RADIOMETER MEDICAL APS

ÅKANDEVEJ 21, 2700 BRØNSHØJ

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 28 May 2019

Vibeke Holst-Andersen

CVR NO. 27 50 91 85

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COMPANY DETAILS

Company	Radiometer Medical ApS Åkandevej 21 2700 Brønshøj	
	Telephone:	+4538273827
	Website:	www.radiometer.com
	CVR no.:	27 50 91 85
	Established:	14 January 2004
	Registered Office:	Copenhagen
	Financial Year:	1 January - 31 December
Board of Directors	Peter Kürstein-Jensen, Chairman Henrik Schimmell Nielsen Claus Lønborg Madsen Marianne Vinding Ovesen Vibeke Holst-Andersen Lars Taeger Birgit Vilstrup Olsen Birgitte Lund Jørgensen	
Board of Executives	Henrik Schimmell Nielsen Claus Lønborg Madsen	
Auditor	ERNST & YOUNG Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg	

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 Radiometer Medical ApS for the year 1 January - 31 December 2018.

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 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 28 May 2019

Board of Executives

Henrik Schimmell Nielsen

Claus Lønborg Madsen

Board of Directors

Peter Kürstein-Jensen
Chairman

Henrik Schimmell Nielsen

Claus Lønborg Madsen

Marianne Vinding Ovesen

Vibeke Holst-Andersen

Lars Taeger

Birgit Vilstrup Olsen

Birgitte Lund Jørgensen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Radiometer Medical ApS

Opinion

We have audited the financial statements of Radiometer Medical ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes including 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 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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.

INDEPENDENT AUDITOR'S REPORT

- 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 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 note 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 the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 28 May 2019

ERNST & YOUNG Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Henrik Kronborg Iversen	Rasmus Bloch Jespersen
State Authorised Public Accountant	State Authorised Public Accountant
mne24687	mne35503

FINANCIAL HIGHLIGHTS

	2018 DKK millions	2017 DKK millions	2016 DKK millions	2015 DKK millions	2014 DKK millions
Income statement					
Net revenue	3.793	3.587	3.387	3.216	2.800
Gross profit	1.804	1.686	2.158	2.109	1.867
Operating profit	575	501	538	539	346
Financial income and expenses, net	84	53	255	134	36
Profit for the year before tax	702	590	833	715	412
Profit for the year	556	466	663	555	332
Balance sheet					
Balance sheet total	15.221	14.788	14.804	14.322	14.426
Equity	13.712	13.156	11.580	10.438	9.903
Investment in tangible fixed assets	36	31	44	38	37
Average number of full-time employees	**1.068**	**1.035**	**1.014**	**1.019**	**982**
Ratios					
Profit margin	15,2	13,9	15,9	16,8	12,4
Rate of return	3,9	3,2	3,7	3,7	2,5
Solvency ratio	90,1	89,0	78,2	72,9	68,6
Return on equity	4,1	4,8	7,6	7,0	4,5

Profit margin:

$$\frac{\textit{Operating profit / loss} \times 100}{\textit{Net revenue}}$$

Rate of return:

$$\frac{\textit{Profit / loss on ordinary activities} \times 100}{\textit{Average invested capital}}$$

Solvency ratio:

$$\frac{\textit{Equity, at year end x 100}}{\textit{Total equity and liabilities, at year end}}$$

Return on equity:

$$\frac{\textit{Profit/loss after tax} \times 100}{\textit{Average equity}}$$

The key figures are prepared in accordance with the guidance of Danish Finance Society´s "Recommendations and Financial Ratios". Reference is made to survey of principal figures and key figures concerning the formula for calculation of individual key figures.

MANAGEMENT'S REVIEW

Principal activities
The mission for Radiometer is to help caregivers make diagnostic decisions that save lives. To provide caregivers the insight and confidence that help them arrive at the right diagnostic decisions and to support them in what they do best; caring for patients around the globe. To fulfil the vision of improving global healthcare through reliable, fast and easy patient diagnoses, the company develops solutions for acute care testing including amongst other things blood sampling and blood gas analysis (blood gas products) and immunoassays (AQT products). Radiometer also distributes HemoCue products.

Through the solutions Radiometer is providing information on the most critical parameters in acute care and point of care testing, including oxygen, lactate and troponin; that play an important part of the total portfolio of solutions for reliable, fast and easy patient diagnoses.

Radiometer´s solutions fall into 2 main types of products: Blood gas and AQT products, and on top Radiometer also distributes HemoCue products - all providing solutions that help caregivers around the world save lives at e.g. intensive care units (ICUs), emergency departments (EDs) and operating rooms (ORs).

Blood gas products: A wide selection of blood gas analyzers matches the need of different types of facilities - whether the caregiver runs 1 test per day or 100. Radiometer offerings include blood gas measurement, accessories and proces optimization (AQURE). Blood gas instruments measure up to 18 parameters (including oxygen, carbon dioxide and acidity). A number of the accessories, such as sensors, cleaning, and calibrating solutions (QC products), play an important role in helping and improving patient diagnostics. On top of this, the company develops, manufactures, and markets solutions for arterial blood sampling (PICO products), transcutaneous monitoring (TCM products), IT management and integration systems (AQURE system) to help and optimize the workflow and processes for the caregivers and to help minimize process errors.

AQT products: Immunoassays are quick and accurate tests that can be used at point of care and in the laboratory to detect specific biomarkers. The solutions for immunoassay measurement are related to the heart using cardiac markers, coagulation, infection and pregnancy markers and can provide caregivers with lab-quality quantitative results in short time (approx. 11-21 minutes). The analyzer is always ready and can run up to 30 samples per hour.

Besides the Blood gas and AQT products Radiometer also distributes HemoCue products measuring conditions such as anemia, diabetes and infections. These products are initially used at a doctor's general practice office or at a primary care department of a hospital with the hand-held hemoglobin analyzer.

Overall, Operating Group of Radiometer Companies today counts 27 sales companies and 7 sites of product companies which are owned by other Danaher companies. Sales in countries where Radiometer is not represented by sales companies is performed through distributors. Radiometer's products and solutions are used in hospitals, clinics and laboratories in more than 130 countries. The company develops and produces blood gas products and products for immunoassays etc. together with the other product companies in the Operating Group of Radiometer Companies, and distribute the products to the sales companies in the Operating Group of Radiometer Companies, to distributors and to end-users in Denmark.

A historical perspective:
Radiometer Group has been part of Danaher Corporation's life science and diagnostics group since 2004.

Radiometer Medical ApS was founded in 1935, developing measuring devices for the growing Danish radio industry. In 1952 Radiometer Medical ApS entered into medical technology with the ground-breaking invention of the first commercially available pH meter.

MANAGEMENT'S REVIEW

Uncertainty as to recognition and measurement
Related to the restructuring in 2008, the Company has recognized significant intangible assets in the balance sheet. In addition the Company recognizes development costs as intangible assets, when certain criterias are met. Development costs related to finished projects are measured at cost price less accumulated depreciations and impairment losses.

Recognition and measurement of Intellectual Property Rights and Development costs in the balance sheet are inherently subject to uncertainty as the value of the asset depends on the expected future revenue of the products, to which the rights and development projects are related.

Development in activities and financial position
The 2018 result and financial development of the Company was satisfactory, including positive development of Revenue.

The revenue ended up at 3.793 MDKK in 2018 growing 206 MDKK/5,7% from 3.587 MDKK in 2017. The total growth of 5,7% in 2018 is related to increase in volume of 7,9% and negative impact from foreign currency rates of -2,2%. The volume increase adjusted for exchange rate changes is in the high end of prior year´s expressed expectations.

The Operating profit in 2018 ended up at 575 MDKK in 2017 compared to last year of 501 MDKK. The Operating profit in 2018 is on the expected level. The Operating profit increase comes from the higher revenue and related gross profit, decrease of amortization of intangible fixed assets (fully depreciated last year) and deducted higher investments in staff.

In 2018 the Company achieved a profit for the year of 556 MDKK compared to a profit of 466 MDKK in 2017. The main reason on top of the changes described with impact on Operating profit is less financial net expenses coming from group internal loans to other Danish companies in the group. The reason is mainly that one loan (intercompany debt) was fully paid last year and change of Internal loans from high fixed interest rates to lower variable interest rates.

During the year, the equity of the Company has changed by the profit for the year of 556 MDKK to a total equity balance of 13.711 MDKK at the end of the year.

The proposed distribution of profit include proposed dividend for the year of 8.750 MDKK. The dividend is a part of a plan for the parent company to pay back the loan receivable to Radiometer Medical, amounted to 8.704 MDKK at the end of the year. The solvency ratio (at the end of the year 90,1) will after the dividend still be on a satisfactory level matching the business of the company (adjusted for dividend payout 76,6).

MANAGEMENT'S REVIEW

Special risks
The Company monitors the risk factors that may affect the operations and financial results on a regular basis. The identified risks are seeked minimized by operational countermeasures and through insurance. Below is a more detailed description of these factors.

Currency risks
The Company's net payments in foreign currencies are usually sold immediately after receipt. There is no hedging of currency risk on foreign currency assets and liabilities.

Credit risks
Approximately 75% of the Company's products are sold to affiliated sales companies where the credit risk is considered insignificant. Approximately 25% of the sales is to external non-affiliated distributors, who is subject to ongoing credit evaluation. Part of these has a long time business relationship and therefore risk is also considered limited for the sales to distributors.

Interest rate risk
The Company's operating activities generally creates a positive cash contribution. The loans in the business are to internal group companies and the interest rate risk is considered low.

Regulatory by authorities
A significant part of the Company's sales are to countries where it is required that the products are approved by health authorities. The Company's quality organization provides a regularly and systematic monitoring of the compliance of the regulatory requirements for the products.

Dependence on customers
Revenue is distributed among a large number of markets and a very large number of individual customers, so dependence on individual customers is considered small.

Technology development
It is the opinion of the Company that neither in the short nor medium term will new disruptive technologies appear which on short notice will reduce the demand for the product portfolio of the Company.

Product liability and business liability
The Company has covered product and business liability risk by an adequate insurance with a premium rated insurer.

Damage to property and business interruption
Plant and machinery, fixtures and equipment and inventories are insured at replacement value. Significant interruptions of production are covered by a business interruption insurance with a premium rated insurer.

In order to minimize disruption of supplier failure, the Company purchases a wide range of components from more than one supplier. For certain critical components inventory is maintained to ensure uninterrupted production in a short time period.

MANAGEMENT'S REVIEW

Knowledge resources
Radiometer develops its products based on a thorough knowledge of market, users, patient types and technological opportunities. Radiometer believes that retaining associates, developing their skills and empowering them to engage in developing Radiometer's products and solutions is a prerequisite for safeguarding its strong position in the market. The HR strategy has a solid global approach to ensure the right resources and diversity in the right places.

Radiometer's HR strategy is focused on attracting, retaining and developing talent across cultures, geographies and organizations. Radiometer is keen on attracting associates, who take pride and responsibility in advancing their career, and in return, Radiometer invests in their development.

Radiometer's model of competence is globally based on the 70-20-10 principle in which associate development is 70 % on-the-job training, 20 % coaching and 10 % formal classroom training. All employees are ensured an individual development plan that covers individual goals for the year, development needs and overall succession planning.

As a result of this strategy and actions, Radiometer has been able to retain key talent within the organization and maintain a high share of positions filled with internal candidates.

Building on a culture diverted from Danaher, Radiometer associates are driven by the philosophy on continuous improvement. Radiometer associates are encouraged to explore and widen their competencies within the Danaher Business System (DBS), the Danaher Corporations' approach to building strong results through cooperation, lean and elimination of waste in processes. Based on four pillars, DBS drives the company forward through a constant cycle of change and improvement, focusing on:

- exceptional PEOPLE
- outstanding PLANS
- executing using world-class tools to construct sustainable PROCESSES
- achieving superior PERFORMANCE

Research and development activities
The Reseach and development (R&D) activities revolve around of needs of the customers and R&D activities are highly integrated with Sales and Marketing. The R&D activities has a global focus to ensure a broad amphasis on developing the best products to the individual markets.

R&D and Operations have an integrated approach to product development, where cross-functional teams ensure integration during the innovation process and establishment of the right production and cost set-up.

In this way the R&D activities in the company focus on developing and bringing new products and solutions to the market incl. adding new parameters and functionality to current products and development of new technologies for diagnostic measurement. This is essential to achieving the mission and vision of the company.

In the R&D organization, as in other parts of the organization, the work is based on Lean thinking with continuous improvements at the heart of all projects and processes. This is the case for R&D´s processes for developing new products, parameters and technologies.

MANAGEMENT'S REVIEW

Future expectations

A positive development in Revenue, Operating profit and Profit for the year is expected for the next financial year to be on the same level as in 2018. Revenue is expected to grow mid single digit in fixed currencies with matching positive impact on operating profit and profit for the year. Changes in foreign currency exchange rates can have substantial impact on the expected development.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Corporate social responsibility

Since 2010, Radiometer has been committed to United Nations Global Compact and the 10 principles for corporate sustainability. For us, sustainable business goes beyond compliance, and we are committed to continuously improving our business. Thus, we conducted a materiality assessment in 2018 to be able to work more strategically with sustainability and focus our efforts where we can make the biggest positive impact and contribute to the fulfillment of the Sustainable Development Goals. During the materiality process, we defined five key priorities: Employee Satisfaction, Diversity and Inclusion, Energy Consumption, Product End-of-Life and Customers' Sustainability Priorities.

The statutory reporting requirements on Corporate Social Responsibility and the gender composition of management as prescribed by section 99a and 99b of the Danish Financial Statements Act is covered by our Sustainability Report 2018*.

*) Full link to the 2018 CSR report:
https://www.radiometer.com/-/media/radiometer/corporate/files/csr/sustainability--cop-report2018.pdf?la=en

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK '000	2017 DKK '000
NET REVENUE	1	**3.792.825**	**3.586.975**
Cost of sales		-1.441.167	-1.362.460
Gross profit	2	-547.466	-538.405
GROSS PROFIT		**1.804.192**	**1.686.110**
Staff costs	3	-842.201	-762.905
Depreciation, amortisation and impairment	4	-386.765	-421.746
OPERATING PROFIT		**575.226**	**501.459**
Result of equity investments in subsidiaries		42.206	35.552
Other financial income	5	90.763	174.258
Other financial expenses	6	-6.439	-121.291
PROFIT BEFORE TAX		**701.756**	**589.978**
Tax on profit/loss for the year	7	-145.847	-123.963
PROFIT FOR THE YEAR	8	**555.909**	**466.015**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK '000	2017 DKK '000
Development projects completed		123.354	137.445
Intangible fixed assets acquired		1.932.496	2.187.648
Goodwill		828.002	916.725
Development projects in progress and prepayments		240.764	234.643
Intangible fixed assets	9	**3.124.616**	**3.476.461**
Production plants and machinery		41.736	46.704
Other plants, machinery, tools and equipment		26.939	21.541
Tangible fixed assets in progress and prepayment		46.481	39.348
Tangible fixed assets	10	**115.156**	**107.593**
Investments in subsidiaries		1.448.245	2.206.039
Receivables from Group Companies		8.704.345	6.440.264
Rent deposit and other receivables		18.122	19.335
Fixed asset investments	11	**10.170.712**	**8.665.638**
FIXED ASSETS		**13.410.484**	**12.249.692**
Raw materials and consumables		73.558	74.196
Finished goods and goods for resale		88.068	63.469
Inventories		**161.626**	**137.665**
Trade receivables		147.694	122.597
Receivables from Group Companies		1.471.753	2.257.573
Other receivables		375	1.887
Prepayments and accrued income	12	17.252	12.924
Receivables		**1.637.074**	**2.394.981**
Cash and cash equivalents		**11.454**	**6.003**
CURRENT ASSETS		**1.810.154**	**2.538.649**
ASSETS		**15.220.638**	**14.788.341**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2018 DKK '000	2017 DKK '000
Share capital		2.202.343	2.202.343
Reserve for net revaluation according to equity value		0	31.967
Reserve for development cost		284.013	290.229
Retained profit		2.475.148	10.631.056
Proposed dividend		8.750.000	0
EQUITY		**13.711.504**	**13.155.595**
Provision for deferred tax	13	550.777	627.804
Other provisions	14	16.858	16.353
PROVISION FOR LIABILITIES		**567.635**	**644.157**
Accruals and deferred income		3.697	0
Long-term liabilities		**3.697**	**0**
Prepayments received from customers		4.704	6.413
Trade payables		278.763	273.353
Payables to Group Companies		265.070	294.157
Corporation tax		219.910	205.969
Other liabilities		162.526	200.531
Accruals and deferred income	15	6.829	8.166
Current liabilities		**937.802**	**988.589**
LIABILITIES		**941.499**	**988.589**
EQUITY AND LIABILITIES		**15.220.638**	**14.788.341**

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EQUITY

	Share capital	Reserve for net revaluation according to equity value	Reserve for development costs	Retained profit	Proposed dividend	Total
Equity at 1 January 2018.....	2.202.343	31.967	290.229	10.631.056	0	13.155.595
Development costs capitalized in the year.......			4.775	-4.775		
Proposed distribution of profit...........................		-31.967	-10.991	-8.151.133	8.750.000	555.909
Equity at 31 December 2018.............................	**2.202.343**	**0**	**284.013**	**2.475.148**	**8.750.000**	**13.711.504**

The share capital comprises 2.202.343 shares of DKK 1.000 nominal value each. All shares rank equally.

The share capital has remained unchanged for the last 5 years.

NOTES

	Note

Net revenue 1

The revenue ended up on 3.793 MDKK in 2018 compared to 3.587 MDKK in 2017 - growth of 206 MDKK/5,7% of which approx. 7,9% is due to increase in volume and -2,2% is due to a decrease in foreing currency rates.

The revenue of the company is mainly for the export market and the main share of this for own sales companies and non-affiliated distributors. Of the total sales approx. 75% is to affiliated companies.

Segment details
The revenue of the company is within one business segment related to caregivers diagnostic decisions that save lives.

The revenue of the company for 2018 is geographically divided into 2.457 MDKK on developed markets and 1.336 MDKK on emerging markets. In 2017 the split was 2.365 MDKK on developed markets and 1.222 MDKK on emerging markets. Developed markets is defined as Western Europe and North America whereas emerging markets is defined as Eastern Europe, Middle East, Latin America, Asia and Africa.

The 2018 growth on developed markets was 3,9% (5,3% in fixed currency) from 2.365 MDKK in 2017 to 2.457 MDKK in 2018.

The 2018 growth on emerging markets was 9,4% (13,1% in fixed currency) from 1.222 MDKK in 2017 to 1.336 MDKK in 2018.

The impact of the increasing exchange rates was -79 MDKK of which -33 MDKK was related to developed markets and -46 MDKK was related to emerging markets.

	2018 DKK '000	**2017** DKK '000	
Fee to statutory auditors			**2**
Total fee:			
Ernst & Young	1.154	1.190	
	1.154	**1.190**	
Specification of fee:			
Statutory audit	1.127	1.127	
Other assurance services	27	63	
	1.154	**1.190**	

NOTES

	2018 DKK '000	2017 DKK '000	Note
Staff costs			3
Average number of employees 1.068 (2017: 1.035)			
Wages and salaries	782.098	709.812	
Pensions	50.403	43.876	
Social security costs	9.700	9.217	
	842.201	**762.905**	

Staff costs include expenses for a Stock option and Restricted Stock Unit program of the parent company in the USA. This is a global program mainly for managers on several levels in the Group. The total cost for exercised options for all managers in the program allocated to the company was for the company in 2018 43.389 t.DKK (In 2017: 24.935 t.DKK).

Board of Executives and Board of Directors:
Total amount for Board of Executives and Board of Directors can be specified as:
Salary, Board of Executives 11.036 t.DKK (In 2017: 11.349 t.DKK)
Salary, Board of Directors 180 t.DKK (In 2017: 180 t.DKK)

The Board of Executives is participating in the Stock options and Restricted Stock units program mentioned above. The value of the program using the Black Scholes model assigned in the fiscal year for the Board of Executives of the company amounts to 3.358 t.DKK (In 2017: 3.905 t.DKK).

	2018	2017	Note
Depreciation, amortisation and impairment			4
Development projects completed	14.091	1.719	
Tangible fixed assets	28.799	26.172	
Intangible fixed assets acquired and goodwill	343.875	393.855	
	386.765	**421.746**	
Other financial income			5
Interest, Group companies	89.843	172.550	
Other interest income	920	1.708	
	90.763	**174.258**	
Other financial expenses			6
Interest, Group companies	6.385	121.236	
Other interest expenses	54	55	
	6.439	**121.291**	

NOTES

	2018 DKK '000	2017 DKK '000	Note
Tax on profit/loss for the year			**7**
Calculated tax on taxable income of the year	222.787	205.969	
Adjustment of tax for previous years	87	72	
Adjustment of deferred tax	-77.027	-82.078	
	145.847	**123.963**	

	2018 DKK '000	2017 DKK '000	Note
Proposed distribution of Profit			**8**
Proposed dividend for the year	8.750.000	0	
Allocation to reserve for net revaluation according to equity value	-31.967	31.967	
Reserve for development costs, net of deferred tax	-10.991	-1.341	
Retained profit	-8.151.133	435.389	
	555.909	**466.015**	

Intangible fixed assets **9**

	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2018	303.718	5.603.085
Cost at 31 December 2018	**303.718**	**5.603.085**
Amortisation at 1 January 2018	166.273	3.415.437
Amortisation for the year	14.091	255.152
Depreciation at 31 December 2018	**180.364**	**3.670.589**
Carrying amount at 31 December 2018	**123.354**	**1.932.496**

Intangible fixed assets **9**

	Goodwill	Development projects in progress and prepayments
Cost at 1 January 2018	1.742.969	234.643
Additions	0	6.121
Cost at 31 December 2018	**1.742.969**	**240.764**
Amortisation at 1 January 2018	826.244	0
Amortisation for the year	88.723	0
Depreciation at 31 December 2018	**914.967**	**0**
Carrying amount at 31 December 2018	**828.002**	**240.764**

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Note

Recognition and measurement of Intellectual Property Rights and Development costs in the balance sheet are inherently subject to uncertainty as the value of the asset depends on the expected future revenue of the products, to which the rights and development projects are related.

Management has performed a review of impairment indicators and has prepared an impairment test and thereby calculated the recoverable amount of the Company's Intangible fixed assets at 31 December 2018.

The impairment method used is based on Danaher's standard internal valuation methodology. This method is based on the financial reporting as of 31 December 2018. The impairment test did not result in need for impairment.

Tangible fixed assets 10

	Production plants and machinery	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2018	273.003	119.483	39.348
Transferred	11.410	13.369	-24.779
Additions	559	3.905	31.912
Disposals	0	-987	0
Cost at 31 December 2018	**284.972**	**135.770**	**46.481**
Depreciation and write-down at 1 January 2018	226.299	97.943	
Reversal of depreciation of disposed assets	0	-974	
Depreciation for the year	16.937	11.862	
Depreciation and write-down at 31 December 2018	**243.236**	**108.831**	
Carrying amount at 31 December 2018	**41.736**	**26.939**	**46.481**

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Fixed asset investments **11**

	Investments in Subsidiaries	Receivables from Group Companies	Rent deposit and other receivables
Cost at 1 January 2018	2.174.072	6.440.264	19.336
Additions	0	4.439.081	353
Disposals	-12.559	-2.175.000	-1.567
Cost at 31 December 2018	**2.161.513**	**8.704.345**	**18.122**
Revaluation at 1 January 2018	31.967	0	
Dividend	-800.000	0	
Share of profit/loss for the year	46.612	0	
Disposals	8.153	0	
Revaluation at 31 December 2018	**-713.268**	**0**	
Carrying amount at 31 December 2018	**1.448.245**	**8.704.345**	**18.122**

Investment in subsidiaries, share:
Danaher Medical Aps, Denmark 100%

Prepayments and accrued income **12**
Is related to prepaid expenses, insurance, rent etc.

Provision for deferred tax **13**

Provision for deferred tax comprises deferred tax on intangible and tangible fixed assets, inventory and provisions.

	2018 DKK '000	**2017** DKK '000
Provision for deferred tax 1 January	627.804	709.882
Adjustment deferred tax for the year	-77.027	-82.078
Provision for deferred tax 31 December	**550.777**	**627.804**

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Other provisions for liabilities **14**

Other provisions is related to estimated warranty liabilities etc.
The due amount within 1 year is estimated to be approximately 16,3 MDKK (2017: 15,7 MDKK)

Accruals and deferred income **15**

Accruals and deferred income is related to deferred income regarding service contracts etc.

Contingencies etc. **16**

Joint taxation

The company is jointly taxed with Danaher Tax Administration ApS, which is the management company (Administrationsselskab) for the Danish joint taxation. The company is jointly and severally liable with the other jointly taxed companies for payment of corporation tax for the income year 2013 and later, and for withholding tax on interest, royalties and dividends, which are payable on 1 July 2012 or later.

At 31 December 2018, the jointly taxed companies' net liability to SKAT is disclosed 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.

Rent liabilities

The Company´s intercompany rent liabilities is per 31 December 2018 35.951 TDKK (in 2017: 35.870 TDKK). The rent is indexed yearly via the net price index and is interminable until 1st of January 2020.

Rent liabilities regarding external leases, equal to lease liability in the notice period, is 442 TDKK (in 2017: 0 TDKK).

The Company has car lease liabilities of 7.102 TDKK (in 2017: 8.129 TDKK) .

Bank guarantees of 2.428 TDKK has been established through the Company´s banks (in 2017: 2.756 TDKK).

The Company guarantees for Group companies related cash pool credit limit of 60.000 TDKK (in 2017: 60.000 TDKK).

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Related parties **17**

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 related parties transactions for 2018 are shown below. All amounts in T.DKK

	Parent Company	Group Companies	Subsidiaries	Total
Transactions				
Revenue		2.887.876		2.877.876
Cost of sales		-892.307		-892.307
Management fee, IC fee etc, received	84	9.668	819	10.570
Management fee, IC fee etc, paid		-12.342		-12.342
Rent paid		-35.870		-35.870
Stock Options	-43.389			-43.389
Royalties paid			-154.461	-154.461
Interest paid, loans	-6.385			-6.385
Interest received, loans	89.843			89.843
Dividends received			800.000	800.000
Balances per 31.12.18				
Loan to Group Companies	8.704.345			8.704.345
Tax receivable from joined taxation		120.709		120.709
Cash pool (receivable)		1.201.422		1.201.422
Other receivables (trade and tax receivables)		270.330		270.330
Payables (trade)		-265.070		-265.070

Transactions with Board of Executives and Board of Directors are stated in note 3.

The terms for loan to the Parent Company are:
There are 2 loans. The first loan has an interst rate which is 3 months CIBOR + 1,57%. The maturity date is 21/9-2031. The second loan has an interest rate which is 12 month DKK LIBOR +0,25%. The maturity date is 12/4-2031.

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Consolidated financial statements **18**
The parent and the ultimate parent of the group are:
DHRAD ApS (parent company, shareholder)
Åkandevej 21
2700 Brønshøj
Danmark

Danaher Corporation (main parent company in the Group)
2200 Pennsylvania Avenue, NW
Suite 800W
Washington, DC 20037
USA
(NYSE: DHR)

Consolidated financial statement are only prepared by the ultimate parent company.

ACCOUNTING POLICIES

The annual report of Radiometer Medical ApS for 2018 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 with the same accounting policies as last year.

Consolidated financial statements
The group comply with the exemption clause of the § 112 for financial reporting in the Danish Financial Statements Act and therefore consolidated financial statements have not been prepared.

Consolidated Financial Statement for Danaher Corporation Inc., USA, is available at
http://filecache.investorroom.com/mr5ir_danaher/532/Danaher 2018 10-K.pdf

INCOME STATEMENT

Net revenue
The Company applies IAS 18 as interpretation for recognition of 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.

Revenue from contracts on terms like operating leases and maintenance is accrued, while finance leases are recognized at the fair value of future lease payments.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses
Other external expenses include expenses related to production, distribution, sale, marketing, research and product development, IT, HR, Finance, administration, premises etc.

The development cost for the year that does not meet the criterias for capitalization are recognized in the income statement under the items other external costs and staff costs.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company’s employees. Repayments from public authorities are deducted from staff costs. Staff cost also include pay outs under the stock option program that senior management is participating in.

Result of equity investments in subsidiaries
The proportional share of the result of the subsidiaries after elimination of intercompany profits/losses and deduction of amortised goodwill is recognised in the income statement of the company.

Financial income and expenses in general
Financial income and expenses include interest income and expenses, 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.

ACCOUNTING POLICIES

Tax on profit for the year
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.

The Company is jointly taxed with wholly-owned Danish enterprises. The current Danish corporation tax is distributed between the jointly taxed Danish companies in proportion to their taxable income, and with full distribution of refund regarding taxable losses.

BALANCE SHEET

Intangible fixed assets
Acquired intangible fixed assets etc. are measured at cost less accumulated amortisation. Intangible fixed assets are amortised on a straight-line basis over the expected useful life. The economic lifetime for most of the intangible fixed assets, which include trademarks, technology, knowledge, channels of distribution etc. have been estimated individually and for some assets estimated to 20 years. The trademarks are globally registered on relevant markets without time limitations why the amortisation period is set at 20 years as a fair estimate of lifetime for these assets.

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management´s experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years.

Development costs comprise costs, including wages and salaries, which directly or indirectly can be related to the company’s development activities. Development costs that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised over the estimated useful life after completion of the development work. The annual amortisation of capitalised research and development activities is determined based on annual sales as a percentage of the total expected sales according to the latest business case. The amortisation period is determined at the acquisition date and will be reassessed at an annual basis.

Tangible fixed assets
Production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down.

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.

ACCOUNTING POLICIES

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
Lease instruments	App. 2-5 years
Production plant and machinery	5 years
Other plants, fixtures and equipment	3-5 years

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.

The depreciation base is calculated taking the residual value into account and will be reduced with any write downs. The depreciation period and the residual value is determined at the acquisition date and will be reassessed at an annual basis. If the residual value is higher that the carrying amount depreciation will be ended.

Investments in subsidiaries
Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of goodwill calculated in accordance with the aquisition method.

Net revaluation of investments in subsidiaries are transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. The acquisition method is used on purchase of subsidiary enterprises.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

Deposits
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 and tangible fixed assets together with investments, which are not measured at fair value, are on an annual basis reviewed 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, write-down is provided to the lower value.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and direct production cost. Produced items also include added indirect production expenses.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

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

Prepayments and accruals

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

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and bank balances.
Cashpool with Group Companies is classified as receivables from Group Companies.

Equity

The reserve for development costs comprises recognised development costs, adjusted for deferred tax. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no longer part of the Company´s operations by a transfer directly to distributable reserves under equity.

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a seperate line item under "Equity".

Other provisions

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc.

ACCOUNTING POLICIES

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.

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 would be applicable when the deferred tax is expected to materialize as current tax.

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.

Other liabilities are measured at amortised cost equal to nominal value.

Other liabilites which include debt to supplier, affiliates and associates and other debt are measured at amortised cost which usually corresponds to the nominal value.

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

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a 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.

Receivables, payables 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 receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the company, as its cash flows are reflected in the consolidated cash flow statement of the ultimate parent