


**Dansac A/S**  
**Lille Kongevej 304**  
**3480 Fredensborg**  
**Central Business Registration No 34 09 48 10**

**Annual report 2015**

*Adopted at the Annual General Meeting on May 17<sup>th</sup>, 2016*

  
*Chairman of the General meeting*

OLE THYE

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## ***Company details***

### ***Company***

*Dansac A/S*

*Central Business Registration No: 34 09 48 10*

*Registered in: Fredensborg*

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### ***Supervisory Board***

*Robert C. Keeley*

*Ole Strange*

*Richard T. Zwirner*

### ***Executive Board***

*Ole Strange*

### ***Company auditors***

*Deloitte Statsautoriseret Revisionspartnerselskab*

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## Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and adopted the annual report of Dansac A/S for 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's assets, equity and liabilities, financial position and results and the consolidated cash flows. We believe that the management review contains a fair review of the affairs and conditions referred to therein.

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

Fredensborg, May 17<sup>th</sup>, 2016

### Executive Board



Ole Strange  
*Chief Executive Officer*

### Supervisory Board

Robert C. Keeley



Ole Strange

Richard T. Zwirner

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## **Independent auditor's reports**

### **To the shareholder of Dansac A/S**

#### **Report on the consolidated financial statements and parent financial statements**

We have audited the consolidated financial statements and parent financial statements of Dansac A/S for the financial year 1 January to 31 December 2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility for the consolidated financial statements and parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent 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 entity'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 the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

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## Independent auditor's reports

### Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2015, and of the results of their operations and the Group's cash flows for the financial year 1 January to 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 further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, May 17<sup>th</sup>, 2016

### Deloitte

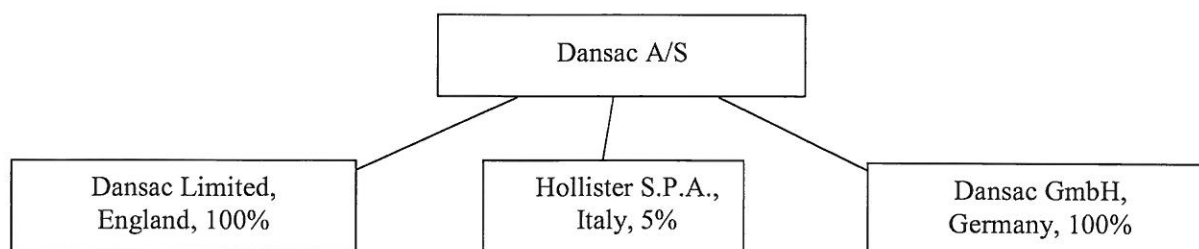
Statsautoriseret Revisionspartnerselskab  
Central Business Reg No 33 96 35 56



Max Damborg  
State Authorized Public Accountant

## Management's review

### Group chart



	<u>2011</u> DKK'000	<u>2012</u> DKK'000	<u>2013</u> DKK'000	<u>2014</u> DKK'000	<u>2015</u> DKK'000
<b>Financial highlights of the Group</b>					
<b>Key figures</b>					
Revenue	1.052.514	1.116.791	1.011.560	1.029.460	1.189.069
Operating profit	175.344	114.614	124.618	100.126	196.327
Net financials	4.817	(4)	(6.646)	5.235	9.096
Net profit for the year	134.038	85.558	88.604	79.124	156.877
Equity	193.472	155.155	243.696	199.071	232.102
Balance sheet total	341.097	304.663	369.669	376.135	403.828
Investments in property, plant and equipment	13.330	10.706	19.896	22.125	17.549
Average number of employees	375	363	353	347	351
<b>Ratios</b>					
Profit margin (%)	17	10	12	10	17
Return on assets (%)	66	45	53	38	72
Return on equity (%)	61	49	44	36	73
Equity ratio (%)	57	51	66	53	57

## Management's review

### Primary activities

The Group's activity comprises development, production and sale of ostomy products. Development and production takes place in Fredensborg. Sales activities are handled by the company's subsidiaries and affiliates. Consequently, the extent of transactions with related parties is significant.

The products are primarily sold in the European market.

The company's underlying business concept is to develop, manufacture and market consumables for people living with a stoma. The mission is to help healthcare professionals deliver better products and services and thus to make life more rewarding and dignified for users of ostomy products.

The products are typified by their uniform quality, which makes them highly reliable for the users.

Overall, the company wishes to deliver products preferred by the customers at the time agreed and to ensure that the employees are qualified and satisfied, and that procedures supporting a flexible, efficient organization are established.

### Development in activities and finances

Profit for the year for the group amounts to DKK 156.877 thousand which is an increase of DKK 77.753 compared to 2014, but in line with previous announced expectations.

### Comments to the operations

Operating profit for the group has increased from DKK 100.126 thousand to DKK 196.327 thousand which can be specified as follows:

	<u>DKK'000</u>
Increase in Gross profit	96.933
Decrease in other operating costs	2.262
Increase in Staff costs	(544)
Increase depreciations	(2.450)
<b>Total</b>	<b>96.201</b>

The increase in Gross profit relates to an increase in Revenue based on additional volume in 2015 and higher exchange rates mainly GBP and USD.

The decrease in other operating costs mainly relates to less activity regarding testing materials and less repair activities on machinery.

The increase in Staff costs overall relates to general payroll inflation.

Cash flows from operating activities for the year amount to DKK 187.797 thousand against DKK



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## Management's review

116.868 thousand in 2014. The net change (DKK 70.929 thousand) is primarily attributable to increase in Gross profit (DKK 96.933 thousand), change in working capital (DKK 4.509) change in net financials (DKK 3.861) and less paid income taxes (DKK 36.168 thousand).

Cash flows from investing activities amount to DKK (17.942) thousand in 2015 against DKK (24.621) thousand in 2014.

### Particular risks

#### Financial exposure

The Group is exposed to exchange rate adjustments. Attempts are made to minimise this exposure by a central control of financial exposure in the Parent as well as a coordinated cash management, including generation of capital and placement of additional cash flow. The ultimate Parent acts upon a finance policy with a low risk profile such that risks only arise on the basis of commercial issues. The Dansac Group does not make use of financial instruments.

#### Currency exposure

Dansac A/S is affected by exchange rate adjustments as revenue is primarily invoiced in foreign currencies whereas expenses, including wages, are held in Danish kroner. Revenue is primarily invoiced in EUR, GBP and USD. 100 % of the Group's revenue originates from other countries than Denmark mainly European countries. In addition, the Group is affected by exchange rate adjustments as the Foreign affiliates' year-end profit and equity are converted into DKK based on average rates and the rate of the balance sheet date, respectively.

The Group's English and German companies are not affected by exchange rate fluctuations as both income and expenses are paid in local currencies.

#### Credit risks

Credit risks attached to financial assets correspond to the values recognized in the balance sheet. The Group does not undertake any major risks on clients or co-operators. All major clients and other co-operators are credit rated on a current basis under the Group's policy for undertaking credit risks.

In addition, 57 % of the revenue is sale to group enterprises.

#### Cash flow

The Group's business procedures on cash management, including generation of capital and placement of additional cash flow are managed centrally by the ultimate Parent in the USA.

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## Management's review

### Intellectual capital resources

As the Group aims at being a market leader within the ostomy industry, Dansac A/S makes attempts to create a dynamic and innovative working and knowledge environment. Such ambition places demands on both the Company and each employee in terms of collection, distribution and adjustment of new knowledge.

### Environmental performance

The company takes responsibility for its environmental impacts and works continuously to reduce any negative environmental impact in our day-to-day operations and in our development activities.

The manufacturing process is certified to the quality standards ISO 9001 and ISO 13485.

The company has no obligation to draw up environmental reports as the company does not belong to the category of environmentally polluting companies.

### Research and development activities

The Group's research and development costs are almost the same as last year. The costs arise from development activities and from ensuring a continuous improvement of existing products.

Furthermore, an amount has been capitalised on projects identified that are estimated to result in future products with expected earnings growth.

In 2015, the Group completed the introduction of new products, mainly within the Novalife-series.

### Events after the balance sheet date

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

### Outlook

Subject to stability in the primary invoicing currencies of the Group, it is the expectation of management that revenue and profit in 2016 will be slightly higher compared to 2015. Further efficiency improvements in the production and the administration are expected.

Dansac A/S expects positive cash flows in 2016.

## Management's review

### Statutory statement of Corporate social responsibility cf. § 99a in the Danish Financial Statements Act

Management has decided not to implement a systematic reporting in accordance with the Danish Financial Statements Act §99a on these matters. The decision is based on the evaluation of resources needed and materiality for a company of Dansac A/S's nature.

### Gender composition, Management position cf. § 99b in the Danish Financial Statements Act

The Company has established a gender equality barometer, which is updated annually with the current distribution of men and women at a number of management levels in Company:

Levels /%	2015		2014		2013	
	Female	Male	Female	Male	Female	Male
Supervisory Board	0	100	0	100	0	100
Management positions	33	67	35	65	32	68

The company has decided the following objectives for the under-represented gender in the Supervisory Board and in Management positions:

#### Targets for the under-represented gender in the Supervisory Board

The Supervisory Board consists of 3 members. Regarding the under-represented gender it is the objective to increase the number of members of the under-represented gender and to achieve a share of 33% by 2020.

#### Targets for the under-represented gender in Management positions

When recruiting new candidates to management positions the best qualified person for the job is selected, irrespective of gender, cultural background and age. Therefore the Company makes sure that the wording of job descriptions and job advertisements appeal to people with the right experiences and competences despite gender, age and ethnicity.

For Management positions the aim is to achieve a more equal share of under-represented gender by 2020.

## Ownership

Dansac A/S is fully owned by Hollister Incorporated, Illinois, USA.

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## Accounting policies

This annual report for the Dansac Group for 2015 has been prepared in accordance with the provisions applying to class C enterprises (large) under the Danish Financial Statements Act.

The accounting policies applied as described below remain the same as last year.

Compared to last year some editorial changes and a few reclassifications have been made. These reclassifications do not have any effect on the profit for the year or equity. The comparison figures have been adjusted accordingly.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group as a result of an event prior to the balance date has a legal or constructive obligation, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities 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, defrayed to obtain the profit for the year.

The Annual report is presented in Danish kroner (DKK) thousand unless otherwise stated.

### Consolidated financial statements

The consolidated financial statements comprise Dansac A/S (the parent company) and Group enterprises where the parent company directly or indirectly is in control, cf the Group Chart page 5.

The consolidated financial statements are prepared by combining uniform items. On consolidation intra-group income and expenses, intra-group balances and dividend as well as intra-group profits between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Investments in affiliates are offset against the pro rata share of the fair value of the affiliates' net assets and liabilities at the time of the establishment of the Group relations.

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## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Income and losses - that arises between the rate at the transaction date and the one in effect at the payment date - are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Differences between the exchange rate at the balance sheet date and the exchange rate at the transaction date are recognised in the income statement as financial income or financial expenses.

When recognising foreign affiliates, that constitute separate entities, the income statements are translated at average exchange rates and balance sheet items are translated using the exchange rates at the balance sheet date. Exchange rate adjustments arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Exchange adjustments of outstanding accounts with foreign affiliates which are considered part of the total investment are classified directly as equity.

### Income statement

#### Revenue

Revenue from sale of articles of commerce and finished goods are recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised exclusive of Vat, duties and rebates in connection with the sale and is measured at the fair value of the agreed compensation.

#### Staff costs

Staff costs comprise expenses for payroll and wages including social expenses, pensions etc. for personnel.

#### Other operating costs

Other operating costs comprise expenses for distribution, sales, advertising, administration, rentals, loss on bad debt etc.

Other operating costs further more include research- and development costs that do not comply with recognition for capitalisation.

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## Accounting policies

### Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised income and loss from transactions in foreign exchange, bank charges together with charges and compensations for the tax on account scheme.

### Tax on profit for the year

Tax on profit 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 classified directly as equity by the portion attributable to entries directly on equity.

The Company is jointly taxed with Dansac and Hollister Danmark (branch of Dansac and Hollister Inc. USA). The current Danish income tax is allocated proportionally to the taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intangible assets

Intangible assets comprise development projects in progress and completed development projects including licences and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the project in question, are recognised as intangible assets if the cost can be measured reliably and if sufficient security exists for the future income to cover production-, sales- and administration costs and the development costs. Other development costs are recognised in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisations or to the lower of recoverable amount. Completed development projects are amortised over the estimated useful life, but over no more than five years.

Development costs comprise costs, salaries and amortisation that are directly and indirectly attributable to the Group's development projects.

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation or to the lower of its recoverable value. Land is not depreciated.

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## Accounting policies

Cost comprises the acquisition price and costs directly attributable to the acquisition until it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, sub suppliers and labour costs.

Interest expenses are not included under cost.

The basis for depreciation is costs less expected scrap value at the end of the expected useful life. Straight-line depreciation is made on the basis of the following assessment of the expected useful lives:

Buildings	30 years
Plant and machinery	5-10 years
Other fixtures and fitting, tools and equipment	3-10 years

Profits and losses from the disposals of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised as depreciation in the income statement.

### Impairment of intangible and tangible assets

The carrying amount of intangible and tangible assets are annually assessed whether there is any indication that the assets are impaired.

If any such indications exist, an impairment test is calculated to determine whether the recoverable amount is lower than the carrying amount.

### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in the Parent's Annual report at cost. In case of indication for impairment an impairment test is prepared. Cost is reduced with received dividend, if the dividend exceeds the accumulated profit recognised since the time of the takeover.

In the Parent's income statement dividend from subsidiaries and associates are recognised upon declaration.

### Inventories

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

Cost of goods for resale as well as raw materials and consumables consists of purchase price plus landing costs.

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## Accounting policies

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

Indirect production costs comprise indirect material and labour costs as well as costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of quality management and factory administration.

The net realisable value of inventories is calculated as the estimated selling price reduced for completion- and sales costs.

The net realisable value is fixed in consideration of marketability and obsolescence.

### Receivables

Receivables are measured at amortised cost, which in general are nominal value reduced with provision for anticipated losses.

### Prepayments

Prepayments classified as assets comprise prepaid costs incurred relating to rent, insurance premiums etc. that relates to subsequent accounting periods. Prepayments are measured at cost.

### Proposed dividends

Dividends are measured as a liability at the time of the resolution made on the Annual General Meeting. The proposed dividend for the accounting period is classified as a separate item under equity.

### Income taxes and deferred tax

The 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 applying the liability method providing for all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet if the assets are likely to be utilised either by a set-off against tax of future income or as a set-off against deferred tax liabilities.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.



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## Accounting policies

### Deferred income

Deferred income comprises received payments for income that relates to subsequent accounting periods. Deferred income is measured at cost.

### Cash flow statement

The cash flow statement of the Group shows cash flows for the year from operating-, investing- and financing activities for the year, change of cash for the year as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the Group's share of profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payment in connection with purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, and payment of dividends to members.

A cash flow statement for the Parent' has not been prepared separately as this is included in the Group cash flow statement.

### Segment information

Disclosures are provided on business segments (primary segment) and geographical markets (secondary segment). The segment information is in accordance with the Group risk and internal financial management. The segment information complies with Group accounting policies

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## Accounting policies

### Ratios

The ratios have been compiled in accordance with “Anbefalinger & Nøgletal 2015” (Recommendations & Ratios 2015), issued by the Danish Society of Financial Analysts, and generally accepted calculation formulas.

Profit margin	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$
Return on equity	=	$\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

## Income statement

Parent			Group		
2014 DKK'000	2015 DKK'000		Notes	2015 DKK'000	2014 DKK'000
477.197	556.511	Revenue	1	1.189.069	1.029.460
3.635	(160)	Change of inventories, finish goods and work in progress		1.096	3.845
(138.758)	(154.523)	External costs		(569.930)	(510.003)
<b>342.074</b>	<b>401.828</b>	<b>Gross profit</b>		<b>620.235</b>	<b>523.302</b>
(147.690)	(146.383)	Staff costs	2	(187.603)	(187.059)
(17.266)	(19.851)	Depreciation and amortisation, fixed assets	3	(20.083)	(17.633)
(94.867)	(82.556)	Other operating costs		(216.222)	(218.484)
<b>82.251</b>	<b>153.038</b>	<b>Operating profit</b>		<b>196.327</b>	<b>100.126</b>
4.467	11.193	Other financial income, affiliates		0	0
5.736	10.079	Other financial income	4	10.194	5.831
(359)	(797)	Other financial expenses	5	(1.098)	(596)
<b>92.095</b>	<b>173.513</b>	<b>Profit before tax</b>		<b>205.423</b>	<b>105.361</b>
(21.381)	(38.208)	Tax on profit for the year	6	(48.546)	(26.237)
<b>70.714</b>	<b>135.305</b>	<b>Profit for the year</b>		<b>156.877</b>	<b>79.124</b>
<b>Proposed distribution of profit/(loss)</b>					
(14.286)	305	Retained earnings			
0	40.000	Paid dividends on account			
85.000	95.000	Proposed dividends recognized in Equity			
<b>70.714</b>	<b>135.305</b>				

**Balance sheet, December 31<sup>st</sup>**

Parent				Group	
2014 DKK'000	2015 DKK'000		Notes	2015 DKK'000	2014 DKK'000
6.211	6.414	Completed development projects	7	6.414	6.211
3.789	1.153	Development projects in progress	7	1.153	3.789
<b>10.000</b>	<b>7.567</b>	<b>Intangible assets</b>		<b>7.567</b>	<b>10.000</b>
24.547	21.693	Land and buildings	8	21.693	24.547
36.090	44.142	Plant and machinery	8	44.142	36.090
2.082	1.515	Other fixtures and fittings, tools and equipment	8	1.778	2.446
22.239	18.042	Property, plant and equipment in progress and prepayment for Property, plant and equipment	8	18.042	22.239
<b>84.958</b>	<b>85.392</b>	<b>Tangible assets</b>		<b>85.655</b>	<b>85.322</b>
10.338	10.338	Investments in affiliates	9	0	0
386	386	Investments in associates	9	386	386
271	228	Other receivables	9	464	495
0	0	Deferred tax asset		381	120
<b>10.995</b>	<b>10.952</b>	<b>Financial assets</b>		<b>1.231</b>	<b>1.001</b>
<b>105.953</b>	<b>103.911</b>	<b>Fixed assets</b>		<b>94.453</b>	<b>96.323</b>

**Balance sheet, December 31<sup>st</sup>**

Parent			Group		
2014 DKK'000	2015 DKK'000		Notes	2015 DKK'000	2014 DKK'000
<b>105.953</b>	<b>103.911</b>	<b>Fixed assets (brought forward)</b>		<b>94.453</b>	<b>96.323</b>
13.235	17.882	Raw materials and supplies		17.882	13.235
11.082	10.980	Work in progress		10.980	11.082
7.688	7.630	Finish goods and goods for resale		10.066	9.002
<b>32.005</b>	<b>36.492</b>	<b>Inventories</b>		<b>38.928</b>	<b>33.319</b>
9.887	7.491	Trade receivables and receivables from services		52.020	45.354
47.442	34.698	Receivables from affiliates		70.165	102.295
0	4.043	Income tax, receivables		4.043	205
1.965	1.652	Other receivables		2.482	2.797
1.373	1.305	Prepayments		2.572	2.540
<b>60.667</b>	<b>49.189</b>	<b>Receivables</b>		<b>131.282</b>	<b>153.191</b>
<b>48.468</b>	<b>50.229</b>	<b>Cash</b>	10	<b>139.165</b>	<b>93.302</b>
<b>141.140</b>	<b>135.910</b>	<b>Current assets</b>		<b>309.375</b>	<b>279.812</b>
<b>247.093</b>	<b>239.821</b>	<b>Assets</b>		<b>403.828</b>	<b>376.135</b>

**Balance sheet, December 31<sup>st</sup>**

<b>Parent</b>			<b>Group</b>		
<b>2014 DKK'000</b>	<b>2015 DKK'000</b>		<b>Notes</b>	<b>2015 DKK'000</b>	<b>2014 DKK'000</b>
2.500	2.500	Share capital	11	2.500	2.500
91.772	92.077	Retained earnings		134.602	111.571
85.000	95.000	Proposed dividends		95.000	85.000
<b>179.272</b>	<b>189.577</b>	<b>Equity</b>		<b>232.102</b>	<b>199.071</b>
5.488	4.484	Deferred tax provision	12	4.484	5.488
100	100	Other provisions		275	265
<b>5.588</b>	<b>4.584</b>	<b>Provisions</b>		<b>4.759</b>	<b>5.753</b>
17.571	14.826	Trade payables		56.361	65.219
15.364	6.137	Payables to affiliates		70.816	68.447
2.895	0	Income tax payables		6.892	4.920
26.403	24.697	Other payables		32.898	32.725
<b>62.233</b>	<b>45.660</b>	<b>Short-term liabilities</b>		<b>166.967</b>	<b>171.311</b>
<b>67.821</b>	<b>50.244</b>	<b>Liabilities other than provisions</b>		<b>171.726</b>	<b>177.064</b>
<b>247.093</b>	<b>239.821</b>	<b>Equity, provision and liabilities</b>		<b>403.828</b>	<b>376.135</b>
		Lease and rental commitment	13		
		Other notes	14-18		

## Statement of changes in equity

	<b>Group</b>			
	<b>Share capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividends DKK'000</b>	<b>Total DKK'000</b>
<b>Equity, January 1<sup>st</sup>, 2014</b>	<b>2.500</b>	<b>116.196</b>	<b>125.000</b>	<b>243.696</b>
Dividends paid	0	0	(125.000)	(125.000)
Profit for the year	0	(5.876)	85.000	79.124
Exchange adjustment, foreign affiliates	0	1.251	0	1.251
<b>Equity, December 31<sup>st</sup> 2014</b>	<b>2.500</b>	<b>111.571</b>	<b>85.000</b>	<b>199.071</b>
Dividends paid	0	0	(125.000)	(125.000)
Profit for the year	0	21.877	135.000	156.877
Exchange adjustment, foreign affiliates	0	1.154	0	1.154
<b>Equity, December 31<sup>st</sup> 2015</b>	<b>2.500</b>	<b>134.602</b>	<b>95.000</b>	<b>232.102</b>

	<b>Parent</b>			
	<b>Share capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividends DKK'000</b>	<b>Total DKK'000</b>
<b>Equity, January 1<sup>st</sup> 2014</b>	<b>2.500</b>	<b>106.058</b>	<b>125.000</b>	<b>233.558</b>
Dividends paid	0	0	(125.000)	(125.000)
Profit for the year	0	(14.286)	85.000	70.714
<b>Equity, December 31<sup>st</sup> 2014</b>	<b>2.500</b>	<b>91.772</b>	<b>85.000</b>	<b>179.272</b>
Dividends paid	0	0	(125.000)	(125.000)
Profit for the year	0	305	135.000	135.305
<b>Equity, December 31<sup>st</sup> 2015</b>	<b>2.500</b>	<b>92.077</b>	<b>95.000</b>	<b>189.577</b>

## Cash flow statement

	<b>Group</b>		
	<b>Notes</b>	<b>2015 DKK'000</b>	<b>2014 DKK'000</b>
Operating profit		196.327	100.126
Depreciation and amortisation, fixed assets		20.083	17.633
Change in working capital	16	13.924	9.415
		<b>230.334</b>	<b>127.174</b>
Other financial income received		10.194	5.831
Other financial expenses paid		(1.022)	(596)
Income taxes paid		(51.709)	(15.541)
<b>Cash flows from operating activities</b>		<b>187.797</b>	<b>116.868</b>
Acquisition of intangible assets		(430)	(2.579)
Acquisition of tangible assets		(17.549)	(22.125)
Sale of tangible assets		6	75
Change financial assets		31	8
<b>Cash flows from investing activities</b>		<b>(17.942)</b>	<b>(24.621)</b>
Dividends paid		(125.000)	(125.000)
<b>Cash flows from financing activities</b>		<b>(125.000)</b>	<b>(125.000)</b>
<b>Change in cash</b>		<b>44.855</b>	<b>(32.753)</b>
Cash at the beginning of the year		93.302	125.736
Value adjustment of cash		1.008	319
<b>Cash at the end of the year</b>		<b>139.165</b>	<b>93.302</b>



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**Notes**

	<b>Parent</b>	<b>Group</b>
	<b>Revenue</b>	<b>Revenue</b>
	<b>DKK'000</b>	<b>DKK'000</b>
	<hr/>	<hr/>
<b>1. Segment information</b>		
<b>By business segment 2015</b>		
Medical devices	556.511	1.189.069
	<hr/>	<hr/>
<b>Total</b>	<b>556.511</b>	<b>1.189.069</b>
	<hr/>	<hr/>
<b>By business segment 2014</b>		
Medical devices	477.197	1.029.460
	<hr/>	<hr/>
<b>Total</b>	<b>477.197</b>	<b>1.029.460</b>
	<hr/>	<hr/>
<b>By geographical market 2015</b>		
Europe, the Middle East and Africa	494.056	1.126.614
Other countries	62.455	62.455
	<hr/>	<hr/>
<b>Total</b>	<b>556.511</b>	<b>1.189.069</b>
	<hr/>	<hr/>
<b>By geographical market 2014</b>		
Europe, the Middle East and Africa	393.415	945.678
Other countries	83.782	83.782
	<hr/>	<hr/>
<b>Total</b>	<b>477.197</b>	<b>1.029.460</b>
	<hr/>	<hr/>

## Notes

Parent			Group	
2014 DKK'000	2015 DKK'000		2015 DKK'000	2014 DKK'000
<b>2. Staff costs</b>				
131.268	128.813	Salaries and wages	163.200	163.827
14.609	14.419	Pension contributions	16.239	16.111
6.238	6.256	Other social security costs	11.269	11.546
(4.425)	(3.105)	Capitalised labor costs	(3.105)	(4.425)
<b>147.690</b>	<b>146.383</b>		<b>187.603</b>	<b>187.059</b>
<b>288</b>	<b>292</b>	Average number of employees	<b>351</b>	<b>347</b>
<b>3. Depreciation &amp; amortisation, fixed assets</b>				
2.129	2.760	Completed development projects	2.760	2.129
3.234	3.262	Buildings	3.262	3.234
10.737	12.564	Plant and machinery	12.564	10.737
1.148	943	Other fixtures and fittings, tools and equipment	1.173	1.515
18	322	Loss(Profit) from sale and scrap of operating equipment	324	18
<b>17.266</b>	<b>19.851</b>		<b>20.083</b>	<b>17.633</b>
<b>4. Other financial income</b>				
1.411	1.169	Interest income	1.254	1.494
4.325	8.910	Realised and unrealised exchange gains	8.940	4.337
<b>5.736</b>	<b>10.079</b>		<b>10.194</b>	<b>5.831</b>
<b>5. Other financial expenses</b>				
<b>359</b>	<b>797</b>	Bank expenses	<b>1.098</b>	<b>596</b>

## Notes

Parent			Group	
2014 DKK'000	2015 DKK'000		2015 DKK'000	2014 DKK'000
<b>6. Tax on profit for the year</b>				
21.405	39.211	Current tax	49.834	26.316
72	(984)	Change in deferred tax	(1.244)	(30)
(96)	(19)	Adjustment concerning changed tax rates	(19)	(96)
0	0	Adjustment concerning previous years	(25)	47
<b>21.381</b>	<b>38.208</b>		<b>48.546</b>	<b>26.237</b>
<b>7. Intangible assets</b>				
Completed development DKK'000	Development projects DKK'000		Completed development DKK'000	Development projects DKK'000
10.928	3.789	Cost, January 1 <sup>st</sup> 2015	10.928	3.789
3.017	(3.017)	Transfers	3.017	(3.017)
0	430	Additions	0	430
(4.489)	(49)	Disposals	(4.489)	(49)
<b>9.456</b>	<b>1.153</b>	<b>Cost, December 31<sup>st</sup> 2015</b>	<b>9.456</b>	<b>1.153</b>
(4.717)	0	Amortisation, January 1 <sup>st</sup> 2015	(4.717)	0
(2.760)	0	Additions	(2.760)	0
4.435	0	Disposals	4.435	0
<b>(3.042)</b>	<b>0</b>	<b>Amortisation, December 31<sup>st</sup> 2015</b>	<b>(3.042)</b>	<b>0</b>
<b>6.414</b>	<b>1.153</b>	<b>Carrying amount, December 31<sup>st</sup> 2015</b>	<b>6.414</b>	<b>1.153</b>
6.211	3.789	Carrying amount, December 31 <sup>st</sup> 2014	6.211	3.789

## Notes

	<b>Group</b>			
	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Other fix- tures etc.</b>	<b>Property etc in progress <sup>1</sup></b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>8. Tangible assets</b>				
Cost, January 1 <sup>st</sup> 2015	78.831	191.596	46.192	22.239
Year-end exchange rate adjustments	0	0	419	0
Transfers	0	15.730	0	(15.730)
Additions	408	5.106	502	11.533
Disposals	(96)	(229)	(293)	0
<b>Cost, December 31<sup>st</sup> 2015</b>	<b>79.143</b>	<b>212.203</b>	<b>46.820</b>	<b>18.042</b>
Depreciation, January 1 <sup>st</sup> 2015	(54.284)	(155.506)	(43.746)	0
Year-end exchange rate adjustments	0	0	(409)	0
Additions	(3.262)	(12.564)	(1.173)	0
Disposals	96	9	286	0
<b>Depreciation, December 31<sup>st</sup> 2015</b>	<b>(57.450)</b>	<b>(168.061)</b>	<b>(45.042)</b>	<b>0</b>
<b>Carrying amount, December 31<sup>st</sup> 2015</b>	<b>21.693</b>	<b>44.142</b>	<b>1.778</b>	<b>18.042</b>
Carrying amount, December 31 <sup>st</sup> 2014	24.547	36.090	2.446	22.239

<sup>1</sup> Including prepayments for property, plant and equipment

## Notes

	<b>Parent</b>			
	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Other fix- tures etc</b>	<b>Property etc in progress <sup>1</sup></b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>8. Tangible assets</b>				
Cost, January 1 <sup>st</sup> 2015	78.831	191.596	37.717	22.239
Transfers	0	15.730	0	(15.730)
Additions	408	5.106	381	11.533
Disposals	(96)	(229)	(6)	0
<b>Cost, December 31<sup>st</sup> 2015</b>	<b>79.143</b>	<b>212.203</b>	<b>38.092</b>	<b>18.042</b>
Depreciation, January 1 <sup>st</sup> 2015	(54.284)	(155.506)	(35.635)	0
Additions	(3.262)	(12.564)	(943)	0
Disposals	96	9	1	0
<b>Depreciation, December 31<sup>st</sup> 2015</b>	<b>(57.450)</b>	<b>(168.061)</b>	<b>(36.577)</b>	<b>0</b>
<b>Carrying amount, December 31<sup>st</sup> 2015</b>	<b>21.693</b>	<b>44.142</b>	<b>1.515</b>	<b>18.042</b>
Carrying amount, December 31 <sup>st</sup> 2014	24.547	36.090	2.082	22.239

<sup>1</sup> Including prepayments for property, plant and equipment

## Notes

Parent			Group		
Investments in affiliates	Investments in associates	Other receivables		Other receivables	Investments in associates
DKK'000	DKK'000	DKK'000		DKK'000	DKK'000
<b>9. Financial assets</b>					
10.338	386	271	Cost, January 1 <sup>st</sup> 2015	495	386
0	0	(43)	Additions / disposals	(31)	0
<b>10.338</b>	<b>386</b>	<b>228</b>	<b>Cost, December 31<sup>st</sup> 2015</b>	<b>464</b>	<b>386</b>
0	0	0	Revaluation, December 31 <sup>st</sup> 2015	0	0
<b>10.338</b>	<b>386</b>	<b>228</b>	<b>Carrying amount, December 31<sup>st</sup> 2015</b>	<b>464</b>	<b>386</b>
10.338	386	271	Carrying amount, December 31 <sup>st</sup> 2014	495	386

## Investments in affiliates:

Name	Registered	Group share	Share capital	Equity	Profit before tax	Profit for the year
				DKK'000	DKK'000	DKK'000
Dansac limited	Histon, UK	100%	GBP 1.000	50.609	31.152	24.802
Dansac GmbH	Köln, Tyskland	100%	EUR 26.000	2.255	11.951	7.964
				<b>52.864</b>	<b>43.103</b>	<b>32.766</b>

## Investments in associates:

Name	Registered	Group share	Share capital	Equity	Profit before tax	Profit for the year
				DKK'000	DKK'000	DKK'000
Hollister S.P.A.	Milano, Italy	5%	EUR 1.034.000	82.653	10.535	6.858

## Notes

<b>Parent</b>			<b>Group</b>	
<b>2014</b>	<b>2015</b>		<b>2015</b>	<b>2014</b>
<b>DKK'000</b>	<b>DKK'000</b>		<b>DKK'000</b>	<b>DKK'000</b>
<b>10. Cash</b>				
<u>25.836</u>	<u>46.563</u>	Funds in intercompany cash pool arrangement	<u>70.838</u>	<u>47.315</u>
<b>11. Share capital</b>				
The share capital consists of 1,000 shares or multiples.				
The shares have not been divided into classes.				
In the period 2010 to 2015 there have been no changes to the share capital.				
<b>12. Deferred tax provision</b>				
Deferred tax is incumbent on the following items:				
2.212	1.665	Intangible assets	1.665	2.212
2.018	1.811	Tangible assets	1.811	2.018
(50)	(39)	Trade receivables and receivables from service	(39)	(50)
<u>1.308</u>	<u>1.047</u>	Inventories	<u>1.047</u>	<u>1.308</u>
<u>5.488</u>	<u>4.484</u>		<u>4.484</u>	<u>5.488</u>
<b>13. Lease and rental commitments</b>				
Operating lease and rental commitments on rent of production premises and cars have been concluded for the years 2015-2020.				
<u>1.311</u>	<u>1.304</u>	Operational lease and rental commitments for the year	<u>6.284</u>	<u>6.536</u>
At 31 December 2015, the following non-terminal obligations are:				
1.090	904	Lease and rental commitments due within one year	5.341	4.567
973	489	Lease and rental commitments due within 2-5 years	4.962	3.892
<u>0</u>	<u>0</u>	Operating and rental commitments due beyond 5 years	<u>0</u>	<u>362</u>
<u>2.063</u>	<u>1.393</u>		<u>10.303</u>	<u>8.821</u>

**Notes**

<b>Parent</b>			<b>Group</b>	
<u>2014</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>		<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
<b>14. Fee to auditors appointed at the General Meeting</b>				
Fees to Deloitte (Denmark):				
471	457	Audit fees for the annual report	457	471
59	59	Other assurance engagements	59	59
17	25	Non-audit fees	25	17
<u>547</u>	<u>541</u>		<u>541</u>	<u>547</u>
Fees to F. W. Riches & Co:				
0	0	Audit fees for the annual report	370	277
0	0	Non-audit fees	52	88
<u>0</u>	<u>0</u>		<u>422</u>	<u>365</u>
Fees to ALR Treuhand GmbH:				
0	0	Audit fees for the annual report	175	175
0	0	Non-audit fees	34	36
<u>0</u>	<u>0</u>		<u>209</u>	<u>211</u>

**15. Related parties**

Related parties with a controlling interest in the Dansac Group:

The Company's principal shareholder, Hollister Incorporated, Illinois, USA.

Other related parties are the Company's Executive and Supervisory Boards and group enterprises.



## Notes

### 16. Currency exposure, interest rate exposure and credit risks

#### Currency exposure

	<b>Group</b>		
	<b>Receivables and cash and cash equivalents</b>	<b>Liabilities other than provisions</b>	<b>Position net</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
GBP	138.547	(87.936)	50.611
EUR	88.670	(35.500)	53.170
USD	22.739	(256)	22.483
Other	15.965	(483)	15.482
	<b>265.921</b>	<b>(124.175)</b>	<b>141.746</b>

Pursuant to group policies, currency exposure is not attempted hedged by hedging transactions in each subsidiary. Currency exposure is hedged by the Parent, Hollister Incorporated.

#### Credit risks

In certain cases the Group receives security for sale on credit which is included in the assessment of the necessary write-down for losses on bad debts. The highest credit risk on trade receivables corresponds to the carrying amount at 31 December 2015. Losses on receivables from individual customers have been historically immaterial.

#### Interest exposure

The following dates of reassessment and repayment according to agreement on the Group's financial assets and liabilities are presented in chronological order. The effective interest rates are stated on the basis of the actual level of interest at 31 December 2015.

## Notes

### 16. Currency exposure, interest rate exposure and credit risks (continued)

	Group				
	Time of reassessment and maturity				
	Within one year	Within 2 to 5 years	After 5 years	Fixed- rated	Effective interest rate
	DKK'000	DKK'000	DKK'000	DKK'000	%
Receivables, interest bearing	4.042	0	0	0	1%
Receivables, non-interest bearing	127.704	0	0	0	0
Cash	139.165	0	0	0	0-2%
Liabilities, non-interest bearing	(166.967)	(275)	0	0	0
	<b>103.944</b>	<b>(275)</b>	<b>0</b>	<b>0</b>	

	Group	
	2015 DKK'000	2014 DKK'000
<b>17. Cash flow statements –working capital changes</b>		
Change in inventories	(5.575)	(5.226)
Change in receivables	31.092	(29.700)
Trade payable changes etc.	(11.593)	44.341
	<b>13.924</b>	<b>9.415</b>

### 18. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.