
Nunc A/S

Kamstrupvej 90, DK-4000 Roskilde

Annual Report for 2020

CVR No 39 58 29 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/5 2021

Michael Toftvad
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nunc A/S for the financial year 1 January - 31 December 2020.

The Annual Report is 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 at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Roskilde, 26 May 2021

Executive Board

Michael Toftvad
Executive Officer

Board of Directors

Petrus Thomas Adrianus van der
Zande
Chairman

Lynn Gray

Michael Toftvad

Søren Christensen
Staff Representative

Helle Pia Nielsen
Staff Representative

Independent Auditor's Report

To the Shareholder of Nunc A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nunc A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 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 Financials 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.

Independent Auditor's Report

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 judgement and maintain professional scepticism 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 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.

Hellerup, 26 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Morten Jørgensen

State Authorised Public Accountant

mne32806

Company Information

The Company

Nunc A/S
Kamstrupvej 90
DK-4000 Roskilde
Website: www.thermofisher.com

CVR No: 39 58 29 10
Financial period: 1 January - 31 December
Municipality of reg. office: Roskilde

Board of Directors

Petrus Thomas Adrianus van der Zande, Chairman
Lynn Gray
Michael Toftvad
Søren Christensen
Helle Pia Nielsen

Executive Board

Michael Toftvad

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	614,250	536,426	498,685	550,836	442,376
Gross profit/loss	223,784	177,607	170,347	257,630	176,153
Operating profit/loss	165,203	119,263	113,184	215,633	128,828
Profit/loss before financial income and expenses	165,226	119,214	113,200	215,638	128,858
Net financials	-322	-719	-78	7,338	12,024
Net profit/loss for the year	128,612	92,454	88,153	170,487	109,388
Balance sheet					
Balance sheet total	997,863	827,472	734,378	664,887	759,889
Equity	800,620	672,008	579,554	491,401	320,914
Investment in property, plant and equipment	19,563	31,396	-23,934	32,639	17,727
Number of employees	371	373	374	387	380
Ratios					
Gross margin	36.4%	33.1%	34.2%	46.8%	39.8%
Profit margin	26.9%	22.2%	22.7%	39.1%	29.1%
Return on assets	16.6%	14.4%	15.4%	32.4%	17.0%
Solvency ratio	80.2%	81.2%	78.9%	73.9%	42.2%
Return on equity	17.5%	14.8%	16.5%	42.0%	14.9%

Management's Review

Key activities

As in prior years, the Company's primary activities have consisted in making and selling disposable plastic products for cell culture, molecular biology, immunology and diagnostics. The products are sold primarily to laboratories and the pharmaceutical industry.

Development in the year

The income statement of the Company for 2020 shows a profit of TDKK 128,612, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 800,620.

In 2020, the Company realized a revenue of TDKK 614,250, which is an increase of TDKK 77,824 compared with 2019 due to positive market conditions in Biology.

Management considers the profit for the year satisfactory.

The past year and follow-up on development expectations from last year

For the financial year 2020, Company Management expected a revenue and a result before tax at the same level as in 2019.

Research and development

The Company's research and development activities are proceeding as planned, and are expected to be at the same level next year.

External environment

The Company is aware of the environment and works on reducing the environmental impact from its activities.

Intellectual capital resources

It is vital for Nunc A/S's continued growth to attract and retain staff covering many different lines of education. Among the staff are engineers, academics, quality and regulatory people, technicians and specialist workers.

Modern and automated production processes are applied to ensure competitive quality in products. Fields of activity are cell culture, immuno chemistry, DNA analyses and storage of biological tests.

The Company uses a Cobalt 60 radiation facility as well as various IT software and hardware.

The common denominator for these areas is that they require a high level of competence. Resources are therefore invested in upgrading the skills of the Company's staff further and in creating a sound working environment.

Management's Review

Report on Corporate Social Responsibility, cf. Section 99 a of the Danish financial Statements Act

Business model and risk analysis

Nunc A/S's basic position is that we must show responsibility, decency, good ethics and moral as well as respect for our activities, customers, employees, business partners and other stakeholders. The Company sells plastic products of a high quality to laboratories and the pharmaceutical industry. Consequently, the Company is highly exposed and in contact with a large number of people and business relations, and, thus, we and the Thermo Fisher Group have a significant impact on society. As part of running a responsible business, a risk assessment is made to identify the need for policies, guidelines and actions.

The Group's risk of impacting the environment and climate, human rights and corruption is considered limited. The risk assessment is based on an analysis of selected elements with respect to their potential risk for the Company's and the Group's stakeholders. In this connection, the risk is a product of the importance of the element in the day-to-day business and the likely impact of the element on the Group or its stakeholders. To the extent that material risks have been identified in the individual areas, they have been described together with the relevant policies.

Environment and climate at Nunc A/S

Nunc A/S is aware of the general challenges faced by society connected with the environment and the climate, including climate variations and changes. The Group takes on its share of the responsibility for contributing to solving such challenges and, therefore, focuses on limiting the negative impact on the environment and the climate that the Company might have. Nunc A/S's ambition is continuously to work on the areas in which the impact on the environment and the climate is most direct so that the effort becomes as effective as possible. Energy consumption is one area to which we pay attention. The Company's different segments all work on reducing the amount of energy consumed for production, transport, lighting and heating. Moreover, recycling and the amount of recycled materials are important to the Group in connection with decisions regarding construction work and renovation.

The company has initiated a huge project work in 2020 replace the whole site cooling system by a new system during 2021. The systems in scope will reduce our utility consumptions significantly.

Social and employee matters at Nunc A/S

Nunc A/S considers it very important to be an attractive workplace and implements measures to ensure this on a current basis, eg through improving the working environment. The Company supports ILO's eight fundamental conventions on employee rights. In the Group, we support and take into account our employees so that they get the best conditions for thriving at work. We have an organisation that invites an open dialogue across the Company. Throughout the Company, all employees have been offered the use of a health centre, healthy canteen food and the participation in social events with their colleagues and families. Moreover, all employees were offered a health insurance in 2020.

Management's Review

Human rights

Nunc A/S bases its work with human rights on UN's world goals on human rights and the interpretation that it is the role of the state to protect and the role of enterprises to respect human rights. In the Group, it is important to ensure that neither employees, customers nor other stakeholders are exposed to any type of discrimination. Besides the general attention to equal rights for all, irrespective of gender, age, religion, sexual orientation or ethnicity, the Group has special attention on ensuring that handicapped people have equal access to the various offers that the Group provides. In 2020, the employees of Nunc A/S once again received training in ethical behaviour with respect to the above.

In 2020, no Human Rights incidents has been registered in regards to above policies, via whistleblower or other means. This is believed to be a correct assessment of the compliance with/adherence to policies in place.

Anti-corruption

There are many reasons for Nunc A/S giving high priority to anti-corruption and anti-bribery. The Group acknowledges that a society and a business environment characterised by trust between customers, enterprises and citizens are for the common good. Moreover, corruption and bribery prevent the development of a responsible and sustainable business. The Company will do its utmost to ensure that business partners comply with current rules. The Group is dedicated to preventing any type of corruption as early as possible. We are moreover committed not to offer, promise, give or receive any type of bribery. Thus, in 2020, all employees in Nunc A/S received training in Global Anti-corruption and Code of Business Conduct and Ethics.

We moreover observe the approval hierarchy established in the Group.

Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act

Gender representation in Management

Nunc A/S finds that diversity in Management and among employees, including gender representation, strengthens the Company's performance and competitiveness.

Nunc A/S does not tolerate any type of discrimination, and employees are employed on the basis of qualifications only.

In 2020, Nunc A/S continued to offer equal opportunities to men and women who want to make a career in the Company. This includes paid supplementary training, annual appraisal interviews as well as particular focus on ensuring that all mid-level managers share experience and seek inspiration both from each other and from networks across Nunc A/S.

Management's Review

Top management - Board of Directors

Nunc A/S's target is for 40%, as a minimum, of the members of the Board of Directors elected at the General Meeting to constitute the underrepresented gender by 2023, at the latest.

Other management levels

Similarly, the Company has a target of increasing the ratio of the underrepresented gender at other management levels to 20-40%.

Status 2020

Senior management level

The members of the Board of Directors of Nunc A/S elected by the General Meeting include three men and two women. At the most recent General Meeting, all members of the Board of Directors ran for reelection and, thus, the adopted target figure was met.

Other management levels

There are eleven persons in the Nunc A/S management group, and the ratio of women at other management levels was 36% at the end of 2020. Thus, the adopted target ratio has been met.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have been affected by COVID19 in smaller ways – and some declining volume impact was seen especially during 2H 2020. Given the market to where the company supply their customers this was expected and has changed significantly in the positive direction going into 2021.

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue	1	614,250	536,426
Cost of sales	2	-390,466	-358,819
Gross profit/loss		223,784	177,607
Distribution expenses	2	-2,877	-3,295
Administrative expenses	2	-55,704	-55,049
Operating profit/loss		165,203	119,263
Other operating income		23	0
Other operating expenses		0	-49
Profit/loss before financial income and expenses		165,226	119,214
Financial income	3	13	100
Financial expenses	4	-335	-819
Profit/loss before tax		164,904	118,495
Tax on profit/loss for the year	5	-36,292	-26,041
Net profit/loss for the year		128,612	92,454

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Computer Software		3,308	800
Intangible assets	6	3,308	800
Land and buildings		63,164	61,545
Other fixtures and fittings, tools and equipment		111,857	95,561
Property, plant and equipment in progress		15,006	42,073
Property, plant and equipment	7	190,027	199,179
Investments in subsidiaries	8	230,717	230,717
Fixed asset investments		230,717	230,717
Fixed assets		424,052	430,696
Inventories	9	61,112	55,615
Trade receivables		11,424	3,397
Receivables from group enterprises		478,351	328,755
Other receivables		19,778	6,423
Prepayments	10	3,146	2,586
Receivables		512,699	341,161
Currents assets		573,811	396,776
Assets		997,863	827,472

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		1,000	1,000
Retained earnings		799,620	671,008
Equity		800,620	672,008
Provision for deferred tax	12	22,618	22,554
Provisions		22,618	22,554
Prepayments received from customers		12,525	2,122
Trade payables		34,233	28,961
Payables to group enterprises		25,221	29,427
Corporation tax		36,228	24,898
Other payables		63,967	44,594
Deferred income	13	2,451	2,908
Short-term debt		174,625	132,910
Debt		174,625	132,910
Liabilities and equity		997,863	827,472
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Fee to auditors appointed at the general meeting	16		
Accounting Policies	17		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,000	671,008	672,008
Net profit/loss for the year	0	128,612	128,612
Equity at 31 December	1,000	799,620	800,620

Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
1 Revenue		
Geographical segments		
Revenue, Denmark	65	796
Revenue, exports	<u>614,185</u>	<u>535,630</u>
	<u>614,250</u>	<u>536,426</u>
2 Staff		
Wages and Salaries	182,573	174,541
Pensions	14,780	14,615
Other social security expenses	3,626	3,310
Other staff expenses	<u>2,057</u>	<u>1,546</u>
	<u>203,036</u>	<u>194,012</u>
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Cost of sales	171,605	166,879
Distribution expenses	2,607	2,685
Administrative expenses	<u>28,824</u>	<u>24,448</u>
	<u>203,036</u>	<u>194,012</u>
Average number of employees	<u>371</u>	<u>373</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Financial income		
Other financial income	<u>13</u>	<u>100</u>
	<u>13</u>	<u>100</u>

Notes to the Financial Statements

	2020	2019
	TDKK	TDKK
4 Financial expenses		
Other financial expenses	6	3
Exchange adjustments, expenses	329	816
	335	819
5 Tax on profit/loss for the year		
Current tax for the year	36,228	24,898
Deferred tax for the year	64	1,143
	36,292	26,041
6 Intangible assets		Computer Software
		TDKK
Cost at 1 January		12,781
Transfers for the year		3,339
Cost at 31 December		16,120
Impairment losses and amortisation at 1 January		11,981
Amortisation for the year		831
Impairment losses and amortisation at 31 December		12,812
Carrying amount at 31 December		3,308
Amortised over		3-5 years
	2020	2019
	TDKK	TDKK
Amortisation and impairment of intangible assets are recognised in the following items:		
Cost of sales	806	181
Administrative expenses	25	116
	831	297

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	109,547	589,810	42,073
Additions for the year	0	0	19,563
Disposals for the year	0	-1,198	0
Transfers for the year	4,250	39,041	-46,630
Cost at 31 December	<u>113,797</u>	<u>627,653</u>	<u>15,006</u>
Impairment losses and depreciation at 1 January	48,002	494,249	0
Depreciation for the year	2,631	22,352	0
Reversal of impairment and depreciation of sold assets	0	-805	0
Impairment losses and depreciation at 31 December	<u>50,633</u>	<u>515,796</u>	<u>0</u>
Carrying amount at 31 December	<u>63,164</u>	<u>111,857</u>	<u>15,006</u>
Depreciated over	<u>50 years</u>	<u>3-15 years</u>	
		2020	2019
		TDKK	TDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:			
Cost of sales		24,250	21,003
Administrative expenses		755	833
		<u>25,005</u>	<u>21,836</u>

8 Investments in subsidiaries

Cost at 1 January	<u>230,717</u>	230,717
Carrying amount at 31 December	<u>230,717</u>	<u>230,717</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Proxeon Biosystems ApS	Roskilde	4,000,000	100%	333,044,401	15,660,744

Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
9 Inventories		
Raw materials and consumables	25,608	25,236
Work in progress	19,812	22,346
Finished goods and goods for resale	15,692	8,033
	<u>61,112</u>	<u>55,615</u>

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, and subscriptions as well.

11 Distribution of profit

Retained earnings	128,612	92,454
	<u>128,612</u>	<u>92,454</u>

12 Provision for deferred tax

Provision for deferred tax at 1 January	22,554	21,411
Amounts recognised in the income statement for the year	64	1,143
Provision for deferred tax at 31 December	<u>22,618</u>	<u>22,554</u>
Intangible assets	728	176
Property, plant and equipment	18,144	17,740
Inventories	4,100	5,074
Amortization	-539	-640
Prepaid expenses	186	208
Tax loss carry-forward	-1	-4
	<u>22,618</u>	<u>22,554</u>

Deferred tax has been provided at 22% corresponding to the current tax rate.

Notes to the Financial Statements

13 Deferred income

Deferred income consists of energy subsidies received in respect of income in subsequent years.

	<u>2020</u> TDKK	<u>2019</u> TDKK
14 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,197	726
Between 1 and 5 years	<u>342</u>	<u>710</u>
	<u>1,539</u>	<u>1,436</u>

Other contingent liabilities

The Company has at 31 December 2020 a total purchase obligation of DKK TDKK 2.161 related to raw materials and consumables.

The group companies are jointly and severally liable for tax on the jointly taxed income of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

15 Related parties

Basis

Controlling interest

Fisher Biolmage ApS, Roskilde Controlling shareholder

Transactions

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

Except for intercompany transactions and normal management remuneration, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties.

Consolidated Financial Statements

The company is included in the consolidated report for the ultimate parent Thermo Fischer Scientific Inc.

<u>Name</u>	<u>Place of registered office</u>
Thermo Fisher Scientific Inc	Massachusetts, USA

The Annual Report of Thermo Fischer Scientific Inc. may be obtained at the following address:

Thermo Fischer Scientific Inc., 168 Third Avenue, Waltham, MA 02451, USA.

16 Fee to auditors appointed at the general meeting

	<u>2020</u>	<u>2019</u>
	<u>TDKK</u>	<u>TDKK</u>
Audit fee to PricewaterhouseCoopers	365	354
Tax advisory services	41	41
Other services	190	282
	<u>596</u>	<u>677</u>

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of Nunc A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Thermo Fischer Scientific Inc., the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Thermo Fischer Scientific Inc, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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, amount taht 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

17 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Segments

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

17 Accounting Policies (continued)

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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 Company is jointly taxed with Danish subsidiaries in the Thermo Fisher Scientific Group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

17 Accounting Policies (continued)

Balance Sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the remaining software period; however not exceeding 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-15 years

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

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

17 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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 income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

17 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises of energy subsidies received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$