

Registered number: 10704647

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

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CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

COMPANY INFORMATION

Directors	J L Guinn A Kinson D L Strum
Company secretary	D L Strum Corporation Service Company (UK) Limited
Registered number	10704647
Registered office	25 Canada Square Level 37 London E14 5LQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors St Albans Herts AL1 3JX

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the Strategic Report of Carestream Dental Technology Holdings 1 Limited (the "Company") for the year ended 31 December 2018.

Business review

The profit for the financial year amounted to \$4,520,000 (2017: \$1,511,000). The Company had net assets of \$323,233,000 as at 31 December 2018 (2017: \$313,958,000).

The profit is attributable to interest income on intercompany loans.

Principal risks and uncertainties

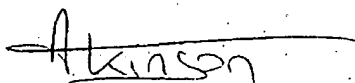
The Company is an intermediate holding company. The underlying business that the Company has investments in relate to the management of the business and the execution of the Company's strategy. The key business risks affecting the Company are considered to relate to the dental industry environment and competition. As the Company's subsidiary undertakings sell in a variety of markets, the risk associated with the industry environment would be mitigated. To manage the risk associated with the competition, the Company and its subsidiary undertakings continue to invest intensively in research and development.

The dental industry as whole is growing globally with some more mature markets like the US and some developing markets like Asia.

Financial key performance indicators

Given the fact that the Company is an intermediate holding company, there are no direct financial key performance indicators that are being monitored. However, given the nature of the business that the Company has investments in, the Company's directors are of the opinion that the analysis of the key performance indicators ("KPIs") of turnover and operating profit in these businesses is adequate to understand the performance and development of the business.

This report was approved by the board and signed on its behalf by:



A Kinson
Director

Date: 30/09/2019

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of Carestream Dental Technology Holdings 1 Limited (the "Company") for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is that of an intermediate holding company.

The principal activities of the underlying business that the Company has investments in are in the development, manufacturing, sale and support of dental imaging equipment products. Their strategy is to grow market share of imaging products by offering a full range of products and services and excellent customer service.

Results and dividends

The profit for the financial year amounted to \$4,520,000 (2017: \$1,511,000).

The directors do not recommend the payment of a dividend (2017: \$Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

J L Guinn (appointed 24 September 2018)

A Kinson (appointed 24 September 2018)

D L Strum

R J Schnall (resigned 24 September 2018)

Qualifying third party indemnity provisions

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the year and remains in force as at the date of approving the Directors' Report.

Future developments

The Company will continue to maintain its investments in a business that is focused on growth and innovation. There is no additional significant investment planned for the Company in the near future.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Financial risk management

The Company's activities expose it to a variety of financial risks: liquidity risk, market and capital risk.

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies and evaluates financial risks in close co-operation with the operations teams. The Board provides principles for overall risk management such as interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

Cash flow forecasting is performed in the operating subsidiaries of the Company. The Company monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans and compliance with internal Statement of Financial Position ratio targets.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The Company is not exposed to other price risk such as commodity price risk or to cash flow interest rate risk as all its borrowings are fixed rate borrowings. The Company is also not exposed to foreign exchange risk as all the borrowings are denominated in USD.

Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditors

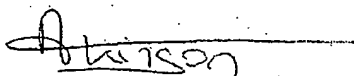
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



A Kinson
Director

Date: 30/09/2019

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Carestream Dental Technology Holdings 1 Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED (CONTINUED)

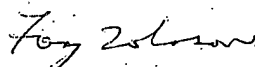
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


Fong Choo Johnson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
Date: 30 September 2019

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

		Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
	Note		
Interest receivable and similar income	7	4,520	1,511
Profit before taxation		4,520	1,511
Tax on profit	8	-	-
Profit for the financial year/period		4,520	1,511
Total comprehensive income for the financial year/period		4,520	1,511

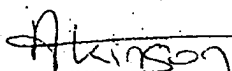
The notes on pages 12 to 23 form part of these financial statements.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED
REGISTERED NUMBER: 10704647

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$000	2017 \$000
Fixed assets			
Investments	9	181,706	176,951
Current assets			
Debtors: amounts falling due after more than one year	10	136,554	135,761
Debtors: amounts falling due within one year	10	9,828	1,246
Creditors: amounts falling due within one year	11	(4,855)	-
Net current assets		<u>141,527</u>	<u>137,007</u>
Total assets less current liabilities		<u><u>323,233</u></u>	<u><u>313,958</u></u>
Capital and reserves			
Called up share capital	13	-	-
Capital contribution reserve	14	317,202	312,447
Profit and loss account	14	6,031	1,511
Total shareholders' funds		<u><u>323,233</u></u>	<u><u>313,958</u></u>

The financial statements on pages 9 to 23 were approved and authorised for issue by the board and were signed on its behalf by:



A Kinson
 Director

Date: 30/09/2019

The notes on pages 12 to 23 form part of these financial statements.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital \$000	Capital contribution reserve \$000	Profit and loss account \$000	Total shareholders' funds \$000
At 3 April 2017	-	-	-	-
Comprehensive income for the financial period				
Profit for the financial period	-	-	1,511	1,511
Total comprehensive income for the financial period	-	-	1,511	1,511
Contributions by and distributions to owners				
Capital contributions from parent company	-	312,447	-	312,447
Total transactions with owners	-	312,447	-	312,447
At 31 December 2017	-	312,447	1,511	313,958
At 1 January 2018	-	312,447	1,511	313,958
Comprehensive income for the financial year				
Profit for the financial year	-	-	4,520	4,520
Total comprehensive income for the financial year	-	-	4,520	4,520
Contributions by and distributions to owners				
Capital contributions from parent company	-	4,755	-	4,755
Total transactions with owners	-	4,755	-	4,755
At 31 December 2018	-	317,202	6,031	323,233

The notes on pages 12 to 23 form part of these financial statements.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Carestream Dental Technology Holdings 1 Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The Company's registered office is 25 Canada Square Level 37, London, E14 5LQ.

The principal activity of the Company is that of an intermediate holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

IFRS 9, Financial Instruments, and IFRS 15, revenue from contracts with customers, became effective for accounting periods from 1 January 2018 and the adoption of such standards did not have an impact on the results or position of the Company for either the current or previous period.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- 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

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

Consolidation

The Company is a wholly-owned subsidiary of Carestream Dental Alpha Limited and is included in the consolidated financial statements of Carestream Dental Alpha Limited which can be obtained from 25 Canada Square Level 37, London, United Kingdom, E14 5LQ. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Current tax

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Fair value of intercompany balance

The intercompany balance detailed in note 10 has been recognised at fair value and are then held at amortised cost until maturity. The cash paid has been discounted at an estimated market rate to reflect the likely return had these monies been provided on an open market.

(b) Recoverability of an asset

The investments detailed in note 9 are recorded at cost and are reviewed annually for any impairment triggers which does require judgement about the recoverability of such asset.

4. Auditors' remuneration

	Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	15	21
Fees payable to the Company's auditors in respect of:		
All other services	3	3

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Employees

	Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
Wages and salaries	(8)	-
Cost of defined contribution scheme	8	-
	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2018 Number	39 week period ended 31 December 2017 Number
Directors	2	2

The directors are not employed by the company.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Directors' remuneration

	Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
Directors' emoluments	102	-
Defined pension contributions	8	-
	<u>110</u>	<u>-</u>

The remuneration of J L Guinn is paid by Carestream Dental Technology Topco Limited, a subsidiary incorporated in the U.K, and recharged to Carestream Dental LLC, a subsidiary incorporated in Georgia USA. J L Guinn provides services to the company and to a number of subsidiaries in the group. Her remuneration is deemed to be attributable to her services provided to the company and its subsidiaries and accordingly, the above details include her remuneration.

The remuneration of A Kinson is paid by Carestream Dental Technology Topco Limited, a subsidiary incorporated in the UK. A Kinson provides services to the company and to a number of subsidiaries in the group. Her remuneration is deemed to be attributable to her services provided.

The remuneration of D L Strum is paid by CD&R Cobra Holdings, L.P., a parent entity incorporated in the Cayman Islands. Costs have not been recharged to the company and the value of his services are deemed to be \$nil (2017: \$nil). Accordingly, the above details do not include his remuneration.

7. Interest receivable and similar income

	Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
Interest receivable from group companies	4,520	1,511

8. Tax on profit

	Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
Corporation tax	-	-
Current tax on profits for the year/period	-	-
Total current tax	<u>-</u>	<u>-</u>

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Tax on profit (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%). The differences are explained below:

	Year ended 31 December 2018 \$000	39 week period ended 31 December 2017 \$000
Profit before taxation	4,520	1,511
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	859	287
Effects of:		
Group relief for nil consideration	(859)	(287)
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the year-end date have been measured using this enacted tax rate and reflected in these financial statements.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Investments

	Investments in subsidiary companies \$000
Cost and net book value	
At 1 January 2018	176,951
Additions	4,755
At 31 December 2018	<u>181,706</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Carestream Dental Technology Holdings 2 Limited*	25 Canada Square Level 37, London, United Kingdom, E14 5LQ	Ordinary	100%
Carestream Dental Technology Parent Limited**	25 Canada Square Level 37, London, United Kingdom, E14 5LQ	Ordinary	100%
Carestream Dental Technology Topco Limited**	25 Canada Square Level 37, London, United Kingdom, E14 5LQ	Ordinary	100%
Carestream Dental Limited**	25 Canada Square Level 37, London, United Kingdom, E14 5LQ	Ordinary	100%
Carestream Dental Equipment Holdings, Inc.**	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801	Ordinary	100%
Carestream Dental Equipment, Inc.**	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801	Ordinary	100%
Carestream Dental Equipment, LLC**	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801	Ordinary	100%
Carestream Dental DPMS Holdings, Inc.**	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801	Ordinary	100%
PracticeWorks, Inc.**	9 E. Loockerman Street Suite 311, Dover, DE 19901	Ordinary	100%
SoftDent LLC**	9 E. Loockerman Street Suite 311, Dover, DE 19901	Ordinary	100%
CADI Acquisition Corporation**	36 South 18th Avenue, Suite D, Brighton, CO 80601	Ordinary	100%
Carestream Dental LLC**	900 Old Roswell Lakes Pkwy Suite 310, Roswell, GA 30076	Ordinary	100%
PracticeWorks Canada Ltd**	Blake, Cassells & Gradon LLP, 595 Burrard St. Suite 2600 PO Box 49314, Vancouver, BC V7X1L3 Canada	Ordinary	100%

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
PracticeWorks Australia Pty Limited**	Thomson Geer, Level 25, 1 O'Connell St, Sydney NSW 2000	Ordinary	100%
Carestream Dental Pty Limited**	Suite 403, Level 4, 18-20 Orion Road Lane Cove NSW 2066 - Sydney (TSA)	Ordinary	100%
Carestream Dental Italy S.r.l.**	Via Mario Idiojmi 3/3, Assago 20090 (MI)	Ordinary	100%
Carestream Dental Brasil Participacoes Ltda**	Rua Pequetita, 215, 3rd floor, suite 31, room RIS, Edificio Atrium VII, Vila Olimpia, Zip Code 04552060. Sao Paulo, Brazil	Ordinary	100%
Carestream Dental de Mexico Servicios, S. de R.L. de C.V.**	Privada de Constituyentes # 1056, Letra B. Colonia Lomas Altas, Delegacion Miguel Hidalgo C.P. 11950, Ciudad de Mexico	Ordinary	100%
Carestream Dental Canada, Inc.**	79 Wellington Street West, 30th Floor, TD South Tower, Toronto, Ontario, M5K 1N2	Ordinary	100%
Carestream Dental Australia Pty Limited**	Suite 403, Level 4, 18-20 Orion Road Lane Cove NSW 2066 - Sydney (TSA)	Ordinary	100%
Carestream Dental Korea YCH**	#511, 139, Yeoksam-ro, Gangnam-gu, Seoul, Republic of Korea 06244	Ordinary	100%
Carestream Dental SRL**	Splaiul Unirii no. 223, 3rd floor, 3rd district, postal code 030136, Romania, Bucharest	Ordinary	100%
Carestream Dental Germany GmbH**	Carestream Dental Germany GmbH, Hedelfinger Str. 60 70327 Stuttgart, Germany	Ordinary	100%
Carestream Dental de Mexico Comercio, S. de R.L. de C.V.**	Privada de Constituyentes # 1056, Letra B. Colonia Lomas Altas, Delegacion Miguel Hidalgo C.P. 11950, Ciudad de Mexico	Ordinary	100%
Carestream Dental India Private Limited**	Unit No. F-1601 & F-1602, Lotus Corporate Park, Off Western Express Highway, Goregaon (East), Mumbai-400063, Maharashtra, India.	Ordinary	100%
Carestream Dental France SAS**	8 rue Francois Villon, 75015 Paris, France	Ordinary	100%
Carestream Dental Sweden AB**	Carestream Dental AB, Ostra Jarnvagsgatan 27 plan 6 111 20 Stockholm Sweden	Ordinary	100%
Carestream Dental Singapore Pte. Ltd**	One Marina Boulevard #28-00 Singapore 018989	Ordinary	100%
Carestream Dental Spain, S.L.U.**	Lexington Center, Paseo de la Castellana, 79-Plantas 6 y 7 Madrid 28046	Ordinary	100%
Carestream Dental Technology (Shanghai) Co.**	27 Xin Jin Qiao Road, Jin Qiao Research Park, Pudong, Bld 10	Ordinary	100%

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

9. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Carestream Dental Middle East Limited**	C/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands	Ordinary	100%
Trophy SAS**	4, rue Fernand Pelloutier 77437 Croissy-Beaubourg 77435 Mame la Vallee Cedex 2, France	Ordinary	100%
Carestream Dental AB**	Carestream Dental AB, Ostra Jarmvagsgatan 27 plan 6 111 20 Stockholm Sweden	Ordinary	100%
Carestream Dental Middle East LLC**	Business Bay, Aspect Tower, Floor # 13, Office Number 1302, Dubai UAE	Ordinary	49%
Carestream Dental Japan KK**	11-17 Fuyuki, Koto-ku, Tokyo 135-0041	Ordinary	100%
Trophy Radiologie Japan Inc.**	11-17 Fuyuki, Koto-ku, Tokyo 135-0041	Ordinary	100%

*Directly held

** Indirectly held

10. Debtors

	2018 \$000	2017 \$000
Due after more than one year		
Amounts owed by group undertakings	136,554	135,761
	<u>136,554</u>	<u>135,761</u>
Due within one year		
Amounts owed by group undertakings	9,828	1,246
	<u>9,828</u>	<u>1,246</u>

The amounts owed by group undertakings due after more than one year consist of an unsecured loan to Carestream Dental Technology Holdings 2 Limited. The loan accrues interest at 2.58% per annum and is fully repayable on 1 September 2027.

All other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Fair value measurement

The amounts owed by related party are initially recognised at fair value and subsequently held at amortised cost to maturity. The fair value of the items classified as loans and borrowings is shown above and is classified as Level 3 in the fair value hierarchy. The fair value for disclosure purposes has been determined using discounted cash flow pricing models. Significant inputs include the discount rate used to reflect the credit risk associated with the Company.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Creditors: Amounts falling due within one year

	2018 \$000	2017 \$000
Amounts owed to group undertakings	4,855	-
	<u>4,855</u>	<u>-</u>

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand with no date for repayment.

12. Financial instruments

	2018 \$000	2017 \$000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	146,382	137,007
	<u>146,382</u>	<u>137,007</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(4,855)	-
	<u>(4,855)</u>	<u>-</u>

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings.

13. Called up share capital

	2018 \$	2017 \$
Shares classified as equity		
Allotted, called up and fully paid		
1 (2017: 1) Ordinary share of £1 (2017: £1) each	1	1
	<u>1</u>	<u>1</u>

14. Reserves

Capital contribution reserve

The capital contribution reserve will be used to subscribe for shares in the Company.

Profit and loss account

The profit and loss account includes all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

CARESTREAM DENTAL TECHNOLOGY HOLDINGS 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Contingent liabilities

On September 1, 2017, the Carestream Dental Group (the "Group") executed a First Lien Credit Agreement (the "First Lien Credit Agreement") which provides the Group with access to an \$80,000,000 revolving credit facility (the "First Lien Revolving Facility") and a \$375,000,000 term loan facility (the "First Lien Term Loans"). The Group also executed a Second Lien Credit Agreement dated September 1, 2017 (the "Second Lien Credit Agreement") which provides the Group with access to a \$165,000,000 term loan facility (the "Second Lien Term Loans"). There are no third-party guarantors of the Group's debt holdings. Additionally, the Group was in compliance with all debt covenant requirements as of December 31, 2018 and 2017.

The obligations under the First Lien Credit Facility are collateralized by substantially all of the assets of Carestream Dental Technology Parent Limited and the subsidiary guarantors and the capital stock of Carestream Dental Technology Parent Limited held by Carestream Technology Holdings 2 Limited and are senior to all junior lien debt and unsecured debt.

The obligations under the Second Lien Credit Facility are collateralized by substantially the same collateral as under the First Lien and the liens are subordinated to the liens collateralizing the First Lien Obligations, subject to the provisions of the Base Intercreditor Agreement. The Obligations under the Second Lien Credit Facility are senior to the Borrower's unsecured debt.

16. Related party transactions

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

17. Ultimate parent undertaking and controlling party

The Company's immediate parent company is Carestream Dental Alpha Limited, a company incorporated in the Cayman Islands.

Carestream Dental Alpha Limited is the parent of both the largest and smallest group to consolidate these financial statements, and these consolidated financial statements can be obtained from 25 Canada Square Level 37, London, E14 5LQ.

The Company's ultimate parent company is Carestream Dental Alpha Limited and the Company's ultimate controlling party is CD&R Cobra Holdings.