



Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postboks 1600
0900 København C

Telefon 36 10 20 30
Telefax 36 10 20 40
www.deloitte.dk

Contura International A/S
Sydmarken 23
2860 Søborg
Central Business Registration No
27050832

Annual report 2016

The Annual General Meeting adopted the annual report on 09.06.2017

Chairman of the General Meeting

A handwritten signature in black ink, appearing to read "Patrick John Banks", written over a horizontal line.

Name: Patrick John Banks

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Entity details

Entity

Contura International A/S
Sydmarken 23
2860 Søborg

Central Business Registration No: 27050832

Registered in: Gladsaxe

Financial year: 01.01.2016 - 31.12.2016

E-mail: info@contura.com

Board of Directors

Patrick John Banks, Chairman
Rakesh Chhaganlal Tailor
Lars Trolle
Debra Joy Roberts

Executive Board

Lars Trolle, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Contura International A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Søborg, 09.06.2017

Executive Board



Lars Trolle

CEO

Board of Directors



Patrick John Banks

chairman



Debra Joy Roberts



Rakesh Chhaganlal Tailor



Lars Trolle

Independent auditor's report

To the shareholders of Contura International A/S

Opinion

We have audited the financial statements of Contura International A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

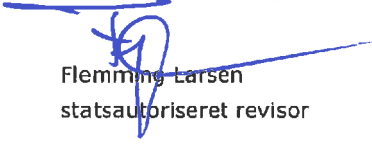
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 09.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Flemming Larsen
statsautoriseret revisor

Management commentary

Primary activities

Contura International is a medical technology company based in Denmark that develops and commercialises soft tissue fillers.

Development in activities and finances

Profit for the year amounts to DKK 3,063 thousand giving the company positive equity of DKK 76,624 thousand. The result for the year are considered satisfactory.

For 2017, the company expects the results at the same level as 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Revenue		42.595.294	39.788
Cost of sales		(10.191.834)	(10.731)
Other external expenses		<u>(14.772.591)</u>	<u>(12.711)</u>
Gross profit/loss		17.630.869	16.346
Staff costs	1	(9.360.370)	(8.056)
Depreciation, amortisation and impairment losses	2	<u>(5.346.895)</u>	<u>(5.471)</u>
Operating profit/loss		2.923.604	2.819
Income from investments in group enterprises		(37.479)	(58)
Other financial income	3	1.446.910	1.276
Other financial expenses	4	<u>(72.506)</u>	<u>(59)</u>
Profit/loss before tax		4.260.529	3.978
Tax on profit/loss for the year	5	<u>(1.197.780)</u>	<u>(951)</u>
Profit/loss for the year		3.062.749	3.027
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		(37.479)	(58)
Retained earnings		<u>3.100.228</u>	<u>3.085</u>
		3.062.749	3.027

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Plant and machinery		18.630.758	23.848
Other fixtures and fittings, tools and equipment		106.381	101
Property, plant and equipment	6	18.737.139	23.949
Investments in group enterprises		1.970.464	1.954
Fixed asset investments	7	1.970.464	1.954
Fixed assets		20.707.603	25.903
Raw materials and consumables		6.182.073	6.000
Manufactured goods and goods for resale		5.073.686	2.112
Inventories		11.255.759	8.112
Trade receivables		4.181.107	4.824
Receivables from group enterprises		50.906.438	36.832
Other receivables		261.776	438
Prepayments		644.268	511
Receivables		55.993.589	42.605
Cash		908.065	4.230
Current assets		68.157.413	54.947
Assets		88.865.016	80.850

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital		501.000	501
Reserve for net revaluation according to the equity method		1.454.464	1.438
Retained earnings		74.668.386	71.568
Equity		76.623.850	73.507
Deferred tax		0	598
Provisions		0	598
Trade payables		2.224.505	1.318
Payables to group enterprises		3.999.788	1.906
Income tax payable		1.796.058	565
Other payables	8	4.220.815	2.956
Current liabilities other than provisions		12.241.166	6.745
Liabilities other than provisions		12.241.166	6.745
Equity and liabilities		88.865.016	80.850
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	501.000	1.437.830	71.568.158	73.506.988
Exchange rate adjustments	0	54.113	0	54.113
Profit/loss for the year	0	(37.479)	3.100.228	3.062.749
Equity end of year	501.000	1.454.464	74.668.386	76.623.850

Notes

	2016	2015
	DKK	DKK'000
1. Staff costs		
Wages and salaries	12.188.080	10.489
Pension costs	713.308	661
Other social security costs	37.237	33
Other staff costs	562.150	564
Staff costs classified as assets	(4.140.405)	(3.691)
	9.360.370	8.056
 Average number of employees	 15	 15
	2016	2015
	DKK	DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	0	79
Depreciation of property, plant and equipment	5.346.895	5.392
	5.346.895	5.471
	2016	2015
	DKK	DKK'000
3. Other financial income		
Financial income arising from group enterprises	1.440.176	964
Exchange rate adjustments	6.734	312
	1.446.910	1.276
	2016	2015
	DKK	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	0	5
Other financial expenses	72.506	54
	72.506	59

Notes

	2016	2015
	DKK	DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	1.796.058	565
Change in deferred tax for the year	(598.278)	386
	1.197.780	951
	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
6. Property, plant and equipment		
Cost beginning of year	53.237.850	3.838.137
Additions	83.175	51.730
Cost end of year	53.321.025	3.889.867
Depreciation and impairment losses beginning of the year	(29.390.174)	(3.736.684)
Depreciation for the year	(5.300.093)	(46.802)
Depreciation and impairment losses end of the year	(34.690.267)	(3.783.486)
Carrying amount end of year	18.630.758	106.381
		Investment s in group enterprises
		DKK
7. Fixed asset investments		
Cost beginning of year		516.000
Cost end of year		516.000
Revaluations beginning of year		1.437.830
Exchange rate adjustments		54.113
Share of profit/loss for the year		(37.479)
Revaluations end of year		1.454.464
Carrying amount end of year		1.970.464

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
Investments in group enterprises comprise:					
Contura Inc.	USA.	Ltd.	100,0	1.970.464	(37.479)

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
8. Other payables		
VAT and duties	(324.553)	1
Wages and salaries, personal income taxes, social security costs, etc payable	1.318.776	1.264
Other costs payable	3.226.592	1.691
	4.220.815	2.956

9. Unrecognised rental and lease commitments

The Company has unrecognized rental and lease commitments regarding cars amounting to DKK 155 thousand.

10. Contingent liabilities

The Company has no other contingent liabilities than the ones described below.

The Company participates in a Danish joint taxation arrangement in which Contura A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known liability in the joint taxation arrangement is stated in the financial statements of the administration company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign Currency Translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including licence fee cost to consolidated enterprises, expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received from investment in Group enterprises, interest income, including interest income on receivables from group enterprises, net capital gains on payables and foreign currency transactions.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and foreign currency transactions.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Contura A/S which is also appointed administration company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	10-12 years
Other fixtures and fittings, tools and equipment	5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method.

This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation and impairment losses for machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax