CiToxLAB Scantox A/S

Hestehavevej 36A, 4623 Lille Skensved

CVR no. 83 09 04 13

Annual report 2016

Approved at the annual general meeting of shareholders on 10/5 - 17

Chairman:

Building a better
working world

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 CiToxLAB Scantox 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 and cash flows 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.

Copenhagen, 10 May 2017
Executive Board:

Jeanet Løgsted Nielsen

Board of Directors:

Jean-Francois Georges Le Bigot
Chairman

Patrick Olivier Spies

Jeanet Løgsted Nielsen

Hanne Paltoft

Rune Aggebo-Jørgensen

Independent auditor's report

To the shareholders of CiToxLAB Scantox A/S

Opinion

We have audited the financial statements of CiToxLAB Scantox A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement 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 as well as the cash flows 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, 10 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen
State Authorised Public Accountant

Management's review

Company details

Name	CiToxLAB Scantox A/S
Address, Postal code, City	Hestehavevej 36A, 4623 Lille Skensved
CVR no.	83 09 04 13
Financial year	1 January - 31 December
Board of Directors	Jean-Francois Georges Le Bigot, Chairman Patrick Olivier Spies Jeanet Løgsted Nielsen Hanne Paltoft Rune Aggebo-Jørgensen
Executive Board	Jeanet Løgsted Nielsen
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					
Revenue	93,612	92,927	81,241	68,422	96,558
Gross margin	62,408	62,454	53,858	44,837	67,592
Profit before interest, tax and amortisation of goodwill (EBITA)	-511	2,846	-6,781	-17,409	773
Net financials	-576	-2,431	-2,609	-1,903	-1,557
Profit/loss for the year	-1,087	415	-9,390	-16,165	-627
Total assets	90,175	96,782	96,523	99,045	109,359
Investment in property, plant and equipment	-1,824	-4,387	-2,362	-1,452	-489
Equity	16,357	17,444	17,029	14,419	30,584
Financial ratios					
Operating margin	-0.5%	3.1%	-8.3%	-25.4 %	0.8 %
Gross margin	66.7%	67.2%	66.3%	65.5%	70.0%
Return on assets	-0.5%	2.9%	-6.9%	-16.7%	0.7%
Current ratio	47.7%	50.1%	29.1%	22.5%	83.2%
Solvency ratio	18.1%	18.0%	17.6%	14.6%	28.0%
Return on equity	-6.4%	2.4%	-59.7%	-71.8%	-2.1%
Average number of employees	131	129	143	138	142

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 performs laboratory studies on a contractual basis for the pharmaceutical industry, the medical device industry, the food and agricultural industries as well as the chemical industry. The studies are concentrated within the pharmacological and toxicological areas, and the Company is the only contract research organisation in Scandinavia offering such a wide range of services. The purpose of the studies is to contribute to the protection of the public health and safety.

Recognition and measurement uncertainties

Deferred tax asset

The Company recognises deferred tax assets, including the tax base of tax loss carry-forwards, if Management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This assessment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.

At 31 December 2016, the Company had unrecognised deferred tax assets of DKK 3,881 thousand (2015: DKK 4,020 thousand). Due to the unpredictability of the Company's future taxable profit and thereby the Company's ability to offset the tax assets against future taxable income, the Company has not recognised the value of the deferred tax assets.

When the Company has established a more permanent development and trend in taxable income, Management will reconsider this significant assessment. To the extent that persuasive evidence supporting recognition of deferred tax assets can be established, such assets will be recognised.

Unusual matters having affected the financial statements

Going concern

As a consequence of the situation with a loss of DKK 1,087 thousand, as well as a history of loss-making situations, after the balance sheet date, Management has received a comfort letter from its Parent Company to ensure adequate cash in 2017. The comfort letter ensures that Soficro International S.A.S. will support the Company financially as its obligations fall due until at least 31 December 2017.

Financial review

In 2016, the Company's revenue amounted to DKK 93,612 thousand against DKK 92,927 thousand last year. The income statement for 2016 shows a loss of DKK 1,087 thousand against a profit of DKK 415 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 16,357 thousand.

Profit/loss for the year compared to previous expectations

In the annual report for 2015, Management expressed expectations of increasing revenue and net profit/loss and a positive cash flow. Actual revenue and cash flow came in as expected and net profit/loss at a lower level than expected.

Special risks

The Company's contracts with customers bind the Company to perform specific trials, usually at a fixed price.

Management's review

Management commentary

Events after the balance sheet date

The Company had historical difficulties maintaining sufficient funds from the normal operating activities. To ensure adequate cash in 2017, in April 2017, the Parent Company provided a comfort letter which ensures that Soficro International S.A.S. will support the Company financially as its obligations fall due until at least 31 December 2017.

In March 2017, a mortgage loan with a remaining balance of DKK 7,895 thousand was repaid in full funded partly from settlement of an existing intercompany loan (DKK 4,274 thousand) and paid-in funds from the Parent Company (DKK 3,621 thousand).

To take steps toward winning more opportunities and increasing the Company's market share, an organisational rotation has been initiated in March 2017. To focus entirely on business development and client relations, the Managing Director has taken up a role as Scientific Director and Director of Business Development and Sales. The Director of Operations has taken over the position as Managing Director.

Outlook

In 2017, Management expects the Company's revenue to be at the level of the revenue in 2016 or higher. On the basis of the organisational change and initiatives started up in 2017 as outlined above, Management expects to strengthen the Company's competitive position in the coming years. In 2017, Management expects to reach better results than in 2016 and a positive cash flow. There is, however, always uncertainty related to such estimates. Studies can be cancelled or postponed or new studies can be added.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Revenue	93,612	92,927
	Cost of sales	-20,094	-19,399
	Other external expenses	-11,110	-11,074
	Gross margin	62,408	62,454
3	Staff costs	-56,817	-53,876
4	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-6,102	-5,732
	Profit/loss before net financials	-511	2,846
5	Financial income	360	482
6	Financial expenses	-936	-2,913
	Profit/loss for the year	-1,087	415

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Non-current assets		
7	**Intangible assets**		
	Acquired intangible assets	1,988	2,437
		1,988	2,437
8	**Property, plant and equipment**		
	Land and buildings	55,686	59,345
	Other fixtures and fittings, tools and equipment	5,792	5,848
	Property, plant and equipment in progress	2,225	2,225
		63,703	67,418
	Financial assets		
	Receivables from group entities	0	8,167
		0	8,167
	Total non-current assets	65,691	78,022
	Current assets		
	Inventories		
	Raw materials and consumables	898	818
		898	818
	Receivables		
	Trade receivables	9,139	7,033
9	Work in progress for third parties	1,830	4,812
	Receivables from group entities	8,052	2,431
	Other receivables	327	606
	Prepayments	2,869	3,045
		22,217	17,927
	Cash	1,369	15
	Total current assets	24,484	18,760
	TOTAL ASSETS	90,175	96,782

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	12,600	12,600
	Retained earnings	3,757	4,844
	Total equity	16,357	17,444
11	**Non-current liabilities**		
	Mortgage debt	22,303	31,293
	Lease liabilities	161	326
	Payables to group entities	0	10,263
	Total non-current liabilities	22,464	41,882
	Current liabilities		
	Mortgage debt	9,386	3,714
	Lease liabilities	408	367
	Other credit institutions	231	3,195
9	Work in progress for third parties	8,880	9,491
	Trade payables	4,957	6,294
	Payables to group entities	19,824	5,951
	Other payables	7,668	8,444
	Total current liabilities	51,354	37,456
	Total liabilities	73,818	79,338
	TOTAL EQUITY AND LIABILITIES	90,175	96,782

1 Accounting policies
2 Events after the balance sheet date
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15 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2016	12,600	4,844	17,444
16	Transfer, see "Appropriation of profit/loss"	0	-1,087	-1,087
	Equity at 31 December 2016	12,600	3,757	16,357

Financial statements for the period 1 January - 31 December

Cash flow statement

Note	DKK'000	2016	2015
	Profit/loss for the year	-1,087	415
17	Adjustments	6,678	8,163
	Cash generated from operations (operating activities)	5,591	8,578
18	Changes in working capital	1,073	-10,532
	Cash generated from operations (operating activities)	6,664	-1,954
	Interest received, etc.	360	482
	Interest paid, etc.	-936	-2,913
	Cash flows from operating activities	6,088	-4,385
	Additions of intangible assets	-114	-120
	Additions of property, plant and equipment	-1,824	-4,387
	Cash flows to investing activities	-1,938	-4,507
	Proceeds of debt, group enterprises	3,610	10,420
	Repayments, long-term liabilities	0	-3,522
	Repayments, debt to credit institutions	-6,406	1,102
	Other cash flows from financing activities	0	897
	Cash flows from financing activities	-2,796	8,897
	Net cash flow	1,354	5
	Cash and cash equivalents at 1 January	15	10
	Cash and cash equivalents at 31 December	1,369	15

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of CiToxLAB Scantox 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.

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 property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. 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.

Reporting currency

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

Leases

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

Income statement

Revenue

Income from the sale of services is recognised when the total income and expenses related to the individual productions as well as the stage of completion at the balance sheet date can be made up reliably and it is probable that future economic benefits, including payment, will flow to the Company.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Cost of sales

Cost of sales includes the costs of animals, feed and equipments 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 for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions, as well as other social security contributions, etc., made to the Company's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation

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

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	3-10 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 of the assets are as follows:

Land and buildings	30 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-15 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Balance sheet

Intangible assets

Other intangible assets includes software licences.

Other 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. Costs include the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

As regards property, plant and equipment in progress, costs include the costs of materials and labour, etc., directly relating to the assets.

Impairment of non-current assets

Every year, intangible assets and 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.

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.

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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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.

Write-downs 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.

Work in progress for third parties

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on services performed to date as a percentage of the total services to be performed.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

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

Cash

Cash comprise cash and short term marketable securities which are subject to an insignificant risk of changes in value.

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 is expected to be settled far into the future.

Corporation tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior year taxes 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. 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.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent recognition, 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 lease liability in respect of finance leases.

Other liabilities 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, if any, based on the interest rate implicit in the lease.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

If the Company receives information after the reporting period, but prior to the date of the Board of Director's approval of the financial statements, about conditions that existed at the end of the reporting period, the Company assesses if the information affects the amounts recognised in the financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any subsequent events after the reporting period and update the disclosures that relate to those conditions in the light of the new information.

For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Cash flow statement

The cash flow statement shows the Company's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the Company's cash and cash equivalents at the beginning and the end of the year. Cash flow adjustment in relation to current year debt convertion has been presented as an non-cash adjustment.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject to an insignificant risks of changes in value.

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:

Operating margin $$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Gross margin ratio $$\frac{\text{Gross margin x 100}}{\text{Revenue}}$$

Return on assets $$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

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

2 Events after the balance sheet date

To ensure adequate cash in 2017, in April 2017, the Parent Company provided a comfort letter which ensures that Soficro International S.A.S. will support the Company financially as its obligations fall due until at least 31 December 2017.

In March 2017, a mortgage loan with a remaining balance of DKK 7,895 thousand was repaid in full funded partly from settlement of an existing intercompany loan (DKK 4,274 thousand) and paid-in funds from the Parent Company (DKK 3,621 thousand).

	DKK'000	2016	2015
3	**Staff costs**		
	Wages/salaries	49,105	45,628
	Pensions	6,415	6,938
	Other social security costs	1,193	1,068
	Other staff costs	104	242
		56,817	53,876
	Average number of full-time employees	131	129

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

	DKK'000	2016	2015
4	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	563	535
	Depreciation of property, plant and equipment	5,539	5,197
		6,102	5,732
5	**Financial income**		
	Interest receivable, group entities	360	482
		360	482
6	**Financial expenses**		
	Interest expenses, group entities	440	224
	Other interest expenses	1,216	1,405
	Exchange losses	165	32
	Other financial expenses	-885	1,252
		936	2,913

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2016	6,146
Additions in the year	114
Cost at 31 December 2016	6,260
Impairment losses and amortisation at 1 January 2016	3,709
Amortisation in the year	563
Impairment losses and amortisation at 31 December 2016	4,272
Carrying amount at 31 December 2016	**1,988**

8 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2016	125,554	42,488	2,225	170,267
Additions in the year	225	1,599	0	1,824
Cost at 31 December 2016	125,779	44,087	2,225	172,091
Impairment losses and depreciation at 1 January 2016	66,209	36,640	0	102,849
Depreciation in the year	3,884	1,655	0	5,539
Impairment losses and depreciation at 31 December 2016	70,093	38,295	0	108,388
Carrying amount at 31 December 2016	55,686	5,792	2,225	63,703

Note 14 provides more details on security for loans, etc., regarding property, plant and equipment.

Impairment test

Management has carried out an impairment test covering assets. As a result of the impairment test, Management concluded that there is no basis for recognising impairment loss on intangible assets and property plant and equipment. The impairment test is conducted annually. In the impairment test, the discounted values of future cash flows are compared to the carrying amounts. Future cash flows are based on the budget for 2017 and forecasts for 2018-2021. Important parameters are sales, EBIT and growth assumptions in the terminal period. The budget is based on general parameters for growth rates. For discounted cash flow calculations, a discount rate of 10% has been applied as well as a growth rate of 1.5% in the termination period 2018-2021.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
9 Work in progress for third parties		
Selling price of work performed	87,014	122,207
Invoicing on account	-94,064	-126,886
	-7,050	-4,679
recognised as follows:		
Work in progress for third parties (assets)	1,830	4,812
Work in progress for third parties (liabilities)	-8,880	-9,491
	-7,050	-4,679

10 Share capital

Analysis of the share capital:

	2016	2015
126,000 shares of DKK 100.00 nominal value each	12,600	12,600
	12,600	12,600

Analysis of changes in the share capital over the past 5 years:

DKK'000	2016	2015	2014	2013	2012
Opening balance	12,600	12,600	600	0	0
Capital increase	0	0	12,000	600	600
	12,600	12,600	12,600	600	600

11 Non-current liabilities

DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	31,689	9,386	22,303	17,261
Lease liabilities	569	408	161	0
	32,258	9,794	22,464	17,261

12 Deferred tax

At 31 December 2016, the Company had unrecognised deferred tax assets of DKK 3,993 thousand (2015: DKK 2,040 thousand). Due to the unpredictability of the Company's future taxable profit and thereby the Company's ability to offset the tax assets against future taxable income, the Company has not recognised the value of the deferred tax assets.

13 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2016	2015
Rent and lease liabilities	318	248

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Notes to the financial statements

14 **Collateral**

As security for the Company's mortgage debt, a total amount of DKK 32,522 thousand (2015: DKK 36,013 thousand) has been put up as security in buildings.

The Company has granted a negative pledge comprising movables, unsecured claims, inventories, operating equipment, intangible rights and charges on claims in the amount of DKK 15 million (2015: DKK 15 million) as security for the balances with Danske Bank and FIH Erhvervsbank. This pledge also serves as security for the Company's credit institutions, a total amount of DKK 1,647 thousand (2015: DKK 1,861 thousand).

A guarentee commitment has been set up in the Company's cars as security for the car loan.

15 **Related parties**

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Soficro International S.A.S	CiToxLAB Group, Rue de Pacy 27930 Miseray, France	At the Company's address

Related party transactions

CiToxLAB Scantox A/S was engaged in the below related party transactions:

DKK'000	2016
Loan from associates	1,258
Purchase of services from associates	3,968
Sale of services to associates	2,402
Financial income from associates	5,750
Financial expenses to the Parent Company	440

Receivables from group entities, DKK 8,052 thousand, consist of loan, DKK 5,429 thousand, and receivables, DKK 2,623 thousand. Payables to group entites, DKK 19,824 thousand, consists of loan, DKK 13,405 thousand, and payables, DKK 6,419 thousand.

There are no intra-group transactions that have not been carried through on normal market terms.

	DKK'000	2016	2015
16	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1,087	415
		-1,087	415
17	**Adjustments**		
	Amortisation/depreciation and impairment losses	6,102	5,732
	Financial income	-360	-482
	Financial expenses	936	2,913
		6,678	8,163

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
18 **Changes in working capital**		
Change in inventories	2,902	-1,059
Change in receivables	895	-229
Change in trade and other payables	-2,113	-1,631
Other changes in working capital	-611	-7,613
	1,073	-10,532