

Klifo A/SSmedeland 36
2600 Glostrup

CVR no. 18 19 61 31

Annual report for 2015

(21st financial year)

The Annual report was presented and
adopted at the annual general meeting

Karin Absalonsen
Chairman

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Statement by management on the annual report

The supervisory Board and the executive board have today discussed and approved the annual report of Klifo A/S for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015.

In our opinion, management's review includes a true and fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Glostrup, Copenhagen, 11 March 2016

Executive Board

Alejandra Mørk

Supervisory Board

Mette Kirstine Agger
chairman

Jonas Ekblom

Morten Nielsen

Independent auditor's report

To the Shareholders of Klifo A/S

Report on the financial statements

We have audited the financial statements of Klifo A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the 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 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 the management, as well as evaluating the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

Independent auditor's report

Opinion


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

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

Hellerup, 11 March 2016

CVR-no. 33 25 68 76

 Crowe Horwath.

Hans Olsen
State Authorised Public Accountant

Company information

The company

Klifo A/S
Smedeland 36
2600 Glostrup

CVR No.: 18 19 61 31
Financial year: 1 January - 31 December
Incorporated: 15 November 1994

Supervisory Board

Mette Kirstine Agger, chairman
Jonas Ekblom
Morten Nielsen

Executive board

Alejandra Mørk

Auditors

Crowe Horwath
Statsautoriseret Revisionsinteressentskab
Rygårds Allé 104
2900 Hellerup

Management's review

The Company's business activities

KLIFO A/S provides consultancy and operational services within all areas of clinical research, clinical trial supply, regulatory affairs and development of pharmaceutical and biotech products and medical devices. The company's widely-experienced team of experts provides hands-on experience from the pharmaceutical industry, biotech and medical device companies. KLIFO delivers solutions that meet the specific needs of each client and provides guidance and services in most drug development disciplines across a broad range of therapeutic areas. The company is based in Copenhagen, Denmark and works for clients across the world.

Business review

2015 has been a good year for KLIFO, in which emphasis has been placed on providing competent, committed and flexible solutions. Business has expanded both in Denmark, in various countries in Europe, in Israel and in the US, due to new assignments from existing clients and new clients. In 2015 the company relocated to new premises with expanded production facilities. These facilities have been successfully audited by numerous clients and approved by the authorities. Larger assignments can now be taken on. The internal office environment has also been improved. The Regulatory Affairs Services department is now fully implemented, and Pharmacovigilance services are currently being established. In 2015 continued focus was placed on individual client needs, and the provision of tailor-made solutions within drug development. With a truly cross-disciplinary team, efforts have been expanded to provide complete solutions within all drug development disciplines, supporting clients a step further in the right direction.

The company's income statement for the year ended 31 December 2015 shows a profit of DKK 2,675,834, and the balance sheet at 31 December 2015 shows equity of DKK 7,290,643.

Turnover for the year has been satisfactory. Growth in 2015 has primarily been driven by additional clients and assignments from customers outside Denmark – in EU and the US. KLIFO's export turnover for 2015 has been 57% of total turnover. Personnel has expanded due to the increased business.

Post balance sheet events

No events have occurred after the Balance Sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Klifo A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those applied last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

Gross profit includes revenue with cost of goods sold and other external expenses deducted.

Revenue is recognised in the income statement, if delivery is made and risk has been passed to the buyer before the end of the year.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement at the amounts relating to the financial year. Financial income and expenses include interest, realised and unrealised exchange adjustments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income.

Accounting policies

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

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

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

Other fixtures, fittings, tools and equipment 3-15 years

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. The value is reduced by provisions for bad debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price of work in progress cannot be reliably determined, the selling price is measured at the lower of costs incurred and net realisable value.

Accounting policies

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent years.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the assets expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For the current year the current tax rate is 22 %.

Liabilities

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expense.

Accounting policies

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

Income statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK '000
Gross profit	1	27,972,182	20,530
Staff costs	2	-24,357,791	-17,587
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-161,958	-73
Profit/loss before financial income and expenses		3,452,433	2,870
Financial income	3	54,730	17
Financial expenses	4	-20,573	-5
Profit/loss before tax		3,486,590	2,882
Tax on profit/loss for the year	5	-810,756	-706
Net profit/loss for the year		<u>2,675,834</u>	<u>2,176</u>
 Proposed distribution of profit			
Proposed dividend		1,350,000	1,100
Retained earnings		1,325,834	1,076
		<u>2,675,834</u>	<u>2,176</u>

Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK '000
Assets			
Other fixtures and fittings, tools and equipment		1,388,635	76
Tangible assets	6	<u>1,388,635</u>	<u>76</u>
Fixed assets total		<u>1,388,635</u>	<u>76</u>
Trade receivables		8,546,630	9,220
Contract work in progress	7	7,270	75
Receivables from affiliated enterprises		61,655	45
Other receivables	8	826,540	1,159
Prepayments		32,155	43
Receivables		<u>9,474,250</u>	<u>10,542</u>
Cash at bank and in hand		<u>12,584,838</u>	<u>4,958</u>
Current assets total		<u>22,059,088</u>	<u>15,500</u>
Assets total		<u><u>23,447,723</u></u>	<u><u>15,576</u></u>

Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK '000
Liabilities and equity			
Share capital		625,000	625
Retained earnings		5,315,643	3,990
Proposed dividend for the year		<u>1,350,000</u>	<u>1,100</u>
Equity total	9	<u>7,290,643</u>	<u>5,715</u>
Provision for deferred tax		<u>269,780</u>	<u>61</u>
Provisions total		<u>269,780</u>	<u>61</u>
Credit institutions		5,585	12
Trade payables		3,204,573	1,989
Prepayments received recognised in debt	7	8,895,479	4,706
Payables to affiliated enterprises		282,976	187
Other payables		<u>3,498,687</u>	<u>2,906</u>
Short-term debt		<u>15,887,300</u>	<u>9,800</u>
Debt total		<u>15,887,300</u>	<u>9,800</u>
Liabilities and equity total		<u><u>23,447,723</u></u>	<u><u>15,576</u></u>
Contingencies, etc.	10		
Collateral and security	11		

Notes to the Annual Report

1 Gross profit

Gross profit includes non-recurring re-location cost TDKK 1,026.

	<u>2015</u> DKK	<u>2014</u> DKK '000
2 Staff costs		
Wages and salaries	21,565,837	15,808
Pensions	1,977,191	1,241
Other social security costs	193,538	100
Other staff costs	621,225	438
	<u>24,357,791</u>	<u>17,587</u>

3 Financial income

Interest received from affiliated enterprises	2,290	1
Other financial income	52,440	16
	<u>54,730</u>	<u>17</u>

4 Financial expenses

Financial expenses, affiliated enterprises	14,715	3
Other financial expenses	5,858	2
	<u>20,573</u>	<u>5</u>

5 Tax on profit/loss for the year

Current tax for the year	602,188	620
Deferred tax for the year	208,568	86
	<u>810,756</u>	<u>706</u>

Notes to the Annual Report

6 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2015	1,622,452
Additions for the year	<u>1,474,102</u>
Cost at 31 December 2015	<u>3,096,554</u>
Impairment losses and depreciation at 1 January 2015	1,545,961
Depreciation for the year	<u>161,958</u>
Impairment losses and depreciation at 31 December 2015	<u>1,707,919</u>
Carrying amount at 31 December 2015	<u><u>1,388,635</u></u>

	2015 <u>DKK</u>	2014 <u>DKK '000</u>
7 Contract work in progress		
Work in progress, selling price	8,888,719	1,158
Work in progress, payments received on account	<u>-17,776,929</u>	<u>-5,789</u>
	<u><u>-8,888,210</u></u>	<u><u>-4,631</u></u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	7,270	75
Prepayments received under liabilities	<u>-8,895,479</u>	<u>-4,706</u>
	<u><u>-8,888,209</u></u>	<u><u>-4,631</u></u>

8 Other receivables

TDKK 745 of other receivables fall due after 1 year (receivable deposits).

Notes to the Annual Report

9 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2015	625,000	3,989,809	1,100,000	5,714,809
Ordinary dividend paid	0	0	-1,100,000	-1,100,000
Net profit/loss for the year	0	1,325,834	1,350,000	2,675,834
Equity at 31 December 2015	625,000	5,315,643	1,350,000	7,290,643

10 Contingencies, etc.

Rent obligation amounting to TDKK 7.681.

Companies in the group are jointly liable for the Danish corporation tax.

Operating lease

The Company has entered into operating lease for the following amounts:

Remaining life 38 month with an average payment of TDKK 9, Totalling TDKK 252.

11 Collateral and security

No collateral and securities.