RADIOMETER MEDICAL APS

ÅKANDEVEJ 21, 2700 BRØNSHØJ

ANNUAL REPORT

1. JANUAR - 31. DECEMBER 2016

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 24 May 2017

Vibeke Holst-Andersen

CVR NO. 27 50 91 85

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COMPANY DETAILS

Company	Radiometer Medical ApS Åkandevej 21 2700 Brønshøj	
	Telephone: Website:	+4538273827 www.radiometer.com
	CVR no.: Established: Registered Office: Financial Year:	27 50 91 85 14 January 2004 Copenhagen 1 January - 31 December
Board of Directors	Peter Kürstein-Jensen, Chairman Henrik Schimmell Nielsen Claus Lønborg Madsen Marianne Vinding Ovesen Vibeke Holst-Andersen Michael Taagaard 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 2016.

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 the Company's financial position at 31 December 2016 and of the results of the the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

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, 24 May 2017

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	Michael Taagaard
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 2016, which comprise income statement, balance sheet, statement of changes in equity, cash flows and notes including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company's at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the financial statements

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

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

Auditor's Responsibilities for the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement 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, 24 May 2017

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

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

FINANCIAL HIGHLIGHTS

	2016 DKK millions	**2015** DKK millions	**2014** DKK millions	**2013** DKK millions	**2012** DKK millions
Income statement					
Net revenue	3.387	3.216	2.800	2.566	2.518
Gross profit	2.158	2.109	1.867	1.720	1.780
Operating profit	538	539	346	206	255
Financial income and expenses, net	255	134	36	-39	-146
Profit for the year before tax	833	715	412	211	135
Profit for the year	663	555	332	281	107
Balance sheet					
Balance sheet total	14.560	14.322	14.426	13.708	13.329
Equity	11.580	10.438	9.903	8.591	7.330
Cash flows					
Cash flows from operating activities	1.011	1.218	866	758	679
Cash flows from investment-related activities	-718	-465	-1.171	-409	-4.162
Cash flows from financing activities	-298	-751	303	-351	3.419
Investment in tangible fixed assets	44	38	37	28	19
Average number of full-time employees	**1.014**	**1.019**	**982**	**957**	**936**
Ratios					
Profit margin	15,9	16,8	12,4	8,0	10,1
Rate of return	3,7	3,7	2,5	1,5	2,2
Solvency ratio	79,5	72,9	68,6	62,7	55,0
Return on equity	7,6	7,0	4,5	2,7	Neg.

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:

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

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 2015". 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 the company of improving global healthcare through reliable, fast and easy patient diagnoses, the company develops solutions for point of care testing including amongst other things blood sampling and blood gas analyzes (blood gas products), immunoassays (AQT products) and hemoglobin testing (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 3 types of products: Blood gas, AQT, and HemoCue - 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 all types of facilities - whether the caregiver runs 1 test per day or 100. Radiometer offerings include blood gas measurement, solutions and workflows.

Blood gas instruments measure up to 18 parameters (including oxygen, carbon dioxide and acidity). A number of the solutions, such as sensors and cleaning (Accessory products) and calibrating solutions (QC products), play an important role in 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 optimize the workflow and processes for the caregivers and to 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 molecules. 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 very short time. The analyzer is always ready and can run up to 30 samples per hour.

HemoCue products: Conditions such as anemia, diabetes and infection are often initially screened at a doctor's general practice office or at a primary care department of a hospital. For these locations, Radiometer offers HemoCue products; a series of hand-held hemoglobin analyzers for the detection of anemia, glucose for the initial screening of diabetes, and the albumin analyzer for screening and monitoring of albuminuria. Some HemoCue systems can also measure white blood cell count in order to screen for infections, inflammation, tissue necrosis or hematologic disorders - all at the doctor's office.

Overall, Radiometer Group today counts 31 sales companies and 6 product companies. 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, cardiac maker etc. together with the other product companies in the Radiometer Group, and distribute the products including HemoCue products to the sales companies in the Group, to distributors and to end-users in Denmark.

Radiometer Group has been part of Danaher Corporation's life science and diagnostics group since 2004. In 2013 the HemoCue business became part of Radiometer Medical ApS.

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 availiable 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 2016 result and financial development of the Company was satisfactory, including increasing revenue.

The revenue ended up at 3,387 MDKK in 2016 compared to 3,216 MDKK in 2015 - a growth of 171 MDKK/ 5,3% of which approx. 5,2% is due to increase in volume and 0,1% is due to increase of foreign currency rates. The volume increase adjusted for exchange rate changes is in line with prior year´s expressed expectations.

The Company achieved a profit of 663 MDKK in 2016 compared to a profit of 555 MDKK in 2015. The operating profit in 2016 is at the approximately same level as in 2015. Favorable development in financial items, mainly related to interests on loans between group companies, and less amortisation of intangible fixed assets because of a part of the intangible fixed assets were fully amortised in 2015 contributed to the profit increase.

During the year, the equity of the Company has changed by the profit for the year of 663 MDKK, by capital contribution from the parent company of 980 MDKK, and paid out dividend of 500 MDKK.

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.

<u>Currency risks</u>
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.

<u>Credit risks</u>
Most of the Company's products are sold to affiliated sales companies where the credit risk is considered insignificant. Approximately 20% of the sales is to external non-affiliated distributors, who is subject to ongoing credit evaluation.

<u>Interest rate risk</u>
The Company's operating activities generally creates a positive cash contribution. The interest rate on its loans is fixed throughout the term.

<u>Regulatory by authorities</u>
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.

MANAGEMENT'S REVIEW

Special risks (continued)

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.

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.

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 based on the 70-30-10 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

MANAGEMENT'S REVIEW

Research and development activities
The Reseach and development (R&D) acitivties revolve around of needs of the customers and R&D activites are highly integrated with Sales and Marketing.

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 activites 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.

Future expectations
A positive development in Revenue, Operating profit and Profit for the year is expected for the next financial year compared to 2016. 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
Radiometer’s approach to corporate social responsibility is based on Radiometer´s responsibility to conduct business with respect for the triple bottom line; people, planet, and economy and Radiometer is committed to ensuring responsible and ethical business processes throughout Radiometer´s organization and activities.

Radiometer´s commitment is built upon internationally recognized principles on human rights, environment, climate and anti-corruption. These principles stem from the UN Global Compact; the United Nations’ corporate social responsibility initiative that Radiometer joined in 2009.

In practice, Radiometer´s commitment means that Radioemter work to identify, prevent and mitigate adverse impacts on the triple bottom line. Radiometer communicates transparently about how Radiometer manage this work on an annual basis; about progress, challenges and goals and Radiometer´s annual report is a tool of evaluating the progress. Radiometer will work actively to manage potential and actual adverse impacts, which Radiometer cause or contribute to, or to which Radiometer is directly linked through Radiometer´s business relationships.

Radiometer is against the enforcement of quotas in the organization and we believe that professional qualifications should always come before gender and other aspects of identity such as nationality and age.

MANAGEMENT'S REVIEW

Corporate social responsibility (continued)
Our Board of Directors strive to be diverse in gender as well as profile. Currently, the board, not including employee-elected members, consists of 5 members which follows the Danish Business Authorities' guidance for equal distribution of women and men (40 % women and 60 % men). The same goes for our Top Management team (members of our VP group, reporting to our President) where the underrepresented gender make out 44 % of the Top Management team.

When seeking out new members of our Board of Directors or Top Management team, we always seek out a wide range of unique experiences, perspectives and talents, ensuring that diverse voices and viewpoints are heard and celebrated. Moreover, we have established an internal women's mentoring network, where our top female managers mentor female managers in lower levels of the organization.

For Radiometer's statutory report on Corporate Social Responsibility according to §99a, please see the company's CSR report 2016*.

*) Full link to the 2016 CSR report:
https://www.radiometer.com/~/media/files/radiometercomcloneset/parent/en/miscellaneous-items/csr-report-2016.pdf

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK '000	2015 DKK '000
NET REVENUE	1	**3.386.718**	**3.216.058**
Cost of sales		-1.228.250	-1.107.375
GROSS PROFIT		**2.158.468**	**2.108.683**
Other external expenses	9	-456.773	-360.602
Staff costs	2	-740.563	-686.593
Depreciation, amortisation and impairment	3	-423.525	-522.464
OPERATING PROFIT		**537.607**	**539.024**
Result of equity investments in subsidiaries		40.060	42.761
Other financial income	4	457.594	393.392
Other financial expenses	5	-202.223	-259.687
PROFIT BEFORE TAX		**833.038**	**715.490**
Tax on profit/loss for the year	6	-170.525	-160.038
PROFIT FOR THE YEAR	7	**662.513**	**555.452**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK '000	2015 DKK '000
Development projects completed		6.081	9.363
Intangible fixed assets acquired		2.494.530	2.801.412
Goodwill		1.003.698	1.090.671
Development projects in progress and prepayments		350.004	287.377
Intangible fixed assets	8	**3.854.313**	**4.188.823**
Production plants and machinery		36.032	38.671
Other plants, machinery, tools and equipment		24.920	23.987
Tangible fixed assets in progress and prepayment		44.354	24.911
Tangible fixed assets	10	**105.306**	**87.569**
Investments in subsidiaries		2.157.928	2.117.868
Receivables from Group Companies		7.019.960	6.410.253
Rent deposit and other receivables		19.165	18.031
Fixed asset investments	11	**9.197.053**	**8.546.152**
FIXED ASSETS		**13.156.672**	**12.822.544**
Raw materials and consumables		65.156	60.150
Finished goods and goods for resale		70.775	62.593
Inventories		**135.931**	**122.743**
Trade receivables		155.337	110.325
Receivables from Group Companies		1.097.761	1.252.626
Other receivables		2.420	571
Prepayments and accrued income	12	10.452	7.111
Receivables		**1.265.970**	**1.370.633**
Cash and cash equivalents		**1.532**	**6.433**
CURRENT ASSETS		**1.403.433**	**1.499.809**
ASSETS		**14.560.105**	**14.322.353**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	**Note**	**2016** DKK '000	**2015** DKK '000
Share capital		2.202.343	2.202.343
Reserve for development cost		277.747	231.457
Retained profit		8.349.652	7.503.827
Proposed dividend		750.000	500.000
EQUITY		**11.579.742**	**10.437.627**
Provision for deferred tax	13	709.882	783.016
Other provisions	14	17.639	15.053
PROVISION FOR LIABILITIES		**727.521**	**798.069**
Payables to Group Companies		907.040	1.746.891
Long-term liabilities	15	**907.040**	**1.746.891**
Short-term portion of long-term liabilities	15	839.851	777.640
Bank debt		56	82
Prepayments received from customers		4.274	9.753
Trade payables		235.524	192.294
Payables to Group Companies		79.502	176.248
Other liabilities		183.286	180.308
Accruals and deferred income	16	3.309	3.441
Current liabilities		**1.345.802**	**1.339.766**
LIABILITIES		**2.252.842**	**3.086.657**
EQUITY AND LIABILITIES		**14.560.105**	**14.322.353**

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EQUITY

	Share capital	Reserve for development costs	Retained profit	Proposed dividend	Total
Equity at 1 January 2016	2.202.343	0	7.735.284	500.000	10.437.627
Effect of change in accounting policies for development cost, net of deferred tax		231.457	-231.457		
Adjusted equity at 1 January 2016	**2.202.343**	**231.457**	**7.503.827**	**500.000**	**10.437.627**
Contribution from parent company			979.602		979.602
Dividend paid				-500.000	-500.000
Development costs capitalized in the year		48.849	-48.849		
Proposed distribution of profit		-2.559	-84.928	750.000	662.513
Equity at 31 December 2016	**2.202.343**	**277.747**	**8.349.652**	**750.000**	**11.579.742**

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

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2016 DKK '000	**2015** DKK '000
Profit/loss for the year	662.513	555.452
Reversed depreciation of the year	423.526	522.465
Profit/loss from subsidiaries	-40.060	-42.761
Reversed tax on profit/loss for the year	152.171	160.037
Other adjustments	2.623	3.654
Corporation tax paid	-50	-7
Change in inventory	-13.188	-16.821
Change in receivables	-120.592	-113.156
Change in current liabilities (ex bank, tax and dividend)	-56.148	148.748
CASH FLOWS FROM OPERATING ACTIVITIES	**1.010.795**	**1.217.611**
Purchase of intangible fixed assets	-62.627	-117.944
Purchase of tangible fixed assets	-44.397	-38.103
Sale of tangible fixed assets	233	229
Purchase of financial assets	-610.841	-320.329
Sale of financial assets	0	11.218
CASH FLOWS FROM INVESTING ACTIVITIES	**-717.632**	**-464.929**
Repayments of loans	0	-10.888
Other changes in Intercompany balance with other Group companies	201.961	259.565
Dividend paid in the financial year	-500.000	-1.000.000
CASH FLOWS FROM FINANCING ACTIVITIES	**-298.039**	**-751.323**
CHANGE IN CASH AND CASH EQUIVALENTS	**-4.876**	**1.359**
Cash and cash equivalents at 1. januar	6.352	4.992
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**1.476**	**6.351**
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents	1.532	6.434
Bank debt	-56	-82
CASH AND CASH EQUIVALENTS, NET DEBT	**1.476**	**6.352**

NOTES

	2016 DKK '000	2015 DKK '000	Note

Net revenue 1

The revenue ended up on 3.387 MDKK in 2016 compared to 3.216 MDKK in 2015 - growth of 171 MDKK/5,3% of which approx. 5,2% is due to increase in volume and 0,1% is due to an increase 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.

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 2016 is geographically devided into 2.284 MDKK on developed markets and 1.103 MDKK on high growth markets. In 2015 the split was 2.175 MDKK on developed markets and 1.041 MDKK on high growth markets.
Developed markets is defined as Western Europe and North America whereas high growth markets is defined as Eastern Europe, Middle East, Latin America, Asia and Africa.

The 2016 growth on developed markets was 5% (3,5% in fixed currency) from 2.175 MDKK in 2015 to 2.284 MDKK in 2016.

The 2016 growth on high growth markets was 5,9% (8,8% in fixed currency) from 1.041 MDKK in 2015 to 1.103 MDKK in 2016.

The impact of the increasing exchange rates was +2.6 MDKK of which +32.4 MDKK was related to developed markets and -29.8 MDKK was related to high growth markets.

	2016 DKK '000	2015 DKK '000	
Staff costs			2
Average number of employees 1.014 (2015: 1.019)			
Wages and salaries	691.556	640.533	
Pensions	40.187	37.001	
Social security costs	8.820	9.059	
	740.563	**686.593**	

Total amount for Board of Executives and Board of Directors can be specified as:
Salary, Board of Executives 10.456 t.DKK (In 2015: 13.596 t.DKK)
Salary, Board of Directors 180 t.DKK (In 2015: 180 t.DKK)

The Board of Executives is participating in a stockoption program at the parent company in the USA that is valuated via Black Scholes. Value of options assigned in the fiscal year 4.014 t.DKK (In 2015: 4.062 t.DKK)

NOTES

	2016 DKK '000	2015 DKK '000	Note
Depreciation, amortisation and impairment			3
Development projects completed	3.281	37.819	
Licenses acquired	0	336	
Tangible fixed assets	26.388	25.117	
Intangible fixed assets acquired	393.855	459.192	
	423.525	**522.464**	
Other financial income			4
Interest, Group companies	457.061	392.766	
Other interest income	533	626	
	457.594	**393.392**	
Other financial expenses			5
Interest, Group companies	201.962	259.565	
Other interest expenses	261	122	
	202.223	**259.687**	
Tax on profit/loss for the year			6
Calculated tax on taxable income of the year	243.610	216.447	
Adjustment of tax for previous years	50	6	
Adjustment of deferred tax	-73.135	-56.415	
	170.525	**160.038**	
Proposed distribution of Profit			7
Proposed dividend for the year	750.000	500.000	
Reserve for development costs, net of deferred tax	2.559	29.499	
Accumulated profit	-90.046	25.953	
	662.513	**555.452**	

NOTES

Note

Intangible fixed assets 8

	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2016	170.635	5.603.085
Cost at 31 December 2016	**170.635**	**5.603.085**
Amortisation at 1 January 2016	161.273	2.801.673
Amortisation for the year	3.281	306.882
Amortisation at 31 December 2016	**164.554**	**3.108.555**
Carrying amount at 31 December 2016	**6.081**	**2.494.530**

	Goodwill	Development projects in progress and prepayments
Cost at 1 January 2016	1.742.969	287.377
Additions	0	62.627
Cost at 31 December 2016	**1.742.969**	**350.004**
Amortisation at 1 January 2016	652.298	0
Amortisation for the year	86.973	0
Amortisation at 31 December 2016	**739.271**	**0**
Carrying amount at 31 December 2016	**1.003.698**	**350.004**

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.

	2016 DKK '000	**2015** DKK '000
Fee to statutory auditors (Note 9)		
Total fee:		
Ernst & Young	1.167	1.150
	1.167	**1.150**
Specification of fee:		
Statutory audit	1.150	1.150
Other services	17	0
	1.167	**1.150**

NOTES

Note

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 2016	252.501	120.902	24.912
Transferred	8.035	7.256	-15.291
Additions	2.257	7.406	34.733
Disposals	-9.777	-20.698	0
Cost at 31 December 2016	**253.016**	**114.866**	**44.354**
Depreciation and write-down at 1 January 2016	213.830	96.916	
Reversal of depreciation of assets disposed of	-9.740	-20.466	
Depreciation for the year	12.893	13.496	
Depreciation and write-down at 31 December 2016	**216.983**	**89.946**	
Carrying amount at 31 December 2016	**36.033**	**24.920**	**44.354**

Fixed asset investments **11**

	Investments in Subsidiaries	Receivables from Group Companies	Rent deposit and other receivables
Cost at 1 January 2016	2.161.513	6.410.254	18.029
Additions	0	609.706	1.136
Cost at 31 December 2016	**2.161.513**	**7.019.960**	**19.165**
Revaluation at 1 January 2016	-43.645	0	
Share of profit/loss for the year	40.060	0	
Revaluation at 31 December 2016	**-3.585**	**0**	
Carrying amount at 31 December 2016	**2.157.928**	**7.019.960**	**19.165**

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

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

NOTES

Note

Provision for deferred tax **13**

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

	2016 DKK '000	**2015** DKK '000
Provision for deferred tax 1 January	783.016	839.432
Adjustment deferred tax for the year	-73.134	-56.416
Provision for deferred tax 31 December	**709.882**	**783.016**

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 17,1 MDKK

Long-term liabilities **15**

	1/1 2016 total liabilities	31/12 2016 total liabilities	Repayment next year	Debt outstanding after 5 years
Payables to Group Companies	2.524.530	1.746.890	839.851	0
	2.524.530	**1.746.890**	**839.851**	**0**

Accruals and deferred income **16**

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

NOTES

Note

Contingencies etc. **17**

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 2016 and later, and for withholding tax on interest, royalties and dividends, which are payable on 1 July 2015 or later.

At 31 December 2016, 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 2016 35.630 TDKK (in 2015: 35.326 TDKK). The rent is indexed yearly via the net price index and is interminable until 1st of January 2018.

Rent liabilities regarding external leases, equal to lease liability in the notice period, is 1.792 TDKK (in 2015: 2.036 TDKK).

The Company has car lease liabilities of 6.534 TDKK (in 2015: 7.070 TDKK) .

Bank guarantees of 2.394 TDKK has been established through the Company´s banks (in 2015: 4.723 TDKK).

The Company guarantees for Group companies related cash pool credit limit of 60.000 TDKK (in 2015: 60.000 TDKK).

NOTES

Note

Related parties **18**

The company's related parties comprise the significant shareholders of the Company and their subsidiaries, Board of Directors, Board of Executives and their close 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 2016 are shown in the below. All amounts in TDKK:

	Parent Company	Group Companies	Subsidiaries	Total
Transactions				
Revenue		2.520.595		2.520.595
Cost of Sales		-776.288		-766.288
Management fee, IC fee etc, received	40	13.190	955	14.185
Management fee, IC fee etc, paid		-15.005		-15.005
Rent paid		-35.326		-35.326
Stock Options	-39.859			-39.859
Royalties paid			-138.929	-138.929
Interest paid,loans	-201.962			-201.962
Interest received, loans	457.062			457.062
Dividend paid	-500.000			-500.000
Shareholder contribution*	979.602			979.602
Balances per 31/12-2016				
Loan to Group Companies	7.019.959			7.019.959
Loan from Group Companies	-1.746.890			-1.746.890
Tax receivable from joined taxation		319.711		319.711
Cash Pool (receivable)		590.708		590.708
Other receivables (trade)		187.342		187.342
Payables (trade)		-79.502		-79.502

*Shareholder contribution is a non-cash transaction where the contribution from DHRAD is used for repayment of loan from Group Companies.

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

The terms for loan from the Parent Company are:
Interest rate is 8% per annum. 1 yearly installment. Last installment date 31/12-2018.

The terms for loan to the Parent Company are:
There are 2 loans. The first loan has an interest 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.

NOTES

Note

Consolidated financial statements **19**

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 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly revaluation of residual value for fixed assets and intangible assets

2. Reserve for development cost

Re. 1: Going forward a yearly revaluation of the residual value for fixed assets and intangible assets will be performed.The Company does not have any substantial residual values for fixed assets and intangible assets. The change will according to § 4 in act no. 738 of 1 July 2015 therefore only impact going forward as a change to the estimates of the residual value of new fixed asset and intangible assets and has no impact on equity. The annual reassesment for 2016 did not impact the resiudal value compared to prior year.

Re. 2: An amount equal to the recognized development cost net of deferred tax will going forward be stated in the equity on a reserve for development cost. This amount must not be utilized for dividend or losses. If the development cost recognized is sold or otherwise no longer will be part of the operation of the Company, the reserve will be reduced or dissolved by direct transfer to the distributable reserve in the equity. If the development cost recognized is reduced, a part of the reserve for development cost must be dissolved equal to the reduced amount in the developmen cost. If the reduced development cost subsequently is restored, the reserve for development cost will be reestablished. The reserve for development cost will also be reduced with any depreciations on the development projects. Hereby the reserve will not exceed the amount recognized as development cost in the balance sheet.

None of the above changes impacts the income statement or the balance sheet totals, or total equity for 2016 and 2015. As a consequence of the policy change a reclassification of 231.457 TDKK between retained profit and the reserve for development cost have been made within equity at January 1st, 2016. The comparatives have been restated in the balance sheet.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of 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://investors.danaher.com/annual-report-and-proxy

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.

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.

ACCOUNTING POLICIES

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, staff costs and depreciation and amortization.

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 full 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.

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 and foreign subsidiary 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.

ACCOUNTING POLICIES

Development costs comprise costs, including wages and salaries, and amortisation, 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.

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 positive or negative goodwill calculated in accordance with the aquisition method.

ACCOUNTING POLICIES

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.

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 recognized development cost net of deferred tax is stated on a reserve under the equity. This amount must not be utilized for dividend or losses.

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

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

The cash flow statement shows the company’s cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

ACCOUNTING POLICIES

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include bank overdraft and liquid funds.