

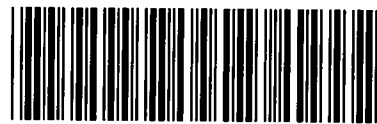
Company Registration No. 2066629

LINX PRINTING TECHNOLOGIES LIMITED

Report and Financial Statements

31 December 2019

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LINX PRINTING TECHNOLOGIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

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LINX PRINTING TECHNOLOGIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Cooper
H S Sandhu
K G Ward

SECRETARY

S G E West (resigned 1 Feb 2019)

REGISTERED OFFICE

Linx House
8 Stocks Bridge Way
Compass Point Business Park
St Ives
Cambridgeshire
PE27 5JL

BANKERS

HSBC Bank plc
27th Floor
8 Canada Square
London
E14 5HQ

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

LINX PRINTING TECHNOLOGIES LIMITED

STRATEGIC REPORT

REVIEW OF BUSINESS

The Company's principal activity during the period continued to be the development, manufacture, sale and service of products in the field of coding and marking technologies.

The company's key financial and other performance indicators were as follows:

	2019 £000	2018 £000	Change %
Turnover	93,457	90,188	+3.6%
Gross profit as % of sales	57.0%	55.4%	+2.9%
Operating profit as % of sales (excluding profit on sale)	40.0%	37.6%	+6.4%
R&D as a % of sales	4.7%	4.2%	+11.2%
Current assets (excluding cash) as a % of current liabilities	133%	115%	+15.4%

Turnover increased by £3.3 million (+3.6%) during the year. Sales to new distributors appointed in the year contributed £0.2 million (+0.2%) and positive FX movements added £0.5m (+0.6%). Like for like sales to external customers in constant currency increased by £2.5 million (+3.0%) whilst intercompany sales increased by £0.1 million (+1.2%) principally to France. Developed markets increased by +2.9% and high growth markets grew by +4.5%. We appointed 7 new distributors in the year, and we continue to focus on extending our geographical coverage and on the appointment of new distributors in 2020.

Gross profit as a percentage of sales increased by 159 basis points (+2.9% increase). This was principally due to product mix with strong sales of CIJ equipment and fluids.

Operating profit as a percentage of sales increased by 241 basis points (+6.4% increase) excluding the gain on the sale of an investment in 2018. The increase is primarily due to the margin falling through on the higher sales and operating expenses remaining broadly flat to last year. Sales expenses increased by 5.6% principally from headcount investments and travel costs. Admin costs decreased by 20.7% due to a one-off income tax charge last year compared to a refund in 2019 and foreign exchange losses last year compared to a gain this year. Linx continued to focus on new product development with R&D spend £0.6m higher than last year (4.7% of sales) and expects expenditure to remain at similar levels for 2020.

Current assets as a percentage of current liabilities, which is calculated as (Stock + Debtors) / Creditors, increased in the year by 15.4% to 132.7%, principally due to lower liabilities particularly intercompany balances with China.

FUTURE DEVELOPMENTS

We will continue to add products to our portfolio from our own research and development work as well as products which have been developed by other Danaher group companies in order to maximize the efficiency of our sales channels. We are focusing on extending our distribution channel in regions where economic growth is expected to be highest.

LINX PRINTING TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risks

The company faces competition which in some cases requires price reductions in order to compete effectively. However, our customer base is located in 90 countries, so we are not reliant on any one economic region and no individual customer accounts for more than 10% of sales.

Technological risks

Technologies, product offerings and customer requirements change over time. In order to keep up with these changes the company invests significant amounts in research and development as well as a "Voice of the Customer" programme which is integrated in the product development process. The company also seeks to maintain and protect its intellectual property.

Foreign currency risks

The majority of sales are made in sterling, but a proportion is in US dollars and to a lesser extent Euros. Similarly, a proportion of purchases are in US dollars and Euros. This exposes the company to losses as well as gains arising from relative movements in these exchange rates, but the net offset between sales and purchases in currency means our exposure to foreign currencies is not considered material and the company does not undertake any hedging activities.

Risks stemming from the UK referendum on membership of the EU

The decision to leave the EU has caused and may continue to cause political and economic uncertainty, including significant currency exchange rate fluctuations. Although it is unknown what the full terms of the United Kingdom's future relationship with the EU will be, it is possible that there will be greater restrictions on imports and exports between the United Kingdom and other countries and increased regulatory complexities. Any of these factors could adversely affect customer demand, our relationships with customers and suppliers and our business and financial statements. The company is considering what arrangements it could put in place to mitigate potential adverse impacts.

COVID 19

The COVID 19 pandemic has presented risks to the business. Refer to the Directors report under Going Concern section for the assessment of the impact of the pandemic to the business and our mitigating plans.

SECTION 172(1) STATEMENT

The revised UK Corporate Governance Code was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019.

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

LINX PRINTING TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED)

This S172 statement, which is reported for the first time, explains how the Directors:

- a) have engaged with employees, suppliers, customers and others; and
- b) have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

The Board has a clear framework for determining the matters within its remit and certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Delegation of Authority sets out the delegation and approval process across the broader business.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The company is part of the Danaher group which is a global group of companies listed on the New York Stock Exchange, and all of its shares are held internally within the Danaher group. The Danaher group and all of its subsidiaries embrace the Danaher Business System (DBS) into its core values.

The business, its Directors and employees embody the core values of building the best team, continuously improving and driving innovation and this is included in each decision made in the short or long term.

The Directors understand the business and the evolving environment in which it operates, including the related challenges. Based on the Company's purpose to be the partner of choice to build the future of coding and marking, the strategy set by the Board is intended to strengthen the position as a leading supplier of coding and marking products and services while keeping safety and social responsibility fundamental to the business approach.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that employees are fundamental and core to the business and delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. From ensuring that it remains a responsible employer, from pay and benefits to the health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

Employee engagement, organisational culture, attracting and retaining talent is key to the business and to Danaher group. The company complies with all employment legislation. A key driver in the Danaher culture is to embed diversity and inclusion. Each year all employees have the opportunity to take part in a Danaher wide independent employee survey, the results of which are reviewed in detail and actions taken. An annual appraisal program is followed for all employees.

LINX PRINTING TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED)

S172(1) (C) “The need to foster the company’s business relationships with suppliers, customers and others”

Delivering the Company’s strategy requires strong mutually beneficial relationships with suppliers, customers and government. The Company seeks the promotion and application of sound corporate governance principles in such relationships, which are prescribed in standards such as the Supplier Code of Conduct, including the UK Modern Slavery Act, which governs the Company’s approach to suppliers. The Company continuously assess the priorities related to customers and those with whom we do business. Most of our distributors have partnered with Linx for many years. The relationships are managed by regionally based sales managers who have regular meetings to discuss sales performance and receive feedback on our products. Linx also undertakes “Voice of the customer” surveys to assist in new product development and many distributors also perform testing on prototype equipment before general release. In this way customers have direct input into the type of products they wish to see. The Board is involved in this process through business strategy updates.

Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Finance and/or Legal Department (e.g. supplier contract management topics) to information provided by the Financial Planning and Analysis Department (on customers related to business strategies, projects and investment or divestment proposals).

S172(1) (D) “The impact of the company’s operations on the community and the environment”

In conducting our business, Linx seeks to minimise waste, reduce the impact on the environment and reduce the use of energy and resources and is accredited to ISO14001 Environmental Management Systems and reports regularly on Safety and environment performance matters

The Board receives information on these topics to both provide relevant information for specific Board decisions (e.g. those related to specific strategic initiatives such as investment or divestment proposals, business strategy reviews, etc.) and to provide ongoing overviews (e.g., regular Health & Safety updates).

S172(1) (E) “The desirability of the company maintaining a reputation for high standards of business conduct”

The Company aims to meet the demand for coding and marking products in ways which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear frameworks, such as the Standards of Conduct, specific Ethics & Compliance manuals, and ensures all personnel participate in training which cover topics such as Bribery and corruption, Data protection, cyber security and Modern Slavery.

All personnel have access to the Danaher Integrity and Compliance Helpline, as well as the Danaher reporting platform through which any compliance or ethics issues can be discussed or reported to Danaher Corporation, the ultimate holding company. The Company also performs due diligence before entering into new supplier or distributor agreements. These measures ensure that high standards of business conduct are maintained both within the Company and its business relationships.

LINX PRINTING TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED)

S172(1) (F) “The need to act fairly as between members of the company”

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the Company’s strategy through the long-term, taking into consideration the impact on stakeholders.

In doing so, the Directors act fairly as between the Company’s members but are not required to balance the Company’s interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Principal decisions

Below, we outline some of the principal decisions made by the Board over the year, explain how the Directors have engaged with, or in relation to, the different key stakeholders and how stakeholder interests were considered over the course of decision-making.

- **Investing in new products or research and development**

In its strategic plan the Board decided to move the company into the industrial internet of things (IIOT) by developing its PrinterNet product to connect customers’ printers to The Cloud. In making the decision to invest in this product the Board considered the increasing requirement from manufacturing companies for internet connectivity of equipment and the benefit to them of printer performance data to reduce customer down-time and provide value added customer services.

Another strategic objective was to expand sales in High Growth Markets by developing a low-cost printer. The board considered that engineers with experience of local manufacturing methods and technology would better enable Linx to achieve the very aggressive cost target. Therefore, an R&D team was recruited in China located at the Danaher development centre.

- **Shareholder distributions**

The Board assessed the ongoing payment and rate of dividend payable to the shareholder. In making the distribution decision, the Board considered shareholder expectations and the flexibility afforded by operating plans, which included known and anticipated organic free cashflow and solvency considerations and were reflective of the actual and expected performance at the time of the resolution.

Based on the above metrics, the Board resolved it to be prudent and appropriate for an interim dividend of £48,000,000 to be declared for the 2019 year.

On behalf of the Board



H S Sandhu

Director

Date: 31 July 2020

LINX PRINTING TECHNOLOGIES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The results for the financial year are set out in the Income Statement on page 15 and show a profit before taxation of £37,888,000 (2018: £54,603,000).

An interim dividend of £48,000,000 was proposed and paid on 19th December 2019 to the company's immediate parent company Launchchange Operations Ltd.

The Directors do not recommend the payment of a final dividend.

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development which is expected to result in several new products being launched, contributing to the growth of the business. The Directors regard investment in this area as a pre-requisite for success in the medium to long-term future.

DIRECTORS

The directors who served during the year were as follows:

K G Ward

H S Sandhu

M J Cooper

GOING CONCERN AND COVID-19

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This has highlighted the importance of the food and beverage industry in which the Company plays an important part through provision of coding and marking technology and equipment into the manufacturing sector.

The COVID-19 pandemic has, at the time of approving these financial statements, had an impact on the Company. The demand for the company's products and services has decreased and accordingly the forecast for coming periods, covering at least 12 months from approval of the financial statements, has been adjusted to reflect the directors' current expectations of the impact on results for the remainder of 2020 and future periods. Whilst there have been restrictions on staff movement the business has operated with minimal disruption and is continuing to provide products and services to customers.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known but the directors are confident that they have put in place measures to ensure the impact is mitigated as much as possible, with protection of staff, continuity of supply chain, continued service delivery to customers and ongoing productivity is maintained.

The circumstances of COVID-19 currently assessed as significant to the Company are:

- People – Operations associates are still attending site to manufacture and assemble product along with shipping staff. All other associates are working from home, and a small number have been furloughed. Hiring decisions have been delayed.
- Health & safety – Social distancing measures are in place, shifts and break times have been staggered to reduce contact, temperature testing and masks are provided, and hand sanitizers are available throughout the site. Cleaning of high traffic areas is conducted four times a day.
- Supply Chain – There has been minimal disruption to supply of product either from our suppliers or to our customers. The main impact has been an increase in carriage costs, particularly air freight.
- Demand – We are experiencing a decline in demand for equipment as customers delay investment decisions and where sites are temporarily closed. With a high proportion of customers in the food and beverage industry demand for our consumables has continued.

LINX PRINTING TECHNOLOGIES LIMITED

DIRECTORS' REPORT

- Outlook – As certain territories emerge from lockdown, we expect demand for our products to resume quite quickly. Sales in China, for example are experiencing positive growth after a decline in Q1. Nevertheless, the Company expects to continue with the current remote working for some time. Cost savings particularly from the lack of travel and government support from furlough payments will partially mitigate the reduction in profit from the decline in sales.

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposure to competitive, technological, and foreign currency risks are described in the Strategic Report on page 5.

The company is part of the Danaher UK group cash pool arrangement. As part of the group cash pool arrangement, company cash holdings remain in the ownership of each company and are not subject to cash sweeping. All members of the cash pool have entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies.

The company is trading profitably, with positive cash flow and a strong balance sheet. The group cash pool arrangement in the UK is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due. The cash position of the UK group as a whole is strong and therefore the company has access to sufficient operating funds as necessary.

After making due enquiries and considering the impact of COVID-19 and the access to funds, cross guarantees with fellow members of the UK Group cashpool, and ultimately strength of its balance sheet, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. These considerations included the impact of COVID-19 on company, as well as the wider UK and Danaher Corporation group. Accordingly, the financial statements have been prepared on the going concern basis.

EMPLOYMENT POLICIES

The Company's policy is to encourage the involvement of all employees in the Company's development and to provide equal opportunity to all, irrespective of sex, race, religion, age or colour.

The Company also pursues a policy of providing, wherever possible, the same employment and career development opportunities to disabled persons as to others.

The Company keeps its employees informed on matters affecting them as employees and on the factors affecting the performance of the Company. This is achieved through formal and informal meetings, emails, bulletins on notice boards and Company magazines.

THIRD PARTY INDEMNITIES

Danaher Corporation has provided to all directors limited indemnities in respect of the cost of defending claims against them and third-party liabilities. These are all third-party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

LINX PRINTING TECHNOLOGIES LIMITED

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed on page 3. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

At a shareholders meeting held on 18th June 2007 it was resolved to dispense with the obligation to appoint auditors annually. It was noted that in light of this resolution the company's auditors, Ernst & Young, are deemed to be re-appointed for each succeeding financial year on the expiry of the time for the appointment of auditors for that year.

On behalf of the Board



H S Sandhu

Director

Date: 31 July 2020

LINX PRINTING TECHNOLOGIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINUX PRINTING TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of Linx Printing Technologies Limited for the year ended 31 December 2018 which comprise the Income Statement, Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Disclosures in relation to the impact of COVID-19

We draw attention to notes 2 and 26 of the financial statements, which describe the impact on the company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report set out on pages 4-7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINUX PRINTING TECHNOLOGIES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

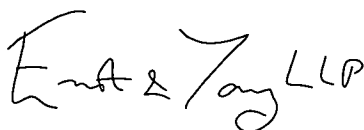
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed



Fraser Bull
Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date 31 July 2020

LINX PRINTING TECHNOLOGIES LIMITED

INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 £000	2018 £000
TURNOVER	3	93,457	90,188
Cost of sales		<u>(40,158)</u>	<u>(40,184)</u>
GROSS PROFIT		53,299	50,004
Sales and Distribution costs		(7,161)	(6,783)
Administrative expenses	4	(8,789)	(9,349)
Profit on disposal of Investment		-	19,954
OPERATING PROFIT	5	<u>37,349</u>	<u>53,826</u>
Interest receivable and similar income	7	546	777
Interest payable and similar charges	8	<u>(7)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		37,888	54,603
Tax credit / (charge) credit on profit on ordinary activities	9	<u>203</u>	<u>(462)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>38,091</u></u>	<u><u>54,141</u></u>

All operations of the Company continued throughout both periods and no operations were acquired or discontinued.

The accompanying notes are an integral part of this profit and loss account.

LINX PRINTING TECHNOLOGIES LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	£000	£000
Profit for the year	38,091	54,141
Other comprehensive income for the year net of tax	<u>-</u>	<u>-</u>
Total Comprehensive income for the year	<u><u>38,091</u></u>	<u><u>54,141</u></u>

The accompanying notes are an integral part of this profit and loss account.

LINX PRINTING TECHNOLOGIES LIMITED

Registered number 2066629

BALANCE SHEET

At 31 December 2019

	Note	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	10	<u>12,765</u>	<u>11,873</u>
CURRENT ASSETS			
Stock	13	3,583	3,097
Debtors			
- due within one year	14	15,168	13,353
- due in over one year	15	3,838	2,746
Deferred tax	9	935	328
Cash at bank and in hand		<u>21,152</u>	<u>35,782</u>
		44,676	55,306
CREDITORS: amounts falling due within one year	16	<u>(14,127)</u>	<u>(14,306)</u>
NET CURRENT ASSETS		<u>30,549</u>	<u>41,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		43,314	52,873
CREDITORS: amounts falling due after more than one year	17	(1,022)	(695)
PROVISION FOR LIABILITIES AND CHARGES	18	(582)	(582)
Lease liabilities	16	<u>(164)</u>	-
NET ASSETS		<u>41,546</u>	<u>51,596</u>
CAPITAL AND RESERVES			
Called up share capital	19	10	10
Profit and loss account		<u>41,536</u>	<u>51,586</u>
TOTAL SHAREHOLDERS' FUNDS		<u>41,546</u>	<u>51,596</u>

These financial statements were approved by the Board of Directors on 31 July 2020

Signed on behalf of the Board of Directors

Harry Sandhu

H S Sandhu

Director

The accompanying notes are an integral part of this balance sheet.

LINX PRINTING TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	Called-up share capital £000	Profit and loss account £000	Total Shareholders' funds £000
At 1 January 2018		10	107,973	107,983
Profit for the year		-	54,141	54,141
Dividends paid		-	(110,000)	(110,000)
Other comprehensive income		-	-	-
Total comprehensive income for the year		10	52,114	52,124
Share-based payment transactions	23	-	(528)	(528)
At 31 December 2018		10	51,586	51,596
Profit for the year		-	38,091	38,091
Dividends paid		-	(48,000)	(48,000)
Other comprehensive income		-	-	-
Total comprehensive income for the year		10	41,677	41,687
Share-based payment transactions	23	-	(141)	(141)
At 31 December 2019		10	41,536	41,546

The accompanying notes are an integral part of this statement of changes in equity.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of Linx Printing Technologies Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 31 July 2020 and the balance sheet was signed on the board's behalf by Mr H S Sandhu. Linx Printing Technologies Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of Linx Printing Technologies Limited are included in the consolidated financial statements of Danaher Corporation which are available from 2200 Pennsylvania Avenue Suite 800 West, Washington DC 20037, USA.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based Payment*, because:
 - (i) the share-based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- (c) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*,
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (e) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (f) the requirements of IAS 7 *Statement of Cash Flows*;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (h) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (i) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- (j) the requirements of paragraphs 130(f)(ii)-130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.1 BASIS OF PREPARATION (CONTINUED)

New and amended standards and interpretations

The company has adopted IFRS 16 Leases with effect from 1 January 2019. The effect of initially adopting this standard is outlined below.

IFRS 16 Leases replaces the previous standard IAS 17, and determines how all leases are accounted for and has materially impacted the company's 2019 accounts. The accounting policy is disclosed in note 11). The company has adopted IFRS 16 using the modified retrospective approach, so that the right-of-use asset is equal to the lease liability on 1 January 2019, adjusted for any rent prepayments or accrued lease payments. The 2018 comparatives have not been restated, as allowed by the specific transitional provisions within the standard. The reclassifications and adjustments arising from the new standard are therefore recognised in the opening balance sheet as at 1 January 2019.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases that had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as at 1 January 2019. The table below reconciles the operating lease commitments disclosed under IAS 17, to the lease liability recognised under IFRS 16.

	2019
	£000
Operating lease commitments disclosed under IAS 17 at 31 December 2018	518
Discounted using the company's incremental borrowing rate at 1 January 2019	(44)
Discounted operating lease commitments at 1 January 2019	<u>474</u>
Relief option for leases of low value assets	(29)
Lease liability recognised at 1 January 2019	<u>445</u>
Of which:	
Current lease liabilities	243
Non-current lease liabilities	202
Lease liability recognised at 1 January 2019	<u><u>445</u></u>

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using the incremental borrowing rate at 1 January 2019. The weighted average rate applied is 1.6% (Range 1.2% to 1.8%).

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.1 BASIS OF PREPARATION (CONTINUED)

The associated right-of-use assets for all leases were measured at an amount equal to the lease liability, adjusted by any prepaid (or accrued) lease payments. The recognised right-of use assets at 1 January 2019 relate to the following types of assets:

	2019 £000
Properties	52
Motor Vehicles	393
Total right-of-use assets recognised at 1 January 2019	<u>445</u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019.

	As previously reported £000	Impact of IFRS 16 £000	Restated £000
Non-current assets			
Right-of-use assets	–	445	445
Total impact on assets	<u>–</u>	<u>445</u>	<u>445</u>
Current liabilities			
Creditors: amounts falling due within one year	14,306	243	14,549
Non-current liabilities			
Creditors: amounts falling due after more than one year	695	202	897
Total impact on liabilities	<u>15,001</u>	<u>445</u>	<u>15,446</u>

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.1 BASIS OF PREPARATION (CONTINUED)

The impact on the income statement for the year ended 31 December 2019 was as follows:

	2019
	£000
Operating lease rentals (Note 20)	282
Depreciation expense (Note 10/20)	(277)
Operating profit	<u>5</u>
Interest payable (Note 8/20)	(7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>(2)</u></u>

The company used the following practical expedients available when applying IFRS 16 for the first time:

- The application of a single discount rate to a portfolio of leases with similar characteristics, for example based on term length and type of lease.
- Reliance on previous assessments of whether a contract is or contains a lease.
- Exemptions available for low-value and short-term leases.
- Reliance on previous assessments of whether leases are onerous.

COVID-19 and going concern

Since the balance sheet date, the COVID-19 pandemic has spread across the world. The directors have considered the impact of COVID-19 as well as the availability of funds described more fully in the Directors' report on pages 9 & 10. Given this assessment the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

2.2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The company also has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates, assumptions and judgements are set out below:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provisions

Management assesses the carrying value of debtor, inventory and warranty balances based on past losses, current trading patterns and anticipated future events.

Determination of Lease term

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease where this is reasonably certain to be exercised, or any periods covered by an option to terminate the lease where this is reasonably certain not to be exercised.

Many of the company's leases, particular property leases, contain options for the company to extend and/or terminate the lease term. The company applies judgement in evaluating whether it is reasonably certain to exercise these options, taking account of all relevant factors that create an economic incentive for it to do so.

After the lease commencement date, the company reassesses the lease term if there has been a significant event or change in circumstances that is within its control and which affects its ability to exercise (or not to exercise) the option to renew and / or to terminate (e.g. a change in business strategy).

Determination of the incremental Borrowing rate – Company as a Lessee

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company determines whether to recognise revenue, following a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue arises from the manufacture and sale of industrial printers and related consumables and rendering of maintenance services. Sale of goods and services revenue is recognised at a point in time, unless specific conditions have been satisfied allowing revenue to be recognised over a period of time as identified in the five-step process e.g. where the asset produced doesn't have an alternative use and the company has an enforceable right to payment for performance completed to date. An input methodology (based on estimated costs) is used when recognising revenue over time. Use has been made of the practical expedient not to recognise a significant financing component where the period between transfer of the good or service and payment is one year or less.

A receivable is recognised when the performance obligations are satisfied (e.g. upon shipment, upon delivery as services are rendered or upon completion of service) as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, there will be a reservation of title until payment has been received, but control has been transferred.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in reserves.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from reserves, with any excess over fair value being treated as an expense in the profit and loss account.

Intangible assets – Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. There was no expenditure capitalised in the period (2018 £nil).

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets – Other/Software

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Freehold Buildings	30 years
Leasehold land and improvements	10 years or the term of the lease whichever is shorter
Plant and machinery	3 to 10 years
Furniture and fittings	lower of 3 years or term of property lease

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is based on:

- Raw materials and consumables - purchase cost.
- Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currency

The company's financial statements are presented in pounds sterling, which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All exchange differences are included in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The company's lease commitments relate mainly to properties and motor vehicles. Leases are typically negotiated on an individual basis and thus contain a wide range of terms and conditions, including options to extend or terminate. The lease liability is considered to be an indicator of the future cash outflows, there are no significant restrictions or covenants, residual value guarantees or sale and leaseback transactions. Previously, payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

From 1 January 2019, the company assesses at contract inception whether a contract is, or contains, a lease. The company initially recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is equal to the aggregate lease liabilities recognised on day 1, adjusted for any initial direct costs incurred, any lease incentives received, and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the lease term. Right of use assets are tested for impairment at each year end.

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted at the incremental borrowing rate. The lease payments include fixed payments less any lease incentives received, and amounts expected to be paid under residual value guarantees. In calculating the present value of the lease payments, the company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. Following recognition, the liability is reduced for the lease payments made and increased by the interest accrued. Moreover, the carrying amount of the lease liability is re-measured in the event of a modification, such as a change in the lease term or change in the lease payments. The interest cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining liability for each period.

The company applies the short-term lease exemption to those leases that have a lease term of 12 months or less from the commencement date and also applies the exemption for leases of low value assets to office equipment. Lease payments relating to these exemptions are recognised in operating expenses on a straight-line basis over the lease term. These exemptions are not applied to property leases and any short-term property leases are accounted for as above.

Pension costs

The company operates a defined contribution pension scheme. The amount charged to the Profit and Loss Account represents contributions payable to the pension scheme in respect of the financial year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for liabilities

A provision is recognised when the company has a legal or contractual obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The company provides for the expected cost of product warranty at the time that sales are recognised as revenue. The effect of the time value of money is not material and therefore the provisions are not discounted.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised; and
- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018. The adoption of IFRS 9 had no impact on the primary financial statements for any years presented within the financial statements.

Financial assets

The Company's financial assets include cash, trade and other receivables.

Non-derivative financial assets are classified as either 'available for sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables - Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents - Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business.

Finance income is accounted for on an accruals basis and credited to the Income Statement when receivable.

Financial Instruments – Financial assets are classified, at initial recognition, as financial assets at Fair value through profit or loss (FVPL), loans and receivables, held to maturity (HTM) investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial assets are recognised initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (continued)

Impairment of financial assets – Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For trade and other receivables, the company adopts a simplified approach in calculating expected credit losses (ECL). Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group utilises a provision matrix that has been designed based on historically observed default rates adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year.

The group assesses a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities

The Company's financial liabilities include trade and other liabilities.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Financial guarantees

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

3. TURNOVER

	2019	2018
	£000	£000
Sales of goods	90,494	87,279
Rendering of services	2,963	2,909
	<u>93,457</u>	<u>90,188</u>

	2019	2018
	£000	£000
Turnover by destination		
UK	10,444	10,352
Rest of Europe	33,440	32,570
Americas	18,352	17,051
Rest of World	31,221	30,215
	<u>93,457</u>	<u>90,188</u>

All turnover relates to the Company's single class of business being the development, manufacture and sale of products in the field of coding and marking technologies.

No revenue was derived from the exchanges of goods or services (2018: nil).

All turnover, operating profit and net assets originate in the United Kingdom.

4. ADMINISTRATIVE EXPENSES

	2019	2018
	£000	£000
Administrative expenses		
- research and development	4,402	3,819
- other	4,387	5,530
	<u>8,789</u>	<u>9,349</u>

5. OPERATING PROFIT

Operating profit is stated after charging:	2019	2018
	£000	£000
Depreciation of tangible fixed assets – owned	1,134	1,162
Depreciation of tangible fixed assets - leased	277	-
Cost of stocks recognised as an expense in cost of sales	34,451	34,933
Operating lease rentals		
- Plant and machinery	-	290
- other	-	84
Auditors' remuneration	138	128
Loss on disposal of fixed assets	2	-
	<u>2</u>	<u>-</u>

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

6. STAFF COSTS

(a) Staff costs

	2019 £000	2018 £000
Staff costs during the year		
Wages and salaries	12,775	11,960
Social security costs	1,206	1,354
Other pension costs (see note 21)	1,124	1,081
	<u>15,105</u>	<u>14,395</u>

	2019 No.	2018 No.
Average numbers of persons employed		
Production, research and development	159	155
Sales, marketing and administration	90	77
	<u>249</u>	<u>232</u>

(b) Directors' emoluments

	2019 £000	2018 £000
The following disclosures are in respect of qualifying services provided by the directors of the company		
Aggregate emoluments in respect of qualifying services	<u>313</u>	<u>341</u>
Aggregate value of contributions paid by the company to money purchase pension schemes	<u>30</u>	<u>30</u>
	2019 No.	2018 No.
Number of directors who exercised share options	<u>1</u>	<u>0</u>
Number of directors accruing benefits under money purchase schemes	<u>2</u>	<u>3</u>

The services to this company and to a number of fellow subsidiaries performed by K Ward are of a non-executive nature and his emoluments are deemed to be wholly attributable to his qualifying services to Danaher UK Industries Ltd. Accordingly, these financial statements include no emoluments in respect of this director (2018: £nil).

	2019 £000	2018 £000
In respect of the highest paid director:		
Aggregate emoluments in respect of qualifying services	<u>169</u>	<u>163</u>
Aggregate value of contributions paid by the company to money purchase pension schemes	<u>15</u>	<u>13</u>

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Bank interest receivable	470	186
Interest receivable from loans to related parties	-	528
Interest receivable from finance lease sales	76	63
	<u>546</u>	<u>777</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Operating lease interest payable (Note 20)	<u>7</u>	<u>-</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax charged in the income statement

	2019 £000	2018 £000
Current UK tax		
Corporation tax at the standard rate of 19% (2018: 19%)	<u>208</u>	<u>174</u>
	208	174
Foreign tax		
Withholding tax	<u>-</u>	<u>2</u>
	-	2
Total Current tax	<u>208</u>	<u>176</u>
Deferred tax		
In respect of all other assets and liabilities	56	291
Adjustment in respect of prior periods	<u>(467)</u>	<u>(5)</u>
	(411)	286
Taxation (credit) / charge for the year	<u>(203)</u>	<u>462</u>

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(b) Reconciliation of the total tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19.00% (2018: 19.00%). The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation.

	2019 £000	2018 £000
Profit before tax	37,888	54,603
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	7,199	10,375
Effects of:		
Expenses not deductible / (income not taxable) for tax purposes	32	(3,872)
Difference in current year Deferred and Current tax rates	(7)	55
Prior year adjustment to deferred tax	(467)	(5)
Overseas withholding tax suffered	—	2
Group relief received for nil consideration	(6,960)	(6,093)
Total tax (credit)/charge reported in the income statement	<u>(203)</u>	<u>462</u>

Details of recognised and unrecognised deferred tax assets are shown below.

(c) Change in Corporation Tax rate

Finance Act 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017. The Finance Act 2016 included legislation to reduce the main rate of corporation tax to 17% from 1 April 2020.

(d) Deferred tax

The amounts provided for deferred taxation are set out below:

	2019 £000	2018 £000
Fixed asset timing differences	459	184
Other timing differences	476	144
Deferred tax asset as at 31 December	<u>935</u>	<u>328</u>

There are no unrecognised deferred tax assets or liabilities.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The main rate of corporation tax in the UK is 19%, which per Finance Act 2016 was expected to reduce to 17% effective from 1 April 2020. The recent budget which was held on 11 March 2020 has reversed this rate reduction and the main UK tax rate will remain at 19% from 1 April 2020. The 17% rate for deferred tax continues to apply in these financial statements since the rate reduction reversal was not substantively enacted by the balance sheet date.

Under FRS 101 deferred tax should be measured using the tax rates that are expected to apply to the reversal of the timing differences. As such, deferred tax has been calculated at 17%.

Deferred tax asset is provided as follows:	2019	2018
	£000	£000
Deferred tax asset as at 1 January	328	755
Charge to profit and loss account	(56)	(291)
Adjustment in respect of prior years	467	5
Debit / (credit) to the Statement of other comprehensive income	196	(141)
	<u>935</u>	<u>328</u>
Deferred tax asset as at 31 December	<u>935</u>	<u>328</u>

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold improvements £000	Fixtures, fittings, plant & machinery £000	Right of use assets (Note 20) £000	Total £000
Cost					
At 1 January 2019	10,920	852	5,770	-	17,542
Adoption of IFRS 16	-	-	-	445	445
At 1 January 2019	<u>10,920</u>	<u>852</u>	<u>5,770</u>	<u>445</u>	<u>17,987</u>
Additions	134	-	1,543	184	1,861
Disposals	-	(4)	(914)	-	(918)
At 31 December 2019	<u>11,054</u>	<u>848</u>	<u>6,399</u>	<u>629</u>	<u>18,930</u>
Depreciation					
At 1 January 2019	1,292	585	3,792	-	5,669
Charge for the year	288	106	740	277	1,411
Disposals	-	(2)	(913)	-	(915)
At 31 December 2019	<u>1,580</u>	<u>689</u>	<u>3,619</u>	<u>277</u>	<u>6,165</u>
Net book value					
At 31 December 2019	<u>9,474</u>	<u>159</u>	<u>2,780</u>	<u>352</u>	<u>12,765</u>
At 1 January 2019	<u>9,628</u>	<u>267</u>	<u>1,978</u>	<u>-</u>	<u>11,873</u>

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NOTES TO THE ACCOUNTS

Year ended 31 December 2019

10. TANGIBLE FIXED ASSETS (CONTINUED)

Included within freehold land and buildings is an amount of £763,000 (2018: £763,000) in respect of land held under a 999-year lease (virtual freehold) that is depreciated over the life of the lease.

11. INVESTMENTS

	2019 £000	2018 £000
Cost		
At 1 January 2019	-	41,494
Disposals	-	(41,494)
At 31 December 2019	<u>-</u>	<u>-</u>

On 30th November 2018 the Company disposed of its 3.2% interest in NBH Holding Luxembourg S.a.r.l. a company incorporated in Luxembourg, for a cash consideration of £61.4 million, resulting in a profit on disposal of £19.9 million.

12. LOANS TO RELATED PARTY

	2019 £000	2018 £000
Cost		
At 1 January 2018	-	35,057
Additions	-	528
Repayments	-	(35,585)
At 31 December 2018	<u>-</u>	<u>-</u>

On 22nd November 2017 the Company loaned £35,000,000 to Launchchange Operations Ltd an associated company incorporated in England, which is engaged in investment holding. The loan was repayable on demand at an interest rate of 1% above the UK base rate and £528,000 representing accrued interest was added to the loan. The loan was repaid on 11th December 2018.

13. STOCKS

	2019 £000	2018 £000
Raw materials and consumables	2,801	2,461
Work in progress	25	25
Finished goods and goods for resale	757	611
	<u>3,583</u>	<u>3,097</u>

The estimated replacement cost of stock does not differ significantly from the above.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Trade debtors	12,878	10,919
Amounts owed by other group undertakings	1,348	1,002
Other debtors	194	539
Corporation tax	250	457
Prepayments and accrued income	498	436
	<u>15,168</u>	<u>13,353</u>

15. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£000	£000
Trade debtors	3,838	2,746
	<u>3,838</u>	<u>2,746</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000	£000
Trade creditors	9,366	10,055
Amounts owed to other group undertakings	1,082	1,410
Other taxation and social security	463	412
Other creditors	105	85
Current portion of lease liabilities (Note 19)	190	-
Accruals and deferred income	2,921	2,344
	<u>14,127</u>	<u>14,306</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£000	£000
Accruals and deferred income	858	695
Non-current portion of lease liabilities (Note 19)	164	-
Total creditors: amounts falling due after more than one year	<u>1,022</u>	<u>695</u>

Deferred income pertains to obligations under finance leases all fall due within the second to third years inclusive.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

18. PROVISION FOR LIABILITIES AND CHARGES

	Warranty provision £000	Dilapidations provision £000	Total £000
At 1 January 2019			
- Current	402	180	582
-Non-current	-	-	-
	<u>402</u>	<u>180</u>	<u>582</u>
Utilised/paid during the year	(483)	-	(483)
Arising during the year	483	-	483
At 31 December 2019	<u>402</u>	<u>180</u>	<u>582</u>
- Current	402	-	402
- Non-current	-	180	180
	<u>402</u>	<u>180</u>	<u>582</u>

Warranty provision

The provision for product warranties relates to expected warranty claims on products sold last year. It is expected that this expenditure will be incurred in the next financial year.

Dilapidations provision

A dilapidation provision is recognised for the expected cost of returning the leasehold property to the state and condition required by the lease agreements at their termination.

19. CALLED UP SHARE CAPITAL

	2019 £000	2018 £000
Authorised, allotted, called up and fully paid		
200,000 ordinary shares of 5p each (2018: 200,000)	<u>10</u>	<u>10</u>
	<u>10</u>	<u>10</u>

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

20. LEASES

Company as a lessee

The group has lease contracts for property and various items of properties and motor vehicles. Rental contracts are on average for a lease term of 4 years.

The company's obligations under its leases are secured by the lessor's title to the lease assets. Generally, the company is restricted from assigning and subleasing the leased assets. There are no lease contracts that with extension and termination options and variable lease payments.

The group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Information about leases for which the group is a lessee is presented below:

	Properties £000	Motor vehicles £000	Total £000
Cost			
On transition to IFRS 16 (Note 2.1)	52	393	445
Additions	-	184	184
Disposals	-	-	-
At 31 December 2019	<u>52</u>	<u>577</u>	<u>629</u>
Depreciation			
At 1 January 2019			-
Charge for the year	51	226	277
Disposals	-	-	-
At 31 December 2019	<u>51</u>	<u>226</u>	<u>277</u>
Net book value			
At 31 December 2019	<u>1</u>	<u>351</u>	<u>352</u>
At 1 January 2019	<u>52</u>	<u>393</u>	<u>445</u>

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	£000
At 1 January 2019 (Note 2.1)	445
Additions	184
Interest charged (Note 8)	7
Lease payments	(282)
Disposals	-
At 31 December 2019	<u>354</u>
Of which:	
Amounts falling due within one year	<u>190</u>
Amounts falling due beyond one year	<u>164</u>

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

20. LEASES (CONTINUED)

The discount rates for the leases disclosed above ranged from 1.2% to 1.8%. The company has several lease contracts that include termination options, usually through a break clause. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and adapt to the company's business needs. Management exercises judgement in determining whether these termination options are reasonably certain to be exercised.

Company as a lessor

The Company is a lessor of printing machines in connection with finance leases. The gross investment amounts and the present value of payable minimum lease payments are as follows:

	2019			2018		
	Gross investment	Interest	Present value of minimum lease payments	Gross investment	Interest	Present value of minimum lease payments
	£000	£000	£000	£000	£000	£000
Not later than one year	1,759	(74)	1,685	1,225	(61)	1,164
After one year but not more than five years	3,617	(269)	3,348	2,745	(75)	2,670
After five years	308	(5)	303	-	-	-
Total lease commitments	5,684	(348)	5,336	3,970	(136)	3,834

21. FINANCIAL COMMITMENTS

The company an unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of Danaher Corporation and HSBC Bank plc. The guarantee is to a maximum amount of Nil (2018: £8 million). No liability is expected to arise due to the financial support provided by the parent Company and to the cash pool being maintained in credit.

A non-financial guarantee limited to £1,000,000 exists between the company and HMR&C in respect of import VAT and customs duty deferment.

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

22. PENSION ARRANGEMENTS

The Company operates a defined contribution pension scheme administered independently from the finances of the Company.

The pension charge represents contributions payable by the Company to the scheme and amounted to £1,124,000 (2018: £1,081,000). At 31 December 2019 pension contributions payable to the scheme, including employee contributions, amounted to £105,000 (2018: £84,000).

23. SHARE-BASED PAYMENTS

Stock options and restricted stock units (RSUs) have been issued to officers and other employees under the Group's 2007 Omnibus Incentive Plan.

The 2007 Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, RSUs, restricted stock or any other stock-based award. A total of approximately 127 million shares of Danaher common stock have been authorized for issuance under the 2007 Omnibus Incentive Plan.

Stock options generally vest pro-rata over a five-year period and terminate ten years from the grant date. Option exercise prices for options granted by Danaher Corporation are the closing price on the New York Stock Exchange of the common stock of Danaher Corporation on the date of grant.

RSUs issued under the 2007 Omnibus Incentive Plan provide for the issuance of a share of the common stock of Danaher Corporation at no cost to the holder. The RSUs that have been granted to employees under the 2007 Omnibus Incentive Plan generally provide for time-based vesting over a five-year period, although the specific time-based vesting terms vary depending on grant date. Prior to vesting, RSUs do not have dividend equivalent rights or voting rights and the shares underlying the RSUs are not considered issued and outstanding.

The equity compensation awards generally vest only if the employee is employed by the company on the vesting date or in other limited circumstances. To cover the exercise of options and vesting of RSUs,

Danaher Corporation generally issues new shares from its authorized but unissued share pool although it may instead issue treasury shares in certain circumstances.

The weighted average remaining contractual life for the share options outstanding at 31 December 2019 was 7 years (2018: 7 years). The range of exercise price for options outstanding at the end of year was \$38.12 to \$142.99 (2018: \$28.98 to \$101.65).

The weighted average share price at the date of exercise for the options exercised in 2019 is \$138.11 (2018: \$102.28).

The Company accounts for stock-based compensation by measuring the cost of employee services received in exchange for all equity awards granted based on the fair value of the award as of the grant date. The Company recognizes the compensation expense over the requisite service period (which is generally the vesting period but may be shorter than the vesting period if the employee becomes retirement eligible before the end of the vesting period). The fair value for RSU awards was calculated using the closing price of the common stock of Danaher Corporation on the date of grant, adjusted for the fact that RSUs do not accrue dividends. The fair value of the options granted was calculated using a Black Scholes Merton option pricing model ("Black-Scholes").

The amount charged to the income statement during the year was £141,000; being a charge of £337,000 decreased by deferred tax of £196,000 (2018: charge of £387,000 increased by deferred tax of £141,000).

LINX PRINTING TECHNOLOGIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2019

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Launchchange Operations Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Danaher Corporation, a company incorporated in the USA.

The largest and smallest group in which the results of the company are consolidated is Danaher Corporation, a company incorporated in the USA. The consolidated financial statements of this group are available to the public and may be obtained from 2200 Pennsylvania Avenue, Suite 800 West, Washington DC 20037, USA.

25. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

26. POST-BALANCE SHEET EVENTS

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19, such as any impairment considerations, will be reported in the 2020 financial statements.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known but the directors are confident that they have put in place measures to ensure the impact is mitigated as much as possible, with protection of staff, continuity of supply chain, continued service delivery to customers and ongoing productivity is maintained.

The circumstances of COVID-19 currently assessed as significant to the Company are:

- People – Operations associates are still attending site to manufacture and assemble product along with shipping staff. All other associates are working from home, and a small number have been furloughed. Hiring decisions have been delayed.
- Health & safety – Social distancing measures are in place, shifts and break times have been staggered to reduce contact, temperature testing and masks are provided, and hand sanitizers are available throughout the site. Cleaning of high traffic areas is conducted four times a day.
- Supply Chain – There has been minimal disruption to supply of product either from our suppliers or to our customers. The main impact has been an increase in carriage costs, particularly air freight.
- Demand – We are experiencing a decline in demand for equipment as customers delay investment decisions and where sites are temporarily closed. With a high proportion of customers in the food and beverage industry demand for our consumables has continued.
- Outlook – As certain territories emerge from lockdown, we expect demand for our products to resume quite quickly. Sales in China, for example are experiencing positive growth after a decline in Q1.