Dako

Annual Report 2010

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KEY FIGURES

DKK million	2010	2009	2008	2007*
KEY FIGURES				
Net sales**	1,913.1	1,782.4	1,657.1	908.7
EBITDA***	591.5	451.1	386.3	95.8
EBITDA before other income and expenses***	628.4	498.6	427.0	128.2
Adjusted EBITDA***	628.4	498.6	427.0	229.2
Operating profit/(loss) before other income and expenses	328.7	232.2	178.3	(17.6)
Other income and expenses	(36.9)	(47.5)	(40.7)	(32.4)
Operating profit/(loss)	291.8	184.8	137.6	(50.0)
Net financials	(505.9)	(303.7)	(428.9)	(59.7)
Profit/(loss) before tax	(214.1)	(119.0)	(291.3)	(109.6)
Net profit/(loss) for the year for continuing operations	(260.3)	(149.6)	(304.8)	(84.8)
Net profit/(loss) for discontinued operations	0	29.7	0.0	(21.0)
Net profit/(loss) for the year	(260.3)	(119.8)	(304.8)	(105.8)
Total assets	8,567.9	8,404.4	8,329.1	8,598.9
Investments in property, plant and equipment	(187.3)	(174.6)	(157.7)	(60.3)
Equity	2,662.7	2,798.9	2,831.7	3,219.8
Net interest-bearing debt	4,313.9	4,065.6	3,958.5	3,672.6
Net working capital	517.5	431.6	316.7	294.5
Cash flows from operating activities	293.9	132.8	55.6	59.9
Cash flows from investing activities	(274.6)	(228.2)	(171.2)	(6,375.9)
Cash flows (to)/from financing activities	43.5	48.0	(96.7)	6,521.9
RATIOS				
EBITDA (%)***	30.9	25.3	23.3	10.5
EBITDA before other income and expenses (%)***	32.8	28.0	25.8	14.1
Adjusted EBITDA (%)***	32.8	28.0	25.8	25.2
Operating profit before other income and expenses (%)	17.2	13.0	10.8	(1.9)
Operating profit (%)	15.3	10.4	8.3	(5.5)
Effective tax rate (%)	(21.6)	(25.7)	(4.6)	22.6
Equity ratio (%)	31.1	33.3	34.0	37.4
Financial gearing	1.6	1.5	1.4	1.1
Return on equity (%)	(9.8)	(4.3)	(10.8)	(3.3)
Number of employees (average), continuing operations	1,050	1,036	1,048	1,047
Dividend per share	-	-	-	-

See Financial definitions for method of calculation of key figures and ratios.

* Dako A/S was founded on February 25, 2007. Consolidated figures for 2007 are presented for the period May 31, 2007 to December 31, 2007 as the Dako Group was founded on May 31, 2007.

** Comparative figures for 2007-2009 have been restated as a consequence of the change of classification of sales commission and freight revenue, cf. comment under Changed classification in the Accounting Policies.

*** EBITDA, EBITDA before other income and expenses and Adjusted EBITDA (together EBITDA) are non-IFRS measures. EBITDA is presented as a supplemental performance measure to facilitate operating performance comparisons from period to period by eliminating potential differences between periods caused by variations in capital structure, tax positions, and the age of and depreciation expenses associated with fixed assets. EBITDA should not be considered in isolation or as a substitute for operating profit or other statements of operations or cash flow data prepared in accordance with IFRS as a measure of profitability or liquidity. EBITDA does not take into account debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, EBITDA, as presented in this Annual Report, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. Below is a reconciliation of EBITDA with Operating profit in DKK million:

Operating profit/(loss)	291.8	184.8	137.6	(50.0)
Depreciation, amortization and impairment losses	299.7	266.3	248.7	145.8
EBITDA	**591.5**	**451.1**	**386.3**	**95.8**
Other income and expenses	36.9	47.5	40.7	32.4
EBITDA before other income and expenses	**628.4**	**498.6**	**427.0**	**128.2**
Fair value adjustment	0.0	0.0	0.0	101.0
Adjusted EBITDA	**628.4**	**498.6**	**427.0**	**229.2**

MANAGEMENT'S REVIEW

2010 was a satisfactory year for Dako with several new and promising product launches. The CoverStainer stands out among the more prominent ones, bringing Dako into the area of primary staining. The FDA approvals of HercepTest™ and HER2 FISH pharmDx™ for stomach cancer are also important milestones in Dako's focus on the strategic area of companion diagnostics. Early 2010 Dako opened a sales office in Shanghai, China, thereby further expanding activities in the emerging markets.

In 2011 Dako will continue to optimize the organization to meet the ambition of becoming the customers' first choice. Dako will give undivided attention to commercial initiatives, continue to optimize its global footprint, pursue operational excellence and invest in strategic R&D programs.

Dako builds its business on a legacy of more than 40 years within pathology and has played a pioneering role in the standardization of antibodies. Today, Dako has grown into a well-established global company with a leading position in the pathology segment of the in vitro diagnostics (IVD) industry.

Dako's products are sold in more than 100 countries around the globe and more than 1,000 dedicated employees work to develop, manufacture and market reagents, antibodies, instruments and software for use in anatomic pathology laboratories worldwide.

Performance in 2010

In 2010 Dako realized net sales of DKK 1,913 million, up 7% from 2009 (2009: DKK 1,782 million). Measured in local currencies, Dako showed organic growth of 4%, but reached 10% organic growth in the fourth quarter. Dako is therefore entering 2011 with a strong momentum in both revenue and earnings.

Overall the market continued to grow in 2010, although public healthcare spending in some of Dako's key markets was impacted by the effect of the economic slowdown. It is Management's expectation that these markets will return to their normal growth rates in the foreseeable future.

To further improve sales in the coming years Management has taken the necessary steps to optimize the organization through a reduction of employees in the back office functions. The plan is to allocate more resources to customer-facing initiatives and product development, to better enable Dako to meet the needs and expectations of customers and partners.

Operating profit before other income and expenses amounted to DKK 329 million, 42% above 2009 (2009: DKK 232 million), which was in line with expectations.

EBITDA before other income and expenses amounted to DKK 628 million (2009: DKK 499 million). This is 26% above 2009 and equivalent to a 33% EBITDA margin (2009: 28%).

The increase in EBITDA came as a result of the growth in revenue combined with a marginal improvement in gross margins due to higher production efficiency and volume. Operating expenses were flat due to cost consciousness. Finally, currency had a positive impact on EBITDA compared to the previous year.

Operating in a market with attractive growth, Dako holds greater potential and expects higher future growth rates and results.

Restructuring costs amounted to DKK 37 million and were primarily related to activities at the end of the year (2009: DKK 47 million). The restructuring costs are included in Other income and expenses. The restructuring is expected to have a positive impact on Dako's future revenue and earnings.

Net loss for the year amounted to DKK 260 million (2009: DKK 120 million), including amortization of intangibles of DKK 161 million (2009: DKK 160 million) and net financial costs of DKK 506 million (2009: DKK 304 million). The net financial costs include unrealized exchange losses of DKK 172 million (2009: DKK 48 million in exchange gains), primarily related to the Group's USD loans.

DKK million	2010	2009
Revenue	1,913.1	1,782.4
Growth measured in local currencies	3.5%	5.9%
EBITDA (as defined on page 3 in this Annual Report) before other income and expenses	628.4	498.6
EBITDA margin	32.8%	28.0%

Factors affecting future growth include the execution of Dako's strategy, the ongoing launch of new products and geographical expansion in 2009 and 2010. Dako established subsidiaries in Brazil and China in late 2009 and early 2010 respectively, and expects significant future growth opportunities in these markets.

Dako's core focus is on the Anatomic Pathology market, where it enjoys a leading market share. In 2010 this area accounted for 85% (2009: 85%) of Dako's sales and showed organic growth of 4% (2009: 6%) in local currencies.

The remaining 15% (2009: 15%) of sales come from Dako's Reagent Partnership business area, which has production synergies with the Anatomic Pathology business. Through the Reagent Partnership Division, Dako manages and sells a comprehensive portfolio of specific proteins and high-quality reagents for flow cytometry. Reagent Partnership's reagents are sold to customers and distributors worldwide. In addition to Reagent Partnership's retail portfolio, its monoclonal and polyclonal antibodies are also sold as bulk solutions to OEM customers. Reagent Partnership showed organic growth of 0% in 2010 (2009: 3%).

In terms of sales, EMEA (Europe, Middle East and Africa) continues to be the largest geographical region with 53% (2009: 55%) of total sales, followed by the Americas (North and South America) at 34% (2009: 33%) and APAC (Asia Pacific) at 13% (2009: 12%).

Research and Development
Dako has a long tradition of leading the way in cancer diagnostics research and development, beginning with Dako's pioneering work on antibody production, purification and standardization in the 1960s.

Currently, Dako's development pipeline focuses on solutions that will take customers to the next level in regard to diagnostic quality. In the next-generation products, Dako expects to combine game-changing new technologies with established development expertise.

Dako R&D constantly interacts with Dako's customers to understand what challenges they face, what breakthrough technologies they need in order to gain a new level of diagnostic value and what big or small improvements will make their lives easier.

Additionally, Dako R&D interacts with international scientific and technological communities to constantly be at the forefront of new technologies and possibilities that can advance cancer diagnostics further.

Today, Dako has about 200 highly skilled people working in R&D at Dako's two R&D sites in Glostrup, Denmark, and Carpinteria, California, USA.

In 2010 Dako invested approximately 14% (2009: 13%) of sales in R&D.

Know-how and pharma partnerships
The joint approval of Dako's pharmaco-diagnostic (pharmDx™) product HercepTest™ and Herceptin® (by Genentech) was the first example in history of a pharmaceutical product directly linked to a specific diagnostic test. By selecting the right drug for the right patient, companion diagnostics help drive the benefits of personalized medicine over the shortcomings of trial-and-error medicine.

As a pioneer and independent player in this field, Dako today is an important resource for pharma companies in search of know-how and expertise in the area of companion diagnostics.

Dako, as a pharma partner, is committed to improving patient care by helping pharmaceutical companies more efficiently to develop and commercialize drugs with increased efficacy and better safety profiles. As such Dako is presently working with a number of the major pharmaceutical companies to develop new potential pharmaco-diagnostic products.

Strategic initiatives
In 2010 Dako continued to pursue partnership opportunities within the increasingly important area of personalized medicine and other partnerships with companies with complementary technologies.

On January 18, 2010 Dako announced its collaboration with AstraZeneca on the development of companion diagnostics for cancer treatments. The cancer diagnostic test is intended to identify patients more likely to benefit from the specific treatment.

On June 21, 2010 Dako and Omnyx signed a three-year agreement to develop clinical algorithms for digital pathology. The algorithms developed under the agreement will be specifically optimized for Dako's breast cancer panel of immunohistochemical and in situ hybridization tests.

On July 21, 2010 Dako joined forces with Philips on digital pathology. The collaboration will initially focus on leveraging image analysis software for tissue-based breast cancer diagnosis. Later the collaboration may also come to include image analysis software for immunohistology-based prostate and colon cancer diagnostics.

On November 1, 2010 Dako formed an alliance with Quintiles to combine diagnostic tests and results with management of critical patient data, to help further pharma companies' development process for targeted therapies.

Operational initiatives
On March 16, 2010 Dako received the CE-mark for HercepTest™ and HER2 FISH pharmDx™ for stomach cancer, a precondition for the launch of the product in Europe.

On August 31, 2010 Dako launched the CoverStainer – Dako's new H&E Stainer, thus venturing into the market for primary staining.

On October 21, 2010 Dako received FDA approval for HercepTest™ and HER2 FISH pharmDx™ for stomach cancer, a precondition for the launch of the product in the USA. Dako is the first company to receive FDA approval for a HER2 test for stomach cancer.

On November 8, 2010 Dako launched the HER2 CISH pharmDx™ Kit, a kit that makes companion diagnostics available to all types of pathology laboratories by providing a new breast cancer test for bright field microscopy.

Organization and Management
On January 7, 2010 Dako announced the establishment of a sales office in Shanghai, China.

On May 1, 2010 Rudolf Seibl joined Dako as new Corporate Vice President for Research & Development. With Rudolf Seibl on board, Dako intensifies the focus on the strategy to deliver best-in-class reagents supported by competitive diagnostics instruments and software.

On September 1, 2010 the highly experienced Henrik Ancher-Jensen, who joined Dako in 2006, took over the position as Corporate Vice President for Operations.

On September 1, 2010 Li-Shin Wang joined Dako as Corporate Vice President for Sales in APAC. Li-Shin Wang took on this newly established position in order for Dako to focus on realizing the big growth potential in these markets.

On December 1, 2010 Chief Financial Officer Per Toelstang left to take up a position outside Dako. Early February 2011 it was announced internally that a new CFO had been found. The name will be announced as soon as possible.

On December 22, 2010 it was announced that Ferran Prat, Corporate Vice President for Global Services, would take up the role as interim CVP for Global Marketing in 2011. Ferran has been with Dako for more than 15 years and has extensive experience and a deep understanding of Dako's organization, products and processes. Ferran Prat continues in his current role as CVP Global Services.

It was decided in December 2010 to optimize the organization through a reduction of employees in the back office functions, the overall aim being to allocate more resources to customer-facing initiatives.

In 2010 Dako re-organized the marketing and R&D functions, established a new business development function and established three new global sales regions – EMEA, Americas and APAC. With these changes, Dako has substantially improved its ability to execute its strategy and is well positioned to enhance future growth.

The average number of employees increased during 2010. In 2009 the average was 1,036 compared to 1,050 in 2010. Of these people 676 were operating in EMEA, 321 in the Americas and 53 in APAC.

Stakeholders

Dako strives to continuously develop and sustain good stakeholder relations. Dako's communication policy is to support openness and transparency, and Dako is committed to sharing knowledge and engaging in dialog with all relevant stakeholders at all times – internally and externally. Dako's communication policy and procedures work to ensure that investors, employees, customers and authorities are provided with relevant information at the right time.

Subsequent events

The Board of Directors and Executive Management are not aware of any events subsequent to December 31, 2010 which may have a material impact on the Group's financial position.

Expectations for 2011

Dako expects continued organic sales growth in 2011 at a higher level than in 2010, and an improved and positive operating profit before other income and expenses.

Disclaimer

Forward-looking statements are subject to risks, inaccurate assumptions and uncertainties. The consequence is that the actual results may not meet expectations. Future results could be influenced by factors such as interest rate and exchange rate fluctuations, failure of development projects, production challenges, price decreases influenced by government and reimbursement rules, introduction of competing products, Dako's ability to successfully market new and existing products, product liability exposure and other lawsuits as well as unexpected growth in expenses.

Corporate governance

Dako is committed to good corporate governance. Although its shares are not listed, Dako continuously follows developments in national and international recommendations for corporate governance, including the recommendations for companies listed on NASDAQ OMX Copenhagen. However, as the primary share capital in Dako is indirectly owned by funds advised by EQT Partners' advisory team (EQT), certain recommendations for good corporate governance primarily targeted at companies with a broader shareholder base are not considered relevant to Dako.

Stakeholders, openness and transparency
Dako considers it important to create, develop and maintain good relations with its stakeholders, including existing and future partners, customers, employees, investors, authorities and the general public, as such relations are considered to be important and positive for the Company's further development of its business and value.

Through its corporate website at www.dako.com, Dako posts corporate information and announcements, including financial statements, and information regarding Dako's mission, vision and values, as well as product information and support. The corporate website is supplemented by country-specific websites.

Dako has prepared its consolidated financial statements for 2010 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act. The accounting policies are described in note 1 to the consolidated financial statements.

General Meeting
The General Meeting is Dako's supreme governing body. Notice of General Meetings is given at least eight days before a meeting is held in order for the shareholders to prepare for the meeting. All shareholders have the right to participate in General Meetings and submit proposals for consideration at the General Meeting.

Management
In accordance with the Danish Companies Act, Dako has a two-tier management structure comprising the Board of Directors and the Executive Management. Dako's Board of Directors comprises six members elected by the General Meeting in accordance with the Danish Companies Act. The Board of Directors appoints the Executive Management.

The Board of Directors approves the strategy and overall guidelines for Dako's operations and development, ensures that an appropriate organizational structure is in place and monitors ongoing business and financial developments. However, the Board of Directors does not actively participate in the day-to-day management of Dako, for which the Executive Management is responsible.

The Board of Directors met seven times in 2010.

The Board of Directors functions in accordance with the Danish Companies Act, the Articles of Association and the Board's rules of procedure, which include certain special duties assigned to the Chairman of the Board of Directors.

The members of the Board of Directors receive a fixed annual fee and are offered to participate in the incentive program described below.

Audit Committee
The Board of Directors has established an Audit Committee, which evaluates Dako's external financial reporting, main accounting policies and estimates, and systems of internal controls and risk management. Further, the Audit Committee considers the relationship to Dako's external auditors and reviews the audit process. The Audit Committee consists of two members of the Board of Directors. The elected auditors, the CEO and CFO participate in meetings of the Audit Committee when invited by the Audit Committee.

Internal controls
The Audit Committee approves the controlling strategy for the year. Corporate Finance carries out internal control visits in order to ensure that the subsidiaries have established sound internal control environments and that they comply with Group policies.

Incentive program
Dako has established a management participation program under which members of the Board of Directors, the Executive Management and a number of key managers in the Dako Group are offered the opportunity to make an investment in Dako. The program is structured as a direct investment in shares in Dako A/S.

External auditors
KPMG has been elected by the Annual General Meeting as Dako's external auditors. KPMG has been the Dako Group's external auditors continuously since 2002. The fees to KPMG in 2010 are disclosed in note 7.

Risk management

Risk is an inherent part of operating within the diagnostics industry and therefore also influences many aspects of Dako's business worldwide. Continued global growth, an increasing regulatory environment and changes in the market dynamics create both challenges and opportunities for Dako. Dako uses an Enterprise Risk Management framework to identify and assess risks and opportunities. This supports Dako's strategic objectives and protects Dako's business against unforeseen severe risks. The Enterprise Risk Management framework was introduced in 2009, and in 2010 Dako has focused on further embedding risk management into its business. Risks are identified, assessed and reported to Dako's Corporate Management quarterly and strategic risks are reviewed by Dako's Board of Directors at least twice a year.

KEY BUSINESS RISKS

The regulatory environment
As a manufacturer and supplier of products for clinical diagnostics, Dako is subject to a range of requirements in the countries in which it operates. Dako is focused on complying with these regulations and is dedicated to having a constructive and collaborative dialogue with the authorities.

Research and development
Dako is engaged in research and development of new products, and the risk that the research or development efforts do not materialize in a new product is an integrated part of such activities. Dako is constantly monitoring and assessing the status of potential new products in its pipeline to ensure that it is using its resources for the best product candidates.

Intellectual property rights
Dako is focused on offering products of a high quality to its customers and Dako is continuously engaged in R&D activities to ensure that it can maintain a high-quality product portfolio. Research and development of new products is expensive and, thus, Dako must protect the investments made in research and development of new products. Wherever possible, Dako seeks to have inventions arising out of its R&D activities covered by intellectual property rights. Such intellectual property rights safeguard Dako's business against other companies' or an individual's utilization of inventions by Dako.

Product supply
Dako carefully monitors the supply situation and as a general rule maintains a safety stock to ensure that it can supply its customers in the event of a temporary production breakdown or if other unforeseen events should occur which impact Dako's ability to manufacture or ship products to its customers.

Sourcing
To ensure that Dako purchases materials and other products needed for its operations at competitive prices, a large part of such purchases has been centralized. This way Dako ensures that parameters such as volume, range and the term of the sourcing agreements can be used to achieve better prices and payment terms than if each purchase had been made as a stand-alone purchase.

Market conditions
A number of Dako's products are sold with reimbursement from public authorities. Reductions in these reimbursements may impact Dako's consolidated sales and cash flow.

Qualified employees
Employee costs are Dako's single largest cost item, and the Group's competitive strength depends in part on its ability to attract, train and retain employees with the right qualifications and the right experience. In order to do this, leadership and talent development programs have been established. In addition, Dako is focusing on creating a healthy and safe work environment for its employees as described under Corporate Social Responsibility.

Full-time equivalent employees (FTE)	**2010**	**2009**
Denmark, January 1	485	486
New employees	67	62
Resigned and retired employees	(30)	(29)
Dismissed employees	(27)	(34)
Denmark, total	**495**	**485**
Other countries, January 1	541	556
New employees	106	61
Resigned and retired employees	(42)	(33)
Dismissed employees	(28)	(43)
Other countries, total	**577**	**541**
Total FTEs, December 31	**1,072**	**1,026**

Dako is continuously adjusting the organization to ensure an optimal use of resources, and during both 2009 and 2010 Dako has therefore had a stable staff turnover with an approx. 50/50 split between voluntary and involuntary leavers.

In 2010 Dako has had a significantly bigger number of new hires than in 2009, which is primarily the result of ramping up R&D projects, two new subsidiaries and a general increase in the number of frontline salespeople.

Financial risks
Financial risks are among others those related to currencies, interests and credit facilities. These are shown in the notes to the consolidated financial statements.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is typically defined by three focus areas: Social Responsibility, Business Responsibility and Environmental Responsibility.

Dako's policies within Social Responsibility and Business Responsibility primarily focus on its internal stakeholders: its employees. The reason for this is that Dako is in the process of taking the first steps within corporate social responsibility and Management has, therefore, found it most realistic to start by focusing on the internal stakeholders and internal practices.

Dako's policy within Social Responsibility is to take responsibility for its employees by providing a safe and healthy work environment and by encouraging its employees to live a healthy lifestyle. Dako's policy within Business Responsibility is primarily to focus on raising awareness internally in Dako's organization of the importance of acting in an ethically and socially responsible manner. Dako does not currently have a specific policy relating to Environmental Responsibility.

Dako expects all the subsidiaries in the Group to meet local requirements and rules in the countries and local communities where the companies operate. Dako also emphasizes the importance of ensuring that the companies within the Group aim to comply with the additional principles in regard to human rights, employee rights and anticorruption, and further, when selecting vendors, to seek assurance about reasonable conditions. However, Dako has not initiated specific activities solely related to CSR and consequently cannot report on the specific impact or result of its CSR policies.

However, Dako does acknowledge social responsibility and has commenced initiatives which have had an impact on the areas within CSR.

Examples of such initiatives are eliminating package inserts, changing some packaging materials to more environmentally friendly materials, reducing the volume of paper used in Dako's daily operations and recycling of paper. Reduction of power consumption and limiting the emissions of harmful substances and harmful waste are also focus areas. All these initiatives both reduce costs and have a positive impact on the environment. Dako has provided financial support to a project conducted by the American Cancer Institute that aims to standardize breast cancer testing in some Latin American countries. In addition, Dako does not use traditional greeting cards for the holiday season but instead donates an amount to charity.

The fight against cancer is part of Dako's mission, and Dako has a long-standing tradition of developing high-quality reagents to enable pathology laboratories around the world to provide precise diagnosis and to provide the diagnosis more quickly. This is of great benefit to both the cancer patients and society. The same applies to Dako's partnerships with pharma companies within the pharmDx™ area, where Dako collaborates with pharma companies for the purpose of developing diagnostic tools. Companion diagnostics help drive the benefits of personalized medicine over the shortcomings of trial-and-error medicine. In this way a strong sense of social responsibility is an inherent part of the way Dako conducts its business.

Work on CSR is attracting increasing attention from all sides, and the Group's procedures for implementation and follow-up are expected to be developed and adapted over the coming years.

Financial review

Accounting policies
Dako prepares its consolidated financial statements and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Danish disclosure requirements, cf. the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The Annual Report follows the Danish Venture Capital and Private Equity Association (DVCA) guidelines where relevant. These guidelines are available on www.dvca.dk.

This Annual Report covers the period January 1 to December 31, 2010.

In connection with EQT V Limited's (EQT V) acquisition of Dako and underlying subsidiaries, intangibles were separated from goodwill as part of the purchase price allocation. The fair value of the acquired know-how as well as customer contracts and relationships is amortized over the estimated useful lives. The value of the Dako brand is not amortized as the useful life is considered indefinite.

Comparative figures for 2009 have been restated as a consequence of the change of classification of sales commission and freight revenue, cf. comment under Changed classification mentioned in the Accounting Policies.

Overview of financial results in 2010
In 2010 Dako realized net sales of DKK 1,913 million (2009: DKK 1,782 million). Dako showed actual growth of 7% (2009: 8%). Measured in local currencies, Dako showed organic growth of 4% (2009: 6%), reaching 10% organic growth in the fourth quarter. Operating profit before other income and expenses was DKK 329 million, equivalent to 17% of sales (2009: DKK 232 million; 13%). Operating profit before other income and expenses was DKK 461 million, equivalent to 24% of sales (2009: DKK 365 million; 21% margin), excluding amortization of intangibles of DKK 132 million (2009: DKK 132 million) recognized in connection with the acquisition of Dako.

EBITDA before other income and expenses amounted to DKK 628 million (2009: DKK 499 million), equivalent to a 33% EBITDA margin (2009: 28%).

Net loss for the year amounted to DKK 260 million (2009: DKK 120 million), including amortization of intangibles of DKK 161 million (2009: DKK 160 million) and net financial costs of DKK 506 million (2009: DKK 304 million). The net financial costs include unrealized exchange losses of DKK 172 million (2009: DKK 48 million in exchange gains) primarily related to the Group's USD loans.

Net profit for discontinued operations
Net profit for discontinued operations in 2010 amounted to DKK 0 million (2009: DKK 30 million). The prior year was a reversal of a provision for representations and warranties.

Consolidated income statement (excluding amortization of intangibles recognized in connection with the acquisition of Dako)

Key figures DKK million	2010	2009	2010 % of revenue	2009 % of revenue
Revenue	1,913.1	1,782.4	-	-
Gross profit	1,336.8	1,244.3	69.9	69.8
Sales and distribution expenses	(533.6)	(525.9)	27.9	29.5
Research and development expenses	(176.2)	(184.4)	9.2	10.3
Administrative expenses	(165.9)	(169.4)	8.7	9.5
Operating expenses	(875.7)	(879.8)	45.8	49.4
Operating profit/(loss) before other income and expenses	461.0	364.6	24.1	20.5
Operating profit/(loss)	424.1	317.1	22.2	17.8
Net financials	(505.9)	(303.7)	26.4	17.0
Tax on profit/(loss) for the year	(82.1)	(66.5)	4.3	3.7
Net profit/(loss) for the year	(163.8)	(53.1)	8.6	3.0
EBITDA as defined in this Annual Report (page 3)	591.5	451.1	30.9	25.3
EBITDA before other income and expenses	628.4	498.6	32.8	28.0

Consolidated income statement as per the Annual Report

Key figures DKK million	2010	2009	2010 % of revenue	2009 % of revenue
Revenue	1,913.1	1,782.4	-	-
Gross profit	1,297.8	1,205.3	67.8	67.6
Sales and distribution expenses	(627.0)	(619.2)	32.8	34.7
Research and development expenses	(176.2)	(184.4)	9.2	10.3
Administrative expenses	(165.9)	(169.4)	8.7	9.5
Operating expenses	(969.1)	(973.1)	50.7	54.6
Operating profit/(loss) before other income and expenses	328.7	232.2	17.2	13.0
Operating profit/(loss)	291.8	184.8	15.3	10.4
Net financials	(505.9)	(303.7)	26.4	17.0
Tax on profit/(loss) for the year	(46.2)	(30.6)	2.4	1.7
Net profit/(loss) for the year	(260.3)	(119.8)	13.6	6.7
EBITDA as defined in this Annual Report (page 3)	591.5	451.1	30.9	25.3
EBITDA before other income and expenses	628.4	498.6	32.8	28.0

Sales
Dako's key business area, Anatomic Pathology (85% of Dako's business), showed organic growth of 4% (2009: 6%). Sales for the Reagent Partnership business area showed organic growth of 0% (2009: 3%).

In terms of sales, EMEA continues to be the largest geographical region with 53% (2009: 55%) of total sales, followed by the Americas at 34% (2009: 33%) and APAC at 13% (2009: 12%).

Gross profit and cost of goods sold
The gross margin for the year was 68% (2009: 68%), which was in line with expectations. Excluding amortization of know-how recognized in connection with the acquisition of Dako and underlying subsidiaries, the gross margin amounted to 70% (2009: 70%).

Operating expenses
Total operating expenses were DKK 969 million in 2010, equivalent to 51% of sales (2009: DKK 973 million; 55%), including amortization of customer contracts and relationships of DKK 93 million (2009: DKK 93 million) recognized in connection with the acquisition of Dako and underlying subsidiaries. Excluding amortization of customer contracts and relationships, operating expenses amounted to 46% of sales (2009: 49%).

Total sales and distribution expenses were DKK 627 million (2009: DKK 619 million). Sales and distribution expenses were the largest single cost in the organization, representing 33% of sales (2009: 35%). Excluding amortization of customer contracts and relationships, sales and distribution expenses amounted to 28% of sales (2009: 30%).

R&D expenses, including regulatory affairs, were DKK 176 million, equivalent to 9% of sales (2009: DKK 184 million; 10%). The R&D activities primarily relate to reagent projects and instrument development. The company has also capitalized DKK 97 million (2009: DKK 54 million) in regard to instrument development during the year. The total investment in R&D thereby amounts to 14% (2009: 13%) of sales.

Administrative expenses were DKK 166 million in 2010 or 9% of sales (2009: DKK 169 million; 10%).

Operating profit/(loss) before other income and expenses
The factors above resulted in operating profit before other income and expenses of DKK 329 million, equivalent to 17% of sales (2009: DKK 232 million; 13%). Excluding amortization of intangibles recognized in connection with the acquisition of Dako and underlying subsidiaries, operating profit amounted to DKK 461 million, equivalent to 24% of sales (2009: DKK 365 million; 21%).

Operating profit/loss
The operating profit of DKK 292 million, equivalent to 15% of sales (2009: DKK 185 million; 11%), reflects, among other things, other costs and amortization of intangibles of DKK 132 million (2009: DKK 132 million) recognized in connection with the acquisition of Dako and underlying subsidiaries. Excluding amortization of intangibles and purchase price allocations in connection with the acquisition of Dako and underlying subsidiaries, operating profit amounted to DKK 424 million, equivalent to 22% (2009: DKK 317 million; 18%).

Net financials and tax
Net financial costs amounted to DKK 506 million in 2010 (2009: DKK 304 million). These include unrealized exchange losses of DKK 172 million (2009: DKK 48 million in exchange gains) primarily related to the Group's USD loans.

Tax on profit/(loss) for the year was DKK 46 million (2009: DKK 31 million). The effective tax rate for 2010 was negative 22% (2009: (26)%). This is mainly caused by the tax effect of the Danish rules on limitation of net interest deductibility, which amounted to DKK 90 million in 2010 (2009: DKK 58 million).

Net profit for discontinued operations
The net profit for discontinued operations amounted to DKK 0 million (2009: DKK 30 million).

Cash flows
Cash flows from operating activities were DKK 294 million (2009: DKK 133 million). Trade payables and other liabilities increased by DKK 2 million (2009: DKK 7 million decrease). Accounts receivable increased by DKK 38 million (2009: DKK 64 million increase), while inventories increased by DKK 28 million (2009: DKK 48 million increase). Cash flows from investing activities for the year were negative at DKK 275 million (2009: DKK (228) million).

Net cash flows from financing activities were DKK 44 million (2009: DKK 48 million). The amount represents drawings on the Revolving Credit Facility, which is part of the credit facilities established in connection with the acquisition of Dako in May 2007.

Cash, net of current bank loans, was DKK 2 million at December 31, 2010 (2009: DKK (60) million). Borrowings are mainly in EUR and USD, although some financing has been taken out in other currencies, as dictated by business needs.

Investments
Gross investments in 2010 amounted to DKK 281 million (2009: DKK 234 million), of which DKK 138 million (2009: DKK 92 million) relates to intangibles and DKK 143 million (2009: DKK 142 million) to property, plant and equipment.

Consolidated balance sheet
Total assets
Total assets amounted to DKK 8,568 million at December 31, 2010 (2009: DKK 8,404 million), of which DKK 7,703 million was non-current assets (2009: DKK 7,647 million), primarily intangible assets, and DKK 865 million (2009: DKK 758 million) was current assets, primarily inventories of DKK 333 million (2009: DKK 292 million), and trade receivables and other receivables of DKK 455 million (2009: DKK 403 million).

Intangible assets
Intangible assets amounted to DKK 6,940 million (2009: DKK 6,955 million). Intangible assets mainly comprise goodwill, brands, know-how and customer contracts, and relate primarily to the acquisition of Dako, when a carrying amount for intangible assets of DKK 7,075 million, of which DKK 3,230 million related to goodwill, was recognized in the balance sheet.

At December 31, 2010 goodwill amounted to DKK 3,338 million (2009: DKK 3,331 million), an increase of DKK 7 million (2009: DKK 16 million), which is related to exchange rate adjustments.

As a result of amortization, capitalized know-how decreased by DKK 39 million to DKK 250 million (2009: DKK 289 million) and customer contracts decreased by DKK 94 million to DKK 1,999 million (2009: DKK 2,093 million). Brands remained unchanged at DKK 1,121 million at December 31, 2010.

Inventories
Inventories increased to DKK 333 million from DKK 292 million in 2009.

Trade receivables and other receivables
Trade receivables and other receivables increased to DKK 455 million from DKK 403 million in 2009.

Total liabilities
Total liabilities amounted to DKK 5,905 million at December 31, 2010 (2009: DKK 5,606 million). DKK 5,323 million was non-current liabilities (2009: DKK 5,012 million), primarily related to credit institutions and provision for deferred tax. DKK 582 million (2009: DKK 593 million) was current liabilities, primarily other liabilities of DKK 237 million (2009: DKK 326 million), trade payables of DKK 99 million (2009: DKK 104 million) and credit institutions of DKK 84 million (2009: DKK 105 million).

Equity
Equity amounted to DKK 2,663 million (2009: DKK 2,799 million). The key changes were retained earnings of DKK (260) million (2009: DKK (120) million), value adjustment of derivatives of DKK 89 million net of tax (2009: DKK 74 million), and translation reserve of DKK 34 million (2009: DKK 12 million).

Provision for deferred tax
Provision for deferred tax increased from DKK 978 million at December 31, 2009 to DKK 995 million at December 31, 2010. Deferred tax liabilities related mainly to intangible assets recognized in connection with the acquisition of Dako. The recognized deferred tax assets regarding tax loss carry-forwards and US R&D credits amounted to DKK 20 million (2009: DKK 19 million).

Carrying amount of net debt
The carrying amount of net interest-bearing debt was DKK 4,312 million at December 31, 2010, an increase of DKK 245 million from DKK 4,067 million at December 31, 2009. At December 31, 2010 long-term credit institutions were DKK 4,280 million (2009: DKK 3,988 million) and short-term credit institutions amounted to DKK 84 million (2009: DKK 105 million), while cash and cash equivalents were DKK 53 million (2009: DKK 29 million).

SHAREHOLDER INFORMATION

Share capital
Dako A/S is a Danish-registered public limited company. At the end of 2010 the Company had the following share capital:

2010	**Number of shares, thousand**	**Nominal value, DKK thousand**
Share capital at January 1	100,222	100,222
Capital increase during the year	1,383	1,383
Share capital at December 31	**101,605**	**101,605**

2009	**Number of shares, thousand**	**Nominal value, DKK thousand**
Share capital at January 1	100,198	100,198
Capital increase during the year	24	24
Share capital at December 31	**100,222**	**100,222**

The share capital consists of 86,254,310 (2009: 85,072,341) A shares, or 84.9% (2009: 84.9%), which carry 10 votes per share, and 15,351,450 (2009: 15,150,059) B shares, or 15.1% (2009: 15.1%), which carry 1 vote per share. The A shares carry a preferential right to the amount paid plus an annual return of 14%. The remaining earnings will be distributed among the holders of B shares.

Right of first refusal on sale or disposal of the investment
The A shares have a right of first refusal to purchase B shares, or part thereof, in the event of a sale of B shares.

Shareholders
The majority shareholder is Delphi S.a.r.l., Luxembourg, which holds 97.0% (2009: 98.3%) of the shares. Delphi S.a.r.l. is ultimately controlled by EQT V. The remaining 3.0% (2009: 1.7%) of the shares are primarily distributed among current employees, Management and Board members of Dako A/S.

The representing partner from EQT is Morten Hummelmose.

Prepaid share reserve
As part of the purchase price for the Norwegian company InstrumeC AS acquired effective August 29, 2008, on August 29, 2010 Dako A/S issued 1,179,744 nominal A shares and 196,246 nominal B shares corresponding to an agreed value of NOK 50 million.

BOARD OF DIRECTORS*

Mats Fischier, Chairman
Born 1946, Swedish national
Former Chairman of Phadia AB, CEO and later chairman of Perbio Science,
divisional president of Perstorp AB and Nobel Industries as well as CEO of Medipharm AB
Member of the Board of Dako A/S since 2007
Chairman of the Board of Dako A/S since 2007
Education: B.Sc. in Agronomy
Member of the Board of Directors of:

- CaridianBCT – Chairman
- Atos Medical AB

Morten Hummelmose
Born 1971, Danish national
Employed with EQT Partners A/S as Partner
Member of the Board of Dako A/S since 2007
Education: M.Sc. in Economics, M.Sc. in Finance
Member of the Board of Directors of:

- KMD A/S

Sören Mellstig
Born 1951, Swedish national
Former CEO of Gambro AB
Member of the Board of Dako A/S since 2007
Education: M.Sc. in Business Administration
Member of the Board of Directors of:

- FOI Swedish Defence Research Agency – Chairman
- Ferrosan A/S – Chairman
- Textilia AB – Chairman
- Trelleborg AB

Staffan Ek
Born 1945, Swedish national
Former President of Roche Diabetes Care
Member of the Board of Dako A/S since 2007
Education: B.Sc. in Business Administration
Member of the Board of Directors of:

- Axis-Shield plc
- Facet Technologies LLC

Claude Crawford
Born 1947, American national
Former VP RD, Operations, and Quality, Applied Biosystems
Member of the Board of Dako A/S since 2009
Education: Bachelor of Chemical Engineering

Erich R. Reinhardt
Born 1946, German national
Former CEO of Siemens Healthcare and Member of the Managing Board of Siemens AG
Member of the Board of Dako A/S since 2009
Education: Electrical engineer, honorary professorship, honorary doctorate
Memberships:

- Board of Trustees of the Foundation Deutsches Krebsforschungszentrum, Heidelberg
- Treasurer of the University Alliance of the Friedrich-Alexander University Erlangen-Nuremberg
- Board of Trustees of Gastro-Liga
- Board of Trustees of the International Foundation Neurobionik, Hannover
- Chairman of the Board of Trustees of the Mevis Fraunhofer Institute
- Board of Trustees of the Max-Planck-Institute for Biochemistry and Neurobiology
- Chairman of Medical Valley EMN
- Chairman of Gambro

* All Board members are appointed by EQT. When appointing board members EQT is primarily focused on relevant industry experience and the ability to contribute to the successful development of the company. EQT is continuously evaluating whether these criteria are met.

EXECUTIVE AND CORPORATE MANAGEMENT

Lars Holmqvist, CEO
Born 1959, Swedish national
President & CEO
Joined Dako in 2009
Education: B.Sc. in Economics

Annika Berg
Born 1963, Swedish national
Corporate Vice President, Regulatory Affairs, Quality Assurance
Joined Dako in 2008
Education: Ph.Lic. in Analytical Chemistry and Chemometrics

Ferran Prat
Born 1963, Spanish national
Corporate Vice President, Global Services & Marketing
Joined Dako in 1996
Education: Degree in Pharmacy, Master of Marketing Management

Henrik Ancher-Jensen
Born 1965, Danish national
Corporate Vice President, Operations
Joined Dako in 2006
Education: B.A. in Economics

Juan Guerra
Born 1965, joint Italian and Argentinean national
Corporate Vice President, Sales EMEA
Joined Dako in 2009
Education: Certified Public Accountant

Jørgen Andersen
Born 1964, Danish national
Corporate Vice President, Human Resources
Joined Dako in 2008
Education: Officer, Master of Management and Development

Lisa Miller
Born 1963, American national
Corporate Vice President, Sales Americas
Joined Dako in 2009
Education: B.S. in Biology

Li-Shin Wang
Born 1960, American national
Corporate Vice President, Sales APAC
Joined Dako in 2010
Education: M.S. Applied Physics; MBA Finance and E-Commerce Management

Rudolf Seibl
Born 1954, German national
Corporate Vice President, Research & Development
Joined Dako in 2010
Education: Ph.D. in Biology

STATEMENT BY THE BOARD AND EXECUTIVE MANAGEMENT

The Board and Executive Management have today discussed and approved the Annual Report of Dako A/S for the financial year January 1 to December 31, 2010.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at December 31, 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year January 1 to December 31, 2010.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position and describes the material risks and uncertainties affecting the Group and the parent company.

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

Glostrup, February 24, 2011

EXECUTIVE MANAGEMENT

Lars Holmqvist
President & CEO

BOARD OF DIRECTORS

Mats Fischier
Chairman

Morten Hummelmose

Sören Mellstig

Staffan Ek

Claude Crawford

Erich R. Reinhardt

INDEPENDENT AUDITORS' REPORT

To the shareholders of Dako A/S
We have audited the consolidated financial statements and the parent company financial statements of Dako A/S for the financial year January 1 to December 31, 2010, pp 18-58. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income and changes in equity, balance sheet, statement of cash flows, and notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

In addition to our audit, we have read the Management's review prepared in accordance with the disclosure requirements in the Danish Financial Statements Act and provided a statement hereon.

Management's responsibility
Management is responsible for the preparation and presentation of the consolidated financial statements and the parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Management is also responsible for the preparation of a Management's review that includes a fair review in accordance with disclosure requirements in the Danish Financial Statements Act.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation of the consolidated financial statements and the parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at December 31, 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year January 1 to December 31, 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, February 24, 2011

KPMG
Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorized Public Accountant

Lau Bent Baun
State Authorized Public Accountant

GROUP

Consolidated income statement

DKK thousand	Note	2010	2009
Net sales	3	1,913,134	1,782,409
Cost of goods sold	4, 5	(615,370)	(577,071)
Gross profit		**1,297,764**	**1,205,338**
Sales and distribution expenses	4, 5	(626,966)	(619,242)
Research and development expenses	4, 5, 6	(176,203)	(184,423)
Administrative expenses	4, 5, 7	(165,941)	(169,449)
Operating profit/(loss) before other income and expenses		**328,654**	**232,224**
Other income and expenses	8	(36,865)	(47,464)
Operating profit/(loss)		**291,789**	**184,760**
Financial income	9	2,106	56,599
Financial expenses	10	(507,965)	(360,314)
Profit/(loss) before tax		**(214,070)**	**(118,955)**
Tax on profit/(loss) for the year for continuing operations	11	(46,206)	(30,618)
Net profit/(loss) for the year for continuing operations		**(260,276)**	**(149,573)**
Net profit for discontinued operations	31	0	29,731
Net profit/(loss) for the year		**(260,276)**	**(119,842)**

DKK thousand	2010	2009
Net profit/(loss) for the year	(260,276)	(119,842)
Dako's share of the net profit/(loss) for the year	**(260,276)**	**(119,842)**

GROUP

Consolidated statements of comprehensive income and changes in equity

DKK thousand	Share capital	Hedging reserve	Translation reserve	Retained earnings	Prepaid share reserve	Total
2010						
Equity at January 1	**100,222**	**(120,246)**	**(9,888)**	**2,781,817**	**46,945**	**2,798,850**
Net profit/(loss) for the year	-	-	-	(260,276)	-	(260,276)
Exchange difference on translation of foreign operations	-	-	34,392	-	-	34,392
Value adjustment of derivatives	-	109,280	-	-	-	109,280
Tax on value adjustments of derivatives	-	(19,786)	-	-	-	(19,786)
Other comprehensive income after tax	-	89,494	34,392	-	-	123,886
Total comprehensive income for the year	-	**89,494**	**34,392**	**(260,276)**	-	**(136,390)**
Capital increases	7	-	-	243	-	250
Consideration in Dako A/S's shares, acquisition of InstrumeC AS	1,376	-	-	45,569	(46,945)	0
Equity at December 31	**101,605**	**(30,752)**	**24,504**	**2,567,353**	**0**	**2,662,710**

DKK thousand	Share capital	Hedging reserve	Translation reserve	Retained earnings	Prepaid share reserve	Total
2009						
Equity at January 1	**100,198**	**(194,374)**	**(22,001)**	**2,900,907**	**46,945**	**2,831,675**
Net profit/(loss) for the year	-	-	-	(119,842)	-	(119,842)
Exchange difference on translation of foreign operations	-	-	12,113	-	-	12,113
Value adjustment of derivatives	-	72,800	-	-	-	72,800
Tax on value adjustments of derivatives	-	1,328	-	-	-	1,328
Other comprehensive income after tax	-	74,128	12,113	-	-	86,241
Total comprehensive income for the year	-	**74,128**	**12,113**	**(119,842)**	-	**(33,601)**
Capital increases	24	-	-	752	-	776
Equity at December 31	**100,222**	**(120,246)**	**(9,888)**	**2,781,817**	**46,945**	**2,798,850**

Hedging reserve
The hedging reserve contains the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows where the hedged transaction has yet to be realized.

Translation reserve
The translation reserve contains all the exchange differences arising on translation of the financial statements of units with a functional currency other than DKK, exchange differences relating to assets and liabilities which form part of the Group's net investment in such units, and exchange differences relating to hedging transactions to hedge the Group's net investment in such units.

Prepaid share reserve
As part of the purchase price for the Norwegian company InstrumeC AS acquired effective August 29, 2008, on August 29, 2010 Dako A/S issued 1,179,744 nominal A shares and 196,246 nominal B shares corresponding to an agreed value of NOK 50 million.

GROUP

Consolidated balance sheet

DKK thousand	Note	2010	2009
Intangible assets	12	6,940,147	6,955,024
Property, plant and equipment	13	671,889	652,548
Other non-current financial assets	14	11,217	11,219
Deferred tax assets	19	80,030	27,917
Total non-current assets		**7,703,283**	**7,646,708**
Inventories	15	333,135	291,916
Trade and other receivables	16	455,085	403,313
Lease receivables	17	219	293
Income tax receivable		687	11,515
Prepayments		22,705	21,785
Cash and cash equivalents		52,802	28,886
Total current assets		**864,633**	**757,708**
Total assets		**8,567,916**	**8,404,416**
Total equity		**2,662,710**	**2,798,850**
Provisions	23	29,224	27,849
Provision for deferred tax	19	995,158	977,799
Long-term employee benefits	20	8,714	9,143
Credit institutions	21	4,280,103	3,988,279
Other liabilities		188	458
Finance lease liabilities	22	9,476	8,758
Total non-current liabilities		**5,322,863**	**5,012,286**
Provisions	23	38,037	31,169
Credit institutions	21	83,869	104,795
Deferred income		23,000	9,180
Prepayments from customers		2,755	6,857
Trade payables		99,002	104,178
Income tax payable		97,273	9,517
Other liabilities	24	237,078	326,316
Finance lease liabilities	22	1,329	1,268
Current liabilities		**582,343**	**593,280**
Total liabilities		**5,905,206**	**5,605,566**
Total equity and liabilities		**8,567,916**	**8,404,416**

GROUP
Consolidated statement of cash flows

DKK thousand	Note	2010	2009
Operating profit/(loss)		291,789	184,760
Operating profit/(loss) for discontinued operations	31	-	29,731
Adjustment for non-cash items:			
Depreciation, amortization and impairment losses	5	299,733	266,382
Provisions, net		4,426	8,824
Other non-cash items, net		(10,349)	(3,383)
Interest received		1,733	5,389
Interest paid		(229,068)	(235,242)
Decrease/(increase) in working capital	25	(64,035)	(118,342)
Income tax paid		(313)	(5,347)
Cash flows from operating activities		**293,916**	**132,772**
Acquisition of subsidiaries and business units	32	-	(401)
Investments in intangible assets	26	(137,878)	(91,753)
Investments in property, plant and equipment	26	(142,965)	(142,437)
Investments in other non-current assets	26	(357)	(223)
Sale of intangibles		-	40
Sale of property, plant and equipment		6,219	4,936
Sale of other non-current assets		412	1,685
Cash flows from investing activities		**(274,569)**	**(228,153)**
Free cash flows		**19,347**	**(95,381)**
Capital increase		250	776
New non-current debt		65,975	51,435
Repayment of non-current debt		(22,713)	(4,237)
Cash flows from/(to) financing activities		**43,512**	**47,974**
Increase/(decrease) in cash and cash equivalents		**62,859**	**(47,407)**
Cash and cash equivalents at January 1		(60,132)	(14,420)
Exchange rate adjustment		(938)	1,695
Total cash and cash equivalents at December 31	**27**	**1,789**	**(60,132)**

GROUP – NOTES

Accounting policies

1 ACCOUNTING POLICIES

General
The financial statements for the year ended December 31, 2010 include both the consolidated financial statements of Dako A/S and its subsidiaries (the Group) and the separate financial statements of the Parent Company.

The financial statements of Dako A/S are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports for accounting class C large, cf. the IFRS Order issued pursuant to the Danish Financial Statements Act. The Annual Report also complies with the International Financial Reporting Standards issued by the IASB.

The Annual Report is presented in Danish kroner (DKK).

Changed classification
The accounting policies described below have been consistently applied to the financial year and comparative figures. However, the comparative figures for 2007-2009 have been restated as a consequence of the change of classification of sales commission and freight revenue. This adjustment affects Net sales, Cost of goods sold and Sales and distribution expenses. Net result is unaffected by the reclassification.

Adoption of new and revised IFRSs
IASB has issued new or amended and revised accounting standards and interpretations (IFRSs and IFRICs) which have been endorsed by the European Union. Dako has adopted all IFRSs effective for the accounting year 2010. The application of the new IFRSs has not had a material impact on the consolidated financial statements in 2010 and Dako does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations (IFRSs and IFRICs) which have been endorsed by the European Union but not yet come into effect. Dako has assessed the impact on the consolidated financial statements from the adoption of these IFRSs that are not yet effective and concluded that it will be insignificant.

Furthermore, IASB has issued IFRS 9 “Financial Instruments”, which becomes mandatory for the Group’s 2013 consolidated financial statements. This is part of the IASB’s project to replace IAS 39 and the new standard will substantially change the classification and measurement of financial instruments and hedging requirements. IFRS 9 has not been endorsed by the European Union, and a decision to do so is currently postponed. The impact of the standard is not expected to have a significant impact on the consolidated financial statements.

Consolidation
The consolidated financial statements comprise Dako A/S (the Parent Company) and the companies (subsidiaries) controlled by the Parent Company. Control is achieved where the Parent Company directly or indirectly holds more than 50% of the voting rights or otherwise exercises a controlling influence.

The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and the subsidiaries by combining items of a similar nature and by eliminating intercompany income and expenses, investments, balances and unrealized gains and losses on transactions between the consolidated companies. Account is taken of the deferred tax effect of such eliminations.

Companies which are not subsidiaries but in which Dako A/S holds 20% or more of the voting rights or otherwise exercises a significant influence are regarded as associated companies. The proportionate share of the profits or losses of associated companies is recognized in the income statement according to the equity method. Transactions with consolidated companies, including realized and unrealized gains and losses, are eliminated proportionately.

An overview of subsidiaries and associated companies is shown in Group overview.

Business combinations
Newly acquired or established companies are recognized in the consolidated financial statements from the time of acquisition. Companies sold or discontinued are recognized in the consolidated income statement until the time of sale or discontinuation. Comparative figures are not restated for companies newly acquired, sold or discontinued. However, discontinued operations are presented separately, cf. below.

Acquisitions of new companies over which the Parent Company then exercises a controlling influence are accounted for using the purchase method of accounting. The date of acquisition is the date on which control is transferred to the acquirer. The cost of the acquisition is measured as the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the combination. The identifiable assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the time of acquisition. Identifiable intangible assets are recognized if they are separable or derive from a contractual right, and if their fair value can be measured reliably.

Acquired non-current assets (disposal groups) classified as held for sale are recognized at fair value less costs to sell. A restructuring provision is recognized only when it is an existing liability of the acquirer at the acquisition date. The deferred tax effects of the revaluations made are recognized.

Any excess of the cost of the company and the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognized under intangible assets as goodwill. Goodwill is not amortized but is tested annually for impairment. The first impairment test is carried out before the end of the acquisition year. At the time of acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for impairment testing. Goodwill and fair value adjustments relating to the acquisition of a foreign unit with a functional currency other than the Dako Group's presentation currency are treated as assets and liabilities of the foreign unit and are translated into the foreign unit's functional currency at the exchange rate on the transaction date. Any excess of fair value over cost (negative goodwill) is recognized in the income statement at the time of acquisition.

If there is uncertainty at the time of acquisition about the measurement of the identifiable assets, liabilities and contingent liabilities acquired, initial recognition is based on provisionally determined fair values. Should it subsequently emerge that the identifiable assets, liabilities and contingent liabilities had different fair values at the time of acquisition than initially assumed, goodwill is adjusted up to 12 months from the time of acquisition. The effect of the adjustments is recognized in opening equity, and comparative figures are restated. Unless material errors have been made, goodwill is then adjusted only as a result of changes in estimates of conditional purchase prices. However, subsequent realization of deferred tax assets in the acquired company which were not recognized at the time of acquisition will result in the recognition of these tax assets in the income statement and a simultaneous write-down in the carrying amount of goodwill to the amount that would have been recognized had the deferred tax assets been recognized as an identifiable asset at the time of acquisition.

Gains and losses on the disposal of subsidiaries and associated companies are determined as the difference between the sale or discontinuation proceeds and the carrying amount of the net assets including goodwill at the time of sale plus the cost of sale or discontinuation.

Translation of foreign currency
A functional currency is determined for each of the reporting companies in the Group. The functional currency is the currency of the primary economic environment in which the reporting company operates.

Transactions in currencies other than the functional currency are transactions in foreign currency, and are translated to the functional currency on initial recognition at the exchange rate on the transaction date. Exchange differences arising between the exchange rates on the transaction date and the settlement date are recognized in the income statement as financial income/expenses.

Receivables, payables and other monetary items in foreign currency are translated at the exchange rate on the balance sheet date. Exchange differences arising between the exchange rates on the balance sheet date and the time when the receivable or payable originated are recognized in the income statement as financial income/expenses.

When including foreign companies with a functional currency other than Dako A/S's presentation currency in the consolidated financial statements, their income statements are translated at the exchange rate on the transaction date and balance sheet items are translated at the exchange rate on the balance sheet date. An average rate for each month is used as the exchange rate on the transaction date unless this gives a materially different effect. Exchange differences arising on the translation of foreign companies' equity at the beginning of the year to the exchange rate on the balance sheet date, and on the translation of their income statements from the exchange rate on the transaction date to the exchange rate on the balance sheet date, are recognized directly in equity.

Exchange differences on loans to/from foreign companies which are regarded as part of the overall net investment in the company in question are recognized directly in equity in the consolidated financial statements if the balance is denominated in the functional currency of either the Parent Company or the foreign company.

Derivative financial instruments
Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are recognized in the balance sheet at fair value calculated according to generally accepted valuation methods. Realized and unrealized value adjustments are recognized in the income statement as financial income/expenses, apart from derivative financial instruments qualifying for hedge accounting. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap on the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Changes in the fair value of derivative financial instruments designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to the income statement in the same period as the hedged item affects profit or loss.

Segment reporting
Dako is a well-established global company with a leading position in the pathology segment of the in vitro diagnostics industry (IVD). In accordance with IFRS 8 Operating Segments, segments must be identified based on internal management reporting. In Dako the Group's accounting policies are also followed for internal management reporting. The segment reporting presented in the Annual Report reflects the information Management receives on a monthly basis. The geographic distribution is shown for revenue and total assets. The revenue distribution is based on the geographical location of the external customer. Total assets and non-current assets excluding deferred tax assets are based on the location of the Group's companies.

CONSOLIDATED INCOME STATEMENT

Net sales
Net sales from sales of goods for resale and manufactured goods are recognized in the income statement on the date of the transfer of risk and ownership. Net sales comprise invoiced sales for the year less returned goods, sales taxes mainly comprising value-added tax and price reductions directly related to sales. Net sales also include license and royalty income.

Sale of standardized instruments is included in net sales on the transfer of risk and ownership.

Sale of customized instruments is included in net sales on receipt of the customer's acceptance of risk and ownership.

Revenue from rental agreements is recorded over the term of the rental agreement.

Government grants
Government grants include subsidies and financing of development projects as well as investment subsidies, etc.

Subsidies for research and development expenses included in the income statement are recognized under research and development expenses so as to offset the expenses they are compensating.

Subsidies for the purchase of assets and development assets included in the balance sheet are offset against the cost of the assets for which the subsidies are given.

Cost of goods sold
Cost of goods sold includes the cost of raw materials, consumables and goods for resale, direct labor and indirect costs of production, including the cost of operating and depreciating manufacturing facilities, and amortization of know-how. Cost of goods sold also includes any write-down to net realizable value of obsolete and slow-moving items, and royalty expenses relating to sales of goods under a third-party license.

Sales and distribution expenses
Sales and distribution expenses comprise expenses attributable to the distribution, sales and marketing of the Group's products, including salaries, depreciation, other indirect expenses and amortization of customer contracts and relationships.

Research and development expenses
Research and development expenses comprise expenses attributable to the Group's research and development functions, including wages and salaries and maintenance of patents as well as amortization and other indirect expenses.

Research expenses are expensed as incurred.

Development projects which are clearly defined and identifiable, where technical feasibility, adequate resources and a potential future market or internal use can be demonstrated, and where there is an intention to produce, market or sell the project, are recognized as intangible assets provided that there is a connection between expenses incurred and future benefits. Otherwise development expenses are expensed as incurred. If there is any uncertainty about the development of new products, the criteria for capitalization are not deemed to have been met.

Administrative expenses
Administrative expenses comprise the cost of the Group's administrative functions, including the salaries of Management and other administrative staff, office expenses, depreciation and other indirect costs, as well as bad debt provisions and realized losses on receivables.

Other income and expenses
Other income and expenses comprise items of a secondary nature in relation to the Group's activities.

Financial income and expenses
Financial income and expenses include interest income and expenses which are recognized in the income statement at the amounts relating to the financial year.

Financial income and expenses also include the interest element of payments under finance leases, value adjustments of financial assets and liabilities measured at fair value, gains and losses on items denominated in foreign currency, and forward exchange contracts and other derivative financial instruments not used for hedging purposes.

Taxation
Dako A/S is covered by the Danish rules on compulsory joint taxation of Danish subsidiaries in the Dako Group. Danish subsidiaries are included in joint taxation from the date they are consolidated in the consolidated financial statements until they are deconsolidated.

Current Danish income tax is distributed by calculating the joint taxation contribution between the jointly taxed companies in proportion to their taxable income. This means that Dako A/S with a taxable loss receives a joint taxation contribution from the Danish subsidiary Dako Denmark A/S, which has been able to use this loss to reduce its own taxable profit.

Tax for the year, which comprises current income tax for the year, the joint taxation contribution for the year and change in deferred tax, including as a result of changes in the tax rate, is recognized in the income statement where it can be attributed to net profit for the year, and directly in equity where it can be attributed to items in equity.

Pursuant to the joint taxation rules, as the administration company Dako A/S assumes liability for the payment of tax by Dako Denmark A/S to the tax authorities in line with Dako Denmark A/S's payment of joint taxation contributions.

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

Joint taxation contributions due and receivable are recognized in the balance sheet under amounts owed by or due to subsidiaries.

Deferred tax is measured using the balance sheet liability method for all temporary differences between accounting and tax values of assets and liabilities. However, no deferred tax is recognized for temporary differences relating to consolidated goodwill, which is non-tax-deductible, and other items where temporary differences – with the exception of company acquisitions – have arisen at the date of purchase without this having any effect on profit or taxable income. In cases where specification of tax value may be made in accordance with different taxation rules, deferred tax is measured on the basis of Management's planned use of the asset or disposal of the liability.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognized at the value at which they are expected to be used, either through set-off against tax on future earnings or through set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment is made for deferred tax relating to elimination of unrealized intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries which, under the legislation in force on the balance sheet date, will be applicable when the deferred tax is expected to be realized as current tax.

Tax arising on the possible sale of subsidiaries is not recognized in the balance sheet unless the shares are expected to be divested within a short period of time.

CONSOLIDATED BALANCE SHEET

Intangible assets
Intangible assets are measured at cost less accumulated amortization and impairment losses. Borrowing costs in respect of construction of major assets are capitalized.

The cost of internally generated intangible assets includes the direct costs of materials and labor. Internally generated intangible assets are capitalized if the criteria for capitalization are deemed to have been met.

When measuring software developed for internal use, external costs related to consultants and software are included as well as internal costs directly related to the development phase. Internal development of software and related costs in connection with major IT projects for internal use are capitalized under completed development projects.

Other development expenses which cannot be shown to have probable future economic benefits for the Group are expensed as incurred.

Intangible assets excluding goodwill and brands are systematically amortized based on an individual assessment of the economic life of the asset.

The normal assumptions for economic life are:		**Period**
Know-how		10 years
Brands		Indefinite
Customer contracts and related relationships		25 years
Completed development projects	Max.	10 years
Acquired patents, licenses and similar rights	Max.	7 years
Computer licenses/systems and implementation expenses	Max.	7 years

The accounting treatment of goodwill is presented in the section on business combinations.

Know-how
Know-how is recognized at fair value at the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses, while acquired know-how with a finite useful life is measured at historical cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over the expected useful life of the know-how.

The valuation of acquired know-how is based on a discounted cash flow model using the after-tax royalty payments (the royalty relief method). Cash flows are discounted on an after-tax basis using the Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in the know-how.

The net present value of the cash flows is increased by an estimated portion of the discounted tax amortization benefit applicable to a potential buyer, based on the tax amortization opportunity available for know-how when bought as a trade and asset purchase. The tax amortization benefit is discounted. This increased value of know-how equals the fair value at the date of acquisition. A deferred tax liability is calculated at the tax rate on the difference between the carrying amount and tax value. The initial recognition of this deferred tax liability increases the amount of goodwill.

The value of know-how is tested for impairment as part of the impairment test.

Brands
Brands are recognized at fair value at the date of acquisition. Subsequently, acquired brands with indefinite useful lives are measured at historical cost less any accumulated impairment losses, while acquired brands with finite useful lives are measured at historical cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over the expected useful life of the brand.

The valuation of acquired brands is based on a discounted cash flow model using the after-tax royalty payments (the royalty relief method). Cash flows are discounted on an after-tax basis using the Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in the brand.

The net present value of the cash flows is increased by an estimated portion of the discounted tax amortization benefit applicable to a potential buyer, based on the tax amortization opportunity available for brand names when bought as a trade and asset purchase. The tax amortization benefit is discounted. This increased value of the brand equals the fair value at the date of acquisition. A deferred tax liability is calculated at the tax rate on the difference between the carrying amount and tax value. The initial recognition of this deferred tax liability increases the amount of goodwill.

The value of brands is tested for impairment as part of the impairment test.

Customer contract portfolios and related customer relationships
Customer contract portfolios and related customer relationships are recognized at fair value at the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. The value is amortized based on the churn rate of the acquired portfolio using the straight-line method.

The valuation of customer contract portfolios and related customer relationships is based on a discounted cash flow model using an estimated split of the acquired revenue in segments, and the related churn rates and profitability of the revenue at the time of the acquisition. A contributory asset charge as a cost or return requirement for assets supporting the intangible asset has been included in the model. Cash flows are discounted on an after-tax basis using the Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in customer contract portfolios and related customer relationships.

The net present value of the cash flows is increased by an estimated portion of the discounted tax amortization benefit applicable to a potential buyer, based on the tax amortization opportunity available for customer contract portfolios and customer relationships when bought as a trade and asset purchase. The tax amortization benefit is discounted. This increased value of customer contract portfolios and related customer relationships equals the fair value at the date of acquisition.

For know-how, brands and customer contract portfolios and related customer relationships, a deferred tax liability is calculated at the tax rate on the difference between the carrying amount and the tax value. The initial recognition of this deferred tax liability increases the amount of goodwill.

The value of customer contract portfolios and related customer relationships is tested for impairment as part of the impairment test.

Property, plant and equipment
Land and buildings, plant and machinery, other fixtures and fittings, tools and equipment, and apparatus and instruments leased to customers are measured at purchase price or cost less accumulated depreciation and impairment losses. Borrowing costs in respect of construction of major assets are capitalized.

Cost comprises the purchase price and expenses related to the purchase up to the time when the asset is ready for use. For assets generated internally, cost includes direct costs of materials, components, subcontractors and labor. The cost of a composite asset is divided between its constituent components, which are depreciated individually if the useful lives of the individual components vary.

Interest expenses paid during the construction and installation of property, plant and equipment are not included in cost.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets taking account of their anticipated residual value. The useful life of major assets is determined individually, while the useful lives of other assets are determined for groups of similar assets.

The following expected useful lives are used:		**Period**
Buildings	Max.	40 years
Plant and machinery	Max.	10 years
Other fixtures and fittings, tools and equipment	Max.	7 years
Leasehold improvements		7-15 years

The costs of maintaining property, plant and equipment are expensed as incurred, either directly in the statement of comprehensive income or as part of indirect costs of production.

Expenses incurred that significantly increase the value in use of the asset concerned are added to the asset's cost as an improvement and are depreciated over the expected useful life of the improvement.

Gains or losses on the disposal or scrapping of property, plant and equipment are calculated as the difference between the carrying amount and the selling price reduced by dismantling and disposal costs. Gains and losses are included in the statement of comprehensive income under the same items as the associated depreciation.

The Group's rabbits and goats are not recognized as assets as it is not possible to measure cost reliably.

Impairment
The carrying amount of intangible assets and property, plant and equipment is assessed on a regular basis. For goodwill and intangible assets with an indefinite useful life or which are not yet available for use, an impairment test is performed once a year. For other assets, specific impairment tests are performed if there are factors indicating that the carrying amount of the asset exceeds the value of expected future cash flows from it. If this test concludes that the value of expected cash flows from the asset will be lower than the carrying amount, the asset is written down to the higher of fair value less selling expenses and value in use. Impairment losses are recognized in the income statement as other income/expenses.

Financial assets
Receivables with a fixed maturity that the Group intends to hold until maturity are measured at amortized cost.

Other financial assets are stated at fair value with any resultant gain or loss recognized in the income statement.

Financial assets are recognized/derecognized on the day they are transferred to/from the Group.

Inventories
Raw materials, consumables and goods for resale are measured at cost plus the cost incurred in bringing the inventories to their present location and condition according to an approximated FIFO principle.

Work in process and manufactured goods are measured at standard cost, which approximates cost calculated according to the FIFO principle. Cost includes the cost of materials and direct labor as well as a share of indirect costs of production, including the cost of operating and depreciating manufacturing facilities. Interest incurred during production is not included in cost.

Inventories are written down to net realizable value if this is lower than the purchase price or cost. The net realizable value is calculated as the expected ordinary selling price less the costs of completion and expenses incurred to make the sale. The net realizable value is usually calculated per product or, alternatively, for similar goods with a similar sales process.

Receivables
Receivables arising in the Group's normal course of business are measured at nominal value less impairment losses to reflect the risk of losses calculated on the basis of an individual evaluation.

Dividends
The proposed dividend is presented separately in equity until approved by the Annual General Meeting. It is then shown as a liability.

Pension liabilities
The Group has entered into defined contribution pension plans and similar agreements with most of the Group's employees. The agreements vary according to statutory, contractual and other local rules.

Payments to these defined contribution plans are recognized in the period to which they relate. Any contributions payable are recognized in the balance sheet under current liabilities.

With respect to other long-term employee benefits, provisions in the balance sheet are calculated as the present value of the expected payments.

The Group has no defined benefit plans.

Other provisions
Liabilities relating to the financial year or previous financial years which are uncertain with respect to size or due date are recognized in the balance sheet under other provisions.

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events and it is probable it will lead to an outflow of financial resources. It is measured at the "best estimate" of the expenditure to be incurred by Management.

Liabilities other than provisions
Debt to credit institutions, etc. is initially recognized at the value of the amount received less transaction costs paid. Subsequent to initial recognition, financial liabilities are measured at amortized cost, equivalent to the capitalized value when a constant effective rate of interest is used, so that the difference between the amount received and the nominal value is recognized in the income statement over the loan period.

Other liabilities are measured at net realizable value.

LEASING

Dako as lessee
Leases that transfer substantially all risks and rewards incident to ownership of an asset to Dako are classified as finance leases. Other leases are classified as operating leases.

Assets held under finance leases are recognized in the balance sheet at the lower of the asset's fair value at the time of entering into the lease and the present value of the minimum lease payments. The discount rate used in calculating the present value is the internal rate of return laid down in the lease or the Group's alternative loan rate. Assets held under finance leases are depreciated on a straight-line basis over the estimated useful life in the same way as similar assets owned by the Group.

The corresponding lease liability is recognized as a liability in the balance sheet and the interest thereon is recognized in the income statement under financial expenses.

Lease payments under operating leases are expensed as incurred. The total lease payments are disclosed under contingent liabilities.

Dako as lessor
Assets leased by the Group to customers under leases classified as finance leases are recognized in the balance sheet under receivables at an amount equal to the Group's net investment. Lease payments are accounted for as repayments on the receivable and interest thereon. Expenses incurred in connection with entering into the leases are recognized in the income statement.

Lease payments relating to operating leases are recognized as income as they fall due for payment.

Presentation of discontinued operations
A discontinued operation is a unit whose activities and cash flows can be clearly distinguished operationally and financially from the rest of the business, and which has either been sold or been classified as held for sale, and the sale is expected to be completed within one year on the basis of a formal plan.

Post-tax profits and value adjustments for discontinued operations are presented in a separate line of the income statement with comparative figures. Sales, expenses, value adjustments and taxes for the discontinued operations are reported in the notes. Similarly, assets and associated liabilities are reported in separate lines of the balance sheet, cf. Assets held for sale, and the main items are specified in the notes.

Cash flows from operating, investing and financing activities for discontinued operations are disclosed in a note.

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is presented according to the indirect method and shows the composition of the Group's cash flows, divided into operating, investing and financing activities, and the Group's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the Group's profit or loss before tax, adjusted for non-cash operating items, change in working capital, financial income/expenses and income taxes.

Cash flows from investing activities include payments in connection with purchases and sales of non-current assets, including investments in companies. For purchases and sales of subsidiaries, the cash selling or purchase price is adjusted for cash in the purchased/sold company under cash flows from investing activities.

Cash flows from financing activities include payments to and from shareholders, the raising of and principal repayments on mortgage debt, and other non-current liabilities.

Cash and cash equivalents include cash less current bank debt due on demand.

Cash flows denominated in foreign currencies, including cash flows in foreign subsidiaries, are translated at the average exchange rates during the year as an approximation of the rates on the date of payment. Cash and cash equivalents at year-end are translated at the exchange rates on the balance sheet date.

GROUP – NOTES

Consolidated income statement

2 ACCOUNTING ESTIMATES AND JUDGMENTS

Estimation uncertainty
The calculation of the carrying amount of certain assets and liabilities is based on judgments, estimates and assumptions about future events.

Estimates material to the financial reporting are made in the calculation of depreciation and impairment losses, intangible assets such as goodwill, brands, know-how, customer contracts and related customer relationships, inventories, receivables, pensions and similar liabilities, provisions, and contingent liabilities and assets.

The estimates and assumptions applied are based on historical experience and other factors that the Executive Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Group is subject to risks and uncertainties that may cause actual outcomes to deviate from such estimates. Particular risks for the Dako Group are discussed in a separate section of the Annual Report.

Besides accounting estimates, Executive Management makes various judgments as part of the application of the Group's accounting policies which may have a material impact on the amounts recognized in the financial statements.

In particular, judgments concerning the calculation of work in process and manufactured goods, including the calculation of standard cost inclusive of indirect costs of production and the need for write-downs to net realizable value, will have a material impact on the overall value of inventories.

Judgments are also made concerning the timing of revenue recognition, including, for standardized instruments, when delivery and transfer of risk take place, and, for customized instruments, the time of final customer acceptance.

Goodwill impairment test
In the annual goodwill impairment test or in case of any trigger event, an assessment is made of how the parts of the Group (cash-generating units) to which the goodwill relates will be able to generate sufficient cash flows in future to support the value of goodwill and other net assets in the relevant part of the Group.

As a result of the nature of the company’s business, expected cash flows must be estimated over a number of years, which inherently produces some degree of uncertainty. This uncertainty is reflected in the discount rate applied.

The impairment test of goodwill and the particularly sensitive associated factors and sensitivity analyses are described in note 12 to the consolidated financial statements.

3 SEGMENT REPORTING

Dako is a well-established global company with a leading position in the pathology segment of the in vitro diagnostics industry (IVD). Dako is represented by subsidiaries and distributors in more than 100 countries. The business segments are driven by revenue by product group and three geographical regions: EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia Pacific). This is based primarily on distances between the activities, similarity of economic and political conditions as well as other conditions of importance to the pursuit of the activities in the individual markets. The US encompasses the vast majority of the Americas. No other individual foreign country encompasses more than 10% of revenue or non-current assets. The tables below reflect the internal management reporting. Revenue is attributed to geographical regions based on the location of the customer. Total assets and total non-current assets are based on the location of the assets.

DKK thousand	EMEA	Americas	APAC	Group, total
2010				
Revenue:				
Pathology	853,853	608,207	173,536	1,635,596
Reagent Partnership	161,951	45,606	69,981	277,538
Total net sales	**1,015,804**	**653,813**	**243,517**	**1,913,134**
Generated in Denmark	366,071			
Non-current assets excl. deferred tax assets	**6,729,536**	**693,204**	**200,513**	**7,623,253**
Denmark	6,017,425			
Total assets	**7,085,115**	**1,138,123**	**371,678**	**8,567,916**

3 SEGMENT REPORTING *(continued)*

DKK thousand	EMEA	Americas	APAC	Group, total
2009				
Revenue:				
Pathology	813,469	552,448	148,987	1,514,904
Reagent Partnership	171,459	40,923	55,123	267,505
Total net sales	**984,928**	**593,371**	**204,110**	**1,782,409**
Generated in Denmark	341,754			
Non-current assets excl. deferred tax assets	**6,733,598**	**691,517**	**193,677**	**7,618,792**
Denmark	5,637,650			
Total assets	**6,996,074**	**1,079,319**	**329,024**	**8,404,416**

Transactions between segments are carried out on an arm's length basis.

4 STAFF EXPENSES

DKK thousand	2010	2009
Wages and salaries	588,363	576,443
Defined contribution pension plans and other long-term employee benefits (note 20)	39,607	38,566
Other social security costs, etc.	62,246	65,653
Total staff expenses	**690,216**	**680,662**
Included under the following headings:		
Cost of goods sold	149,892	151,249
Sales and distribution expenses	271,659	263,191
Research and development expenses	59,072	80,966
Administrative expenses	111,961	107,390
Other income and expenses	27,222	33,603
Capitalized development projects	70,410	44,263
Total	**690,216**	**680,662**
Average number of employees	1,050	1,036
Remuneration to Executive Management	12,995	12,207
Remuneration to Board of Directors	1,270	1,221
Total remuneration to Executive Management and Board of Directors	**14,265**	**13,428**
Remuneration to Executive Management includes pension contributions of	1,412	1,689

Executive Management has bonus schemes that are dependent on specific conditions. Executive Management has also entered into termination agreements with a 12-month period of notice. In 2009 the amount included total severance payments of DKK 4,977 thousand to the former CEO and CFO.

5 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

DKK thousand	2010	2009
Amortization, intangible assets	160,785	159,960
Depreciation, property, plant and equipment	138,948	106,422
Total depreciation, amortization and impairment losses	**299,733**	**266,382**
Included in the consolidated income statement under the following headings:		
Cost of goods sold	140,714	115,432
Sales and distribution expenses	109,797	106,126
Research and development expenses	9,209	14,279
Administrative expenses	40,013	30,545
Total depreciation, amortization and impairment losses	**299,733**	**266,382**

The depreciation, amortization and impairment losses include DKK 1,036 thousand in losses (2009: DKK 3,788 thousand in gains) in connection with the disposal of property, plant and equipment.

DKK thousand	2010	2009
Amortization and impairment losses on intangible assets are included under the following headings:		
Cost of goods sold	48,117	48,374
Sales and distribution expenses	95,076	94,426
Research and development expenses	5,047	10,325
Administrative expenses	12,545	6,835
Total amortization and impairment losses	**160,785**	**159,960**

6 GOVERNMENT GRANTS

DKK thousand	2010	2009
Government grants received for students employed in R&D projects	2,370	1,856
Total government grants	**2,370**	**1,856**

7 FEES TO STATUTORY AUDITORS

DKK thousand	2010	2009
Audit	3,534	3,509
Other assurance engagements	165	216
Tax and VAT advisory services	1,362	2,849
Other services	653	1,292
Total fees to statutory auditors	**5,714**	**7,866**

8 OTHER INCOME AND EXPENSES

DKK thousand	2010	2009
Restructuring costs	32,891	44,597
Other non-recurring items	3,974	2,867
Total other income and expenses	**36,865**	**47,464**

Restructuring costs are mainly related to strategic and organizational changes, severance payments for discontinued positions and other strategic initiatives.

9 FINANCIAL INCOME

DKK thousand	2010	2009
Interest income	1,733	5,389
Exchange gains (net)	0	48,386
Other financial income	284	32
Ineffective portion of cash flow interest rate hedges	89	2,792
Total financial income	**2,106**	**56,599**

10 FINANCIAL EXPENSES

DKK thousand	2010	2009
Interest expenses, credit institutions, etc.	299,218	307,391
Exchange loss (net)	172,052	0
Amortization of loan expenses and discontinued swaps	31,672	48,219
Interest expense on financial liabilities measured at amortized cost for InstrumeC AS	2,932	2,654
Other financial expenses	2,091	2,050
Total financial expenses	**507,965**	**360,314**

11 TAX FOR THE YEAR

DKK thousand	2010	2009
Current tax on profit for the year	93,231	11,157
Change in deferred tax	(53,198)	18,541
Prior-year adjustments	5,172	(1,320)
Other taxes	1,001	2,240
Total tax in the income statement for the year	**46,206**	**30,618**
Tax charges to equity for the year	**19,786**	**(1,328)**
Total tax for the year	**65,992**	**29,290**

DKK thousand	2010	Percent	2009	Percent
Profit/(loss) before tax	(214,069)		(118,955)	
Calculated tax on pre-tax profit/(loss), 25%	(53,517)	25.0%	(29,739)	25.0%
Tax effect of:				
Deviation in foreign subsidiaries' tax rates compared to Danish tax rate (net)	4,776	(2.2)%	2,700	(2.3)%
Non-tax income less non-tax-deductible expenses (net)*	88,847	(41.5)%	55,877	(47.0)%
Change in deferred tax rates	(445)	0.2%	1,324	(1.1)%
Prior-year adjustments	5,172	(2.4)%	(1,320)	1.1%
Other taxes	1,001	(0.5)%	2,240	(1.9)%
Currency exchange effects	372	(0.2)%	(464)	0.4%
Total tax in the income statement for the year	**46,206**	**(21.6)%**	**30,618**	**(25.7)%**

* For 2010, DKK 90 million (2009: DKK 58 million) of this is the tax effect of the Danish rules on limitation of interest deductibility.

GROUP – NOTES

Consolidated balance sheet

12 INTANGIBLE ASSETS

DKK thousand	Goodwill	Brands*	Know-how	Customer contracts	Other intan-gibles**	Development costs	Total
2010							
Cost at January 1	**3,330,916**	**1,121,000**	**390,000**	**2,334,000**	**349,935**	**59,872**	**7,585,723**
Correction to prior-year opening balance	-	-	-	-	4,420	(154)	4,266
Reclassification					1.582	(1.582)	0
Additions during the year	-	-	-	-	40,648	97,230	137,878
Exchange rate adjustment	6,662	-	-	-	2,463	75	9,200
Cost at December 31	**3,337,578**	**1,121,000**	**390,000**	**2,334,000**	**399,048**	**155,441**	**7,737,067**
Amortization at January 1	-	-	**100,700**	**241,220**	**288,753**	**26**	**630,699**
Correction to prior-year opening balance	-	-	-	-	4,266	-	4,266
Amortization for the year	-	-	39,000	93,360	26,181	2,244	160,785
Exchange rate adjustment	-	-	-	-	1,161	9	1,170
Amortization at December 31	-	-	139,700	**334,580**	**320,361**	**2,279**	**796,920**
Carrying amount at December 31	**3,337,578**	**1,121,000**	**250,300**	**1,999,420**	**78,687**	**153,162**	**6,940,147**

DKK thousand	Goodwill	Brands*	Know-how	Customer contracts	Other intan-gibles**	Development costs	Total
2009							
Cost at January 1	**3,314,696**	**1,121,000**	**390,000**	**2,334,000**	**313,670**	**4,164**	**7,477,530**
Additions during the year	400	-	-	-	35,999	55,754	92,153
Disposals during the year	-	-	-	-	(490)	-	(490)
Exchange rate adjustment	15,820	-	-	-	756	(46)	16,530
Cost at December 31	**3,330,916**	**1,121,000**	**390,000**	**2,334,000**	**349,935**	**59,872**	**7,585,723**
Amortization at January 1	-	-	**61,700**	**147,860**	**261,560**	-	**471,120**
Amortization for the year	-	-	39,000	93,360	27,574	26	159,960
Amortization, disposals	-	-	-	-	(450)	-	(450)
Exchange rate adjustment	-	-	-	-	69	-	69
Amortization at December 31	-	-	**100,700**	**241,220**	**288,753**	**26**	**630,699**
Carrying amount at December 31	**3,330,916**	**1,121,000**	**289,300**	**2,092,780**	**61,182**	**59,846**	**6,955,024**

* The Dako brand is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Factors playing a significant role in determining that the Dako brand has an indefinite useful life are: i) the Dako brand has existed for decades; ii) the Group's strategy is based on the Dako brand; iii) all acquired brands are converted to or co-branded with the Dako brand; and iv) the Dako brand is used in the business-to-business and public segments with low maintenance cost attached.

** Other intangibles include Acquired software, IT development, Patents & acquired rights, and Intangible assets under construction.

12 INTANGIBLE ASSETS *(continued)*

Impairment test
Dako prepares a calculation of fair value less cost to sell (the "impairment test") in respect of goodwill and brand (together, the "intangibles") annually or if an indication of impairment exists. The impairment test is prepared at Group level as this represents the lowest level of cash-generating units (CGU) to which the carrying amount of intangibles can be allocated and monitored with any reasonable certainty. This level of allocation and monitoring of intangibles is in accordance with the monitoring for internal management purposes. No impairment losses have been recognized in the period ended December 31, 2010.

The carrying amount of goodwill, brands, know-how and customer contracts and relationships relates to the acquisition of Dako Denmark A/S and underlying subsidiaries effective May 31, 2007 and the acquisition of the Norwegian company InstrumeC AS on August 29, 2008. Know-how, customer contracts and relationships, other intangibles and development costs are amortized and tested for impairment if an indication of impairment exists.

The recoverable amount of the intangibles is measured as the higher of fair value less cost to sell and value in use. Dako's impairment test is prepared as a calculation of fair value less cost to sell using a discounted cash flow model. Future cash flows are based on the budget for 2011 approved by the Board of Directors and Executive Management's five-year strategy plans for Dako, including updated projections for future periods.

The rate of discount was determined at 10.3% (10.5% in 2009) after tax. Uncertainties reflecting historical performance and possible variations in the amount or timing of future cash flows are reflected in the discount rate.

The key assumptions in the impairment test are assumed growth in net sales and the EBITDA (%) level. In the impairment test as at December 31, 2010, the compound annual growth is 11% for 2011-2015 and 13% in 2016, after which the growth per year is assumed to decrease by 1 percentage point per year until reaching a 5% growth level from 2021 and a 2% growth level in the terminal period starting from 2040. EBITDA (%) is assumed to equal 33% in 2011, 34% in 2012, 36% in 2013, 38% in 2014 and 39% in 2015 and onwards. The key assumptions applied in the impairment test are used for accounting purposes and should not be considered a forward-looking statement within the meaning of the US Private Securities Litigation Act of 1995 and similar laws in other countries regarding expectations of future developments.

Sensitivity
The impairment test as at December 31, 2010 based on the above five-year strategy plan shows a recoverable value, in all material respects, that is well above the carrying amount of the intangibles. A reasonable possible negative change in one of the key assumptions would not result in impairment.

Management has further carried out various sensitivity tests around the recoverable value of the impairment test to understand the impact if any or some of the key assumptions should change. Even a conservative test using a compound annual growth rate of 7% over five years and a 2% growth level in the terminal period starting from 2040, together with an EBITDA margin at a constant rate of 35% from 2013 onwards, shows a recoverable value that, in all material respects, is equal to the carrying amount of the intangibles and would also not result in impairment.

13 PROPERTY, PLANT AND EQUIPMENT

DKK thousand	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Assets under construction	Total
2010						
Cost at January 1	**577,491**	**130,978**	**450,935**	**3,581**	**5,628**	**1,168,613**
Reclassification	-	320	(2,796)	2,476	-	0
Additions during the year	167	9,510	166,000	206	11,420	187,303
Assets put into use	1,617	2,900	252	-	(4,769)	-
Disposals during the year	(1,654)	(4,926)	(95,870)	-	(5,951)	(108,401)
Exchange rate adjustment	8,714	3,922	26,753	520	134	40,043
Cost at December 31	**586,335**	**142,704**	**545,274**	**6,783**	**6,462**	**1,287,558**
Depreciation at January 1	**176,948**	**94,794**	**243,658**	**665**	-	**516,065**
Reclassification	-	167	(2,562)	2,395	-	0
Depreciation for the year	19,788	11,298	106,419	407	-	137,912
Disposals during the year	(1,654)	(4,865)	(51,318)	-	-	(57,837)
Exchange rate adjustment	2,906	2,876	13,665	82	-	19,529
Depreciation at December 31	**197,988**	**104,270**	**309,862**	**3,549**	-	**615,669**
Carrying amount at December 31	**388,347**	**38,434**	**235,412**	**3,234**	**6,462**	**671,889**

Other fixtures and fittings, tools and equipment include instruments worth DKK 191,465 thousand which are sited at customers' premises under a reagent rental agreement, as well as finance-leased assets with a net carrying amount of DKK 7,321 thousand.

13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

DKK thousand	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve-ments	Assets under construction	Total
2009						
Cost at January 1	**578,496**	**122,282**	**367,809**	**3,820**	**1,061**	**1,073,468**
Reclassification	346	(199)	199	(346)	-	0
Additions during the year	2,606	10,409	156,747	212	4,609	174,583
Disposals during the year	(2,122)	(966)	(71,917)	(148)	-	(75,153)
Exchange rate adjustment	(1,835)	(548)	(1,903)	43	(42)	(4,285)
Cost at December 31	**577,491**	**130,978**	**450,935**	**3,581**	**5,628**	**1,168,613**
Depreciation at January 1	**157,021**	**86,264**	**205,682**	**1,979**	-	**450,946**
Reclassification	1,502	(8)	8	(1,502)	-	0
Depreciation for the year	19,650	9,711	80,372	477	-	110,210
Disposals during the year	(649)	(685)	(40,765)	(148)	-	(42,247)
Exchange rate adjustment	(576)	(488)	(1,639)	(141)	-	(2,844)
Depreciation at December 31	**176,948**	**94,794**	**243,658**	**665**	-	**516,065**
Carrying amount at December 31	**400,543**	**36,184**	**207,277**	**2,916**	**5,628**	**652,548**

Other fixtures and fittings, tools and equipment include instruments worth DKK 167,348 thousand which are sited at customers' premises under a reagent rental agreement, as well as finance-leased assets with a net carrying amount of DKK 8,008 thousand.

14 OTHER NON-CURRENT FINANCIAL ASSETS

DKK thousand	2010	2009
Carrying amount at January 1	**11,219**	**13,175**
Additions during the year	357	223
Disposals during the year	(830)	(2,191)
Exchange rate adjustment	471	12
Carrying amount at December 31	**11,217**	**11,219**

Other non-current financial assets include loans to third parties of DKK 7,870 thousand (2009: DKK 8,260 thousand), as security for which Dako holds property mortgage deeds. The loan is repayable over 20 years and was established in 2004. The interest is on market terms.

15 INVENTORIES

DKK thousand	2010	2009
Raw materials and consumables	120,056	119,476
Manufactured goods	211,545	171,351
Goods for resale	1,534	1,089
Total inventories	**333,135**	**291,916**

The amount of inventories recognized as an expense during the year	477,565	469,258
The amount of write-down on inventories during the year	6,969	4,779
The amount of reversal of write-down on inventories during the year*	20,914	11,784
Inventories measured at net realizable value	1,418	5,491

* This amount represents reversal of intermediates previously written down, consumed or forecasted to be used within the next 12 months.

16 TRADE RECEIVABLES

DKK thousand	2010	2009
Trade receivables, due within one year	446,243	392,059
Other receivables	8,842	11,254
Total trade receivables	**455,085**	**403,313**

The Group has not received any collateral for receivables.

	Carrying amount	
DKK thousand	**2010**	**2009**
Trade receivables (gross)	**454,539**	**399,198**
Movements in the allowance for impairment in respect of trade receivables during the year were as follows:		
Balance at the beginning of the year	7,139	7,824
Provision for the year	1,554	600
Utilized during the year	(100)	(747)
Reversed during the year	(297)	(538)
Balance at the end of the year	**8,296**	**7,139**

DKK thousand	Receivables not due	Overdue 1-120 days	Overdue 121-210 days	Overdue 211 days +	Receivables, aging balance
2010					
Total	**283,579**	**95,617**	**29,455**	**37,592**	**446,243**
EMEA	180,013	72,995	28,080	34,844	315,932
Americas	59,506	19,329	446	49	79,330
APAC	44,060	3,293	929	2,699	50,981

DKK thousand	Receivables not due	Overdue 1-120 days	Overdue 121-210 days	Overdue 211 days +	Receivables, aging balance
2009					
Total	**228,098**	**99,150**	**37,975**	**26,836**	**392,059**
EMEA	152,861	77,127	36,990	26,836	293,814
Americas	46,821	16,929	985	0	64,735
APAC	28,416	5,094	0	0	33,510

17 LEASE RECEIVABLES

DKK thousand	2010	2009
Gross investments in leased assets	232	319
Interest relating to future years	(13)	(26)
Net investments	**219**	**293**
Lease receivables, due within one year	120	100
Lease receivables, due after one year and within five years	99	193
Total lease receivables	**219**	**293**
Gross investments, due within one year	130	115
Gross investments, due after one year and within five years	102	204
Total gross investments	**232**	**319**

18 SHARE CAPITAL

2010	Number of shares, thousand	Nominal value, DKK thousand
Share capital at January 1	100,222	100,222
Capital increase during the year	1,383	1,383
Share capital at December 31	**101,605**	**101,605**

2009	Number of shares, thousand	Nominal value, DKK thousand
Share capital at January 1	100,198	100,198
Capital increase during the year	24	24
Share capital at December 31	**100,222**	**100,222**

The share capital consists of 86,254,310 (2009: 85,072,341) A shares, or 84.9% (2009: 84.9%), which carry 10 votes per share, and 15,351,450 (2009: 15,150,059) B shares, or 15.1% (2009: 15.1%), which carry 1 vote per share. The A shares have a preferential right to the amount paid plus an annual return of 14%. The remaining earnings will be distributed among the holders of B shares.

Right of first refusal on sale or disposal of the investment
The A shares have a right of first refusal to purchase B shares, or part thereof, in the event of a sale of B shares.

Shareholders
The majority shareholder is Delphi S.a.r.l., Luxembourg, which holds 97.0% (2009: 98.3%) of the shares. Delphi S.a.r.l. is ultimately controlled by EQT V. The remaining 3.0% (2009: 1.7%) of the shares are primarily distributed among current employees, Management and the Board members of Dako A/S.

19 DEFERRED TAX

DKK thousand	2010	2009
Balance at January 1	**(949,882)**	**(927,068)**
Adjustments to prior year's deferred tax	(735)	(4,966)
Exchange rate adjustment	2,077	(635)
Recognized in income statement	53,198	(18,541)
Recognized in equity	(19,786)	1,328
Balance at December 31	**(915,128)**	**(949,882)**

Recognition
The majority of the deferred tax liability relates to the fair value adjustment of intangible assets recognized in connection with the acquisition of Dako in 2007.

Deferred tax assets are recognized as assets when it is likely that they will reduce future tax payments within a reasonable period of time.

Deferred tax relates to:

DKK thousand	Temporary differences	Deferred tax asset	Deferred tax liability	Net
2010				
Intangible assets	(3,481,046)	1,040	(930,941)	(929,901)
Property, plant and equipment	(27,675)	21,577	(34,167)	(12,590)
Inventories	4,919	22,057	(17,412)	4,645
Other current assets	(90,843)	3,489	(25,452)	(21,963)
Non-current liabilities	54,321	21,474	(9,151)	12,323
Current liabilities	40,822	12,683	(90)	12,593
Tax loss carry-forward, etc.	53,962	19,765	-	19,765
Tax asset/(tax liability)	**(3,445,540)**	**102,085**	**(1,017,213)**	**(915,128)**
Offset within the same legal entity		(22,055)	22,055	-
Net tax asset/(tax liability)		**80,030**	**(995,158)**	**(915,128)**

19 DEFERRED TAX *(continued)*

DKK thousand	Temporary differences	Deferred tax asset	Deferred tax liability	Net
2009				
Intangible assets	(3,572,635)	1,211	(956,783)	(955,572)
Property, plant and equipment	(45,419)	16,333	(32,919)	(16,586)
Inventories	(15,613)	16,154	(17,629)	(1,475)
Other current assets	(91,981)	3,025	(25,676)	(22,651)
Non-current liabilities	49,091	16,238	(2,581)	13,657
Current liabilities	43,123	14,112	(305)	13,807
Tax loss carry-forward, etc.	56,331	18,938	-	18,938
Tax asset/(tax liability)	**(3,577,103)**	**86,011**	**(1,035,893)**	**(949,882)**
Offset within the same legal entity		(58,094)	58,094	-
Net tax asset/(tax liability)		**27,917**	**(977,799)**	**(949,882)**

Deferred tax assets not recognized relate to:

DKK thousand	2010	2009
Non-deductible exchange losses carried forward in Denmark	55,669	39,880
Total	**55,669**	**39,880**

20 LONG-TERM EMPLOYEE BENEFITS

The Group has various pension plans covering certain groups of employees in various subsidiaries. The pension plans are defined contribution plans, and in certain subsidiaries the Group has long-term liabilities which will be paid before or on the employees' retirement (other long-term employee benefits).

DKK thousand	2010	2009
Balance at January 1	9,143	9,436
Exchange rate adjustments	731	(172)
Expenses for the year	1,577	2,089
Provision utilized in the year	(2,737)	(2,210)
Liability at December 31	**8,714**	**9,143**

Defined contribution plans
In the case of defined contribution plans, Dako undertakes to pay a defined contribution. These pension plans are funded by premium payments to independent pension companies. Dako has no pension liabilities toward the employees covered by the plan on their retirement.

Pension contributions relating to defined contribution plans are recognized as an expense in the income statement in the qualifying year.

The most important defined contribution plans cover employees in Denmark, the US and France. The expenses for the year relating to defined contribution plans were DKK 39,607 thousand (2009: DKK 38,566 thousand).

Other long-term employee benefits
At December 31, 2010 a provision of DKK 8,714 thousand (2009: DKK 9,143 thousand) has been recognized to cover other long-term employee benefits in Japan, Italy, Spain, Germany and France. Payment of other long-term employee benefits is conditional upon specified criteria being met.

The expenses for the year relating to other long-term employee benefits were DKK 1,577 thousand (2009: DKK 2,089 thousand).

21 CREDIT INSTITUTIONS

The majority of the Group's debt is regulated by a Senior Facilities Agreement and a Mezzanine Facility Agreement entered into in connection with the acquisition of Dako in May 2007. In addition, Dako has mortgage debt on the buildings in Denmark and the US and minor local facilities in Japan and Italy.

DKK thousand	Interest	Maturity	Fixed/variable	Carrying amount	Description
2010					
DKK	DKK O/N + margin	2014	Variable	13,988	Revolving credit facility
USD	Libor 1 month + margin	2014	Variable	70,009	Revolving credit facility
USD	Libor 1 month + margin	2014	Variable	44,906	Capex/R&D facility
EUR	Libor 1 month + margin	2014	Variable	28,632	Capex/R&D facility
EUR	Libor 1 month + margin	2015/2016	Variable	1,571,582	Senior Facility
USD	Libor 3 months + margin	2015/2016	Variable	1,260,873	Senior Facility
USD	Libor 3 months + margin	2017	Variable	1,050,451	Mezzanine Facility
DKK	Cibor 3 months + margin	2027	Variable	251,141	Mortgage debt
USD	2.23%	2011	Variable	16,207	Mortgage debt
USD	7.91%	2013	Fixed	4,663	Mortgage debt
USD	Libor + margin	Uncommitted credit line	Variable	2,589	Debt affiliates
JPY	0.76%	Uncommitted credit line	Variable	34,435	Debt affiliates
Total				**4,349,476**	

DKK thousand	Interest	Maturity	Fixed/variable	Carrying amount	Description
2009					
DKK	DKK O/N + margin	2014	Variable	69,310	Revolving credit facility
EUR	Libor 1 month + margin	2014	Variable	96,635	Revolving credit facility
DKK	Cibor 3 months + margin	2027	Variable	251,059	Mortgage debt
USD	2.10%	2011	Variable	14,985	Debt affiliates
USD	7.91%	2013	Fixed	6,966	Debt affiliates
USD	Libor 3 months + margin	2015/2016	Variable	1,164,382	Senior Facility
USD	Libor 3 months + margin	2017	Variable	896,533	Mezzanine Facility
EUR	1.53%	Uncommitted credit line	Variable	4,695	Debt affiliates
EUR	Libor 1 month + margin	2015/2016	Variable	1,560,382	Senior Facility
JPY	0.76%	Uncommitted credit line	Variable	15,012	Debt affiliates
Total				**4,079,959**	

DKK thousand	2010	2009
Credit facilities are recognized in the balance sheet as follows:		
Non-current liabilities	4,280,103	3,988,279
Credit institutions	51,013	89,017
Mortgage debt	18,360	2,663
Current liabilities	69,373	91,680
Total carrying amount of credit facilities	**4,349,476**	**4,079,959**
Accrued interest (included in credit institutions under current liabilities)	14,496	13,115
Total credit facilities	**4,363,972**	**4,093,074**
Nominal value (carrying amount adjusted for capitalized loan expenses)	**4,411,546**	**4,152,473**
Fair value	**4,411,546**	**4,152,473**

21 CREDIT INSTITUTIONS *(continued)*

At year-end the Group had undrawn committed credit facilities under the Senior Facilities Agreement amounting to DKK 182 million (2009: DKK 172 million). The undrawn committed credit facilities consist of a Revolving Facility Commitment of DKK 157 million (2009: DKK 73 million) and a Capex/R&D Facility Commitment of DKK 25 million (2009: DKK 99 million). The facilities mature in 2014.

There is no amortization of the DKK-denominated mortgage debt until 2017. There is no amortization of the Senior Facilities Agreement and the Mezzanine Facility Agreement until maturity. The carrying amount of the USD Mezzanine Facility includes capitalized interest of DKK 253 million or 7.5% p.a. (2009: DKK 163 million; 7.5%).

The Senior Facilities and Mezzanine Facility are subject to customary undertakings, covenants and other restrictions. Financial covenants include debt and interest cover ratios as well as cash flows and capital expenditure cover ratios. Dako has always met all covenants.

Collateral in a property in the US has been provided as security for the USD debt in affiliates. No collateral has been provided for the JPY- and EUR-denominated debt in affiliates. For contingent assets and liabilities related to the credit facilities, reference is made to note 28, Contingent assets and liabilities.

At December 31, 2010 loan costs less amortization amounting to DKK 62 million (2009: DKK 72 million) have been recognized in non-current liabilities.

The Company has entered into interest rate swaps to hedge the interest rate risk on floating-rate interest-bearing debt. See note 30.

22 FINANCE LEASE OBLIGATIONS

Obligations regarding finance leases can be specified as follows:

DKK thousand	Lease payments	Interest	Carrying amount
2010			
Within one year	2,066	(737)	1,329
Between one and five years	5,892	(1,849)	4,043
After five years	6,676	(1,243)	5,433
Total	**14,634**	**(3,829)**	**10,805**

DKK thousand	Lease payments	Interest	Carrying amount
2009			
Within one year	1,780	(512)	1,268
Between one and five years	4,340	(1,548)	2,792
After five years	7,508	(1,542)	5,966
Total	**13,628**	**(3,602)**	**10,026**

Finance leases relate mainly to contracts regarding buildings for production facilities and IT. The net book value of the leased assets amounts to DKK 7,321 thousand (2009: DKK 8,008 thousand) (note 13).

23 PROVISIONS

DKK thousand	Warranties	Restructuring	Other	Total
2010				
Provisions at January 1	**3,404**	**9,277**	**46,337**	**59,018**
Used during the year	(2,680)	(12,118)	(7,077)	(21,875)
Provision for the year	3,385	22,856	3,305	29,546
Reversed during the year	(273)	(977)	(44)	(1,294)
Exchange rate adjustment	147	789	930	1,866
Provisions at December 31	**3,983**	**19,827**	**43,451**	**67,261**

DKK thousand	Warranties	Restructuring	Other	Total
2009				
Provisions at January 1	**6,161**	**0**	**41,911**	**48,072**
Used during the year	(3,919)	(27,622)	(598)	(32,139)
Provision for the year	3,386	36,899	5,223	45,508
Reversed during the year	(2,169)	-	(192)	(2,361)
Exchange rate adjustment	(55)	-	(7)	(62)
Provisions at December 31	**3,404**	**9,277**	**46,337**	**59,018**

The maturities for provisions are expected to be:

DKK thousand	2010	2009
Current provisions	38,037	31,169
Non-current provisions	29,224	27,849
Total provisions	**67,261**	**59,018**

Warranties
The majority of the warranty provision relates to instruments sold. The provision is based on estimates made from historical warranty data for similar products. The Group expects to use the provision over the next year.

Restructuring
Costs for restructuring are the estimated costs based on Executive Management's best estimate of costs directly related to the restructuring. For 2010 the year-end balance was DKK 19,827 thousand (2009: DKK 9,277 thousand).

Other provisions
Other provisions include contingent considerations related to the acquisition of InstrumeC AS of DKK 29,224 thousand (2009: DKK 27,849 thousand) and obligations of DKK 14,228 thousand (2009: DKK 18,488 thousand) for liabilities expected to be incurred over the next year.

24 OTHER LIABILITIES

Other liabilities include negative fair value of derivatives of DKK 68,411 thousand (2009: DKK 162,828 thousand) as well as holiday allowances, VAT, salaries, commissions and bonuses.

GROUP – NOTES

Consolidated statement of cash flows

25 CHANGE IN WORKING CAPITAL

DKK thousand	2010	2009
(Increase)/decrease in inventories	(28,038)	(47,511)
(Increase)/decrease in receivables	(37,557)	(64,048)
Increase/(decrease) in trade payables and other liabilities	1,560	(6,783)
Change in working capital	**(64,035)**	**(118,342)**

26 INVESTMENT IN NON-CURRENT ASSETS

DKK thousand	2010	2009
Intangible assets	(137,878)	(91,753)
Property, plant and equipment	(142,965)	(142,437)
Non-current financial assets	(357)	(223)
Investment in non-current assets	**(281,200)**	**(234,413)**

27 CASH AND CASH EQUIVALENTS

DKK thousand	2010	2009
Cash	52,802	28,886
Short-term bank debt	(51,013)	(89,018)
Cash and cash equivalents	**1,789**	**(60,132)**

GROUP – NOTES

Additional notes

28 CONTINGENT ASSETS AND LIABILITIES

Senior Facilities Agreement and Mezzanine Facility Agreement
When acquired by EQT V, Dako A/S executed a share pledge over its shares in Dako Denmark A/S as security for the Senior Facilities and a secondary share pledge over these shares as security for the Mezzanine Facility. Dako A/S, Dako Denmark A/S and certain material subsidiaries of Dako Denmark A/S have provided guarantees for Dako A/S's borrowings under the Senior Facilities and Mezzanine Facility. The borrowings and guarantees of those subsidiaries have been secured by security in the form of bank accounts, trade receivables, intercompany receivables, intellectual property rights and certain other assets of Dako A/S and these subsidiaries. In addition, the shares in the material subsidiaries and certain of their subsidiaries have been pledged. The guarantees and securities shall be deemed not to be assumed if and to the extent required to ensure compliance with Danish statutory provisions on unlawful financial assistance.

Contractual obligations

DKK thousand	2010	2009
Payments of rental and lease liabilities due:		
Within one year	16,060	12,598
Between one and five years	20,794	16,389
After five years	-	-
Total contractual obligations	**36,854**	**28,987**

The above rental and lease liabilities relate to non-cancelable operating lease agreements mainly regarding offices. Rental and leasing expenses for the year ended December 31, 2010 amount to DKK 16,208 thousand (2009: DKK 13,171 thousand).

Assets pledged as security

DKK thousand	2010	2009
The following assets are pledged as security for the Group's loans:		
Land and buildings with a carrying amount of	388,345	400,543
Total assets held as security	**388,345**	**400,543**
Assets held under finance leases with a carrying amount of	**9,261**	**8,652**

Other guarantees

DKK thousand	2010	2009
Total other guarantees	**14,861**	**12,607**

Pending disputes and litigation
There are a limited number of ongoing disputes which involve companies in the Dako Group. Such disputes may involve claims for compensation and damages. In the opinion of Executive Management, these claims will have no effect on the financial position of the Group beyond what has been recognized in the financial statements.

29 RELATED PARTY TRANSACTIONS

Dako A/S was founded on February 25, 2007 by Delphi S.a.r.l., which has the controlling influence in Dako A/S. Furthermore, a number of managers in the Dako Group have acquired shares in Dako A/S. The ultimate controlling party of Dako A/S is EQT V.

Dako A/S has no other related parties with controlling influence.

During the year under review, Dako did not engage in any related party transactions beyond general remuneration to the Board of Directors and the Executive Management. All transactions between related parties take place on an arm's length basis.

Incentive programs
The principal shareholders have offered the Executive Management, Board members and a number of managers in Dako the opportunity to invest in the company through a management participation program.

30 FOREIGN EXCHANGE AND INTEREST RATE RISK, AND USE OF FINANCIAL INSTRUMENTS

Dako can use financial instruments and derivatives to hedge significant interest rate and foreign exchange risks resulting from the Group's commercial core business. Dako does not use financial instruments or derivatives for speculative purposes. The contractual value of the Group's derivative financial instruments and unrealized gains and losses is specified below.

Financial risks

The Group's financial risk management is based on policies approved by the Board of Directors. The Group may use derivatives to hedge financial risks. Hedging of financial risks is managed at corporate level and is only focused on managing risks arising from the Group's operations and financing. It is not policy to take positions in the financial markets.

The financial risk factors primarily comprise foreign exchange, interest rate and credit risks.

Foreign exchange risk

Foreign exchange risk occurs both as a result of imbalance between income and expenses in each foreign currency and because the Group has net assets in a number of foreign subsidiaries.

Subsidiaries outside Denmark mainly do business in local currencies, both internally within the Group and with external partners. Therefore the majority of the risk relates to translating the income statement of foreign subsidiaries into Danish kroner. However, fluctuations in exchange rates may affect the Group to the extent that the interest expenses are not denominated in the same currencies as the revenue.

The Group had no material exposure to foreign exchange risk related to receivables and payables in foreign currencies as at December 31, 2010 other than related to credit facilities. A translation risk exists when translating intercompany loans and the value of investments in foreign subsidiaries into Danish kroner. It is not Group policy to hedge this risk. The exposure on investments in foreign subsidiaries is shown below.

Currency investment in DKK thousand	**2010**	**2009**
EUR	26,451	25,775
JPY	41,884	27,405
USD	304,598	259,112
Other	23,988	8,031
Total	**396,921**	**320,323**

In 2010, the currencies in which the Group's revenue was denominated increased by an average of 3.7% (2009: 2.3%) relative to the DKK, increasing revenue by DKK 71 million (2009: DKK 40 million).

The majority of the risk on foreign exchange stems from the USD. A 10% weakening of the USD against the DKK at December 31, 2010 would impact equity, EBITDA* and profit or loss for the year by the amounts shown below.

Effect of a 10% weakening of the USD (DKK thousand)	**2010**	**2009**
Equity	229,474	186,302
EBITDA*	(10,062)	(8,082)
Net profit	259,934	228,329

A 10% weakening of the DKK against the USD at December 31, 2010 would have had an equal but opposite effect on equity, EBITDA* and net profit.

* See definition on page 3.

Interest rate risk

Interest rate risk occurs as a consequence of imbalance between interest-bearing assets and liabilities, and changes in the interest rate influence both the balance sheet and the income statement. Dako uses interest rate swaps (pay fixed rate and receive floating rate) to hedge a part of the floating-rate debt in EUR, USD and DKK. At the end of 2010 the Group's nominal interest-bearing debt (excluding capitalized loan expenses) was DKK 4,412 million (2009: DKK 4,152 million), of which DKK 4,407 million (2009: DKK 4,145 million) was at variable interest rates and DKK 5 million (2009: DKK 7 million) was at fixed interest rates with varying terms. However, the interest rate risk on 76% of the debt has been hedged with interest rate swaps with an average duration of 2.3 years (2009: 1.4 years). 82% of the USD-denominated debt and 67% of the EUR-denominated debt have also been hedged. The DKK 251 million mortgage loan has been hedged as well. As a whole, a 1% change in the interest rates at December 31, 2010 would cause a change of DKK 9.2 million in the yearly interest expenses. The interest rate swaps are adjusted to fair value and recognized directly in equity. The fair value is based on observable current market transactions.

30 FOREIGN EXCHANGE AND INTEREST RATE RISK, AND USE OF FINANCIAL INSTRUMENTS *(continued)*

DKK thousand	Fixing period	Contractual value	Unrealized gains/(losses) on adjustment to fair value	Taken directly to equity
2010				
Interest rate swap maturing September 2012 (DKK 251,889 thousand)	3 months	251,889	(12,478)	(12,478)
Interest rate swaps maturing July 2011 (USD 186,500 thousand)	3 months	1,046,880	(32,354)	(21,386)
Interest rate swap maturing July 2012 (USD 93,250 thousand)	3 months	523,440	(28,430)	(23,350)
Interest rate swap maturing July 2013 (USD 80,000 thousand)	3 months	449,064	1,449	2,103
Interest rate swap maturing July 2014 (USD 186,500 thousand)	3 months	1,046,880	12,582	12,582
Interest rate swap maturing July 2011 (EUR 63,750 thousand)	1 month	475,218	(9,513)	(8,030)
Interest rate swap maturing July 2014 (EUR 63,750 thousand)	1 month	475,218	559	559
Interest rate swap maturing July 2011 (EUR 21,250 thousand)	3 months	158,406	(3,563)	(2,287)
Interest rate swap maturing July 2013 (EUR 60,000 thousand)	1 month	447,264	2,017	2,156
Interest rate swap maturing July 2014 (EUR 21,500 thousand)	1 month	160,270	1,511	1,511
Basis swap maturing July 2011 (EUR 21,250 thousand)	Changing 3 months to 1 month	158,406	(191)	1
Value of terminated swaps, etc.		-	-	6,958
Total interest rate instruments		**5,192,935**	**(68,411)**	**(41,661)**

DKK thousand	Fixing period	Contractual value	Unrealized gains/(losses) on adjustment to fair value	Taken directly to equity
2009				
Interest rate swap maturing September 2012 (DKK 251,889 thousand)	3 months	251,889	(13,955)	(13,955)
Interest rate swap maturing July 2010 (USD 93,250 thousand)	3 months	483,977	(10,113)	(6,712)
Interest rate swaps maturing July 2011 (USD 186,500 thousand)	3 months	967,954	(60,671)	(50,513)
Interest rate swap maturing July 2012 (USD 93,250 thousand)	3 months	483,977	(29,166)	(24,333)
Interest rate swap maturing July 2010 (EUR 63,750 thousand)	1 month	474,396	(11,173)	(9,522)
Interest rate swap maturing July 2011 (EUR 63,750 thousand)	1 month	474,396	(26,072)	(24,403)
Interest rate swap maturing July 2010 (EUR 21,250 thousand)	3 months	158,132	(3,962)	(2,646)
Interest rate swap maturing July 2011 (EUR 21,250 thousand)	3 months	158,132	(7,815)	(6,487)
Basis swap maturing July 2010 (EUR 21,250 thousand)	Changing 3 months to 1 month	158,132	(43)	127
Basis swap maturing July 2011 (EUR 21,250 thousand)	Changing 3 months to 1 month	158,132	142	324
Value of terminated swaps, etc.		-	-	(12,825)
Total interest rate instruments		**3,769,117**	**(162,828)**	**(150,945)**

30 FOREIGN EXCHANGE AND INTEREST RATE RISK, AND USE OF FINANCIAL INSTRUMENTS *(continued)*

Credit risk
The Group's credit risk primarily relates to receivables, securities, cash and cash equivalents, and positive fair values of derivative financial instruments. The balance sheet valuation of all the items mentioned corresponds to the size of the maximum credit risk. The Group has historically not experienced any material loss on receivables, as most customers are public hospitals or laboratories.

Counterparty risks concerning cash and cash equivalents and financial instruments are managed by only entering into agreements with financial institutions which have achieved a satisfactory rating from recognized international credit-rating institutions. Current hedging counterparties are Nordea Bank Finland PLC, Nykredit A/S and Goldman Sachs International.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The majority of the Group's credit facilities are long-term committed facilities maturing in 2014 onwards.

Capital management
Dako's capital structure is characterized by an equity ratio of 31% (2009: 36%). It is the intention to maintain a substantial equity ratio going forward.

The Senior Facilities and the Mezzanine Facility prevent the Group from making distributions unless certain financial tests and other criteria are satisfied. Earnings will therefore be consolidated, and accordingly it is not the intention to pay out dividends in the near future.

31 DISCONTINUED OPERATIONS

Dako disposed of the Flow Instrumentation activities on December 28, 2007. As no claims had been raised within the 18 months' warranty period that expired at the end of June 2009, an accrual for potential claims amounting to DKK 29,731 thousand was recognized in 2009. As of December 31, 2010 a provision of DKK 2 million remains for rent during the notice period.

32 BUSINESS COMBINATIONS

There has been no acquisition of subsidiaries or business units in 2010 or 2009. An adjustment of DKK 400 thousand for professional fees and a reversal of bad debt related to the acquisition of InstrumeC AS, acquired in 2008, was made in 2009.

33 EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

The Board of Directors and Executive Management are not aware of any events subsequent to December 31, 2010 which may have a material impact on the Group's financial position or outlook.

PARENT COMPANY

Income statement

DKK thousand	Note	2010	2009
Net sales		19,909	26,485
Administrative expenses	2	(20,737)	(27,172)
Operating profit/(loss)		**(828)**	**(687)**
Financial income	4	9,229	69,304
Financial expenses	5	(489,585)	(333,858)
Profit/(loss) before tax		**(481,184)**	**(265,241)**
Tax on profit/(loss) for the year	6	28,529	8,071
Net loss for the year		**(452,655)**	**(257,170)**
The net loss will be distributed as follows:			
Retained earnings		(452,655)	(257,170)
Total		**(452,655)**	**(257,170)**

PARENT COMPANY

Statements of comprehensive income and changes in equity

DKK thousand	Share capital	Hedging reserve	Retained earnings	Prepaid share reserve	Total equity
2010					
Equity at January 1	**100,222**	**(109,574)**	**2,662,314**	**46,945**	**2,699,907**
Net profit/(loss) for the year	-	-	(452,655)	-	(452,655)
Value adjustments of derivatives	-	88,023	-	-	88,023
Tax on value adjustment of derivatives	-	(20,119)	-	-	(20,119)
Amortization of derivatives	-	19,780	-	-	19,780
Other comprehensive income after tax	-	87,684	-	-	87,684
Total comprehensive income for the year	-	**87,684**	**(452,655)**	-	**(364,971)**
Capital increase	7	-	243	-	250
Consideration in Dako A/S's shares, acquisition of InstrumeC AS	1,376	-	45,569	(46,945)	0
Equity at December 31	**101,605**	**(21,890)**	**2,255,471**	**0**	**2,335,186**

DKK thousand	Share capital	Hedging reserve	Retained earnings	Prepaid share reserve	Total equity
2009					
Equity at January 1	**100,198**	**(187,155)**	**2,918,732**	**46,945**	**2,878,720**
Net profit/(loss) for the year	-	-	(257,170)	-	(257,170)
Value adjustments of derivatives	-	40,646	-	-	40,646
Tax on value adjustment of derivatives	-	608	-	-	608
Amortization of derivatives	-	36,327	-	-	36,327
Other comprehensive income after tax	-	77,581	-	-	77,581
Total comprehensive income for the year	-	**77,581**	**(257,170)**	-	**(179,589)**
Capital increase	24	-	752	-	776
Equity at December 31	**100,222**	**(109,574)**	**2,662,314**	**46,945**	**2,699,907**

Hedging reserve
The hedging reserve contains the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows where the hedged transaction has yet to be realized.

Prepaid share reserve
As part of the purchase price for the Norwegian company InstrumeC AS acquired effective August 29, 2008, on August 29, 2010 Dako A/S issued 1,179,744 nominal A shares and 196,246 nominal B shares corresponding to an agreed value of NOK 50 million.

PARENT COMPANY
Balance sheet

DKK thousand	Note	2010	2009
Investment in subsidiary	7	6,328,561	6,328,561
Loan to subsidiary		110,665	299,131
Deferred tax asset	8	11,321	13,785
Total non-current assets		**6,450,547**	**6,641,477**
Prepayments and other receivables		304	1,643
Cash and cash equivalents		16,306	0
Total current assets		**16,610**	**1,643**
Total assets		**6,467,157**	**6,643,120**
Total equity		**2,335,186**	**2,699,907**
Credit institutions	10	4,026,454	3.717,933
Other provisions	11	29,224	27,849
Total non-current liabilities		**4,055,678**	**3,745,782**
Credit institutions	10	14,896	41,464
Trade payables		86	267
Other liabilities	12	61,311	155,700
Current liabilities		**76,293**	**197,431**
Total liabilities		**4,131,971**	**3,943,213**
Total equity and liabilities		**6,467,157**	**6,643,120**

PARENT COMPANY

Statement of cash flows

DKK thousand	Note	2010	2009
Operating profit/(loss)		(828)	(687)
Adjustment for non-cash items:			
Interest received		9,140	26,720
Interest paid		(209,362)	(220,101)
(Increase)/decrease in working capital	13	(1,910)	1,983
Income tax received		10,875	21,732
Cash flows from/(to) operating activities		**(192,085)**	**(170,353)**
Reduction of loan to subsidiary		189,840	90,779
Cash flows from/(to) investing activities		**189,840**	**90,779**
Free cash flows		**(2,245)**	**(79,574)**
Capital increases		250	776
New non-current debt		65,975	51,435
Repayment of non-current debt		(19,731)	-
Cash flows from/(to) financing activities		**46,494**	**52,211**
Increase/(decrease) in cash and cash equivalents		**44,249**	**(27,363)**
Cash and cash equivalents at January 1		(28,354)	(991)
Total cash and cash equivalents at December 31	14	**15,895**	**(28,354)**

PARENT COMPANY

Notes

1 ACCOUNTING POLICIES

General
The Parent Company's Annual Report is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports for accounting class C large, cf. the IFRS Order issued pursuant to the Danish Financial Statements Act. The Annual Report also complies with the International Financial Reporting Standards issued by the IASB.

The Annual Report is presented in Danish kroner (DKK).

The Group's accounting policies are presented in note 1 to the consolidated financial statements. The accounting policies for the Parent Company are the same as for the Group, with the following additions.

Supplementary accounting policies for the Parent Company

Financial assets
Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, it is written down to this lower value.

Estimation uncertainty
Calculation of the carrying amount of some assets and liabilities is based on judgments, estimates and assumptions about future events. Such estimates are made, for example, when testing investment in subsidiary for impairment.

The estimates used and the assumptions underlying them are believed by Executive Management to be reasonable. However, general risks and uncertainties may cause the actual outcome to depart from these estimates.

2 STAFF EXPENSES

DKK thousand	**2010**	**2009**
Wages and salaries	14,821	19,210
Defined contribution pension plans and other long-term employee benefits	1,550	2,073
Other social security costs, etc.	31	(38)
Total staff expenses	**16,402**	**21,245**
Included in the consolidated income statement under the following headings:		
Administrative expenses	16,402	21,245
Average number of employees	5	5
Remuneration to Executive Management	12,995	12,207
Remuneration to the Board of Directors	820	770
Total remuneration to Executive Management and Board of Directors	**13,815**	**12,977**
Remuneration to Executive Management includes pension contributions of	1,412	1,689

Executive Management has bonus schemes that are dependent on specific conditions. Executive Management has also entered into termination agreements with a 12-month period of notice. In 2009 the amount included total severance payments of DKK 4,977 thousand to the former CEO and CFO.

3 FEES TO STATUTORY AUDITORS

DKK thousand	**2010**	**2009**
Audit	359	500
Other assurance engagements	40	134
Tax and VAT advisory services	135	-
Other services	-	623
Total fees to statutory auditors	**534**	**1,257**

4 FINANCIAL INCOME

DKK thousand	2010	2009
Interest income	-	13
Interest income, subsidiary	8,382	23,995
Exchange gains (net)	0	39,792
Other financial income	758	2,712
Ineffective portion of cash flow interest rate hedges	89	2,792
Total financial income	**9,229**	**69,304**

5 FINANCIAL EXPENSES

DKK thousand	2010	2009
Interest expenses, credit institutions, etc.	278,635	282,270
Exchange loss (net)	177,263	0
Amortization of loan expenses and discontinued swaps	31,672	48,219
Other financial expenses	2,015	3,369
Total financial expenses	**489,585**	**333,858**

6 TAX FOR THE YEAR

DKK thousand	2010	2009
Change in deferred tax	(18,991)	13,662
Joint taxation contribution from Dako Denmark A/S	(10,874)	(21,733)
Prior-year adjustments	1,336	-
Total tax in the income statement for the year	**(28,529)**	**(8,071)**

DKK thousand	2010	Percent	2009	Percent
Profit/(loss) before tax	(481,184)		(265,241)	
Calculated tax on pre-tax profit/(loss), 25%	(120,296)	25.0%	(66,310)	25.0%
Tax effect of:				
Capitalized expenses, tax-deductible	1,336	(0.3)%	-	-
Interest expense, not deductible	90,431	(18.8)%	58,239	(22.0)%
Total tax in the income statement for the year	**(28,529)**	**5.9%**	**(8,071)**	**3.0%**

7 INVESTMENT IN SUBSIDIARY

DKK thousand	2010	2009
Cost at January 1	6,328,561	6,328,561
Carrying amount at December 31	**6,328,561**	**6,328,561**

Ownership interest	Domicile	2010	2009
Dako Denmark A/S	Glostrup, Denmark	100%	100%

8 DEFERRED TAX

DKK thousand	2010	2009
Balance at January 1	**13,785**	**26,838**
Recognized in income statement	17,655	(13,662)
Recognized in equity	(20,119)	608
Balance at December 31	**11,321**	**13,785**

Deferred tax relates to:

DKK thousand	2010	2009
Balance at December 31:		
Loan cost amortized	11,321	9,112
Tax loss carry-forward, etc.	0	4,673
Tax asset	**11,321**	**13,785**

Recognition
Deferred tax assets are recognized as assets when it is likely that they will reduce future tax payments within a reasonable period of time.

9 SHARE CAPITAL

2010	**Number of shares, thousand**	**Nominal value, DKK thousand**
Share capital at January 1	100,222	100,222
Capital increase during the year	1,384	1,384
Share capital at December 31	**101,606**	**101,606**

2009	**Number of shares, thousand**	**Nominal value, DKK thousand**
Share capital at January 1	100,198	100,198
Capital increase during the year	24	24
Share capital at December 31	**100,222**	**100,222**

The share capital consists of 86,254,310 (2009: 85,072,341) A shares, or 84.9% (2009: 84.9%), which carry 10 votes per share, and 15,351,450 (2009: 15,150,059) B shares, or 15.1% (2009: 15.1%), which carry 1 vote per share. The A shares have a preferential right to the amount paid plus an annual return of 14%. The remaining earnings will be distributed among the holders of B shares.

Right of first refusal on sale or disposal of the investment
The A shares have a right of first refusal to purchase B shares, or part thereof, in the event of a sale of B shares.

Shareholders
The majority shareholder is Delphi S.a.r.l., Luxembourg, which holds 97.0% (2009: 98.3%) of the shares. Delphi S.a.r.l. is ultimately controlled by EQT V. The remaining 3.0% (2009: 1.7%) of the shares are primarily distributed among current employees, Management and Board members of Dako A/S.

10 CREDIT INSTITUTIONS

DKK thousand		Maturity	Fixed/variable	Carrying amount	Description
2010					
DKK	DKK O/N + margin	2014	Variable	411	Revolving credit facility
USD	Libor 1 month + margin	2014	Variable	70,009	Revolving credit facility
USD	Libor 1 month + margin	2014	Variable	44,907	Capex/R&D facility
EUR	Libor 1 month + margin	2014	Variable	28,632	Capex/R&D facility
EUR	Libor 1 month + margin	2015/2016	Variable	1,571,582	Senior Facility
USD	Libor 3 months + margin	2015/2016	Variable	1,260,873	Senior Facility
USD	Libor 3 months + margin	2017	Variable	1,050,451	Mezzanine Facility
Total				**4,026,865**	

DKK thousand		Maturity	Fixed/variable	Carrying amount	Description
2009					
DKK	DKK O/N + margin	2014	Variable	28,355	Revolving credit facility
EUR	Libor 1 month + margin	2014	Variable	96,635	Revolving credit facility
USD	Libor 3 months + margin	2015/2016	Variable	1,164,382	Senior Facility
USD	Libor 3 months + margin	2017	Variable	896,533	Mezzanine Facility
EUR	Libor 1 month + margin	2015/2016	Variable	1,560,382	Senior Facility
Total				**3,746,287**	

DKK thousand	2010	2009
Credit facilities are recognized in the balance sheet as follows:		
Non-current liabilities	4,026,454	3,717,933
Credit institutions	411	28,354
Total carrying amount of credit facilities	**4,026,865**	**3,746,287**
Accrued interest (included in credit institutions under current liabilities)	14,485	13,110
Total credit facilities	**4,041,350**	**3,759,397**
Nominal value (carrying amount adjusted for capitalized loan expenses)	**4,088,186**	**3,817,970**
Fair value	**4,088,186**	**3,817,970**

At year-end, the Company had undrawn committed credit facilities amounting to DKK 119 million (2009: DKK 138 million). The undrawn committed credit facilities consist of a Revolving Facility Commitment of DKK 95 million (2009: DKK 39 million) and a Capex/R&D Facility Commitment of DKK 24 million (2009: DKK 99 million). The facilities mature in 2014.

There is no amortization of the Senior Facilities Agreement and the Mezzanine Facility Agreement until maturity. The carrying amount of the USD Mezzanine Facility includes capitalized interest of DKK 253 million or 7.5% p.a. (2009: DKK 163 million; 7.5% p.a.).

The Senior Facilities and Mezzanine Facility are subject to customary undertakings, covenants and other restrictions. Financial covenants include debt and interest cover ratios as well as cash flows and capital expenditure cover ratios. For contingent assets and liabilities related to the credit facilities, reference is made to note 16, Contingent assets and liabilities.

At December 31, 2010 loan costs less amortization amounting to DKK 61 million (2009: DKK 72 million) have been recognized in non-current liabilities.

The Company has entered into interest rate swaps to hedge the interest rate risk. See note 15.

11 PROVISIONS

Provisions of DKK 29,224 thousand (2009: DKK 27,849 thousand) comprise contingent considerations related to the acquisition of Instru-meC AS.

12 OTHER LIABILITIES

DKK thousand	2010	2009
Fair value of derivatives	55,932	148,871
Other liabilities	5,379	6,829
Total other liabilities	**61,311**	**155,700**

13 CHANGE IN WORKING CAPITAL

DKK thousand	2010	2009
(Increase)/decrease in receivables	(114)	149
Increase/(decrease) in trade payables and other liabilities	(1,796)	1,834
Changes in working capital	**(1,910)**	**1,983**

14 CASH AND CASH EQUIVALENTS

DKK thousand	2010	2009
Cash	16,306	0
Credit institutions (note 10)	(411)	(28,354)
Cash and cash equivalents	**15,895**	**(28,354)**

15 FOREIGN EXCHANGE AND INTEREST RATE RISK, AND USE OF FINANCIAL INSTRUMENTS

Dako uses financial instruments and derivatives to hedge significant interest rate and foreign exchange risks resulting from Dako A/S's commercial core business, and does not as such use financial instruments or derivatives for speculative purposes. The contractual value of Dako A/S's derivative financial instruments and unrealized gains and losses is specified below.

Financial risks
The financial risk factors primarily comprise foreign exchange, interest rate and credit risks. The financial policy of the Company stipulates that financial instruments are only used to minimize the financial risks resulting from business activities.

Foreign exchange risk
Foreign exchange risk occurs as a result of imbalance between assets and liabilities in foreign currencies.

The majority of the risk on foreign exchange stems from the USD debt. A 10% weakening of the USD against the DKK at December 31, 2010 would impact equity, EBITDA* and profit or loss for the year by the amounts shown below.

Effect of a 10% weakening of the USD (DKK thousand)	2010	2009
Equity	259,958	227,746
EBITDA*	0	0
Net profit	259,958	227,746

A 10% weakening of the DKK against the USD at December 31, 2010 would have had an equal but opposite effect on equity, EBITDA* and net profit.

* See definition on page 3.

Interest rate risk
Interest rate risk occurs as a consequence of imbalance between interest-bearing assets and liabilities, and changes in the interest rate influence both the balance sheet and the income statement. Dako uses interest rate swaps (pay fixed rate and receive floating rate) to hedge a part of the floating-rate debt in EUR, USD and DKK. At the end of 2010 the nominal interest-bearing debt (excluding capitalized loan expenses) in Dako A/S was DKK 4,088 million (2009: DKK 3,818 million), of which DKK 4,088 million (2009: DKK 3,818 million) was at variable interest rates. However, the interest rate risk on 76% of the debt has been hedged with interest rate swaps with an average duration of 2.3 years (2009: 1.3 years). 82% of the USD-denominated debt and 67% of the EUR-denominated debt have also been hedged. As a whole, a 1% change in the interest rates at December 31, 2010 would cause a change of DKK 8.5 million in the yearly interest expenses. The interest rate swaps are adjusted to fair value and recognized directly in equity. The fair value is based on observable current market transactions.

15 FOREIGN EXCHANGE AND INTEREST RATE RISK, AND USE OF FINANCIAL INSTRUMENTS (continued)

DKK thousand	Fixing period	Contractual value	Unrealized gains/(losses) on adjustment to fair value	Taken directly to equity
2010				
Interest rate swaps maturing July 2011 (USD 186,500 thousand)	3 months	1,046,880	(32,354)	(21,386)
Interest rate swap maturing July 2012 (USD 93,250 thousand)	3 months	523,440	(28,430)	(23,350)
Interest rate swap maturing July 2013 (USD 80,000 thousand)	3 months	449,064	1,449	2,103
Interest rate swap maturing July 2014 (USD 186,500 thousand)	3 months	1,046,880	12,582	12,582
Interest rate swap maturing July 2011 (EUR 63,750 thousand)	1 month	475,218	(9,513)	(8,030)
Interest rate swap maturing July 2014 (EUR 63,750 thousand)	1 month	475,218	559	559
Interest rate swap maturing July 2011 (EUR 21,250 thousand)	3 months	158,406	(3,563)	(2,287)
Interest rate swap maturing July 2013 (EUR 60,000 thousand)	1 month	447,264	2,017	2,156
Interest rate swap maturing July 2014 (EUR 21,500 thousand)	1 month	160,270	1,511	1,511
Basis swap maturing July 2011 (EUR 21,250 thousand)	Changing 3 months to 1 month	158,406	(191)	1
Value of terminated swaps, etc.		-	-	6,958
Total interest rate instruments		**4,941,046**	**(55,933)**	**(29,183)**

DKK thousand	Fixing period	Contractual value	Unrealized gains/(losses) on adjustment to fair value	Taken directly to equity
2009				
Interest rate swap maturing July 2010 (USD 93,250 thousand)	3 months	483,977	(10,113)	(6,712)
Interest rate swaps maturing July 2011 (USD 186,500 thousand)	3 months	967,954	(60,671)	(50,513)
Interest rate swap maturing July 2012 (USD 93,250 thousand)	3 months	483,977	(29,166)	(24,333)
Interest rate swap maturing July 2010 (EUR 63,750 thousand)	1 month	474,396	(11,173)	(9,522)
Interest rate swap maturing July 2011 (EUR 63,750 thousand)	1 month	474,396	(26,072)	(24,403)
Interest rate swap maturing July 2010 (EUR 21,250 thousand)	3 months	158,132	(3,962)	(2,646)
Interest rate swap maturing July 2011 (EUR 21,250 thousand)	3 months	158,132	(7,815)	(6,487)
Basis swap maturing July 2010 (EUR 21,250 thousand)	Changing 3 months to 1 month	158,132	(43)	127
Basis swap maturing July 2011 (EUR 21,250 thousand)	Changing 3 months to 1 month	158,132	142	324
Value of terminated swaps, etc.		-	-	(12,825)
Total interest rate instruments		**3,517,228**	**(148,873)**	**(136,990)**

15 FOREIGN EXCHANGE AND INTEREST RATE RISK, AND USE OF FINANCIAL INSTRUMENTS (continued)

Credit risk
The Group's credit risk primarily relates to receivables, securities, cash and cash equivalents, and positive fair values of derivative financial instruments. The balance sheet valuation of all the items mentioned corresponds to the size of the maximum credit risk. The Group has historically not experienced any material loss on receivables.

Counterparty risks concerning cash and cash equivalents and financial instruments are managed by only entering into agreements with financial institutions which have achieved a satisfactory rating from recognized international credit-rating institutions. Current hedging counterparties are Nordea Bank Finland PLC and Goldman Sachs International.

Liquidity risk
Liquidity risk is the risk that Dako A/S will not be able to meet its financial obligations as they fall due. Dako A/S's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Dako A/S's reputation. The majority of Dako A/S' credit facilities are long-term committed facilities maturing in 2014 onwards.

Capital management
The Senior Facilities and the Mezzanine Facility prevent the Group from making distributions unless certain financial tests and other criteria are satisfied. Earnings will therefore be consolidated, and accordingly it is not the intention to pay out dividends in the near future.

16 CONTINGENT ASSETS AND LIABILITIES

Senior Facilities Agreement and Mezzanine Facility Agreement
When acquired by EQT V Dako A/S executed a share pledge for its shares in Dako Denmark A/S as security for the Senior Facilities, and a secondary share pledge for these shares as security for the Mezzanine Facility. Dako A/S, Dako Denmark A/S and certain material subsidiaries of Dako Denmark A/S have provided guarantees for Dako A/S's borrowings under the Senior Facilities and Mezzanine Facility. The borrowings and guarantees of those subsidiaries have been secured by security in the form of bank accounts, trade receivables, intercompany receivables, intellectual property rights and certain other assets of Dako A/S and these subsidiaries. In addition, the shares in the material subsidiaries and certain of their subsidiaries have been pledged. The guarantees and securities shall be deemed not to be assumed if and to the extent required to ensure compliance with Danish statutory provisions on unlawful financial assistance.

17 RELATED PARTY TRANSACTIONS

Dako A/S was founded on February 25, 2007 by Delphi S.a.r.l., which has the controlling influence in Dako A/S. Furthermore, a number of managers in the Dako Group have acquired shares in Dako A/S. The ultimate controlling party of Dako A/S is EQT V.

Dako A/S has no other related parties with controlling influence.

During the year under review, Dako A/S did not engage in any related party transactions beyond general remuneration to the Board of Directors and the Executive Management. All transactions between related parties take place on an arm's length basis.

Incentive programs
The principal shareholders have offered the Executive Management, Board members and a number of managers in Dako the opportunity to invest in the Company through a management participation program.

18 EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

The Board of Directors and Executive Management are not aware of any events subsequent to December 31, 2010 which may have a material impact on the Group's financial position.

GROUP OVERVIEW

		Capital (thousand)		Ownership (%)	
Company	**Currency**	**2010**	**2009**	**2010**	**2009**
Parent					
Dako A/S	DKK	101,605	100,222	100	100
Sales companies					
Dako France S.A.S., Trappes, France	EUR	234	234	100	100
Dako Netherlands B.V., Eindhoven, Netherlands	EUR	18	18	100	100
Dako Belgium N.V., Heverlee, Belgium	EUR	62	62	100	100
Dako Italia S.p.A., Milan, Italy	EUR	1,548	1,548	100	100
Dako Polska Sp. z o.o., Gdynia, Poland	PLN	100	100	100	100
Dako Schweiz AG, Baar, Switzerland	CHF	300	300	100	100
Dako Österreich GmbH, Vienna, Austria	EUR	18	18	100	100
Dako Diagnósticos S.A., Barcelona, Spain	EUR	240	240	100	100
Dako Sweden AB, Stockholm, Sweden	SEK	200	200	100	100
Dako Deutschland GmbH, Hamburg, Germany	EUR	26	26	100	100
Dako (Australia) Pty. Ltd., Sydney, Australia	AUD	310	310	100	100
Dako Canada, Inc., Toronto, Canada	CAD	350	350	100	100
Dako Japan Inc., Tokyo, Japan	JPY	80,000	80,000	100	100
Dako Diagnostics Ireland Ltd., Dublin, Ireland	EUR	0	0	100	100
Dako UK Ltd., UK	GBP	0	0	100	100
Dako Finland Oy, Finland	EUR	3	3	100	100
Dako InstrumeC AS, Norway	NOK	970	970	100	100
Dako do Brasil LTDA, Brazil	BRL	5,885	110	99	99
Dako Diagnostics (Shanghai) Co. Ltd., China	USD	1,707	250	100	100
Danish companies					
Dako Denmark A/S, Glostrup, Denmark	DKK	61,682	61,682	100	100
Dako Norge, Oslo Branch		-	-	-	-
US companies					
DC-US Holdings, Inc., Delaware, USA	USD	4,148	4,148	100	100
Dako North America, Inc., Carpinteria, USA	USD	4,148	4,148	100	100
BPI Holding, Inc., Delaware, USA (8,001 shares of USD 0.01)	USD	1	1	100	100
DCI Real Estate Holdings, Inc., Delaware, USA	USD	4	4	100	100
Other companies					
Aperio Technologies, Inc., California, USA	USD	105,072	103,583	11	11

FINANCIAL DEFINITIONS

When calculating financial key figures and ratios, Dako uses the guidelines published by the Danish Society of Financial Analysts in 2010.

EBITDA*
Earnings before interest, taxes, depreciation, amortization and impairment losses.

EBITDA (%)*
Earnings before interest, taxes, depreciation, amortization and impairment losses as a percentage of sales.

EBITDA BEFORE OTHER INCOME AND EXPENSES*
Earnings before other income and expenses, taxes, depreciation, amortization and impairment losses.

EBITDA BEFORE OTHER INCOME AND EXPENSES (%)*
Earnings before other income and expenses, taxes, depreciation, amortization and impairment losses as a percentage of sales.

ADJUSTED EBITDA*
Earnings before interest, taxes, depreciation, amortization, impairment losses, other income and expenses, and fair value adjustments.

ADJUSTED EBITDA (%)*
Earnings before interest, taxes, depreciation, amortization, impairment losses, other income and expenses, and fair value adjustments as a percentage of sales.

EFFECTIVE TAX RATE (%)
Tax on profit/(loss) for the year as a percentage of profit before income taxes.

EQUITY RATIO
Equity as a percentage of total assets at year-end.

FINANCIAL GEARING
Net interest-bearing debt divided by equity.

NET INTEREST-BEARING DEBT
Interest-bearing liabilities less interest-bearing assets.

NET WORKING CAPITAL
All current assets less current liabilities used in or necessary for the operations of the business excluding taxes.

OPERATING PROFIT/(LOSS)
Earnings before interest and taxes.

OPERATING PROFIT/(LOSS) BEFORE OTHER INCOME AND EXPENSES
Earnings before interest, taxes and non-recurring items.

NUMBER OF SHARES
The total number of shares excluding the holding of treasury shares.

DIVIDEND PER SHARE
Proposed dividend divided by number of shares at year-end.

RETURN ON EQUITY (%)
Net profit/(loss) for the year as a percentage of average equity.

* EBITDA, EBITDA before other income and expenses and Adjusted EBITDA (together EBITDA) are non-IFRS measures. EBITDA is presented as a supplemental performance measure to facilitate operating performance comparisons from period to period by eliminating potential differences between periods caused by variations in capital structure, tax positions, and the age of and depreciation expenses associated with fixed assets. EBITDA should not be considered in isolation or as a substitute for operating profit or other statements of operations or cash flow data prepared in accordance with IFRS as a measure of profitability or liquidity. EBITDA does not take into account debt service requirements and other commitments, including capital expenditures, and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. In addition, EBITDA, as presented in this Annual Report, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.