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CVR no. 20 22 26 70

DAKO DENMARK APS
PRODUKTIONSVEJ 42, 2600 GLOSTRUP
ANNUAL REPORT
1 NOVEMBER 2019 - 31 OCTOBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 26 March 2021**

Anders Meier

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 33 21 13 17

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COMPANY DETAILS

Company	DAKO DENMARK ApS Produktionsvej 42 2600 Glostrup CVR No.: 33 21 13 17 Established: 15 June 1967 Registered Office: Glostrup Financial Year: 1 November 2019 - 31 October 2020
Board of Directors	Lene Klejs Stuhr, chairman Majken Nielsen Ieva Blekte Tackie
Board of Executives	Anders Meier
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Nordea Bank Danmark A/S Hovedvejen 116 2600 Glostrup BNP Paribas Fortis Denmark Adelgade 12, 3 sal 1304 Copenhagen K

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of DAKO DENMARK ApS for the financial year 1 November 2019 - 31 October 2020.

The Annual Report is presented 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 October 2020 and of the results of the Company's operations for the financial year 1 November 2019 - 31 October 2020.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Glostrup, 26 March 2021

Board of Executives

Anders Meier

Board of Directors

Lene Klejs Stuhr
Chairman

Majken Nielsen

Ieva Blekte Tackie

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of DAKO DENMARK ApS

Opinion

We have audited the Financial Statements of DAKO DENMARK ApS for the financial year 1 November 2019 - 31 October 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 October 2020 and of the results of the Company's operations for the financial year 1 November 2019 - 31 October 2020 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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.

INDEPENDENT AUDITOR'S REPORT

- 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 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, 26 March 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

FINANCIAL HIGHLIGHTS

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	2.239.195	1.841.962	1.510.286	2.297.540	1.727.949
Gross profit/loss.....	154.558	750.083	560.742	1.117.152	663.102
Operating profit/loss.....	1.075.036	7.193.110	36.206	515.986	69.678
Financial income and expenses, net.....	147.017	-99.903	31.082	-69.346	-9.341
Profit/loss for the year.....	1.138.820	5.528.411	53.304	342.120	128.926
Balance sheet					
Balance sheet total.....	3.033.600	8.890.192	2.266.047	2.012.254	2.090.056
Equity.....	1.465.457	6.800.829	1.272.418	1.379.487	1.019.919
Invested capital.....	-857.183	-857.183	836.916	745.717	886.600
Average number of full-time employees.....					
	4	4	2	137	639
Ratios					
Liquidity ratio.....	49,3	153,6	0,0	0,0	0,0
Solvency ratio.....	48,3	76,5	56,2	68,6	48,8

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

Liquidity ratio:
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Solvency ratio:
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

Dako Denmark Aps hereinafter referred to as “Dako” became part of Agilent Technologies Inc. hereinafter referred to as “Agilent” in June 2012. Dako continues to operate within the Pathology market which includes a pioneering role in the standardization of antibodies and securing leadership position in the Pathology segment of the in vitro diagnostics (IVD) industry.

These products are sold in more than 110 countries around the world and its dedicated employees work to develop, manufacture and market reagents, antibodies, instruments and software for use in anatomic pathology laboratories worldwide.

Performance in 2020

In 2020, Dako realized total sales of DKK 2,239 Million compared to DKK 1,841 Million in 2019. The results are in line with management expectations.

Developments during the year

The Net profit during in FY2020 was DKK 1,138 Million compared to DKK 5,528 Million in FY19. During FY2020, Dako had made a dividend distribution to its parent entity. As part of an internal reorganization Dako Denmark transferred all its Fixed Assets to another group company in Denmark. The management continues to work towards achieving operational efficiencies through process realignment and development.

Future Expectations

The Agilent group is planning a re-organization of its operations in Denmark in upcoming year(s), Dako will also participate in this re-organizing exercise. In Apr-2021, the Board of Directors intends to declare an extraordinary dividend of cash and non-cash assets.

Significant events after the end of the financial year

Dako Denmark transferred its entire inventory balance in Dec-20 to another group company as part of an internal reorganization.

Stakeholders

As an Agilent Technologies company, Dako continues to be committed to sharing knowledge and engaging in dialog with all relevant stakeholders. Dako strives to ensure an open, timely and trustworthy communication that supports the company's strategic agenda and builds on Agilent's core values.

Risk Management

Dako now operates on a relatively reduced risk level since the key business risks are now absorbed by other group companies. It has processes to appropriately manage the relevant remaining risks.

Environmental responsibility

Dako finds it very important to comply with or exceed applicable environmental regulations of the countries and local communities in which Dako operates. Acting in a responsible manner is essential, and Dako acknowledges that environmental sustainability goes together with an efficient use of resources, which is why Dako strives to reduce the use of energy, water and raw materials and the production emission and waste. Dako systematically considers environmental aspects when remodeling any of its sites, particularly with respect to initiatives that can reduce energy consumption.

Corporate social responsibility

As part of Agilent Technologies, Dako is committed to conducting business in an ethical, socially responsible and environmentally sustainable manner. This commitment is consistent with Agilent's corporate objectives and is essential for the company's continued business success.

Agilent Technologies group is committed to conducting business in an ethical, socially responsible and environmentally sustainable manner. Our Citizenship Objective is to be an economic, intellectual and social asset to each nation and community in which we operate. Agilent's Community Relations and Giving Programs and the Agilent Foundation are tangible examples of our commitment to exemplary Corporate Citizenship.

MANAGEMENT'S REVIEW

Target figures and policies for the underrepresented gender

Board of Directors - Gender distribution goal

The Board has a total strength of three members out of which three are female, hence a female participation of 100 %.

It is Dako's position that a diverse organization is value-adding and contributes to the achievement of Dako's business goals. It is therefore Dako's policy to encourage a balanced gender distribution at all management levels by:

- Securing that filling of all management positions, whether facilitated by HR or external consultants, is done by assessment of the collective skill set of each candidate independent of gender.
- Requiring that external search consultants engaged for recruitment for management positions propose a reasonable number of candidates of each gender.
- Having succession planning practices in place requiring managers to identify a gender-diverse range of potential successors for critical management positions.
- Requiring managers to discuss with qualified subordinates of the under-represented gender as part of their recurrent performance review how and if advancement to a (higher) management position could be relevant and what potentially would be required.
- Regularly obtaining qualitative data regarding the background for the gender distribution at various management levels both from a potential candidate perspective and from an employer perspective.

INCOME STATEMENT 1 NOVEMBER - 31 OCTOBER

	Note	2019/20 DKK '000	2018/19 DKK '000
NET REVENUE	1	2.239.195	1.841.962
Cost of sales and development expenses.....		-2.084.637	-1.091.879
GROSS PROFIT/LOSS		154.558	750.083
Research and development costs.....	2	422	-309.376
Administrative expenses.....	2, 3	-68.830	-240.627
MARKETING EXPENSES		86.150	200.080
Other operating income.....	4	988.886	6.993.030
OPERATING PROFIT		1.075.036	7.193.110
Result of equity investments in group and associat.....	5	6.822	0
Financial income.....	6	158.519	22.765
Financial expenses.....	7	-11.502	-122.668
PROFIT BEFORE TAX		1.228.875	7.093.207
Tax on profit/loss for the year.....	8	-90.055	-1.564.796
PROFIT FOR THE YEAR	9	1.138.820	5.528.411

BALANCE SHEET AT 31 OCTOBER

ASSETS	Note	2020 DKK '000	2019 DKK '000
Land and buildings.....		0	335.890
Production plants and machinery.....		0	48.101
Other plants, machinery, tools and equipment.....		0	2.072
Tangible fixed assets in progress and prepayment.....		0	5.189
Tangible fixed assets.....	10	0	391.252
Investments in subsidiaries.....		487.243	708.617
Equity investments in associated enterprises.....		3.645	3.645
Receivables from group enterprises.....		1.820.765	7.080.552
Rent deposit and other receivables.....		0	2.421
Fixed asset investments.....	11	2.311.653	7.795.235
FIXED ASSETS.....		2.311.653	8.186.487
Raw materials and consumables.....		276.219	295.493
Work in progress.....		50.307	44.287
Finished goods and goods for resale.....		40.981	3.885
Inventories.....		367.507	343.665
Receivables from group enterprises.....		218.593	247.573
Other receivables.....		808	13.205
Prepayments and accrued income.....	12	0	916
Receivables.....		219.401	261.694
Cash and cash equivalents.....		135.039	98.346
CURRENT ASSETS.....		721.947	703.705
ASSETS.....		3.033.600	8.890.192

BALANCE SHEET AT 31 OCTOBER

EQUITY AND LIABILITIES	Note	2020 DKK '000	2019 DKK '000
Share capital.....	13	61.682	61.682
Retained profit.....		1.403.775	6.739.147
EQUITY.....		1.465.457	6.800.829
Deferred tax assets.....	14	0	48.271
PROVISION FOR LIABILITIES.....		0	48.271
Corporation tax.....		105.230	1.580.493
Other liabilities.....		0	2.421
Long-term liabilities.....	15	105.230	1.582.914
Short-term portion of long-term liabilities.....	15	0	686
Trade payables.....		48.798	67.904
Payables to group enterprises.....		1.344.315	376.159
Other liabilities.....		69.800	13.429
Current liabilities.....		1.462.913	458.178
LIABILITIES.....		1.568.143	2.041.092
EQUITY AND LIABILITIES.....		3.033.600	8.890.192
 Contingencies etc.	 16		
Charges and securities	17		
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EQUITY

	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 November 2019.....	61.682	6.739.147	0	6.800.829
Dividend paid.....			-6.474.192	-6.474.192
Proposed distribution of profit.....		-5.335.372	6.474.192	1.138.820
Equity at 31 October 2020.....	61.682	1.403.775	0	1.465.457

NOTES

	2019/20 DKK '000	2018/19 DKK '000	Note
Net revenue			1
Geographical segments			
Americas.....	231.922	269.433	
APAC.....	13.008	4.360	
EMEA.....	1.994.265	1.568.169	
	2.239.195	1.841.962	
Business segments			
Pathology.....	2.111.791	1.701.260	
Reagent Partnership.....	127.404	140.702	
	2.239.195	1.841.962	
<p>The business segments in the company are controlled by revenue per product group and by three regions: EMEA (Europe, Middle East and Africa, Africa), Americas (North and South America) and APAC (Asian Pacific).</p>			
Staff costs			2
Average number of employees 4 (2018/19: 4)			
Remuneration of management and board of directors.....	5.292	3.108	
	5.292	3.108	
<p>In accordance to section 98 B (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.</p>			
Fee to statutory auditors			3
Total fee:			
BDO.....	781	525	
	781	525	
Fee specification:			
Statutory audit.....	373	373	
Tax consultancy.....	286	94	
Other services.....	122	58	
	781	525	

NOTES

	2019/20 DKK '000	2018/19 DKK '000	Note
Special items			4
Sale of intangible assets (IP rights).....	0	6.985.935	
Sale of shares in Dako Poland.....	0	7.095	
Fair value gains at distribution of subsidiaries.....	979.603	0	
Gain on sale of fixed assets.....	9.277	0	
Other realisation gains gains.....	6	0	
	988.886	6.993.030	
Result of equity investments in group and associat			5
Result of equity investments in group enterprises.....	6.822	0	
	6.822	0	
Financial income			6
Group enterprises.....	90.124	20.715	
Other financial income.....	68.395	2.050	
	158.519	22.765	
Financial expenses			7
Group enterprises.....	0	3.291	
Other financial expenses.....	11.502	119.377	
	11.502	122.668	
Tax on profit/loss for the year			8
Calculated tax on taxable income of the year.....	105.885	1.580.493	
Adjustment of tax for previous years.....	32.441	0	
Adjustment of deferred tax.....	-48.271	-15.697	
	90.055	1.564.796	
Proposed distribution of profit			9
Extraordinary dividend.....	6.474.192	0	
Retained earnings.....	-5.335.372	5.528.411	
	1.138.820	5.528.411	

NOTES

			Note
Tangible fixed assets			10
	Land and buildings	Production plants and machinery	
Cost at 1 November 2019.....	606.399	186.725	
Additions.....	4.374	8.117	
Disposals.....	-610.773	-194.842	
Cost at 31 October 2020.....	0	0	
Depreciation and impairment losses at 1 November 2019.....	270.506	138.624	
Reversal of depreciation of assets disposed of.....	-288.278	-149.908	
Depreciation for the year.....	17.772	11.284	
Depreciation and impairment losses at 31 October 2020.....	0	0	
Carrying amount at 31 October 2020.....	0	0	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment	
Cost at 1 November 2019.....	36.785	5.189	
Additions.....	0	4.115	
Disposals.....	-36.785	-9.304	
Cost at 31 October 2020.....	0	0	
Depreciation and impairment losses at 1 November 2019.....	34.714		
Reversal of depreciation of assets disposed of.....	-35.419		
Depreciation for the year.....	705		
Depreciation and impairment losses at 31 October 2020.....	0		
Carrying amount at 31 October 2020.....	0	0	
Fixed asset investments			11
	Investments in subsidiaries	Equity investments in associated enterprises	
Cost at 1 November 2019.....	487.243	3.645	
Cost at 31 October 2020.....	487.243	3.645	
Carrying amount at 31 October 2020.....	487.243	3.645	
	Receivables from group enterprises	Rent deposit and other receivables	
Cost at 1 November 2019.....	1.820.765	0	
Cost at 31 October 2020.....	1.820.765	0	
Carrying amount at 31 October 2020.....	1.820.765	0	

NOTES

	Note
Fixed asset investments (continued)	11
Investments in subsidiaries (DKK)	

Name and registered office	Equity	Profit/loss for the year	Ownership
DAKO Denmark Canada Inc., Canada.....	36.698.457	18.654	100 %
Agilent DGG Norge AS, Norway.....	10.811.339	-274.893	100 %
DAKO Logistics Company ApS, Denmark.....	481.566.912	10.868.949	100 %

Investments in associates (DKK)

Name and registered office	Equity	Profit for the year	Ownership
Agilent Technologies Japan Ltd., Japan.....	498.605.283	42.830.810	27,4 %

All foreign subsidiaries are recognised and measured as separate entities. Equity and result of investments in subsidiaries are based in locally presented annual reports for 2020 and is translated to DKK at year-end. If a subsidiary has not presented an annual report as the subsidiary is not subject to local statutory requirements in relation to this, equity and result have not been keyed-in above.

Prepayments and accrued income	12
The item constitutes prepaid cost pertaining to the following fiscal year.	

	2020 DKK '000	2019 DKK '000	
Share capital			13
Specification of the share capital:			
A-aktier, 61.682 stk. a nom. 1.000 DKK.....	61.682	61.682	
	61.682	61.682	

Deferred tax assets	14
Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.	

The amount breaks down as follows:

Property, plant and equipment.....	0	14.794
Inventories.....	0	34.380
Debts.....	0	-903
	0	48.271
Deferred tax, beginning of year.....	48.271	63.968
Consumption for the year.....	-48.271	-15.697
Deferred tax assets 31 October 2020.....	0	48.271

NOTES

Long-term liabilities Note 15

	31/10 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/10 2019 total liabilities	Current portion at the beginning of the year
Corporation tax.....	105.230	0	0	1.580.493	0
Other liabilities.....	0	0	0	3.107	686
	105.230	0	0	1.583.600	686

Contingencies etc. Contractual obligations 16

	2020 DKK '000	2019 DKK '000
Lease liabilities (operating leases):		
Payment for the year.....	0	1.665
Total residual lease payment.....	0	1.677
Amount falling due after 5 years.....	0	6.709

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income is stated in the annual report of Agilent Technologies Denmark ApS, which serves as management company for the joint taxation.

Charges and securities 17

Bank securities amounting to a total of DKK ('000) 1.289 was given at year-end.

Related parties 18

Agilent Technologies Inc., Parent company

Transactions with related parties

As part of an internal reorganization Dako Denmark transferred all its Fixed Assets to another group company, Agilent Denmark at book value, a total of 386m DKK.

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:

Agilent Technologies Inc., 5301 Stevens Creek Boulevard, Santa Clara, CA 95051.

NOTES**Note****Consolidated financial statements****19**

The company is included in the Group Annual Report of Agilent Technologies Inc.

The Group Annual Report may be obtained at the following address:

5301 Stevens Creek Boulevard, Santa Clara, CA 95051.

ACCOUNTING POLICIES

The Annual Report of DAKO DENMARK ApS for 2019/20 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Agilent Technologies Inc., at 5301 Stevens Creek Boulevard, Santa Clara, CA 95051.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Costs of sales

Cost of sales comprises costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, direct cost, rent and leasing and depreciation of production plant.

Research and development expenses

Research and developments expenses include research costs attributable to the Company's research and development function, including wages and salaries and maintenance of patents, amortisation and other indirect costs.

Research costs are recognised in the income statement as the costs incur.

Development projects in clearly defined and identifiable products and processes for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets if there is a correlation between the costs incurred and future earnings. If not, development costs are recognised as costs in the income statement as incurred. In case of uncertainty in connection with the development of the new products, an assessment is made as to whether the capitalisation has not been fulfilled.

Public grants for research and development cost, which are recognised directly in the income statement, are recognised under Cost of sales and development expenses in such a way that they correspond to the costs for which they compensate. Grants awarded for acquisition of assets and development assets, which are recognised in the balance sheet, are set off against for which the grants are provided.

Amortisation of capitalised development and research costs and the development costs that do not fulfil the criteria for capitalisation are also recognised in production costs.

Impairment losses are recognised in connection with expected losses on project contracts.

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

ACCOUNTING POLICIES

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses etc and related amortisation.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Income from investments

Dividend from subsidiary is recognised in the financial year when the dividend is declared.

Financial income and expenses

Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

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 wholly owned Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

BALANCE SHEET

Tangible fixed assets

Buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-downs.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Buildings.....	40 years	5 %
Plant and machinery.....	3-20 years	0 %
Other fixtures and fittings, tools and equipment.....	3-20 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

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, the asset is written down to its lower recoverable amount.

Profit or loss from sale of tangible fixed assets is stated as the difference between sales price less cost of sales and the carrying amount at the time of sale. Profit or loss is recognised in the Income Statement.

ACCOUNTING POLICIES

Fixed asset investments

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

When acquiring companies within the group, the merger method is used, where the merger is considered to have taken place at the time of acquisition and with the application of book values to the acquired assets and liabilities.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventory is valued at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of market value. We assess the valuation of our inventory on a periodic basis and make adjustments to the value for estimated excess and obsolete inventory based on estimates about future demand.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

The inventory of rabbits, goats and pigs has not been recognised as assets, as it is not possible to make measurement of cost.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

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.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated using “Average monthly rate” for the month in which the transaction is recorded. This average rate is derived from and closely represents the actual exchange rates in force during that month. Exchange differences arising between the “Average monthly rate” and the rate on the payment date are recognized in the Income Statement as financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivable, payable 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 receivable or payable is recognised in the income statement as financial income or expenses.

Fixed Assets acquired in foreign currencies are translated using “Average monthly rate” as described above for the month in which the transaction is recorded.

CASH FLOW STATEMENT

In accordance with section 86(4) of the Danish Financial Statements Act no cash flow statement has been prepared. The cash flow statement for Dako Denmark A/S incorporated in the cash flow statement of the consolidated Financial Statements of Agilent Technologies Inc., at 5301 Stevens Creek Boulevard, Santa Clara, CA 95051.