

BK Medical Holding ApS

Mileparken 34, 2730 Herlev

CVR No. 27 97 14 07

Annual report for the year ended 31 July 2017

Adopted at the annual general meeting
on 15 December 2017


chairman

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Company details

BK Medical Holding ApS
Mileparken 34
2730 Herlev
www.bkultrasound.com
Tel: +45 44 52 81 00

Supervisory board

David James Flanagan, chairman
Bo Hansen
John James Fry

Executive board

Bo Hansen

Parent

Analogic Holding Luxembourg S.á.r.l.

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvold Helmuhs Vej 4, 2000 Frederiksberg, Denmark

Statement by management on the annual report

Today, the Supervisory Board and the Executive Board have discussed and approved the annual report of BK Medical Holding ApS for the financial year 1 August 2016 - 31 July 2017.

The annual report is prepared 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 July 2017 and of the results of its operations for the financial year 2016/17.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

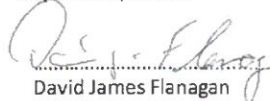
We recommend the adoption of the annual report at the annual general meeting.

Herlev, 15 December 2017

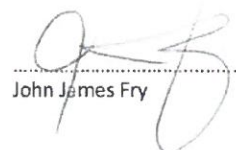
Executive board:


.....
Bo Hansen

Supervisory board:


.....
David James Flanagan
chairman


.....
Bo Hansen


.....
John James Fry

Independent auditor's report

To the shareholder of BK Medical Holding ApS

Opinion

We have audited the financial statements of BK Medical Holding ApS for the financial year 1 August 2016 - 31 July 2017, which comprise an 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 July 2017 and of the results of the Company's operations for the financial year 1 August 2016 - 31 July 2017 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 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 responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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 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 the 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.

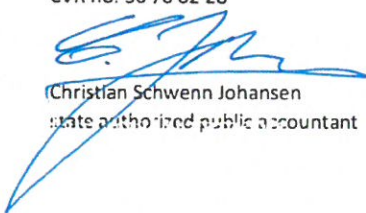
Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 December 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28


Christian Schwenn Johansen
state authorized public accountant


Rasmus Bloch Jespersen
state authorized public accountant

Management review

Business Review

The main objective of the Company is ownership of the shares in the private limited subsidiary BK Medical ApS, CVR. No. 15 73 11 76.

Unusual matters

BK Medical Holding ApS has in prior years been subject to a tax audit of the Danish tax authorities related to the transfer pricing used in the transactions between BK Medical Holding ApS and its related companies. The initial conclusion by the Danish tax authorities was an increase of the taxable income, resulting in a current tax expense of approximately DKK 4 million plus interest. This amount has been paid and expensed in prior year financial report. The ruling was appealed to the Danish National Tax Tribunal and was concluded in favour of the company this fiscal year, resulting in a reversal of the previous increase in taxable income, and there by a current tax income of DKK 3,897 thousand including interest.

Financial review

In 2016/17, the Company realised a profit before the year of DKK 7,258 thousand compared to a profit for the year of DKK 3,663 thousand in 2015/16. Shareholder's equity at 31 July 2017 amounted DKK 257,041 thousand.

Events after the balance sheet date

After the balance sheet date, no significant events have occurred which are considered to have a material effect on the assessment of the Annual Report.

Accounting policies

The annual report of BK Medical Holding ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Adoption of act no. 738

Effective 1 August 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement of dividend from investments in subsidiaries.

Dividend from investments in subsidiaries must always be recognised in the income statement going forward. If the cost exceeds the carrying amount of the net assets of subsidiaries, or if dividend exceeding the profit for the year is distributed, there will be evidence of impairment, meaning that an impairment test must be conducted. Previously, dividend exceeding the subsidiary's accumulated earnings would be set off against cost.

The above change did not impact the income statement or the balance sheet for 2016/17 or the comparative figures.

Apart from the above change 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.

Reclassification change concerning deferred tax assets

Reclassification changes have been made in the financial statements regarding classification of Corporation tax, receivables and deferred tax assets and the comparative figures have been restated to reflect the classification change. In the balance sheet, deferred tax asset of DKK 3,155 thousand at 31 July 2016, previously presented as corporation tax under current assets, have been reclassified to 'deferred tax asset', under current asset. Neither the result of operations for 2015/16, nor equity or balance sheet totals at 31 July 2016 was affected by the classification change.

Reporting currency

The financial statements are presented in '000 Danish kroner.

Consolidated financial statements

With reference to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of BK Medical Holding ApS and its group enterprises are included in the consolidated financial statements of the ultimate parent company Analogic Corporation, USA.

Foreign Currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Accounting policies (continued)

Foreign Currency translation (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Other external expenses

Other external expenses comprise office expenses as well as advisory and consultant fees etc.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as interest on extra payments and repayment under the on-account taxation scheme.

Dividend from investments in subsidiaries is recognised in the income statement in the financial year when the dividend is declared.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the wholly owned subsidiary BK Medical ApS. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs.

Impairment of non-current assets

The carrying amount of investments in subsidiaries is tested annually for evidence of impairment. In case of evidence of impairment, an impairment test must be conducted.

The carrying amount of impaired investments in subsidiaries is reduced to the higher of the net selling price and the value in use (recoverable amount). The value in use is determined as the present value of the anticipated net cash flows from the use of the investments in subsidiaries.

Previously recognized impairment losses are reversed when the reason for recognition no longer exists.

Accounting policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value.

Write-downs for estimated bad debts are determined, based on a specific evaluation of the receivables. Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Cash

Cash comprise cash in banks.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend distribution proposed by Management for the year is disclosed as a separate item under equity.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes based on the intended use of the asset and settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured based on the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Financial liabilities

Financial liabilities are measured at amortised cost, substantially corresponding to net realisable value.

**Income statement
for the year ended 31 July**

	Notes	2016/2017 12 months DKK'000	2015/16 12 months DKK'000
Other external expenses		<u>-238</u>	<u>29</u>
Profit/loss before net financials		-238	29
Dividend from subsidiary		15.000	15.000
Financial expenses	1	<u>-14.363</u>	<u>-14.373</u>
Profit/loss before tax		399	656
Tax for the year	2	<u>6.859</u>	<u>3.006</u>
Net profit/loss for the year		<u><u>7.258</u></u>	<u><u>3.663</u></u>
Recommended appropriation of profit/loss			
Proposed dividend for the year		0	0
Transferred to reserves under equity		<u>7.258</u>	<u>3.663</u>
Total appropriation		<u><u>7.258</u></u>	<u><u>3.663</u></u>

**Balance sheet
at 31 July**

	Notes	2016/2017 12 months DKK'000	2015/16 12 months DKK'000
Assets			
Investments in subsidiaries	3	<u>603.767</u>	<u>603.767</u>
Fixed assets investments		<u>603.767</u>	<u>603.767</u>
Total fixed assets		<u>603.767</u>	<u>603.767</u>
Current assets			
Corporation tax		2.492	6.419
Deferred tax asset		<u>6.367</u>	<u>3.155</u>
Receivables		<u>8.859</u>	<u>9.574</u>
Cash		<u>3.089</u>	<u>5.382</u>
Total current assets		<u>11.948</u>	<u>14.956</u>
Total assets		<u><u>615.715</u></u>	<u><u>618.723</u></u>

Balance sheet
at 31 July

	Notes	2016/2017 12 months DKK'000	2015/16 12 months DKK'000
Equity and liabilities			
Equity			
Share capital		100.000	100.000
Retained earnings		<u>157.041</u>	<u>149.783</u>
Total equity	4	<u>257.041</u>	<u>249.783</u>
Liabilities			
Payable to group enterprise	5	<u>358.674</u>	<u>358.674</u>
Long-term liabilities		<u>358.674</u>	<u>358.674</u>
Payables to group enterprises		0	10.262
Other payables		<u>0</u>	<u>4</u>
Short-term liabilities		<u>0</u>	<u>10.266</u>
Total liabilities		<u>358.674</u>	<u>368.940</u>
Total equity and liabilities		<u>615.715</u>	<u>618.723</u>
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Notes

	2016/17 DKK'000	2015/16 DKK'000
Note 1. Other financial expenses		
Interest paid to group enterprises	14.347	14.347
Other financial expenses	<u>16</u>	<u>26</u>
	<u><u>14.363</u></u>	<u><u>14.373</u></u>
Note 2. Tax for the year		
Adjustment of the deferred tax charge for the year	3.212	3.155
Prior-year adjustments, tax audit	3.897	0
Prior-year adjustments, current tax	<u>-250</u>	<u>-149</u>
	<u><u>6.859</u></u>	<u><u>3.006</u></u>

BK Medical Holding ApS has in prior years been subject to a tax audit of the Danish tax authorities related to the transfer pricing used in the transactions between BK Medical Holding ApS and its related companies. The initial conclusion by the Danish tax authorities was an increase of the taxable income, resulting in a current tax expense of approximately DKK 4 million plus interest. This amount has been paid and expensed in prior year financial report. The ruling was appealed to the Danish National Tax Tribunal and was concluded in favour of the company this fiscal year, resulting in a reversal of the previous increase in taxable income, and there by a current tax income of DKK 3,897 thousand including interest

Note 3. Investments subsidiaries

Investments in subsidiaries	<u>Subsidiaries</u>
Cost	
Balance at 1/8 2016	603.767
Additions of enterprises	<u>0</u>
Cost at 31/7 2017	<u><u>603.767</u></u>

The Company has performed a review of indicators of impairment of the investment in BK Medical ApS. On this basis, Management has not identified any indication of impairment of the investment in BK Medical ApS.

Specification of subsidiaries:

	<u>Domicile</u>	<u>Interest (%)</u>
Group enterprises		
BK Medical ApS	DK	100
BK Medical Systems, Inc.	USA	100
BK Medical G.m.b.H	GER	100
BK Medical Benelux N.V.S.A	BEL	100
BK Medical S.r.l	ITA	100
BK Medical AB	SWE	100
BK Ultrasound Limited	UK	100

Notes (continued)

Note 4. Statement of changes in equity

	Share capital	Retained earnings/ Accumulated loss	Proposed dividend	Total
Balance at 1/8 2016	100.000	149.783	0	249.783
Transfer, see "Appropriation of profit/loss"	<u>0</u>	<u>7.258</u>	<u>0</u>	<u>7.258</u>
Equity at 31/7 2017	<u>100.000</u>	<u>157.041</u>	<u>0</u>	<u>257.041</u>

The share capital consists of 100.000 shares of a nominal value of DKK 1.000. No shares carry any special rights.

The share capital has developed as follows:

	2016/17	2015/16	2014/15	2013/14	2012/13
Share capital at 1 August	100.000	100.000	100.000	245.218	245.218
Capital decrease	<u>0</u>	<u>0</u>	<u>0</u>	<u>-145.218</u>	<u>0</u>
Share capital 31/7	<u>100.000</u>	<u>100.000</u>	<u>100.000</u>	<u>100.000</u>	<u>245.218</u>

Note 5. Long-term liabilities

Of the long-term liabilities, DKK 0 thousand falls due for payment after more than 5 years after the balance sheet date.

Breakdown of certain liabilities by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Falling due after more than 5 years	Total long-term liabilities at 31/7 2017	Falling due within 1 year	Total
Payable to group enterprise	<u>358.674</u>	<u>0</u>	<u>358.674</u>	<u>0</u>	<u>358.674</u>
	<u>358.674</u>	<u>0</u>	<u>358.674</u>	<u>0</u>	<u>358.674</u>

Note 6. Contingent assets and liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed for the income year 2016/17.

Notes (continued)

Note 7. Related parties

Controlling interest

	<u>Basis</u>
Analogic Corporation 8 Centennial Drive Peabody, MA 01960 USA	Ultimate parent company
Analogic Holding Luxembourg S.à.r.l. 5 rue Guillaume Kroll 1882 Luxembourg	Intermediate parent company

Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of the Parent Company Analogic Corporation.

The Consolidated Financial Statements of Analogic Corporation may be obtained at the following address:

Analogic Corporation
8 Centennial Drive
Peabody, MA 01960
USA

Note 8. Subsequent events

After the balance sheet date, no significant events have occurred which are considered to have a material effect on the assessment of the Annual Report.

Note 9. Principal activities of the company

The main objective of the Company is ownership of the shares in the private limited subsidiary BK Medical ApS, CVR. No. 15 73 11 76.