


Sivantos A/S
Ove Gjeddes Vej 9
5220 Odense SØ

Sivantos A/S

Annual report 2015/16

The annual report was presented and adopted at the
Company's annual general meeting
on 29 November 20 16
chairman 

CVR no. 20 04 15 87

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sivantos A/S for the financial year 1 October 2015 – 30 September 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Odense, 29 November 2016

Executive Board:



Ivar Thomsen

Board of Directors:



Albert Op den Camp
Chairman



Ole Nikolajsen



Ivar Thomsen



Independent auditor's report

To the shareholders of Sivantos A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Sivantos A/S for the financial year 1 October 2015 – 30 September 2016. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

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

Aarhus, 29 November 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant

Elife Savas
State Authorised
Public Accountant

Sivantos A/S
Annual report 2015/16
CVR no. 20 04 15 87

Management's review

Company details

Sivantos A/S
Ove Gjeddes Vej 9
5220 Odense SØ

Telephone:	+45 63 15 40 00
Website:	www.sivantos.dk
CVR no.:	20 04 15 87
Established:	1 February 1997
Registered office:	Odense
Financial year:	1 October – 30 September

Board of Directors

Albert Op den Camp
Ole Nikolajsen
Ivar Thomsen

Executive Board

Ivar Thomsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
8210 Aarhus V
Denmark

Annual general meeting

The annual general meeting will be held on 29 November 2016.

Management's review

Financial highlights

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
Gross profit	35,640	40,235	33,203	25,942	21,211
Ordinary operating profit	6,920	8,113	4,117	1,1014	715
Profit/loss from financial income and expenses	-586	-77	-214	-829	46
Profit/loss for the year	4,874	6,082	2,928	-18	531
Total assets	33,126	36,738	29,950	29,951	25,023
Investment in property, plant and equipment	250	431	545	257	652
Equity	6,992	8,199	5,044	2,116	2,664
Return on invested capital	19.81%	24.33%	13.75%	3.69%	3.11%
Current ratio	169.76%	166.27%	162.20%	104.38%	103.10%
Return on equity	64.17%	91.85%	81.79%	-0.75%	22.23%
Solvency ratio	21.11%	22.32%	16.84%	7.06%	10.65%
Average number of full-time employees	52	54	44	43	46

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Company

The Company's main activities are sale and service of hearing aids. The hearing aids are primarily sold within the healthcare sector in Denmark and Sweden.

Sivantos A/S has the right to deliver batteries for all hearing aids in Denmark on behalf of the regions.

Furthermore, Sivantos A/S markets individually manufactured hearing protections for the prevention of hearing impediments as a result of noise

Development in activities and financial position

In January 2016, Sivantos A/S introduced its new brand, Signia, which was warmly received by the customers.

Gross profit for the year under review came in at DKK 35,640 thousand (2014/15: 40,235 thousand), which represents a decline of 11.4% on the 2014/15 financial year.

Management considers the profit of DKK 4,874 thousand satisfactory. Dividends of DKK 4,873 thousand are expected to be allocated.

Events after the balance sheet date

No significant events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Outlook

Management expects to report a profit for 2016/17, which is up on 2015/16. This is in line with the budget for 2016/17.

Financial statements 1 October – 30 September

Accounting policies

The annual report of Sivantos A/S for 2015/16 has been presented in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Sivantos Pte. Ltd.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has not disclosed its revenue, as this is detrimental to its competitive situation.

Revenue

Income from the sale of goods, comprising the sale of hearing aids and batteries, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All forms of discounts granted are included in revenue.

Financial statements 1 October – 30 September

Accounting policies

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for the management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of non-current assets and activities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 October – 30 September

Accounting policies

Balance sheet

Property, plant and equipment

Leasehold improvements and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is based on cost less deduction of estimated residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

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

Depreciation is recognised in the income statement under production costs, distribution costs and administrative expenses.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 October – 30 September

Leases

All leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingencies, etc.

Other securities and equity investments

Other securities and equity investments are measured at fair value at the balance sheet date.

Impairment of non-current assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at the lower of average cost and net realisable value. Write-down is made for obsolescence and other types of unmarketability.

Finished goods and goods for resale are measured at cost, comprising the average cost of raw materials, consumables, direct wages and salaries as well as direct production costs. Indirect production overheads and borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 October – 30 September

Accounting policies

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses upon assessment of the individual receivables.

Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 October – 30 September

Accounting policies

Provisions

Provisions comprise anticipated costs of ordinary warranty obligations and right of return on products sold. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value where the performance of the obligation is expected to take place well ahead in the future.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Financial statements 1 October – 30 September

Accounting policies

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Financial statements 1 October – 30 September

Income statement

DKK'000	Note	2015/16	2014/15
Gross profit		35,640	40,235
Distribution costs		-25,145	-28,944
Administrative expenses		-3,575	-3,178
Ordinary operating profit		6,920	8,113
Other operating costs		0	-4
Operating profit		6,920	8,109
Other financial income	1	303	43
Other financial expenses	2	-889	-120
Profit before tax		6,334	8,032
Tax on profit for the year	3	-1,460	-1,950
Profit for the year		4,874	6,082
Proposed profit appropriation/			
Proposed dividends for the financial year		4,873	6,081
Retained earnings		1	1
		4,874	6,082

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Property, plant and equipment			
	4		
Leasehold improvements		162	216
Fixtures and fittings, tools and equipment		590	735
		<u>752</u>	<u>951</u>
Investments			
Other securities and equity investments		1,273	1,077
Deposita		278	274
		<u>1,551</u>	<u>1,351</u>
Total non-current assets		<u>2,303</u>	<u>2,302</u>
Current assets			
Inventories			
Finished goods and goods for resale		6,024	11,487
		<u>6,024</u>	<u>11,487</u>
Receivables			
Trade receivables		20,748	17,882
Receivables from group entities		0	3,941
Deferred tax asset	9	253	407
Prepayments		183	203
		<u>21,184</u>	<u>22,433</u>
Cash at bank and in hand		<u>3,615</u>	<u>516</u>
Total current assets		<u>30,823</u>	<u>34,436</u>
TOTAL ASSETS		<u>33,126</u>	<u>36,738</u>

Financial statements 1 October – 30 September

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity			
Share capital	5	500	500
Retained earnings		1,619	1,618
Proposed dividends for the financial year		4,873	6,081
Total equity		<u>6,992</u>	<u>8,199</u>
Provisions			
Other provisions	10	7,977	7,828
Total provisions		<u>7,977</u>	<u>7,828</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Bank loans		0	14
Payables to group entities		2,085	2,417
Trade payables		1,220	2,276
Corporation tax		557	383
Other payables		8,753	9,329
Deferred income		5,542	6,292
Total liabilities other than provisions		<u>18,157</u>	<u>20,711</u>
TOTAL EQUITY AND LIABILITIES		<u>33,126</u>	<u>36,738</u>
Contingencies, etc.	6		
Related party disclosures	7		
Staff costs	8		

Financial statements 1 October – 30 September

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 October 2014	500	1,617	2,927	5,044
Distributed dividend	0	0	-2,927	-2,927
Profit for the year	0	1	6,081	6,082
Equity at 1 October 2015	500	1,618	6,081	8,199
Distributed dividend	0	0	-6,081	-6,081
Profit for the year	0	1	4,873	4,874
Equity at 30 September 2016	500	1,619	4,873	6,992

Financial statements 1 October – 30 September

Notes

	<u>2015/16</u>	<u>2014/15</u>
DKK'000		
1 Other financial income		
Interest income from group entities	11	93
Capital gains on securities measured at fair value	<u>292</u>	<u>-50</u>
	<u>303</u>	<u>43</u>
2 Financial expenses		
Interest expense to group entities	795	0
Other interest expense	<u>94</u>	<u>120</u>
	<u>889</u>	<u>120</u>
3 Tax on profit for the year		
Current tax on the taxable income for the year	1,306	1,561
Deferred tax adjustment for the year	0	12
Prior year adjustments	<u>154</u>	<u>377</u>
	<u>1,460</u>	<u>1,950</u>

Financial statements 1 October – 30 September

Notes

4 Property, plant and equipment

DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Total
Cost at 1 October 2015	1,564	2,770	4,334
Additions	47	203	250
Cost at 30 September 2016	1,611	2,973	4,584
Depreciation and impairment losses at 1 October 5	-1,348	-2,035	-3,383
Depreciation	-101	-348	-449
Depreciation and impairment losses at 30 September 2016	-1,449	2,383	-3,832
Carrying amount at 30 September 2016	162	590	752

5 Share capital

The share capital of DKK 500 thousand have been issued in shares of DKK 1 thousand or multiples thereof. The share capital has not been changed during the past 5 years. No shares carry special rights.

6 Contingencies

Operational leasing, etc.

Lease obligations represent DKK 2,060 thousand (2014/15: DKK 1,938 thousand).

7 Related party disclosures

The Company's related parties comprise Board of Directors, Executive Board and executives and their family members. Related parties comprise companies in the Sivantos Pte. Ltd Group.

The consolidated financial statements of Sivantos Pte. Ltd. can be obtained at the following address:

Sivantos Pte. Ltd., 28 Ayer Rajah Crescent #06-08, Singapore 139959

Financial statements 1 October – 30 September

Notes

DKK'000	2015/16	2014/15
8 Staff costs		
Wages and salaries	22,328	21,074
Pensions	2,393	2,300
Other social security costs	102	103
Other staff costs	1,357	4,245
	<u>26,180</u>	<u>27,722</u>
Average number of full-time employees	<u>52</u>	<u>54</u>
<p>Remuneration of the Company's Management and Board of Directors is not disclosed pursuant to section 98b(3)(ii) of the Danish Financial Statements Act.</p>		
9 Deferred tax		
Deferred tax at 1 October	407	419
Changes in deferred tax	-154	-12
Deferred tax at 30 September	<u>253</u>	<u>407</u>
<p>Provisions for deferred tax relate to:</p>		
Property, plant and equipment	123	125
Current assets	-25	-33
Provisions	155	315
	<u>253</u>	<u>407</u>
10 Warranty obligations		
Warranty obligations at 1 October	7,828	7,970
Change in warranty obligations	149	-142
Warranty obligations at 30 September	<u>7,977</u>	<u>7,828</u>