

KAVO FINANCE APS
ÅKANDEVEJ 21, 2700 BRØNSHØJ
ANNUAL REPORT
1. JANUAR - 31. DECEMBER 2016

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 10 May 2017

Anders Birkebæk Clausen

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COMPANY DETAILS

Company

KaVo Finance ApS
Åkandevej 21
2700 Brønshøj

CVR no.: 32 28 79 21
Established: 3 July 2009
Registered Office: Brønshøj
Financial Year: 1 January - 31 December

Board of Executives

Frank T. McFaden

Auditor

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of KaVo Finance ApS for the year 1 January - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In my 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.

Further, in my opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

I recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 10 May 2017

Board of Executives

Frank T. McFaden

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of KaVo Finance ApS

Opinion

We have audited the financial statements of KaVo Finance ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Management's Responsibility for the financial statements

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

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

Auditor's Responsibilities for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Statement on Management's review

Management is responsible for Management's review.

Our opinion on the financial statements does not cover Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's review and, in doing so, consider whether Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 10 May 2017

Ernst & Young Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Henrik Kronborg Iversen
State Authorised Public Accountant

Rasmus Bloch Jespersen
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Income statement					
Operating profit/loss.....	-133	-172	-201	-153	-78
Financial income and expenses, net.....	118.187	553.212	491.312	33.668	296.906
Profit/loss for the year before tax.....	118.054	553.040	491.111	33.515	296.828
Profit/loss for the year.....	91.905	530.650	462.641	8.292	255.702
Balance sheet					
Balance sheet total.....	15.496.941	15.072.216	14.556.000	14.062.688	12.644.931
Equity.....	14.899.174	14.807.269	14.376.619	13.913.978	12.524.112
Ratios					
Rate of return.....	0,7	3,7	3,3	0,2	2,3
Solvency ratio.....	96,1	98,2	98,8	98,9	99,0
Return on equity.....	0,6	3,6	3,3	0,1	4,1

The key figures are prepared in accordance with the guidance of The Danish Finance Society (Den danske Finansanalytikerforening) on "Recommendation & Key Figures 2015". Reference is made to survey of principal figures and key figures concerning the formula for calculation of individual key figures.

The ratios stated in the list of key figures and ratios have been calculated as follows:

Rate of return:

$$\frac{\text{Profit / loss on ordinary activities} \times 100}{\text{Average invested capital}}$$

Solvency ratio:

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

Return on equity:

$$\frac{\text{Profit / loss after tax} \times 100}{\text{Average equity}}$$

MANAGEMENT'S REVIEW

Principal activities

The objectives of the company are to carry on commercial and manufacturing business as well as financing and investment.

Development in activities and financial position

The Company's income statement for the year ended 31 December 2016 shows a net profit of DKK 91,905 thousand, and the balance sheet at 31 December 2016 shows equity of DKK 14,899,174 thousand.

The Executive Board recommends distribution of the profit as stated under distribution of profit.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

Future expectations

The company expects earnings on the same level as in the current year. The profit is expected to be within a margin of +/- 10% compared to 2016.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK '000	2015 DKK '000
Other external expenses.....		-133	-172
GROSS PROFIT.....		-133	-172
OPERATING PROFIT.....		-133	-172
Other financial income.....	1	121.286	556.398
Other financial expenses.....	2	-3.099	-3.186
PROFIT BEFORE TAX.....		118.054	553.040
Tax on profit/loss for the year.....	3	-26.149	-22.390
PROFIT FOR THE YEAR.....	4	91.905	530.650

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2016 DKK '000	2015 DKK '000
Receivables from group enterprises.....		8.035.783	8.021.912
Fixed asset investments	5	8.035.783	8.021.912
FIXED ASSETS		8.035.783	8.021.912
Receivables from group enterprises.....		7.461.158	7.050.304
Receivables		7.461.158	7.050.304
CURRENT ASSETS		7.461.158	7.050.304
ASSETS		15.496.941	15.072.216

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2016 DKK '000	2015 DKK '000
Share capital.....		559	559
Retained profit.....		14.898.615	14.806.710
EQUITY.....		14.899.174	14.807.269
Bank debt.....		365.477	0
Trade payables.....		49	47
Payables to group enterprises.....		206.092	242.510
Corporation tax.....		26.149	22.390
Current liabilities.....		597.767	264.947
LIABILITIES.....		597.767	264.947
EQUITY AND LIABILITIES.....		15.496.941	15.072.216
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EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2016.....	559	14.806.710	14.807.269
Proposed distribution of profit.....		91.905	91.905
Equity at 31 December 2016.....	559	14.898.615	14.899.174

Changes in share capital in the latest 5 years

	2016	2015	2014	2013	2012
Balance at 1 January.....	559	563	563	507	500
Capital increase.....				56	7
Capital decrease.....		-4			
Balance at 31 December.....	559	559	563	563	507

NOTES

	2016 DKK '000	2015 DKK '000	Note
Other financial income			1
Interest, group enterprises.....	121.286	97.324	
Gain from sale of shares in other investments.....	0	459.074	
	121.286	556.398	
Other financial expenses			2
Interest, group enterprises.....	2.293	1.876	
Other interest expenses.....	806	1.310	
	3.099	3.186	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year.....	26.149	22.390	
	26.149	22.390	
PROPOSED DISTRIBUTION OF PROFIT			4
Retained profit.....	91.905	530.650	
	91.905	530.650	
Fixed asset investments			5
		Receivables from group enterprises	
Cost at 1 January 2016		8.021.914	
Additions.....		37.495	
Disposals.....		-23.626	
Cost at 31 December 2016.....		8.035.783	
Carrying amount at 31 December 2016.....		8.035.783	

NOTES

Note

Contingencies etc.

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Joint taxation

The company is jointly taxed with Danaher Tax Administration ApS, which is the management company (Administrationselskab) for the Danish joint taxation. The company is jointly and severally unlimited liable with the other jointly taxed companies for payment of corporation tax for the income year 2013 and later, and for withholding tax on interest, royalties and dividends, which are payable on 1 July 2012 or later.

At 31 December 2016, the jointly taxed companies' net liability to SKAT is disclosed in the annual report for Danaher Tax Administration ApS, registration number - 28 31 68 87. Any subsequent assessments of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

Other contingencies

The company has no other contingent assets or liabilities.

Related parties

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Related parties having performed transactions with the company

The company's related parties comprise the significant shareholders of the Company and their subsidiaries, Board of Executives and their close relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The related parties transactions for 2016 are shown below. All amounts in T.DKK

Group enterprises

Transactions

Administration	75
Interest received	121.286
Interest paid	2.293

Balances per 31.12.16

Loans	15.089.347
Cash pool	407.594
Tax payable to group enterprises	-206.092

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The ultimate parent of the group are:	
Danaher Corporation 2200 Pennsylvania Avenue, NW Suite 800W Washington, DC 20037 USA	
The consolidated financial statement for the Danaher group can be acquired at the following link:	
https://www.sec.gov/Archives/edgar/data/313616/000031361617000066/dhr-20161231x10xk.htm	

ACCOUNTING POLICIES

The annual report of KaVo Finance ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

Due to amendments to the Danish Financial Statements Act, the Company has changed reporting class, from class B to class C, which has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

INCOME STATEMENT

Other external expenses

Other external expenses include expenses related to administration etc.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

The company is jointly taxed with affiliated Danish enterprises. The current Danish corporation tax is distributed between the jointly taxed Danish enterprises in proportion to their taxable income, and with full distribution with refund regarding taxable losses. The jointly taxed companies are included in the tax-on-account scheme.

BALANCE SHEET

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. Write down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and bank balances.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under "Receivables from group enterprises".

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

CASH FLOW STATEMENT

With reference to section 86(4) of the Danish Financial Statements Act., no cash flow statement is prepared for the company, as its cash flows are reflected in the consolidated cash flow statement of the ultimate parent.