

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

Annual report 2016

Adopted at the Annual General Meeting on May 8th, 2017

Ole Thye, Chairman of the General meeting

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Company details

Company

Dansac A/S

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Supervisory Board

Robert C. Keeley

Ole Strange

Richard T. Zwirner

Executive Board

Ole Strange

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

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 2016.

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 8th, 2017

Executive Board

Ole Strange
Chief Executive Officer

Supervisory Board

Robert C. Keeley

Ole Strange

Richard T. Zwirner

Independent auditor's reports

To the shareholder of Dansac A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dansac 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows 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 the 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the 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.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's reports

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's reports

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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' review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the consolidated financial statements and the parent 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and the parent 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's review.

Copenhagen, May 8th, 2017

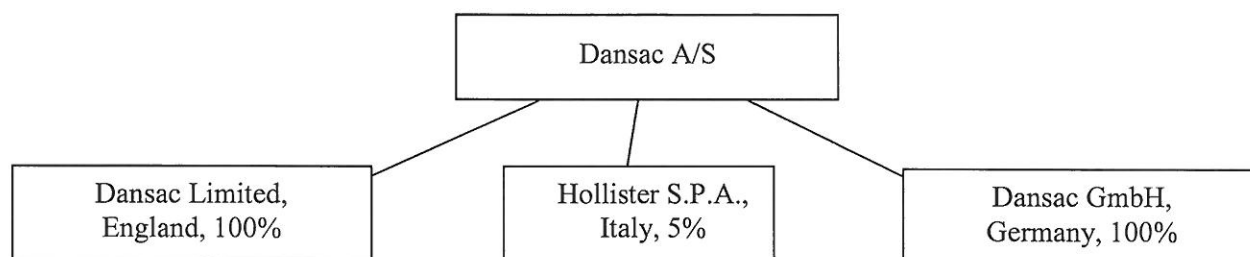
Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Reg No 33 96 35 56

Max Damborg
State Authorized Public Accountant

Management's review

Group chart



	<u>2012</u> DKK'000	<u>2013</u> DKK'000	<u>2014</u> DKK'000	<u>2015</u> DKK'000	<u>2016</u> DKK'000
Financial highlights of the Group					
Key figures					
Revenue	1.116.791	1.011.560	1.029.460	1.189.069	1.076.628
Operating profit	114.614	124.618	100.126	197.487	150.913
Net financials	(4)	(6.646)	5.235	7.936	(526)
Net profit for the year	85.558	88.604	79.124	156.877	117.247
Equity	155.155	243.696	199.071	232.102	221.644
Balance sheet total	304.663	369.669	376.135	403.828	349.334
Investments in property, plant and equipment	10.706	19.896	22.125	17.549	12.408
Average number of employees	363	353	347	351	305
Ratios					
Profit margin (%)	10	12	10	17	14
Return on assets (%)	45	53	38	72	63
Return on equity (%)	49	44	36	73	52
Equity ratio (%)	51	66	53	57	63

Management's review

For the information given the "company" includes both the parent and the consolidated entities.

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 117.247 thousand which is a decrease of DKK 39.630 compared to 2015, but in line with previous announced expectations.

Comments to the operations

Operating profit for the group has decreased from DKK 197.487 thousand to DKK 150.913 thousand which can be specified as follows:

	<u>DKK'000</u>
Decrease in Gross profit	(61.156)
Decrease in other operating costs	9.673
Decrease in Staff costs	4.268
Decrease depreciations	641
Total	(46.574)

The decrease in Gross profit relates to a decrease in Revenue based on less volume and lower exchange rates mainly GBP in 2016.

The decrease in other operating costs mainly relates to lower exchange rate for GBP.

The decrease in Staff costs relates to reduction in number of employees.

Management's review

Cash flows from operating activities for the year amount to DKK 120.935 thousand against DKK 187.797 thousand in 2015. The net change (DKK 66.862 thousand) is primarily attributable to a decrease in operating profit (DKK 46.574 thousand), change in working capital (DKK 27.772) change in net financials (DKK 8.627) and less paid income taxes (DKK 16.752 thousand).

Cash flows from investing activities amount to DKK (5.766) thousand in 2016 against DKK (-17.942) thousand in 2015.

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, 56 % 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.

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 2016, 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 2017 will be slightly higher compared to 2016. Further efficiency improvements in the production and the administration are expected.

Dansac A/S expects positive cash flows in 2017.

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 /%	2016		2015		2014	
	Female	Male	Female	Male	Female	Male
Supervisory Board	0	100	0	100	0	100
Management positions	41	59	33	67	35	65

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.

Accounting policies

This annual report for the Dansac Group for 2016 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 (by DKK 1.159 thousand) 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 6.

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.

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.

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 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.

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 affiliates and other Investments

Investments in affiliates and other investments 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 affiliates and other investments 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.

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.

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

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		
2015 DKK'000	2016 DKK'000		Notes	2016 DKK'000	2015 DKK'000
556.511	500.301	Revenue	1	1.076.628	1.189.069
(160)	(636)	Change of inventories, finish goods and work in progress		(2.029)	1.096
(153.364)	(132.498)	External costs		(514.360)	(568.770)
402.987	367.167	Gross profit		560.239	621.395
(146.383)	(138.995)	Staff costs	2	(183.335)	(187.603)
(19.851)	(19.243)	Depreciation and amortisation, fixed assets	3	(19.442)	(20.083)
(82.556)	(87.692)	Other operating costs		(206.549)	(216.222)
154.197	121.237	Operating profit		150.913	197.487
11.193	298	Other financial income, affiliates		0	0
8.920	97	Other financial income	4	184	9.034
(797)	(486)	Other financial expenses	5	(710)	(1.098)
173.513	121.146	Profit before tax		150.387	205.423
(38.208)	(26.567)	Tax on profit for the year	6	(33.140)	(48.546)
135.305	94.579	Profit for the year		117.247	156.877
Proposed distribution of profit/(loss)					
305	(50.421)	Retained earnings			
40.000	25.000	Paid dividends on account			
95.000	120.000	Proposed dividends recognized in Equity			
135.305	94.579				

Balance sheet, December 31st

Parent				Group	
2015	2016			2016	2015
DKK'000	DKK'000		Notes	DKK'000	DKK'000
6.414	4.931	Completed development projects	7	4.931	6.414
1.153	0	Development projects in progress	7	0	1.153
7.567	4.931	Intangible assets		4.931	7.567
21.693	19.921	Land and buildings	8	19.921	21.693
44.142	26.288	Plant and machinery	8	26.288	44.142
1.515	949	Other fixtures and fittings, tools and equipment	8	1.230	1.778
18.042	15.811	Property, plant and equipment in progress and prepayment for Property, plant and equipment	8	15.811	18.042
85.392	62.969	Tangible assets		63.250	85.655
10.338	10.338	Investments in affiliates	9	0	0
386	386	Other investments	9	386	386
228	34	Other receivables	9	281	464
0	0	Deferred tax asset		0	381
10.952	10.758	Financial assets		667	1.231
103.911	78.658	Fixed assets		68.848	94.453

Balance sheet, December 31st

Parent			Group		
2015 DKK'000	2016 DKK'000		Notes	2016 DKK'000	2015 DKK'000
103.911	78.658	Fixed assets (brought forward)		68.848	94.453
17.882	14.798	Raw materials and supplies		14.798	17.882
10.980	10.050	Work in progress		10.050	10.980
7.630	7.924	Finish goods and goods for resale		8.911	10.066
36.492	32.772	Inventories		33.759	38.928
7.491	9.294	Trade receivables and receivables from services		47.329	52.020
34.698	44.664	Receivables from affiliates		58.687	70.165
4.043	704	Income tax, receivables		728	4.043
1.652	1.543	Other receivables		1.543	2.482
1.305	1.428	Prepayments		2.542	2.572
49.189	57.633	Receivables		110.829	131.282
50.229	39.557	Cash	10	135.898	139.165
135.910	129.962	Current assets		280.486	309.375
239.821	208.620	Assets		349.334	403.828

Balance sheet, December 31st

Parent				Group	
2015 DKK'000	2016 DKK'000		Notes	2016 DKK'000	2015 DKK'000
2.500	2.500	Share capital	11	2.500	2.500
92.077	41.447	Retained earnings		99.144	134.602
0	209	Reserve for development costs		0	0
95.000	120.000	Proposed dividends		120.000	95.000
189.577	164.156	Equity		221.644	232.102
4.484	2.825	Deferred tax provision	12	2.904	4.484
100	100	Other provisions		283	275
4.584	2.925	Provisions		3.187	4.759
14.826	11.360	Trade payables		44.854	56.361
6.137	5.438	Payables to affiliates		45.266	70.816
0	0	Income tax payables		2.189	6.892
24.697	24.741	Other payables		32.194	32.898
45.660	41.539	Short-term liabilities		124.503	166.967
239.821	208.620	Equity, provision and liabilities		349.334	403.828
		Lease and rental commitment	13		
		Other notes	14-18		

Statement of changes in equity

	Group			
	Share capital DKK'000	Retained earnings DKK'000	Proposed dividends DKK'000	Total DKK'000
Equity, January 1st, 2015	2.500	111.571	85.000	199.071
Dividends paid	0	0	(125.000)	(125.000)
Profit for the year	0	21.877	135.000	156.877
Exchange adjustment, affiliates	0	1.154	0	1.154
Equity, December 31st 2015	2.500	134.602	95.000	232.102
Dividends paid	0	0	(120.000)	(120.000)
Profit for the year	0	(27.753)	145.000	117.247
Exchange adjustment, affiliates	0	(7.705)	0	(7.705)
Equity, December 31st 2016	2.500	99.144	120.000	221.644

	Parent				
	Share capital	Retained earnings	Reserve for development costs	Proposed dividends	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity, January 1st 2015	2.500	91.772	0	85.000	179.272
Dividends paid	0	0	0	(125.000)	(125.000)
Profit for the year	0	305	0	135.000	135.305
Equity, December 31st 2015	2.500	92.077	0	95.000	189.577
Dividends paid	0	0	0	(120.000)	(120.000)
Transfers	0	(209)	209	0	0
Profit for the year	0	(50.421)	0	145.000	94.579
Equity, December 31st 2016	2.500	41.447	209	120.000	164.156

Cash flow statement

	Group		
	Notes	2016 DKK'000	2015 DKK'000
Operating profit		150.913	197.487
Depreciation and amortisation, fixed assets		19.442	20.083
Change in working capital	17	(13.848)	13.924
		156.507	231.494
Other financial income received		184	9.034
Other financial expenses paid		(799)	(1.022)
Income taxes paid		(34.957)	(51.709)
Cash flows from operating activities		120.935	187.797
Acquisition of intangible assets		(316)	(430)
Acquisition of tangible assets		(12.408)	(17.549)
Sale of tangible assets		18.308	6
Change financial assets		182	31
Cash flows from investing activities		5.766	(17.942)
Dividends paid		(120.000)	(125.000)
Cash flows from financing activities		(120.000)	(125.000)
Change in cash		6.701	44.855
Cash at the beginning of the year		139.165	93.302
Value adjustments		(9.968)	1.008
Cash at the end of the year		135.898	139.165

Notes

	Parent	Group
	Revenue	Revenue
	DKK'000	DKK'000
	<hr/>	<hr/>
1. Segment information		
By business segment 2016		
Medical devices	500.301	1.076.628
Total	500.301	1.076.628
	<hr/>	<hr/>
By business segment 2015		
Medical devices	556.511	1.189.069
Total	556.511	1.189.069
	<hr/>	<hr/>
By geographical market 2016		
Europe, the Middle East and Africa	433.029	1.009.356
Other countries	67.272	67.272
Total	500.301	1.076.628
	<hr/>	<hr/>
By geographical market 2015		
Europe, the Middle East and Africa	494.056	1.126.614
Other countries	62.455	62.455
Total	556.511	1.189.069
	<hr/>	<hr/>

Notes

Parent			Group	
2015 DKK'000	2016 DKK'000		2016 DKK'000	2015 DKK'000
2. Staff costs				
128.813	121.947	Salaries and wages	159.645	163.200
14.419	13.554	Pension contributions	15.279	16.239
6.256	5.733	Other social security costs	10.650	11.269
(3.105)	(2.239)	Capitalised labor costs	(2.239)	(3.105)
146.383	138.995		183.335	187.603
292	248	Average number of employees	305	351
3. Depreciation & amortisation, fixed assets				
2.760	2.952	Completed development projects	2.952	2.760
3.262	3.188	Buildings	3.188	3.262
12.564	12.045	Plant and machinery	12.045	12.564
943	784	Other fixtures and fittings, tools and equipment	983	1.173
322	274	Loss(Profit) from sale and scrap of operating equipment	274	324
19.851	19.243		19.442	20.083
4. Other financial income				
10	97	Interest income	181	94
8.910	0	Realised and unrealised exchange gains	3	8.940
8.920	97		184	9.034

Notes

Parent			Group	
2015 DKK'000	2016 DKK'000		2016 DKK'000	2015 DKK'000
5. Other financial expenses				
0	268	Realised and unrealised exchange losses	320	0
797	218	Bank expenses	390	1.098
797	486		710	1.098
6. Tax on profit for the year				
39.211	28.222	Current tax	34.792	49.834
(984)	(1.659)	Change in deferred tax	(1.200)	(1.244)
0	4	Paid foreign dividend tax	4	0
(19)	0	Adjustment concerning changed tax rates	0	(19)
0	0	Adjustment concerning previous years	(456)	(25)
38.208	26.567		33.140	48.546

Notes

Parent			Group	
Completed development DKK'000	Development projects DKK'000		Completed development DKK'000	Development projects DKK'000
7. Intangible assets				
9.456	1.153	Cost, January 1 st 2016	9.456	1.153
486	(486)	Transfers	486	(486)
0	316	Additions	0	316
0	(983)	Disposals	0	(983)
9.942	0	Cost, December 31st 2016	9.942	0
(3.042)	0	Amortisation, January 1 st 2016	(3.042)	0
(1.969)	0	Additions	(1.969)	0
0	0	Disposals	0	0
(5.011)	0	Amortisation, December 31st 2016	(5.011)	0
4.931	0	Carrying amount, December 31st 2016	4.931	0
6.414	1.153	Carrying amount, December 31 st 2015	6.414	1.153

Notes

	Group			
	Land and buildings	Plant and machinery	Other fix- tures etc.	Property etc in progress ¹
	DKK'000	DKK'000	DKK'000	DKK'000
8. Tangible assets				
Cost, January 1 st 2016	79.143	195.302	46.820	18.042
Year-end exchange rate adjustments	0	0	(711)	0
Transfers	528	8.592	0	(9.120)
Additions	888	4.171	460	6.889
Disposals	0	(24.402)	(7.896)	0
Cost, December 31st 2016	80.559	183.663	38.673	15.811
Depreciation, January 1 st 2016	(57.450)	(151.160)	(45.042)	0
Year-end exchange rate adjustments	0	0	697	0
Additions	(3.188)	(12.213)	(983)	0
Disposals	0	5.998	7.885	0
Depreciation, December 31st 2016	(60.638)	(157.375)	(37.443)	0
Carrying amount, December 31st 2016	19.921	26.288	1.230	15.811
Carrying amount, December 31 st 2015	21.693	44.142	1.778	18.042

¹ Including prepayments for property, plant and equipment

Notes

	Parent			
	Land and buildings	Plant and machinery	Other fix- tures etc	Property etc in progress ¹
	DKK'000	DKK'000	DKK'000	DKK'000
8. Tangible assets				
Cost, January 1 st 2016	79.143	195.302	38.092	18.042
Transfers	528	8.592	0	(9.120)
Additions	888	4.171	218	6.889
Disposals	0	(24.402)	(2.013)	0
Cost, December 31st 2016	80.559	183.663	36.297	15.811
Depreciation, January 1 st 2016	(57.450)	(151.160)	(36.577)	0
Additions	(3.188)	(12.213)	(784)	0
Disposals	0	5.998	2.013	0
Depreciation, December 31st 2016	(60.638)	(157.375)	(35.348)	0
Carrying amount, December 31st 2016	19.921	26.288	949	15.811
Carrying amount, December 31 st 2015	21.693	44.142	1.515	18.042

¹ Including prepayments for property, plant and equipment

Notes

Parent			Group		
Investments in affiliates	Other investments	Other receivables		Other receivables	Other investments
DKK'000	DKK'000	DKK'000		DKK'000	DKK'000
9. Financial assets					
10.338	386	228	Cost, January 1 st 2016	464	386
0	0	0	Year-end exchange rate adjustments	(1)	0
0	0	(194)	Additions / disposals	(182)	0
10.338	386	34	Cost, December 31st 2016	281	386
0	0	0	Revaluation, December 31st 2016	0	0
10.338	386	34	Carrying amount, December 31st 2016	281	386
10.338	386	228	Carrying amount, December 31 st 2015	464	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	60.647	22.145	18.023
Dansac GmbH	Köln, Tyskland	100%	EUR 26.000	7.181	7.393	4.942
				67.828	29.538	22.965

Other investments:

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	79.996	4.883	3.607

Notes

Parent			Group	
2015 DKK'000	2016 DKK'000		2016 DKK'000	2015 DKK'000
10. Cash				
46.563	30.848	Funds in intercompany cash pool arrangement	62.598	70.838
11. Share capital				
The share capital consists of 1,000 shares or multiples. The shares have not been divided into classes. In the period 2011 to 2016 there have been no changes to the share capital.				
12. Deferred tax provision				
1.665	1.085	Intangible assets	1.085	1.665
1.811	677	Tangible assets	672	1.811
(39)	(11)	Trade receivables and receivables from service	(75)	(39)
1.047	1.074	Inventories	1.074	1.047
0	0	Others	148	0
4.484	2.825		2.904	4.484
13. Lease and rental commitments				
Operating lease and rental commitments on rent have been concluded for the years 2016-2020.				
2.330	1.990	Rental production premises and cars for the year	6.469	6.284
At 31 December 2016, the following non-terminal obligations are incumbent on the company:				
904	1.101	Lease and rental commitments due within one year	3.880	5.341
489	609	Lease and rental commitments due within 2-5 years	2.487	4.962
0	0	Operating and rental commitments due beyond 5 years	0	0
1.393	1.710		6.367	10.303

Notes

Parent			Group	
2015 DKK'000	2016 DKK'000		2016 DKK'000	2015 DKK'000
14. Fee to auditors appointed at the General Meeting				
Fees to Deloitte (Denmark):				
457	523	Audit fees for the annual report	523	457
59	61	Other assurance engagements	61	59
25	6	Non-audit fees	6	25
541	590		590	541
Fees to F. W. Smith, Riches & Co:				
0	0	Audit fees for the annual report	313	345
0	0	Non-audit fees	59	77
0	0		372	422
Fees to ALR Treuhand GmbH:				
0	0	Audit fees for the annual report	175	175
0	0	Non-audit fees	33	34
0	0		208	209

15. Related parties

During the financial year the Group have had the following transactions, besides dividend, with related parties:

	Principal share- holder DKK'000	Other related parties DKK'000
Revenue	158	604.390
External costs	2.960	13.377
Other operating costs	40.605	(843)
Sale of tangible assets	0	18.279
Receivables from affiliates	0	58.687
Payables to affiliates	7.472	37.794

Notes

15. Related parties (continued)

The transactions have been carried out in accordance with normal trading terms without interest.

The Company's principal shareholder is Hollister Incorporated, Illinois, USA. Other related parties are other group enterprises.

As only one person in the Company's Executive and Supervisory Boards receives remuneration, no disclosure has been made according to § 98 b, stk. 3, nr. 2 in the Danish Financial Statements Act.

16. Currency exposure, interest rate exposure and credit risks

Currency exposure

	Group		
	Receivables and cash and cash equivalents	Liabilities other than provisions	Position net
	DKK'000	DKK'000	DKK'000
GBP	113.826	(52.493)	61.333
EUR	75.733	(33.430)	42.303
USD	31.446	(1.739)	29.707
Other	17.393	(203)	17.190
	238.398	(87.865)	150.533

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 2016. Losses on receivables from individual customers have been historically immaterial.

Notes

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

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 2016.

	Group				Effective interest rate %
	Time of reassessment and maturity				
	Within one year	Within 2 to 5 years	After 5 years	Fixed- rated	
	DKK'000	DKK'000	DKK'000	DKK'000	
Receivables, interest bearing	728	0	0	0	0,1%
Receivables, non-interest bearing	110.382	0	0	0	0
Cash	135.898	0	0	0	0%
Liabilities, non-interest bearing	(124.502)	(283)	0	0	0
	122.506	(283)	0	0	

	Group	
	2016 DKK'000	2015 DKK'000
17. Cash flow statements –working capital changes		
Change in inventories	5.121	(5.575)
Change in receivables	6.845	31.092
Trade payable changes etc.	(25.814)	(11.593)
	(13.848)	13.924

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.