

# **Leica Microsystems A/S**

Industriparken 39, 2750 Ballerup

CVR no. 20 28 83 96

## **Annual report for 2015**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 03.06.16

Melanie Hammerschmidt-Broman  
Dirigent

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**The company**

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Leica Microsystems A/S  
Industriparken 39  
2750 Ballerup  
Registered office: Ballerup  
CVR no.: 20 28 83 96  
Financial year: 01.01 - 31.12

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**Board of Directors**

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Harald Schwenk, chairman  
Colin Marshall Hughes  
Melanie Hammerschmidt-Broman

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**Executive Board**

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Melanie Hammerschmidt-Broman

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**Auditors**

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Ernst & Young  
Godkendt Revisionspartnerselskab  
P O Box 250, Osvald Helmuths Vej 4  
DK - 2000 Frederiksberg

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

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Board of Directors and Executive Board have on this day considered and adopted the annual report for the financial year 01.01.15 - 31.12.15 for Leica Microsystems A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities, financial position and results.

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

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

Ballerup, June 3, 2016

### **Executive Board**

Melanie Hammerschmidt-Broman

### **Board of Directors**

Harald Schwenk  
Chairman

Colin Marshall Hughes

Melanie Hammerschmidt-  
Broman

**To the Shareholder of Leica Microsystems A/S**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Leica Microsystems A/S for the financial year 01.01.15 - 31.12.15, which comprise an income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act.

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

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

**Auditor's responsibility**

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

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

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

Our audit has not resulted in any qualifications.

## **Opinion**

In our opinion the financial statements give a true and fair view of the Company's financial position at 31.12.15 and of the results of the company's operations for the financial year 01.01.15 - 31.12.15 in accordance with the Danish Financial Statements Act.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Emphasis-of-matter paragraph concerning other matters**

Without qualifying our opinion we note that the Company does not comply with the Danish Bookkeeping Act with regards to archiving or access to the bookkeeping records in Denmark.

Management can be held liable for not complying with the Danish Bookkeeping Act.

### **Statement regarding the management's review**

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

Copenhagen, June 3, 2016

### **Ernst & Young**

Godkendt Revisionspartnerselskab  
CVR no.30700228

Brian Stubtoft  
State Authorized Public Accountant

**Main activities**

The Company is active in the field of Sales and Technical Service of products for microscopy, specimen preparation, image analysis, laser scanning microscopy and medical technology.

The products of the company are sold only in Denmark.

The Company is part of the international Leica Microsystems Group, with Leica Microsystems Holdings GmbH, D-3530 Wetzlar, Germany, as parent company.

**Development in the company's financial activities and affairs**

The income statement for the period 01.01.15 - 31.12.15 showed a result of DKK 1,571,548 against DKK 722,886 for the period 01.01.14 - 31.12.14. The balance sheet showed equity of DKK 22,791,961.

The management considers the net profit for the year to be satisfactory.

**Important events occurring after the end of the financial year**

No events materially affecting the financial position of the company have occurred after the end of the financial year.

## Income statement

Note	2015 DKK	2014 DKK
<b>Gross profit</b>	<b>10.285.199</b>	<b>9.382.088</b>
1 Staff costs	-8.189.986	-8.355.803
<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>2.095.213</b>	<b>1.026.285</b>
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-25.765	0
<b>Operating profit/loss</b>	<b>2.069.448</b>	<b>1.026.285</b>
2 Other financial income	120.785	52.001
3 Other financial expenses	-132.282	-108.729
<b>Profit/loss before tax</b>	<b>2.057.951</b>	<b>969.557</b>
4 Tax on profit/loss for the year	-486.403	-246.671
<b>Profit/loss for the year</b>	<b>1.571.548</b>	<b>722.886</b>
<b>Proposed appropriation account</b>		
Retained earnings	1.571.548	722.886
<b>Total</b>	<b>1.571.548</b>	<b>722.886</b>



ASSETS	31.12.15	31.12.14
Note	DKK	DKK
Other plant, fixtures and fittings, tools and equipment	146.001	0
<b>Total property, plant and equipment</b>	<b>146.001</b>	<b>0</b>
<b>Total non-current assets</b>	<b>146.001</b>	<b>0</b>
Manufactured goods and goods for resale	193.452	677.605
<b>Total inventories</b>	<b>193.452</b>	<b>677.605</b>
Trade receivables	8.208.001	5.324.365
Receivables from group enterprises	31.339.675	31.874.375
Deferred tax asset	12.268	8.931
Other receivables	26.023	46.182
Prepayments	13.815	149.436
<b>Total receivables</b>	<b>39.599.782</b>	<b>37.403.289</b>
<b>Total current assets</b>	<b>39.793.234</b>	<b>38.080.894</b>
<b>Total assets</b>	<b>39.939.235</b>	<b>38.080.894</b>

<b>EQUITY AND LIABILITIES</b>		31.12.15	31.12.14
		DKK	DKK
Note			
	Share capital	610.000	610.000
	Retained earnings	22.181.961	20.610.413
	<b>5 Total equity</b>	<b>22.791.961</b>	<b>21.220.413</b>
	Trade payables	290.472	1.052.432
	Payables group enterprises	11.365.261	10.481.600
	Income tax	489.740	223.921
	Other payables	4.303.992	3.976.714
	Deferred income	697.809	1.125.814
	<b>Total short-term payables</b>	<b>17.147.274</b>	<b>16.860.481</b>
	<b>Total payables</b>	<b>17.147.274</b>	<b>16.860.481</b>
	<b>Total equity and liabilities</b>	<b>39.939.235</b>	<b>38.080.894</b>

- 6 Contingent liabilities  
7 Contractual obligations  
8 Related parties

**GENERAL**

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

The accounting policies have been applied consistently with previous years.

**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.

Certain financial assets and liabilities are measured at amortised cost applying a constant effective rate of interest over the term of the assets and liabilities. Amortised cost is determined as original cost less any principal repayments and less/plus accumulated amortisation of the difference between cost and nominal value.

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

## FOREIGN CURRENCY

The annual report is presented in Danish kroner.

On initial recognition, transactions denominated in foreign currency are translated at the exchange rate 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 income or expenses. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate 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 liability arose or was recognised in the latest annual report is recognised in the income statement under financial income or expenses. Non-current assets, inventories and other non-monetary assets acquired in foreign currency are translated using historical exchange rates.

## INCOME STATEMENT

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross Profit'.

Income from the sale of goods and finished goods 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.

Income from leasing is recognised in the leasing period. Revenue is measured at the sales value of the fixed remuneration exclusive of VAT and other indirect taxes and less discounts.

### Other external expenses

Other external expenses comprise distribution, selling, advertising and administration costs as well as costs of premises, bad debts and operating leases.

### Staff cost

Staff cost include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Depreciation

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. The following useful lives and residual values are applied by the company:

	Useful life, year	Residual value, per cent
Other plant, fixtures and fittings, tools and equipment	3-5	0

### Net financials

Interest income and interest expenses, foreign currency translation adjustments as well as surcharges and refunds under the on-account tax scheme are recognised under net financials.

### Tax on profit/loss for the year

The current and deferred taxes for the year are recognised in the income statement as taxes for the year with the portion attributable to the net profit or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is taxed jointly with the 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

### Property, plant and equipment

Property, plant and equipment are measured in the balance sheet at the lower of cost less accumulated depreciation and recoverable amount.

Cost comprises the purchase price and any costs directly related to the purchase until the date when the asset is available for use.

Gains and losses from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount on the date of disposal.

**Inventories**

Inventories are measured at the lower of cost, measured by reference to the average purchase price, and net realisable value.

**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 on the basis of an assessment of the individual receivables.

**Prepayments**

Prepayments comprise costs incurred in respect of the next financial year.

**Current and deferred taxes**

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 on prior years' taxable income and taxes paid on account.

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

Deferred tax liabilities and deferred tax assets are computed on the basis of all temporary differences between the carrying amount and tax base 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 either 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 the 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 tax on future earnings within the same jurisdiction.

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.

### **Liabilities**

Current liabilities are measured at amortised cost, which usually corresponds to the nominal value of the liability.

### **Deferred income**

Deferred income recognised under liabilities comprises payments received in respect of income in subsequent years.

	2015 DKK	2014 DKK
<b>1. Staff costs</b>		
Wages	7.518.105	7.600.666
Pensions	517.756	539.618
Other social security expenses	33.372	62.519
Other staff costs	120.753	153.000
<b>Total</b>	<b>8.189.986</b>	<b>8.355.803</b>
<b>2. Other financial income</b>		
Financial income from group enterprises	0	3.589
Foreign exchange gains	120.785	48.412
<b>Total</b>	<b>120.785</b>	<b>52.001</b>
<b>3. Other financial expenses</b>		
Financial expenses for group enterprises	48.081	37.303
Interest expenses	10.297	29.167
Foreign exchange losses	73.904	42.259
<b>Total</b>	<b>132.282</b>	<b>108.729</b>
<b>4. Taxes</b>		
Tax on profit for the year	489.740	223.921
Deferred tax of the year	-3.337	21.268
Adjustment of tax in respect of previous years	0	1.482
<b>Total</b>	<b>486.403</b>	<b>246.671</b>



## 5. Equity

Figures in DKK	Share capital	Retained earnings
<i>Statement of changes in equity for the period 01.01.14 - 31.12.14</i>		
Balance as at 31.12.13	610.000	19.887.527
Proposed distribution of net profit	0	722.886
Balance as at 31.12.14	610.000	20.610.413

### *Statement of changes in equity for the period 01.01.15 - 31.12.15*

Statement of changes in equity for the period as at 01.01.15	610.000	20.610.413
Proposed distribution of net profit	0	1.571.548
Statement of changes in equity for the period as at 31.12.15	610.000	22.181.961

There have been no changes in share capital during the four preceding financial years.

The share capital consists of:

	Quantity	Nominal value
1 share(s) of DKK 500,000 each	500	500.000
1 share(s) of DKK 100,000 each	100	100.000
1 share(s) of DKK 10,000 each	10	10.000

## 6. Contingent liabilities

The company is jointly taxed with Danaher Tax Administration ApS, which acts as management company (Administrationsselskab) and, is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Tax payable of the consolidated taxable income appears in the annual report for Danaher Tax Administration ApS, Registration Number- 28 31 68 87. Any subsequent assessments of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

## **7. Contractual obligations**

The company has assumed operating lease commitments which at the balance sheet date amount to a total of DKK 755 thousand during the non-cancellable period. The leases are non-cancellable for up to 26 months.

## **8. Related parties**

Leica Microsystems A/S is included in the consolidated financial statements of the parent, Danaher Corporation, Delaware, USA. Requisitioning of the parent's consolidated financial statements can be seen at [www.danaher.com](http://www.danaher.com)