

# **Fluke Danmark A/S**

Formervangen 28, 2600 Glostrup  
CVR no. 16 58 53 78

## **Annual report for 2016**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 16.06.17

Jeroen Bernard van de Wiel  
Dirigent

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**The company**

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Fluke Danmark A/S  
c/o DOMS A/S  
Formervangen 28  
2600 Glostrup  
Registered office: Albertslund  
CVR no.: 16 58 53 78  
Founded: 1. oktober 1992  
Financial year: 01.01 - 31.12

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**Executive Board**

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Direktør Herman Warnshuis

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**Board Of Directors**

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Jeroen Bernard van de Wiel  
Grant Guy Macpherson  
Herman Warnshuis

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**Auditors**

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ERNST & YOUNG  
Godkendt Revisionspartnerselskab

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**Lawyer**

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Bruun & Hjejle

## **Statement of the Board of Directors and Executive Board on the annual report**

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We have on this day discussed and approved the annual report for the financial year 01.01.16 - 31.12.16 for Fluke Danmark A/S.

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

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.16 and of the results of the the company's activities for the financial year 01.01.16 - 31.12.16.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Glostrup, June 16, 2017

### **Executive Board**

Herman Warnshuis  
Direktør

### **Board Of Directors**

Jeroen Bernard van de Wiel  
Chairman

Grant Guy Macpherson

Herman Warnshuis

**To the Shareholders of Fluke Danmark A/S****AUDITORS'S REPORT ON THE FINANCIAL STATEMENTS****Opinion**

We have audited the financial statements of Fluke Danmark A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31.12.16 and of the results of the company's operations for the financial year 01.01.16 - 31.12.16 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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibility for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

**Statement regarding the management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of management's review.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

**Violation of the Danish Bookkeeping Act**

In our opinion, the Company has not complied with the requirements of the Danish Bookkeeping Act regarding storing of accounting records abroad. Management may incur liability in this respect.

Copenhagen, June 16, 2017

**ERNST & YOUNG**

Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Henrik Kronborg Iversen  
State Authorized Public Accountant

Rasmus Bloch Jespersen  
State Authorized Public Accountant

### **Primary activities**

The company's activities comprise electronic test and measurement tools. Activities within this field include the purchase and sale of finished goods, repair and service of electronic test and measurement tools.

The Company is a commission agent for Fluke Corporation, Fluke Precision Measurement Ltd, Fluke Deutschland GmbH, Fluke Software Ireland Ltd, Datapaq Ltd, Raytek GmbH, Infrared Integrated Systems Ltd, Universal Technic SAS and Tektronix China Trading (the latter represented by Fluke Europe B.V. at its trustee). The Company receives commission on sales based on the commission agreement.

### **Development in activities and financial affairs**

The income statement for the period 01.01.16 - 31.12.16 showed a profit of DKK 197,800 against a profit of DKK 305,311 for the period 01.01.15 - 31.12.15. The balance sheet showed equity of DKK 251,771,278.

The Company has received a group contribution of DKK 238,335,326.

The Company has made an equity investment in Doms ApS of DKK 268,500,000. Subsequent to the acquisition Doms ApS distributed dividends totalling DKK 170,713,000, of which DKK 110,000,000 has been received and 60,713,000 has been recognized as a receivable in the balance sheet.

The results and financial development of the Company were as expected.

The results of the Company for 2016 are considered satisfactory.

### **Outlook**

The company expects a result for 2017 at the same level as for 2016.

### **Subsequent events**

Subsequent to the balance sheet date, the Company entered into the agreement to acquire remaining 80% share capital of Orpak Systems Ltd. No other significant events have occurred after the end of the financial year.

## Income statement

Note	2016 DKK	2015 DKK
<b>Revenue</b>	<b>2.580.607</b>	<b>1.756.054</b>
Other external expenses	-1.571.724	-1.010.291
<b>Gross profit</b>	<b>1.008.883</b>	<b>745.763</b>
1 Financial income	192.708	1.125.881
2 Financial expenses	-944.589	-1.470.378
<b>Profit/loss before tax</b>	<b>257.002</b>	<b>401.266</b>
3 Tax on profit or loss for the year	-59.202	-95.955
<b>Profit/loss for the year</b>	<b>197.800</b>	<b>305.311</b>
 <b>Proposed appropriation account</b>		
Retained earnings	197.800	305.311
<b>Total</b>	<b>197.800</b>	<b>305.311</b>

## Balance sheet

<b>ASSETS</b>		31.12.16	31.12.15
Note		DKK	DKK
4	Equity investments in group enterprises	97.787.000	0
4	Equity investments in associates	139.158.777	139.844.025
<b>Total investments</b>		<b>236.945.777</b>	<b>139.844.025</b>
<b>Total non-current assets</b>		<b>236.945.777</b>	<b>139.844.025</b>
	Receivables from group enterprises	64.411.031	4.521.347
	Deferred tax asset	4.685	6.247
	Other receivables	573.999	2.599.431
	Prepayments	0	322
<b>Total receivables</b>		<b>64.989.715</b>	<b>7.127.347</b>
<b>Cash</b>		<b>0</b>	<b>11.826.460</b>
<b>Total current assets</b>		<b>64.989.715</b>	<b>18.953.807</b>
<b>Total assets</b>		<b>301.935.492</b>	<b>158.797.832</b>

## Balance sheet

<b>EQUITY AND LIABILITIES</b>		31.12.16	31.12.15
		DKK	DKK
Note			
	Contributed capital	500.000	500.000
	Retained earnings	251.271.278	12.738.152
	<b>Total equity</b>	<b>251.771.278</b>	<b>13.238.152</b>
	Payables to other credit institutions	1.042.642	0
	Trade payables	98.878	48.744
	Payables to group enterprises	47.040.930	144.299.100
	Income taxes	505.378	93.530
	Other payables	1.476.386	1.118.306
	<b>Total short-term payables</b>	<b>50.164.214</b>	<b>145.559.680</b>
	<b>Total payables</b>	<b>50.164.214</b>	<b>145.559.680</b>
	<b>Total equity and liabilities</b>	<b>301.935.492</b>	<b>158.797.832</b>

5 Contingent liabilities

6 Charges and security

7 Related parties

## Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
<hr/>		
Statement of changes in equity for 01.01.15 - 31.12.15		
Balance pr. 01.01.15	500.000	12.432.841
Net profit/loss for the year	0	305.311
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Balance as at 31.12.15	500.000	12.738.152
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Statement of changes in equity for 01.01.16 - 31.12.16		
Balance as at 01.01.16	500.000	12.738.152
Group contribution	0	238.335.326
Net profit/loss for the year	0	197.800
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Balance as at 31.12.16	500.000	251.271.278
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There have been no changes in share capital during the four preceding financial years.

	2016 DKK	2015 DKK
<b>1. Financial income</b>		
Interest, group enterprises	0	159.411
Other interest income	192.708	965.861
Foreign currency translation adjustments	0	609
<b>Total</b>	<b>192.708</b>	<b>1.125.881</b>

<b>2. Financial expenses</b>		
Interest, group enterprises	931.800	1.460.826
Other interest expenses	10.966	6.237
Foreign currency translation adjustments	1.823	3.315
<b>Total</b>	<b>944.589</b>	<b>1.470.378</b>

<b>3. Tax on profit or loss for the year</b>		
Current tax for the year	57.640	93.530
Adjustment of deferred tax for the year	1.562	2.425
<b>Total</b>	<b>59.202</b>	<b>95.955</b>

#### 4. Equity investments

Figures in DKK	Equity invest- ments in group enterprises	Equity invest- ments in asso- ciates
Cost as at 01.01.16	0	139.844.025
Additions during the year	268.500.000	2.493.748
Disposals during the year	-170.713.000	-3.178.996
Cost as at 31.12.16	97.787.000	139.158.777
Carrying amount as at 31.12.16	97.787.000	139.158.777

Name and Registered office:	Ownership interest
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##### Group enterprises:

Doms ApS, Glostrup, Denmark	100%
- Doms Metrology ApS, Glostrup, Denmark	100%
- Odysii Technologies Ltd., Isreal	100%

##### Associates

Orpak Systems Ltd., Israel	20%
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##### Put option

In 2015, Fluke Danmark A/S acquired a 20% equity investment in Orpak Systems Ltd. from O.R.T. Technologies Ltd. As part of the acquisition, O.R.T. Technologies Ltd. granted Fluke Danmark A/S an irrevocable, one-time put option granting the right to sell back the 20% equity investment to O.R.T. Technologies in consideration for payment by O.R.T. Technologies Ltd. to Fluke Danmark A/S of the original purchase price, less the aggregate amount of dividends received by Fluke Danmark from Orpak Systems Ltd. The put option is valid until January 15, 2018.

Based on the contractual arrangements concerning the put option, fair value of the option is assessed at DKK 0 at the balance sheet date.

##### Impairment indicators

Management has identified indicators of impairment of equity investments in group enterprises. Consequently, management has prepared an impairment test and thereby calculated the recoverable amount of the Company's investment in group enterprises at 31 December 2016.

The calculation of the recoverable amount is based on the value in use of the investments applying a discounted cash flow model (DCF). Expected net future cash flows are determined on basis for budgets for the period 2017-2021 and applied discount factor and inflation rates are estimated by management. The company has applied to following assumptions determined in its determination of the value in use: Expected net future cash flows are determined on basis for budgets for the period 2017-2021, WACC of 8,02 % has been applied in budget period, Growth rate of in budget period of 5 % and terminal growth rate of 1,5 %.

The impairment test did not result in need for impairment.

## 5. Contingent liabilities

### *Lease commitments*

The company has concluded operating lease agreements relating to lease car with a total of DKK 273,455 (DKK 25,839). Other commitments have a total of DKK 1,104 (DKK 966).

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

## 6. Charges and security

The company has not provided any other security over assets.

## 7. Related parties

Fluke Danmark A/S is included in the consolidated financial statements of Fortive Corporation, 6920 Seawary Blvd., Everett WA 98203, United States. Requisition of the parents consolidated financial statements at [www.fortive.com](http://www.fortive.com)

Information about shareholders holding 5 % or more of the share capital or the voting rights:

Fluke International Holding B.V.  
Eindhoven, The Netherlands

## 8. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for reporting class C medium-sized.

Omission to present Consolidated financial statement

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary Fortive Corporation, which prepares consolidated financial statements.

### Change in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. The adoption did not impact the income statement or the balance sheet for 2016 or the comparative figures. As such, the accounting policies are consistent with those of last year.

Correction of classificaiton of intercompany group charges in the income statement

Reclassification changes have been made in the financial statements regarding presentation and classification of intercompany group charges, previously presented in the income statement as 'Staff Costs'. The comparative figures have been restated to reflect this change in presentation and classification. In the income statement, 'intercompany group charges' of DKK 404,510, presented as Staff costs in prior year financial statements, have been reclassified to 'other external expenses'. The reclassification change has not affected the results of operations, equity or balance sheet totals.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

**8. Accounting policies** - continued -

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**LEASES**

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

**INCOME STATEMENT****Revenue**

The net revenue for commission is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year. Revenue is determined at fair value exclusive of VAT and discounts.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**8. Accounting policies - continued -****Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Dividend from investments in subsidiaries and associates is recognised in the income statement in the year of declaration.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**BALANCE SHEET****Equity investments in group enterprises and associates**

Equity investments in subsidiaries and associates are measured in the balance sheet at cost less any impairment losses. Dividends from investments in subsidiaries and associates are recognised in the income statement in the year of declaration. If declared dividend exceeds the accumulated result since the acquisition time, the dividend is recognised as a reduction of the cost price of the investment.

Put options that gives the Company the right to sell its investments in associates at a defined exercise price are initially recognized at cost and subsequently measured at fair value by application of the fair value hierarchy unless the fair value cannot be determined reliably. If the fair value cannot be determined reliably put options are measured at cost.

**8. Accounting policies** - continued -**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries and associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**8. Accounting policies** - continued -**Cash**

Cash includes deposits in bank accounts as well as operating cash.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group enterprises' and 'Payables to group enterprises'

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.