 31 December	0.0	0.0	0.0	10.2	0.3	10.5
Of which assets held under finance leases		120.2				120.2

The carrying amount of goodwill in 2014 was DKK 213.5 million against DKK 179.5 million in 2013.

The key part of goodwill has arisen in connection with the acquisition of KMD Informatik A/S (previously Rambøll Informatik A/S) in 2011 and relates to the business area Citizen Centered Software Solutions.

The carrying amount of intangible assets excluding goodwill was DKK 494.4 million in 2014 against 630.1 million in 2013 and relates primarily to software development.

Capitalized interest in 2014 was DKK 10.5 million against DKK 8.4 million in 2013.

IMPAIRMENT TEST FOR GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amount of goodwill and other intangible assets 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 KMD'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 2014 and 2013 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, which is why 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 2014 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 393.2 million has been made in 2014 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 2014 are DKK 104 million against DKK 117 million in 2013.

GOODWILL

At 31 December 2014 management performed an impairment test on the carrying amount of goodwill.

Goodwill in KMD relates to the following cash-generating units:

DKK million	2014	2013
Local Government Citizen Services	145.3	143.8
Central Government	53.6	21.1
Private & Infrastructure	14.6	14.6
Total	213.5	179.5

The impairment test was carried out in the fourth quarter of the 2014 financial year on the basis of the budgets and business plans approved by the Executive Board and Board of Directors and other information. The discount rate of 9.8% applied, is calculated before tax.

The tests carried out in 2014 and 2013 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

2013

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures, operating equipment and vehicles	Total
Cost at 1 January	143.9	47.6	627.2	149.6	968.3
Acquisitions			0.0	2.0	2.0
Additions during the year		3.5	88.5	1.9	93.9
Disposals during the year	-0.7		-196.9	-0.3	-197.9
Cost at 31 December	143.2	51.1	518.8	153.2	866.3
Depreciation at 1 January	48.8	7.5	437.8	135.5	629.6
Acquisitions				1.6	1.6
Depreciation for the year	8.0	3.9	79.4	7.7	99.0
Depreciation eliminated on disposals	-0.2		-159.4	-0.3	-159.9
Depreciation at 31 December	56.6	11.4	357.8	144.5	570.3
Carrying amount at 31 December	86.6	39.7	161.0	8.7	296.0

2014

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures, operating equipment and vehicles	Total
Cost at 1 January	143.2	51.1	518.8	153.2	866.3
Acquisitions		3.6	0.0	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	143.2	57.7	563.8	169.0	933.7
Depreciation at 1 January	56.6	11.4	357.8	144.5	570.3
Acquisitions		3.3		11.0	14.3
Depreciation for the year	8.1	3.9	73.0	5.0	90.0
Depreciation eliminated on disposals			-11.9	-2.4	-14.3
Depreciation at 31 December	64.7	18.6	418.9	158.1	660.3
Carrying amount at 31 December	78.5	39.1	144.9	10.9	273.4
Of which assets held under finance leases			24.1		24.1

NOTE 10_DEPOSITS

DKK million	2014	2013
Cost at 1 January	44.7	43.8
Additions during the year	2.6	1.0
Disposals during the year	-1.5	-0.1
Cost at 31 December	45.8	44.7
Carrying amount at 31 December	45.8	44.7

NOTE 11_INVENTORIES

DKK million	2014	2013
Hardware and software for resale	3.0	3.6
Raw materials and consumables	4.3	2.9
Carrying amount at 31 December	7.3	6.5

Cost of goods sold charged to the income statement under other external expenses was DKK 616 million in 2014 against DKK 455 million in 2013.

Write-downs on inventories for the year were DKK 0.4 million in 2014 against DKK 2.2 million in 2013,

No write-downs were reversed in 2014 or 2013.

Inventories expected to be sold after more than one year were DKK 0 million at 31 December 2014 against DKK 0 million in 2013.

NOTE 12_CONTRACT WORK IN PROGRESS

DKK million	2014	2013
Work in progress 31 of December at selling price	379.9	302.3
Work in progress invoiced on account	-337.9	-246.9
Work in progress, net	42.0	55.4
Recognized as follows:		
Work in progress (assets)	42.0	55.4
Work in progress (liabilities)	0.0	0.0
Revenue recognized via work in progress	379.9	239.7

Write-downs on work in progress were DKK 0 million in 2014 against DKK 14 million in 2013.

NOTE 13_PREPAYMENTS

DKK million	2014	2013
Prepaid salaries	3.8	36.4
Other prepayments	30.1	49.4
Carrying amount at 31 December	33.9	85.8

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

NOTE 14_SHARE CAPITAL

DKK million	2014	2013
The Parent Company's capital is made up as follows:		
One share class with 240,000 A shares of DKK 1,000	240.0	240.0
Total	240.0	240.0

The share capital has been unchanged at DKK 240.0 million for the last five financial years.

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

NOTE 15_TAX ON PROFIT FOR THE YEAR

DKK million	2014	2013
Current tax	80.2	47.0
Change in deferred tax	-31.6	-40.8
Prior-year adjustment	0.4	-0.2
Total	49.0	6.0
Made up as follows:		
Tax on profit for the year	48.9	6.4
Tax relating to other comprehensive income	0.1	-0.2
Total	49.0	6.2
Reconciliation of effective tax rate for the year		
Corporation tax rate in Denmark (%)	24.5	25.0
Other non-taxable income and non-deductible expenses	2.8	3.5
Adjustment of depreciation and amortization base as a result of tax correction	0.0	-3.4
Increased depreciation and amortization for tax purposes	0.0	-6.2
Adjustment to deferred tax as a result of change in tax rates	2.3	-10.1
Prior-year adjustment	-0.3	0.0
Effective tax rate for the year (%)	29.3	8.8

DEVELOPMENT IN DEFERRED TAX CAN BE SPECIFIED AS FOLLOWS:

DKK million	2014	2013
Balance at 1 January	58.2	91.4
Adjustment of deferred tax, 1 January	-6.6	-1.8
Adjustment of deferred tax in connection with acquisitions	-0.6	6.1
Adjustment of tax assets	-3.1	3.3
Adjustment for the year	-31.6	-40.8
Balance at 31 December	16.3	58.2
Deferred tax is made up as follows:		
Intangible assets	107.1	140.1
Property, plant and equipment	-51.6	-51.1
Other liabilities	-14.7	-11.2
Non-current portion	40.8	77.8
Current assets	3.6	2.6
Other liabilities	-28.1	-22.2
Current portion	-24.5	-19.6
Carrying amount at 31 December	16.3	58.2
Deferred tax assets not recognized in the balance sheet		
Temporary differences	-4.6	0.0
Tax loss	15.7	0.0
Carrying amount at 31 December	11.1	0.0

NOTE 16_PROVISIONS

DKK million	2014	2013
Provisions at 1 January	106.0	136.5
Additions during the year	45.5	89.1
Used during the year	-63.9	-119.6
Reversed during the year	0.0	0.0
Carrying amount at 31 December	87.6	106.0

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

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

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

NOTE 17_OTHER CURRENT PAYABLES

DKK million	2014	2013
Holiday pay obligations	281.1	320.9
Other staff-related items	223.2	298.1
VAT, A tax (PAYE), social security contributions and ATP supplementary pension	68.4	52.5
Other payables	0.1	0.0
Balance at 31 December	572.8	671.5

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	2014	2013
Trade receivables	786.3	712.0
Write-downs	-0.2	-0.4
Trade receivables, net	786.1	711.6
Receivables from Group enterprises	0.0	0.0
Total	786.1	711.6
Receivables past due that have been impaired	0.2	0.4
Receivables past due that have not been impaired can be specified as follows:		
Receivables past due, less than 6 months	42.4	42.8
Receivables past due, between 6 and 12 months	2.1	4.2
Receivables past due, more than 12 months	11.5	2.3
Total	56.2	50.9

NON-CURRENT RECEIVABLES

DKK million	2014	2013
Receivables due after 12 months	0.4	2.4

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).

2013

DKK million	< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs	No agreed settlement	Total	Carrying amount	Fair value
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap	0.5	0.5				1.0	0.6	0.6
Measured at amortized cost:								
Borrowings	13.4	32.5	38.9	101.9		186.7	147.0	147.0
Prepayments from customers	62.3					62.3	62.3	62.3
Payables to Group enterprises					29.2	29.2	29.2	29.2
Trade payables	474.3					474.3	474.3	474.3
Other current liabilities	671.5					671.5	671.5	671.5
Financial liabilities	1,222.0	33.0	38.9	101.9	29.2	1,425.0	1,384.9	1,384.9
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap						0.0	0.0	0.0
Loans and receivables:								
Deposits					44.7	44.7	44.7	44.7
Trade receivables	709.2	2.4				711.6	711.6	711.6
Contract work in progress	55.4					55.4	55.4	55.4
Other receivables – current	23.0					23.0	23.0	23.0
Securities	0.0			1.0		1.0	1.0	1.0
Cash and cash equivalents	361.8					361.8	361.8	361.8
Financial assets	1,149.4	2.4	0.0	1.0	44.7	1,197.5	1,197.5	1,197.5
Net cash outflow	72.6	30.6	38.9	100.9	-15.5	227.5	187.4	187.4

Unutilized credits were DKK 250 million.

2014

DKK million	< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs	No agreed settlement	Total	Carrying amount	Fair value
Measured at fair value via the income statement and hedging instruments:								
Interest rate swap	0.2	0.8				1.0	0.7	0.7
Measured at amortized cost:								
Borrowings	38.3	80.3	141.7	47.6		307.9	285.3	285.3
Prepayments from customers	32.3					32.3	32.3	32.3
Payables to Group enterprises							0.0	0.0
Trade payables	380.0					380.0	380.0	380.0
Other current liabilities	572.8					572.8	572.8	572.8
Financial liabilities	1,023.6	81.1	141.7	47.6	0.0	1,294.0	1,271.1	1,271.1
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	785.7	0.4				786.1	786.1	786.1
Receivables from associates					322.5	322.5	322.5	322.5
Contract work in progress	42.0					42.0	42.0	42.0
Other receivables – current	25.4					25.4	25.4	25.4
Securities	0.1	0.1	0.1	0.5		0.8	0.7	0.7
Cash and cash equivalents	121.7					121.7	121.7	121.7
Financial assets	974.9	0.5	0.1	0.5	368.3	1,344.3	1,344.2	1,344.2
Net cash outflow	48.7	80.6	141.6	47.1	-368.3	-50.3	-73.1	-73.1

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 solely estimated to have an earnings impact before tax of DKK -1.1 million and to impact equity by DKK -0.9 million. The corresponding figures for 2013 were DKK -0.5 million and DKK -0.3 million respectively.

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, 99.7% of the Group's revenue in 2014 was earned in DKK, on a par with 2013.

The Group's foreign enterprises are as such not significantly affected by currency fluctuations, as both income and expenses are 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 2014 the maximum gearing was not permitted to exceed 6.15. At 31 December 2014 it was 3.96.

NOTE 19_ADJUSTMENT OF NON-CASH ITEMS

DKK million	2014	2013
Gain on disposal of non-current assets	0.0	-5.3
Other adjustments	0.5	-0.6
Total adjustments	0.5	-5.9

NOTE 20_CHANGES IN WORKING CAPITAL

DKK million	2014	2014
Change in inventories	-0.8	2.8
Change in receivables	-64.3	236.5
Change in contract work in progress	13.4	8.1
Change in trade payables	-94.3	-46.1
Change in other items, net	-117.3	93.7
Total change in working capital	-265.4	295.0

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 preliminary allocation recognized in 2014.

2014

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	0.3
Goodwill	22.5	10.0	1.5	32.5
Net cash flow arising from acquisition	19.5	14.8	0.0	32.8
Cash and cash equivalents in acquired subsidiary	4.2	1.4	0.0	5.6
Acquisition cost	23.7	16.2	0.0	38.4

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 the development of 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 digital reporting and self-service solutions. The company's expertise covers 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.

2013

KMD acquired all the shares in Medialogic A/S and Axapoint ApS in 2013.

At the end of 2013 KMD carried out a preliminary assessment of allocation of the purchase price to the

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

There has not been any activity in 2014. The company was merged with KMD A/S with retroactive effect from 2014.

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

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

assets and liabilities acquired in connection with the acquisition of Medialogic A/S and Axapoint APS. The figures for assets and liabilities on the acquisition dates below represent the final allocation recognized in 2013.

FAIR VALUE AT ACQUISITION DATE

2013

DKK million	Medialogic A/S	Axapoint ApS	Total
Property, plant and equipment	15.6	11.8	27.4
Inventories and receivables	7.4	3.2	10.6
Deferred liabilities, net	-3.3	-2.7	-6.0
Non-current payables	0.0	0.0	0.0
Current payables	-17.6	-1.5	-19.1
Corporation tax payable, net	-1.3	-0.5	-1.8
Acquired net assets	0.8	10.3	11.1
Goodwill	28.2	12.7	40.9
Net cash flow arising from acquisition	29.0	23.0	52.0
Cash and cash equivalents in acquired subsidiaries	14.3	0.6	14.9
Acquisition cost	43.3	23.6	66.9

MEDIALOGIC A/S

The activities in Medialogic A/S were acquired on 14 August 2013 and recognized in the financial statements from this date. Medialogic A/S primarily develops software for the labor market.

If the enterprise had been owned for the entire reporting period, recognized revenue and net profit would have been DKK 49.0 million and DKK 5.4 million respectively.

Revenue relating to Medialogic A/S has been recognized in the income statement and statement of comprehensive income since the acquisition, and amounted to DKK 20.6 million in 2013.

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

The company was merged with KMD A/S in 2014.

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

AXAPOINT APS

Axapoint ApS was acquired at the end of December 2013 and recognized from 31 December 2013. There

was as such no earnings impact from this acquisition in 2013. Axapoint ApS primarily delivers architectural frameworks for Danish local-government payment systems.

If the enterprise had been owned for the entire reporting period, recognized EBITDA and net profit would have been DKK 2.7 million and DKK 1.5 million respectively.

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

Transaction costs of DKK 0.1 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	2014	2013
Rental commitments due within 1 year	108.3	107.4
Rental commitments due within 2 to 5 years	399.7	407.6
Rental commitments due after 5 years	425.4	652.4
Total	933.4	1,167.4

Lease commitments relate primarily to the Group's owner-occupied properties where contracts have been entered into that are non-cancelable until 1 January 2024.

LEASE COMMITMENTS

DKK million	2014	2013
Lease commitments due within 1 year	192.9	227.7
Lease commitments due within 2 to 5 years	124.2	443.2
Lease commitments due after 5 years	76.6	212.5
Total	393.7	883.4

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

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 two loan facilities and a revolving credit facility.

On 31 December 2014 the nominal debt in relation to the loan agreement was DKK 4,118 million.

The shares in KMD A/S and its subsidiaries have been pledged as security for the senior loan agreement.

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

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

The tax for the individual companies is fully allocated on the basis of the expected taxable income.

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	Shareholder in AI Keyemde ApS	3.85%
AI Keyemde B2 K/S	Ballerup	Shareholder in AI Keyemde ApS	0.24%
AI Keyemde C K/S	Ballerup	Shareholder in AI Keyemde ApS	0.02%
AI Keyemde ApS	Ballerup	Shareholder in AI Keyemde 2 ApS	100.0%
AI Keyemde 2 ApS	Ballerup	Shareholder in AI Keyemde 3 ApS	100.0%
AI Keyemde 3 ApS	Ballerup	Shareholder in KMD Holding A/S	100.0%
KMD Holding A/S	Ballerup	Shareholder in KMD A/S	100.0%
KMD Sverige AB	Stockholm	Subsidiary of KMD A/S	100.0%
KMD BPO A/S	Ballerup	Subsidiary of KMD A/S	100.0%
Axapoint ApS	Skanderborg	Subsidiary of KMD A/S	100.0%
ScanJour A/S	Ballerup	Subsidiary of KMD A/S	100.0%
Cenza ApS	Ballerup	Subsidiary of KMD A/S	100.0%
Capevo	Ballerup	Subsidiary of KMD A/S	100.0%
KMD Poland sp. z o.o.	Warsaw	Subsidiary of KMD A/S	100.0%

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 is available 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, 1222 Luxembourg, Grand Duchy of Luxembourg.

KMD A/S is 100% owned by KMD Holding A/S. KMD A/S is included in the consolidated financial statements of AI Keyemde ApS. A copy of the consolidated financial statements is available by contacting the Group Secretariat, Lautrupparken 40, 2750 Ballerup, Denmark.

RELATED PARTY TRANSACTIONS

The Company'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

The Company acquired the shares in Avaleo A/S after the balance sheet date.

No other events have occurred since the balance sheet date that have a material impact on the Company's financial position at 31 December 2014.

EXPLANATION OF FINANCIAL RATIOS

The financial ratios have been prepared in accordance with *Recommendations and Key Ratios 2010*, 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)	$\frac{\text{Operating profit}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Earnings before interest, tax, depreciation and amortization (EBITDA)}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Return on equity (ROE)	$\frac{\text{Net profit for the year}}{\text{Average equity}}$
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		2014	2013
2	Revenue	4,659.5	4,500.0
	Other external costs	2,057.7	1,882.7
3	Staff costs	1,921.5	2,199.7
	Other operating income	9.8	16.7
	Earnings before tax, interest, depreciation and amortization (EBITDA)	690.2	434.3
7, 8	Depreciation and amortization	568.5	371.1
	Operating profit (EBIT)	121.7	63.2
	Income from equity investments in Group enterprises	0.0	1.6
4	Financial income	15.9	7.9
5	Financial expenses	13.0	13.7
	Earnings before tax (EBT)	124.6	59.0
6	Tax on profit for the year	42.8	5.9
	Net profit for the year	81.8	53.1
	Allocated as follows:		
	Dividend	0.0	0.0
	Retained earnings	81.8	53.1

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

ASSETS

DKK million

Note		2014	2013
NON-CURRENT ASSETS			
	Customer relationships	28.4	32.9
	Rights	126.0	7.2
	Goodwill	131.0	113.9
	Completed development projects	105.1	387.9
	Development projects in progress	192.2	181.9
7	Intangible assets	582.7	723.8
	Land and buildings	78.5	86.6
	Leasehold improvements	38.8	39.7
	Plant and machinery	144.9	160.8
	Fixtures, operating equipment and vehicles	10.0	8.3
8	Property, plant and equipment	272.2	295.4
9	Equity investments in subsidiaries	84.4	90.8
	Deposits	44.5	44.6
	Other non-current assets	128.9	135.4
	Total non-current assets	983.8	1,154.6
CURRENT ASSETS			
	Inventories	7.3	6.5
10	Trade receivables	733.3	676.3
	Receivables from Group enterprises	352.2	8.1
11	Contract work in progress	44.5	56.8
	Other receivables	25.4	22.6
	Corporation tax receivable	13.3	49.0
12	Prepayments	30.9	82.6
	Securities	0.7	0.7
	Cash	94.8	313.1
	Total current assets	1,301.7	1,215.0
	Total assets	2,285.5	2,369.6

PARENT COMPANY BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES

DKK million

Note		2014	2013
EQUITY			
13	Share capital	240.0	240.0
	Hedging reserve	-0.5	-0.5
	Retained earnings	548.7	465.1
	Proposed dividend	0.0	0.0
	Total equity	788.2	704.6
LIABILITIES			
6	Provision for deferred tax	14.7	52.6
14	Provisions	9.5	9.2
	Other payables	26.8	35.8
	Credit institutions	250.7	140.4
15	Non-current liabilities	301.7	238.0
	Credit institutions	34.6	6.6
	Prepayments from customers	32.3	62.3
	Trade payables	373.3	469.6
	Payables to Group enterprises	19.5	34.2
16	Other payables	534.7	637.4
	Derivative financial instruments	0.7	0.6
	Corporation tax payable	0.0	0.0
14	Provisions	76.2	95.7
	Deferred income	124.3	120.6
	Current liabilities	1,195.6	1,427.0
	Total liabilities	1,497.3	1,665.0
	Total equity and liabilities	2,285.5	2,369.6

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 31 December 2013	240.0	-0.5	465.1	0.0	704.6
Additions relating to merger			1.8		1.8
Value adjustment of hedging transactions before tax		0.0			0.0
Tax effect of hedging transactions		0.0			0.0
Provision for interim dividend					0.0
Interim dividend paid					0.0
Net profit for the year			81.8		81.8
Proposed dividend to shareholders					0.0
Equity at 31 December 2014	240.0	-0.5	548.7	0.0	788.2

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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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 large companies in accounting class C.

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_REVENUE

KMD A/S operates within the IT and IT-related services segment in the Danish market.

NOTE 03_STAFF COSTS

DKK million	2014	2013
Wages, salaries and remuneration	1,747.2	2,020.9
Pensions	167.6	171.3
Other social security costs	6.7	7.5
Total	1,921.5	2,199.7
Board of Directors Remuneration	0.2	0.2
Total	0.2	0.2
Executive Board Salaries, etc.	35.5	10.5
Pensions	1.0	0.2
Total	36.5	10.7
Average number of employees	2,733	2,654

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

Remuneration to the Executive Board includes salaries, etc. of DKK 22.4 million in connection with termination.

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 4.11% of the share capital in AI Keyemde ApS. See Note 6 to the consolidated financial statements for further information.

NOTE 04_FINANCIAL INCOME

DKK million	2014	2013
Interest income	9.0	7.8
Interest income, Group enterprises	6.9	0.1
Carrying amount at 31 December	15.9	7.9

NOTE 05_FINANCIAL EXPENSES

DKK million	2014	2013
Interest expenses	12.6	10.4
Interest expenses, Group enterprises	0.4	3.3
Total	13.0	13.7

NOTE 06_TAX ON PROFIT FOR THE YEAR

DKK million	2014	2013
Current tax	76.7	43.1
Change in deferred tax	-37.4	-37.4
Total	42.4	5.7
Prior-year adjustments	0.4	0.0
Total	42.8	5.7
Made up as follows:		
Tax on profit for the year	42.8	5.9
Tax on changes in equity	0.0	-0.2
Total	42.8	5.7

Development in deferred tax can be specified as follows:

DKK million	2014	2013
Balance at 1 January	52.6	91.4
Adjustment of deferred tax, 1 January	-6.4	-1.4
Additions relating to merger	2.8	0.0
Provisions for the year	-34.3	-37.4
Balance at 31 December	14.7	52.6
Deferred tax is made up as follows:		
Intangible assets	105.5	134.4
Property, plant and equipment	-51.6	-51.0
Other liabilities	-14.7	-11.2
Non-current portion	39.2	72.2
Current assets	3.6	2.6
Other liabilities	-28.1	-22.2
Current portion	-24.5	-19.6
Balance at 31 December	14.7	52.6

NOTE 07_INTANGIBLE ASSETS

2014

DKK million	Customer relationships	Rights	Goodwill	Development projects in progress	Completed development projects	Total
Cost at 1 January	58.5	45.6	154.3	181.9	658.8	1,099.1
Additions relating to merger	8.1		29.7		38.2	76.0
Additions during the year		126.8		146.0	21.1	293.9
Transfers				-19.8	19.8	0.0
Disposals during the year						0.0
Cost at 31 December	66.6	172.4	184.0	308.1	737.9	1,469.0
Amortization and impairment losses at 1 January	25.6	38.4	40.4	0.0	270.9	375.3
Additions relating to merger	0.5				31.6	32.1
Impairment losses				115.9	283.1	399.0
Amortization for the year	12.1	8.0	12.6		47.2	79.9
Amortization and impairment losses at 31 December	38.2	46.4	53.0	115.9	632.8	886.3
Carrying amount at 31 December	28.4	126.0	131.0	192.2	105.1	582.7
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		120.2				120.2

NOTE 08_PROPERTY, PLANT AND EQUIPMENT

2014

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Fixtures, operating equipment and vehicles	Total
Cost at 1 January	143.1	51.1	518.8	150.6	863.6
Additions relating to merger				1.9	1.9
Additions during the year		3.0	57.0	6.7	66.7
Disposals during the year			-11.9	-2.7	-14.6
Cost at 31 December	143.1	54.1	563.9	156.5	917.6
Depreciation at 1 January	56.5	11.4	358.0	142.3	568.2
Additions relating to merger				1.7	1.7
Depreciation for the year	8.1	3.9	72.9	4.7	89.6
Depreciation eliminated on disposals			-11.9	-2.2	-14.1
Depreciation at 31 December	64.6	15.3	419.0	146.5	645.4
Carrying amount at 31 December	78.5	38.8	144.9	10.0	272.2
Of which assets held under finance leases			24.1		24.1

NOTE 09_EQUITY INVESTMENTS IN GROUP ENTERPRISES

DKK million	2014	2013
Cost at 1 January	94.6	23.2
Additions	39.9	77.9
Disposals	-50.1	-6.5
Cost at 31 December	84.4	94.6
Accumulated impairment losses at 1 January	-3.8	0.0
Impairment losses for the year	0.0	-3.8
Disposals	3.8	0.0
Accumulated impairment losses at 31 December	0.0	-3.8
Carrying amount at 31 December	84.4	90.8

Group enterprises 2014	Domicile	Currency	Ownership interest
KMD BPO A/S	Ballerup	DKK	100%
KMD Sverige AB	Stockholm	SEK	100%
Axapoint ApS	Skanderborg	DKK	100%
ScanJour A/S	Ballerup	DKK	100%
Cenza ApS	Ballerup	DKK	100%
Capevo	Ballerup	DKK	100%
KMD Poland sp. z o.o.	Warsaw	PLN	100%

NOTE 10_NON-CURRENT RECEIVABLES

DKK million	2014	2013
Receivables over 1 year	0.2	2.4

NOTE 11_CONTRACT WORK IN PROGRESS

DKK million	2014	2013
Selling price of work performed	382.4	294.3
Payments received on account	-337.9	-237.5
Carrying amount at 31 December	44.5	56.8

NOTE 12_PREPAYMENTS

DKK million	2014	2013
Prepaid salaries	2.7	34.2
Other prepayments	28.2	48.4
Carrying amount at 31 December	30.9	82.6

NOTE 13_SHARE CAPITAL

DKK million	2014	2013
The Parent Company's capital is made up as follows:		
1 share class of A shares of DKK 1,000	240	240
Total	240	240

The share capital has been unchanged at DKK 240.0 million for the last five financial years.

NOTE 14_PROVISIONS

DKK million	2014	2013
Provisions at 1 January	104.9	136.5
Additions during the year	44.1	88.0
Used during the year	-63.3	-119.6
Reversed during the year	0.0	0.0
Carrying amount at 31 December	85.7	104.9

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

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

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

NOTE 15_ NON-CURRENT LIABILITIES

DKK million	2014	2013
Non-current payables due more than 5 years after the balance sheet date	138.7	93.1
Carrying amount at 31 December	138.7	93.1

NOTE 16_OTHER PAYABLES

DKK million	2014	2013
Holiday pay obligations	259.4	300.9
Other staff-related items	214.5	291.0
VAT, A tax (PAYE), social security contributions and ATP supplementary pension	60.8	45.5
Carrying amount at 31 December	534.7	637.4

NOTE 17_CONTINGENT ASSETS AND LIABILITIES

The Company 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	2014	2013
Rental commitments due within 1 year	106.4	105.5
Rental commitments due within 2 to 5 years	396.3	401.9
Rental commitments due after 5 years	425.4	652.4
Total	928.1	1,159.8

Rental commitments relate primarily to the Group's owner-occupied properties where contracts have been entered into that are non-cancelable until 1 January 2024.

Expenses recognized in the income statement relating to the above operating leases amount to DKK 106 million (2013: DKK 108 million).

LEASE COMMITMENTS

DKK million	2014	2013
Lease commitments due within 1 year	192.9	227.7
Lease commitments due within 2 to 5 years	124.2	443.2
Lease commitments due after 5 years	76.6	212.5
Total	393.7	883.4

Lease commitments mainly comprise lease commitments concerning third-party software/maintenance subscriptions. Expenses recognized in the income statement relating to the above operating leases amount to DKK 193 million (2013: DKK 228 million).

OTHER LIABILITIES AND CONTINGENT LIABILITIES

The Company 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 2014 the nominal debt in relation to the loan agreement was DKK 4,118 million. The shares in KMD A/S and its subsidiaries have been pledged as security for the senior loan agreement.

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

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

NOTE 18_RELATED PARTIES

The Company has had the following transactions with related parties:

DKK million	2014	2013
Trading and balances with related parties comprise:		
Sale of goods and services, Group enterprises	41.5	43.7
Purchase of goods and services, Group enterprises	54.9	21.2
Interest income from Group enterprises	6.9	0.1
Interest expenses to Group enterprises	0.4	3.3
Receivables from Group enterprises	352.2	8.1
Payables to Group enterprises	19.5	34.2

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

NOTE 19_EVENTS AFTER THE BALANCE SHEET DATE

The shares in Avaleo A/S were acquired after the balance sheet date.

No events have occurred since the balance sheet date that have a material impact on the Company's financial position at 31 December 2014.

STATEMENTS

STATEMENT BY THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

The Board of Directors and the Executive Board have today discussed and approved the annual report for the financial year 1 January – 31 December 2014 for KMD A/S.

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 2014

and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2014.

In our opinion the Parent Company financial statements provide a fair presentation of the Company's assets, liabilities and financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 January – 31 December 2014.

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, 4 March 2015

EXECUTIVE BOARD



Eva Berneke
CEO



Jannich Kiholm Lund
CFO

BOARD OF DIRECTORS



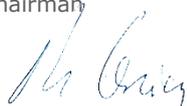
Léo Apotheker
Chairman



John Woyton



Fred Wakeman



Michael Christiansen



Bret Bolin



Eva Berneke



Jannich Kiholm Lund



Else Bergman



Kim Skovgaard



Thomas Bisballe Jensen

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KMD A/S

STATEMENT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and Parent Company Financial Statements of KMD A/S for the financial year 1 January to 31 December 2014, 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 are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are 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 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 as to 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 2014 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and 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 2014 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Statements Act and Danish disclosure requirements.

Copenhagen, 4 March 2015

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab



Fin T. Nielsen
State Authorized Public Accountant

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.



Leif Ulbæk Jensen
State Authorized Public Accountant

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