

Smiths Medical Denmark ApS

Smiths Medical Denmark ApS

CVR-nr. 31 25 47 01
Ørestads Boulevard 73
DK-2300 København S

Annual Report for 2015/16

The Annual Report was presented and
adopted at the Annual general Meeting of the
Company on 13 December 2016

Nigel Bark
Chairman



Smiths Medical Denmark ApS

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Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Smiths Medical Denmark ApS for the financial year 1 August 2015 - 31 July 2016.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the estimates made reasonable.

Therefore, in our opinion the Financial Statements gives a true and fair view of the financial position of the Company at 31 July 2016 and of the results of the Company's operations for the financial year 1 August 2015 - 31 July 2016 in accordance with the Danish Financial Statements Act.

The Management's Review contains in our opinion, a true and fair view of the matters it contain.

We recommend that the Annual Report be adopted at the Annual General Meeting.

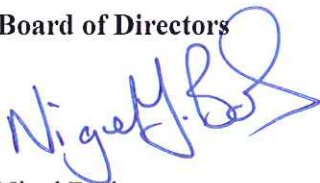
Copenhagen, 13 December 2016

Executive Board



Kimberley Jayne

Board of Directors



Nigel Bark
Chairman



Kimberley Jayne

Independent Auditors' Report

To the Shareholders of Smiths Medical Denmark ApS

We have audited the Financial Statements of Smiths Medical Denmark ApS for the financial year 1 August 2015 - 31 July 2016. The Financial Statements comprise Income Statement, Balance Sheet, Notes and Accounting Policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act. Management's Review, which is not comprised by the audit, is prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Review that includes a true and fair account in accordance with the Danish Financial Statements Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 July 2016 and of the results of the Company operations for the financial year 1 August 2015 - 31 July 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit performed of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Copenhagen, 13 December 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Rasmus Friis Jørgensen
State Authorised Public Accountant

Thomas Lauritsen
State Authorised Public Accountant

Company Information

The Company

Smiths Medical Danmark ApS
Ørestads Boulevard 73
DK-2300 København S
Tel: +45 7027 2090

CVR-no.: 31 25 47 01
Financial period: 1 August - 31 July
Financial year: 8th financial year
Municipality of reg. office: Copenhagen

Board of Directors

Nigel Bark (Chairman)
Kimberley Jayne

Executive Board

Kimberley Jayne

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Main activity

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 anesthesia, intensive care, infusion therapy, home care and treatment of pain.

Development in the year

The Company had a turnover of DKK 28,184k during the accounting period, and a profit of DKK 821k. The Company's balance sheet at 31 July 2016 shows a capital of DKK 946.

Expectations for future development

Following a strong year in FY16 we expect to see a flat performance in fiscal year 2016/17. We expect to be impacted by strong price pressure from the Tenders and strict Tender specifications around PVC free and MRI compatibility within the region. We are seeing this across multiple franchises including Vital care, Safety products and Injection. We did however, see tender wins in Vital care which helped us to exceed budget. We expanded the portfolio in ambulatory infusion products late in fiscal year 2014/15 with the launch in local language of the multi-therapy ambulatory pump. This boosted the sales as we expanded into a new therapy sector with this product, we also saw an uplift due to the sales of the associated disposables. Overall in 2015/16, we had a good performance against budget, with 13% growth over previous year. In 2016/17 we don't expect the same boost due to capital sales so we estimate we will be flat versus fiscal year 2015/16.

Subsequent events

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

Ownership

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

Income Statement 1 August 2015 - 31 July 2016

	Note	2015/16	2014/15
		DKK	DKK
Revenue		28,183,574	25,032,413
Expenses for goods for resale		-19,216,872	-17,079,720
Other external expenses		-2,497,323	-2,264,125
Gross profit/loss		6,469,379	5,688,568
Staff expenses	1	-5,307,830	-4,650,654
Amortisation and impairment of intangible assets	2	-514	-3571
Profit/loss before financial income and expenses		1,161,035	1,034,343
Financial income	3	667	582
Financial expenses	4	-6,176	-8,596
Profit/loss before tax		1,155,526	1,026,329
Tax on profit/loss for the year	5	-334,721	-241,187
Net profit/loss for the year		820,805	785,142
Distribution of profit			
Proposed distribution of profit			
Proposed dividend for the year		820,805	1,587,054
Retained earnings		-	-
		820,805	1,587,054

Balance Sheet 31 July 2016

	Note	2015/2016 DKK	2014/2015 DKK
Goodwill		-	514
Intangible assets	6	-	514
Fixed assets		-	514
Trade receivables		3,983,418	3,035,328
Tax receivable		128,528	75,100
Other receivables		76,632	76,632
Prepayments		176,053	122,928
Receivables		4,364,631	3,309,988
Cash at bank and in hand		4,340,999	3,449,977
Current assets		8,705,630	6,759,965
Total Assets		8,705,630	6,760,479
Share capital		125,000	125,000
Retained earnings		-	-
Proposed dividend for the year		820,805	1,587,054
Equity	7	945,805	1,712,054
Trade payables		112,757	39,487
Payables to group enterprises		3,911,385	2,070,618
Other payables		3,735,683	2,921,687
Deferred and Unrealized Revenue		-	16,633
Short-term debt		7,759,825	5,048,425
Debt		7,759,825	5,048,425
Liabilities and equity		8,705,630	6,760,479
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		

Notes to the Annual Report

	2015/2016	2014/2015
	DKK	DKK
1 Staff expenses		
Wages and salaries	4,499,353	3,812,665
Pensions	645,617	632,221
Other social security expenses	64,489	49,755
Other staff expenses	98,371	156,013
	5,307,830	4,650,654
Average number of employees	7	7
The Executive Board or Board of Directors did not receive any remuneration during the year.		
2 Amortisation and impairment of intangible assets		
Goodwill	514	3,571
	514	3,571
3 Financial income		
Exchange adjustments	667	582
	667	582
4 Financial expenses		
Exchange adjustments expense	1,097	579
Other financial expenses	5,079	8,017
	6,176	8,596
5 Tax on profit/loss for the year		
Current tax for the year	271,549	241,187
Prior year adjustment	63,172	-
Total tax for the year	334,721	241,187

Notes to the Annual Report - continued

6 Intangible assets

	Goodwill
	DKK
Cost at 1 August 2015	25,000
Additions for the year	-
Disposals for the year	-
Cost at 31 July 2016	25,000
Impairment losses and amortisation at 1 August 2015	-24,486
Amortisation for the year	-514
Impairment losses and amortisation at 31 July 2016	-25,000
Carrying Amount at 31 July 2016	-

7 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Equity total
	DKK	DKK	DKK	DKK
Equity at 1 August 2015	125,000	-	1,587,054	1,712,054
Dividend paid	-	-	-1,587,054	-1,587,054
Net profit/loss for the year	-	-	820,805	820,805
Equity at 31 July 2016	125,000	-	820,805	945,805

The share capital consists of 1,000 shares of a nominal value of DKK 125. No shares carry any special rights.

8 Contingent assets, liabilities and other financial obligations

The Company has entered into operation leases. The remaining period to maturity on the leases is up to 48 months, and the remaining lease payments totals DKK 1,342k, of which DKK 554k mature within one year.

Company has entered into a rental agreement which can be terminated with 6 months notice. Rents in the non-termination period is DKK 147k, of which DKK 32k are 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 with John Crane and Oil Plus. 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

9 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Smiths Medical Group Ltd., Reg 5137144, United Kingdom	Controlling shareholder
Other related parties	
Kimberley Jane	Managing director
Nigel Bark	Managing director

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5 % of the votes or at least 5 % of the share capital:

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

The consolidated financial statement of the parent company can be obtained at the above address.

Accounting Policies

Basis of Preparation

The Annual Report of Smiths Medical Denmark ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2015/16 is presented in DKK.

Recognition and measurement

Revenues are recognised 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 recognised 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 attributable to the asset 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

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.

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.

Accounting Policies

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for goods for resale

Expenses for goods for resale comprise the good for resale consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

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

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 tax recognized in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

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

Accounting Policies

Balance Sheet

Intangible assets

Goodwill is amortised on a straight line basis over the estimated useful life determined on the basis of Management's experience with the individual business

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of 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 or the taxable income.

Accounting Policies

Deferred tax assets and liabilities (continued)

Deferred tax is measured on the basis of 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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of 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 realized, either by elimination in tax on future earnings or by set off against deferred tax liabilities.

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

The Company is jointly taxed with Danish subsidiaries. Foreign subsidiaries are not part of the joint taxation. The tax effect of joint taxation with the subsidiaries is allocated to both profitable and loss-making enterprises in proportion to their taxable incomes (full allocation with compensation concerning tax losses). The jointly taxed companies are included in a Danish tax payment scheme.

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial debts

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