

# Smiths Medical Danmark ApS

Ørestads Boulevard 73  
DK-2300 København S

CVR no. 31 25 47 01

**Annual report for the period 1 August 2017 – 31 July 2018**

The annual report was presented and approved at the  
Company's annual general meeting on

19 December 2018

Nigel Bark  
chairman

## **Contents**

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 August – 31 July	8
Income statement	8
Balance sheet	9
Notes	11

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Smiths Medical Danmark ApS for the financial year 1 August 2017 – 31 July 2018.

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 assets, liabilities and financial position at 31 July 2018 and of the results of the Company's operations for the financial year 1 August 2017 – 31 July 2018.

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

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

Copenhagen, 19 December 2018  
Executive Board:

---

Nigel John Bark

Board of Directors:

---

Nigel John Bark  
Chairman

---

Louis Philip Jones

---

Gitte Josefsen Larsen

## Independent auditor's report

### To the shareholders of Smiths Medical Danmark ApS

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 July 2018, and of the results of the Company's operations for the financial year 1 August 2017 - 31 July 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Smiths Medical Danmark ApS for the financial year 1 August 2017 - 31 July 2018, which comprise income statement, balance sheet and notes, including accounting policies ("financial statements").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Statement on the Management's review

Management is responsible for the 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, in our view, 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 in Management's Review.

#### 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.

## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

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

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

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

## Independent auditor's report

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.

Hellerup, 19 December 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised  
Public Accountant  
mne28705

Thomas Lauritsen  
State Authorised  
Public Accountant  
mne34342

**Smiths Medical Danmark ApS**  
Annual report 2017/18  
CVR no. 31 25 47 01

## Management's review

### Company details

Smiths Medical Danmark ApS  
Ørestads Boulevard 73  
DK-2300 København S

Telephone: +45 7027 2090

CVR no.: 31 25 47 01  
Established: 1 February 2008  
Registered office: Copenhagen  
Financial year: 1 August – 31 July

### Board of Directors

Nigel John Bark, Chairman  
Louis Philip Jones  
Gitte Josefsen Larsen

### Executive Board

Nigel John Bark

### Auditor

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Management's review

### Operating review

#### Principal activities

The Company's mission is to sell and deliver medical products of high quality to the public and private health sector. The Company was founded in 2008 and is a sales and marketing company wholly owned by Smiths Medical Group Limited. Customer focus is in the areas of anaesthesia, intensive care, infusion therapy, home care, and treatment of pain.

#### Development in activities and financial position

The Company had a turnover of DKK 30,373k during the accounting period, and a profit of DKK 1,347k. The Company's balance sheet at 31 July 2018 shows a capital of DKK 2,717k.

#### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

#### Expectations for future development

Following a solid year in FY18 we expect to see a flat market in fiscal year 2018/19. This is due to a very successful capital sales in FY18. We will see continued growth in CADD disposables following increased Ambulatory pump success and usage in the homecare arena. Capital sales will continue as the trend in the market continues to be towards home treatment in both chemo therapy and antibiotics. Price pressure as a result of tenders mean we will grow the Vital care business and gain market share but price reductions will be seen in sales value. Strict Tender specifications around PVC free and MRI compatibility within the region have impacted and we have ongoing risks around this in FY19 when legislation changes will be enforced. We are seeing this across multiple franchises including Vital care, Safety products and Injection. Overall in 2017/18, we had a good performance against budget, and a significant growth against previous year, mostly related to the sales of ambulatory pumps. In 2018/19 we plan to benefit from NPI, as we will launch some new products during the fiscal year.

#### Ownership

Smiths Medical Danmark ApS is a wholly owned subsidiary of Smiths Medical Group Ltd. (Reg.: 5137144), United Kingdom, who prepares the consolidated statements.



## Financial statements 1 August – 31 July

### Income statement

DKK	Note	2017/18	2016/17
<b>Gross profit</b>		6,956,073	5,945,147
Staff costs	2	-5,307,758	-4,453,625
<b>Operating profit</b>		1,648,315	1,491,522
Financial income		2,236	3,535
Financial expenses		-17,895	-8,426
<b>Profit before tax</b>		1,632,656	1,486,631
Tax on profit/loss for the year		-285,768	-241,930
<b>Profit for the year</b>		<u>1,346,888</u>	<u>1,244,701</u>
<b>Proposed profit appropriation</b>			
Retained earnings		<u>1,346,888</u>	<u>1,244,701</u>

## Financial statements 1 August – 31 July

### Balance sheet

DKK	Note	31/7 2018	31/7 2017
<b>ASSETS</b>			
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		19,041	41,239
<b>Receivables</b>			
Trade receivables		3,246,595	3,932,703
Other receivables		85,042	285,208
Deferred tax asset		0	850,970
Prepayments		102,558	130,483
		3,434,195	5,199,364
<b>Cash at bank and in hand</b>		6,678,197	1,771,325
<b>Total current assets</b>		10,131,433	7,011,928
<b>TOTAL ASSETS</b>		10,131,433	7,011,928

## Financial statements 1 August – 31 July

### Balance sheet

DKK	Note	31/7 2018	31/7 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		125,000	125,000
Liquidation account		<u>2,591,589</u>	<u>1,244,701</u>
<b>Total equity</b>		<u>2,716,589</u>	<u>1,369,701</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		597,441	51,296
Payables to group entities		2,513,210	2,355,864
Corporation tax		665,867	0
Other payables		<u>3,638,326</u>	<u>3,235,067</u>
		<u>7,414,844</u>	<u>5,642,227</u>
<b>Total liabilities</b>		<u>7,414,844</u>	<u>5,642,227</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>10,131,433</u></u>	<u><u>7,011,928</u></u>

## Financial statements 1 August – 31 July

### Notes

#### 1 Accounting policies

The annual report of Smiths Medical Danmark ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Annual Report for 2017/2018 is presented in DKK.

#### Recognition and measurement

Revenue are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised 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 measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

#### Translation policies

Transaction 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.

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

#### Revenue

Income from the sale of goods for resale and finished goods, is recognised 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. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

## Financial statements 1 August – 31 July

### Notes

#### 1 Accounting policies (continued)

##### Cost of sales

Item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

##### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit/loss for the year

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognized in the income.

### Balance sheet

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

## Financial statements 1 August – 31 July

### Notes

#### 1 Accounting policies (continued)

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised 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.

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of the assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year of the taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Financial statements 1 August – 31 July

### Notes

#### 1 Accounting policies (continued)

##### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set off and an intention to settle on a net basis or simultaneously.

##### Prepayments and deferred income

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions, and interest.

##### 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 easily convertible into cash and which are subject to only an insignificant risk of changes in value.

##### Equity

###### *Dividends*

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

##### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

##### Financial debts

Other debts are measured at amortised cost substantially corresponding to nominal value.

## Financial statements 1 August – 31 July

### Notes

#### 2 Staff costs

DKK	2017/18	2016/17
Wages and salaries	4,732,489	3,916,286
Pensions	337,813	479,376
Other social security costs	208,540	63,817
Other staff costs	28,916	-5,854
	<u>5,307,758</u>	<u>4,453,625</u>
Average number of full-time employees	<u>6</u>	<u>6</u>

#### 3 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company has entered into a rental agreement which can be terminated with 3 months notice. Rent in the non-terminated period are DKK 94k, of which DKK 38k is recognised as prepaid expenses.

The Group's Danish companies are jointly and severally liable for taxes payable by the companies participating in the Danish joint taxation. The total corporation tax payable appears from the Annual Report of Smiths Medical ApS, which is the administration company in terms of joint taxation. The Group's Danish companies are moreover jointly and severally liable for Danish taxes at source, ie dividend tax and tax on royalty and interest payments. Any subsequent corrections to the corporation tax and tax at source may increase the Company's liability.

##### Operating lease obligations

The Company has entered into operation leases. The remaining period to maturity on the leases is up to 39 months, and the remaining lease payments totals DKK 721k, of which DKK 397k mature within one year.



## Financial statements 1 August – 31 July

### Notes

#### 4 Related party disclosures

Smiths Medical Danmark ApS' related parties comprise the following:

##### Control

Smiths Medical Danmark ApS is part of the consolidated financial statements of Smiths Medical Group Ltd., Reg 5137144, United Kingdom, registered office.

The consolidated financial statements of Smiths Medical Group Ltd., can be obtained by contacting the companies at the addresses below.

##### Other related parties

Nigel Bark, Managing director  
Gitte Larsen  
Louis Jones

##### Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Smiths Medical Group Ltd.  
1500 Eureka Park  
Ashford, Kent  
TN25 4BF  
United Kingdom