Center for Clinical and Basic Research A/S

Ballerup Byvej 222, 2750 Ballerup

CVR no. 25 51 63 97

Annual report
for the year 1 January - 31 December 2017

Approved at the Company's annual general meeting on 28 June 2018

Chairman:

William H. Hogan
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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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 28 June 2018
Executive Board:

Elizabeth Bowen Edwards

Board of Directors:

	William H. Hogan	Elizabeth Bowen Edwards
David Scott Herron Chairman	William Hemmings Hogan	Elizabeth Bowen Edwards

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 2017, which comprise 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 scepticism 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.

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 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 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 the 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 the work we have performed, 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, 28 June 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant
MNE no.: mne21337

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
Website	https://dk.ccbr.com/
E-mail	ccbr.ballerup@ccbr.com
Telephone	+45 44 68 46 00
Telefax	+45 44 68 42 20
Board of Directors	David Scott Herron, Chairman William Hemmings Hogan Elizabeth Bowen Edwards
Executive Board	Elizabeth Bowen Edwards
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Key figures					
Revenue	137,649	180,841	186,686	253,156	0
Gross margin	30,947	46,333	62,023	82,964	100,834
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-21,621	-4,187	15,370	30,252	0
Operating profit/loss	-24,668	-7,462	10,911	20,978	38,459
Net financials	-20,604	10,274	14,228	22,021	-9,038
Profit/loss for the year	-49,253	27,079	28,543	33,912	22,271
Total assets	482,972	464,993	423,814	421,091	448,933
Investment in property, plant and equipment	2,329	136	4,177	1,510	7,188
Equity	246,373	300,592	274,092	242,676	297,316
Financial ratios					
Return on assets	-5.2%	-1.7%	2.6%	4.8%	8.6%
Current ratio	151.3%	209.2%	208.5%	178.7%	0.0%
Equity ratio	51.0%	64.6%	64.7%	57.6%	66.2%
Return on equity	-18.0%	9.4%	11.0%	12.6%	7.8%
Average number of employees	85	81	81	87	101

Management's review

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

In 2017, the Company's revenue amounted to DKK 137,649 thousand against DKK 180,841 thousand last year. The income statement for 2017 shows a loss of DKK 49,253 thousand against a profit of DKK 27,079 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 246,373 thousand. The decrease is primarily attributable to a non cash write off of deferred tax assets as well as sponsor delays in the start-up of a large contract.

Management considers the pre-tax result for the year to be expected based on the development in contracts, but not satisfactory.

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.

Current exposure

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

Financial risk

Due to the outlook for 2018, the parent company, BioClinica Holding I LP., has committed to support the company financially during 2018, if necessary.

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 2017.

Events after the balance sheet date

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

Management's review

Outlook

Management is currently in negotiations with several clients in order to ramp up revenue. The Company continues to staff to a level to support our sponsors and will continue to be funded by their Parent if necessary. There is a risk that the Company will not be profitable in the coming financial year, unless new contracts are signed.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
	Revenue	137,649	180,841
	Clinical study expenses	-76,151	-102,099
	Other external expenses	-30,551	-32,409
	Gross margin	30,947	46,333
2	Staff costs	-52,568	-50,520
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,047	-3,275
	Profit/loss before net financials	-24,668	-7,462
	Income from investments in group enterprises	2,186	24,936
4	Financial income	7,203	12,072
5	Financial expenses	-27,807	-1,798
	Profit/loss before tax	-43,086	27,748
6	Tax for the year	-6,167	-669
	Profit/loss for the year	-49,253	27,079

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Software	1,132	808
		1,132	808
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	3,551	4,412
	Leasehold improvements	2,020	2,456
		5,571	6,868
9	Investments		
	Investments in group enterprises	122,008	122,432
		122,008	122,432
	Total fixed assets	128,711	130,108
	Non-fixed assets		
	Receivables		
	Trade receivables	24,170	40,564
10	Contract work in progress	21,717	11,489
	Receivables from group enterprises	264,064	246,583
15	Deferred tax assets	0	6,167
12	Other receivables	15,913	14,444
11	Prepayments	7,583	3,319
		333,447	322,566
	Cash	20,814	12,319
	Total non-fixed assets	354,261	334,885
	TOTAL ASSETS	482,972	464,993

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	5,000	5,000
	Net revaluation reserve according to the equity method	45,732	48,512
	Retained earnings	195,641	247,080
	Total equity	246,373	300,592
	Provisions		
9	Provision, investments in group enterprises	1,792	2,951
	Total provisions	1,792	2,951
	Liabilities other than provisions		
14	Non-current liabilities other than provisions		
	Lease liabilities	700	1,362
		700	1,362
	Current liabilities other than provisions		
14	Short-term part of long-term liabilities other than provisions	787	0
10	Prepayments on work in progress	36,982	29,702
	Trade payables	5,225	10,671
	Payables to group enterprises	154,513	92,025
	Other payables	36,600	27,690
		234,107	160,088
	Total liabilities other than provisions	234,807	161,450
	TOTAL EQUITY AND LIABILITIES	482,972	464,993

1 Accounting policies
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17 Collateral
18 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2017	5,000	48,512	247,080	300,592
19	Transfer, see "Appropriation of profit/loss"	0	2,186	-51,439	-49,253
	Adjustment of investments through forreign exchange adjustments	0	-4,966	0	-4,966
	Equity at 31 December 2017	5,000	45,732	195,641	246,373

Financial statements 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 2017 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.

Chnages to presentation and disclosures only

Intercompany balances have been presented net of intercompany receivables and payables when there is a legal right or obligation with the counterparty to offset the balances. The presentation method has been applied retrospectively for the 2016 comparison figures. The total reclassification effect (decrease) at 31 December 2016 amounts to DKK 36 million as an decrease of total assets.

Franchise balances have been reclassified from non-fixed assets. The presentation method has been applied retrospectively for the 2016 comparison figures. The total reclassification effect (increase) at 31 December 2016 amounts to DKK 11 million as an increase of total non-fixed assets and an accordingly reduction of fixed assets.

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 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.

Cost of sales

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Software	3-5 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

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

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 group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2017	2016
2	Staff costs		
	Wages/salaries	48,861	47,206
	Pensions	2,861	2,707
	Other social security costs	365	545
	Other staff costs	481	62
		52,568	50,520
	Average number of full-time employees	85	81

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

	DKK'000	2017	2016
3	Amortisation/depreciation of intangible assets and property, plant and equipment		
	Amortisation of intangible assets	259	181
	Depreciation of property, plant and equipment	2,788	3,094
		3,047	3,275
4	Financial income		
	Interest receivable, group entities	7,195	5,985
	Other interest income	8	344
	Exchange adjustments	0	5,743
		7,203	12,072
5	Financial expenses		
	Interest expenses, group entities	3,286	1,565
	Other interest expenses	119	86
	Exchange adjustments	24,402	147
		27,807	1,798
6	Tax for the year		
	Deferred tax adjustments in the year	6,167	669
		6,167	669

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Software
Cost at 1 January 2017	4,015
Additions	583
Cost at 31 December 2017	4,598
Impairment losses and amortisation at 1 January 2017	3,207
Amortisation for the year	259
Impairment losses and amortisation at 31 December 2017	3,466
Carrying amount at 31 December 2017	1,132

8 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2017	16,644	9,562	26,206
Additions	2,331	0	2,331
Disposals	-3,358	0	-3,358
Cost at 31 December 2017	15,617	9,562	25,179
Revaluations at 1 January 2017	0	0	0
Revaluations at 31 December 2017	0	0	0
Impairment losses and depreciation at 1 January 2017	12,232	7,106	19,338
Depreciation	2,352	436	2,788
Depreciation and impairment of disposals	-2,518	0	-2,518
Impairment losses and depreciation at 31 December 2017	12,066	7,542	19,608
Carrying amount at 31 December 2017	3,551	2,020	5,571
Property, plant and equipment include finance leases with a carrying amount totalling	1,450	0	1,450

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2017	72,190
Additions	3,665
Cost at 31 December 2017	75,855
Value adjustments at 1 January 2017	50,242
Foreign exchange adjustments	-4,966
Profit/loss for the year	2,187
Transfer of negative equity to provisions and intercompany	-1,310
Value adjustments at 31 December 2017	46,153
Carrying amount at 31 December 2017	122,008

A total negative equity value of DKK 1,430 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 1,792 thousand has been recognised under provisions for investments in group enterprises.

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
CCBR Estonia	AS	Estonia	100.00%	33,427	-405
UAB CCBR Lithuania	UAB	Lithuania	100.00%	-1,792	-2,579
CCBR Beijing, China	Corp	China	100.00%	36,129	1,379
DDF Estonia	DDF	Estonia	100.00%	9,604	883
DDF Lithuania	DDF	Lithuania	100.00%	4,743	379
Policlinica CCBR, Romania	SRL	Romania	50.00%	-1,352	184
CCBR AG Switzer-land	AG	Switzerland	100.00%	38,104	2,355
CCBR Asia Hong Kong	Ltd.	Hong Kong	100.00%	-78	-10

DKK'000	2017	2016
10 Contract work in progress		
Selling price of work performed	342,640	762,519
Invoicing on account	-357,905	-780,732
	-15,265	-18,213
recognised as follows:		
Contract work in progress (assets)	21,717	11,489
Contract work in progress (liabilities)	-36,982	-29,702
	-15,265	-18,213

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11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

DKK'000	2017	2016
12 Other receivables		
Franchise receivables	15,788	14,308
Prepaid expenses	125	136
	15,913	14,444

Of franchise receivables, DKK 909 thousand are due after 1 year (2016: 2,955 thousand).

DKK'000	2017	2016
13 Share capital		
Analysis of the share capital:		
50,000 shares of DKK'000 100.00 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.

Financing

The Parent Company, BioClinica Holding I LP, has confirmed that they will support the Company financially during 2018, if necessary.

14 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,487	787	700	0
	1,487	787	700	0

Long-term lease liabilities are below 5 years.

DKK'000	2017	2016
15 Deferred tax		
Deferred tax relates to:		
Tax loss	0	-6,167
	0	-6,167
Analysis of the deferred tax		
Deferred tax assets	0	-6,167
	0	-6,167

At 31 December 2017, the Company has a deferred tax assets which amounts to DKK 16,123 thousand. As it is uncertain if these tax losses can be utilised within a foreseeable future, the carrying amount of the deferred tax asset has not been recognised in the financial statements.

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16 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	2017	2016
Rent and lease liabilities	18,822	7,756

Rent and lease commitments amount to DKK 18,822 thousand (2016: DKK 7,756 thousand) and comprise interminable rent agreements with remaining contract terms until 1 January 2019. Commitments of the rental and lease commitments DKK 4,588 thousand (2016: DKK 4,692 thousand) fall due for payment within one year after the balance sheet date.

17 Collateral

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

18 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	2005 S. Easton Road, Ste. 304, Doylestown PA 18901, USA	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	2005 S. Easton Road, Ste. 304, Doylestown PA 18901, USA	http://www.bioclinica.com

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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	2017	2016
Management fee expense, BioClinica Holding, US I LP, ultimative parent	10,328	7,608
Management fee expense, CCBR AG (subsidiary)	7,052	6,147
Labour cost expense, BioClinica Holding, US (parent)	822	3,593
Group study expenses (subsidiaries)	26,468	28,411
Payables, BioClinica Holding, US I LP, ultimative parent	66,182	36,587
Payables, Subsidiaries	86,766	51,749
Payables, Synarc Inc.	1,562	3,689
Receivables from Synarc A/S , parent	52,687	59,546
Receivables, Synarc Inc.	158,777	151,871
Receivables from subsidiaries	54,030	36,746

Interests (level of approx. 2-3%) are applied to related party balances

19 Appropriation of profit/loss

Recommended appropriation of profit/loss	2017	2016
Net revaluation reserve according to the equity method	2,186	24,936
Retained earnings/accumulated loss	-51,439	2,143
	-49,253	27,079