



**Diagnos**  
**tics**

**Roche Diagnostics A/S**  
**Industriholmen 59**  
**2650 Hvidovre**

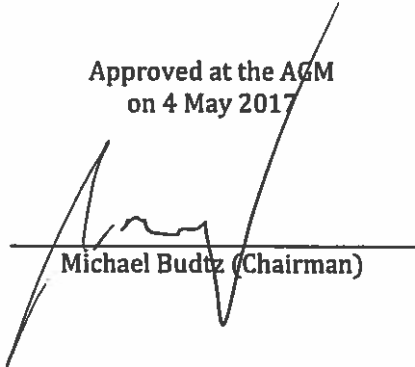
**Diagnostical instruments and services**

**Hvidovre**

**Registration No.: 28 48 50 85**

**ANNUAL REPORT FOR 2016**

**Approved at the AGM**  
**on 4 May 2017**



**Michael Budtz (Chairman)**

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The Board of Directors and Executive Board have today discussed and approved the annual report for the year 1 January - 31 December 2016 for Roche Diagnostics A/S.

The annual report has been 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 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Moreover, in our opinion, the Management's Review gives a fair review of developments in the Company's operations and financial position, profit for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Hvidovre, 4 May 2017

EXECUTIVE BOARD:



Esther de Rooij  
(Managing Director)

BOARD OF DIRECTORS



Dr. Beat Krähenmann  
(Chairman)



Dr. Michael Heuer



Ronald Jeyung Park



Esther de Rooij

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENT  
TO THE SHAREHOLDER OF ROCHE DIAGNOSTICS A/S**

***Opinion***

We have audited the financial statements of Roche Diagnostics A/S for the financial year 1 January – 31 December 2016 comprising 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations 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 the 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

**STATEMENT ON 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.

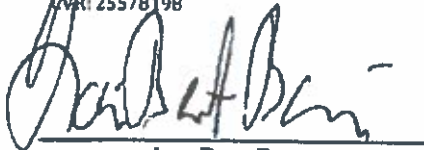
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab  
CVR: 25578198



Lau Bent Baun  
State Authorised Public  
Accountant

<b>The purpose of the company</b>	Is according to the Company's by-laws to distribute diagnostics instruments, and services to clinical laboratories, hospitals, doctors etc., as well as any other business which in the opinion of the Board of Directors are related thereto.
<b>Address</b>	Industriholmen 59, 2650 Hvidovre. Registered office in Hvidovre
<b>Established</b>	2005
<b>Financial Year</b>	2016
<b>Ownership</b>	<p>The Company is a wholly-owned subsidiary of Roche Holding Ltd., Grenzacherstrasse 124, 4058 Basel, Schweiz.</p> <p>Copy of the parent company's Annual Report and Group Accounts can be obtained by written application to F. Hoffmann-La Roche Ltd., Department Corporate Communications and Public Policy.</p>
<b>Board of Directors</b>	Dr. Beat Krähenmann Dr. Michael Heuer Ronald Jeyung Park Esther de Rooij
<b>Executive Board</b>	Esther de Rooij
<b>Bank</b>	Danske Bank A/S
<b>Auditors</b>	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 Copenhagen Ø CVR:
<b>Annual General Meeting</b>	The annual general meeting is to be held on 4 May 2017

DKK'000	2016	2015	2014	2013	2012
Revenue	440.870	418.318	401.931	393.454	383.957
Gross profit	109.653	115.123	91.401	91.294	88.742
Ordinary operating profit	10.694	11.148	12.519	8.705	10.779
Net financial items	(180)	(177)	(27)	24	21
Net profit/loss of the year	8.142	7.949	9.274	6.157	7.313
Total assets	136.692	146.766	117.922	99.762	97.250
Tangible fixed assets	4.545	6.414	6.466	7.803	11.455
Invested Capital	47.652	33.256	35.127	26.107	25.572
Equity	40.486	32.343	34.394	25.120	24.964
Net profit ratio	2,4%	2,7%	3,1%	2,2%	2,8%
Return on investment	26,4%	32,6%	40,9%	33,7%	40,9%
Gross margin ratio	24,9%	27,5%	22,7%	23,2%	23,1%
Equity ratio	29,6%	22,0%	29,2%	25,2%	25,7%
Return on equity	22,4%	27,7%	31,2%	24,6%	28,9%
Average number of full-time employees	92	86	84	85	81

### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

Net profit ratio	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on Investment	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital}}$
Invested capital	Total fixed assets and net invested capital
Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on Equity	$\frac{\text{Profit for the year}}{\text{Average equity}}$



## MANAGEMENT'S REVIEW

### Principal activities

The Company's main activity is the sole distribution of Roche produced Diagnostics instruments and reagents in Denmark.

### Development in activities and financial positions

2016 has been another successful year for the company. With sales of 441 million DKK, Roche Diagnostics A/S has increased its sales by 5,4% vs 2015. Biggest growth driver were Professional Diagnostics with 7,2% growth driven by Clinical Chemistry and Tissue Diagnostics with 13,1% mainly driven by Advanced Staining. Molecular Diagnostics grew with 2,8% mainly driven by qPCR sales. In 2016 we successfully launched systems and solutions supporting laboratories' efforts to increase efficiency. Besides the solid growth we also focused on strengthening and mobilizing our organization for the future in order to implement our strategic business plan in order to improve people's lives.

The 2016 profit margin of 2,0 % was slightly below 2015. The main reason was higher instrument cost related to major installation activities which are positioning Roche Diagnostics A/S for further grow in the future. The finalization of these installations is the reason for the significant reduction in inventories. The overall 2016 financial results were in line with the Management expectations.

### Outlook

2017 is expected to be another successful year driven by a strong and loyal customer base as well as a solid pipeline of new and innovative products. Together with its well-trained employees and their strong customer focus, this sets a sound basis for another year with a positive development.

### Risks

There are no specific uncertainties or unusual conditions in regards to the presentation of the annual report 2016. Also, the company is not exposed to any special risks besides what can be considered normal business risks.

The financial risks are covered by various intercompany agreements such as the cash pool agreement with Roche Pharmholding B.V., Netherlands.

### Subsequent events

Since year-end no events have occurred, which could have a significant impact on the Company's financial position.

### Intellectual capital

It is of vital importance when dealing in the diagnostics business, that the employees of the Company possess knowledge of products, stakeholders in the healthcare environment and the market conditions. The knowledge of our employees is increased and maintained through further education and by recruiting employees with a high level of education, a strong network and knowledge of the skills and competences we need now and in the future.

## INCOME STATEMENT

DKK'000	Note	<u>2016</u>	<u>2015</u>
Revenue		440.870	418.318
Cost of sales	2	<u>331.217</u>	<u>303.195</u>
Gross profit		109.653	115.123
Marketing & distribution expenses	2	86.555	93.083
Administrative expenses	2	<u>12.404</u>	<u>10.892</u>
Operating profit		10.694	11.148
Financial income	3	265	133
Financial expense	3	<u>445</u>	<u>310</u>
Profit before tax		10.514	10.971
Tax on profit for the year	4	<u>2.372</u>	<u>3.022</u>
PROFIT FOR THE YEAR	5	<u>8.142</u>	<u>7.949</u>

## BALANCE SHEET (DKK'000)

ASSETS	Note	<u>2016</u>	<u>2015</u>
Rental assets held by 3. Party	6	3.995	5.263
Fittings and fixtures	6	<u>550</u>	<u>1.151</u>
<b>TOTAL FIXED ASSETS</b>		<u>4.545</u>	<u>6.414</u>
Inventories		<u>10.384</u>	<u>27.097</u>
Trade receivables		49.743	53.159
Amounts owed by group enterprises		748	203
Amounts owed by group enterprises (Cash Pool)		60.092	57.212
Deferred tax asset	4	1.144	372
Other receivables		2.209	1.171
Prepayments	7	<u>7.827</u>	<u>1.138</u>
<b>Total receivables</b>		<u>121.763</u>	<u>113.255</u>
Cash in hand and at bank	8	<u>0</u>	<u>0</u>
<b>TOTAL CURRENT ASSETS</b>		<u>132.147</u>	<u>140.352</u>
<b>TOTAL ASSETS</b>		<u>136.692</u>	<u>146.766</u>

## BALANCE SHEET (DKK'000)

LIABILITIES AND EQUITY	Note	2016	2015
<b>EQUITY</b>			
Share capital	9	1.300	1.300
Retained earnings		24.186	31.043
Proposed dividend		15.000	0
<b>Total equity</b>		<b>40.486</b>	<b>32.343</b>
<b>PROVISIONS</b>			
Other provisions	10	7.167	913
<b>Total provisions</b>		<b>7.167</b>	<b>913</b>
<b>SHORT TERM LIABILITIES</b>			
Trade payables		10.495	14.572
Amounts owed to group enterprises		10.159	41.578
Payable joint taxation contribution	4	568	24
Prepayments liabilities	11	20.101	34.420
Other liabilities	12	47.716	22.916
<b>Total current liabilities other than provisions</b>		<b>89.039</b>	<b>113.510</b>
<b>Total liabilities</b>		<b>96.206</b>	<b>114.423</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>136.692</b>	<b>146.766</b>
<b>Contingent liabilities and charges</b>	<b>13</b>		
<b>Related party disclosures</b>	<b>14</b>		

## EQUITY (DKK'000)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total</u>
Equity at 1 January 2016	1.300	31.044	-	32.344
Dividends	-	-	-	
Transferred, cf. profit appropriation	-	(6.858)	15.000	8.142
Equity at 31 December 2016	<u>1.300</u>	<u>24.186</u>	<u>15.000</u>	<u>40.486</u>

## NOTES (DKK'000)

**1 Accounting Policies**

The annual report of Roche Diagnostics A/S for 2016 has been present in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

With reference to the Danish Financial Statement §86, section 4, the cash flow statement is omitted. Instead we refer to the Annual Report for Roche Holding Ltd., Basel, Switzerland. This can be found on [http://static.roche.com/annual-report-2016/\\_downloads/roche\\_full\\_annual\\_report16.pdf](http://static.roche.com/annual-report-2016/_downloads/roche_full_annual_report16.pdf)

**Recognition and measurement**

Included in the income statement is recognition of value adjustments of financial assets and liabilities measured at fair value or amortized cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement. Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

**Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or expense.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or expense.

## NOTES (DKK'000)

**1 Accounting Policies (continued)****Recognition of revenue**

Revenue from the sale of goods where installation is a condition for major risks being considered transferred to the buyer is recognized as revenue when delivery and installation have been made before year end, a binding sales agreement has been made, the sales price has been determined, and payment has been received at the time of sale or may with reasonable certainty be expected to be received.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the relative current cost approach.

Revenue from the sale of goods, comprising the sale of reagents and other finished products, is recognized in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

**Marketing and distribution expenses**

Marketing expenses include wages for marketing staff, promotion material, warehouse- and distribution costs etc.

**Administrative expenses**

Administrative expenses include wages for administrative staff, depreciation of office machines and other office costs etc.

**Financial income and expenses**

Financial income and expenses comprise interest, realized and unrealized exchange adjustments etc.

**BALANCE SHEET****Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

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

## NOTES (DKK'000)

**1 Accounting Policies (continued)**

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Office Equipment	3-5 years
Assets placed at 3rd party	5 years
Furniture & fixtures	10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognized prospectively.

Gains and losses on the disposal of tangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income or other operating costs, respectively.

Depreciation is recognized in the income statement as marketing & distribution expenses and administrative expenses, respectively.

**Leases**

Payments relating to operating leases and other leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

**Impairment of tangible fixed assets**

The carrying amount of tangible fixed assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized write-downs are reversed when the basis for the write-down no longer exists.

**Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value. Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.



## NOTES (DKK'000)

**1 Accounting Policies (continued)****Receivables**

Receivables are measured at amortized cost. Write-down for bad debt losses are based on an individual assessment of receivables.

**Prepayments**

Prepayment assets comprise costs incurred concerning subsequent financial years.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

**Dividends**

The expected dividend payment for the year is disclosed as a separate item under equity.

**Provisions**

Provisions comprise anticipated costs related to warranties. Provisions are recognized when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value.

**Liabilities other than provisions**

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate.

**Prepayments liabilities**

Prepayments liabilities comprise deferred income concerning subsequent financial years.

**Corporation tax and deferred tax**

The company tax expected to be paid on the taxable income for the year is expensed together with the movement in deferred taxes calculated on the timing differences between income for financial reporting purposes and income for tax purposes. Deferred taxes are calculated on the basis of the current tax rate as at the balance sheet date and are included in current assets in the balance sheet.

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

The Company is subject to the Danish rules on compulsory joint taxation of the Roche Group's Danish subsidiaries. The company settles internally on account to the managing company. Receivable and payable to the managing company are shown in the accounting records "Receivable joint taxation contribution" and "Payable joint taxation contribution" respectively.

## NOTES (DKK'000)

**1 Accounting Policies (continued)**

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

**2 Personnel expenses**

	<u>2016</u>	<u>2015</u>
Wages and salaries	74.884	68.770
Pensions	5.309	5.061
Other social security costs	<u>3.398</u>	<u>2.976</u>
Total	<u>83.591</u>	<u>76.807</u>
Personal Expenses stated by function		
Cost of sales	16.988	15.501
Marketing & distribution expenses	57.957	53.497
Administrative expenses	<u>8.646</u>	<u>7.809</u>
Total	<u>83.591</u>	<u>76.807</u>

Pursuant to Section 98b (iii), no. 2 of the Danish Financial Statements Act, separate disclosure of remuneration is omitted. The Board of directors do not receive remuneration.

The average number of employees during the year was 92 full-time employees (2015: 86).

**3 Financial intercompany income and expenses**

	<u>2016</u>	<u>2015</u>
Financial intercompany income	31	65
Financial intercompany expenses	26	33
Financial 3 <sup>rd</sup> party income	235	67
Financial 3 <sup>rd</sup> party expenses	<u>419</u>	<u>276</u>
Total	<u>(179)</u>	<u>(177)</u>

## NOTES (DKK'000)

**4 Tax on profit for the year**

	<u>2016</u>	<u>2015</u>
Tax on profit for the year	3.240	3.024
Adjustment deferred tax	(772)	(79)
Adjustment prior year tax	(96)	77
	<u>2.372</u>	<u>3.022</u>
Tax as per income statement		
Tax balance 1 January	(24)	(522)
Paid taxes during the year	2.600	3.599
Adjustment prior year tax	96	(77)
Tax on profit for the year	(3.240)	(3.024)
	<u>(568)</u>	<u>(24)</u>
Tax balance 31 December		
Deferred tax 1 January	372	293
Adjustment deferred tax	772	79
	<u>1.144</u>	<u>372</u>
Deferred tax 31 December		
Deferred tax concerns:		
Tangible fixed assets	527	290
Trade receivables	71	82
Other Provision	546	-
	<u>1.144</u>	<u>372</u>

**5 Proposed allocation of profits**

	<u>2016</u>	<u>2015</u>
Proposed dividend	15.000	0
Retained earnings	-6.858	7.949
	<u>8.142</u>	<u>7.949</u>
Total		

## NOTES (DKK'000)

**6 Tangible fixed assets**

	Rental assets Placed at 3 <sup>rd</sup> party	Fittings and Fixtures
	<u>          </u>	<u>          </u>
Costs at 1 January 2016	15.866	3.829
Additions during the year	2.750	41
Disposals during the year	<u>3.899</u>	<u>165</u>
Cost at 31 December 2016	<u>14.717</u>	<u>3.705</u>
Accumulated depreciations at 1 January 2016	10.603	2.677
Depreciation for the year	1.733	609
Depreciation on disposals	<u>1.614</u>	<u>131</u>
Accumulated depreciations at 31 December 2016	<u>10.722</u>	<u>3.155</u>
Net book value at 31 December 2016	<u>3.995</u>	<u>550</u>

**7 Prepayments**

	<u>2016</u>	<u>2015</u>
Prepaid rent expenses	145	188
Prepaid lease expenses	880	0
Prepaid insurance expenses	33	33
Other prepaid expenses	<u>6.769</u>	<u>917</u>
Total	<u>7.827</u>	<u>1.138</u>

**8 Cash in hand and at bank**

The Company is part of the cash pooling agreement with Roche Pharmholding B.V., Netherlands which ensures daily liquidity and the foreign exchange hedging agreement where the FX-exposure of the cashpool accounts are hedged by Roche Pharmholding B.V., Netherlands.

**9 Equity**

The share capital consists of 130 shares of DKK 10,000 each. No shares have special rights. No changes have been made to the share capital within the previous 5 years.

All shares rank equally.

## NOTES (DKK'000)

**10 Other accrued liabilities**

A liability of DKK 657 thousand (2015: DKK 913 thousand) has been accrued to cover expected warranty costs based on the costs previous years. A liability of DKK 6.510 (2015: DKK 0) has been accrued to cover restructuring costs arising from changes in 2016.

**11 Prepayments liabilities**

Prepayments liabilities comprise deferred income concerning subsequent years.

**12 Other Liabilities**

	<u>2016</u>	<u>2015</u>
Vacation pay accrual	8.460	7.628
VAT	7.322	6.060
Other salary related liabilities	10.508	8.832
Other Liabilities	<u>21.426</u>	<u>396</u>
<b>Total</b>	<u>47.716</u>	<u>22.916</u>

## NOTES (DKK'000)

**13 Contingent liabilities and obligations****Lease obligations**

The Company has operating lease obligations of DKK 17.830 thousand at 31 December 2016 (2015: 11.358 tDKK) of which DKK 7.095 thousand is due within the next 12 months (2015: 7.460 tDKK).

**Guarantees**

Roche Diagnostic A/S has at 31 December 2016 provided bank guarantees of DKK 5.860 thousand (2015: 6.310 tDKK). The guarantees have been provided as security for prepayment and deliveries according to contracts between Roche Diagnostics A/S and customers regarding the purchase of instruments.

**Service agreements**

Roche Diagnostic A/S has entered into service agreements with the associated company Roche A/S. The total obligation for the resignation period of 6 months amounts to DKK 2.675 thousand at 31 December 2016 (2015: 2.778 tDKK).

**Mortgage obligations**

Roche Diagnostic A/S has mortgage obligations regarding expatriate employees. The obligation amounts to 380 tDKK at 31 December 2016 (2015: 252 tDKK).

**Joint taxation**

The Company is jointly taxed with Roche A/S and Roche Innovation Center A/S. As a wholly owned subsidiary of Roche Holding Ltd., the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. At 31 December 2016, the jointly taxed companies' net liabilities to SKAT amounted to DKK 0. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes on dividends, interest and royalties entail that the Company's liability will increase.

## NOTES (DKK'000)

**14 Related parties**

The Company is a 100% owned subsidiary. The Company is part of the consolidated financial statements of Roche Holding Ltd, Grenzacherstrasse 124, 4058 Basel, Switzerland, in which the Company is included as a subsidiary.

The consolidated financial statements of Roche Holding Ltd can be obtained by contacting the Company or at the following website: <http://www.roche.com/investors.htm>.

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.