LaboGene ApS

Industrivej 6, 3540 Lynge

CVR no. 32 25 91 54

Annual report 2015

Approved at the annual general meeting of shareholders on 25 May 2016

Chairman:

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Jan Sørensen

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of LaboGene ApS for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Lynge, 25 May 2016
Executive Board:

Stig Lumbye
CEO

Board of Directors:

Niels Boel Sørensen Chairman	Susanne Lervad	Jan Sørensen

Independent auditors' report

To the shareholders of LaboGene ApS

Independent auditors' report on the financial statements

We have audited the financial statements of LaboGene ApS for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

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

Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to note 2 to the financial statements where it is stated that a commitment has been obtained for the necessary financing of the Company's operations, and consequently, the financial statements have been prepared on a going concern basis.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 25 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Peter Gath
State Authorised Public Accountant

Kennet Hartmann
State Authorised Public Accountant

Management's review

Company details

Name	LaboGene ApS
Address, Postal code, City	Industrivej 6, 3540 Lynge
CVR No.	32 25 91 54
Established	4 June 2009
Financial year	1 January - 31 December
Telephone	+45 39 40 25 66
Board of Directors	Niels Boel Sørensen, Chairman Susanne Lervad Jan Sørensen
Executive Board	Stig Lumbye, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark

Management's review

Operating review

The Company's business review

During the year, the principal activities of LaboGene ApS consisted of manufacturing, marketing and selling basic laboratory equipment for hospitals, the pharmaceutical industry, research institutions and other pharmaceutical companies working with animals, chemicals, microbiology, cytostatics, genetic products, etc.

The Company's products are marketed and sold all over the world, and the export share amounts to approx. 81%.

The products are sold to the end users in the respective markets through a network of distributors.The products are marketed and sold under the trademarks: ScanLaf (Laminar flow equipment), ScanVac (freeze drying equipment), ScanSpeed (centrifuges) and ScanCool (Ultra low temperature freezers).

Recognition and measurement uncertainties

No special circumstances have affected recognition and measurement.

In recognising and measuring assets and liabilities, any predictable losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account. In the opinion of Management, there is therefore no material uncertainties related to the recognition and measurement of assets and liabilities that have not been considered.

Financial review

The results realised by LaboGene ApS are not satisfactory but better than in 2014. The income statement shows a loss of DKK 2,687,830 against a loss of DKK 6,931,131 last year, and the balance sheet at 31 December 2015 shows equity of DKK 3,460,627.

In previous years, extensive turnaround measures were initiated in the Company with special focus on streamlining procurement, inventory management, logistics and production.

The implementation of the projects and initiatives continued in 2015.

In order to be competitive on the world market for laboratory equipment, in 2015 LaboGene ApS invested a substantial amount in developing new products, some of which will be launched in 2016. An amount of approximately DKK 1.5 million was been capitalised in 2015.

As described in note 2 to the financial statements, the Company received a commitment of financing from the ultimate parent, Kontiki Holding ApS.

The total liquidity in LaboGene ApS developed as expected.

Post balance sheet events

No significant events have occurred after the balance sheet date.

In 2016, Management expects that the financing and equity base will be sufficient for LaboGene ApS to meet its liabilities for a period of at least 12 months after the balance sheet date.

Outlook

In 2016, Management expects that the Company will improve its earnings and results and that from 2017 the Company will realise a profit.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Revenue	51,094,737	53,845,956
	Cost of sales	-28,203,253	-31,367,850
	Other operating income	175,536	0
	Other external expenses	-7,759,617	-10,941,307
	Gross profit	15,307,403	11,536,799
3	Staff costs	-17,938,575	-16,914,510
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-182,849	-3,204,036
	Operating loss	-2,814,021	-8,581,747
4	Financial income	211,463	246,776
5	Financial expenses	-1,005,829	-1,590,077
	Loss before tax	-3,608,387	-9,925,048
6	Tax for the year	920,557	2,993,917
	Loss for the year	-2,687,830	-6,931,131

	Distribution of loss		
	Accumulated loss	-2,687,830	-6,931,131
		-2,687,830	-6,931,131

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Software	274,706	0
	Development projects in progress	1,486,708	0
		1,761,414	0
8	**Property, plant and equipment**		
	Land and buildings	3,714,998	3,600,000
	Other fixtures and fittings, tools and equipment	311,365	373,945
		4,026,363	3,973,945
	Total non-current assets	5,787,777	3,973,945
	Current assets		
	Inventories		
	Raw materials and consumables	6,149,013	7,289,022
	Work in progress	526,554	241,381
	Finished goods and goods for resale	1,642,757	921,575
		8,318,324	8,451,978
	Receivables		
	Trade receivables	7,585,354	10,875,281
	Receivables from group entities	0	235,000
	Joint taxation contribution receivable	920,557	2,993,917
	Other receivables	371,483	661,424
		8,877,394	14,765,622
9	**Cash**	5,398,436	2,352,643
	Total current assets	22,594,154	25,570,243
	TOTAL ASSETS	28,381,931	29,544,188

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	125,000	125,000
	Retained earnings	3,335,627	6,023,457
	Total equity	3,460,627	6,148,457
	Provisions		
	Other provisions	500,000	500,000
	Total provisions	500,000	500,000
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Mortgage debt	1,948,308	0
		1,948,308	0
	Current liabilities other than provisions		
	Current portion of long-term liabilities	107,754	0
	Bank debt	14,434,666	14,946,427
	Trade payables	4,938,546	5,412,281
	Other payables	2,992,030	2,537,023
		22,472,996	22,895,731
	Total liabilities other than provisions	24,421,304	22,895,731
	TOTAL EQUITY AND LIABILITIES	28,381,931	29,544,188

1 Accounting policies
2 Capital resources
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10 Contractual obligations and contingencies, etc.
11 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2014	125,000	2,228,374	2,353,374
Capital increase	0	10,726,214	10,726,214
Loss for the year	0	-6,931,131	-6,931,131
Equity at 1 January 2015	125,000	6,023,457	6,148,457
Loss for the year	0	-2,687,830	-2,687,830
Equity at 31 December 2015	125,000	3,335,627	3,460,627

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LaboGene ApS for 2015 has been presented in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act. In addition, the Company has voluntarily opted the following rules for a class C enterprise: Amortisation of development projects.

The accounting policies applied by the Company are consistent with those of last year.

Recognition and measurement in general

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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 expenses.

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 at 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.

Leases

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 leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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 entity'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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment 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 software.

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

Completed development projects	5 years
Acquired IP rights	5 years

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

Buildings	25 years
Other fixtures and fittings, tools and equipment	3 years

Land is not depreciated.

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, dividends declared 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Balance sheet

Intangible assets

Intangible assets include development projects in progress and amortized software costs relating to implementation of a new ERP-system.

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

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.

As regards self-produced fixed assets, the cost includes the cost of materials and labour, etc., directly relating to the production.

Gains or losses are made up 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 costs.

Impairment of fixed assets

Every year, property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads comprise the indirect cost of material and labour as well as maintenance and amortisation/ depreciation of intangible assets and property, plant and equipment used in the production process.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

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

Prepayments

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

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date).

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period of 2 years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions that are estimated to mature more than one year after the balance sheet date are discounted at the average bond yields.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Capital resources

Owing to the outlook for the coming year, the future cash flows and the commitment for financing from Kontiki Holding ApS of the Company's operations and necessary investments in the coming years through bridge financing with group enterprises, in the opinion of the Executive Board, it is appropriate to base the financial reporting on the going concern assumption.

	DKK	2015	2014
3	**Staff costs**		
	Wages/salaries	17,255,680	16,689,519
	Pensions	500,381	0
	Other social security costs	182,514	224,991
		17,938,575	16,914,510

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK	2015	2014
4	**Financial income**		
	Other financial income	211,463	246,776
		211,463	246,776
5	**Financial expenses**		
	Interest expenses, group entities	0	316,214
	Other financial expenses	1,005,829	1,273,863
		1,005,829	1,590,077
6	**Tax for the year**		
	Estimated tax charge for the year	-920,557	-1,717,400
	Tax adjustments, prior years	0	-1,276,517
		-920,557	-2,993,917

The estimated tax charge for the year and the tax adjustments in prior years include tax refunds between jointly taxed entities.

7 **Intangible assets**

DKK	Software	Development projects in progress	Total
Cost at 1 January 2015	0	0	0
Additions in the year	307,000	1,486,708	1,793,708
Cost at 31 December 2015	307,000	1,486,708	1,793,708
Impairment losses and amortisation at 1 January 2015	0	0	0
Amortisation/depreciation in the year	32,294	0	32,294
Impairment losses and amortisation at	32,294	0	32,294
Carrying amount at 31 December 2015	274,706	1,486,708	1,761,414

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	7,079,323	927,060	8,006,383
Additions in the year	140,400	201,540	341,940
Disposals in the year	0	-151,600	-151,600
Cost at 31 December 2015	7,219,723	977,000	8,196,723
Impairment losses and depreciation at 1 January 2015	3,479,323	553,115	4,032,438
Amortisation/depreciation in the year	25,402	125,153	150,555
Amortisation/depreciation and impairment of disposals in the year	0	-12,633	-12,633
Impairment losses and depreciation at 31 December 2015	3,504,725	665,635	4,170,360
Carrying amount at 31 December 2015	3,714,998	311,365	4,026,363

9 Collateral

A company charge in the form of ordinary debt, tools and equipment was provided as collateral for bank debt of DKK 8,486 thousand, however, limited to DKK 6,000 thousand.

Land and buildings at a carrying amount of DKK 3,715 at 31 December 2015 have been put up as security for debt to mortgage credit institutions, totalling DKK 2,160 thousand.

As security for the receivable from factoring company, collateral was provided in the Company's trade receivables. At 31 December 2015, receivables charged amounted to tDKK 6,033. As collateral, an amount of DKK 1,517 thousand was deposited in collateral account. The collateral of DKK 1,517 thousand is included in cash equivalents.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its ultimate parent, Kontiki Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes.

Other financial obligations

Rental and lease obligations (operating leases) totalling DKK 1,440 thousand (2014: DKK 703 thousand) fall due within four years.

11 Related parties

LaboGene ApS' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Kontiki Holding ApS	Lindevej 14, 1877 Frederiksberg C	A copy of the consolidated financial statements can be obtained from the Company.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
ScanLaf Holding A/S	Industrivej 6, 3540 Lynge