Varian Medical Systems Scandinavia A/S

CVR-number 29 47 60 12

Lyskær 9

2730 Herlev

Financial Statements for the Period 1 October 2017 - 30 September 2018

The Financial Statements were presented and adopted at the Annual General Meeting of the Company on 4 March 2019

Robin Price
Chairman

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Management’s Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Varian Medical Systems Scandinavia A/S for the financial year 2017/2018.

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

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

In our opinion, the Annual Report give a true and fair view of the financial position at 30 September 2018 of the Company operations for 2017/2018.

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

Herlev, 4 March 2019

Executive Board

Ole Hagen Laustsen

Supervisory Board

Jean-Luc Pierre Devleeschauwer *Chairman*	*Gabriela von Euw*	*John Wei-Ching Kuo*

Independent Auditor's Report

To the Shareholders of Varian Medical Systems Scandinavia A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2018, and of the results of the Company's operations for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Varian Medical Systems Scandinavia A/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

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.

- 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.

Hellerup, 4 March 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jesper Wiinholt *State Authorised Public Accountant* *mne 13914*	*Ferass Hamade* *State Authorised Public Accountant* *mne 35441*

Company Information

The Company	Varian Medical Systems Scandinavia A/S Lyskær 9 DK-2730 Herlev CVR-nr. 29 47 60 12 Municipality of domicile: Herlev
Supervisory Board	Jean-Luc Pierre Devleeschauwer, Chairman Gabriela von Euw John Wei-Ching Kuo
Executive Board	Ole Hagen Laustsen, CEO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Bankers	Danske Bank Holmens Kanal 2 - 12 DK-1092 København K
Lawyers	KromanReumert Sundkrogsgade 5 DK-2100 København Ø

Financial Highlights

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

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
	DKK ’000	DKK ’000	DKK ’000	DKK ’000	DKK ’000
Key figures					
Income Statement					
Revenue	354,293	154,449	232,269	229,294	227,997
Gross profit	50,292	29,674	42,096	42,434	45,729
Profit/(loss) before financial income and expenses	21,717	12,885	24,794	22,395	26,170
Net financials	1,136	5,257	1,345	5,254	139
Profit/(loss) for the year	16,021	6,318	19,930	21,140	19,813
Balance sheet					
Investment in fixed assets	1,159	745	131	689	1,375
Balance sheet total	388,541	278,705	200,978	271,760	183,721
Equity	53,699	55,149	68,831	56,901	55,761
Number of employees	48	45	37	38	37
Ratios					
Gross margin	14.2	19.2	18.1	18.5	20.1
Profit margin	6.1	8.3	10.7	9.8	11.5
Return on net assets	5.6	4.6	12.3	8.2	14.2
Solvency ratio	13.8	19.8	34.2	20.9	30.4
Return on equity	29.4	10.2	31.7	37.5	40.6

For definitions, see under accounting policies.

Financial highlights from before 2017/18 have not been restated after change in accounting policy.

Review

Main activity
The Company's activities consist of sale and service of oncology systems within Scandinavia and Iceland. The business is run from rented premised at Herlev. The Company has a permanent establishment in Sweden and has an office at the Danish Centre for Particle Therapy in Aarhus.

Change in accounting policies
The parent Company has at the beginning of our fiscal year 2017/18 adopted Accounting Standard Codification 606 "Revenues from Contracts with Customers" ("ASC 606"). In order to optimize the internal controlling the Company has decided to change revenue recognition criteria.

Development in the year
The Company's result and financial development exceeded expectations and is considered satisfactory. The result for the year was a profit of DKK 16,021,170 against DKK 6,318,258 in 2016/2017.

The expected development
It is assumed that revenue and results for the financial year 2018/2019 will end at same level as reported for the financial year 2017/2018.

Financial risks
Credit facility etc. up to DKK 121 million at Danske Bank is guaranteed by the Company's Parent Company.

Special risks
Revenue and thereby results are affected by political grants as the Company's customers are mainly public hospitals. Moreover, the exchange rate development between the Nordic currencies and the USD is of importance to the results. The Company does not hedge the currency positions.

Accounting Policies

Basis of preparation

The Annual Report of Varian Medical Systems Scandinavia A/S for the financial year 1 October 2017 – 30 September 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Change in accounting policies
The Company has decided to change revenue recognition criteria from postponing revenue until final acceptance on system has been achieved, to revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. As a base for reporting the Company has decided to implement the revenue recognition principles lined out in IFRS 15 *Revenue from Contracts with Customer*.

Under the new policy, services gross orders do not include changes in deferred services revenue. The change will more accurately reflect the operational performance of the services business and eliminate variations in orders reporting due to the timing of services billings.

The change in revenue recognition criteria has besides an effect on turnover and trade receivables had a related effect on cost of sales and inventories.

The comparative figures for 2016/17 and before have in accordance with IFRS 15 and the Danish Financial Statements Act not been changed.

Effect of change in accounting policies
The change in accounting principles has had a positive effect on equity per September 30 2018 amounting to DKK 3,241,940.

Other than the changes in revenue recognition method mentioned in Managements review the accounting policies applied remain unchanged from previous years.

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 costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Accounting Policies

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Income Statement

Revenue

The revenues are derived primarily from the sale of radiotherapy and proton therapy hardware and software products, support, training and maintenance of all those products, installation services and the sale of parts. The Company accounts for a contract with a customer when there is approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company's revenues are measured based on consideration specified in the contract with each customer.

The Company recognizes revenues as the performance obligations are satisfied by transferring control of the product or service to a customer. The majority of the Company's revenue arrangements consist of multiple performance obligations including hardware, software, and services. Determining the standalone selling price ("SSP") and allocation of consideration from an arrangement to the individual performance obligations, and the appropriate timing of revenue recognition are determined based on the Company's best estimates with respect to these arrangements. For bundled arrangements, the Company accounts for individual products and services separately if they are distinct, that is, if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate products and services in a bundle based on their individual SSP. The SSP is determined based on observable prices at which the Company separately sells the products and services. If an SSP is not directly observable, then the Company will estimate the SSP considering marketing conditions, entity-specific factors, and information about the customer or class of customer that is reasonably available.

The Company's linear accelerators are generally sold in a bundled arrangement with hardware and software accessory products that enhance efficiency and enable delivery of advanced radiotherapy and radiosurgery treatments; however, certain products are infrequently sold on a stand-alone basis. The majority of machine and software sales include installation services, training, warranty, and support services. Delivery of different performance obligations in a revenue arrangement often span more than one reporting period. For example, a linear accelerator and software may be delivered in one reporting period, but the related installation of those products may be completed in a later period. Hardware and software extended maintenance and service contracts are occasionally sold during the initial product sale, but the majority are sold separately near or at the end of the initial warranty period. Revenues related to extended warranty and service contracts are earned after the expiration of the initial warranty period.

Payment terms and conditions vary by contract type, although terms are generally commensurate with a significant milestone, such as contract signing, shipment, delivery, acceptance or service commencement.

Hardware products may include software that the hardware is dependent on and highly interrelated with and cannot operate without. The Company typically has a standard base configuration for its hardware products, but there are typically multiple options and configuration choices. Revenues from the sale of hardware are recognized when the Company transfers control to the customer. Product installation includes uncrating, moving the machine to the treatment room, connection and validating configuration.

Accounting Policies

In addition, a number of testing protocols are completed to confirm the equipment is performing to the contracted specifications. The Company recognizes revenues for hardware installation over time as the customer receives and consumes benefits provided as the Company performs the installation services.

Software products include information management, treatment planning, image processing, clinical knowledge exchange, patient care management, decision-making support, and practice management software. Software installation includes transferring software to the customer’s computers, configuration of the software and potentially data migration. The Company recognizes revenues for on-premise software and software installation upon the customer's acceptance of the software and installation services.

Service revenues include revenues from initial and extended software support agreements, extended hardware warranty agreements, training, paid service arrangements when a customer does not have an extended warranty and parts that are sold by the service department. Revenues from hardware and software support agreements are accounted for ratably over the term of the agreement. Services and training revenues are recognized in the period the services and training are performed. Revenues for sales of parts are recognized when the parts are delivered to the customer and control is transferred.

The Company's sale of hardware includes a one-year warranty. The Company uses the cost accrual method to account for assurance-type warranties. The standard warranty provision further includes services in addition to an assurance-type warranty (for example, preventative maintenance inspections, help desk support, and when and if available operating system upgrades). These service-type warranty features are recorded as a separate performance obligation and recognized ratably over the oneyear warranty period.

Revenue collected on behalf of a principal is not recognised as revenue. Instead the commission which the Company receives from the principal is recognised and there is no gross presentation of the full selling price and the related costs of sales.

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

Cost of sales
As in previous years, cost of sales consists of cost prices of the equipment delivered plus customs and costs of transportation to the place of business as well as expenses for installations and guarantee services. Direct delivery charges and expenses for training of customers in the application of the equipment are also included in cost of sales.

Segment reporting
For competitive reasons the Company has in accordance with section 96(1) of the Danish Financial Statement Act chosen not to specify information on segments.

Sales and marketing expenses
Sales and marketing expenses comprise the salary, staff, travelling and external expenses directly related to the sales and marketing activity.

Administrative and sundry indirect expenses
Administrative and sundry indirect expenses comprise salaries, stationery and other external expenses.

Financial income and expenses
Financial income and expenses comprise interest and realized and unrealized exchange rate adjustments.

Accounting Policies

Balance Sheet

Property, plant and equipment
Property, plant and equipment are measured at cost less any accumulated depreciation. Depreciation is made on a straight line basis as follows:

Fixtures, fittings, tools and equipment	3-5 years
Leasehold improvements	5 years
Motor Vehicles	5 years

Depreciation period and residual value are reassessed annually. Assets without permanent value for the Company are expensed in the acquisition year.

Inventories
Inventories are measured under the FIFO principle at cost with addition of costs of transportation to the place of business. Considering the date of acquisition, write-down has been made to meet losses due to technical obsolescence.

Receivables
Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made.

Prepayments
Prepayments recognised in assets include expenses incurred in respect of subsequent financial years, typically prepaid rent, insurance premiums, subscriptions, etc. as well as fair value adjustments of derivative financial instruments with a positive fair value.

Equity

Dividend
Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be distributed for the year is disclosed as a separate equity item.

Provisions
Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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

Deferred income and other debt
Deferred income recognised as debt comprises payments received concerning income in subsequent years and fair value adjustments of derivative financial instruments with a negative fair value.

Accounts in foreign currencies
Assets and liabilities in foreign currencies are translated into Danish kroner at the official rates of exchange on the balance sheet date.

Accounting Policies

Corporation tax and deferred tax
Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year.

Current tax is calculated at the tax rate applying for the year.

Current tax receivables are recognised in receivables in the balance sheet in the event of overpayment, while current tax liabilities are recognised in short-term debt in the event of non-payment.

Deferred tax is recognised in the balance sheet as the tax on all temporary differences. Deferred tax is calculated at the tax rate which, based on legislation passed before the end of the financial year, will apply at the time when it is expected to be realised.

Deferred tax assets are recognised at the value at which they are expected to be realised.

Cash Flow Statement

In pursuance of section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared as the cash flow statement is included in the Consolidated Financial Statements of the Company's Parent Company.

Accounting Policies

Financial ratios

The financial ratios have been calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Gross margin	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on net assets	=	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year - end x 100}}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year x 100}}{\text{(Equity at year - end + Equity at year start)/2}}$

Income Statement 1 October - 30 September

	Note	2017/2018	2016/2017
		DKK	DKK
Revenue		**354.293.075**	**154.448.928**
Cost of sales	1	-304.000.763	-124.774.490
Gross profit		**50.292.312**	**29.674.438**
Sales and marketing expenses	1	-24.745.777	-12.466.470
Administration and sundry indirect expenses	1	-3.829.973	-4.323.423
Profit before financial income and expenses		**21.716.562**	**12.884.545**
Financial income	2	600.417	1.241.136
Financial expenses	3	-1.736.290	-6.498.082
Profit before tax		**20.580.689**	**7.627.599**
Tax on the profit for the year	4	-4.559.519	-1.309.341
Net profit for the year	5	**16.021.170**	**6.318.258**

Balance Sheet at 30 September

Assets	Note	2017/2018	2016/2017
		DKK	DKK
Fixtures, fittings, tools and equipment		1.641.867	962.599
Leasehold improvements		17.520	167.802
Property, plant and equipment	6	**1.659.387**	**1.130.401**
Deposits		411.012	324.157
Fixed asset investments		**411.012**	**324.157**
Fixed assets		**2.070.399**	**1.454.558**
Inventories		**70.261.381**	**26.772.024**
Trade receivables		68.147.977	91.252.954
Receivables from group enterprises		6.447.288	9.846.851
Deferred tax assets	8	173.658	0
Corporation tax	4	0	1.330.812
Other receivables		198.052.197	69.025.136
Receivables		**272.821.120**	**171.455.753**
Cash at bank and in hand		**43.388.447**	**79.022.448**
Current assets		**386.470.948**	**277.250.225**
Assets		**388.541.347**	**278.704.783**

Balance Sheet at 30 September

Liabilities and equity

	Note	2017/2018	2016/2017
		DKK	DKK
Share capital	7	750.000	750.000
Retained earnings		8.449.227	34.399.344
Proposed divided of the year		44.500.000	20.000.000
Equity		**53.699.227**	**55.149.344**
Deferred tax	8	0	41.233
Other provisions	9	11.733.935	5.152.410
Provisions		**11.733.935**	**5.193.643**
Trade payables		96.008.910	1.844.781
Payables to group enterprises		148.082.133	161.569.126
Corporation tax		2.787.277	0
Accrued expenses		25.113.099	32.407.060
Other payables		51.116.766	22.540.829
Current debt		**323.108.185**	**218.361.796**
Debt		**323.108.185**	**218.361.796**
Liabilities and equity		**388.541.347**	**278.704.783**
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Statement of Changes in Equity

	Share capital	Ratained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	**750.000**	**34.399.344**	**20.000.000**	**55.149.344**
Accumulated effect of changes to accounting policies, beginning of year	0	3.241.940	0	3.241.940
Tax calculated on changes to accounting policies	0	-713.227	0	-713.227
Adjusted equity at 1 October	750.000	36.928.057	20.000.000	57.678.057
Dividends distributed	0	0	-20.000.000	-20.000.000
Net profit for the year	0	16.021.170	0	16.021.170
Proposed dividend for the year	0	-44.500.000	44.500.000	0
Equity at 30 September	**750.000**	**8.449.227**	**44.500.000**	**53.699.227**

Notes to the Annual Report

		2017/2018	2016/2017
		DKK	DKK
1	**Staff expenses**		
	Wages and salaries	42.181.577	37.255.399
	Other expenses for social security and pensions	4.248.225	3.978.668
		46.429.802	**41.234.067**

The amount is distributed on the items "Cost of Sales", "Sales and marketing expenses" and "Administation and sundry indirect expenses" in the Income Statement.

In pursuance of section 98b(3) of the Danish Financial Statements Act, the remuneration to the Executive Board is not stated.

		2017/2018	2016/2017
	Average number of employees	**48**	**45**
2	**Financial income**		
	Interest income	600.417	399.621
	Exchange gains	0	841.515
		600.417	**1.241.136**
3	**Financial expenses**		
	Interest expenses	143.695	7.193
	Exchange rate adjutments	1.592.595	6.490.889
		1.736.290	**6.498.082**
4	**Tax for the year**		
	Adjustment, previous years	3.631	-394.486
	Calculated corporation tax for the year	4.770.779	1.721.544
	Adjustment of deferred tax	-214.891	-17.717
		4.559.519	**1.309.341**

Tax calculated on changes to accounting policy amounts to DKK 713.227, summerising tax for the year to DKK 5.484.006.

Notes to the Annual Report

		2017/2018	2016/2017
		DKK	DKK
5	**Proposed distribution of profit**		
	Retained earnings	52.949.227	54.399.344
	Proposed dividend for the year	-44.500.000	-20.000.000
		8.449.227	**34.399.344**

6 Property, plant and equipment

	Fixtures, fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost at 1 October	4.508.395	914.825	5.423.220
Additions during the year	1.158.776	0	1.158.776
Disposals during the year	-361.719	0	-361.719
Cost at 30 September	5.305.452	914.825	6.220.277
Depreciation and impairment at 1 October	3.545.796	747.023	4.292.819
Depreciation	449.535	150.282	599.817
Reversal of depreciation of disposals for the year	-331.746	0	-331.746
Depreciation and impairment at 30 September	3.663.585	897.305	4.560.890
Carrying amount at 30 September	**1.641.867**	**17.520**	**1.659.387**
Depreciated over	3-5 years	5 years	

Notes to the Annual Report

	2017/2018	2016/2017
	DKK	DKK

6 Property, plant and equipment (continued)

The depreciation for the year is distributed on the following items in the Income Statement:

	2017/2018	2016/2017
Cost of sales	568.016	591.771
Sales and marketing expenses	15.515	20.853
Administration and sundry indirect expenses	16.286	27.436
	599.817	**640.060**

7 Share capital

The share capital consists of 75 shares of a nominal amount of DKK 10,000 or multiples hereof.
No shares carry any special rights.

8 Deferred tax assets

	2017/2018	2016/2017
Deferred tax at 1 October	-41.233	-58.950
Deferred tax for the year	214.891	17.717
Deferred tax at 30 September	**173.658**	**-41.233**

9 Other provisions

	2017/2018	2016/2017
Warranty obligations	11.733.935	5.152.410
Other provisions at 30 September	**11.733.935**	**5.152.410**

The warranty obligations are guarantees granted in connection with sales of systems.
The guarantees typically run for 12 months after delivery.

Notes to the Annual Report

10 Contingent liabilities and security

The Company has undertaken lease obligations which run until 2021.
The total lease obligations amount to kDKK 2.464 of which kDKK 1.346 falls due within 1 year and kDKK 1.117 falls due within 1 - 5 years.

The Company has issued third party guarantees of kDKK 102.256

11 Related parties and ownership

Controlling interest	**Basis**
Varian Medical Systems International Holdings Inc. Palo Alto, Californien, USA	Parent Company

Significant influence

The Executive and Supervisory Boards exercise significant influence by their managerial duties in the Company.

Transactions

As part of the ordinary operation of the Company, trade has been effected with related enterprises and shareholders with significant influence. The trade has been effected on an arm's length basis.

Apart from the below transactions in the financial year within the group, there have been no transactions with the Supervisory Board, the Executive Board, senior employees, significant shareholders, group enterprises or other related parties, except for normal management remuneration and fee for legal advisory services.

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:

Varian Medical Systems Nederland B.V., Houten, Holland

Notes to the Annual Report

12 The Group

The Company's ultimate Parent Company, which prepares Consolidated Financial Statements in which the Company is included as a subsidiary, is Varian Medical Systems Inc., Palo Alto,

The Annual Report of the Parent Company can be obtained at the Company's address.

13 Post-balance sheet events

After the balance sheet date, no significant events have occurred which are considered to have a material influence on the assessment of the Annual Report.