

Elysee Dental ApS

Oktobervej 49, 8210 Århus

CVR no. 27 65 32 19



Annual report 2015

Approved at the annual general meeting of shareholders on 26 May 2016

Chairman:



Sisse Wellejus Hansen



Building a better



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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Elysee Dental ApS for the financial year 1 January - 31 December 2015.

The annual report is 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 financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Aarhus, 26 May 2016
Executive Board:

Two handwritten signatures in blue ink. The first signature is on the left, and the second is on the right, overlapping the first one slightly.

Sisse Wellejus Hansen

August Wilhelm Torsten
Schwafert

Independent auditors' report

To the shareholder of Elysee Dental ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Elysee Dental ApS for the financial year 1 January - 31 December 2015, which comprise an 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.

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.

Auditors' 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 regulations. 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other 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.

Kolding, 26 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Claus E. Andreasen
state authorised public accountant



Management's review

Company details

Name	Elysee Dental ApS
Address, Postal code, City	Oktobervej 49, 8210 Århus
CVR No.	27 65 32 19
Established	4 March 2004
Registered office	Århus
Financial year	1 January - 31 December
Telephone	+45 73 40 44 04
Executive Board	Sisse Wellejus Hansen August Wilhelm Torsten Schwafert
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark
Bankers	Nordea Silkeborgvej 242, 8000 Århus C



Management's review

Operating review

The Company's business review

The company's principal activities are to produce and sell customized prosthetic products to dental clinics in Denmark.

Financial review

The year's result is considered satisfactory with a good organic growth in both turnover and customer base.

In 2015 Elysee Dental ApS was listed as a "Gazelle Company" in the Danish financial newspaper called "Børsen". This means that the company has more than doubled its turnover in the last 4 years - and that it was amongst the 3.14% most growing companies in Denmark in 2015.

Our courses have been well visited in all of Denmark. They have contributed to a greater understanding amongst our customers of prosthetic treatment choices.

Post balance sheet events

No events have occurred after the end of the financial year of material importance for the company's financial position.

Outlook

The Company expects for 2016 a result on the level of 2015.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
	Gross profit	12,885	11,483
2	Staff costs	-9,824	-8,383
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-402	-485
	Other operating expenses	-74	0
	Operating profit	2,585	2,615
3	Financial income	25	1
4	Financial expenses	-44	-122
	Profit before tax	2,566	2,494
5	Tax for the year	-609	-617
	Profit for the year	1,957	1,877
Proposed profit appropriation			
	Proposed dividend recognised under liabilities	1,955	1,877
	Retained earnings	2	0
		1,957	1,877

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Goodwill	1,628	1,946
		<u>1,628</u>	<u>1,946</u>
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	545	429
	Leasehold improvements	181	76
		<u>726</u>	<u>505</u>
	Investments		
	Other receivables	155	55
		<u>155</u>	<u>55</u>
	Total non-current assets	<u>2,509</u>	<u>2,506</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	53	27
		<u>53</u>	<u>27</u>
	Receivables		
	Trade receivables	3,086	2,718
	Work in progress for third parties	52	217
	Receivables from group entities	869	0
	Other receivables	170	43
	Deferred expenses	1,015	118
		<u>5,192</u>	<u>3,096</u>
	Cash	<u>2,938</u>	<u>3,093</u>
	Total current assets	<u>8,183</u>	<u>6,216</u>
	TOTAL ASSETS	<u>10,692</u>	<u>8,722</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	125	125
	Retained earnings	5	3
	Total equity	130	128
	Provisions		
	Deferred tax	121	154
	Other provisions	0	10
	Total provisions	121	164
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	210	2,264
	Payables to group entities	4,654	2,614
	Income taxes payable	145	122
	Other payables	1,790	1,522
	Deferred income	1,687	31
	Dividend proposed for the year	1,955	1,877
		10,441	8,430
	Total liabilities other than provisions	10,441	8,430
	TOTAL EQUITY AND LIABILITIES	10,692	8,722

1 Accounting policies

8 Contractual obligations and contingencies, etc.



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	125	3	128
Profit/loss for the year	0	2	2
Equity at 31 December 2015	125	5	130

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Elysee Dental ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

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

Consolidated financial statements

The company is included in the consolidated financial statements of Modern Dental Europe B.V., Handelsweg 16, 2404 CD Alphen aan den Rijn, The Netherlands and;

Modern Dental Group Limited, Harbour Place, 103 South Church Street, P.O. Box 2582, Grand Cayman KY1-1103, Cayman Islands.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction. Exchange differences arising between the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables and 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 at 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

Revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Costs of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Payments relating to operating lease agreements and other rental agreements are recognised in the income statement over the term of the contract. The company's total liability for operating lease and rental agreements is disclosed under contingencies.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected economic life, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the customer bases and the dependence on key staff.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Goodwill	10 years
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The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	10 years
Other fixtures and fittings, tools and equipment	3-5 years

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years.

The depreciation of goodwill over 10 years reflects the Management belief on the economic lifetime for goodwill and is determined in consideration of the expected future net income from the activity to which the goodwill is allocated.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Other securities and investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of non-current assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the cost value of the work performed.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Provisions

Provision for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Corporation 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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Dividend for the year

Proposed dividends are recognised as a liability at the date when 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
2 Staff costs		
Wages/salaries	8,154	7,162
Pensions	470	285
Other social security costs	66	121
Other staff costs	1,134	815
	<u>9,824</u>	<u>8,383</u>
3 Financial income		
Interest receivable, group entities	25	0
Other financial income	0	1
	<u>25</u>	<u>1</u>
4 Financial expenses		
Interest expenses, group entities	0	66
Other financial expenses	44	56
	<u>44</u>	<u>122</u>
5 Tax for the year		
Estimated tax charge for the year	642	570
Deferred tax adjustments in the year	-33	47
	<u>609</u>	<u>617</u>
6 Intangible assets		
DKK'000		Goodwill
Cost at 1 January 2015		2,290
Disposals in the year		-122
Cost at 31 December 2015		<u>2,168</u>
Impairment losses and amortisation at 1 January 2015		344
Amortisation/depreciation in the year		217
Amortisation/depreciation and impairment of disposals in the year		-21
Impairment losses and amortisation at		<u>540</u>
Carrying amount at 31 December 2015		<u>1,628</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2015	854	145	999
Additions in the year	280	189	469
Disposals in the year	0	-145	-145
Cost at 31 December 2015	1,134	189	1,323
Impairment losses and depreciation at 1 January 2015	425	69	494
Amortisation/depreciation in the year	164	22	186
Reversal of prior-year depreciations	0	-83	-83
Impairment losses and depreciation at 31 December 2015	589	8	597
Carrying amount at 31 December 2015	545	181	726

8 Contractual obligations and contingencies, etc.

Other financial obligations

The company has entered into lease agreements with a total monthly lease payment of DKK ('000) 94. The lease agreements have a total residual lease payment of DKK ('000) 310.

The company has entered into rental contracts which the liability of the non terminable period amounts to DKK ('000) 579. The contracts have non terminable period between 6-18 months. The annual rental amounts to DKK ('000) 538.