Center for Clinical and Basic Research A/S

Ballerup Byvej 222, 2750 Ballerup

CVR no. 25 51 63 97

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Center for Clinical and Basic Research A/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Ballerup, 31 May 2017
Executive Board:

Hans Christian Hoeck

Board of Directors:

Søren Hyllekvist Chairman	David Eugene Peters	Hans Christian Hoeck

Independent auditor's report

To the shareholder of Center for Clinical and Basic Research A/S

Opinion

We have audited the financial statements of Center for Clinical and Basic Research A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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 rules and 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 the 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 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.

Independent auditor's report

- 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 conclusion is 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 note 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 the Management's review.

Our opinion on the 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 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 financial statements or our knowledge obtained during 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 our procedures, we conclude that the 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 the Management's review.

Copenhagen, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant

Management's review

Company details

Name	Center for Clinical and Basic Research A/S
Address, Postal code, City	Ballerup Byvej 222, 2750 Ballerup
CVR no.	25 51 63 97
Established	21 July 2000
Registered office	Ballerup
Financial year	1 January - 31 December
Board of Directors	Søren Hyllekvist, Chairman David Eugene Peters Hans Christian Hoeck
Executive Board	Hans Christian Hoeck
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Gross margin	46,333	62,023	82,964	100,834	158,526
Operating profit/loss	-7,462	10,911	20,978	38,459	100,185
Net financials	10,274	14,228	22,021	-9,038	11,318
Profit/loss for the year	27,079	28,543	33,912	22,271	80,801
Total assets	500,778	423,814	421,091	448,933	440,527
Investment in property, plant and equipment	136	4,177	1,510	7,188	7,851
Equity	300,592	274,092	242,676	297,316	275,520
Financial ratios					
Solvency ratio	60.0%	64.7%	57.6%	66.2%	62.5%
Return on equity	9.4%	11.0%	12.6%	7.8%	34.1%
Average number of employees	81	81	87	101	106

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

The Company's object is to establish and run research to perform clinical studies of the highest quality and to engage in research with the best Danish and foreign researchers of medical science - all in accordance with applicable ethical and health regulations - and to market the outcome of such studies and research to other research centers, universities, hospitals and pharmaceutical companies.The activities of the group enterprises consist in conducting clinical studies. The Parent uses these results in research and in connection with other activities.

Financial review

The income statement for 2016 shows a profit of DKK 27,079 thousand against DKK 28,543 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 300,592 thousand.

Knowledge resources

The Company's primary activities are as mentioned under the section "Primary activities" to establish and run research to perform clinical studies mainly in the fields of osteoporosis, obesity, cardiovascular diseases and other related diseases. The results of these clinical studies are marketed to other research centers, universities, hospitals and pharmaceutical companies. To market the results of such clinical studies, it is a pivotal factor that the Company applies the latest professional knowledge in these areas. The staff members upgrade their skills regularly so that they are able to do research on a high scientific level. Moreover, the Company uses guest scientists, if necessary.

Special risks

The Company is subject to risk for a reduction in scope or delay in large customer contracts due to unexpected or undesired results of the clinical trial products, the failure of products to satisfy safety requirements, insufficient patient enrollment, or a customer's decision to terminate the development of a product or to end a particular study. In addition, this business is subject to the economic, regulatory and geopolitical conditions of the various countries in which operations are conducted.

Currenct exposure

The Company is exposed to fluctuations in the USD exchange rate due to intercompany balances nominated in USD.

Impact on the external environment

The Company is a service provider and does not impact the environment significantly. The Company is not involved in any legal matters due to environmental circumstances.

Research and development activities

The Company has not had significant research and development costs in 2016.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Management expects the Company to be profitable in the coming financial year.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	46,333	62,023
2	Staff costs	-50,520	-46,653
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,275	-4,459
	Profit/loss before net financials	-7,462	10,911
	Income from investments in group enterprises	24,936	6,936
4	Financial income	12,072	17,852
5	Financial expenses	-1,798	-3,624
	Profit before tax	27,748	32,075
6	Tax for the year	-669	-3,532
	Profit for the year	27,079	28,543

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Software	808	692
		808	692
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	4,412	6,971
	Leasehold improvements	2,456	2,895
		6,868	9,866
9	Investments		
	Investments in group enterprises	122,431	97,575
	Other receivables	11,512	9,636
		133,943	107,211
	Total fixed assets	141,619	117,769
	Non-fixed assets		
	Receivables		
	Trade receivables	40,867	38,612
10	Contract work in progress	11,489	23,371
	Receivables from group enterprises	282,369	199,635
12	Deferred tax assets	6,167	6,837
	Other receivables	2,629	4,811
	Prepayments	3,319	923
		346,840	274,189
	Cash	12,319	31,856
	Total non-fixed assets	359,159	306,045
	TOTAL ASSETS	500,778	423,814

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	5,000	5,000
	Net revaluation reserve according to the equity method	48,512	24,155
	Retained earnings	247,080	244,937
	Total equity	300,592	274,092
	Provisions		
9	Provision, investments in group enterprises	2,951	1,549
	Total provisions	2,951	1,549
	Liabilities		
	Non-current liabilities other than provisions		
	Lease liabilities	0	1,362
		0	1,362
	Current liabilities		
	Lease liabilities	1,362	1,119
10	Prepayments on work in progress	29,702	14,433
	Trade payables	10,670	6,999
	Payables to group enterprises	127,811	114,217
	Other payables	27,690	10,043
		197,235	146,811
	Total liabilities other than provisions	197,235	148,173
	TOTAL EQUITY AND LIABILITIES	500,778	423,814

1 Accounting policies
13 Contractual obligations and contingencies, etc.
14 Collateral
15 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2016	5,000	24,155	244,937	274,092
16	Transfer, see "Appropriation of profit"	0	24,936	2,143	27,079
	Adjustment of investments through forreign exchange adjustments	0	-579	0	-579
	Equity at 31 December 2016	5,000	48,512	247,080	300,592

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Center for Clinical and Basic Research A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Center for Clinical and Basic Research and subsidiaries are included in the consolidated financial statements of BioClinica Holding I LP and Subsidiaries, USA.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

1. In future, residual values of tangible and intangible assets will be subject to annual reassessment. The Company has no significant residual values relating to tangible and intangible assets. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

Apart from the above changes in accounting policy and new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, BioClinica Holding I LP and Subsidiaries, USA.

Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event 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 the Company has a legal or constructive obligation as a result of a prior event, and 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. Measurement subsequent to initial recognition is affected 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Revenue from contracts concluded concerning performance of clinical studies as well as sale of other services is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year-end.

Contracts concluded concerning performance of clinical studies running over several financial years are recognised under the percentage-of-completion method as the studies progress.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation/depreciation

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

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

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

Software	5 years
Fixtures and fittings, other plant and equipment	5 years
Leasehold improvements	10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Income from investments in subsidiaries

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

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

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

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

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Cost of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

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

Cash

Cash comprises cash and is subject only to minor risks of changes in value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Income taxes

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	2016	2015
2	Staff costs		
	Wages/salaries	47,206	42,471
	Pensions	2,707	2,353
	Other social security costs	545	587
	Other staff costs	62	1,242
		50,520	46,653
	Average number of full-time employees	81	81

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

		2016	2015
3	Amortisation/depreciation of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	181	242
	Depreciation of property, plant and equipment	3,094	4,217
		3,275	4,459
4	Financial income		
	Interest receivable, group entities	4,287	3,525
	Other interest income	344	349
	Exchange adjustments	5,743	13,978
	Other financial income	1,698	0
		12,072	17,852
5	Financial expenses		
	Interest expenses, group entities	1,565	3,507
	Other interest expenses	86	117
	Exchange adjustments	147	0
		1,798	3,624
6	Tax for the year		
	Deferred tax adjustments in the year	669	505
	Tax adjustments, prior years	0	3,027
		669	3,532

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Software
Cost at 1 January 2016	3,718
Additions	297
Cost at 31 December 2016	4,015
Impairment losses and amortisation at 1 January 2016	3,026
Amortisation for the year	181
Impairment losses and amortisation at 31 December 2016	3,207
Carrying amount at 31 December 2016	808

8 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2016	18,361	9,562	27,923
Additions	136	0	136
Disposals	-1,853	0	-1,853
Cost at 31 December 2016	16,644	9,562	26,206
Value adjustments at 1 January 2016	0	0	0
Value adjustments at 31 December 2016	0	0	0
Impairment losses and depreciation at 1 January 2016	11,390	6,667	18,057
Depreciation	2,695	439	3,134
Reversal of accumulated depreciation and impairment of assets disposed	-1,853	0	-1,853
Impairment losses and depreciation at 31 December 2016	12,232	7,106	19,338
Carrying amount at 31 December 2016	4,412	2,456	6,868
Property, plant and equipment include finance leases with a carrying amount totalling	1,119	0	1,119

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Investments

DKK'000	Investments in group enterprises	Other receivables	Total
Cost at 1 January 2016	73,894	9,636	83,530
Additions	0	174	174
Disposals (capital reduction)	-1,705	0	-1,705
Cost at 31 December 2016	72,189	9,810	81,999
Value adjustments at 1 January 2016	23,681	0	23,681
Foreign exchange adjustments	-578	0	-578
Profit/loss for the year	24,936	0	24,936
Changes in equity (Capital reduction)	1,705	0	1,705
Transferred	498	1,702	2,200
Value adjustments at 31 December 2016	50,242	1,702	51,944
Carrying amount at 31 December 2016	122,431	11,512	133,943

A total negative equity value of DKK 2,631 thousand has been offset against the parent's receivables from these entities. Due to negative equity values exceeding the amount receivable, a total provision of DKK 3,305 thousand have been recognised under provisions for investments in group enterprises.

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
CCBR AS Estonia	AS	Estonia	100.00 %	32,577	2,432
UAB CCBR Lithuania	UAB	Lithuania	100.00 %	-3,639	-1,084
CCBR Beijing, China	Corp	China	100.00 %	37,009	1,050
DDF Estonia	DDF	Estonia	100.00 %	8,709	913
DDF Lithuania	DDF	Lithuania	100.00 %	4,358	275
Policlinica CCBR, Romania	SRL	Romania	50.00 %	-2,218	596
CCBR AG Switzer-land	AG	Switzerland	100.00 %	38,562	20,762
CCBR Asia Hong Kong	Ltd.	Hong Kong	100.00 %	-79	-8

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Notes to the financial statements

DKK'000	2016	2015
10 Contract work in progress		
Selling price of work performed	108,302	183,306
Invoicing on account	-126,515	-174,368
	-18,213	8,938
recognised as follows:		
Contract work in progress (assets)	11,489	23,371
Contract work in progress (liabilities)	-29,702	-14,433
	-18,213	8,938

	2016	2015
11 Share capital		
Analysis of the share capital:		
50,000 shares of DKK 100.00 nominal value each	5,000	5,000
	5,000	5,000

The Company's share capital has remained DKK 5,000 thousand over the past 5 years.

	2016	2015
12 Deferred tax		
Deferred tax relates to:		
Tax loss	-6,167	-6,837
	-6,167	-6,837
Analyses of the deferred tax		
Deferred tax assets	-6,167	-6,837
	-6,167	-6,837

At 31 December 2016, deferred tax assets consist of deferred tax losses which may be carried forward infinitely. Management expects to realise profits within a foreseeable future (3-5 years), and the full carrying amount of the deferred tax assets has been recognised in the financial statements.

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13 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with its parent company, Synarc A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2016	2015
Rent and lease liabilities	7,756	11,743

Rent and lease commitments amount to DKK 7,756 thousand (2015: DKK 11,743 thousand) and comprise interminable rent agreements with remaining contract terms until 1 January 2019. Commitments of the rental and lease commitments DKK 4,692 thousand (2015: DKK 4,584 thousand) fall due for payment within one year after the balance sheet date.

14 Collateral

The Company's assets are pledged as security for bank loans in other group companies.

15 Related parties

Center for Clinical and Basic Research A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Synarc A/S	Ballerup Byvej 222, 2750 Ballerup	Participating interest
BioClinica Holding I LP and Subsidiaries	Delaware	Ultimate parent company with controlling interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
BioClinica Holding I LP and Subsidiaries		
Synarc A/S		

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Related party transactions

Center for Clinical and Basic Research A/S was engaged in the below related party transactions:

DKK'000	2016	2015
Management fee expense, BioClinica Holding, US (parent)	7,608	17,442
Management fee expense, CCBR AG (subsidiary)	6,147	13,621
Labour cost expense, BioClinica Holding, US (parent)	3,593	0
Group study expenses (subsidiaries)	19,551	20,538
Other group study expenses (subsidiaries)	8,860	0
Payables to BioClinica Holding, US (ultimative parent)	-37,108	-21,677
Payables to CCBR, (subsidiaries)	-64,246	-92,848
Payables to CCBR, (associates)	-28,479	-28,124
Payables to CCBR, (danish parent)	0	-131,475
Receivables from CCBR, (associates)	18,978	49,350
Receivables from CCBR, (danish parent)	59,875	0
Receivables from CCBR, (US parent)	179,122	126,423
Receivables from CCBR, (subsidiaries)	30,619	185,276

16 Appropriation of profit

	2016	2015
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	24,936	6,936
Retained earnings	2,143	21,607
	27,079	28,543