Annual Report 2017

PEOPLE HELPING PEOPLE

Falck

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We save and improve lives

This promise has made Falck a global leader in ambulance services and a Nordic leader in employee healthcare and roadside assistance. With more than 100 years of experience, our Group works together with local and national authorities to prevent accidents, illness and emergency situations, to rescue and assist people in emergencies quickly and competently and to rehabilitate people after illness and injury.

Falck operates in 35 countries and has more than 37,300 employees.

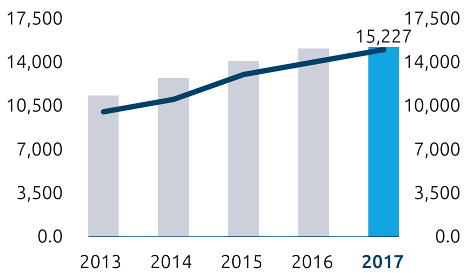
The Falck Safety Services segment is presented as assets classified as held for sale and as discontinued operations in the annual report. The consolidated income statement and consolidated statement of cash flow will thus only comprise the continuing operations. Please refer to page 9.

Financial highlights

Financial KPIs

Revenue and OPEX

DKK million DKK milion



- Revenue
- OPEX

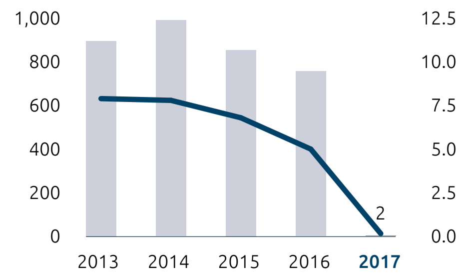
15,227
Revenue in 2017, DKK million

96.7%
OPEX in pct. of revenue in 2017

- Revenue was DKK 15,227 million - 0.8% higher than the previous year.
- Operating expenses (OPEX) increased by 5.5% to DKK 14,722 million.
- OPEX was negatively impacted by write-downs of trade receivables related to the United States Ambulance business by DKK 282 million. OPEX related to staff costs increased by 1.2%.

EBITA and EBITA margin

DKK million %



- EBITA
- EBITA margin

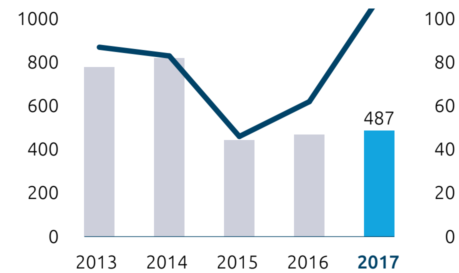
2
EBITA in 2017, DKK million

0%
EBITA margin in 2017

- Operating profit (EBITA) decreased by DKK 756 million to DKK 2 million.
- EBITA was significantly impacted by write downs related to the United States Ambulance business and to a customer management system in the Assistance business.
- EBITA margin ended at 0.0% (5.0%).

Free cash flow and cash conversion rate

DKK million %



- Free cash flow
- Conversion rate

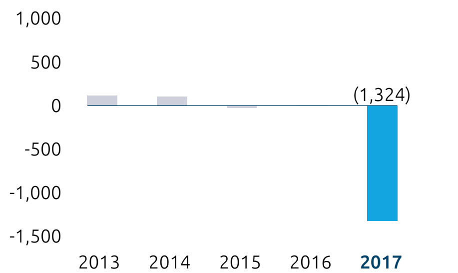
487
Free cash flow in 2017, DKK million

+100%
Cash conversion rate in 2017

- Free cash flow increased by DKK 18 million to DKK 487 million.

Economic profit

DKK million



- Economic profit

(1,324)
Economic profit in 2017, DKK million

Economic profit is the value created in excess of the expected return to the shareholders.

- Economic profit was negative by DKK 1,324 million.
- The negative economic profit is attributable to an unsatisfactory EBITA of DKK 2 million.
- The required rate of return is 8%.

Excluding Safety Services

Financial highlights

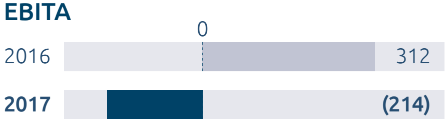
Ambulance

Ambulance operates more than 2,500 ambulances, patient transport vehicles and medical emergency response units, and our employees help ill and injured people all around the world.

8,086
Revenue, DKK million

(2.6%)
EBITA margin

EBITA



Key figures 2017

Revenue	8,086m
Operating expenses	(8,049m)
Free cash flow	290m
Number of employees	25,119
Economic profit	(1,352m)

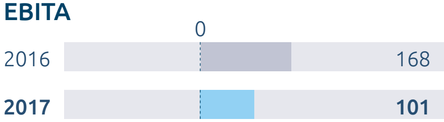
Healthcare

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

2,801
Revenue, DKK million

3.6%
EBITA margin

EBITA



Key figures 2017

Revenue	2,801m
Operating expenses	(2,658m)
Free cash flow	30m
Number of employees	3,333
Economic profit	(45m)

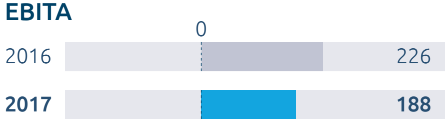
Assistance

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

3,043
Revenue, DKK million

6.2%
EBITA margin

EBITA



Key figures 2017

Revenue	3,043m
Operating expenses	(2,744m)
Free cash flow	256m
Number of employees	5,730
Economic profit	162m

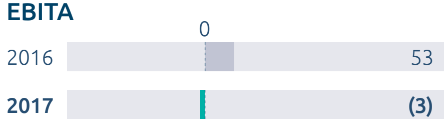
Portfolio Businesses

Portfolio Businesses consist of three service areas: Global Assistance, Industrial Firefighting and Safety Services. Industrial Firefighting is the world's largest international fire services provider, and Global Assistance aids travellers around the world with fast and competent assistance when accidents happen.

1,611
Revenue, DKK million

(0.2%)
EBITA margin

EBITA



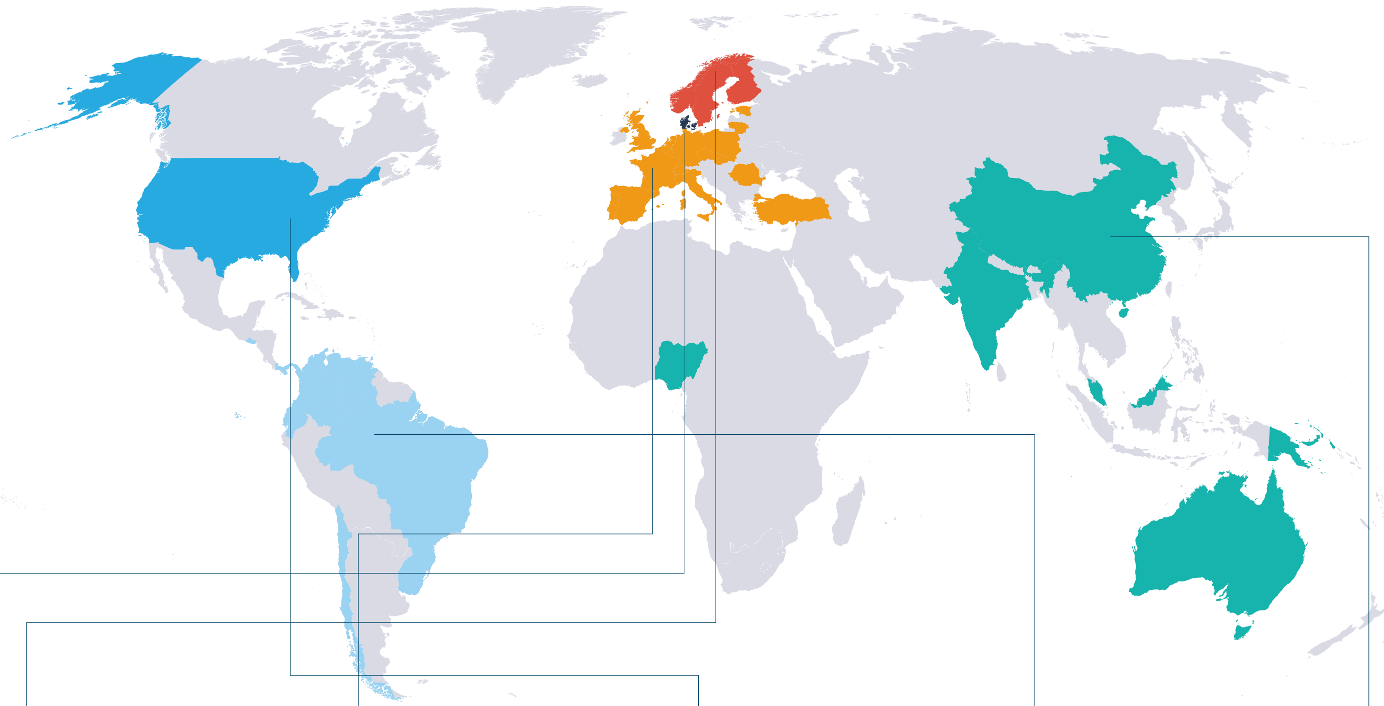
Key figures 2017

Revenue	1,611m
Operating expenses	(1,573m)
Free cash flow	(72m)
Number of employees	3,084
Economic profit	(40m)

Excluding Safety Services

Global footprint

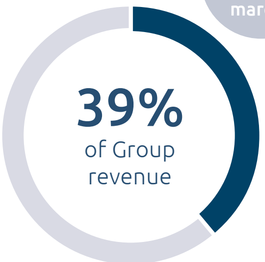
Falck has its origin in Denmark but today the Group's continuing operations have a global footprint with activities in 35 countries.



Denmark

Revenue **5,852m**
EBITA **113m**
Employees **11,353**

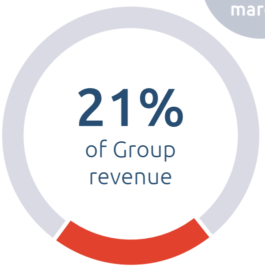
2% EBITA margin



Nordic Region

Revenue **3,159m**
EBITA **61m**
Employees **4,083**

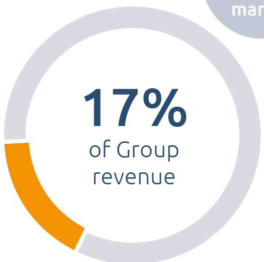
2% EBITA margin



Europe

Revenue **2,671m**
EBITA **50m**
Employees **11,346**

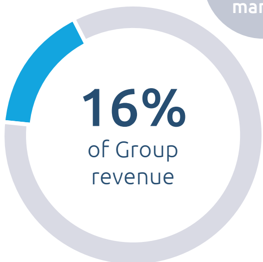
2% EBITA margin



North America

Revenue **2,398m**
EBITA **(303m)**
Employees **4,645**

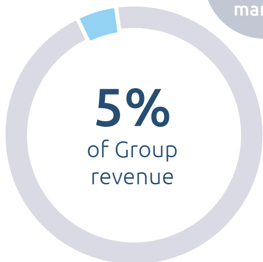
(13%) EBITA margin



Latin America

Revenue **851m**
EBITA **119m**
Employees **5,383**

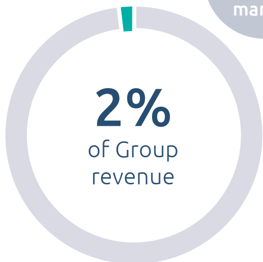
14% EBITA margin



Rest of the World

Revenue **296m**
EBITA **(38m)**
Employees **547**

(13%) EBITA margin



2017 marked a challenging year and a new beginning for Falck

Our 2017 annual report reflects the paradox which we at Falck find ourselves in. On the one hand, we save and improve lives by offering premium ambulance, healthcare and assistance services. On the other hand, we find ourselves in a deeply challenging situation after several years of growing revenue through acquisitions that in total have increased debt, deteriorated margins and thereby significantly destroyed value for our owners.

Year-round, more than 2,500 Falck ambulances and fireengines respond to emergency situations across the globe. In the Nordics, we provide healthcare programs making it easy for more than 3 million employees to stay healthy. More than 1 million Scandinavians rely on us when their car breaks down and they need roadside assistance.

Our services are premium. We do our utmost to deliver the service that our customers can expect from a market leader. We are proud of that and we are committed to continue doing so.

Despite being a leader in our industry, the financial performance has worsened over recent years. 2017 marks a low for our financial performance with an EBITA of DKK 2 million and impairment of goodwill of DKK 2,825 million. This is clearly unsatisfactory for a business like Falck.

2017 also marked a new beginning for Falck. In the future we will develop our business differently. In the past, we have grown through acquisitions and operated our businesses de-centrally with no shared operating model. Consequently, we operate our business with immense complexity that adds significant costs without creating value for our customers.

A strategy review conducted during the year outlined the need to establish a new Falck operating model. Going forward, we will focus on building global leadership through service excellence that enhances our competitive edge and leadership across markets. In addition, this will improve and sustain profitability.

The strategy review was headed by the new President and CEO Jakob Riis and accomplished by a broad group of dedicated Falck business leaders, strategists and business developers. The new strategy was approved by the Board of Directors in November.

The Board of Directors believes that the new strategic direction for Falck is the right course of action. The owners of Falck have confidence in the new strategy and in Falck's new executive committee, which - alongside Jakob Riis - also includes new CFO Tor Magne Lønnum and EVP for Ambulance Jakob Bomholt.

Consequently, our owners have strengthened Falck's capital base by DKK 3 billion in 2017.

Falck's owners and Board of Directors believe that Falck has every opportunity to get back on track. The company has an international footprint together with strong plans to make a financial turnaround in 2018-19 and plans to improve its leadership by establishing an operating model that builds global excellence. Add to that a strong and motivated management team dedicated to building a new Falck as well as employees who persistently deliver our services to the highest standards.

This is a winning formula that will bring Falck back on track!

Peter Schütze
Chairman

Our priority is to restore profitability

Weak financial performance and goodwill impairments led to negative operating profit of DKK 3,179 million.

The numbers speak for themselves and tell the story about a business that has not created value for its owners. Though revenue has increased, margins have deteriorated and debt has built up.

To improve our financial performance, we have revised the strategy and reassessed our business. Consequently, we incurred impairments on goodwill of 2,825 million, which led to an unsatisfactory operating loss (EBIT) of DKK 3,179 million in 2017. To meet covenants, our capital base was strengthened by converting a shareholder loan into shareholder capital and through new shareholder loans that were mainly used for repaying syndicated loans in December 2017.

The strengthening of our capital base re-established a foundation from where we can build a new Falck.

Though Falck employees deliver excellent services to our customers, our financial performance is weak. After several years of margin decline, we ended 2017 with an EBITA of DKK 2 million. Our 2017 operating profit before other items (EBITA) was significantly impacted by write-downs of DKK 344 million on trade receivables in the United States and the carrying amount of a new customer management system in Assistance. Despite weak EBITA performance, our free cash flow was slightly above last year as our write-downs were non-cash items.

Leaving 2017, Falck has an underlying EBITA margin of approximately 2-3%, which is a continuation of recent years' decline in EBITA margin.

We need to reverse that trend. After several years of focus on revenue growth, our financial priority is now entirely on restoring profitability.

In 2017, we finalised a strategy review and initiated a turn-around process that will improve our run-rate by DKK 500 million by the end of 2018. It won't stop there. We are not short of opportunities that will increase our efficiency as an organisation and these will be on the agenda in the years to come creating a financially strong Falck that delivers its services with competitive edge in terms of price, quality and innovation.

Add to that a new strategic direction for Falck. Globalising our business was the right course of action, but we didn't get it quite right. We have grown through acquisitions that have not been integrated into a global operating model and therefore, have led to complexity and added unnecessary costs to our operation.

Now, we are building a global operating model. We have embarked on a journey that will focus Falck on our core business units and geographies, optimise our operations by implementing smarter ways of working and make our business stronger. Standardised processes and digitisation will play a significant role across service areas and back-office functions. Innovation, performance management and honing our brand will add to the strength of the future Falck.

As we get this right, we will unleash our potential to become the undisputed global leader in ambulance services and enhance our Nordic leadership in employee healthcare and roadside assistance.

Jakob Riis
President and CEO

Financial review

2017 was a year of weak financial performance. Revenues were flat and EBITA was unsatisfactory. We achieved a free cash flow on the same level as the previous year. Impairments on goodwill impacted the profit for the year negatively.

Income statement

In 2017, revenue amounted DKK 15,227 million (DKK 15,109 million in 2016), an increase of 0.8%.

More than half of our revenue derived from our core Ambulance services where revenue decreased by 2%. Our employee healthcare programs continued to grow revenues whereas revenue decreased in Assistance services following our close-down of unprofitable service lines. In Industrial Firefighting and Global Assistance revenues increased by 14.9% led by acquisition of new customer contracts in Global Assistance.

Financial results

DKK million	**2017**	2016	%
Revenue	15,227	15,109	0.8
Operating expenses	14,722	13,950	5.3
Operating profit before other items (EBITA)	2	758	(99.7)
Impairment of goodwill	(2,825)	-	(100)
Operating profit (EBIT)	(3,179)	258	n/a
Profit for the year from continuing operations	(3,567)	132	n/a
Profit for the year from discontinued operations	(115)	(98)	(17.4)
Total assets	14,295	18,161	(21.3)
Free cash flow	487	469	2.6
Net-interest bearing debt	5,524	6,118	(16.0)
Shareholder loan	2,008	944	n/a

Excluding Safety Services

Operating expenses (OPEX) increased by 5.5% to DKK 14,722 million (DKK 13,950 million in 2016). OPEX was negatively impacted by write downs on accounts receivables in our United States Ambulance business and on the carrying amount of our customer management system in Assistance by DKK 282 million and DKK 62 million, respectively. Staff costs added to OPEX by an 1.2% increase.

Operating profit before other items (EBITA) was DKK 2 million (DKK 758 million in 2016), a decrease of DKK 756 million. EBITA was negatively impacted by the development in operating expenses. EBITA margin ended at 0.0% (5.0% in 2016).

Operating profit (EBIT) was negative by DKK 3,179 million (DKK 258 million in 2016). EBIT was significantly impacted by impairments of goodwill of DKK 2,825 million.

Profit for the year from continuing operations was negative by DKK 3,567 million (DKK 132 million in 2016). Profit for the year including our discontinued operations in Safety Services was negative DKK 3,682 million (DKK 34 million in 2016).

Balance sheet

Total assets were DKK 14,295 at year end 2017 (DKK 18,161 million in 2016). Assets were significantly impacted by impairments of DKK 2,825 million on goodwill related to our Ambulance services. The impairment loss was primarily related to significant challenges in the United States and Germany as well as declining EBITA margins in several markets. Assets of DKK 1,099 million were classified as held for sale.

Cash flow and financing

Free cash flow amounted to DKK 487 million (DKK 469 million in 2016) with cash conversion being above 100% (61.8% in 2016). Our cash conversion rate was impacted by several one-offs and extraordinarily high as EBITA was significantly affected by our write-downs of trade receivables in our US Ambulance services and the carrying amount of our customer management system in Assistance which had no cash effect in 2017.

Cash flow from operating activities decreased by 25% to DKK 490 million (DKK 650 million in 2016) as operating profit deteriorated ending at DKK 2 million.

Financing

Net interest-bearing debt (NIBD) from our continuing business amounted to DKK 5,524 million (DKK 6,118 million) at year end 2017.

In May 2017, shareholder loans of DKK 983 million were converted into equity.

In December 2017, shareholder loans of DKK 2,000 million were secured from Falck's shareholders and syndicated loans of DKK 1,500 million were repaid.

Outlook for 2018 and 2019

Following several years of deteriorating financial performance, Falck has initiated a turn-around plan to restore profitability and to deliver an economic profit at DKK 0 or higher.

The plan aims at delivering annual cost savings of DKK 500 million with run-rate effect by 2019 and at installing an operating model that leverages Falck's global footprint. Over the coming years, the company's footprint will be focused on our core businesses and operations will be optimised, standardised and digitised.

For 2018-19, we expect profitability to restore as our DKK 500 million cost saving program begins to deliver in 2019. For 2019, we expect an economic profit at DKK 0 or higher.

Forward-looking statements

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

Continuing and discontinued operations

In December 2017, the Board of Directors decided to initiate a strategic review of the future ownership of Falck Safety Services. It is the management's assessment that the review will be completed before year-end 2018. As a result, Safety Services segment is presented as assets classified as held for sale and as discontinued operations in the annual report. The consolidated income statement and consolidated statement of cash flow will thus only comprise the continuing operations. The profit after tax from the discontinued operations will be presented on a single line after the profit after tax from the continuing operations. The same applies to the cash flow statement.

3,130m

Despite the impact from impairment of goodwill, equity remains at a level corresponding to 22% in equity ratio, (2016: 33%)

487m

Free cash flow remained stable in comparison to 2016 but was affected by decrease in prepayments from customers and lower growth in business activities

6,486m

Goodwill ,net of impairments, amounts to DKK 6,486 milllion at 31 December 2017. At 31 December 2016 the goodwill was DKK 9,902 million

Five-year summary

Key figures and financial ratios

DKK million	**2017**	2016	2015	2014	2013
Revenue	15,227	15,109	14,060	12,660	11,303
Economic profit	(1,324)	2	(23)	107	118
EBITA before other items	2	758	956	992	897
EBITA margin (%)	0.0	5.0	6.8	7.8	7.9
Cash conversion rate (%)	+100.0	61.8	46.5	82.6	86.7
Operating profit	(3,179)	258	486	528	428
Net financial income and expenses	(299)	(189)	(228)	(281)	(313)
Profit for the year	(3,567)	132	251	214	156
Total assets	14,295	18,161	18,339	18,693	17,681
Equity ratio (%)	21.9	32.7	32.4	35.3	30.9
Return on equity, Falck A/S share (%)	(89.7)	1.7	4.3	3.7	2.9
Net interest-bearing debt to EBITDA	3.32	3.97	4.05	3.54	4.06
Number of employees at year-end	37,357	37,481	37,036	32,738	30,612
Average number of employees (FTEs)	28,007	28,552	27,811	24,395	21,863
Statement of cash flows					
EBITDA before other items	571	1,238	1.411	1,370	1,229
Change in working capital including operating provisions	288	(247)	(318)	(111)	(28)
Investments in intangible assets and property, plant and equipment	(397)	(564)	(686)	(474)	(433)
Sale of non-current assets	25	42	37	34	10
Free Cash flow	**487**	**469**	**444**	**819**	**778**

In general, the financial and non-financial data are stated excluding discontinued operations.

DKK million	**2017**	2016	2015	2014	2013
Balance sheet					
Operating assets	2,483	3,022	2,885	2,437	2,000
Operating liabilities	(3,350)	(3,345)	(3,428)	(3,330)	(3,142)
Working capital	**(867)**	**(323)**	**(543)**	**(893)**	**(1,142)**
Operating provisions	(124)	(123)	(162)	(119)	(77)
Non-current assets excluding goodwill	1,805	2,410	2,619	2,308	2,105
Net operating assets excluding goodwill	**814**	**1,964**	**1,914**	**1,296**	**886**
Goodwill	6,486	9,902	10,038	10,516	9,971
Intangible assets from acquisitions	1,003	1,298	1,674	1,970	2,261
Income taxes	(115)	(92)	(67)	(9)	(21)
Assets classified as held for sale	1,099	-	-	-	-
Net operating assets including goodwill	**9,287**	**13,072**	**13,559**	**13,773**	**13,097**
Equity attributable to Falck A/S	2,702	5,527	5,535	6,236	5,393
Non-controlling interests	428	406	398	371	62
Total equity	**3,130**	**5,933**	**5,933**	**6,607**	**5,455**
Net interest-bearing debt	5,524	6,118	6,365	5,678	6,215
Provision for deferred tax	89	172	378	486	591
Non-operating assets and liabilities	217	849	883	1,002	836
Liabilities relating to assets classified as held for sale	327	-	-	-	-
Financing	**9,287**	**13,072**	**13,559**	**13,773**	**13,097**

The free cash flow is net of investment in property, plant and equipment as the Group invests in vehicles, infrastructure and similar assets as part of its ordinary operations. Thus, the free cash flow reflects the amount available for acquisitions and repayments on debt.

Our "North Star" strategy

Be focused

Work smarter

Get stronger

North Star strategy

Our new strategy was launched in November 2017. It aims to take advantage of The Group's global reach and leverage our scale. In the last decade, we have grown from a Nordic player to a global business with a presence in 35 countries and over 15 key service areas.

However, the growth in the businesses has also resulted in considerable complexity, and as a result the margin has deteriorated. It is time to take stock – to take a helicopter view of the portfolio and decide where we will focus and continue to grow the business in the future. Therefore, a key theme in the strategy is to **Be focused**.

The growth journey had to a large extent been driven through M&A activities and with limited post-merger integration, leaving a very complex business and the development of processes, IT systems and financial reporting as a matter for the local business to handle. In today's competitive and fast changing environment, this is both a costly and an inefficient business model. Therefore, the second key initiative is to **Work smarter**.

Lastly, the shift from being run as a portfolio of independent businesses to a more coherent business also means strengthening areas that will take Falck to the next level. The third strategic initiative is enabling us to **Get stronger** in the future.

These strategic initiatives will further enhance Falck's strongest asset – our dedicated and competent employees who, every day, go above and beyond to save and improve the lives of thousands of people. They are highly skilled in the dual space of being medically competent as well as empathetic and calm in critical situations. This is the core of our DNA, and why we continuously deliver high quality to our customers and clients. We want to continue to be a high quality provider of ambulance and healthcare services.

These strategic choices will allow Falck to enhance the value for shareholders, the customers who pay for the service as well the clients and patients that we assist in emergencies every day, around the globe and with the same dedication and empathy as we have done for the last 110 years.

The North Star strategy is build around 9 Must-Win-Battles that you can read more about on the next pages.

Be focused

1. **Turnaround** of the core ambulance business to build a leading global position
2. **Win** core market for Employee Healthcare Programs in the Nordics
3. **Optimise** all other Business units

Work smarter

4. Deliver DKK 500 million through **efficiency** improvements by the end of 2018 to lift profitability
5. **Digitise** and **standardise** the Falck system landscape
6. Establish **best-in-class** finance to enhance performance and governance across Falck

Get stronger

7. **Innovate** core services to create value for our customers and users
8. **Engage people** through focus, leadership and performance culture
9. Revitalise our Falck **brand**

Be focused

This strategic initiative is about defining the core of our business. Two service areas have been selected to be the cornerstone of Falck's future: The ambulance business and our employee healthcare programs.

1. Turnaround of the core ambulance business

The global ambulance and patient transportation business accounts for 53% of our revenue and is present in 20 markets. Falck is the largest ambulance provider in the world – and yet has less than 1% of the global market.

The strategy will change the business model from locally operated independent entities to a best-in class operational platform with unified processes and systems for the key business processes; - dispatch, fleet management and resource planning. These initiatives will allow Falck to operate more efficiently, ensuring competitiveness and high quality service delivery to our customers. On top of this, a key initiative is establishing new standards for analytics enabling us to benchmark performance and identifying best practices from contracts around the globe.

2. Win the employee healthcare market

The Nordic employee healthcare business accounts for 18% of the revenue. The strategy is twofold. One part is about integrating the companies acquired over the years to operate from the same commercial concepts and operational platforms.

The healthcare market is undergoing significant development, a lot of which is driven by new technologies and analytics of big data to predict and prevent illness rather than focusing on finding the right treatment. A key initiative is to digitise some of the service offerings, i.e. video consultation, as well as the client interaction, such as online booking of treatment or counselling sessions and data analytics for prevention.

3. Optimise other service areas

The market for Roadside Assistance is increasingly shifting towards mobility and insurance. Part of the strategy is preparing for this shift and optimising accordingly. In 2018 we will strengthen the tender capabilities, and finalise centralisation of call centres and implementation of a new case management system.

The global travel assistance and Industrial Firefighting businesses are both interesting service areas that have matured over the last couple of years. We are expecting these businesses to continue growing. Increasingly, the focus will be on profitable growth.

For the Safety Services business, an alternative ownership is being investigated.

"You can be good at a lot of things – or you can be great at a few. If we want to be the winners in the future, we need to go from good to great and focus our investments and innovation efforts in a few areas where it matters the most."

Jakob Riis

Work smarter

"Work smarter" is the headline for improving our profitability and increasing excellence in some of our central functions.

4. Deliver DKK 500 million in efficiency improvements

A key focus in 2018 is restoring profitability. We have launched an ambitious efficiency program, with the aim of reducing the cost base by DKK 500 million from 2019 onwards.

The savings will come from two key sources. First of all, from centralising support functions like finance and procurement as well as introducing new ways of working within these fields. We are also evaluating our asset base to find the optimal mix of owning, renting and leasing.

Secondly, we have identified significant cost savings in all of Business units – to a large extent coming from streamlining and automating administrative processes such as call centres and billing. Furthermore, we have simplified our organisational structure, reducing management layers and duplicated functions in different countries. We have also closed down a number of smaller initiatives as part of our first strategic choice "Be focused", thus releasing resources for other tasks.

5. Simplify, digitalise and standardise processes and systems

Leveraging scale includes standardising and automating processes. A large part of the businesses are based on a structured case management approach. Through standardisation, we can automate several steps of the process, making it faster and more cost effective.

Another focus area is to reduce the number of legal entities. At the end of 2017, The Group had 255 legal entities. The aim is to reduce this to around 110 entities by the end of 2018. The reduction will come from a mix of merging and closing units. This will not only simplify the structure, but will also produce cost savings through less administrative and legislative work.

Finally, a review of the IT infrastructure is being performed to determine the optimal set-up both in terms of cost and security levels.

6. Establish best-in class finance to enhance performance and governance across Falck

A cornerstone of the strategy is to increase financial transparency and accuracy. Therefore The Group is centralizing the finance functions and establishing a team with the competences needed for the journey ahead. The goal is to deliver high quality at low cost through standardization and simplification of processes.

Furthermore, the Business Assurance team will take a more proactive approach to enterprise risk management and controlling to set more clear guidelines and ensure more issues are caught before they become significant to The Group.

"We cannot change the fact that it takes two people to operate an ambulance – and that it needs to be on call 24 hours a day. But we can ensure that everything around the ambulance is run as effectively as possible – from contract management, case handling, asset optimisation to billing."

Jakob Riis

Get stronger

7. Innovate our core services

Falck has always been an entrepreneurial business. Most innovations have taken place at a local level and have benefited the customers and clients in the specific areas. Part of leveraging our scale is to take these innovations one step further and to bring all our knowledge from around the world into place for each local contract.

Focus on two specific initiatives dunring 2018:

- Reducing the number of hospital admittances for Cronic Obstructive Pulmonar Disease (COPD) patients through better treatment in the ambulance or at home
- Improving diagnostics earlier in the patient journey though introducing diagnostic equipment and methods that are more compatible with hospitals and give a better view of the state of the patient

Technology is a key part of innovating our service offerings. To leverage this, we will enter into partnerships with leading healthcare technology providers. For example, we entered into a partnership with Phillips Healthcare in December 2017.

8. Engage people through a performance culture

Two key initiatives are planned during 2018. Relaunching of The Falck Leadership principles will ensure we strengthen our leaders and enable them to handle the many changes in the next couple of years. Secondly, we are implementing a global HR system, which will give a better platform for managing our more than 37,300 employees as well as being more proactive in relation to people development, sick leave, churn and employee engagement.

9. Revitalise the Falck brand globally

Currently we have more than 44 different brands around the globe. During 2018 and 2019 the Falck brand and our values will be revitalised. As Falck changes on the “Inside” through the first eight initiatives in our North Star strategy, we believe it is important that this new way of thinking and working is reflected in our values and brand appearance.

Our business model

Key resources

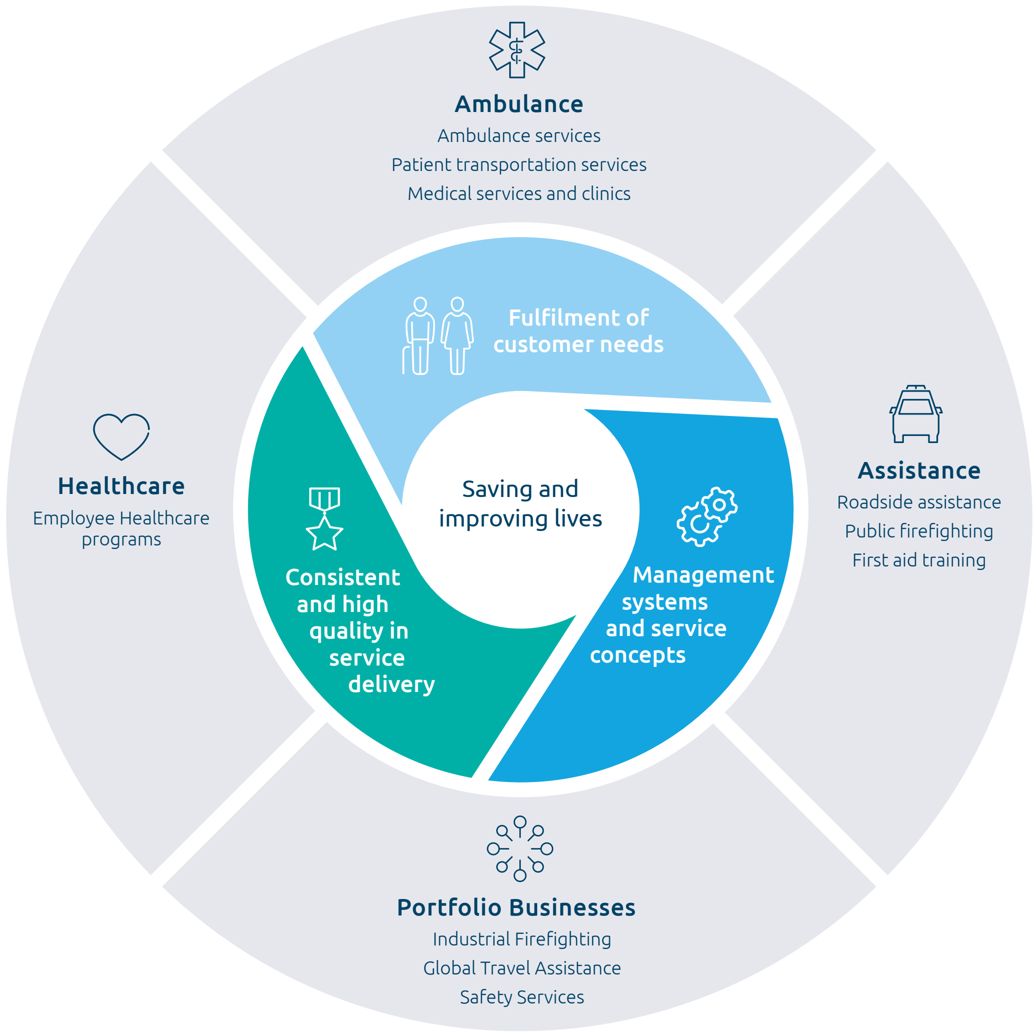
Our People
Falck's employees are well trained, highly professional and meet customers with great empathy. Our employees are dedicated to ensuring flawless and reliable service delivery.

Equipment
Whether in our ambulances, fire engines or roadside assistance vehicles, we use high quality equipment that enables effective diagnostics and resolution of the problem.

Brand and Reputation
Falck enjoys a very strong brand and a solid reputation for being trustworthy, competent and empathetic that supports our current and future competitiveness.

Partnerships
Falck enters into partnerships that enable us to deliver a high quality and cost effective solution to our customers. In many areas we operate a mix of insourced and outsourced operational networks to give the widest, fastest and best coverage to our customers. For our innovation efforts, we partner with the best and with a global reach in mind.

Focus



Value created

Efficient operations
We deliver efficient operations of high quality to governments, insurance companies and businesses around the globe. We adapt our global models to meet local customer needs.

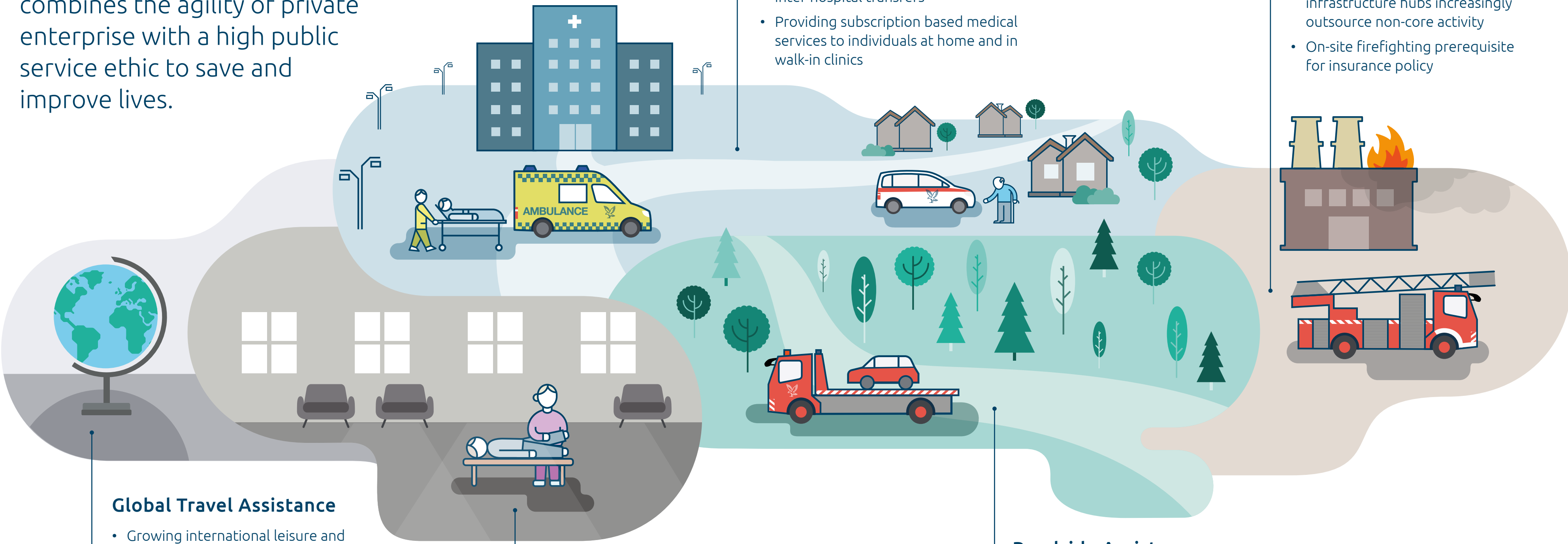
High quality service
For us, high quality service to our clients in emergency situations means a mix of being competent at diagnostics and assistance ensuring the best aid, combined with empathy and calmness allowing for the least possible physiological trauma.

Local responsibility
Wide program of contributions to society through engaging local communities in healthcare and emergency related matters.

Generating shareholder value
Falck's business model and strategy are created with the ultimate objective of creating shareholder value.

Our business model

The core of Falck's business model has not changed in more than a hundred years: Falck combines the agility of private enterprise with a high public service ethic to save and improve lives.



Ambulance Services / Patient Transport Services

- Providing emergency response services
- Providing patient transportation services to individuals from home to hospital and inter-hospital transfers
- Providing subscription based medical services to individuals at home and in walk-in clinics

Public and Industrial Firefighting

- Strong compliance focus
- High-risk industries and key infrastructure hubs increasingly outsource non-core activity
- On-site firefighting prerequisite for insurance policy

Global Travel Assistance

- Growing international leisure and business travel
- Global supply chains and production in high-risk areas
- Demand for employee safety and quality of emergency response is increasing as a result of duty-of-care requirements

Employee Healthcare Programs

- Increased focus on employee health to ensure high productivity in the workforce
- Focus on employee health is becoming a competitive parameter for companies in attracting talent
- Digitalisation gives new opportunities for better diagnostics and self-monitoring, resulting in better prevention

Roadside Assistance

- Channel shift towards mobility customers (car manufacturers)
- European alliances to strengthen joint innovation

Our business units

Highlights in 2017

- Set out on a new strategic path, integrating the local business to one common global operational platform, leveraging our global scale
- Important contract wins in Los Angeles County (US), Kaiser Permanente in Northern California (US) and Landkreis Bautzen in county Saxony (DE)
- Acquired the remaining shares in Groupo Emi (Latin America)

Ambulance

Falck is a global leader in ambulance services and patient transportation. We respond to emergency situations, and help ill and injured people at the place of the incident or bring them to a medical clinic or a hospital.

Ambulance serves communities in 21 countries with 16,672 dedicated rescue officers, nurses and doctors as well as operating over 2,500 ambulances and patient transportation vehicles. The services Falck deliver cover emergency services, i.e. responding to accidents, heart attacks and similar severe incidents, but Ambulance also responds to less severe incidents and provides patient transport services between hospitals or to and from hospitals or medical clinics. In Latin America our services also include doctors-on-call and medical clinics.

The largest customer segment is governments; however, insurance companies, hospitals and private individuals are increasingly subscribing to services complementing the public service offerings. Services to governments are typically based on a fixed monthly fee, whereas the other customer segments are often subscription based.

Employees working in Ambulance include doctors, nurses, paramedics and emergency medical technicians. They all undergo intensive Falck training combined with contract-specific training in local requirements and regulations.

"2017 proved to be a challenging year for Ambulance, with declining profitability. Going forward, we are focusing on leveraging our global scale to enhance cost competitiveness while preserving the high quality service level."

Jakob Bomholt
EVP, Ambulance

Our ambulance business has been on a tremendous growth journey over the last decade. During this growth phase, the contracts have been operated independently, with limited best practice sharing across countries. The focus in our Must-Win-Battle #1 is a turnaround of our ambulance business, building a global best-in-class operational platform with unified processes and systems for the key business processes: dispatch, fleet management and resource planning. This is to take advantage of our global scale, ensuring higher profitability before we continue the growth of the ambulance business.

Furthermore, our Must-Win-Battle # 7 will focus on innovating our core ambulance service to create value for our customers and users of tomorrow. We see great potential in developing the pre-hospital service to increase the diagnostics in the ambulances – so that the right treatment can begin much faster on arrival at the hospital or even in the ambulance. Furthermore, people with chronical diseases like Cronic Obstructive Pulmonar Disease (COPD) and heart patients are frequently taken to hospital. By using the right technology, we belive that a significant part can be treated at home or in the ambulance, thereby reducing the number of hospital admissions.

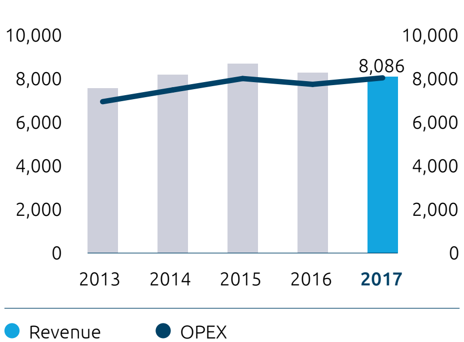
Revenue decreased by 2.2% to DKK 8,086 million (DKK 8,272 million in 2016). Operating profit before other items (EBITA) was negative by DKK 214 million (DKK 312 million in 2016).

DKK million	2017	2016
Revenue	8,086	8,272
EBITA	(214)	312
EBITA margin	(2.6%)	3.8%
CAPEX	255	381
Free cash flow	290	271
Employees	25,119	25,733
Economic profit	(1,352)	(203)

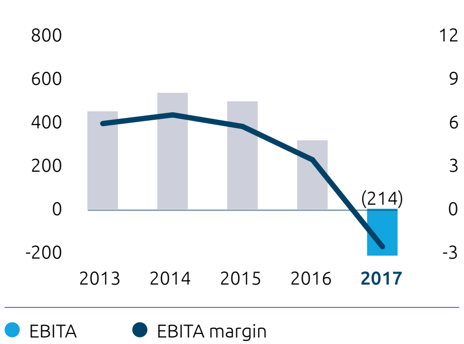
EBITA was significantly impacted by the write down of DKK 282 million from trade receivables in the United States. The write down was due to a more challenging payer environment in the United States market. Overall, the United States and German markets have shown to be more challenging than anticipated. In several European markets, EBITA margin was declining.

In Latin America, Falck acquired the remaining 36.9% of the shares of Grupo EMI taking full ownership of Colombia's leading provider of pre-hospital medical care. Financial performance in Latin America developed well with increasing revenue and operating profit.

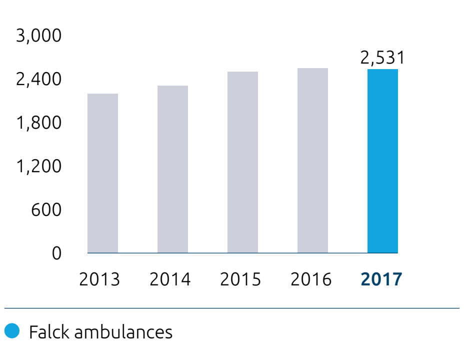
Revenue and OPEX



EBITA and EBITA margin



Number of ambulances



Highlights in 2017

- Continued growth in activity; with more than 1 million physical treatments provided
- Entered into 2 full supplier agreements with insurers in Norway
- Initiated implementation of a new case management system to manage bookings and medical records

Healthcare

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

Healthcare provides health programs covering more than 3 million people. We have a strong presence in Denmark, Sweden and Norway and manage a network of more than 3,000 physiotherapists, chiropractors, massage therapists, psychologists and other healthcare professionals. The customers are insurance companies, pension funds and private businesses providing healthcare programs to their customers and employees. Our services include consultancy, visitation and guidance in our call centres as well as physiological and psychological treatments. During 2017, we provided over 1,000,000 muscular treatments and 200,000 hours of psychological advice.

Our employee healthcare programs are aimed at preventing accidents in the workplace and helping people avoid loss of working capacity as well as strain and injury. The goal is to help maximise job satisfaction and for each individual to perform efficiently throughout his or her working life. Through the employee healthcare program activities, Falck can help reduce employer costs related for sickness-related absence. In addition, the public sector saves on social security costs, and insurance and pension

"We strive to make it easy to stay healthy. In 2017, we started the journey of bringing the best from each of the Scandinavian countries into common platforms and solutions."

Jan F. Steenhard
EVP, Healthcare

companies have lower compensation costs related to occupational injury and incapacity for work.

Our Must-Win-Battle #2 is focusing on integrating the Nordic Employee Healthcare businesses to build a common operational platform, where we use the same processes and systems for case management, booking of treatments and payment to our network. This will not only allow us to operate more effectively, we will also be able to identify best-practice treatment patterns based on experience from the three Nordic countries. This will lead to better advice to our clients and customers. It will also reduce administrative time for the healthcare professionals in our network, as well as making it easier for our clients to make online bookings.

Staffing services

Provides temporary healthcare and social service professionals such as doctors, nurses and health assistants to hospitals, medical clinics, municipal home care, nursing homes, institutions, private businesses and private households in the Scandinavian countries. Flexibility and matching the best skills to the assignment are essential values when providing staffing services.

Citizen Services

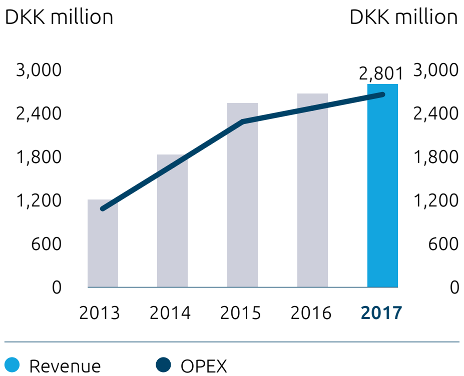
Provides full operations of General Practioner clinics in Denmark and Sweden. Since Falck entered the market in 2014, the number of patients served has increased from nil to more than 60.000. The large number of patients enable us to define best practice across clinics, allowing our health care professionals to dedicate more time to patients.

DKK million	**2017**	2016
Revenue	2,801	2,669
EBITA	101	168
EBITA margin	3.6%	6.3%
CAPEX	66	58
Free cash flow	30	(43)
Employees	3,333	3,149
Economic profit	(45)	16

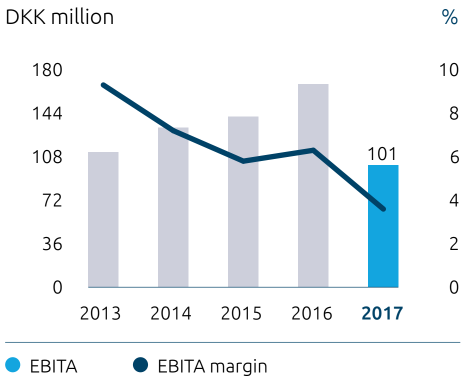
Revenue increased by 4.9% to DKK 2,801 million (DKK 2,669 million in 2016). Operating profit before other items (EBITA) was DKK 101 million (DKK 168 million in 2016).

Revenues continued to grow due to new contract wins and an underlying positive total market development. EBITA was impacted by renegotiation of several customer contracts as well as organisational adjustments that will focus our business as a leading employee healthcare business in the Nordics and drive down operating expenses.

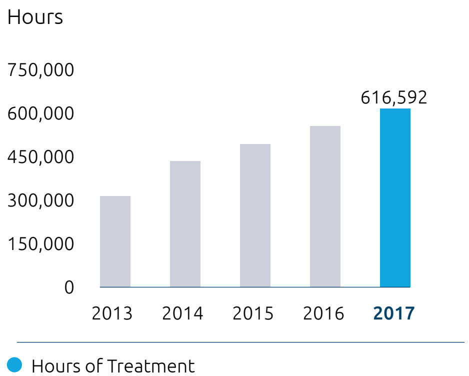
Revenue and OPEX



EBITA and EBITA margin



Hours of Treatment



Highlights in 2017

- Focused on core services - exit from the alarm market and the insurance market for Damage Control
- Established one unified Danish Assistance Centre for dispatching in Kolding, Denmark
- Entered into a strong European Roadside Assistance alliance, which will strengthen Falck's position on the mobility and telematics market as well as with digital solutions
- Laid the foundation for strengthening our value proposition to our insurance and mobility customers
- Experienced growth in public contracts – i.e. contracts with the Danish Police and the Danish Defence

Assistance

Falck is a leading provider of assistance services to people, businesses and institutions in Nordic markets whether the car breaks down or a fire breaks out.

Assistance helps safeguard and support our customers, either by providing advice on the prevention of accidents, or by ensuring fast and competent assistance if an accident does occur. The service lines include roadside assistance, private health services, first-aid equipment and training, fire and safety equipment and maintenance as well as public firefighting. Most services are run on a subscription basis, except Public Firefighting which is often based on a fixed monthly fee. The two largest service lines are Roadside Assistance and public firefighting. In 2017, Assistance has been restructured and an optimisation journey has begun. Part of our Must Win Battle #3 is to continue the optimisation journey of the service areas in Assistance.

Roadside Assistance

In the largest service area, Roadside Assistance, Assistance helps customers when their car breaks down, is involved in an accident or has problems due to weather conditions. In most situations, Falck's employees are able to fix the problem on the spot, allowing the motorist to continue the journey. If this is not possible, Falck makes sure the customer gets to his or her destination and transports the vehicle to a requested destination, e.g. a repair shop.

"The market for Roadside Assistance is rapidly changing and so must we. During 2017, we restructured our business significantly. In 2018, we will continue streamlining the operations and explore digital opportunities for optimising our business."

Lars Vester Pedersen
EVP, Assistance

The assistance activities are concentrated in the four Nordic countries - Denmark, Norway, Sweden and Finland - plus in Estonia and Lithuania. Through an extensive European network of local roadside assistance companies, we help our Scandinavian subscribers no matter where in Europe their vehicle breaks down.

Public Firefighting

Falck delivers firefighting services to around two-thirds of the 98 municipalities in Denmark. The main service is responding to fire alarms and putting out fires. However, we also provide advice on preventing fires and train private individuals, businessess and institutions in putting out smaller fires. The firefighting services have been ISO9001 certified since 2007. The Group's employees are a mix of full-time and part-time firefighters that are all highly skilled. Our fire-fighters undergo an intensive Falck education including first aid, rescuing, and firefighting. Furthermore, every year they have to participate in 12 training exercises. Most training is done at our own training facilities. We focus on the safety and health of firefighters, and Falck is following all guidelines and procedures for preventing potential negative effects from working in a smoky environment.

In 2017, Falck participated in several innovation projects to develop new and more efficient ways to optimise processes and public resources. On 1 January 2017, the responsibility for Danish Public Firefighting and Assistance operations, including responsibility for the Danish properties, was transferred to Assistance from Ambulance. Prior period segment information has been restated to reflect the new structure.

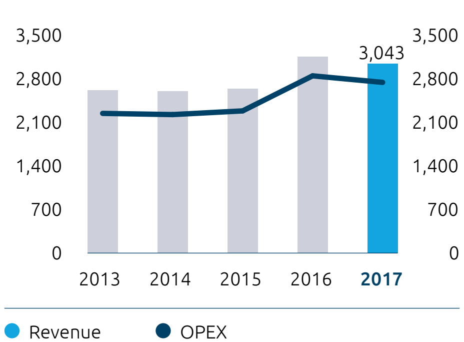
DKK million	**2017**	2016
Revenue	3,043	3,159
EBITA	188	226
EBITA margin	6.2%	7.2%
CAPEX	44	137
Free cash flow	256	161
Employees	5,730	5,794
Economic profit	162	180

Revenue decreased by 3.7% to DKK 3,043 (DKK 3,159 million in 2016). Operating profit before other items (EBITA) was DKK 188 million (DKK 226 million in 2016) impacted from sale of alarm business in 2016.

EBITA was significantly impacted by a DKK 62 million write-down of the carrying amount related to our customer management system in Assistance. During 2017, Assistance closed down unprofitable service lines and initiated several organisational adjustments that contributed positively to the operating profit in the year.

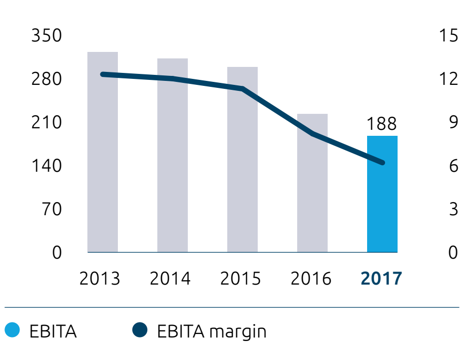
Revenue and OPEX

DKK million



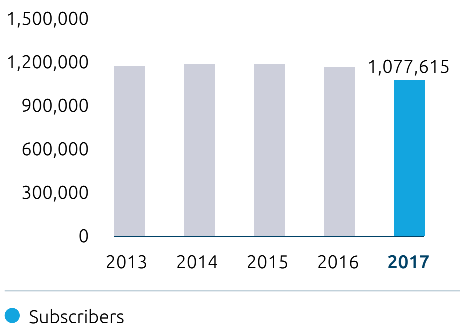
EBITA and EBITA margin

DKK million



Number of subscribers

Number



Portfolio Businesses

Part of the Must-Win-Battle #3 is to mature and optimise the smaller businessess in our portfolio. The three key service areas are Global Assistance, Industrial Firefighting and Safety Services. For Safety Services we are investigating alternative ownership.

Global Assistance

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

Global Assistance offer these services to leading insurance companies and global multinational companies - the latter via a unique concept that integrates travel risk management, medical and security assistance as well as on-site services (medical and security services at remote sites). Global Assistance has skilled doctors, nurses and security specialists on duty at eight 24/7 emergency response centres around the world. An extensive worldwide network of providers ensures clients are able to access quality treatment and medical supervision - as well as local support - in emergency situations.

"By anchoring our smaller businesses in a portfolio, we make sure they get the necessary attention and guidance to pursue their individual strategic objectives."

Jakob Riis
President and CEO, Falck

Industrial Firefighting

Industrial Firefighting is a leading international provider of industrial fire and rescue services for airports and high-risk industries including petrochemical plants, nuclear power plants, steel plants and automobile manufacturers.

The focus on safety of employees and assets continues to increase, and many companies are recognising the benefits of having an outsourcing provider focused exclusively on fire safety. The services comprise firefighting, fire training, fire consulting and security services. Industrial Firefighting is present in 18 countries and operates 66 local fire brigades.

Safety Services

Safety Services is a global leader in rescue and safety training and delivers safety services to the oil & gas, maritime, renewables and other high-risk industries. Approximately, 75% of the revenue comes from the Oil & Gas industry. During 2017, we conducted training for more than 213,000 course attendees.

Falck trains staff in safe conduct and survival skills aimed at preventing accidents and injuries at 33 centres in 20 countries around the world. The training includes basic safety training, survival and evacuation, firefighting, health & safety as well as more advanced skill training in well-control and MEM. Falck offers safety training in accordance with the highest international standards and is accredited to OPITO, STCW, IWCF, CWO, JOIFF, IADC and several national governing bodies.

Safety Services is presented as discontinued operations in The Annual Report.

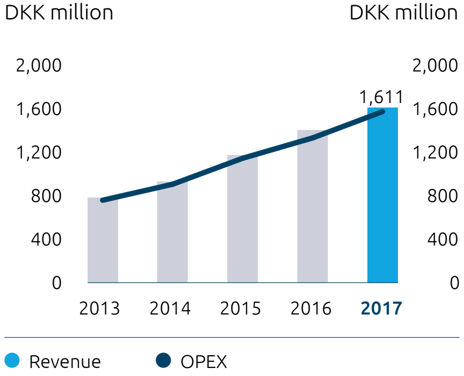
DKK million	**2017**	2016
Revenue	1,611	1,402
EBITA	(3)	53
EBITA margin	(0.2%)	3.8%
CAPEX	50	25
Free cash flow	(72)	65
Employees	3,084	2,731
Economic profit	(40)	9

Excluding Safety Services

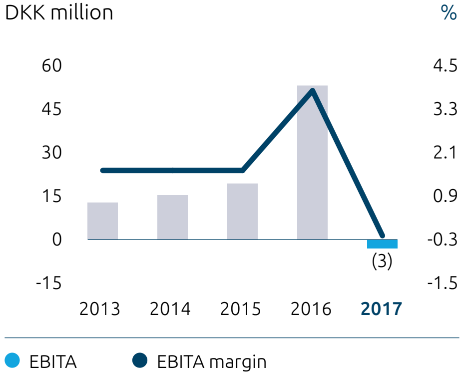
Revenue increased by 14.9% to DKK 1,611 (DKK 1,402 million in 2016). Operating profit before other items (EBITA) was negative DKK 3 million (DKK 53 million in 2016).

Both Industrial Firefighting and Global Assistance grew revenues with the latter taking the lead. Operating profit improved in Industrial Firefighting whereas higher staff and IT costs in Global Assistance deteriorated operating profit.

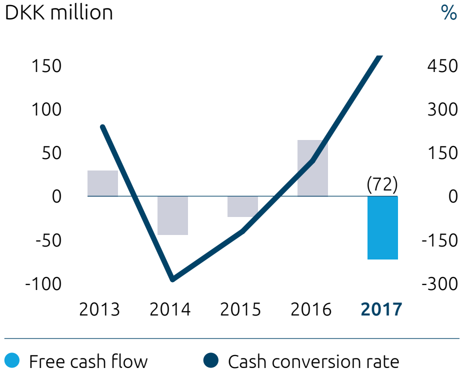
Revenue and OPEX



EBITA and EBITA margin



Free cash flow and cash conversion rate



Corporate governance

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

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

Management

Pursuant to Danish legislation, Falck has a two-tier management system consisting of an Executive Committee and a Board of Directors. The two bodies are independent and do not have overlapping members.

Executive Committee and Executive Management Team

The Executive Committee is responsible for the day-to-day development and operation of Falck, with a primary focus on developing and implementing strategies and significant initiatives approved by the Board of Directors. Moreover, the Executive Committee is responsible for ensuring that the Board of Directors is informed of all material matters.

The Executive Committee was reorganised in 2017, as the previous members of the Executive Committee (Allan Søgaard Larsen and Morten R. Pedersen) were replaced by President and CEO Jakob Riis and Group CFO Tor Magne Lønnum. Additionally, Jakob Bomholt, Executive Vice President (Ambulance), joined the Executive Committee on 1 November 2017.

In Q3 2017 a new Executive Management Team was formed. Its key role is to set the strategy direction and ensure strategy execution.

The daily management is also handled by the Executive Management Team, which in addition to Jakob Riis, Tor Magne Lønnum and Jakob Bomholt comprises the Executive Vice Presidents of Falck's business units: Jan F. Steenhard (Healthcare) and Lars Vester (Assistance). In addition, a number of central Group support functions are part of the Group Executive Management Team: Thomas Hinrichsen (Group Legal, Insurance and Compliance), Kaspar Bach Habersaat (Group Communications & Public Affairs) and Peter Agergaard (Group HR).

Information about the members of the Executive Committee, including their previous employment and other executive functions, is shown on page 36. The section on remuneration on pages 93 to 95 includes a description of the remuneration of the Executive Management team.

Board of Directors

The Board of Directors' role is to guide and oversee the Group's activities, development, management and organisation. The Board of Directors acts in compliance with applicable legislation and meets at least five times a year and as required by special circumstances.

In 2017, the Board of Directors conducted seven board meetings, including a seminar dedicated to the discussion and anchoring of the new strategy.

The Board of Directors currently has nine members, six of whom are elected by the shareholders at the general meeting and three by employees in Denmark.

The following members of the Board of Directors are elected by the general meeting (elected for a one-year term):

Peter Schütze (Chairman)
Lene Skole (Deputy Chairman)
Lars Frederiksen
Søren Thorup Sørensen
Dorthe Mikkelsen
Niels Smedegaard

The latest election for employee representatives in the Board of Directors was held in April 2017, and the following were elected for a four-year term:

Vagn Flink Møller Pedersen
Henrik Villsen Andersen
Allan Rensgaard

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

Audit Committee

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

The Audit Committee members are appointed for a one-year term by the Board of Directors from among its members. One member is designated as Chairman. Audit Committee members are Søren Thorup Sørensen (Chairman), Lars Frederiksen and Niels Smedegaard. Also attending the Audit Committee's meetings are the Group CFO, the Head of External Reporting, the Head of Business Assurance and the company's auditor. The Audit Committee meets at least four times a year.

Remuneration Committee

The Remuneration Committee assists the Board of Directors with the oversight of remuneration of members of the Board itself, members of Board committees, the Executive Committee and other senior management employees, including determination of remuneration levels and incentive programs.

The Remuneration Committee members are appointed for a one-year term by the Board of Directors from among its members. One member is designated as Chairman. Remuneration Committee members are Peter Schütze (Chairman), Lene Skole and Søren Thorup Sørensen. Also attending the Remuneration Committee's meetings are the President and CEO and the Head of Group HR. The Remuneration Committee meets at least twice a year.

Board fees

The members of the Board of Directors receive a fixed fee which is approved by the annual general meeting. Board members are not offered share options, conditional shares or other incentive plans.

The Board fees comprise a fixed base fee and a multiplier of the fixed base fee for the Chairmanship and members of the Board committees. The Board fees were unchanged in 2017: As approved by the annual general meeting in May 2017, the base fee is DKK 250,000. The Deputy Chairman receives double the amount and the Chairman receives three times the base fee. In addition, members of a Board committee receive a fee of DKK 125,000 – the Chairman of the committee receiving DKK 250,000. The total fee is capped, and it is not possible for the Chairman or the Vice Chairman of the Board of Directors to receive an annual aggregate fee of more than DKK 1,000,000 each. The remaining Board members cannot receive more than an annual aggregate fee of DKK 500,000 each.

Irrespective of the mentioned cap, however, as approved by the annual general meeting in May 2017, the Chairman of the Board of Directors received an additional and extraordinary fee of DKK 860,000 in 2017 for undertaking extraordinary operational responsibilities from 20 December 2016 when Allan Søgaard Larsen was made redundant as President and CEO, until 1 May 2017 when Jakob Riis joined Falck as new President and CEO.

Enterprise Risk Management

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

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

The Executive Committee reviews the business unit risk reports and presents the top risks facing the Group once a year to the Audit Committee and Board of Directors.

Internal control

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

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

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

Sustainability

The Sustainability Report, including gender diversity, (cf. sections 99a and 99b of the Danish Financial Statements Act) is published on Falck's website and can be found here: www.falck.com/en/company/sustainability/sustainability-report-2017

Compliance

As a part of the strategy process, Project North Star, Falck´s Executive Management Team has evaluated the governance structure concerning compliance.

In order to continue enhancing the compliance program, a new Group Compliance function has been established in Q4 2017. The purpose of the function is to further develop and drive the Falck Group Compliance program and toolbox within Falck. Further information about the Compliance initiatives is published on Falck's website and can be found here: www.falck.com/en/company/sustainability/sustainability-report-2017

Our business risks

Enterprise Risk Management: safeguarding the interests of all stakeholders

Guided by a sense of commitment and loyalty to its customers, employees, societies in which it operates and the owners, Falck maintains a robust enterprise risk management platform.

Falck's fundamental long-term risk exposure is low. It benefits significantly from its wide array of businesses and services delivered to customers and clients on numerous different markets.

Also, demand for its services is generally stable or increasing due to societal and demographic developments.

Falck takes a proactive approach to enterprise risk management. It is a critical tool in the future profitable growth of the company and today's ability to deliver on its promises to customers.

Falck's definition of risk:

All threats to the current value of Falck and its future cash flows

Robust enterprise risk management processes in place

Falck considers its frontline operating entities as key agents in its enterprise risk management approach.

The most critical risks against Falck emerge on the frontlines, and the frontline staff and management are integral to the management of the risks.

Every four months, Falck entities review the salient threats to their particular business model and value chain using a common set of risk criteria and reporting tools. Entities also describe the mitigating controls put in place to manage the top risks.

To attain full transparency and accountability, business unit management reviews the consolidated reporting from their respective entities to validate the risk exposure and mitigation in place.

If the severity of one or more risks in an entity exceeds the agreed risk tolerance, management is required to implement additional mitigation controls until the desired risk level is achieved.

The Executive Management team reviews the business unit risk maps and consolidates the risk reporting to the Audit Committee of the Board of Directors for review.

Business unit management, supported by the Group Risk Office, ensures that the most effective relevant risk mitigation controls are considered and, ultimately, implemented across all relevant entities. Conscious and continued sharing of mitigation best practices reduces net risk and adds value for Falck and its customers overall.

The ongoing monitoring of the risk exposure of each entity and assessment of the adequacy of the currently deployed mitigation controls are strictly enforced in an ISO31000-based enterprise risk management business process.

Risk impact

Falck assesses the impact of a risk across five dimensions. Some risks touch more than one dimension. The most severe dimension determines the overall impact.

- Financial
- Image
- Strategic
- Operational
- Compliance

Severe

Major

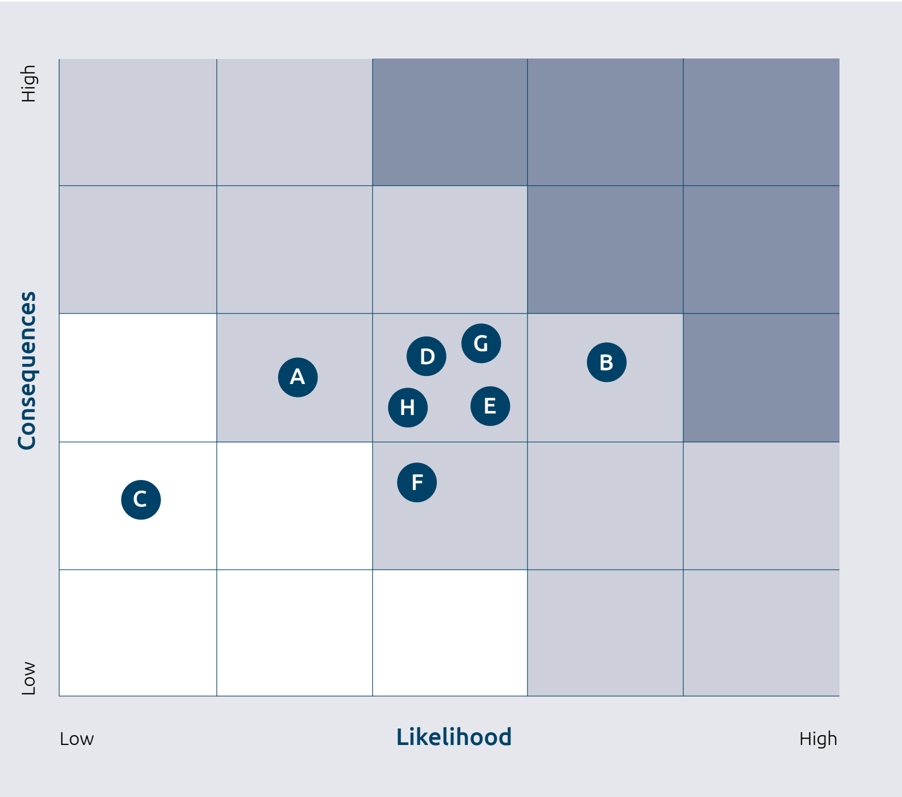
Moderate

Minor

Insignificant

Our business risks

Our key business risk matrix



Principal risks

- A Compliance and business ethics
- B Political context
- C Quality in service delivery
- D Strategic change
- E Competition and disruption
- F Access to competencies
- G Information technology breakdown and cyber crime
- H New IT platforms

Falck is not exposed to one single risk with the potential to compromise the entire business.

Some risks on the risk map should ideally be located further to the bottom left-hand corner.

Falck pursues additional mitigation of risks that are currently exceeding the defined risk tolerance. More information on the next two pages.

Our business risks

	A Compliance and business ethics	B Political context	C Quality in service delivery	D Strategic change
What is the risk?	As a global company, Falck needs to comply with all applicable laws and standards such as competition law, the European Union General Data Protection Regulation (GDPR), sanction regimes and the company's code of conduct. The risk implies that Falck inadvertently violates critical legislation or fails to enforce ethical standards.	Public authorities may decide to insource services provided by private enterprises in key pre-hospital, fire and healthcare markets. The risk scenario also includes publicly sanctioned protectionism of existing providers and the selection of alternative private providers over Falck despite Falck's objectively superior performance.	Falck's most critical asset is the trust and quality level that major customers and consumers associate with Falck in all its services. In the worst-case scenario, the quality in service delivery could deteriorate systemically in one or more service lines without Falck taking timely actions to remedy the situation.	Falck is embarking on a fundamental strategic realignment. It is intended to improve Falck's long-term profitability and unlock its growth potential. The risk remains, however, that new strategic directions will be flawed and not attain their goals, or its implementation will be sub-optimal.
What causes the risk?	Companies with global operations cope with thousands of different ever-changing legal requirements and could fail to adequately implement appropriate compliance measures for all requirements.	Changes to the majority ideological perceptions in a national legislature regarding provision of pre-hospital services. Perceived local self-interest in protecting local firms irrespective of performance.	Consistent delivery of services requires a mature quality management system and ongoing staff training. Some companies may experience deficiencies and expose the quality in service delivery to uncertainty.	Large-scale strategy implementations in global companies are often fraught with friction. A complex portfolio of legacy businesses and challenges in forecasting future demand could trigger the risk.
What are the consequences of the risk?	Falck could face loss of "license to operate" and significant fines in case of severe violations. Market shares may also decline due to major customers' hostility to Falck if the risk materialises.	Falck may lose significant markets with little warning and customers could experience deteriorating pre-hospital services. Falck may also abandon attempts to enter new markets due to hostile market conditions.	The risk could have an impact on customer operations and the safety of patients. Contractual penalties and declining market share could follow as existing and new customers consider competitor offerings.	Friction from the strategic shift and the restricted management bandwidth during the intense strategy implementation could harm performance and impact growth and earnings potential.
What mitigation is in place?	Falck's Compliance and Sustainability Board, chaired by the CEO, oversees compliance and business ethics. Top 200 managers are enrolled in code-of-conduct e-learning including a competition law module. A whistleblower facility, business ethics risk reporting, and internal controls further mitigate the risk.	Falck focuses on delivering consistently high quality services cost-efficiently to its customers. Falck also selects the legal path such as complaints under the European Union public procurement directive in order to open up markets for competition and better, cost-effective services to society.	Quality management systems and relevant accreditations are in place across all business units. Operational audits take place and findings lead to new operational procedures where applicable. Falck also makes significant investments in staff competencies and managers' skills.	Falck has launched a new strategy and is investing in strategic infrastructure, including dedicated staff. Concurrently, ongoing leadership assessments and senior executive recruiting support the strategic realignment.

* Financial risks may also have a significant impact on Falck. They are considered separate from business risks and are described in section 7.1.

Our business risks

	E Competition and disruption	F Access to competencies	G Information technology breakdown and cyber crime	H New IT platforms
What is the risk?	Falck thrives in well-functioning markets and welcomes competition. In some markets, competitors may emerge to take over Falck's contracts and customers, or trigger unsustainable price wars. New business models may disrupt existing business lines.	Falck depends on key staff populations to honour contracts today and in the future, including paramedics, emergency medical technicians, medical doctors, consultants, nurses, psychologists, chiropractors, physiotherapists, and psychiatrists.	A significant business unit (or process) is unable to recover from an IT business interruption within the required time. Increased frequency and severity of attacks (for example, ransomware) exposes the vulnerability of the connected enterprise.	Falck depends as much on IT platforms as on a modern fleet of ambulances and fire trucks. Development of a substantial new IT platform to support a large business unit could be significantly delayed and/or fail to achieve the required functionalities.
What causes the risk?	Competition is a desirable component in well-functioning markets. Limited barriers to entry may encourage new players in some markets, while new technology enables disruptive business models.	In some markets, the supply of key competencies may not satisfy the demand for pre-hospital and healthcare services driven by demographics and societal developments.	Virtually all companies today depend on unimpeded access to information technology. New and unforeseen threats may overwhelm existing disaster recovery and business continuity infrastructure.	Complexity could trigger the risk. Reliance on untested system components (to exploit the latest technology) could further exacerbate the risk, while mitigation is hard due to scarce available development skills.
What are the consequences of the risk?	Falck could experience declining revenues and profitability in key markets if the risk materialises. It could also suffer significant loss of investment and future earnings as a result.	Falck would be unable to maintain or expand business in several key markets due to lack of employees with sufficient medical/healthcare competencies. In a worst-case scenario, Falck would be unable to honour existing contracts, leading to penalties.	Falck could be unable to deliver operational services during large-scale disruptions to IT and telephony. Cyber attacks may have significant direct and indirect costs, including lengthy disruptions, compromised personal data and possible loss of customers.	Failed implementation of new IT platforms may hamper strategic agility and the pursuit of new business opportunities. Additional costs could follow, investments could become void, whilst daily operations could suffer - to the detriment of customers.
What mitigation is in place?	Falck undertakes cost-optimisation projects to accommodate customers' expectations of high-quality services at competitive cost. Falck also develops new products in response to customer requests. Finally, Falck monitors its direct and adjacent markets for emerging disruptive technologies.	An attractive work environment with competitive pay, excellent managers and predictable long-term work planning contributes to the recruitment and retention of competencies. Falck supports vocational training of emergency medical technicians and engages with societies to forecast the demand for competencies.	Disaster recovery governance is in place and plans are tested for business critical applications. Also, migration to cloud-based applications with built-in redundancy is taking place. Several policy-, software- and hardware-related measures aim to manage cyber vulnerability.	All major IT projects are subject to robust project governance and ongoing management. The business is heavily involved in describing the desired functionalities, tests and eventually implementing the new IT platform. Generally, suppliers with an established track record of successful deliveries are preferred.

Board of Directors

Peter Schütze

Chairman

Joined the Board of Directors in 2015

Also on the Boards of Directors of:

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

Lene Skole

Vice Chairman

Joined the Board of Directors in 2015
CEO of Lundbeck Foundation and directorships in two subsidiaries

Also on the Boards of Directors of:

- H. Lundbeck A/S (vice chairman)
- ALK-Abelló A/S (vice chairman)
- Ørsted A/S (vice chairman)
- TDC A/S (vice chairman)
- Tryg A/S and Tryg Forsikring A/S

Lars Frederiksen

Joined the Board of Directors in 2015

Also on the Boards of Directors of:

- Matas A/S (chairman)
- Danish Committee for Good Corporate Governance (chairman)
- Hedorf Foundation (chairman)
- Widex A/S
- Augustinus Industri A/S
- Hedorf A/S
- PAI Partners SA (supervisory board member)
- Tate & Lyle PLC

Søren Thorup Sørensen

Joined the Board of Directors in 2011
CEO of KIRKBI A/S

Also on the Boards of Directors of:

- K & C Holding A/S (chairman)
- Boston Holding A/S (chairman)
- KIRKBI AG (vice chairman)
- INTERLEGO AG (vice chairman)
- LEGO A/S
- LEGO Juris A/S
- KIRKBI Invest A/S
- Ole Kirks Fond
- Koldingvej 2, Billund A/S
- Merlin Entertainments PLC

Dorthe Mikkelsen

Joined the Board of Directors in 2014
President Asia Pacific, MSD

Board of Directors

Niels Smedegaard

Joined the Board of Directors in 2016
President and CEO of DFDS A/S

Also on the Boards of Directors of:
- The Bikuben Foundation (chairman)
- ECSA (European Community Shipowners' Association)
- Kollegiefonden Bikuben (chairman)
- Danish Shipping (vice chairman)
- Interferry
- TT Club
- FrederiksbergFonden
- Nikolai og Felix Fonden
- Subsidiaries of the DFDS Group

Vagn Flink Møller Pedersen

Joined the Board of Directors in 2005
Rescue Officer
Elected by the employees

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

Allan Rensgaard

Joined the Board of Directors in 2013
Part time Firefighter
Elected by the employees

Henrik Villsen Andersen

Joined the Board of Directors in 2013
Rescue Officer
Elected by the employees

Executive Management Team

Jakob Riis
President and CEO
Joined Falck in 2017

Recent position:
2016-2017: EVP, North America, Novo Nordisk

On the Board of Directors of:
ALK-Abelló A/S

Tor Magne Lønnum
CFO
Joined Falck in 2017

Recent position:
2016-2017: CFO, Aimia Inc

On the Board of Directors of:
TGS-NOPEC Geophysical Company ASA

Jakob Bomholt
EVP, Ambulance
Joined Falck in 2017

Recent position:
2015-2016: CCO, APM Terminals

Thomas Hinrichsen
General Counsel, EVP, Group Legal, Insurance & Compliance
Joined Falck in 2005

Recent position:
2009-2015: General Counsel, VP, Group Legal & Group Secretariat, Falck

Jan F. Steenhard
EVP, Healthcare
Joined Falck in 2001

Recent position:
2010-2012: SVP, Healthcare

On the Board of Directors of:
Paradis Group ApS

Lars Vester Pedersen
EVP, Assistance
Joined Falck in 1979

Recent position:
2015-2017: EVP, Ambulance Nordic

Peter Agergaard
VP, Group HR
Joined Falck in 2015

Recent position:
2015-2016: Director of Group HR

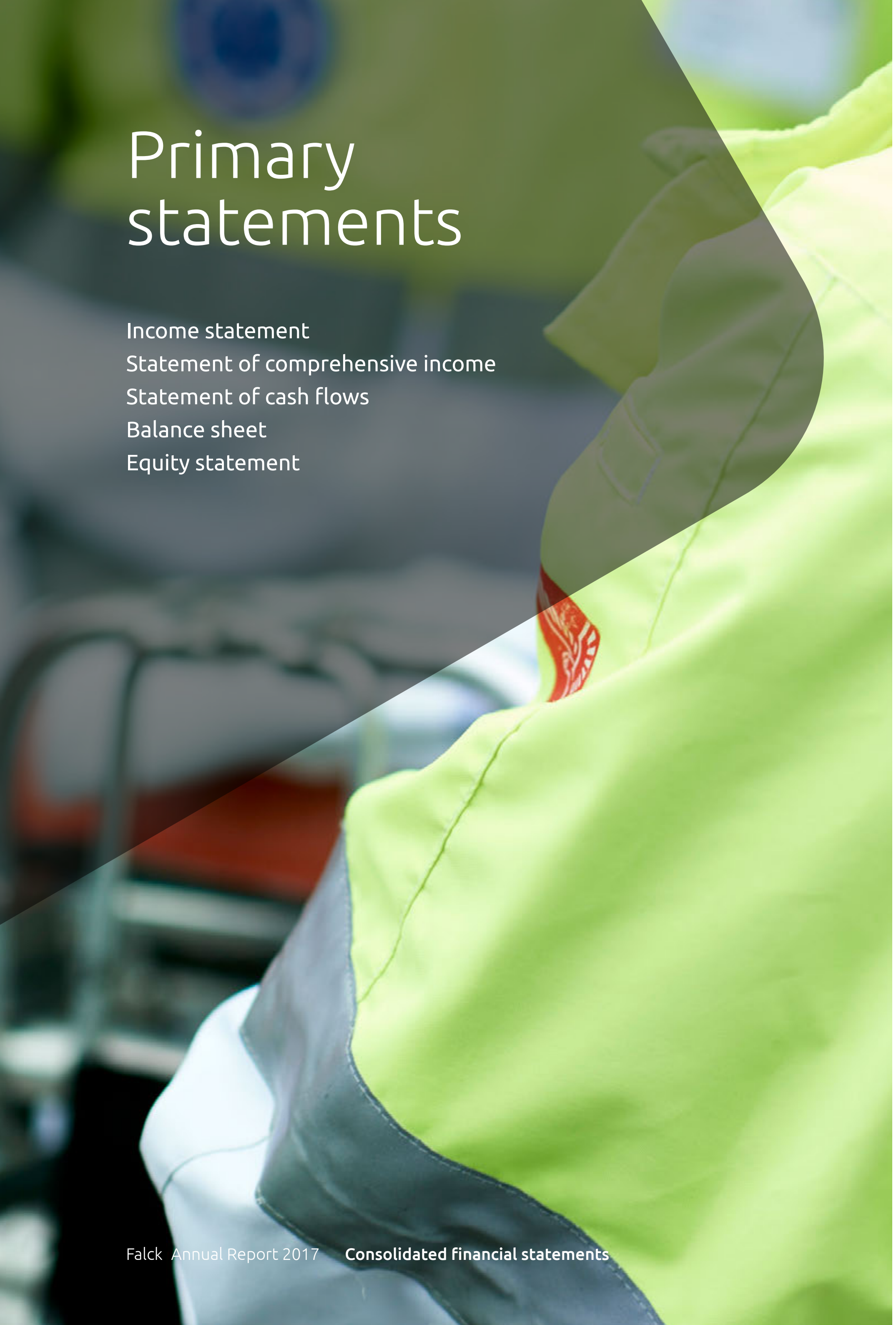
Kaspar Bach Habersaat
VP, Group Communications & Public Affairs
Joined Falck in 2017

Recent position:
2012-2017: Director of Group Communications, STG

Consolidated financial statements

Primary Statements

Sections



Primary statements

This section comprises the consolidated financial statements for the Group.

Revenue
In 2017, revenue amounted DKK 15,227 million, an increase of 0.8%. Operating expenses (OPEX) increased by 5.5% to DKK 14,722 million. OPEX was negatively impacted by write-downs on trade receivables in our US Ambulance business by DKK 282 million.

EBITA
Operating profit before other items (EBITA) was DKK 2 million, a decrease of DKK 756 million. EBITA was impacted negatively by the development in operating expenses. EBITA margin ended at 0.0% (5.0%).

Impairment
Assets were significantly impacted by impairments of DKK 2,825 million on goodwill related to the Ambulance services. The impairment loss was primarily related to significant challenges in the United States and Germany as well as declining EBITA margins in several markets.

Discontinued operations
The Safety Services segment is classified as assets held for sale and as discontinued operations in the annual report. The consolidated income statement and consolidated statement of cash flow only comprise the continuing operations.

(3,567)
Profit for the year from continuing operations in 2017, DKK million

490
Cash flows from operating activities in 2017, DKK million

14,295
Total assets, DKK million

2,702
Equity attributable to Falck A/S, DKK million

Income statement

1 January - 31 December

DKK million	Section	2017	2016
Revenue	2.1	15,227	15,109
Other operating income and expenses, net	2.3	66	79
Cost of sales and external assistance		(1,920)	(1,722)
Other external costs		(3,630)	(3,170)
Staff costs	2.2	(9,172)	(9,058)
Depreciation, amortisation and impairment	3.1, 4.5	(569)	(480)
Operating profit before other items (EBITA)		**2**	**758**
Restructuring costs	2.4	(102)	(142)
Amortisation of customer contracts	4.5	(254)	(358)
Impairment of goodwill	4.5	(2,825)	-
Operating profit (EBIT)		**(3,179)**	**258**
Gains/losses from divestments of enterprises	4.2	(13)	78
Income after tax from associates and joint arrangements		(6)	4
Financial income	5.4	96	85
Financial expenses	5.4	(389)	(278)
Profit before tax		**(3,491)**	**147**
Income taxes	2.6	(76)	(15)
Profit for the year from continuing operations		**(3,567)**	**132**
Profit for the year from discontinued operations	4.4	**(115)**	**(98)**
Profit for the year	5.1	**(3,682)**	**34**

Statement of comprehensive income

1 January - 31 December

DKK million	Section	2017	2016
Profit for the year		**(3,682)**	**34**
Actuarial adjustment of pension provisions		2	(2)
Items that will not be reclassified to the income statement		**2**	**(2)**
Exchange rate adjustment		(300)	11
Value adjustment of currency hedging instruments		11	4
Value adjustment of interest hedging instruments		29	9
Adjustment for hyperinflation		5	5
Tax on other comprehensive income	2.6	45	(12)
Items that may be reclassified to the income statement		**(210)**	**17**
Other comprehensive income		**(208)**	**15**
Total comprehensive income		**(3,890)**	**49**
Total comprehensive income for the year is attributable to:			
Shareholders in Falck A/S		(3,899)	7
Non-controlling interests		9	42
TOTAL		**(3,890)**	**49**

Statement of cash flows

1 January - 31 December

DKK million	Section	2017	2016
Operating profit (EBIT)		**(3,179)**	**258**
Depreciation, amortisation and impairment	3.1, 4.5	569	480
Amortisation of customer contracts	4.5	254	358
Impairment of goodwill		2,825	-
Restructuring costs		102	142
Profit before depreciation, amortisation and other items (EBITDA before other items)		**571**	**1,238**
Change in net working capital	3.7	288	(247)
Transactions with associates		(9)	4
Reversal of profit/(loss) from divestment of non-current assets, net		(25)	(42)
Net interest paid		(154)	(143)
Income tax paid	2.6	(181)	(160)
Cash flows from operating activities		**490**	**650**
Purchase of property, plant and equipment	3.1	(289)	(467)
Sale of property, plant and equipment	3.1	84	161
Purchase of intangible assets	4.5	(142)	(173)
Investments in subsidiaries, non-controlling interests and operations	4.1	(409)	(130)
Divestment of subsidiaries, non-controlling interests and operations	4.2	7	383
Cash flows from hedging of net investments		28	23
Change in securities, net		73	(26)
Cash flows from investing activities		**(648)**	**(229)**
Transactions with shareholders	6.2	2,026	600
Transactions with non-controlling interests, net	3.6	(31)	(43)
Interest-bearing debt raised		70	196
Repayment of interest-bearing debt	5.2	(1,639)	(921)
Cash flows from financing activities		**426**	**(168)**
Cash flows from continuing operations		268	253
Cash flows from discontinued operations		2	9
Change in cash and cash equivalents		**270**	**262**

DKK million	Section	2017	2016
Cash and cash equivalents at 1 January		**900**	**637**
Change in cash and cash equivalents		270	262
Exchange gains/(losses) on cash and cash equivalents		(30)	1
Cash and cash equivalents classified as assets held for sale		(131)	-
Cash and cash equivalents at 31 December	5.3	**1,009**	**900**

Accounting policies

The cash flow statement is presented according to the indirect method and shows the cash flows from operating activities, the cash flows from investing activities, the cash flows from financing activities and cash and cash equivalents at the beginning and end of the year. The cash flow statement includes cash flows from companies acquired as from the date of acquisition and cash flows from companies divested until the date of divestment.

Cash flows from operating activities

Cash flows from operating activities include revenue less operating expenses and interest adjusted for non-cash operating items and changes in working capital. Cash flows from operating activities comprise cash flows related to other items and corporation tax.

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities include cash flows from changes in share capital and related costs, purchases and sales of treasury shares, cash flows from dividends, cash flows from interest-bearing debt raised and repayment thereof. Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the time of acquisition which are subject to an insignificant risk of changes in value. Cash flows in currencies other than the functional currency are translated at average exchange rates unless these differ materially from the exchange rate at the transaction date.

Balance sheet

as at 31 December

DKK million	Section	2017	2016
Assets			
Goodwill		6,486	9,902
Other intangible assets		1,363	1,749
Total intangible assets	4.5	**7,849**	**11,651**
Land and buildings		401	552
Leasehold improvements		140	173
Fixtures and fittings, tools and equipment		904	1,234
Total property, plant and equipment	3.1	**1,445**	**1,959**
Investments in associates and joint ventures		56	64
Deferred tax assets	2.7	178	253
Other receivables	3.3	43	94
Total financial assets		**277**	**411**
Total non-current assets		**9,571**	**14,021**
Inventories		82	93
Trade receivables	3.2	2,111	2,548
Income tax receivable		20	-
Other receivables	3.3	176	278
Prepayments		159	180
Securities	5.3	68	141
Cash	5.3	1,009	900
Total current assets		**3,625**	**4,140**
Assets classified as held for sale	4.3	**1,099**	**-**
Total assets		**14,295**	**18,161**

DKK million	Section	2017	2016
Equity and liabilities			
Share capital		81	67
Hedging reserve		(27)	(58)
Currency translation reserve		(443)	(202)
Retained earnings		3,091	5,720
Equity attributable to Falck A/S		**2,702**	**5,527**
Non-controlling interests		428	406
Total equity	5.1	**3,130**	**5,933**
Subordinated shareholder loans	5.2	2,008	944
Loans	5.2	4,336	5,191
Deferred tax	2.7	266	424
Provisions	3.5	117	584
Other payables	3.4	29	39
Total non-current liabilities		**6,756**	**7,182**
Loans	5.2	257	1,024
Trade payables		731	742
Income taxes		135	91
Provisions	3.5	260	425
Other payables	3.4	2,699	2,764
Total current liabilities		**4,082**	**5,046**
Total current and non-current liabilities		**10,838**	**12,228**
Liabilities relating to assets classified as held for sale	4.3	**327**	**-**
Total equity and liabilities		**14,295**	**18,161**

Equity statement

1 January - 31 December

2017 DKK million	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Equity
Equity at 1 January 2017	**67**	**(58)**	**(202)**	**5,720**	**5,527**	**406**	**5,933**
Equity movements in 2017							
Exchange rate adjustment	-	-	(300)	-	(300)	-	(300)
Value adjustment of currency hedging instruments	-	11	-	-	11	-	11
Value adjustment of interest hedging instruments	-	29	-	-	29	-	29
Actuarial adjustment of pension provisions	-	-	-	2	2	-	2
Adjustment for hyperinflation	-	-	5	-	5	-	5
Tax on other comprehensive income	-	(9)	54	-	45	-	45
Other comprehensive income	-	31	(241)	2	(208)	-	(208)
Profit for the year	-	-	-	(3,691)	(3,691)	9	(3,682)
Total comprehensive income	-	31	(241)	(3,689)	(3,899)	9	(3,890)
Purchase and sale of treasury shares, warrants, etc.	-	-	-	(2)	(2)	-	(2)
Capital increase	14	-	-	995	1,009	-	1,009
Dividend	-	-	-	-	-	(17)	(17)
Change in non-controlling interests' ownership share	-	-	-	(4)	(4)	30	26
Adjustment of provision for acquisition of non-controlling interests relating to acquisitions after 1 January 2010	-	-	-	71	71	-	71
Total transactions with owners	**14**	**-**	**-**	**1,060**	**1,074**	**13**	**1,087**
Total equity movements in 2017	**14**	**31**	**(241)**	**(2,629)**	**(2,825)**	**22**	**(2,803)**
Total equity at 31 December 2017	**81**	**(27)**	**(443)**	**3,091**	**2,702**	**428**	**3,130**

Accounting policies

The hedging reserve covers:
- the cash flow hedging of interest payments
- derivatives to hedge net investments in foreign companies

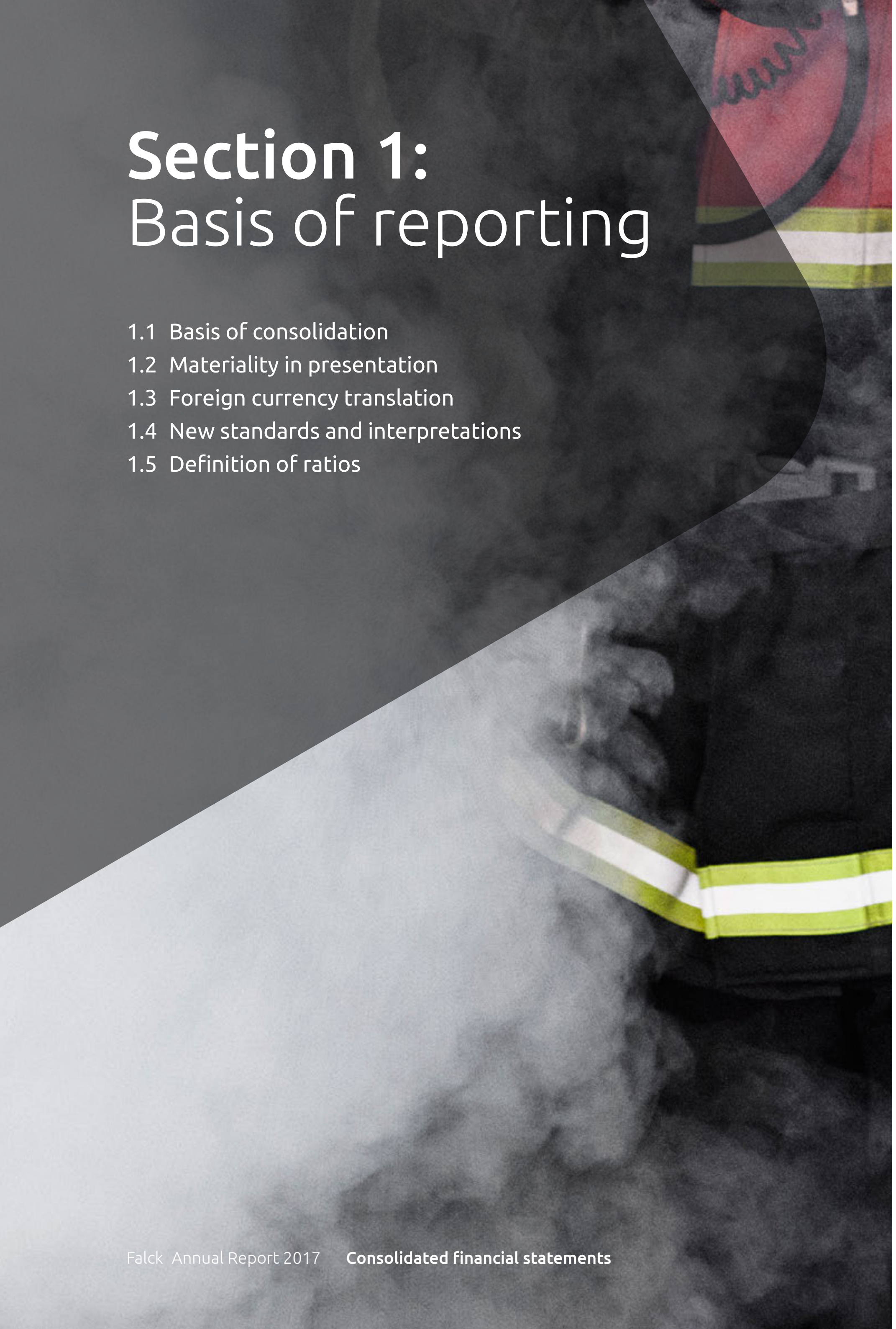
The currency translation reserve comprises:
- exchange rate adjustments arising on translation of the financial statements of foreign entities with a currency that is not the Group's functional currency
- exchange rate adjustments relating to loans to and from subsidiaries and other investments
- exchange rate adjustments relating to hedging transactions on net investment in subsidiaries and other investments, less tax

Equity statement

1 January - 31 December

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

Contents of the consolidated financial statement sections



Section 1: Basis of reporting

All entities in the Falck Group follow the same accounting policies. This section gives a summary of the significant accounting policies, Management's key accounting estimates, new International Financial Reporting Standards (IFRS) requirements and other accounting policies in general.

Falck A/S is a limited liability company incorporated in Denmark. The annual report for the year ended 31 December 2017 includes both the consolidated financial statements of Falck A/S and its subsidiaries (the Group) and separate financial statements of the parent company.

In December 2017, the Board of Directors decided to initiate a strategic review of the future ownership of the Safety Services business unit. Consequently, Safety Services' activities are presented as discontinued operations in the annual report for 2017.

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

The Board of Directors and the Executive committee considered and approved the annual report for 2017 of Falck A/S on 9 February 2018. The annual report will be submitted to the shareholders of Falck A/S for adoption at the annual general meeting to be held on 16 March 2018.

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

Accounting estimates and judgements which may entail a risk of material adjustments in subsequent years are described in the following sections:

Accounting estimates

3.1 Property, plant and equipment
3.2 Trade receivables
3.5 Provisions
4.1 Acquisitions
4.5 Intangible assets
4.6 Impairment tests
7.1 Financial instruments

Accounting judgements

1.2 Materiality in presentation
2.4 Restructuring costs and other items

Section 1.1
Basis of consolidation

Accounting policies

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

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

Section 1.2
Materiality in presentation

Accounting judgement

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

In the management review, Management endeavours to present a comprehensive and useful review of matters with the greatest materiality to the Falck Group and the attainment of the Group's financial targets. In the presentation of the financial statements, a specific evaluation is made, in respect of each line item and section of the financial statements, of the need for further decomposition or, alternatively, aggregation of several line items and omissions or aggregation of sections of the financial statements.

The choice of presentation is made based on an overall assessment of the requirement to give a true and fair view, the requirements under IFRS, Falck's specific circumstances and other relevant factors.

Section 1.3

Foreign currency translation

Accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.4
New standards and interpretations

New financial reporting standards
Based on an assessment of new or amended and revised financial reporting standards ('IFRSs') and interpretations ('IFRICs') issued by IASB, and IFRSs endorsed by the European Union effective from 1 January 2017, it has been assessed that the application of these new IFRSs have not had a material impact on the consolidated financial statements for 2017 in respect of recognition and measurement, and Management does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

Future IFRS amendments
In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect.

The following standards are expected to be the most relevant for the Falck Group:

Description of amendment	Expected effect	Commencement
IFRS 9 - Financial Instruments The standard replaces IAS 39 and will substantially change the classification and measurement of financial instruments and hedging requirements. The standard requires recognition of expected credit losses, whereas under the current standard, losses are not recognised until there are indications of impairment (incurred loss).	Impact assessments have been performed in 2017 based on the Group's current financial structure and risk profile. Based on this analysis, Management has assessed that the standard will have minor impact for the Group. Regarding the effect of new measurement of financial assets, we have assessed that the standard will have an effect related to impairment of trade receivables due to implementation of the forward-looking expected credit loss model. Further, the standard does not allow costs in connection with refinancing of loans to be capitalised. Regarding hedge accounting, the standard will have no effect on the Group's financial statements. The expected total effect will be at the level of around of DKK 50 to 70 million and will be recognised in equity on 1 January 2018 through "other comprehensive income".	IFRS 9 will be implemented in the consolidated financial statements for the financial year 2018. Except for hedge accounting, the standard is to be applied retrospectively. The Group has chosen to use the exception provided by IFRS 9 not to restate comparative figures, so the standard's requirements only apply to existing financial instrument contracts in progress at 1 January 2018.
IFRS 15 – Revenue from Contracts with Customers The new standard on revenue recognition is replacing all current revenue recognition requirements and interpretations under IFRS. The new standard establishes a five-step model to account for revenue arising from contracts with customers. The model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service	A detailed analysis has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the Group's recognition of revenue. The analysis has shown that IFRS 15 will have effects on revenue and EBITA: • Due to the agent-principal assessment, the standard will have an effect on revenue in Assistance, Employee Healthcare and Global Assistance, as we have concluded that Falck is not acting as principal in multiple contracts. The agent-principal assessment is expected to decrease revenue at the level of around DKK 800 to 900 million for 2018. EBITA will not be affected, as cost of sales will decrease accordingly.	IFRS 15 will be implemented in the consolidated financial statements for the financial year 2018. The standard will be implemented using the modified retrospective approach, thus comparative figures will not be restated. Hereby, the standard's requirements only apply to contracts in progress at 1 January 2018 as well as subsequently concluded contracts (i.e. apply to contracts not completed on 1 January 2018). Any cumulative effect on initially applying the standard to existing contracts that still require performance by the

Section 1.4
New standards and interpretations (continued)

Description of amendment	Expected effect	Commencement
IFRS 15 – Revenue from Contracts with Customers - continued to being based on the transfer of control of the goods or services transferred to the customer together with a change in the agent-principal assessment and other criteria for recognition.	• IFRS 15 requires that stepped-pricing contracts where the services are transferred to the customer over time are recognised at the same average consideration over the term of the contract. Falck has such contracts in Ambulance, mostly contracts with the regions in Denmark. The transaction price in contracts that contain pre-determined price reductions must be recalculated to an average price for the whole period, which must be recognised as revenue. For contracts that contains options for additional services that grant a material right to the customer which is considered a separate performance obligation, a part of the transaction price should be allocated to this separate performance obligation. In aggregate, this will decrease revenue and have a negative effect on EBITA at the level of around DKK 20 million in 2018. The expected accumulated effect on EBITA at the level of around of DKK 30 million will be recognised in equity on 1 January 2018. • The standard will also have an effect on Ambulance in the US, due to a change of when revenue is recognised. Under IFRS 15, a contract only exists if it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer. The Group's analysis shows that patients without insurance or aid from Federal/State programs often do not pay for the services provided. We have assessed that this will have a negative effect on revenue at the level of around DKK 400 to 500 million and will have a negative effect on EBITA at the level of around DKK 20 million in 2018. The total expected effect on the Group in 2018 is a decrease in revenue at the level of DKK 1,200 to 1,400 million, a negative effect on EBITA at the level of around DKK 40 million in 2018, and a negative effect at the level of around DKK 30 million on equity on 1 January 2018.	Group is recognised to the opening balance of retained earnings.

Section 1.4
New standards and interpretations (continued)

Description of amendment	Expected effect	Commencement
IFRS 16 – Leasing IFRS 16 "Leases" (replacing IAS 17). The new standard significantly changes the accounting treatment of leases currently treated as operating leases, as the Group, being a lessee (with a few exceptions), should recognise all types of leases as assets and the related lease obligations as liabilities in the balance sheet.	The Group's business model is based on leasing rather than owning property, vehicles and equipment, primarily under operating leases. The Group has entered into a significant number of lease agreements across the Group, e.g. for more than 5,000 cars/trucks/ambulances and 500 leases of premises, buildings, etc. In 2017, a process was started to analyse and evaluate the impact of the new standard. The expected impact for the Group is an increase in property, plant and equipment and related lease liabilities in the range of DKK 2,500 to 3,000 million. This is an increase of 25% to 50% of the operating leases, cf. section 7.3. The increase is primarily due to extension options in various contracts and the length of the expected use of the assets. Under IAS 17, operating lease cost is recognised in the income statement as "cost of sales and external assistance" and "other external costs". From 2019 the cost of the lease, will comprise of two elements – depreciation and interest expense – which will be charged to the income statement in respective lines. We expect that the reclassification of lease expense will increase operating profit, as the lease expense includes an interest element, which will be recognised as a financial item under the new standard. In the statement of cash flows, operating lease payments are currently presented as part of cash flow from operating activities. Going forward, operating lease payments will be presented in the cash flow statement in two lines – interest paid and other financial payments. The analysis will be finalised in 2018.	IFRS 16 will be implemented in the consolidated financial statements for the financial year 2019. We expect to implement the standard by using a simplified approach (modified retrospective method), where comparative figures will not be restated. We will calculate and recognise the accumulated effect for all ongoing leases at the beginning of 2019. Furthermore, we expect to use the other available reliefs to the widest possible extent, including the exclusion of low value assets and lease contracts with a maturity less than 12 months.

Section 1.5
Definitions of ratios

The ratios are basically calculated on the basis of the annual report and the Group's accounting policies. The Falck Group calculates a number of ratios on the basis of the financial-highlight figures in "Key figures and financial ratios" on page 10. The definitions of those ratios are stated below.

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

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

EBITDA before other items
EBITA before other items, adjusted for depreciation, amortisation and impairments.

EBITA before other items
Operating profit adjusted for restructuring costs, amortisation of customer contracts and impairment on goodwill and other intangible assets.

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

Economic profit
Means the absolute value created in excess of the required return to investors. Economic profit is calculated as follows:

NOPAT – (NOA * WACC).

(NOA = Net operating assets excluding ownership goodwill)

NOPAT
Is Net Operating Profit after tax. NOPAT is calculated as EBITA adjusted for impairments and amortisation of aquired goodwill minus estimated tax (estimated tax rate of 28%).

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

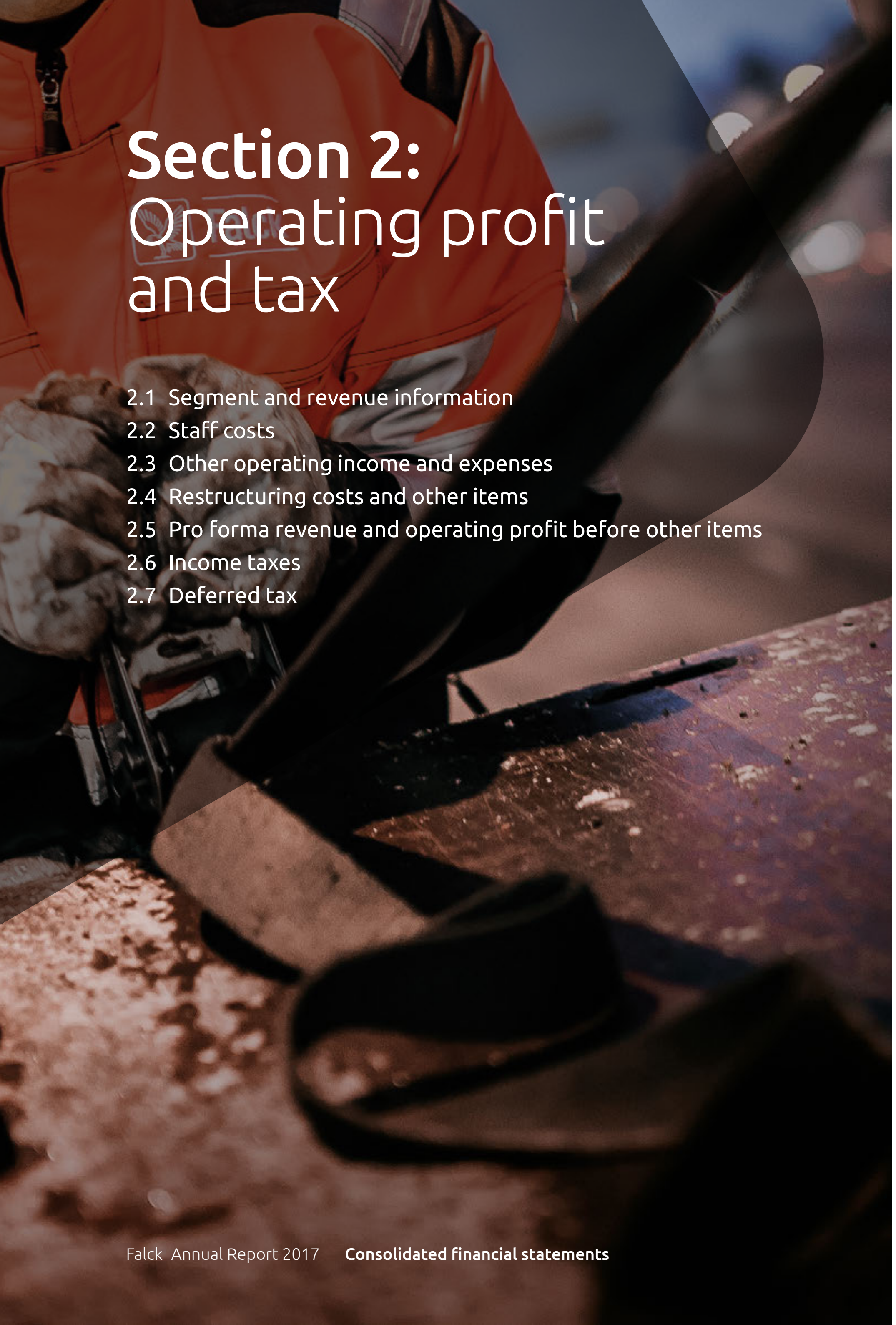
Free cash flow
EBITA adjusted for non-cash operating items and change in net operating assets excluding goodwill.

Net interest-bearing debt to EBITDA ratio
Net interest-bearing debt comprise cash interest-bearing debt and earn-outs related to acquisitions. EBITDA has been normalised for non-recurring cost or losses.

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

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

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



Section 2: Operating profit and tax

This section comprises notes in relation to the result for the year, including disclosure on business segments. The financial review on pages 8-9 gives a description of the results for the year.

Changes in business segments

Management has defined the Group's business segments based on the reporting regularly presented to the Group Executive Management, and which forms the basis for Management's strategic decisions.

In connection with the new Falck North Star Strategy, a Portfolio Businesses segment has been establised to contain the Safety Services, Industrial Firefighting and Global Assistance service areas.

On 1 January 2017, the responsibility for Danish Public Firefighting and Assistance operations was transferred to Assistance from Ambulance. On 31 december 2017 Safety Services activities was presented as discontinued operations.

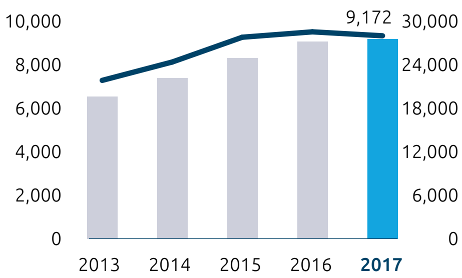
The reporting to the Group Executive Management has been aligned to the new corporate structure. Prior-period segment information has been restated to reflect the new structure.

Restructuring costs

Restructuring costs consist of costs related to close-down of activities and redundancy costs of a non-recurring nature that the Group does not consider to be part of its ordinary operations. In 2017, restructuring costs amount to DKK 102 million.

Employees in Falck

DKK million Number



Staff costs ● Number of full-time employees

9,172

Staff costs in 2017, DKK million

37,300

People helping people

Section 2.1
Segment and revenue information

Ambulance

Operating more than 2,500 ambulances, patient transport vehicles and medical emergency response units, Falck employees help ill and injured people around the world.

DKK million	2017	2016
Revenue	8,086	8,272
EBITA	(214)	312
Net investments	219	264
Employees	25,119	25,733

Healthcare

Employee Healthcare makes it easy for businesses and organisations to ensure that employees and citizens have longer, healthier and better working lives.

DKK million	2017	2016
Revenue	2,801	2,669
EBITA	101	168
Net investments	67	57
Employees	3,333	3,149

Assistance

Assistance provides advice on the prevention of accidents and other incidents as well as ensuring fast and competent assistance if an accident occurs.

DKK million	2017	2016
Revenue	3,043	3,159
EBITA	188	226
Net investments	14	140
Employees	5,730	5,794

Portfolio Businesses

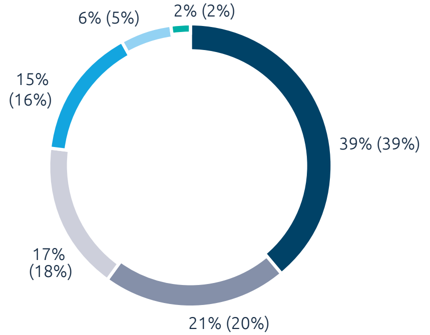
Portfolio Businesses provide fire services and aid to travellers around the world.

DKK million	2017	2016
Revenue	1,611	1,402
EBITA	(3)	53
Net investments	48	41
Employees	3,084	2,731

Excluding Safety Services

Revenue

%



- Denmark, 39%
- North America, 15%
- Nordics, 21%
- Latin America, 6%
- Europe, 17%
- Rest of the world, 2%

Comments

Segment revenue and non-current assets are presented on the basis of the customer's geographical location based on supply point. No single customer accounts for 10% or more of revenue.

Nordics comprises the following countries:
Norway, Sweden and Finland.

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

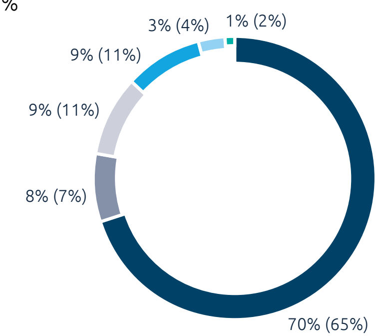
The business in North America comprises:
The United States.

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

Rest of the world comprises the following countries:
Australia, China, India, Malaysia, Nigeria and Papua New Guinea.

Non-current assets excluding deferred tax assets

%



- Denmark, 70%
- North America, 9%
- Nordics, 8%
- Latin America, 3%
- Europe, 9%
- Rest of the world, 1%

Section 2.1
Segment and revenue information (continued)

DKK million

Business units 2017	Ambulance [2]	Healthcare	Assistance	Portfolio Businesses[4]	Other activities/ eliminations	Total
KEY RATIOS						
EBITA margin (%) [1]	(2.6)	3.6	6.2	(0.2)		0.0
INCOME STATEMENT						
Revenue [3]	8.086	2,801	3,043	1,611	(314)	15,227
Staff costs	(5,400)	(1,601)	(1,284)	(773)	(114)	(9,172)
Deprecation, amortisation and impairments	(290)	(43)	(194)	(42)	-	(569)
Operating profit before other items (EBITA)	**(214)**	**101**	**188**	**(3)**	**(70)**	**2**
Restructuring costs	(31)	(39)	(47)	(15)	30	(102)
Impairment and amortisation	(2,923)	(32)	(119)	(5)	-	(3,079)
Operating profit (EBIT)	**(3,168)**	**30**	**22**	**(23)**	**(40)**	**(3,179)**
Financials, net						(312)
Profit before tax						**(3,491)**
Income taxes						(76)
Profit for the year from continuing operations						**(3,567)**
BALANCE SHEET						
Total assets	5,168	2,129	4,427	1,177	1,394	14,295
Net investments in intangible assets, property, plant and equipment	219	67	14	48	-	348

(1) See definitions of ratios in section 1.5

(2) The Ambulance business includes operations in Venezuela, which is defined as a hyperinflationary economy. The revenue and operating profit stated above therefore include a positive adjustment for hyperinflation of DKK 13 million and DKK 5 million, respectively. The effect on profit for the year was negative in the amount of DKK 7 million.

(3) Revenue comprises rendering of services of DKK 15,071 million and sale of goods of DKK 156 million.

(4) Excluding Safety Services

Comments

During 2017 the corporate structure of the Falck Group has undergone several changes. On 1 January 2017, the Public Firefighting business and Assistance Operations were moved from the Ambulance segment to the Assistance segment. In Q4 2017, Industrial Firefighting and Global Assistance were moved from the Ambulance and Assistance segment, respectively, to the new Portfolio Businesses segment. The reporting to the Group Executive Management has been aligned to the new corporate structure. Prior-period segment information has been restated to reflect the new structure.

Accounting policies

Segment reporting

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

Segment income, expenses and assets comprise items that can be directly attributed to individual segments and items that can be allocated to the individual segments on a reasonable basis. Other activities are primarily assets and income and expenses relating to financial items, taxes and similar items. Non-current assets in a segment comprise non-current assets used directly in the operation of the segment, including intangible assets, property, plant and equipment

Section 2.1
Segment and revenue information (continued)

DKK million

Business units 2016	Ambulance [2]	Healthcare	Assistance	Portfolio Businesses[4]	Other activities/ eliminations	Total
KEY RATIOS						
EBITA margin (%) [1]	3.8	6.3	7.2	3.8		5.0
INCOME STATEMENT						
Revenue [3]	8,272	2,669	3,159	1,402	(393)	15,109
Staff costs	(5,524)	(1,511)	(980)	(664)	(379)	(9,058)
Depreciation, amortisation and impairments	(324)	(31)	(104)	(21)	-	(480)
Operating profit before other items (EBITA)	**312**	**168**	**226**	**53**	**(1)**	**758**
Restructuring costs	(94)	(20)	(18)	(6)	(4)	(142)
Impairment and amortisation	(187)	(34)	(134)	(3)	-	(358)
Operating profit (EBIT)	**31**	**114**	**74**	**44**	**(5)**	**258**
Financials, net						(111)
Profit before tax						**147**
Income taxes						(15)
Profit for the year from continuing operations						**132**
BALANCE SHEET						
Total assets	10,061	2,110	4,305	1,912	(227)	18,161
Net investments in intangible assets, property, plant and equipment	264	57	140	41	-	502

(1) See definitions of rations in section 1.5

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

(3) Revenue comprises rendering of services of DKK 14,968 million and sale of goods of DKK 141 million.

(4) Excluding Safety Services

and investments in associates. Current assets in a segment comprise current assets used directly in the operation of the segment, including inventories, trade receivables, other receivables, prepaid expenses and cash. Inter-segment transactions are made on an arm's length basis.

Revenue
Revenue represents the value of services and goods delivered and invoiced subscriptions attributable to the financial period, and is recognised in the income statement if delivery and transfer of risk to the buyer have taken place before year-end, and if the income can be reliably measured and is expected to be received. The value of services rendered is recognised on the basis of the delivered percentage of the total service. Revenue from subscriptions is allocated to the income statement on a straight-line basis. Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the agreed consideration excluding VAT and other taxes collected on behalf of third parties. All discounts granted are recognised in revenue.

Section 2.2
Staff costs

Comments
Staff costs
Staff costs increased in 2017 compared to 2016 partly due to a number of redundancies particularly in Assistance and Ambulance. Please refer to section 6.1 for remuneration of the Executive Management.

Pension plans
The Group contributes to pension plans which cover employees in various companies of the Group. The pension plans are typically defined-contribution plans. Under defined-benefit plans, Falck is obliged to pay a defined benefit to a limited number of employees primarily from the Danish part-time employees. The Group has insignificant defined-benefit plans in the United Kingdom. Actuarial adjustments of these plans amounted to a reduction of DKK 2 million in 2017 (2016: DKK 2 million) of which the fair value of pension liabilities and pension assets at year-end 2017 amounted to DKK 25 million and DKK 27 million respectively.

Number of employees
Average number of employees (full-time equivalents) decreased by 545 due to the launch of the new Group strategy with focus on restoring profitability by closing down certain unprofitable business activities in Assistance as well as initiating restructuring of the current business setup in all Business Units . The close down of unprofitable business activities involved a number of redundancies.

DKK million	**2017**	2016
Wages, salaries and remuneration	(7,482)	(7,459)
Defined-contribution pension plans	(425)	(394)
Other social security costs	(864)	(787)
Other staff costs	(483)	(497)
Total staff costs before transfer to other items	**(9,254)**	**(9,137)**
Transferred to restructuring costs	**82**	**79**
Total staff costs	**(9,172)**	**(9,058)**
Permanent employees at 31 December	28,484	28,921
On-call and other employees at 31 December	8,873	8,560
Total employees	**37,357**	**37,481**
Average number of employees (full-time equivalents)	28,007	28,552

Excluding Safety Services

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

Section 2.3
Other operating income and expenses

DKK million	2017	2016
Gain from sales of assets	27	43
Other operating income	41	37
Total other operating income	**68**	**80**

DKK million	2017	2016
Loss from sales of assets	(2)	(1)
Total other operating expenses	**(2)**	**(1)**
Other operating income and expenses, net	**66**	**79**

Excluding Safety Services

Comments
Other operating income and expenses relate to activities outside normal core of business.

Accounting policies
Other operating income and expenses
Other operating income and other operating expenses consists of gains and losses on the sale of non-current assets, compensations received, income from sublease of premises and other non-primary income and expenses.

Section 2.4
Restructuring costs and other items

DKK million	2017	2016
Close-down of activities	(20)	(63)
Redundancy and restructuring costs, etc.	(82)	(79)
Total restructuring costs and other items	**(102)**	**(142)**

Excluding Safety Services

Accounting policies
Restructuring costs
Restructuring costs consist of non-recurring income and expenses that the Group does not consider to be part of its ordinary operations such as restructuring projects. The use of restructuring costs entails Management judgement in the separation from the ordinary operations of the Group. When using restructuring costs, it is essential that these constitute items that cannot be attributed directly to the Group's ordinary operating activities.

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

Section 2.5

Pro forma revenue and operating profit before other items

DKK million	2017 Reported income statement	2017 Other items	2017 Adjusted income statement	2016 Reported income statement	2016 Other items	2016 Adjusted income statement
Revenue	15,227	-	15,227	15,109	-	15,109
Other operating income and expenses, net	66	(3)	63	79	104	183
Cost of sales and external assistance	(1,920)	-	(1,920)	(1,722)	-	(1,722)
Other external costs	(3,630)	(30)	(3,660)	(3,170)	(89)	(3,259)
Staff costs	(9,172)	(82)	(9,254)	(9,058)	(79)	(9,137)
Depreciation and amortisation	(569)	-	(569)	(480)	-	(480)
Operating profit before other items (EBITA)	**2**	**(115)**	**(113)**	**758**	**(64)**	**694**
Restructuring costs	(102)	102	-	(142)	142	-
Amortisation of customer contracts	(254)	-	(254)	(358)	-	(358)
Impairment of goodwill	(2,825)	-	(2,825)	-	-	-
Operating profit (EBIT)	**(3,179)**	**(13)**	**(3,192)**	**258**	**78**	**336**
Gain/losses from divestment of enterprises	(13)	13	-	78	(78)	-
Income after tax from associates and joint arrangements	(6)	-	(6)	4	-	4
Financial income	96	-	96	85	-	85
Financial expenses	(389)	-	(389)	(278)	-	(278)
Profit before tax	**(3,491)**	**-**	**(3,491)**	**147**	**-**	**147**

Excluding Safety Services

Comments

To assess the potential impact on operating profit (EBITA) if the other items consisting of restructuring costs and gains/losses from divestments of enterprises were to be reported above EBITA result, an adjusted income statement has been presented.

Section 2.6
Income taxes

DKK million	2017	2016
Current tax	(98)	(149)
Change in deferred tax for the year	281	134
Prior-year adjustments	(165)	-
Change in tax rate	(94)	-
Total income taxes	**(76)**	**(15)**
Tax on comprehensive income	**45**	**(12)**
Total tax	**(31)**	**(27)**
Income tax paid during the year	(181)	(160)
Breakdown of tax rate		
Total income taxes	(76)	(15)
Profit before tax	(3,491)	147
Impairment of goodwill	2,825	-
Income after tax from associates	6	(4)
Tax base for effective tax rate	**(660)**	**143**
Total income taxes as a percentage of profit before tax	**(2.2%)**	**10.1%**
Effective tax rate	**(11.6%)**	**10.4%**
Danish tax rate	22.0%	22.0%
Differences in foreign tax rates relative to Danish rate	9.1%	0.3%
Non-deductible costs	(1.6%)	(2.9%)
Non-taxable income for the period	0.5%	(25.0%)
Non-capitalised tax losses etc. for the period	(0.7%)	9.1%
Payroll tax on profit for the year	(1.4%)	6.4%
Write-down of tax assets	(41.0%)	0.0%
Prior-year adjustments	1.5%	0.5%
Effective tax rate	**(11.6%)**	**10.4%**

Excluding Safety Services

DKK million	2017	2016
Tax on other comprehensive income		
Tax on exchange rate adjustments	54	(10)
Tax on value adjustments relating to currency hedging instruments	(3)	(1)
Tax on value adjustments of interest hedging instruments	(6)	(1)
Total tax on other comprehensive income	**45**	**(12)**

Excluding Safety Services

Accounting policies

Income taxes

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

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

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

Tax payables

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

Section 2.7
Deferred tax

DKK million	2017	2016
Deferred tax provisions at 1 January	171	378
Transferred to assets classified as held for sale	29	-
Exchange rate adjustment	22	(5)
Net addition on acquisitions and divestments	1	1
Change in deferred tax for the year	(382)	(165)
Change in deferred tax for prior years	(24)	(38)
Write-down of tax assets	177	-
Change in tax rate	94	-
Deferred tax provisions at 31 December	**88**	**171**
Deferred tax assets	(178)	(253)
Deferred tax provision	266	424
Deferred tax provisions at 31 December	**88**	**171**
Breakdown of deferred tax:		
Intangible assets	250	330
Property, plant and equipment	63	91
Current assets	(4)	(5)
Non-current liabilities and provisions	(5)	(4)
Current liabilities	(11)	(43)
Tax losses carried forward	(212)	(161)
Exchange rate adjustments recognised in equity	(4)	57
Other	11	(94)
Deferred tax provisions at 31 December	**88**	**171**

Including Safety Services

Comments

At 31 December 2017, the Group had unrecognised deferred tax assets which comprised tax losses carried forward and other deductible temporary differences of DKK 228 million (2016: DKK 51 million) primarily relating to the US and Brazil. Unrecognised tax losses can in the majority of cases be carried forward indefinitely in the individual countries. Deferred tax assets have not been recognised in respect of the above tax losses, as it is not deemed probable that taxable profit will be available in the foreseeable future against which the Group can utilise the tax losses.

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

Accounting policies

Deferred tax

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

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

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

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

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

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

Section 3:
Net operating assets

This section specifies the operating assets that form the basis for the activities of the Group and the related liabilities.

Impairment of goodwill

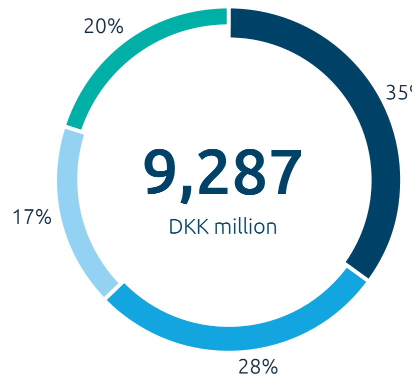
The impairment test for 2017 indicated an impairment of DKK 2,825 million in our Ambulance business. The expected future cash flow from our operations in the United States and Germany has been reduced significantly due to weak cash collections in United States and lack of new contracts and growth in the German market as expected in ealier years. Furthermore, the operating costs related to other core businesses in Europe have increased over the past years. For further information see section 4.6 Impairment tests.

Write-down on trade receivables

In Q2 a write-down of DKK 282 million related to private customers in the US business was recognised.

Net operating assets, by business unit

%



Ambulance · Assistance · Employee Healthcare · Portfolio Businesses

Net operating assets

DKK million	**2017**	2016
Working capital	(867)	(323)
Property, plant and equipment	1,445	1,959
Intangible assets	7,849	11,651
Provisions	(124)	(123)
Tax	(115)	(92)
Net assets classified as held for sale	1,099	-
Net operating assets at 31 December	**9,287**	**13,072**

Including Safety Services

Section 3.1
Property, plant and equipment

2017 DKK million	Land and buildings	Leasehold improve-ments	Fixtures, fittings, tools and equipment	Total
Cost at 1 January 2017	671	239	1,987	2,897
Exchange rate adjustment	(22)	(12)	(162)	(196)
Additions	43	42	249	334
Disposals on divestments	(1)	-	(1)	(2)
Disposals and reclassification	(22)	(12)	(343)	(377)
Transferred to assets classified as held for sale	(205)	(66)	(573)	(844)
Cost at 31 December 2017	**464**	**191**	**1,157**	**1,812**
Impairment and amortisation at 1 January 2017	(119)	(65)	(753)	(937)
Exchange rate adjustment	10	6	100	116
Disposals and reclassification	-	7	308	315
Impairment and depreciation	(37)	(29)	(349)	(415)
Transferred to assets classified as held for sale	83	30	441	554
Impairment and amortisation at 31 December 2017	**(63)**	**(51)**	**(253)**	**(367)**
Carrying amount at 31 December 2017	**401**	**140**	**904**	**1,445**
of which assets under construction	42	-	13	55
of which assets held under finance leases	12	-	260	272

Including Safety Services

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

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

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

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

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

Section 3.1
Property, plant and equipment (continued)

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

Including Safety Services

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

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

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

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

Section 3.2
Trade receivables

DKK million	2017	2016
Total trade receivables	**2,111**	**2,548**
Receivables overdue but not written down		
Within 1 to 30 days	316	317
Within 31 to 90 days	193	237
Within more than 90 days	205	473
Total receivables overdue but not written down	**714**	**1,027**
Write-downs at 1 January	455	414
Write-downs during the the year	719	443
Used during the year	(745)	(397)
Reversals during the year	-	(5)
Transfers to assets classified as held for sale	(11)	-
Write-downs at 31 December	**418**	**455**

Including Safety Services

Comments

Falck has significant trade receivables mainly within the Ambulance and Assistance businesses. Especially in the United States, Colombia and Denmark, a number of private payers are recognised as receivables from customers.

Write-downs on trade receivables are significantly affected by the Ambulance companies in the United States, as payment is collected directly from the patient if the patient does not have health insurance or is covered by a public insurance scheme. This is difficult, especially in the event of emergency responses. Moreover, as a result of increased revenue and changed payment profile in the United States, the Group has seen overdue receivables go up during the past few years.

In 2017 in the United States Falck has reevaluated the management assessment of bad debt write-downs based on collection rates and on the basis of extensive analyses. Collection rates and calculations for write-downs of private customers have been evaluated, and the result is reflected in the write-downs for the year. In 2017 this has affected the income statement negatively by DKK 282 million.

Accounting policies
Receivables

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

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

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

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

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

Accounting estimates
Impairment of receivables

Impairment losses on trade receivables are calculated on the basis of Management's assessment of the customer's or the customer group's capacity to pay.

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

Section 3.3
Other receivables

DKK million	2017	2016
Receivables from associates	38	73
Rent deposits	25	33
Receivables from sale of companies	11	26
Employee-related receivables	14	14
Reimbursement costs	51	86
Other receivables	80	140
Total other receivables	**219**	**372**
Classification of other receivables by expected maturity		
Within 1 year	176	278
More than 1 year	43	94
Total other receivables	**219**	**372**

Including Safety Services

Comments
Other receivables decreased by DKK 153 million from DKK 372 million in 2016. This was primarily due to write-downs on receivables from associates, sale of companies and reclassification of other receivables to assets held for sale.

Section 3.4
Other payables

DKK million	2017	2016
Holiday pay, wages, etc.	789	786
Employee income taxes, etc.	132	132
VAT	122	122
Derivative financial instruments	33	73
Payables to associates	15	28
Prepayments from customers	1,544	1,534
Other	93	128
Total other payables	**2,728**	**2,803**
Classification of other payables by expected maturity		
Within 1 year	2,699	2,764
More than 1 year	29	39
Total other payables	**2,728**	**2,803**

Including Safety Services

Comments
Other payables decreased by DKK 75 million from DKK 2,803 million in 2016. The main reason for this is that Safety Services has been presented as assets held for sale.

Accounting policies
Prepayments
Prepayments from customers are income paid in advance from subscription customers relating to the following financial period.

Section 3.5
Provisions

2017 DKK million	Put options	Outstanding considerations and earn-outs	Occupational injuries	Pension obligations	Other	Total
Provisions at 1 January 2017	821	64	46	21	57	1,009
Exchange rate adjustment	(52)	-	(5)	(1)	(3)	(61)
Provisions added during the year	-	-	51	-	85	136
Additions on acquisitions	-	5	-	-	-	5
Provisions used during the year	(355)	(35)	(64)	(7)	(50)	(511)
Interest element on discounted liabilities	7	-	-	-	-	7
Dividends paid and other adjustments	(22)	-	-	-	-	(22)
Adjustments recognised in goodwill relating to business combinations before 1 January 2010	4	-	-	-	-	4
Adjustments and interest recognised in equity relating to business combinations after 1 January 2010	(71)	-	-	-	-	(71)
Transferred to assets classified as held for sale	(113)	-	-	(2)	(4)	(119)
Provisions at 31 December 2017	**219**	**34**	**28**	**11**	**85**	**377**
Classification of provisions by expected maturity						
Within 1 year	144	34	11	3	68	260
Between 1 and 5 years	75	-	16	1	15	107
More than 5 years	-	-	1	7	2	10
Provisions at 31 December 2017	**219**	**34**	**28**	**11**	**85**	**377**

Including Safety Services

Comments
On 19 October 2017 Falck acquired the remaining 36.9% of the shares in Grupo Emi from the partner in Latin America, Tribeca Homecare Fund. A call option relating to Grupo Emi was exercised which led to a reduction of provisions for put options of DKK 326 million.

Section 3.5
Provisions (continued)

2016 DKK million	Put options	Outstanding considerations and earn-outs	Occupational injuries	Pension obligations	Other	Total
Provisions at 1 January 2016	837	100	64	24	74	1,099
Exchange rate adjustment	17	2	-	-	(2)	17
Provisions added during the year	-	-	38	3	66	107
Additions on acquisitions	6	-	-	(2)	-	6
Disposals on divestment	(9)	-	-	-	-	(9)
Provisions used during the year	(28)	(38)	(56)	(4)	(81)	(209)
Disposals on acquisitions of non-controlling interests						
Interest element on discounted liabilities	7	-	-	-	-	7
Dividends paid and other adjustments	(34)	-	-	-	-	(34)
Adjustments recognised in goodwill relating to business combinations before 1 January 2010	8	-	-	-	-	8
Adjustments and interest recognised in equity relating to business combinations after 1 January 2010	17	-	-	-	-	17
Provisions at 31 December 2016	**821**	**64**	**46**	**21**	**57**	**1,009**
Classification of provisions by expected maturity						
Within 1 year	348	17	17	-	43	425
Between 1 and 5 years	386	47	26	21	12	492
More than 5 years	87	-	3	-	2	92
Provisions at 31 December 2016	**821**	**64**	**46**	**21**	**57**	**1,009**

Including Safety Services

Section 3.5
Provisions (continued)

Accounting policies
Put options and outstanding considerations and earn-outs
In connection with Falck assuming an obligation to acquire non-controlling interests, a concurrent right was obtained for Falck to acquire the same non-controlling interests in the agreed period.

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

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

Pension obligations
Most of the Falck's pension agreements are defined contribution plans under which payments are made to external pension institutions. Contributions to such plans are recognised in the income statement in the period in which they are earned by the employees, and outstanding payments are included in the balance sheet under other payables. See also section 2.2 Staff costs.

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

Provisions
Provisions are recognised when, as a consequence of an event occurring before or on the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised as a provision is Management's best estimate of the present value of expenses required to settle the obligation.

Provisions for restructuring are recognised when a detailed, formal plan for the restructuring has been made before or on the balance sheet date and has been announced to the parties involved.

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

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

Section 3.6
Non-controlling interests

DKK million	2017	2016
Dividend to non-controlling interests recognised in equity	(15)	(19)
Dividend to non-controlling interests recognised in provisions for acquisition of non-controlling interests	(17)	(26)
Dividend to non-controlling interests recognised in liabilities	1	(15)
Divestment of non-controlling interests and capital contributions from non-controlling interests	-	17
Total transactions with non-controlling interests	**(31)**	**(43)**

Excluding Safety Services

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

The financial information set out on the next page summed up for the Falck Health Care Holding group.

The information is stated before eliminations with other entities of the Falck Group.

Accounting policies
Non-controlling interests
The proportionate shares of the profits and equity of subsidiaries attributable to non-controlling interests are recognised as a separate item under equity. On initial recognition, non-controlling interests are recognised as described under "Business combinations".

Put options issued as part of the consideration for business combinations are recognised as described under "Acquisition and divestment of non-controlling interests" above.

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

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

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

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

Section 3.6
Non-controlling interests (continued)

DKK million	**2017**	2016
Revenue	2,330	2,227
Profit before financials	8	111
Profit for the year	(7)	71
Non-controlling interests' share of profit before financials	3	44
Non-controlling interests' share of profit for the year	(3)	28
Non-current assets	1,373	1,567
Current assets	761	658
Non-current liabilities	565	697
Current liabilities	637	593
Net assets	932	935
Non-controlling interests' share of net assets	373	374
Cash flows from operating activities	61	(19)
Cash flows from investing activities	(43)	(76)
Cash flows from financing activities	34	114
Change in cash and cash equivalents	52	19
Dividend paid to non-controlling interests during the year	-	-

Excluding Safety Services

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

Section 3.7
Net working capital

DKK million	**2017**	2016
Change in inventories	5	(4)
Change in trade receivables	160	(221)
Change in other receivables	(49)	(11)
Change in trade payables	77	(58)
Change in other payables	124	99
Change in operating provisions	(29)	(52)
Change in net working capital including operating provisions	**288**	**(247)**

Excluding Safety Services

Comments
Change in trade receivables of DKK 381 million mainly relate to decrease in trade receivables within Ambulance in the United States due to write-downs with no cash effect. Please see more details in section 3.2.

Section 4: Acquisitions and divestments

This section comprises notes related to our strategic acquisitions and divestments.

New strategy
In 2017, the focus on strategic acquisitions and divestments has changed from a revenue growth strategy to a focus on improving the profitability within the Group's core businesses. The growth journey had to a large extent been driven through M&A activities and with limited post acqusition integration.

Discontinued operations
In December 2017, the Board of Directors decided to initiate a strategic review of the future ownership of Falck Safety Services.

Impairment of Goodwill
In 2017 a need for impairment on goodwill of DKK 2,825 million related to our Ambulance services was identified. The impairment loss was primarily related to significant challenges in North America and Germany as well as declining EBITA margins in several markets.

2,825
Impairment of goodwill in 2017, DKK million

772
Net assets classified as held for sale relating to Safety Services, DKK million

Section 4.1
Acquisitions

DKK million	2017	2016
Assets		
Intangible assets	6	27
Property, plant and equipment	-	4
Cash	6	3
Other current assets	-	25
Equity and liabilities		
Interest-bearing debt	-	(16)
Current liabilities, provisions, etc.	(5)	(72)
Deferred tax	-	(1)
Non-controlling interests	(3)	-
Net assets acquired	**4**	**(30)**
Goodwill	5	86
Liability for acquisitions of non-controlling interests, additions during the year	-	(6)
Purchase price	**9**	**50**
Adjustment for cash and cash equivalents acquired	(6)	(3)
Consideration relating to prior-year acquisitions	395	57
Expensed costs from business combinations	11	26
Cash consideration for acquisitions	**409**	**130**

Excluding Safety Services

Comments

No significant acquisitions have been made during 2017.

On 19 October 2017 Falck acquired the remaining 36.9% of the shares in Grupo Emi from the partner in Latin America Tribeca Homecare Fund. A call option relating to Groupo Emi was exercised.

Accounting policies

Valuation of intangible assets

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

Section 4.1
Acquisitions (continued)

The following acquisitions were made during the financial year.

Acquisitions 2017 DKK million	Main activity	Country	Month of acquisition	Purchase price	Considera-tion paid in	Percentage of voting rights acquired
Other				9	Cash	60%
Total acquisitions in 2017				**9**		

Profit of acquired companies after date of acquisition	(3)
Full-year revenue including acquisitions	15,227
Full-year profit including acquisitions	(3,677)

Excluding Safety Services

Acquisitions 2016 DKK million	Main activity	Country	Month of acquisition	Purchase price	Considera-tion paid in	Percentage of voting rights acquired
Sundhedsdoktor	Healthcare	Denmark	November	30	Cash	100%
Other				20	Cash	100%
Total acquisitions in 2016				**50**		

Profit of acquired companies after date of acquisition	(1)
Full-year revenue including acquisitions	15,179
Full-year profit including acquisitions	28

Excluding Safety Services

Comments
No significant acquisitions have been made during 2017.

In 2016, Falck acquired the shares in the Danish company Sundhedsdoktor which delivers health solutions to large Danish companies, municipalities and insurance companies. In order to harvest the synergies, the company was integrated into Healthcare. Part of the purchase price was been allocated to existing customer contracts, while the rest has been allocated to goodwill.

“Other” includes minor acquisitions completed during the year.

Section 4.1

Acquisitions (continued)

Accounting policies

Associates

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

Joint arrangements

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

Basis of consolidation

Enterprises in which the Falck Group exercises significant influence but not control of the operating policy and financial decisions are classified as associates. Significant influence is generally achieved by directly or indirectly holding or controlling more than 20%, but less than 50%, of the voting rights. Agreements and other matters are included in the assessment of influence. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of the enterprise.

Business combinations

Companies acquired or established during the financial year are recognised as from the date of acquisition or inception. The comparative figures are not restated to reflect companies acquired. Acquisitions of subsidiaries or associates are accounted for applying the acquisition method. Identifiable assets, liabilities and contingent liabilities of acquirees are stated at their fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or derive from a contractual right. Deferred tax on revaluations is recognised.

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

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

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

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

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

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

Accounting estimates

Purchase price allocation in business combinations

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

Section 4.2
Divestments

Gains/losses from divestments of enterprises

DKK million	2017	2016
Assets		
Goodwill	11	240
Intangible assets	1	16
Property, plant and equipment	2	149
Current assets	2	73
Equity and liabilities		
Interest-bearing debt	-	(17)
Current liabilities	(7)	(122)
Deferred tax	-	(7)
Non-controlling interest	-	(14)
Net assets divested	**9**	**318**
Gain from divestment of business, net	5	29
Reclassified to associates	-	56
Sales price	**14**	**403**
Adjustment for cash and cash equivalents transferred	(2)	(20)
Sales price receivable	(5)	-
Cash flow from divestment of subsidiaries and operations	**7**	**383**

Excluding Safety Services

Comments

In 2017 no significant divestments have been made.

In 2016 Falck divested its shares in the Nordic Alarm business to Verisure A/S.
A gain on divestment of enterprises of DKK 104 million was recognised in the income statement.

Accounting policies

Business combinations

Companies divested or discontinued are recognised in the income statement until the date of divestment or discontinuation. The comparative figures are not restated to reflect companies acquired, divested or discontinued.

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

Section 4.3

Assets classified as held for sale

Assets classified as held for sale

(DKK million)	2017	2016
Intangible assets	433	-
Property, plant and equipment	292	-
Deferred tax assets	61	-
Inventories	2	-
Trade receivables	130	-
Other receivables	27	-
Income tax	11	-
Prepayments	12	-
Cash	131	-
Assets classified as held for sale at 31 December	**1,099**	**-**
Deferred tax	32	-
Loans	17	-
Provisions	119	-
Other payables	80	-
Trade payables	57	-
Income tax	10	-
Lease liabilities	12	-
Liabilities relating to assets classified as held for sale	**327**	**-**
Net assets classified as held for sale	**772**	**-**

Comments

Assets and liabilities classified as held for sale relate to Safety Services, where the Group has launched a process with the aim of divesting the activities.

The sales process is expected to be completed within the next 12 months. The activities have therefore been classified as assets and liabilities held for sale.

Furthermore, Safety Services is presented as discontinued operations, for which reason both the income statement and the statement of cash flows have been restated for both 2016 and 2017. The balance sheet at 31 December 2016 has not been restated. Please see section 4.4 for more information.

No assets and liabilities were classified as assets or liabilities held for sale at 31 December 2016.

Accounting policies

Assets classified as held for sale

Assets classified as held for sale comprise assets and liabilities for which it is highly probable that the value will be recovered through a sale within 12 months rather than through continued use. Assets and liabilities classified as held for sale are measured at the carrying amount at the classification date as "held for sale" or at market value less selling costs, whichever is lower. The carrying amount is measured in accordance with the Group's accounting policies. No depreciation or amortisation is effected on property, plant and equipment and intangible assets from the time when they are classified as "held for sale". Impairment losses arising on first classification as "held for sale" and gains and losses from the subsequent measurement are recognised in the income statement under the items they concern.

Section 4.4
Discontinued operations

Safety Services

In December 2017, the Board of Directors decided to initiate a process to divest the activities in Safety Services. The Board of Directors' decision was mainly taken with the aim of streamlining the Group and focusing on key business units.

It is the Management's assessment that the divestment will be completed before year-end 2018. As a result, the Safety Services segment is presented as assets and liabilities classified as held for sale and as discontinued operations. This classification entails that assets and liabilities are shown separately from other assets and liabilities at the end of 2017. The discontinued operations are also shown separately in the income statement and in the statement of cash flows for 2017. The comparative figures have been restated in both statements.

2017 has been a year characterised by turbulence for Safety Services. In the wake of the industry downturn, Safety Services have been fast-tracking the transformation of the business towards being a full-scale international safety and competency provider to the customers.

Safety Services has provided safety, health and survival training within the oil & gas, shipping, renewable energy, military and aviation industries worldwide for more than three decades.

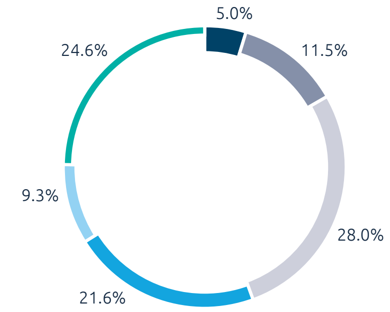
Safety Services delivers training and consultancy solutions to their clients from the purpose-built training centres on six continents.

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

Key Events in 2017:
- Trained more than 213,000 course attendees
- Mintra Group and Safety Services formed a strategic alliance
- Expanding course portfolio with Lifeboat simulator in Stavanger, Norway
- Our partnership with LearnToDrill allowed clients to cut training costs and improve training quality by embracing e-learning

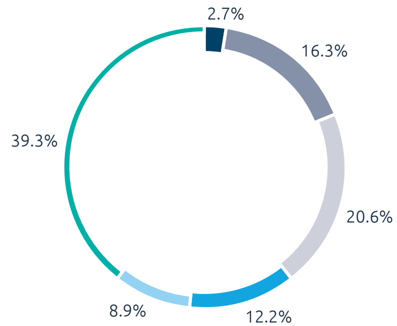
Training Centers

Revenue
%



- Denmark, 5.0%
- Nordics, 11.5%
- Europe, 28.0%
- North America, 21.6%
- Latin America, 9.3%
- Rest of the world, 24.6%

Non-current assets excluding deferred tax assets, %



- Denmark, 2.7%
- Nordics, 16.3%
- Europe, 20.6%
- North America, 12.2%
- Latin America, 8.9%
- Rest of the world, 39.3%

Section 4.4

Discontinued operations (continued)

Discontinued operations

DKK million	2017	2016
Revenue	778	876
Other operating income and expenses, net	14	9
Cost of sales and external assistance	(56)	(69)
Other external costs	(314)	(327)
Staff costs	(351)	(391)
Depreciation, amortisation and impairment	(62)	(64)
Operating profit before other items (EBITA)	**9**	**34**
Restructuring costs	(41)	(54)
Amortisation of customer contracts	(16)	(25)
Operating profit (loss) (EBIT)	**(48)**	**(45)**
Financial income and expenses, net	(57)	(63)
Profit (loss) before tax	**(105)**	**(108)**
Income taxes	(10)	10
Profit (loss) for the year	**(115)**	**(98)**

Cash flows from discontinued operations

DKK million	2017	2016
Operating profit (EBIT)	(48)	(45)
Depreciation and amortisation	62	64
Amortisation of customer contracts	16	25
Impairment of goodwill and other intangible assets	-	-
Restructuring costs	41	54
Profit before depreciation, amortisation and other items (EBITDA before other items)	**71**	**98**
Change in net working capital	11	(20)
Reversal of profit/(loss) from divestment of non-current assets, net	(10)	(2)
Other items paid	(19)	(25)
Net interest paid	(51)	(77)
Income tax paid	29	(22)
Cash flows from operating activities	**31**	**(50)**
Cash flows from investing activities	**(23)**	**(28)**
Cash flows from financing activities	**(6)**	**85**
Change in cash and cash equivalents	**2**	**9**

Section 4.4
Discontinued operations (continued)

List of companies in the Safety Services segment.

Company	Country	Equity interest
Falck Safety Services Holding A/S	Denmark	100%
Falck Safety Services A/S	Denmark	100%
Falck Nutec A/S	Norway	100%
Falck Safety Services Belgium BVBA	Belgium	100%
Falck Global Safety B.V.	Netherlands	100%
Falck Nutec B.V.	Netherlands	100%
Falck BHV Operations B.V.	Netherlands	100%
Aberdeen Drilling School Ltd.	United Kingdom	25%
Falck Nutec Ltd.	United Kingdom	100%
Falck Safety Services Canada Inc.	Canada	68%
Falck Safety Services Canada (NL) Inc.	Canada	100%
Falck Safety Services Canada (LA) Inc.	Canada	100%
Haztec Services St. Lucia Ltd.	St. Lucia	100%
Falck USA Holdings LLC	United States	100%
Alford Services Inc.	United States	100%
Alford Safety Services LLC	United States	100%
Falck Nutec Brasil Participacoes Ltda.	Brazil	100%
Falck Nutec Brasil Treinamentos em Segurança Marítima Ltda.	Brazil	100%
Falck Safety Services de México S.A.P.I. de C.V.	Mexico	60%

Company	Country	Equity interest
Falck Safety Services Ltd.	Trinidad & Tobago	100%
Haztec Services Trinidad Ltd.	Trinidad & Tobago	100%
Falck Caspian Safe LLC	Azerbaijan	100%
Aberdeen Drilling International (Malaysia) Sdn. Bhd.	Malaysia	100%
MSTS Asia Sdn. Bhd.	Malaysia	70%
Risktec (M) Sdn. Bhd.	Malaysia	100%
Falck Bestari Healthcare Sdn. Bhd.	Malaysia	82%
Falck Nutec Malaysia Sdn. Bhd.	Malaysia	70%
Falck Safety Services Nigeria Ltd.	Nigeria	51%
Falck Prime Atlantic Ltd.	Nigeria	51%
Aberdeen Drilling International Co. LLC	Oman	70%
Falck Safety Services LLC	Qatar	49%
MSTS Asia (S'pore) Pte. Ltd.	Singapore	100%
Southfield Ltd.	Thailand	49.5%
Falck Nutec (Thailand) Ltd.	Thailand	65%
Aberdeen Drilling International Ltd.	United Arab Emirates	100%
Falck Safety Services LLC	United Arab Emirates	49%
Falck Nutec Vietnam Ltd.	Vietnam	88%

The Safety Service segment consists of 37 companies of which 23 are fully owned subsidiaries.

Section 4.5
Intangible assets

2017 DKK million	Goodwill	Customer contracts	Brands	Software and other intangible assets	Total
Cost at 1 January 2017	10,617	3,410	514	717	15,258
Exchange rate adjustment	(216)	(92)	-	(16)	(324)
Additions	14	10	-	139	163
Revaluation of put options and earn-outs relating to acquisitions made before 1 January 2010	4	-	-	-	4
Disposals and reclassification	(13)	(19)	-	(90)	(122)
Transferred to assets classified as held for sale	(1,095)	(265)	-	(30)	(1,389)
Cost at 31 December 2017	**9,311**	**3,044**	**514**	**720**	**13,589**
Impairment and amortisation at 1 January 2017	(715)	(2,626)	-	(266)	(3,607)
Exchange rate adjustment	26	75	-	11	112
Disposals and reclassification	2	19	-	72	93
Impairment and amortisation	(2,825)	(270)	-	(201)	(3,296)
Transferred to assets classified as held for sale	687	247	-	24	958
Impairment and amortisation at 31 December 2017	**(2,825)**	**(2,555)**	**-**	**(360)**	**(5,740)**
Carrying amount at 31 December 2017	**6,486**	**489**	**514**	**360**	**7,849**

Including Safety Services

Comments

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

Except for goodwill and the value of brands in the amount of DKK 514 million, all intangible assets are deemed to have a definite life.

The Falck brand is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Essential for the determination is the fact that Falck has existed since 1906 and the Group strategy is based on the Falck brand.

Impairment and amortisation of software include impairment and accelerated amortisation of around DKK 100 million related to the development of a new customer handling software within Assistance and accelerated amortisation due to phasing out various it systems. Strategic initiatives within Assistance have reduced the value of the customer handling system due to divestments and close down of activities along with major delays and significant time spent on correcting errors.

Section 4.5
Intangible assets (continued)

2016 DKK million	Goodwill	Customer contracts	Brands	Software and other intangible assets	Total
Cost at 1 January 2016	10,759	3,400	514	606	15,279
Exchange rate adjustment	-	6	-	(1)	5
Additions from acquisitions	94	25	-	2	121
Additions	-	-	-	174	174
Revaluation of put options and earn-outs relating to acquisitions made before 1 January 2010	9	-	-	-	9
Disposals from divestments	(245)	(35)	-	(2)	(282)
Disposals and reclassification	-	14	-	(62)	(48)
Cost at 31 December 2016	**10,617**	**3,410**	**514**	**717**	**15,258**
Impairment and amortisation at 1 January 2016	(721)	(2,259)	-	(217)	(3,197)
Exchange rate adjustment	6	(1)	-	(1)	4
Disposals from divestments	-	17	-	1	18
Disposals and reclassification	-	-	-	40	40
Impairment and amortisation	-	(383)	-	(89)	(472)
Impairment and amortisation at 31 December 2016	**(715)**	**(2,626)**	**-**	**(266)**	**(3,607)**
Carrying amount at 31 December 2016	**9,902**	**784**	**514**	**451**	**11,651**

Including Safety Services

Section 4.5
Intangible assets (continued)

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

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

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

Other intangible assets include software, etc. Software is amortised on a straight-line basis over the expected economic life, estimated to be 3 to 5 years.

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

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

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

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

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

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

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

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

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

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

Section 4.6

Impairment tests

Comments

Impairment test 2017

The impairment test for 2017 identified a need for impairment on goodwill of DKK 2,825 million related to the Ambulance services.

The impairment loss within Ambulance was primarily related to significant challenges in North America and Germany as well as declining EBITA margins in several markets.

The impairment test for 2016 did not result in the recognition of any impairment losses on goodwill.

Falck's cash-generating units (CGUs)

Impairment tests are generally carried out per business segment which is the the lowest level of cash-generating units (CGUs) to which the carrying amount of intangibles, i.e. goodwill, customer contracts and brands, can be allocated and monitored with any reasonable certainty.

In connection with the new Falck North Star Strategy a Portfolio Businesses segment has been establised which comprise the CGUs Safety Services, Industrial Firefighting and Global Assistance.

Industrial Firefighting

The Industrial Firefighting activities consist of firefighting for private-sector customers includes training and consultancy activities for private-sector companies in several countries.

Global Assistance

The Global Assistance activities consist of global medical and security assistance services in connection with employees health, when travelling or working abroad.

Safety Services

The Safety Services activities primarily consist of rescue and safety courses and other safety services.

Impairment tests are in 2017 carried out on the business segments Ambulance, Employee Healthcare and Assistance, and on the new CGUs within the Portfolio Business segment.

Safety Services is valued at fair value less costs to sell, as the Board of Directors has initiated a process to divest the activities. The valuation is based on the headroom between the fair value less cost to sell and the carrying amount of assets and liabilities classified as held for sale. Please see section 4.3 for information on assets classified as held for sale.

Goodwill has been allocated to the new CGUs using a relative value approach after recognition of the identified impairment.

Goodwill is tested for impairment at least once a year, and more frequently if there are indications of impairment.

The recoverable amounts for the remaining CGUs are determined on the basis of the value-in-use. In the impairment tests, the discounted values of the future net cash flows of each of the cash-generating units (value-in-use) are compared with their carrying amounts.

Key assumptions in the impairment test

The value-in-use is established using certain key assumptions described below. The key assumptions are revenue growth, EBITA margin and discount rates.

Value-in-use cash flow projections for Ambulance, Employee Healthcare, Global Assistance and Industrial Firefighting are based on financial budgets for 2018 approved by the Board of Directors. Revenue growth and operating margin assumptions applied in the forecasting period are based on the terminal growth expectations.

Value-in-use cash flow projections for Assistance are based on financial budgets for 2018 approved by the Board of Directors. Assistance is affected by the changes taking place in the automobile market towards fewer private roadside assistance subscriptions, an increasing number of shared cars and roadside assistance programs offered by car manufacturers. Revenue is expected to decrease from 2018 to 2022.

Revenue growth

Revenue growth projections in the forecasting period for the individual CGUs are estimated on the basis of expected market development.

Terminal growth

Terminal growth rates do not exceed the expected long-term rate for inflation based on a weighted average for the countries in which the CGU operates.

The discount rates

The discount rates applied are generally based on the interests applicable for the Falck Group, but interest premiums have been added to reflect different market risks within the countries and markets in which the CGUs operate. The marked risk premium was based on observed market data and was calculated as the average of the equity risk premiums and country risk premiums and the global split of revenue within the CGUs.

Section 4.6
Impairment tests (continued)

Carrying amounts and key assumptions
The carrying amount of intangibles, i.e. goodwill, customer contracts and brands, and the key assumptions used in the impairment testing as per 31 December are presented below for each CGU:

2017	Carrying amount				Forecasting period		Terminal period		Applied discount rate	
DKK million	Goodwill	Customer contracts	Brands	Total	Total Growth (avg.)	Margin (avg.)	Growth	EBITA margin	After tax	Pre-tax
Ambulance	2,057	226	514	2,797	2.2%	3.3%	2.2%	3.5%	7.8%	11.1%
Healthcare	1,188	23	-	1,211	1.8%	4.3%	1.8%	4.3%	6.9%	9.0%
Assistance	2,730	239	-	2,969	(1.1%)	9.4%	0.5%	7.9%	6.9%	9.0%
Portfolio Businesses										
Global Assistance	102	-	-	102	2.1%	4.2%	2.1%	4.2%	7.1%	9.5%
Industrial Firefighting	409	1	-	410	2.2%	6.7%	2.2%	6.7%	8.5%	11.3%
Total	**6,486**	**489**	**514**	**7,489**						

2016	Carrying amount				Forecasting period		Terminal period		Applied discount rate	
DKK million	Goodwill	Customer contracts	Brands	Total	Total Growth (avg.)	Margin (avg.)	Growth	EBITA margin	After tax	Pre-tax
Ambulance	5,440	343	514	6,297	6.0%	5.8%	3.5%	6.4%	7.5%	9.0%
Healthcare	1,263	359	-	1,622	7.3%	8.1%	2.5%	8.8%	7.5%	9.0%
Assistance	2,781	54	-	2,835	5.5%	8.5%	2.5%	9.3%	7.5%	9.0%
Safety Services	418	28	-	446	6.6%	8.6%	2.5%	9.0%	9.0%	11.0%
Total	**9,902**	**784**	**514**	**11,200**						

Impairment of goodwill

DKK million	**2017**	2016
Impairment losses identified in impairment tests, Ambulance	2,825	-
Impairment of goodwill	**2,825**	**-**

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

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

Section 4.6
Impairment tests (continued)

Sensitivity test

2017	Forecasting period				Terminal period					
	Growth		Margin		Growth		Margin		Discount rate (after tax)	
DKK million	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied long-term	Allowed decrease	Applied rate	Allowed increase
Ambulance	2.2%	0.0%	3.5%	0.0%	2.2%	0.0%	3.5%	0.0%	7.8%	0.0%
Healthcare	1.8%	1.6%	4.3%	1.0%	1.8%	1.6%	4.3%	1.0%	6.9%	1.7%
Assistance	(1.1%)	1.8%	9.4%	0.9%	0.5%	0.9%	7.9%	1.0%	6.9%	0.9%
Portfolio Businesses										
Global Assistance	2.1%	0.8%	4.2%	0.6%	2.1%	0.8%	4.2%	0.6%	7.1%	0.9%
Industrial Firefighting	2.2%	1.2%	6.7%	1.1%	2.2%	1.2%	6.7%	1.1%	8.5%	1.2%

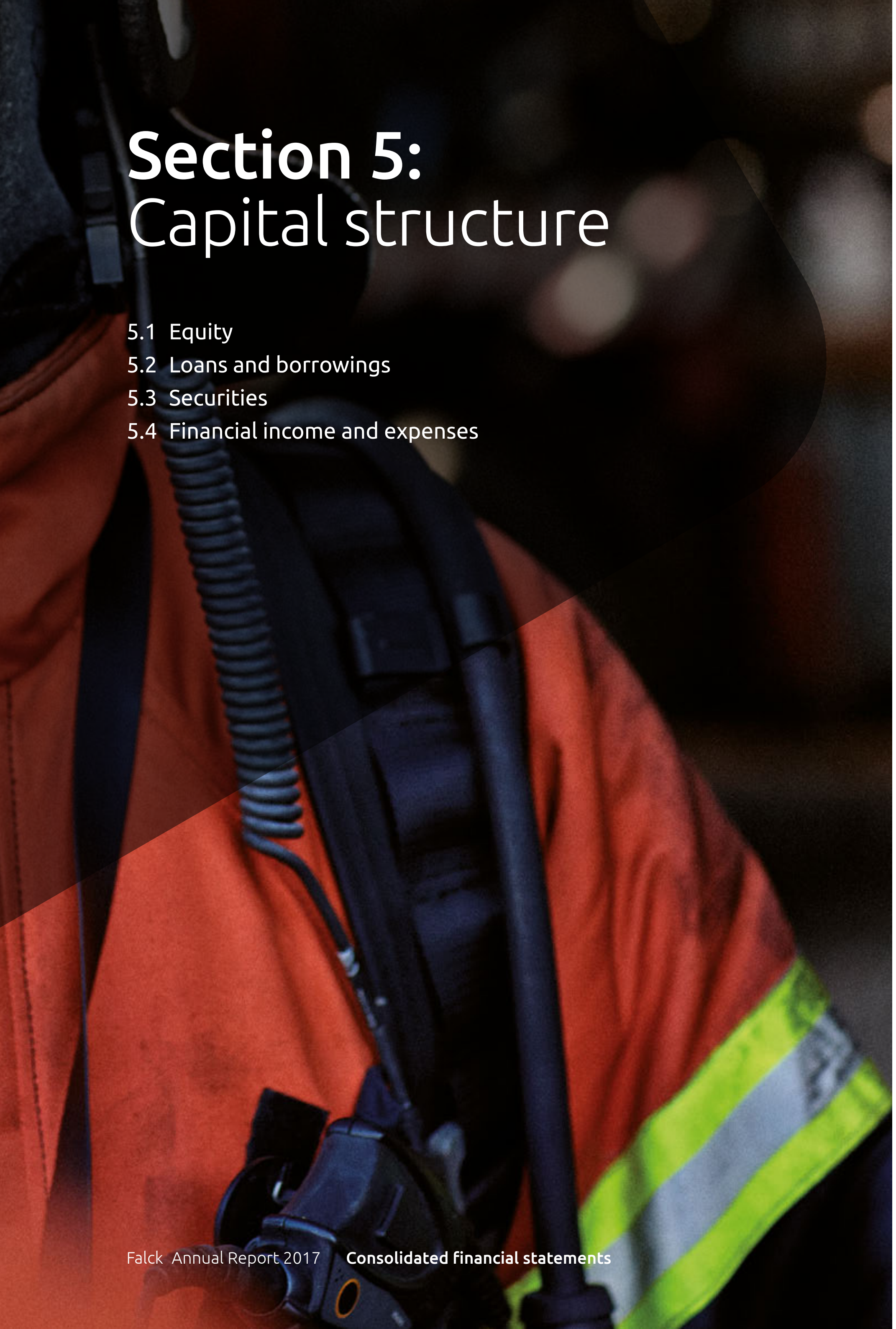
2016	Forecasting period				Terminal period					
	Growth		Margin		Growth		Margin		Discount rate (after tax)	
DKK million	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied long-term	Allowed decrease	Applied rate	Allowed increase
Ambulance	6.0%	0.4%	5.8%	0.4%	3.5%	2.1%	6.4%	1.8%	7.5%	1.6%
Healthcare	7.3%	1.4%	8.1%	5.1%	2.5%	27,5%	8.8%	7.0%	7.5%	10.0%
Assistance	5.5%	1.1%	8.5%	4.5%	2.5%	11.5%	9.3%	6.3%	7.5%	6.2%
Safety Services	6.6%	0.4%	8.6%	1.9%	2.5%	0.1%	9.0%	2.7%	9.0%	2.0%

Comments

A sensitivity analysis on the key assumptions in the impairment testing is presented above.

The allowed change represents the percentage points by which the value assigned to the key assumption can change, all other things being equal, before the CGU's recoverable amount equals its carrying amount.

Following the impairment losses recognised in 2017 for Ambulance and allocation of goodwill to the new CGU Industrial Firefighting, a reasonably possible negative change in a key assumption would cause the carrying amount to exceed the recoverable amount.



Section 5: Capital structure

This section comprises notes related to the Group's capital structure and financing items.

Shareholder loans

Shareholder loans of DKK 2,000 million have been provided in Q4 2017. The interest rate on the provided shareholder loans is 10% p.a.

DKK 1,500 million of the amount received as shareholder loans was prepaid to the Group's syndicated loans.

Capital structure

At 31 December 2017 the Group is mainly funded by equity totalling DKK 3,130 million, shareholder loans of DKK 2,008 million and a syndicated loan of DKK 4,016 billion. The syndicated loans and shareholder loans are due to be repaid in full in 2019.

The loan terms of the syndicated loan contain covenants requiring certain financial performance indicators to be met. All loan terms were honoured in 2017.

In Q2 2017 a shareholder loan of DKK 983 million was converted to equity.

Interest rate and foreign exchange risk

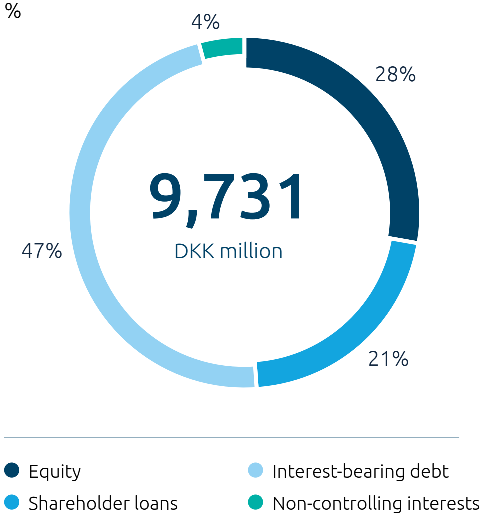
Falck A/S has hedged 80% of the interest expenses on the syndicated loan with interest rate swaps until the loan matures.

The rest of the financing is primarily based on short-term floating rates.

The exchange rate exposure of the Group's transactions is limited by the fact that subsidiaries outside Denmark largely operate in their respective local currencies, to the effect that revenue and most of the expenses of each subsidiary are in the same currency.

Capital base

%



3,130

Equity at 31 December, DKK million

2,008

Shareholder loans at 31 December, DKK million

Section 5.1
Equity

Comments
Share capital
The share capital is divided into 81,445,955 shares (2016: 66,952,345 shares) with a nominal value of DKK 1.00 each. No shares are subject to special rights or restrictions on voting rights. The shares are fully paid up and are not divided into classes.

In May 2017, loans of DKK 983 million from shareholders were converted to equity. In June 2017, the company received a capital injection of DKK 26 million.

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

The Group monitors and manages its capital structure with a view to ensuring that it can meet its financing obligations. No changes have been made to the Group's management of capital as compared with 2016.

Capital management
Falck's objective is to maintain sufficient headroom to the covenant ratios and to reduce the leverage ratio during 2018. The target ratio is at the level of 2.50x to 2.75x. In order to obtain this objective, no dividends are expected to be paid by Falck A/S in 2018.

Treasury shares
To secure our share program, a portfolio of treasury shares was acquired in 2016.

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

No dividend is proposed for 2017 (2016: DKK 0).

	Number of shares		Nominal value DKK (thousand)		% of share capital	
Treasury shares	**2017**	2016	**2017**	2016	**2017**	2016
Treasury shares at 1 January	13,352	-	13	-	0.02	-
Additions	-	13,352	-	13	-	0.02
Treasury shares at 31 December	**13,352**	**13,352**	**13**	**13**	**0.02**	**0.02**

Profit for the year is attributable to:

DKK million	**2017**	2016
Shareholders in Falck A/S	(3,691)	(8)
Non-controlling interests	9	42
TOTAL	**(3,682)**	**34**

Including Safety Services

Section 5.2
Loans and borrowings

DKK million	2017	2016
Non-current liabilities		
Assets held under finance leases	146	155
Long-term loans	6,198	5,980
Total	**6,344**	**6,135**
Current liabilities		
Assets held under finance leases	60	63
Short-term loans	197	961
Total	**257**	**1,024**
Total loans	**6,601**	**7,159**

DKK million	2017	2016
Interest reset periods		
Within 3 months	4,051	5,614
Between 3 and 12 months	56	53
After 12 months	2,494	1,492
Total	**6,601**	**7,159**

Comments
The Group is funded by syndicated loans of DKK 4,016 million (2016: DKK 5,307 million) with loan terms that include covenants requiring certain financial performance indicators to be met. All loan terms were honoured in 2017.

Of total long-term loans, mortgage loans represent DKK 301 million (2016: DKK 325 million).

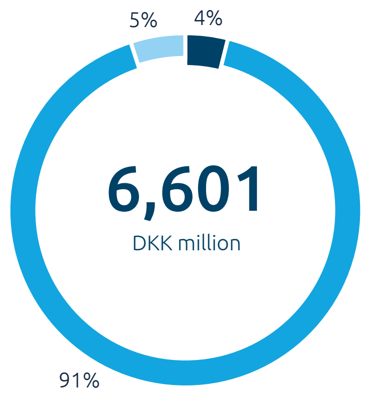
The Group's effective interest rate, including the effect of interest rate swaps, has been determined at 4.5% (2016: 3.9%). The interest rates set out below have been determined without the effect of interest rate swaps.

Loans of DKK 983 million from principal shareholders were converted to equity in May 2017. In November, the Group received a shareholder loan of DKK 400 million, and in December an additional loan of DKK 1,600 million was received from Falck's shareholders. The interest rates on the loans is 10%.

For debt with an interest reset period within 3 months, regular assessments are made of how long the interest period should be. As at the balance sheet date, the interest rate of the primary part of the debt in DKK was fixed for one month and averaged approximately 2.4% (2016: 2.3%). As at the balance sheet date, the interest rate of the primary part of the debt in EUR was fixed for one month and averaged approximately 2.4% (2016: 2.3%). As at the balance sheet date, the interest rate of the primary part of the debt in USD was fixed for one month and averaged approximately 3.5% (2016: 2.9%).

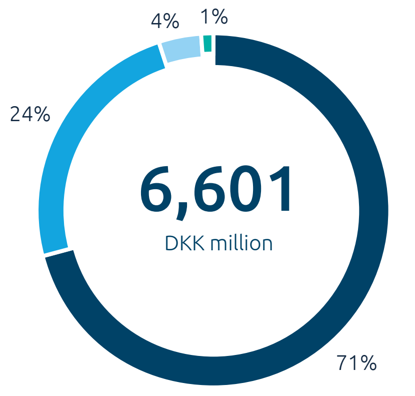
For debt with an interest reset period beyond 12 months (in DKK), the effective interest rate is currently approximately 8.6% (2016: 7.3%).

Breakdown by maturity
%



- Due within 1 year, 4%
- Due after 5 years, 5%
- Due between 1 and 5 years, 91%

Breakdown by currency
%



- DKK, 71%
- GBP, 1%
- EUR, 24%
- Other, 0%
- USD, 4%

DKK 29 million (2016: DKK 46 million) of capitalised loan costs has been deducted from the carrying amount of debt.

Section 5.2
Loans and borrowings (continued)

Breakdown of liabilities concerning assets held under finance leases

2017 DKK million	Present value of lease payments	Interest	Minimum lease payments
Due within 1 year	60	2	62
Due between 1 and 5 years	146	15	161
Due after 5 years	-	-	-
Total at 31 December 2017	**206**	**17**	**223**

2016 DKK million	Present value of lease payments	Interest	Minimum lease payments
Due within 1 year	63	5	68
Due between 1 and 5 years	148	18	166
Due after 5 years	7	3	10
Total at 31 December 2016	**218**	**26**	**244**

Breakdown of liabilities from financing activities

				Non-cash changes				
DKK million	2016	Cash flows	Transferred to liabilities held for sale	Foreign exchange movement	Debt converted to equity	Fair value changes	Other transaction	2017
Long-term borrowings	5,980	1,175	(17)	(26)	(983)	-	69	6,198
Short-term borrowings	961	(763)	(1)	(25)	-	-	25	197
Lease liabilities	218	19	(13)	(16)	-	(2)	-	206
Total liabilities from financing activities	**7,159**	**431**	**(31)**	**(67)**	**(983)**	**(2)**	**94**	**6,601**

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

Financing activities
In 2017, net repayments DKK 1,240 million was made on syndicated loan facilities and new shareholder loans of DKK 2,000 million was received. Shareholder loans of DKK 983 million was converted to equity.

Changes in exchange rates, mainly in USD, reduced loans by around DKK 51 million and leasing liabilities by around DKK 16 million in 2017.

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

Residual lease commitments from finance leases and other financial liabilities are recognised at amortised cost.

Section 5.3
Securities

Cash and cash equivalents and securities

DKK million	2017	2016
Cash, available	1,050	921
Bank overdrafts that are part of the ongoing cash management	(41)	(21)
Cash and cash equivalents at 31 December, cf. statement of cash flows	**1,009**	**900**
Cash can be specified as follows:		
Cash, available	1,008	897
Cash, not available for use, interest-bearing	1	3
Cash at 31 December	**1,009**	**900**
Securities can be specified as follows:		
Securities, available	0	0
Securities, not available for use, other	68	141
Securities at 31 December	**68**	**141**

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

Comments
DKK 68 million (2016: DKK 141 million) of the Group's securities is held in a Swedish subsidiary which is subject to Swedish insurance regulations and therefore subject to solvency requirements.

Section 5.4
Financial income and expenses

DKK million	2017	2016
Financial income		
Interest from cash	11	6
Foreign exchange gains	44	39
Other financial income	41	40
Total financial income	**96**	**85**
Financial expenses		
Interest on loans	(173)	(177)
Interest element on discounted liabilities	(9)	(8)
Interest on shareholder loans	(47)	(61)
Other financial expenses	(116)	(26)
Foreign exchange losses	(44)	(6)
Total financial expenses	**(389)**	**(278)**

Excluding Safety Services

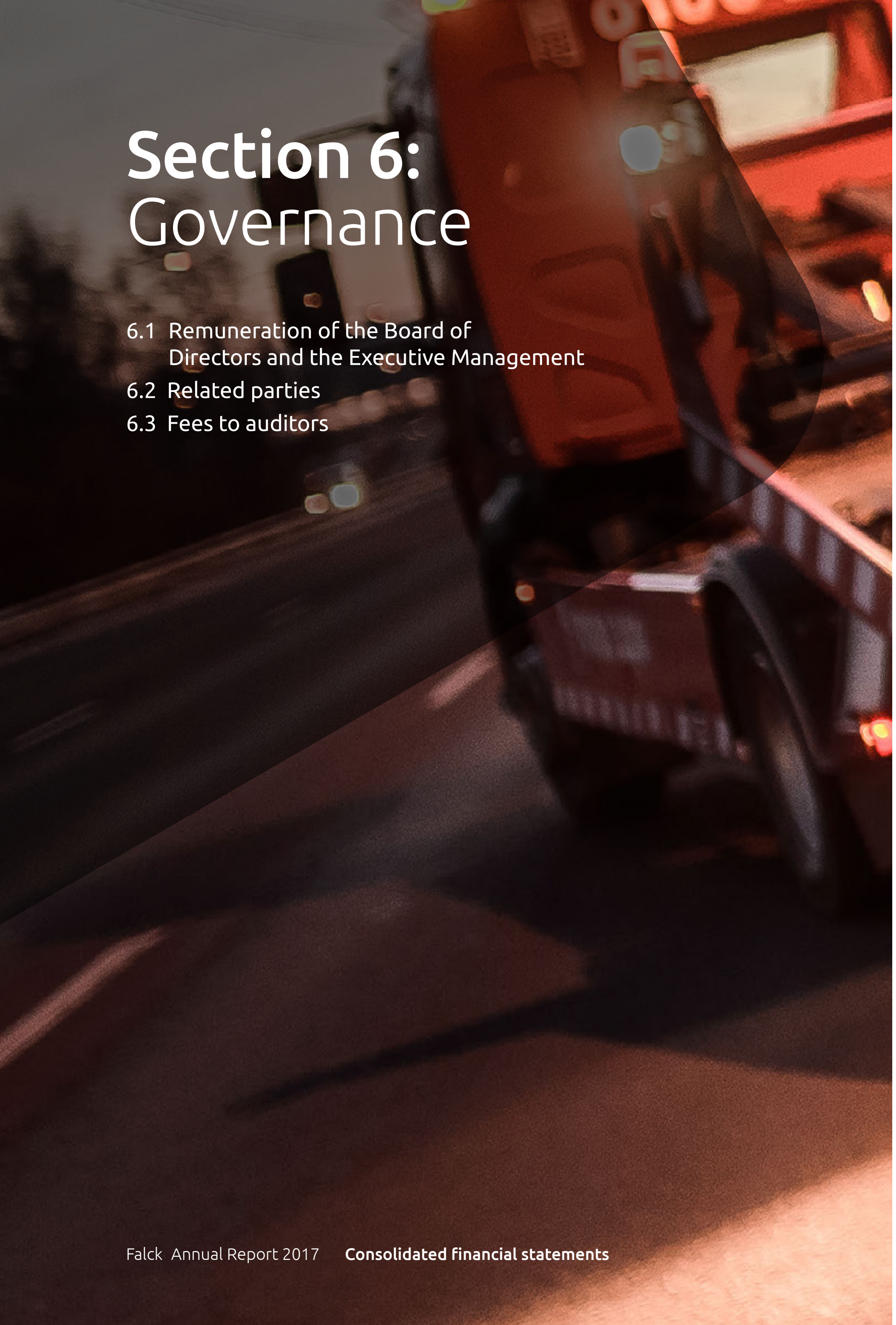
Comments

Other financial expenses increase with DKK 90 million from 2016 to 2017. The increase is in all materiality due to write-offs on financial receivables from associates of DKK 80 million.

Accounting policies

Financial income and expenses

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



Section 6: Governance

This section comprises governance related disclosures.

New Executive Committee

The new Executive Committee consists of Jakob Riis, Tor Magne Lønnum and Jakob Bomholt. Jakob Riis was appointed as President and CEO as of 1 May 2017. Tor Magne Lønnum was appointed CFO as of 1 September 2017 and Jakob Bomholt as member of Executive Committee on 1 November 2017.

New Executive Management

A new Executive management has been established during 2017 and consisting of Jakob Riis, Tor Magne Lønnun and Jakob Bomholt from the Executive Committee.

Beside this following was appointed to the new Executive Management:

- Lars Vester EVP for Assistance
- Jan Steenhard EVP for Healthcare
- Thomas Hinrichsen EVP for Group Legal, Insurance & Compliance
- Peter Agergaard VP for Group HR
- Kaspar Bach Habersaat VP for Group Communications & Public Affairs

New strategy

The new Executive Management has defined a new strategic direction for Falck in 2017 which was approved by the Board of Directors in November.

It aims to take advantage of our global reach and leverage our scale. In the last decade, we have grown from a Nordic player to a global business with a presence in 35 countries and over 15 key service areas.

The "North Star Strategy" consists of three key elements; Be Focused, Work Smarter and Get Stronger, and is build around 9 Must-Win-Battles that you can read more about on the pages 11-15.

20

Fees to auditors appointed by the Annual General Meeting in 2017, DKK million

8

Our new Executive Management consists of 8 members from Group Executive Committee and EVP's from our business units

Section 6.1

Remuneration of the Board of Directors and the Executive Management

Comments

Falck's ultimate objective is to maximise value for shareholders. Therefore, the purpose of Falck's remuneration policies is to align the interests of the Group Executive Management and Board of Directors with those of the company's shareholders.

The Remuneration Committee's responsibilities

The Falck Group's Remuneration Committee is responsible for the remuneration policy including the general guidelines for incentive programs for all members of the Executive Committee and the Executive Management.

Remuneration of the Executive Management

The overall objectives of the remuneration policy for Group Executive Mangement are to attract and retain people with the required skills and to align their interests with those of the shareholders.

The strucure of the remuneration of Group Executive Management is shown in the table on the right.

The former warrant programme has been replaced by a new cash based incentive plans.

Fixed salary

The fixed base salary is intended to attract and retain top leaders with the required skills to drive the Group's performance. The base salary is reviewed once per year.

Remuneration policy

Element	Objective	Remuneration level	Performance measures
Fixed salary	Attract and retain top leaders with the required skills.	Competitive level compared to similar major listed Danish companies with international activities but not market-leading.	n/a
Pension	Executives make their own provisions for retirement.	The members of the Group Executive Committee do not receive pension contributions from Falck.	n/a
Short-term incentive plan	Ensure shared ownership of the entire company's performance and a clear link between overall performance and payment. The incentive scheme consists of predefined group and individual elements.	Target of up to 50% of the fixed annual salary. The maximum bonus amounts to 100% and will be paid in case of full achievement of all performance targets.	The performance reward agreement consists of maximum 6 targets connected to strategic objectives.
Long-term incentive plan	Align the interests of the Group Executive Management with those of the owners of the company in order to incentivise long-term creation of shareholder value.	Target at 50% of the base salary for the CEO and 33% for the rest of the Executive Committee.	n/a

Benefits

Executive management receives non-monetary benefits such as company cars, phones, etc.

Short-term incentive plan

The short-term incentive plan is designed to incentivise Group and individual performance. The incentive is dependent on the achievement of predefined short-term financial and individual targets relating to the executive manager's area of responsibility. The Remuneration Committee evaluates the degree of achievement for each member of the Group Executive Management based on input from the Group CEO.

Long-term incentive plan

The long-term incentive plan is designed to align the interest between Group Executive Management and the owners of the company, ensuring long-term shareholder value creation. In 2017 the Group developed a new long-term incentive plan, which will be implemented in 2018. Therefore, 2017 was a transition year in the perspective of long-term incentives, which resulted in the LTI program being linked to the short-term incentive plan. The Remuneration Committee evaluates the degree of achievement for each member of the Group Executive Management based on input from the Group CEO.

Termination of contract of service

If a member of the Group Executive Management is terminated by the company, the member will be entitled up to 24 months' salary, made up of the salary during the notice period up to 12 months and a termination payment.

Section 6.1

Remuneration of the Board of Directors and the Executive Management (continued)

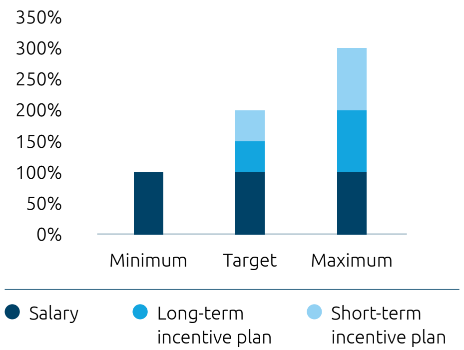
Remuneration of the Group Executive Management

	Executive Committee		Other members of Group Executive Management[1]		Total	
DKK '000	**2017**	2016	**2017**	2016	**2017**	2016
Base salary	9,978	14,766	11,697	6,850	21,675	21,616
Variable salary	6,897	1,132	4,788	758	11,685	1,890
Pension	-	-	926	765	926	765
Social security	15	25	46	37	61	62
Severance payment	4,116	14,960	-	-	4,116	14,960
Total	**21,006**	**30,883**	**17,457**	**8,410**	**38,463**	**39,293**

[1] The members of the Group Executive Management are Jakob Riis, Tor Magne Lønnum, Jakob Bomholt, Jan F. Steenhard, Lars Vester Pedersen, Thomas Hinrichsen, Peter Agergaard and Kaspar Bach Habersaat

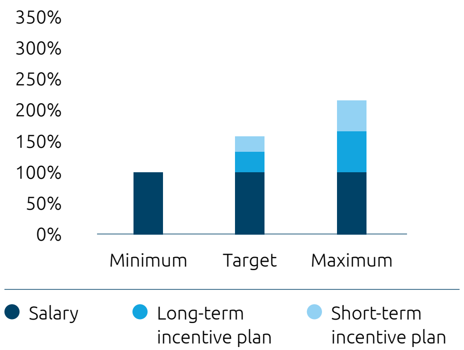
Jakob Riis

Salary and bonus composition by performance



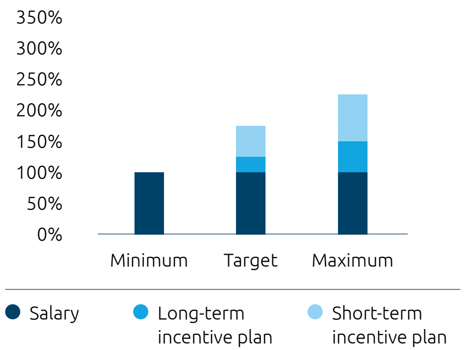
Tor Magne Lønnum

Salary and bonus composition by performance



Jakob Bomholt

Salary and bonus composition by performance



Comments

The Executive Committee consists of Jakob Riis, Tor Magne Lønnum and Jakob Bomholt. Jakob Riis was appointed as President and CEO as of 1 May 2017. Tor Magne Lønnum was appointed CFO as of 1 September 2017 and Jakob Bomholt was appointed as a member of the Executive Committee on 1 November 2017.

The former CEO Morten R. Pedersen stepped down as constituted President and CEO as of 1 May 2017.

The future CEO Allan Søgaard Larsen stepped down as CEO for the group as of 20 December 2016.

Section 6.1
Remuneration of the Board of Directors and the Executive Management (continued)

Remuneration of the Board of Directors

Fee in DKK '000	Board	Audit Committee	Remuneration Committee	2017	2016
Peter Schütze	1,610[4]	-	250	1,860	1,000
Lene Skole	500	110	125	735	750
Lars Frederiksen	250	125	-	375	375
Niels Smedegaard	250	15	-	265	122
Dorthe Mikkelsen	250	-	-	250	250
Søren Thorup Sørensen[5]	250	250	125	500	500
Vagn Flink Møller Pedersen	250	-	-	250	250
Henrik Villsen Andersen	250	-	-	250	250
Allan Rensgaard	250	-	-	250	250
Jan Heine Lauvring[1]	104	-	-	104	250
Karen Koh[2]	-	-	-	-	105
Morten R. Pedersen[3]	119	-	-	119	-
Total	**4,083**	**500**	**500**	**4,958**	**4,102**

(1) Jan Heine Lauvring stepped down from the Board of Directors as of 31 May 2017.
(2) Karen Koh stepped down from the Board of Directors as of 18 April 2016.
(3) Morten R. Pedersen became part of the Board of Directors as of 31 May 2017 and stepped down as of 21 November 2017.
(4) In addition to his regular board fee of DKK 750,000 Peter Schütze received DKK 860,000 for undertaking extraordinary operational responsibilities from 20 December 2016, when Allan Søgaard Larsen resigned as President and CEO, until 1 May 2017 when Jakob Riis joined Falck as new President and CEO. The DKK 860,000 do not count towards the cap on the remuneration.
(5) For all members of the Board of Directors, except for the Chairman and the Vice Chairman, remuneration is capped at DKK 500,000. For the Chairman and the Vice Chairman the cap is set at DKK 1 million.

Remuneration of the Board of Directors
The remuneration of the Board of Directors is to be approved at the Annual General meeting. Each member receives a fixed annual fee for being on the board. However, the Chairman of the Board of Directors receives 3 times the fixed annual fee, and the Deputy Chairman of the Board of Directors receives 2 times the fixed annual fee.

The Chairman of the Audit Committee and the Chairman of the Remuneration Committee receive additionally 1.0 times the fixed annual fee, and for ordinary members the additional fee is 0.5 times the fixed annual fee.

Remuneration for the Board of Directors comprises fixed salary only. However, employee-elected members of the Board of Directors may, due to their employment, be covered by general incentive schemes applicable to the Group's employees. No agreements on termination payments to board members have been made.

The Board of Directors receive fixed remuneration for their work in Falck. Members of the Board of Directors are not entitled to variable remuneration, pension, termination payment or other payments.

Section 6.2
Related parties

Comments
Parties exercising control are Falck A/S' principal shareholder, Lundbeckfonden, Scherfigsvej 7, DK-2100 Copenhagen Ø, Denmark.

Falck A/S is 57.4% owned by Lundbeckfond Invest A/S and is included in the consolidated Annual Report of Lundbeckfonden. Lundbeckfonden is the ultimate parent company.

As of 9 February 2018, the following investors have reported holdings of more than 5% of Falck A/S' share capital:

	2017	2016
Lundbeckfond Invest A/S, Copenhagen	57.4%	57.4%
KIRKBI Invest A/S, Billund	27.7%	27.7%
TryghedsGruppen smba, Virum	7.6%	4.1%
Liberatio A/S, Copenhagen	6.8%	10.3%
Transactions with shareholders were as follows (DKK million):		
Loans received	2,000	600
Capital injection	26	0
Interest on loan	47	61
Paid tax to Lundbeckfonden (Lundbeckfond Invest A/S)	59	79
Received corporate tax from subsidiaries	102	130

The shareholder loan of DKK 983 million was converted in 2017 to equity.

In 2017 an additional shareholder loan of DKK 2,000 million has been raised. The balance at 31 December 2017 is DKK 2,008 million including accrued interest (2016: DKK 944 million). The loan expires on 1 July 2019 and are subordinate to the Group's syndicated loans.

Besides transactions related to the joint taxation with Lundbeckfonden (Lundbeckfond Invest A/S), as described in section 2.6, no transactions other than those stated above were completed with these related parties during the year.

Related parties that have control over the Group comprises Lundbeckfonden in Denmark. Related parties with a significant influence include KIRKBI Invest A/S.

Management
Other related parties comprise Falck's Executive Committee and Executive Management, the Board of Directors, companies in which the principal shareholder exercises control, and such companies' subsidiaries, in this case H. Lundbeck A/S and ALK-Abelló A/S and their subsidiaries.

Associates
The related parties of Falck A/S also include associates in which the company has significant influence. Please see section 7.5 for an overview of Group companies.

DKK million	2017	2016
Trading with associates was as follows:		
Sale of property, plant and equipment	-	46
Purchase of goods and services	(1)	(1)
Lease costs	(26)	(27)

There were no other related-party transactions during the period. Receivables from associates are shown in the balance sheet and interest for the period amounted to DKK 4 million.

Other related parties are the Group's associates and joint ventures. Please refer to section 7.5 for an overview of our joint ventures and associates.

Related-party transactions are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.

Transactions with key management personnel consist of remuneration; please see section 6.1. Apart from the remuneration paid to the key management personnel, the Group had no transactions with the Executive Committee and Executive Management, Board of Directors, major shareholders or other related parties.

Section 6.3
Fees to auditors

DKK million	2017	2016
Statutory audit	(13)	(11)
Other assurance engagements	-	(1)
Tax advisory services	(3)	(2)
Other services	(4)	(1)
Total fees to Deloitte	**(20)**	**(15)**

Excluding Safety Services

Comments
Deloitte are Falck's auditors appointed by the general meeting. Deloitte audit the consolidated financial statements of Falck and the subsidiaries' financial statements. In addition, Deloitte provide consultancy services and perform other audit-related tasks.

Section 7: Other required disclosures

This section includes other statutory notes or notes that are of secondary importance for understanding the financial performance of the Group.

New leasing standard

As of 1 January 2019 a new leasing standard, IFRS 16, will commence. In 2017, a process was started to analyse and evaluate the impact of the new standard.

The expected impact for the Group is an increase in property, plant and equipment and related lease liabilities in the range of DKK 2,500-3,000 million.

The increase is primarily due to extension options in various contracts and the length of the expected use of the assets.

Number of legal entities

We will focus on reducing the number of legal entities. At the end of 2017, we had 255 legal entities. We aim to reduce this to around 110 entities by the end of 2018. The reduction will come from a mix of merging and closing units. This will not only simplify our structure, but will also produce cost savings through less administrative and legislative work.

Subsequent events

On 22 January 2018 Falck Healthcare initiated a strategic review of the future ownership of Falck Lægehuse.

No other events have occurred after the balance sheet date.

2,040

Net present value of operating lease commitments, DKK million

255

Legal entites at the end of 2017

Section 7.1
Financial instruments

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

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

The Group's risk exposure is subject to continuous changes as a result of changes in the level of debt, inflation risk in emerging markets, foreign exchange risk and interest rate risk. The Group monitors these risks in an ongoing process and hedges them, if necessary. There are no material changes in the Group's risk management as compared to 2016.

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

The income statement is affected to a minor extent by changes in exchange rates, as the profit of foreign subsidiaries is translated into Danish kroner using average exchange rates. 39% of the Group's revenue is denominated in Danish kroner (DKK) (2016: 37%). Other currencies that account for more than 5% of revenue or earnings are US dollars (USD), euros (EUR) Swedish kronor (SEK) and Norwegian kroner (NOK).

The Group regularly assesses its foreign exchange risk in order to determine whether its exposure should be hedged by same currency loans or forward exchange contracts.

Interest rate risk
The Group's interest rate risk is mainly affected by loans raised by the Group. The Group's syndicated loans carry variable interest. The interest rate risk is hedged with interest rate swaps and consequently approximately 80% of the syndicated loans carry a fixed rate of interest.

During the hedging period the interest rate on the part of the debt denominated in DKK cannot exceed 2.8% (2016: 3.4%) including the current interest rate margin and the policy that interest rates on the part of the debt denominated in EUR cannot exceed 2.8% (2016: 3.2%) including the current interest rate margin. The Group is therefore only to a minor extent sensitive to fluctuations in market interest rates, and a fluctuation of 1% would change the interest expense for the year by DKK 8 million (2016: DKK 16 million) as a large part of the interest rate risk is hedged by interest rate swaps. Without these hedges, a fluctuation of 1% would change the Group's interest expense by DKK 40 million (2016: DKK 53 million).

Negative market interest rates affect the Group's interest expenses as Falck pays these rates on interest rate swaps concluded, while it is only partly compensated for negative interest rates on loans. Based on the Group's assessment of the market situation, a decision has been made not to make any changes to the Group's existing interest rate swaps, which expire in 2019. During the expected refinancing in 2018 the matter of how to adjust the interest rate hedges of the syndicated loans will be reviewed.

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

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

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

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

The undiscounted cash flows from derivative financial instruments are presented net.

Section 7.1
Financial instruments (continued)

2017 DKK million	Contractual cash flows: Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	Total carrying amount	Market value
Financial liabilities						
Loans and subordinated shareholder loans	346	6,787	372	7,505	6,601	6,629
Provisions for acquisitions of operations and non-controlling interests	229	131	-	360	253	253
Trade payables	731	-	-	731	731	731
Other payables	1,136	-	-	1,136	1,136	1,136
Financial liabilities measured at amortised cost	**2,442**	**6,918**	**372**	**9,732**	**8,721**	**8,749**
Derivative financial instruments to hedge future cash flows	24	10	-	34	34	34
Derivative financial instruments to hedge net investments in foreign companies	(1)	-	-	(1)	(1)	(1)
Financial liabilities used as hedging instruments	**23**	**10**	**-**	**33**	**33**	**33**
Total financial liabilities	**2,465**	**6,928**	**372**	**9,765**	**8,754**	**8,782**

Including Safety Services

2016 DKK million						
Financial liabilities						
Loans and subordinated shareholder loans	1,127	6,279	418	7,824	7,159	7,205
Provisions for acquisitions of operations and non-controlling interests	6	919	162	1,087	911	911
Trade payables	742	-	-	742	742	742
Other payables	1,165	-	-	1,165	1,165	1,165
Financial liabilities measured at amortised cost	**3,040**	**7,198**	**580**	**10,818**	**9,977**	**10,023**
Derivative financial instruments to hedge future cash flows	33	30	-	63	63	63
Derivative financial instruments to hedge net investments in foreign companies	13	-	-	13	13	13
Financial liabilities used as hedging instruments	**46**	**30**	**-**	**76**	**76**	**76**
Total financial liabilities	**3,086**	**7,228**	**580**	**10,894**	**10,053**	**10,099**

Including Safety Services

Section 7.1

Financial instruments (continued)

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

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

The market value of the effective part of the outstanding foreign exchange contracts as at 31 December used as hedging instruments and qualifying for hedge accounting in respect of future transactions has been recognised directly in equity through other comprehensive income until the hedged transactions are recognised in the income statement. All contracts expire in 2018 and as they hedge net investments abroad, they do not affect the income statement.

The market value is recognised in other payables.

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

DKK million	2017		2016	
Foreign currency sold/(bought) on forward contracts	Contract value	Market value	Contract value	Market value
USD (expired in 2017)	-	-	212	3
SEK (expire in 2018)	511	1	669	(13)
Total	**511**	**1**	**881**	**(10)**
Of which recognised in income statement		-		-
For future recognition		**1**		**(10)**

DKK million	2017		2016	
Interest rate swaps	Hedged value	Market value	Hedged value	Market value
DKK interest rate swap (fixed rate 0.88%), expired in September 2017	-	-	2,015	(18)
USD interest rate swap (fixed rate 1.14%), expired in September 2017	-	-	480	(1)
EUR interest rate swap (fixed rate 0.67%), expired in September 2017	-	-	1,197	(9)
DKK interest rate swap (fixed rate 0.53%), runs from September 2017 to June 2019	1,700	(21)	1,700	(20)
EUR interest rate swap (fixed rate 0.25%), runs from September 2017 to June 2019	1,489	(13)	1,487	(15)
Total		**(34)**		**(63)**
Of which recognised in income statement		-		-
For future recognition		**(34)**		**(63)**

Section 7.1
Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting estimates
Methods and assumptions for the determination of market values
The portfolio of listed securities is measured at officially quoted prices or price quotes. The market value of mortgage debt is measured on the basis of the market value of the underlying bonds. The market value of credit institutions is measured by discounting based on market expectations.

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

Measurement of the fair value of financial instruments is categorised as Level 2 in the fair value hierarchy as measurement is based on observable input.

Section 7.2
Contingent liabilities and collateral securities

Comments
in 2016, the Danish Competition and Consumer Authority (DCCA) issued a Notice of Concern to Falck Danmark A/S, a Danish subsidiary of the Group. A supplementary Notice of Concern was issued in 2017. The Notices are a part of DCCA's ongoing investigation of a hypothesis regarding Falck Danmark A/S' potential abuse of a dominant position on the ambulance and patient transportation market in Denmark in connection with the transfer of the ambulance operation in the Southern Denmark Region to a new provider in 2015. Falck does not agree with DCCA's hypothesis and is in dialogue with DCCA with the view to having the matter clarified.

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

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

The Group has issued performance bonds to a certain extent in connection with a number of contracts, including performance guarantees in connection with ambulance contracts for a total of DKK 240 million (2016: DKK 279 million).

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

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

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

DKK million	**2017**	2016
Collateral security		
The shares in the subsidiaries Falck Danmark A/S, Falck Global A/S, Falck Assistance A/S, Falck Global Assistance A/S, Falck Health Care Holding A/S and Falck Safety Services Holding A/S have been provided as collateral for the Group's debt.		
Carrying amount of the Group's properties that have been mortgaged in security of loans	360	379
Bearer mortgages issued and used as collateral for credits	302	327
Unused bearer mortgages	7	13

See section 7.1 on liquidity risks for the conditions applicable to mortgaged assets.

Section 7.3
Lease obligations

DKK million	2017	2016
Contractual obligations		
Minimum lease payments for operating lease commitments:		
Due within 1 year	429	442
Due between 1 and 5 years	944	1,124
Due after 5 years	1,018	1,127
Operating lease commitments at 31 December	**2,391**	**2,693**
Net present value of lease commitments	2,040	2,297
The present value has been calculated on the basis of current market interest rates in the individual countries.		
Lease payments recognised in the income statement	498	492

Excluding Safety Services

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

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

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

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

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

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

None of the leases include material contingent lease payments, but the Group has a right of first refusal to buy a number of buildings at a present value. At year-end 2016 the Group was subject to a commitment to purchase a property at a value of DKK 16 million. At year-end 2017 there is no commitment.

Section 7.4
Subsequent events

On 22 January 2018 Falck Healthcare initiated a strategic review of the future ownership of Falck Lægehuse.

No other events have occurred after the balance sheet date.

Section 7.5
Group companies

The list below shows the Group's significant subsidiaries and associates by business unit.

Ambulance	**Country**	**Equity interest**
Falck Pty. Ltd.	Australia	55.0%
Falck Ambulance Services Australia Pty. Ltd.	Australia	100.0%
Falck Investments Pty. Ltd.	Australia	100.0%
Falck Safety Services Australia Pty. Ltd.	Australia	100.0%
Falck (Victoria) Pty. Ltd.	Australia	100.0%
Falck Benelux NV	Belgium	49.0%
Falck Investments NV	Belgium	87.5%
Falck Brasil AVD Participações Ltda.	Brazil	100.0%
Falck Brasil 747 Participações Ltda.	Brazil	100.0%
Falck Chile Holding S.A.	Chile	100.0%
Falck Safety Services Limitada	Chile	100.0%
Falck Capacitacion Limitada	Chile	100.0%
BHM Solutions Integrales de Logistica en Salud S.A.S.	Colombia	100.0%
Haces Inversiones y Servicio S.A.S.	Colombia	100.0%
Empresa de Medicina Integral EMI S.A. Servicio de Ambulancia Prepagada - Grupo EMI S.A.	Colombia	100.0%
Servicio Emergencias Regional SER S.A.	Colombia	100.0%
Falck CZ a.s.	Czech Republic	92.5%
Falck Emergency a.s.	Czech Republic	100.0%
Falck Global A/S	Denmark	100.0%
Falck Fire Services A/S	Denmark	100.0%
Falck Danmark A/S	Denmark	100.0%
Falck Emergency A/S	Denmark	100.0%
Falck Luftambulance A/S	Denmark	100.0%
Falck Air Ambulance A/S	Denmark	50.0%
Traffilog Nordic ApS [1]	Denmark	49.0%
Global Life Care A/S [1]	Denmark	40.0%
Life Care One A/S	Denmark	100.0%
KPC Ejendomme af 6. juni 2002 A/S [1]	Denmark	25.0%

Ambulance (continued)	**Country**	**Equity interest**
Responce A/S	Denmark	100.0%
EMI Ecuador S.A. - Emergencia Medica Integral	Ecuador	100.0%
EMI El Salvador S.A. de C.V.	El Salvador	100.0%
9Lives Group Oy	Finland	51.0%
9Lives Care Oy	Finland	100.0%
9Lives Health Oy	Finland	100.0%
9Lives Oy	Finland	100.0%
HES Hoiva Oy	Finland	100.0%
HES Ensihoito Oy	Finland	100.0%
9Lives Pirkanmaa Oy	Finland	100.0%
9Lives Team Oy	Finland	100.0%
Luumänen Ensihoito Oy	Finland	100.0%
Sairaankuljetus A. Järvenpää Oy	Finland	100.0%
Falck Rettungsdienst GmbH	Germany	90.0%
G.A.R.D. Verwaltungsgesellschaft für Ambulanz und Rettungsdienst mbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Cuxhaven GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Hamburg West mbH	Germany	100.0%
GUARD Hospital Service GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Bremen mbH	Germany	100.0%
ASN-Ambulanz-Service-Nord GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Hamburg-Ost GmbH	Germany	100.0%
G.A.R.D Arbeitsgemeinschaft Rettungsdienst Dresden GmbH	Germany	100.0%
G.A.R.D ArGe Rettungsdienst Dresden GmbH & Co. oHG	Germany	100.0%

Ambulance (continued)	**Country**	**Equity interest**
G.A.R.D. Gemeinnützige Ambulanz und Rettungsdienst GmbH	Germany	100.0%
GUARD Gesellschaft für unabhängige ambulante Rettungsdienstleistungen GmbH	Germany	100.0%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst NRW GmbH	Germany	100.0%
K&G Taxi-Krankentransporte und Dienstleitungs GmbH	Germany	80.0%
G.A.R.D. Beteiligungsgesellschaft für Ambulanz und Rettungsdienst GmbH	Germany	100.0%
Ostsee-Ambulanz-Kiel GmbH	Germany	100.0%
promedica Rettungsdienst GmbH	Germany	100.0%
RTD Consulting GmbH	Germany	100.0%
ASG Ambulanz Leipzig GmbH	Germany	100.0%
Falck Arbeitsgemeinschaft Rettungsdienst Plauen GmbH & Co. oHG	Germany	100.0%
promedica Rettungsdienst Bremehaven/Bremen GmbH	Germany	100.0%
promedica Rettungsdienst Waldeck-Frankenberg GmbH & Co. KG	Germany	70.0%
Euro-Med Einkaufsgemeinschaft GmbH	Germany	100.0%
promedica Services GmbH	Germany	100.0%
G.A.R.D. Ambulanzflugdienst GmbH	Germany	50.0%
Falck Notfallrettung und Krankentransport GmbH	Germany	100.0%
KS-Medi-Service GmbH	Germany	100.0%
Brava Holding GmbH	Germany	100.0%
First Ambulance Services Sdn. Bhd.	Malaysia	51.0%
Falck Services Ltd.	Mauritius	100.0%
Falck Holding B.V.	Netherlands	100.0%
Falck Prevention B.V.	Netherlands	100.0%

Section 7.5
Group companies (continued)

Ambulance (continued)	**Country**	**Equity interest**
Prevention & Safety B.V. (1)	Netherlands	49.0%
Falck Eurasia B.V.	Netherlands	100.0%
Falck Russia Holding B.V. (1)	Netherlands	49.0%
Falck Safety Services Nigeria Ltd.	Nigeria	51.0%
Falck Emergency Norway AS	Norway	100.0%
Falck Brann og Redningstjeneste AS	Norway	100.0%
EMI Holdings Management S.A.	Panama	100.0%
EMI Foreign Holdings 1 S.A.	Panama	100.0%
EMI Foreign Holdings 2 S.A.	Panama	100.0%
EMI Foreign Holdings 3 S.A.	Panama	100.0%
EMI Foreign Holdings 4 S.A.	Panama	100.0%
EMI Central America Holding S.A.	Panama	80.0%
EMI Panama S.A.	Panama	100.0%
Falck Medycyna Sp. z.o.o.	Poland	100.0%
Starowka Sp. z.o.o.	Poland	76.0%
Falck SCI Portugal - Segurança Contra Incêndios S.A	Portugal	100.0%
Falck Medical Vladivostok LLC	Russia	100.0%
Falck SK a.s.	Slovakia	97.5%
Falck Emergency AS	Slovakia	50.9%
Falck Záchranná a.s.	Slovakia	100.0%
Falck Academy s.r.o	Slovakia	100.0%
Falck Healthcare a.s.	Slovakia	100.0%
Falck Pharma s.r.o.	Slovakia	100.0%
Falck South Africa Holding (PTY) Ltd.	South Africa	100.0%
Falck VL Servicios Sanitarios S.L.	Spain	75.0%
Sauper S.A.	Spain	100.0%
Falck Lanka (Pvt) Ltd. (1)	Sri Lanka	50.0%
Falck Sverige Holding AB	Sweden	100.0%
Falck Ambulans AB	Sweden	95.1%
Falck Services AB	Sweden	100.0%
Svensk Sjöambulans AB	Sweden	50.0%
MoPi.ch Holding AG	Switzerland	51.0%
MoPi.ch GmbH	Switzerland	100.0%

Ambulance (continued)	**Country**	**Equity interest**
Käch Falck AG	Switzerland	60.0%
Falck Medical Services LLC	UAE	49.0%
Falck UK Ltd.	UK	100.0%
Falck EMS UK Ltd.	UK	100.0%
Falck UK Ambulance Service Ltd.	UK	99.9%
Hospital & Healthcare Cars Ltd.	UK	100.0%
National Independent Ambulance College Ltd.	UK	100.0%
First Response Ambulance Services Ltd.	UK	100.0%
Medical Services Contractors Ltd.	UK	100.0%
Falck India Ltd.	UK	100.0%
Luvtel S.A.	Uruguay	100.0%
UCM Uruguay S.A.	Uruguay	100.0%
Portovenus S.A.	Uruguay	15.5%
Falck USA Inc.	USA	100.0%
Falck Arizona Corp.	USA	100.0%
FCA Corp.	USA	88.6%
Care Ambulance Service, Inc.	USA	100.0%
Falck EMS Corp.	USA	99.3%
Lifestar Response of Alabama, Inc.	USA	100.0%
Medibus, Inc.	USA	100.0%
STAT Equipment Corp.	USA	100.0%
Bi-County Ambulance & Ambulette Transport Services Corp.	USA	100.0%
Falck Northeast Corp.	USA	100.0%
Lifestar Response of Maryland, Inc.	USA	100.0%
Home Care Equipment, Inc.	USA	100.0%
Robinson's Ambulance & Oxygen Service, Inc.	USA	100.0%
Falck Southeast Corp.	USA	96.1%
Falck Southeast II Corp.	USA	96.9%
Cape Cod Medical Enterprises, Inc.	USA	100.0%
American Ambulance, Inc.	USA	100.0%
Transitional Health Solutions, Inc.	USA	100.0%

Ambulance (continued)	**Country**	**Equity interest**
Falck Northern California Corp.	USA	86.7%
Falck Northwest Corp.	USA	100.0%
Falck Rocky Mountain, Inc.	USA	100.0%
Rapid Response Emergency Services, LLC	USA	100.0%
Pulse EMS, LLC (1)	USA	50.0%
Emergencia Medica Integral EMI Centro S.A.	Venezuela	100.0%
Centro Medico Intergal CEMICA S.A.	Venezuela	100.0%

Healthcare	**Country**	**Equity interest**
Falck Health Care Holding A/S	Denmark	59.4%
Falck Healthcare A/S	Denmark	100.0%
VikTeam A/S	Denmark	100.0%
ActivCare Privat A/S	Denmark	100.0%
Sirculus ApS	Denmark	100.0%
Falck Healthcare CS Holding A/S	Denmark	100.0%
Falck Lægehuse A/S	Denmark	100.0%
Quick Care A/S	Denmark	100.0%
ActivCare A/S	Denmark	100.0%
Falck Helse AS	Norway	100.0%
Falck Health Care Holding AB	Sweden	100.0%
Falck Aktiv Arbetsmedicin AB	Sweden	100.0%
Falck Healthcare AB	Sweden	100.0%
Skandinavisk Hälsovård AB	Sweden	100.0%
Svensk Närsjukvård AB	Sweden	100.0%
Doc Care AB	Sweden	100.0%
Ofelia Vård AB	Sweden	100.0%
AB Previa	Sweden	100.0%
Silverhälsan AB	Sweden	100.0%
Inlandshälsan AB	Sweden	100.0%
Previa Sjukvård AB	Sweden	100.0%

Section 7.5
Group companies (continued)

Healthcare (continued)	Country	Equity interest
Galleriva Husläkarmottagning AB	Sweden	100.0%
Falck Hälsopartner AB	Sweden	100.0%

Assistance	Country	Equity interest
Falck Assistance A/S	Denmark	100.0%
S Reg Holding A/S	Denmark	100.0%
Falck Autoabi OÜ	Estonia	100.0%
Falck Investments Finland Oy Ab	Finland	100.0%
Falck Oy	Finland	100.0%
UAB Falck Lietuva	Lithuania	100.0%
Falck Norge Holding AS	Norway	100.0%
Falck Redning AS	Norway	100.0%
Falck Secure AS	Norway	100.0%
Falck Services AS	Norway	100.0%
Falck Investment Sverige AB	Sweden	100.0%
S Reg AB	Sweden	100.0%
Falck Secure AB	Sweden	100.0%
Falck Räddningskår AB	Sweden	100.0%
Falck Försäkringsaktiebolag	Sweden	100.0%

Global Assistance	Country	Equity interest
Falck Global Assistance (China) Ltd.	China	100.0%
Falck Global Assistance A/S	Denmark	100.0%
Falck Global Assistance Oy	Finland	100.0%
Falck India Pvt. Ltd. (India)	India	100.0%
Falck Services Pvt. ltd. (India)	India	100.0%
Falck Global Assistance Norway AS	Norway	100.0%
Falck Global Assistance Singapore Pte. Ltd.	Singapore	100.0%
Falck Global Assistance Spain S.L.	Spain	100.0%

Global Assistance (continued)	Country	Equity interest
Falck Global Assistance AB	Sweden	100.0%
Falck Global Assistance (Thailand) Ltd.	Thailand	49.0%
Falck Global Assistance Ltd.	Thailand	100.0%
Falck Sağlik AŞ	Turkey	100.0%
Access Transport Services Holding, Inc.	USA	100.0%
Falck Global Assistance, LLC	USA	100.0%
Falck Risk Solutions, LLC	USA	60.0%
AccessOnTime Language Services, LLC	USA	100.0%

Industrial Firefighting	Country	Equity interest
Falck Fire Services BE NV	Belgium	100.0%
Falck Fire & Safety do Brasil S.A.	Brazil	65.0%
Falck France SAS	France	65.0%
Falck Fire Services DE GmbH	Germany	100.0%
Falck Operations Services DE GmbH	Germany	100.0%
Falck Servizi Industriali di Emergenza S.r.l.	Italy	65.0%
Falck B.V.	Netherlands	100.0%
Falck Consulting & Technology B.V.	Netherlands	100.0%
Falck Fire Services NL B.V.	Netherlands	100.0%
Falck Fire Services Polska Sp. z.o.o.	Poland	100.0%
Falck Fire Services S.R.L.	Romania	95.0%
Falck Fire Services Rus Limited Liability Company	Russia	100.0%
Falck Fire Services a.s.	Slovakia	100.0%
Falck Security Services s.r.o.	Slovakia	100.0%
Falck Emergency Spain, S.L.	Spain	65.0%
Falck SCI, S.A.	Spain	65.0%
Falck Räddningstjänst AB	Sweden	100.0%
Falck Fire Services CH AG	Switzerland	100.0%
Falck Fire Consulting Ltd.	UK	92.6%
Falck Fire Services UK Ltd.	UK	100.0%

Group	Country	Equity interest
Falck A/S	Denmark	
Falck Treasury A/S	Denmark	100.0%

[1] Associates and joint ventures

Parent company financial statements

Primary statements

Sections

Income statement

1 January - 31 December

DKK million	Section	2017	2016
Other operating income	1	9	8
Other external costs	2	(15)	(4)
Staff costs	3	(22)	(33)
Operating profit		**(28)**	**(29)**
Gain on divestments of subsidiaries		-	460
Financial income	4	119	147
Financial expenses	5	(3,054)	(216)
Profit before tax		**(2,963)**	**362**
Income taxes	6	35	45
Profit for the year	**9**	**(2,928)**	**407**

Balance sheet

as at 31 December

DKK million	Section	2017	2016
Assets			
Investments in subsidiaries	7	4,341	6,751
Receivables from Group companies		4,639	4,799
Deferred tax assets	8	58	19
Total non-current assets		**9,038**	**11,569**
Income tax receivables		-	23
Cash		13	74
Total current assets		**13**	**97**
Total assets		**9,051**	**11,666**
Equity and liabilities			
Share capital	9	81	67
Hedging reserve		9	(46)
Retained earnings		2,873	4,809
Total equity		**2,963**	**4,830**
Loans and subordinated shareholder loans	10	5,867	5,607
Total non-current liabilities		**5,867**	**5,607**
Loans	10	130	600
Payables to Group companies		-	545
Trade payables		1	1
Income taxes payables		42	-
Other payables		48	83
Total current liabilities		**221**	**1,229**
Total equity and liabilities		**9,051**	**11,666**

Equity statement

1 January - 31 December

2017 DKK million	Share capital	Hedging reserve	Proposed dividend	Retained earnings	Total
Equity at 1 January 2017	**67**	**(46)**	**-**	**4,809**	**4,830**
Equity movements in 2017					
Value adjustment of currency hedging instruments	-	41	-	-	41
Value adjustment of interest hedging instruments	-	29	-	-	29
Tax on equity movements	-	(15)	-	-	(15)
Profit for the year	-	-	-	(2,928)	(2,928)
Capital increase	14	-	-	995	1,009
Purchase and sale of treasury shares, warrants, etc.	-	-	-	(3)	(3)
Total equity movements in 2017	**14**	**55**	**-**	**(1,936)**	**(1,867)**
Total equity at 31 december 2017	**81**	**9**	**-**	**2,873**	**2,963**

2016 DKK million	Share capital	Hedging reserve	Proposed dividend	Retained earnings	Total
Equity at 1 January 2016	**67**	**(27)**	**-**	**4,407**	**4,447**
Equity movements in 2016					
Value adjustment of currency hedging instruments	-	(26)	-	-	(26)
Value adjustment of interest hedging instruments	-	2	-	-	2
Tax on equity movements	-	5	-	-	5
Profit for the year	-	-	-	407	407
Purchase and sale of treasury shares, warrants, etc.	-	-	-	(5)	(5)
Total equity movements in 2016	**-**	**(19)**	**-**	**402**	**383**
Total equity at 31 december 2016	**67**	**(46)**	**-**	**4,809**	**4,830**

Accounting policies

The hedging reserve covers:

- the cash flow hedging of interest payments

The currency translation reserve comprises:

- exchange rate adjustments arising on translation of the financial statements of foreign entities with a currency that is not the Group's functional currency
- exchange rate adjustments relating to loans to and from subisiadiaries and other investments
- exchange rate adjustments relating to hedging transactions on net investment in subsidiaries and other investments, less tax

Section 1
Other operating income

DKK million	2017	2016
Management fee from Group companies	9	8
Total other operating income	**9**	**8**

Section 2
Fees to auditors appointed at the annual general meeting

DKK million	2017	2016
Statutory audit	(1)	(1)
Total fees to Deloitte	**(1)**	**(1)**

Section 3
Staff costs

DKK million	2017	2016
Remuneration to the Executive Management Board	(15)	(15)
Remuneration to Executive Management Board during the notice period	(4)	(15)
Remuneration to the Board of Directors	(3)	(3)
Total remuneration	**(22)**	**(33)**
Other staff costs	-	-
Total staff costs	**(22)**	**(33)**
Number of full-time employees at 31 December	2	1

Section 3
Staff costs (continued)

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

The contract with Allan Søgaard Larsen, former member of the Executive Management Board has expired at 31 December 2017 and the contract with Morten R. Pedersen, former member of the Executive Management Board will expire 31 December 2018. Salary during the notice period of DKK 4 million was expensed in 2017, (2016: DKK 15 million).

Section 4
Financial income

DKK million	2017	2016
Dividends from subsidiaries	-	100
Foreign exchange gains	30	14
Interest from Group companies	89	33
Total financial income	**119**	**147**

Section 5
Financial expenses

DKK million	2017	2016
Interest on loans	(171)	(139)
Interest to Group companies	(10)	(3)
Interest on shareholder loans	(48)	(61)
Other financial expenses	(20)	(13)
Impairment of investments in subsidiaries	(2,805)	-
Total financial expenses	**(3,054)**	**(216)**

Section 6
Income taxes

DKK million	2017	2016
Current tax	35	41
Change in deferred tax for the year	-	4
Total income taxes	**35**	**45**
Tax on other comprehensive income	(15)	5
Total tax	**20**	**50**
Income taxes received	45	32
Breakdown of tax rate:		
Total income taxes	35	45
Profit before tax	(2,963)	362
Impairment of investments in subsidiaries	2,805	-
Tax base for the year	**(158)**	**362**
Effective tax rate	**21.9%**	**(12.4%)**
Danish tax rate	22.0%	22.0%
Non-deductible costs and tax-exempt income	-	(31.1%)
Other adjustments including adjustments relating to prior years	(0.1%)	(3.3%)
Effective tax rate	**21.9%**	**(12.4%)**
Tax on other comprehensive income		
Tax on value adjustments of interest hedging instruments	(6)	(1)
Tax on value adjustments of currency hedging instruments	(9)	6
Total tax on other comprehensive income	**(15)**	**5**

Section 7
Investments in subsidiaries

DKK million	2017	2016
Cost at 1 January	6,751	7,802
Additions	395	1,828
Disposals	-	(2,879)
Cost at 31 December	**7,146**	**6,751**
Value adjustments at 1 January	-	-
Impairment losses	(2,805)	-
Value adjustments at 31 December	**(2,805)**	**-**
Carrying amount at 31 December	**4,341**	**6,751**

Comments

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

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

Management have tested investments in subsidiaries for impairment by comparing the expected future income in the individual subsidiary with the carrying value of the individual subsidiary.

Our test in 2017 resulted in an impairment of investments in subsidiaries of DKK 2,805 million. In 2016, our tests did not identify impairments of investments in subsidiaries.

Section 8
Deferred tax

DKK million	2017	2016
Deferred tax at 1 January	(19)	2
Adjustments in connection with merger	0	4
Adjusted deferred tax at 1 January	**(19)**	**6**
Change in deferred tax for the year	(39)	(25)
Deferred tax at 31 December	**(58)**	**(19)**
Deferred tax assets	(58)	(19)
Deferred tax at 31 December	**(58)**	**(19)**
Breakdown of deferred tax		
Non-current liabilities and provisions	3	2
Tax losses carried forward	(61)	(21)
Deferred tax at 31 December	**(58)**	**(19)**

Section 9
Equity

Comments

The share capital is divided into 81,445,955 shares (2016: 66,952,345 shares) with a nominal value of DKK 1.00 each. No shares are subject to special rights or restrictions on voting rights.

The shares are fully paid up and are not divided into classes.

In 2017 the share capital increased by DKK 14 million in connection with loans from major shareholders was converted to equity in May 2017 and capital injection in June 2017.

DKK million	2017	2016
Attributable to:		
Retained earnings	(2,928)	407
Profit for the year	**(2,928)**	**407**

Section 10
Loans and subordinated shareholder loans

DKK million	2017	2016
Long-term loans	5,867	5,607
Short-term loans	130	600
Total loans	**5,997**	**6,207**
Attributable to:		
Subordinated shareholder loans	2,008	944
Loans	3,989	5,263
Total loans	**5,997**	**6,207**

Section 11
Contingent liabilities, lease obligations and collateral security

DKK million	2017	2016
Warranty and guarantee commitments	55	83

Comments

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

Joint taxation

Falck A/S is taxed jointly in Denmark with Lundbeckfonden (Lundbeckfond Invest A/S) as administration company. Pursuant to the Danish Corporation Tax Act, the company is liable for income taxes etc. for the jointly taxed companies and for any obligations to withhold tax at source on interest, royalties and dividends from the jointly taxed companies.

Collateral security

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

Section 12
Related parties

Comments

For a description of related parties, reference is made to section 6.2 of the consolidated financial statements. Remuneration of the Board of Directors and the Executive Management is disclosed in section 6.1. Our related-party transactions are made on arm's length terms.

DKK million	**2017**	2016
Transactions with other Group companies were as follows:		
Dividend received	-	100
Management fee paid	2	2
Management fee received	8	8
Interest paid	10	3
Interest received	89	33

Section 13
Events after the balance sheet date

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

Section 14
Accounting policies

The financial statements for the parent company are presented in accordance with the Danish Financial Statement Act of large reporting class C companies.

Change in accounting policies

The financial statement for the parent company for 2017 has been completed in accordance with the Danish Financial Statements Act, against earlier presentation according to the International Financial Reporting Standards adopted by the EU Commission IFRS.

The change in accounting policies for the parent company has not resulted in changes in recognition and measurement compared to last year hence no effect on Equity or profit for the year due to the change in accounting policies.

ACCOUNTING POLICIES

The parent company basically applies the same accounting policies for recognition and measurement as the Group.

The accounting policies applied by the parent company deviate from the accounting policies to the consolidated financial statements in the following respects:

Other operating income

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

Dividend from group companies

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

Investments in subsidiaries

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

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

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

Management's statement

The Board of Directors and the Executive Management Board today considered and approved the annual report of Falck A/S for 2017.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards which have been adopted by the EU.

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

Further, the consolidated financial statements and the parent company financial statements have been prepared in accordance with additional requirements under the Danish Financial Statements Act.

In our opinion, the accounting policies applied are appropriate, and the Group's and the parent company's financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as at 31 December 2017 and of the results of the Group's and the parent company's operations for the financial period 1 January 2017 to 31 December 2017.

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

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

Copenhagen, 9 February 2018

Executive Management Board:

Jakob Riis
President and CEO

Tor Magne Lønnum
CFO

Jakob Bomholt
EVP, Ambulance

Board of Directors:

Peter Schütze
Chairman

Lene Skole
Deputy Chairman

Lars Frederiksen

Niels Smedegaard

Dorthe Mikkelsen

Søren Thorup Sørensen

Employee representative:

Vagn Flink Møller Pedersen

Henrik Villsen Andersen

Allan Rensgaard

Independent auditor's report

To the shareholders of Falck A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Falck A/S for the financial year 1 January 2017 to 31 December 2017, which comprise the income statement, balance sheet, statement of changes in equity and sections, including a summary of significant accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2017, and of the results of its operations and cash flows for the financial year 1 January 2017 to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2017, and of the results of its operations for the financial year 1 January 2017 to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated

financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the sections, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 9 February 2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen
State-Authorised Public Accountant
MNE no 21358

Erik Holst Jørgensen
State-Authorised Public Accountant
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