Tel.: +45 39 15 52 00
koebenhavn@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 Copenhagen V
CVR no. 20 22 26 70

AGILENT TECHNOLOGIES DENMARK APS

PRODUKTIONSVEJ 42, 2600 GLOSTRUP

ANNUAL REPORT

1 NOVEMBER 2018 - 31 OCTOBER 2019

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 20 March 2020

Ieva Blekte Tackie

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 21 85 29 02

CONTENTS

COMPANY DETAILS

Company	Agilent Technologies Denmark ApS Produktionsvej 42 2600 Glostrup
	CVR No.: 21 85 29 02 Established: 1 July 1999 Registered Office: Glostrup Financial Year: 1 November 2018 - 31 October 2019
Board of Directors	Simon Østergaard, chairman Majken Nielsen Ieva Blekte Tackie
Board of Executives	Lene Klejs Stuhr Simon Østergaard
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Agilent Technologies Denmark ApS for the financial year 1 November 2018 - 31 October 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 October 2019 and of the results of the Company's operations for the financial year 1 November 2018 - 31 October 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

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

Copenhagen, 20 March 2020

Board of Executives

Lene Klejs Stuhr	Simon Østergaard

Board of Directors

Simon Østergaard Chairman	Majken Nielsen	Ieva Blekte Tackie

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Agilent Technologies Denmark ApS

Opinion
We have audited the Financial Statements of Agilent Technologies Denmark ApS for the financial year 1 November 2018 - 31 October 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 October 2019 and of the results of the Company's operations for the financial year 1 November 2018 - 31 October 2019 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities 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 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 Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT

- 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 are 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 on 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 Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 20 March 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS

	2018/19 DKK '000	2017/18 DKK '000	2016/17 DKK '000	2015/16 DKK '000	2014/15 DKK '000
Income statement					
Net revenue	1.178.073	969.037	972.494	1.004.026	121.473
Gross profit/loss	146.135	152.639	97.666	153.102	18.432
Operating profit/loss	15.613	25.913	1.302	6.506	1.687
Financial income and expenses, net	-1.838	-6.914	6.553	-245	-1.511
Profit/loss for the year	5.348	10.538	1.731	1.259	136
Balance sheet					
Balance sheet total	2.247.852	656.386	864.241	468.742	56.132
Equity	91.843	80.461	69.922	68.190	19.515
Investment in tangible fixed assets	-631	-3.062	-2.824	0	0
Ratios					
Rate of return	6.6	9.6	0.5	4.9	7.9
Solvency ratio	4.1	12.3	8.1	14.5	34.8
Return on equity	6.2	14.0	2.5	2.9	0.7
Return on equity (excl. minority interests)	6.2	14.0	2.5	2.9	0.7

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:	Profit/loss on ordinary activities x 100 / Average invested capital
Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Solvency ratio:	Equity, at year end x 100 / Total equity and liabilities, at year end
Return on equity:	Profit/loss after tax x 100 / Average equity
Return on equity (ex minorities):	Profit/loss after tax ex minorities x 100 / Average equity ex minorities

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities
Agilent Technologies Denmark ApS, hereinafter referred to as “company”, operates as a reseller of products/services covering life sciences, diagnostics and applied chemicals markets. The major part of the products/services range is purchased from group companies within and outside of Denmark.

Developments during the year
The management continues to work towards achieving operational efficiencies through process realignment and development. During 2019, the company merged with another group company called Prozyme Europe ApS, the merger has been recorded effective 1st No 2018 for accounting purposes.

Financial Position for the year
In 2019, the company realized total sales of DKK 1,178M compared to DKK 969M in 2018. The result for the year is a Profit of DKK 5.3 Million.

Significant events after the end of the financial year
Apart from the abovementioned developments, the Board of Directors and Executive Management are not aware of any event after 31st October 2019 that may have a material impact on the company’s financial position.

Special risks
Risk Management
The company acts as reseller of Agilent and Dako products/services to customers. The company carries risks which are generally associated with these functions and takes appropriate risk management measures.

Key Business Risks

The regulatory environment
The company is subject to a range of requirements in the countries in which it operates. The company is focused on complying with these regulations and is dedicated to having a constructive and collaborative dialogue with the authorities.

Market conditions
The company sells to customers who get reimbursement from public authorities. Reductions in these reimbursements may impact its consolidated sales and cash flow. The competitive environment is expected to be stable with high entry barriers.

Financial risks
The financial risk factors primarily comprise foreign exchange, and credit risks. The company’s financial risk management is based on policies approved by the Board of Directors. The company may use derivatives to hedge financial risks. Hedging of financial risks is managed at management level and is only focused on managing risks arising from the company’s operations and financing.

Foreign exchange risk
Foreign exchange risk occurs due to imbalance between income and expenses in each foreign currency.

Credit risk
The company’s credit risk primarily relates to receivables, securities, cash and cash equivalents, and positive fair values of derivative financial instruments. The balance sheet valuation of all the items mentioned corresponds to the size of the maximum credit risk. The company has historically not experienced any material loss on receivables, as most customers are public hospitals or laboratories.

Counterparty risks concerning cash and cash equivalents and financial instruments are managed by only entering into agreements with financial institutions which have achieved a satisfactory rating from recognized international credit-rating institutions.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company’s approach to managing liquidity is to ensure, as far as possible, that it will always

Special risks (continued)
have enough liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Future expectations
The Management expects a profitable fiscal ahead.

Corporate social responsibility
Agilent Technologies group is committed to conducting business in an ethical, socially responsible and environmentally sustainable manner. Our Citizenship Objective is to be an economic, intellectual and social asset to each nation and community in which we operate. Agilent's Community Relations and Giving Programs and the Agilent Foundation are tangible examples of our commitment to exemplary Corporate Citizenship.

Target figures and policies for the underrepresented gender
The Board has a total strength of three members out of which 2 is female, hence a female participation of 67 %.

The company takes a position that a diverse organization is value-adding and contributes to the achievement of overall business goals. It is therefore a policy to encourage a balanced gender distribution at all management levels by:

- Securing that filling of all management positions, whether facilitated by HR or external consultants, is done by assessment of the collective skill set of each candidate independent of gender.

- Requiring that external search consultants engaged for recruitment for management positions propose a reasonable number of candidates of each gender.

- Having succession planning practices in place requiring managers to identify a gender-diverse range of potential successors for critical management positions.

- Requiring managers to discuss with qualified subordinates of the under-represented gender as part of their recurrent performance review how and if advancement to a (higher) management position could be relevant and what potentially would be required.

- Regularly obtaining qualitative data regarding the background for the gender distribution at various management levels both from a potential candidate perspective and from an employer perspective.

Regularly obtaining qualitative data regarding the background for the gender distribution at various management levels both from a potential candidate perspective and from an employer perspective.

INCOME STATEMENT 1 NOVEMBER - 31 OCTOBER

	Note	2018/19 DKK '000	2017/18 DKK '000
NET REVENUE	1	**1.178.073**	**969.037**
Cost of sales		-1.031.938	-816.398
GROSS PROFIT/LOSS		**146.135**	**152.639**
Research and development expenses	3	923	-213
Marketing expenses	3	-1.067	-987
Distribution costs	3	-65.529	-66.122
Administrative expenses	2, 3	-64.819	-59.647
OPERATING PROFIT		**15.643**	**25.670**
Other operating income		-30	243
OPERATING PROFIT		**15.613**	**25.913**
Financial income		7.797	1.457
Financial expenses	4	-9.635	-8.371
PROFIT BEFORE TAX		**13.775**	**18.999**
Tax on profit/loss for the year	5	-8.427	-8.461
PROFIT FOR THE YEAR	6	**5.348**	**10.538**

BALANCE SHEET AT 31 OCTOBER

ASSETS	Note	2019 DKK '000	2018 DKK '000
Goodwill		113.442	132.349
Intangible fixed assets	7	**113.442**	**132.349**
Other plants, machinery, tools and equipment		3.900	5.179
Tangible fixed assets	8	**3.900**	**5.179**
Rent deposit and other receivables		224	0
Fixed asset investments	9	**224**	**0**
FIXED ASSETS		**117.566**	**137.528**
Finished goods and goods for resale		3.901	7.075
Inventories		**3.901**	**7.075**
Trade receivables		344.073	290.355
Receivables from group enterprises		85.548	125.159
Deferred tax assets	10	846	839
Other receivables		66	660
Receivables corporation tax		41.423	0
Receivables joint taxation contribution		1.581.270	15.142
Prepayments and accrued income	11	578	5.459
Receivables		**2.053.804**	**437.614**
Cash and cash equivalents		**72.581**	**74.169**
CURRENT ASSETS		**2.130.286**	**518.858**
ASSETS		**2.247.852**	**656.386**

BALANCE SHEET AT 31 OCTOBER

EQUITY AND LIABILITIES	Note	2019 DKK '000	2018 DKK '000
Share capital		5.000	5.000
Retained profit		86.843	75.461
EQUITY		**91.843**	**80.461**
Other provisions for liabilities	12	2.343	2.418
PROVISION FOR LIABILITIES		**2.343**	**2.418**
Corporation tax		1.550.666	20.630
Other liabilities		7.417	0
Accruals and deferred income		0	1.140
Long-term liabilities	13	**1.558.083**	**21.770**
Trade payables		17.425	22.495
Payables to group enterprises		461.795	412.000
Corporation tax		0	1.593
Other liabilities		94.153	96.313
Accruals and deferred income	14	22.210	19.336
Current liabilities		**595.583**	**551.737**
LIABILITIES		**2.153.666**	**573.507**
EQUITY AND LIABILITIES		**2.247.852**	**656.386**
Contingencies etc.	15		
Related parties	16		
Consolidated financial statements	17		

EQUITY

	Share capital	Retained profit	Total
Equity at 1 November 2018	5.000	75.461	80.461
Group contribution		6.034	6.034
Proposed distribution of profit		5.348	5.348
Equity at 31 October 2019	**5.000**	**86.843**	**91.843**

At 1st November 2016 the share capital was raised by 1 share at a value of 1 DKK.

NOTES

	2018/19 DKK '000	2017/18 DKK '000	Note
Net revenue			1
Segment details (geography)			
EMEA	1.042.158	824.851	
Americas	417	61.225	
APAC	135.498	82.961	
	1.178.073	**969.037**	
Segment details (activities)			
Cross lab	64.366	59.707	
Diagnostics & Genomics	1.058.388	859.414	
Life sciences and applied markets group	55.319	49.916	
	1.178.073	**969.037**	
Fee to statutory auditors			2
Total fees:			
BDO	339	321	
	339	**321**	
Specification of fees:			
Statutory audit	231	214	
Tax consultancy	51	50	
Other services	57	57	
	339	**321**	
Staff costs			3
Average number of employees 660 (2017/18: 683)			
Wages and salaries	503.680	459.347	
Pensions	35.082	32.113	
Social security costs	5.704	5.723	
Other staff costs	6.158	5.219	
	550.624	**502.402**	
Remuneration of management and board of directors	3.108	1.205	
	3.108	**1.205**	

In accordance to section 98 B (3) of the Danish Financial Statements Act, renumeration to the Executive Board has not been disclosed.

NOTES

	2018/19 DKK '000	2017/18 DKK '000	Note
Financial expenses			4
Group enterprises	6.973	4.384	
Other financial expenses	2.662	3.987	
	9.635	**8.371**	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year	8.395	7.437	
Adjustment of tax for previous years	39	0	
Adjustment of deferred tax	-7	1.024	
	8.427	**8.461**	
Proposed distribution of profit			6
Retained earnings	5.348	10.538	
	5.348	**10.538**	

Intangible fixed assets — Note 7

	Goodwill
Cost at 1 November 2018	189.070
Additions	5.042
Cost at 31 October 2019	**194.112**
Amortisation at 1 November 2018	56.721
Amortisation for the year	23.949
Amortisation at 31 October 2019	**80.670**
Carrying amount at 31 October 2019	**113.442**

Tangible fixed assets — Note 8

	Other plants, machinery, tools and equipment
Cost at 1 November 2018	10.344
Additions	631
Disposals	-643
Cost at 31 October 2019	**10.332**
Depreciation and impairment losses at 1 November 2018	5.166
Reversal of depreciation of assets disposed of	-58
Depreciation for the year	1.324
Depreciation and impairment losses at 31 October 2019	**6.432**
Carrying amount at 31 October 2019	**3.900**

NOTES

Note

Tangible fixed assets (continued) 8

Fixed asset investments 9

	Rent deposit and other receivables
Additions	224
Cost at 31 October 2019	**224**
Carrying amount at 31 October 2019	**224**

Deferred tax assets 10

Provision for deferred tax comprises deferred tax on intangible and tangible fixed assets and privisions.

	2019 DKK '000	2018 DKK '000
Deferred tax constitues:		
Tangible fixed assets	330	307
Debt accruals	516	532
	846	**839**
Deferred tax, beginning of year	839	1.863
Deferred tax of the year, income statement	7	-1.024
Deferred tax assets 31 October 2019	**846**	**839**

Deferred tax asset has been capitalized in the balance sheet based on the managements expectations for the future earnings.

Prepayments and accrued income 11

Costs	578	5.459
	578	**5.459**

Other provisions for liabilities 12

0-1 år	2.343	2.418

Warranties are included in other provisions with TDKK 2,343 (17/18: TDKK 2,418).

NOTES

Note

Long-term liabilities 13

	31/10 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/10 2018 total liabilities	Current portion at the beginning of the year
Corporation tax	1.550.666	0	0	20.630	0
Other liabilities	7.417	0	0	0	0
Accruals and deferred income	0	0	0	1.140	0
	1.558.083	**0**	**0**	**21.770**	**0**

Accruals and deferred income 14

Deferred income mainly relates to prepaid service contracts.

Contingencies etc. 15

Contingent liabilities

	2019 DKK '000	2018 DKK '000
Lease liabilities (operating leases):		
Within 1 year	4.633	3.196
Between 1-5 years	5.720	4.804

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 1.550.666 at the balance sheet date.

Related parties 16

The Controlling interest

The company is wholly owned subsidiary of Agilent Technologies Luxco Sarl, Laan van Langerhuize 1, Tower A-8, 1186 DS Amstelveen, The Netherlands 46a, Avenue J.F. Kennedy, L 1855 Luxembourg. The ultimate parent company in which the company is included as a subsidiary is Agilent Technologies Inc. This company and its subsidiaries are considered as related parties.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any substantial transactions that were not concluded on market conditions.

NOTES

	Note
Consolidated financial statements The accounts of Agilent Technologies Luxco Sarl can be obtained by request to the Company, and the accounts of Agilent Technologies Inc. Santa Clara, USA can be obtained by request to, Agilent Technologies Denmark ApS, Denmark.	17

ACCOUNTING POLICIES

The Annual Report of Agilent Technologies Denmark ApS for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue
Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Production costs
Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Distribution costs
The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses
Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Tangible fixed assets
Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment...	3-20 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments
Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories
Inventory is valued at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of market value. We assess the valuation of our inventory on a periodic basis and make adjustments to the value for estimated excess and obsolete inventory based on estimates about future demand.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities
Provisions for liabilities include the expected cost of warranty commitments and pension.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 year. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

Pension commitments:
To the extent that the pension commitments are not covered by insurance, they are included in the balance sheet as provisions. The calculation of the liability is based on actuarial computations.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated using “Average monthly rate” for the month in which the transaction is recorded. This average rate is derived from and closely represents the actual exchange rates in force during that month. Exchange differences arising between the “Average monthly rate” and the rate on the payment date are recognized in the Income Statement as financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Fixed Assets acquired in foreign currencies are translated using “Average monthly rate” as described above for the month in which the transaction is recorded.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.