

KLIFO A/SSmedeland 36
2600 Glostrup

CVR no 18 19 61 31

Annual report for 2016

(22th Financial year)

Adopted at the annual general meeting
on 24 February 2017

Karin Absalonsen
Chairman

Contents

Page

Statements

Statement by Management on the annual report	1
Independent auditor's report	2

Management's review

Company details	5
Management's review	6

Financial statements

Accounting policies	7
Income Statement	10
Balance Sheet	11
Notes to the annual report	13

Statement by Management on the annual report

The Board of director's and Executive Board have today considered and adopted the annual report of KLIFO A/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a 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.

Copenhagen, 24 February 2017

Executive Board

Alejandra Mørk

Board of Directors

Mette Kirstine Agger
Chairman

Jonas Ekblom

Morten Nielsen

Independent auditor's report

To the shareholders of KLIFO A/S

Opinion

We have audited the financial statements of KLIFO A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the financial Statements

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.


Independent auditor's report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Hellerup, 24 February 2017

CVR-nr. 33 25 68 76

 Crowe Horwath.

Hans Olsen
State Authorised Public Accountant

Company details

The Company

KLIFO A/S
Smedeland 36
2600 Glostrup

CVR no.: 18 19 61 31
Reporting period: 1 January - 31 December
Incorporated: 15. November 1994

Board of director's

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

Business activities

KLIFO A/S provides consultancy and operational services within all areas of clinical research, clinical trial supply, pharmacovigilance, 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

KLIFO continued the positive development in 2016 increasing business and turnover in Denmark as well as Europe and US.

During 2016 KLIFO provided specialized services within each business area as well as complete solutions with cross-disciplinary teams covering all drug development disciplines. The focus has been on the individual client needs supporting clients a step in the right direction.

To facilitate the growth KLIFO expanded the facilities in 2016 by including an additional floor in the current facilities.

The company's income statement for the year ended 31 December 2016 shows a profit of DKK 3,870,402, and the Balance sheet at 31 December 2016 shows equity of DKK 9,811,045.

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 2016 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 of 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's 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 from the company's 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 are 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 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 as regards the portion that relates to entries 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.

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

Other fixtures, fittings, tools and equipment	3-15 years
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Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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.

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.

Accounting policies

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial 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 in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned 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 are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

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.

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 expenses.

Income statement
1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Gross profit	1	37,389,084	27,971
Staff costs	2	-32,023,689	-24,357
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-280,725</u>	<u>-162</u>
Profit/loss before financial income and expenses		5,084,670	3,452
Financial income	3	3,195	55
Financial costs	4	<u>-107,142</u>	<u>-20</u>
Profit/loss before tax		4,980,723	3,487
Tax on profit/loss for the year	5	<u>-1,110,321</u>	<u>-811</u>
Net profit/loss for the year		<u><u>3,870,402</u></u>	<u><u>2,676</u></u>
 Proposed distribution of profit			
Proposed dividend for the year		2,000,000	1,350
Retained earnings		<u>1,870,402</u>	<u>1,326</u>
		<u><u>3,870,402</u></u>	<u><u>2,676</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Assets			
Other fixtures and fittings, tools and equipment		1,367,386	1,389
Tangible assets	6	<u>1,367,386</u>	<u>1,389</u>
Fixed assets total		<u>1,367,386</u>	<u>1,389</u>
Trade receivables		12,670,969	8,547
Contract work in progress	7	143,916	6
Receivables from affiliated enterprises		92,850	62
Other receivables	8	898,396	827
Prepayments		106,904	32
Receivables		<u>13,913,035</u>	<u>9,474</u>
Cash at bank and in hand		<u>11,311,289</u>	<u>12,585</u>
Currents assets total		<u>25,224,324</u>	<u>22,059</u>
Assets total		<u><u>26,591,710</u></u>	<u><u>23,448</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		625,000	625
Retained earnings		7,186,045	5,316
Proposed dividend for the year		<u>2,000,000</u>	<u>1,350</u>
Equity	9	<u>9,811,045</u>	<u>7,291</u>
Provision for deferred tax		<u>516,469</u>	<u>270</u>
Provisions total		<u>516,469</u>	<u>270</u>
Other credit institutions		23,067	6
Trade payables		3,016,350	3,204
Prepayments received recognised in debt	7	6,595,535	8,896
Payables to affiliated enterprises		456,151	283
Other payables		<u>6,173,093</u>	<u>3,498</u>
Short-term debt		<u>16,264,196</u>	<u>15,887</u>
Debt total		<u>16,264,196</u>	<u>15,887</u>
Liabilities and equity total		<u>26,591,710</u>	<u>23,448</u>
Contingent assets, liabilities and other financial obligations	10		
Charges and securities	11		

Notes to the Annual Report

1 Revenue

Gross profit in 2015 includes non-recurring re-location cost TDKK 1,026.

	<u>2016</u> DKK	<u>2015</u> TDKK
2 Staff costs		
Wages and salaries	28,197,094	21,566
Pensions	2,526,822	1,977
Other social security costs	255,709	194
Other staff costs	<u>1,044,064</u>	<u>620</u>
	<u>32,023,689</u>	<u>24,357</u>
Average number of employees	<u>40</u>	<u>30</u>
3 Financial income		
Interest received from affiliated enterprises	3,195	2
Other financial income	<u>0</u>	<u>53</u>
	<u>3,195</u>	<u>55</u>
4 Financial costs		
Interest paid to affiliated enterprises	1,275	15
Other financial costs	<u>105,867</u>	<u>5</u>
	<u>107,142</u>	<u>20</u>
5 Tax on profit/loss for the year		
Current tax for the year	863,632	602
Deferred tax for the year	<u>246,689</u>	<u>209</u>
	<u>1,110,321</u>	<u>811</u>

Notes to the Annual Report

6 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	3,096,554
Additions for the year	<u>259,476</u>
Cost at 31 December 2016	<u>3,356,030</u>
Impairment losses and depreciation at 1 January 2016	1,707,919
Depreciation for the year	<u>280,725</u>
Impairment losses and depreciation at 31 December 2016	<u>1,988,644</u>
Carrying amount at 31 December 2016	<u><u>1,367,386</u></u>

	<u>2016</u> DKK	<u>2015</u> TDKK
7 Contract work in progress		
Work in progress, selling price	13,755,821	8,888
Work in progress, payments received on account	<u>-20,207,440</u>	<u>-17,777</u>
	<u><u>-6,451,619</u></u>	<u><u>-8,889</u></u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	143,916	6
Prepayments received recognised in debt	<u>-6,595,535</u>	<u>-8,896</u>
	<u><u>-6,451,619</u></u>	<u><u>-8,890</u></u>

8 Other receivables

TDKK 821 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 2016	625,000	5,315,643	1,350,000	7,290,643
Ordinary dividend paid	0	0	-1,350,000	-1,350,000
Net profit/loss for the year	0	1,870,402	2,000,000	3,870,402
Equity at 31 December 2016	625,000	7,186,045	2,000,000	9,811,045

10 Contingent assets, liabilities and other financial obligations

Rent obligation amounting to TDKK 6,735

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 up to 54 months with a total payment of TDKK 985.

11 Charges and securities

No collateral and securities.