

2015 ANNUAL REPORT

Medical Prognosis Institute A/S

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Letter from the CEO

2015 a year with a sharpened focus on moving oncology away from trial and error medicine and taking an important step forward towards Personalized Medicine

Our aim for 2015 was to establish clinical proof of concept to demonstrate that the Drug Response Predictor (DRP™) can significantly improve the odds for the individual cancer patient towards a more effective treatment. This has been done from two angles: The patient angle: Personalized Medicine - identify drugs that will benefit the patient and the oncology therapy angle: Drug Development (Oncology Venture) - identify patients who will benefit from the drug.

MPI digs deeper in revealing how the individual patient's cancer operates – detect where the cancers vulnerabilities are and which drugs will be effective and which will not.

Through 2015 MPI has transformed into a personalized Medicine company. During the year further evidence and strength of the DRP™ (Drug Response Prediction) has been demonstrated in internal work and publication of data is ongoing together with Danish oncologists with whom collaboration has been substantiated and expanded. We are proud of the great opportunity to do good science together with Danish oncologists for the benefit of cancer patients and for the support from clinical trial groups.

The DRP™ is now validated in 29 out of 37 clinical trials and this success is being utilized to select favorable indications and to screen patients for likelihood of response to the drug under development in collaboration with our spinout Oncology Venture. MPI aims to publish data from these clinical trials and in 2015 posters, abstracts and articles in scientific journals have been published.

Last summer Oncology Venture was launched and taken public at the Swedish Aktietorget to obtain the fastest possible route to Proof of Concept of the DRP™ technology and is well under way of doing so. Oncology Venture has already three highly interesting cancer drugs in the pipeline as shots on goal. LiPlaCis™ as the most advanced, APO010 as the highly interesting immuno-oncology product and Irofulven that has already demonstrated 10% response rate in ovarian cancer, 13% response rate in prostate cancer. Oncology Venture and the Irofulven program won the first grant given from Boston Massachusetts and Medicon Valley. The drug has shown excellent efficacy in certain patients, however in too low a percentage of patients to obtain the authorities' approval. We believe that it is very likely that our Irofulven DRP™ can identify the sensitive patients and that the DRP™ is to be the game changer for Irofulven as an anti-cancer drug. The success of Oncology Venture can lead to significant value for the MPI shareholders.

2015 was a year of high level of activity with building up network at business development and scientific conferences and MPI's Head of Lab was selected to give a TED talk giving the opportunity to reach a broader audience.

During 2015 we continuously built evidence for the DRP™ technology which has substantiated our vision of building a global Personalized Medicine business. One of the important stepping stones in the development of the company will be the change of market place of our shares to Nasdaq First North Sweden.

2016 will be a year where we will work hard and diligently establishing the DRP™ as a powerful, swift and precise tool for oncologists when making decisions on treatment for their individual cancer patient and towards reaching our goal of improving cancer patients lives.

Financial highlights and ratios

	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK
Profit/loss				
Revenue	5.838	4.315	4.050	3.943
Gross profit/loss	-8.217	-4.405	184	566
Operating profit/loss	-11.036	-7.075	-3.295	-3.728
Profit/loss before financial income and expenses	-11.036	-7.075	-4.354	-3.728
Net financials	-113	26	-22	10
Net profit/loss for the year	-8.366	-5.347	-3.539	-2.769
Balance sheet				
Balance sheet total	17.696	24.413	12.357	5.926
Equity	14.125	22.219	10.418	4.462
Cash flows				
Cash flows from:				
- operating activities	-9.752	-5.356	-6.249	-2.528
- investing activities	-1.262	-896	-306	-200
- financing activities	271	17.149	9.495	3.071
Change in cash and cash equivalents for the year	-10.743	10.897	2.940	343
Ratios				
Gross Margin (%)	-141	-102	5	14
Margin before other expenses (converted to %)	-189	-164	-4	-95
EBIT Margin (converted to %)	-189	-164	-108	-95
Equity ratio (%)	80	91	84	75
Return on Equity (%)	-46	-33	-48	-64
Net asset value per share	13	20	11	5

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

About cancer and MPI's technology

Not all cancer patients will benefit from treatment with cancer drugs and on top of that, patients may experience negative side effects from the treatment. Until now, it has been very hard to predict in which indication a cancer drug candidate will be effective and who will benefit from the treatment. There is a general acceptance of this in the market and there are examples of very expensive cancer products with effect in only a fraction of the treated patients.

The development of cancer drugs and the treatment of cancer is rapidly changing towards more precise individualized treatment (Personalized Medicine). Cancer and its treatment was previously based on the origin and histology of the tumor. Many biomarkers in the market build on already existing knowledge where MPI's multiple biomarker differs by being real time data driven. With gene technology it is now possible to analyze the individual patient's tumor biopsy and, when combined with the MPI DRP™ technology, we can dig deeper and reveal at this moment how the individual patient cancer operates hence where the cancers vulnerabilities are and what mechanism of action drug should have to kill the cancer.

MPI's DRP™ tool has shown its ability to separate patients who benefit and who do not benefit. The DRP™ is now validated in 29 out of 37 clinical trials covering a wide range of anticancer drugs and tumor types. During the last couple of years MPI and its business partners have built a significant large database with over 1,000 screened breast cancer patients in collaboration with oncologists throughout Denmark. The MPI DRP™ technology has been retrospectively validated against a range of breast cancer treatment options and is currently being tested in real clinical practice in collaboration with some of the oncology centers involved in the breast cancer screening.

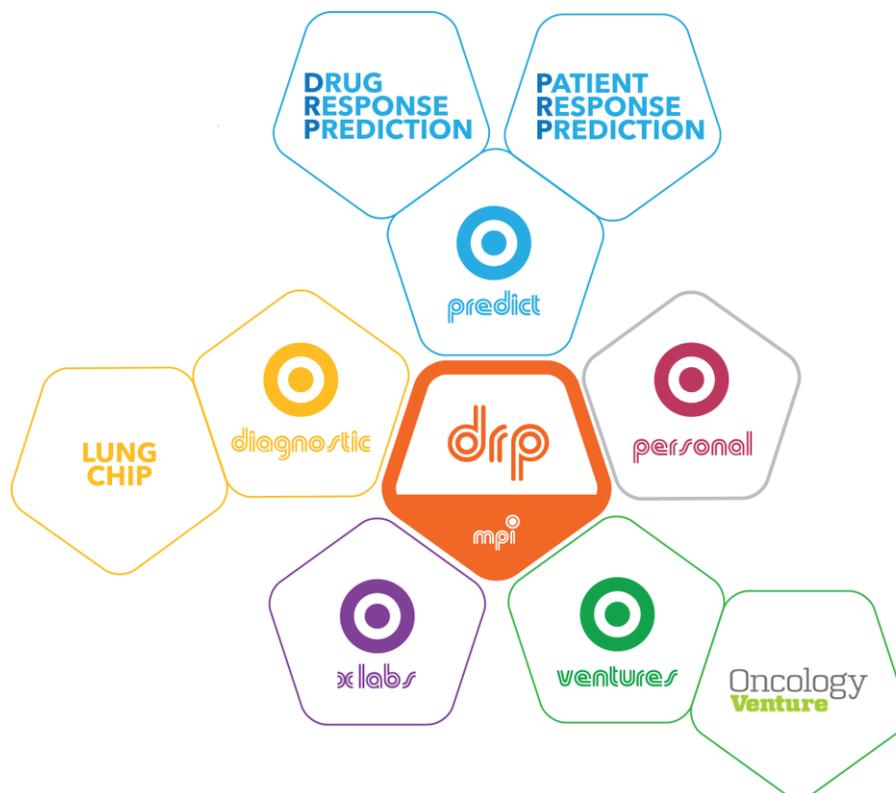
Breast cancer is the most common type of cancer and due to aggressive therapy, even for patients with very small tumors, death rates have been reduced but it is still over 20%. Treatment of breast cancer patients is uniform throughout the western world and MPI has an exceptional opportunity to personalize cancer treatment - beginning with breast cancer.

Thus, MPI is substantiating already published evidence that the DRP™ technology can predict treatments with the highest likelihood of effect in the individual patient's specific cancer. The analysis also adds information about what cancer drugs for this specific patient will have a low likelihood of effect and possibly only give side effects. Such information, before beginning treatment will benefit both the patient, the treating physician and the payer. The DRP™ technology together with the access to Big Data from tumors and normal cells is presenting a unique opportunity to achieve a different and new insight in different drug's efficacy in cancer cells.

The DRP™ can be a game changer in a world where some cancer drugs are approved with response rates down to 10% and the cost of treatment for the best drug in certain diseases exceed USD 100,000 per patient per year ¹.

¹ Kantarjian HM, et.al., Cancer drugs in the United States: Justum Pretium--the just price, Journal of Clinical Oncology. 2013 Oct 1;31(28):3600-4

MPI's Businesses



MPI's business and value creation are founded around our core DRP-tool, which we can apply to serve five different purposes:

x labs is our discovery business arm where we invent, prototype and prove relevant new techniques, scientific methodologies and business models. These concepts are curated and refined with the intention to grow the core MPI business areas. It is our playground where we facilitate for the involvement of big data, good science.

predict is our business-to-business unit where we utilize the DRP-method to generate drug response reports and patient response reports for our customers.

ventures is our business unit where we focus on business development ventures. Operating within this business arm is Oncology Venture with the key mission to improve cancer drugs. Oncology Venture has three shots on goal: APO010 an immuno-oncology product for the treatment of multiple myeloma screening patients for proof of concept focused phase 2 trial; LiPlaCis, recently in-licensed from LiPlasome Pharma, more than 1,000 metastatic breast cancer patients screened for the proof of concept, extension phase 2 design study; Irofulven that has already shown significant tumor reduction in prostate cancer (10 %) and ovarian cancer (13 %). In focused phase 2 proof of concept trial to increase effect to a level approvable by the authority.

personal is our core business unit where we innovate within personal medicine with focus on developing business to consumer products and services that inform, curate and formulate personalized treatments.

diagnostic is our business unit where we operate our Lung Chip diagnostics.

Patent strategy and status

The MPI patent policy is to file all new inventions and subsequently evaluate the commercial potential. If the cost is justified a worldwide patent coverage will be pursued. Apart from patents the Company has an expert knowledge, which will not be patented because this will then be public knowledge.

MPI has filed more than 20 patent applications since 2005. A few have been selected for national applications in the most important markets, USA, Europe and Asia. Three patents have been through the full application process and a patent granted in USA and England in 2013, and Australia in 2016.

The USA patent on the DRP is broad and unique and covers gene signatures to predict the sensitivity on 60 cancer drugs including approximately 80% of all cancer drugs marketed. The patent in Australia is similar.

Our patent covering Exercise Guidance is developed in collaboration with researchers in Sweden, UK and USA.

MPI is planning filing for marketing approval for the LPC in the USA as well as in Europe.

Clark & Elbing LLP in Boston is the primary patent office of MPI.

Selected announcements and News 2015

Date	Title
December 7 th	MPI and Mundipharma EDO GmbH enter agreement of DRP™ for their anti-cancer lead compound EDO-S101 in clinical trials
November 27 th	MPI unblinds prospective study of LungChip prognosticator in early lung cancer
November 8 th	Presentation of poster at the AACR-NCI-EORTC International Conference in Boston titled "A two stage prospective clinical trial with Irofulven treatment targeting a selected subgroup of castration- and docetaxel resistant prostate cancer patients."
November 6 th	Presentation of use of DRP™ in TOP1 at the AACR-NCI-EORTC International Conference in Boston
June 1 st	MPI and Nemucore announce strategic partnership to advance clinical development of an undisclosed oncology therapeutic using the DRP™ technology
May 29 th	MPI's drug development spin out Oncology Venture and Lantern Pharma announce partnership to advance Irofulven for metastatic prostate cancer
February 26 th	MPI increases share capital due to warrants exercise
February 21 st	MPI's DRP technology predicts responding lymphoma patients (DLBCL) to standard treatment

Share Information and Development in Share Price in 2015

MPI has been listed at NASDAQ OMX First North since October 2013 at an introduction price of DKK 94 per share.

In February 2015, as a consequence of the exercise of warrants by employees the share capital was increased by nominally DKK 2,000, from DKK 1,097,770 to DKK 1,099,770.

MPI's shareholder base is the Management, the employees and private investors.

Small shareholders had a 37 % combined stake in the Company while large shareholders (excluding the Board of Directors and Management) held a total of 25 %. The Board of Directors including founder and Management own the remaining 38 %. The commitment and belief of the Board of Directors and Management in the company's future is supported by their major holdings.

Development in Share Price



Financial Review

The Annual Report includes the Parent Company Medical Prognosis Institute A/S. No consolidated financial statements have been prepared with reference to section 110 of the Danish Financial Statements Act.

Income statement

Revenue amounted to DKK 5,837,783 in 2015 (last year DKK 4,315,459).

Gross profit/loss amounted to DKK -8,216,885 (last year DKK -4,405,010). The development in gross profit margin amounted to -140.8 % (last year -102 %).

Staff expenses amounted to DKK 2,501,562 (last year DKK 2,597,908).

Profit/loss before financial income and expenses showed a loss of DKK 11,036,202 (last year a loss of DKK 7,074,742). This loss was in line with the guidance in the half year interim report.

Profit/loss from ordinary activities before tax to a loss of DKK 11,149,476 (last year a loss of DKK 7,049,055).

Tax income amounted to DKK 2,783,774 (last year DKK 1,701,981) and relates to tax refund of the tax losses from research and development costs.

The Company realized a net loss of DKK 8,365,702 (last year a net loss of DKK 5,347,074).

Balance sheet

Total assets amounted to DKK 17,696,019 (last year DKK 24,412.603) and primarily consist of other receivables and cash at bank and in hand.

Total liabilities amounted to DKK 17,696,019 (last year DKK 24,412.603) and primarily consist of the Company's equity, DKK 14,124,584 (last year DKK 22,219,208).

Cash flows

The Company's cash flows from operating activities were a negative DKK 9,752,262 (last year a negative DKK 5,355,572).

Outlook for 2016

The Company expects a result in the same range in 2016 as in 2015 and that the positive development continues.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Distribution of profit

The Board of Directors proposes that the loss for the year be transferred to retained earnings.

Financial calendar 2016

April 20 th	Annual General Meeting 2016
August 31 st	Publication of The Interim Report for the first half 2016
December 31 st	Financial calendar year end

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Medical Prognosis Institute A/S for the financial year January 1st - December 31st 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 financial position at December 31st 2015 of the Company and of the results of the Company operations and cash flows for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hoersholm, March 18th 2016

Executive Board

Peter Buhl Jensen
CEO

Board of Directors

Frank Knudsen
Chairman

Peter Buhl Jensen

Steen Meier Knudsen

Niels Johansen

Magnus Persson

Independent Auditor's Report

To the Shareholders of Medical Prognosis Institute A/S

Report on the Financial Statements

We have audited the Financial Statements of Medical Prognosis Institute A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 auditor considers 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 audit opinion.

Our audit has not resulted in any qualification.

Opinion

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

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, March 18th 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen

State Authorized Public Accountant

Thomas Lauritsen

State Authorized Public Accountant

Income Statement January 1st – December 31st

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Revenue		5.837.783	4.315.459
Other external expenses		-14.054.668	-8.720.469
Gross profit/loss		-8.216.885	-4.405.010
Staff expenses		-2.501.562	-2.597.908
Depreciation and amortization of intangible assets and property, plant and equipment		-317.755	-71.824
Profit/loss before financial income and expenses		-11.036.202	-7.074.742
Financial income		20.467	32.115
Financial expenses		-133.741	-6.428
Profit/loss before tax		-11.149.476	-7.049.055
Tax on profit/loss for the year	1	2.783.774	1.701.981
Net profit/loss for the year		-8.365.702	-5.347.074
Earnings per share (EPS)	8	-7.61	-5.26
Diluted earnings per share (EPS-D)	8	-7.61	-5.26
Distribution of profit			
Proposed distribution of profit			
Proposed dividend for the year		0	0
Retained earnings		-8.365.702	-5.347.074
		-8.365.702	-5.347.074

Balance December 31st – Assets

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Development projects		940.394	0
Patents		1.437.369	662.000
Development projects in progress		1.044.882	2.089.764
Intangible assets		3.422.645	2.751.764
Plant and machinery		165.926	192.420
Property, plant and equipment		165.926	192.420
Investments in subsidiaries	2	5.512	5.512
Investments in associates	3	793.000	500.000
Fixed asset investments		798.512	505.512
Fixed assets		4.387.083	3.449.696
Inventories		1.464.582	0
Trade receivables		2.350.330	646.825
Other receivables		1.657.786	2.593.179
Tax receivables		2.558.225	1.701.981
Receivables		6.566.341	4.941.985
Cash at bank and in hand		5.278.013	16.020.922
Currents assets		13.308.936	20.962.907
Assets		17.696.019	24.412.603

Balance December 31st – Liabilities and Equity

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Share capital		1.099.770	1.097.770
Share premium account		29.711.458	29.442.380
Retained earnings		-16.686.644	-8.320.942
Equity	4	14.124.584	22.219.208
Trade payables		1.366.661	1.239.812
Payables to group enterprises		495.670	217.721
Other payables		1.168.691	422.202
Deferred income		540.413	313.660
Short-term debt		3.571.435	2.193.395
Debt		3.571.435	2.193.395
Liabilities and equity		17.696.019	24.412.603
Contingent assets, liabilities and other financial obligations	5		
Related parties and ownership	9		

Cash Flow Statement January 1st – December 31st

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Net profit/loss for the year		-8.365.702	-5.347.074
Adjustments	6	-2.346.161	-1.655.844
Change in working capital	7	-854.655	781.942
Cash flows from operating activities before financial income and expenses		-11.566.518	-6.220.976
Financial income		20.467	32.115
Financial expenses		-133.741	-6.428
Cash flows from ordinary activities		-11.679.792	-6.195.289
Corporation tax received		1.927.530	839.717
Cash flows from operating activities		-9.752.262	-5.355.572
Investment in intangible assets		-929.115	-673.221
Purchase of property, plant and equipment		-39610	-223.138
Fixed asset investments made etc.		-293.000	0
Cash flows from investing activities		-1.261.725	-896.359
Capital increase share capital and Share premium account		271.078	17.148.771
Cash flows from financing activities		271.078	17.148.771
Change in cash and cash equivalents		-10.742.909	10.896.840
Cash and cash equivalents at 1 January		16.020.922	5.124.082
Cash and cash equivalents at 31 December		5.278.013	16.020.922
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5.278.013	16.020.922
Cash and cash equivalents at 31 December		5.278.013	16.020.922

Statement of Changes in Equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK	DKK
2015				
Equity at January 1 st	1.097.770	29.442.380	-8.320.942	22.219.208
Cash capital increase	2.000	269.078	0	271.078
Net profit/loss for the year	0	0	-8.365.702	-8.365.702
Equity at December 31st	1.099.770	29.711.458	-16.686.644	14.124.584
2014				
Equity January 1 st	951.372	12.440.007	-2.973.868	10.417.511
Cash capital increase	146.398	17.002.373	0	17.148.771
Net profit/loss for the year	0	0	-5.347.074	-5.347.074
Equity at December 31st	1.097.770	29.442.380	-8.320.942	22.219.208

Notes to the Annual Report

1	Tax on profit/loss for the year	2015	2014
	Current tax for the year	(2.558.225)	(1.701.981)
	Adjustment of tax receivable concerning previous years	(225.549)	0
	Tax on profit/loss for the year	(2.783.774)	(1.701.981)

2	Investments in subsidiaries		
	Cost at January 1 st	5.512	5.512
	Carrying amount at December 31 st	5.512	5.512

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for
Medical Prognosis Institute Inc.	Arizona, USA	USD 1.000	100%	USD 76.662	USD 43.361

3	Investments in associates		
	Cost at January 1 st	500.000	500.000
	Additions for the year	293.000	0
	Carrying amount at December 31 st	793.000	500.000

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Oncology Venture	Malmo, Sweden	TSEK 7.233	14,8%	TSEK 39.391	TSEK -7.083

4	Equity					
	The share capital consists of 1,099,770 shares of a nominal value of DKK 1. No shares carry any special rights.					
	The share capital has developed as follows:					
		2015	2014	2013	2012	2011
	Share capital at January 1 st	1.097.770	951.372	850.363	825.715	803.746
	Capital increase	2.000	146.398	101.009	24.648	21.969
	Capital decrease	0	0	0	0	0
	Share capital at December 31 st	1.099.770	1.097.770	951.372	850.363	825.715

5	Contingent assets, liabilities and other financial obligations		
	Rental agreements and leases		
	Lease obligations under operating leases. Total future lease payments:		
	Within 1 year	188.611	199.419
		188.611	199.419

6	Cash flow statement – adjustments		
	Financial income	-20.467	-32.115
	Financial expenses	133.741	6.428
	Depreciation and amortization	324.339	71.824
	Tax on loss for the year	-2.783.774	-1.701.981
		-2.346.161	-1.655.844

7	Cash flow statement – change in working capital		
	Change in inventories	-1.464.582	0
	Change in receivables	-768.112	-687.391
	Change in balances with group companies	277.949	1.433.301
	Change in trade payables, etc.	1.100.090	36.032
		-854.655	781.942

8	Earnings per share (EPS)		
	Net loss for the year	-8.365.702	-5.347.074
	Average no. of outstanding shares	1.099.437	1.016.989
	Average no. of diluted shares	1.099.437	1.016.989
	Earnings per DKK 1 share (EPS) in DKK	-7.61	-5.26
	Diluted earnings per DKK 1 share (EPS-D) in DKK	-7.61	-5.26

9	Related parties and ownership
	Ownership
	The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:
	MPI Holding ApS
	SASS & LARSEN ApS
	Buhl Krone Holding Aps
	Pennehave Invest Aps in bankruptcy

Accounting Policies

Basis of Preparation

Financial Statements of Medical Prognosis Institute A/S for 2015 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalization.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortization. Goodwill is amortized on a straight line basis over its useful life, which is assessed at 5 years.

Patents and licenses are measured at the lower of cost less accumulated amortization and recoverable amount. Patents are amortized over the remaining patent period, and licenses are amortized over the license period; however not exceeding 10 years.

Development costs and costs relating to rights developed by the Company are recognized in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight line basis over the expected useful lives of the assets, which are:

Production buildings	5 years
Other fixtures and fittings, tools and equipment	3 - 5 years

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortized cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand"

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

$$\text{Gross margin} : \frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} : \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} : \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} : \frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

$$\text{Return on equity:} : \frac{\text{Net profit/loss for the year}}{\text{No. of shares at year-end}}$$

$$\text{Earnings per share:} : \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Abbreviations

Terminology and abbreviations	Definition
Cell lines	Cancer cells can be grown in the Laboratory and when cells are stably growing a cell line has been established. There are thousands of such cancer cell lines and cancer drugs can be tested on a panel of different cell lines to get a pattern showing which cell lines the cancer drug kills and which cell lines it does not
Cisplatin	Cisplatin is one of the most used cancer drugs
DRP	Drug Response Prediction, MPI's gene analysis to predict which patients will respond to a given cancer drug
Indication	Here a cancer type or cancer disease
MPI	Medical Prognosis Institute A/S (CVR: 28106351)
Response Prediction	Predicting the effect of a cancer drug. Effect can be measured in a variety of ways for example is the cancer tumor shrinking (response), - how long does it take before the cancer disease progresses (progression free survival) or the most important parameter, - how long the patient survives (survival)

Information regarding forward-looking statements

This Annual Report contains forward-looking statements. Forward-looking statements include statements regarding the Company's intentions, assessments or current expectations concerning, for instance result of operations, liquidity, prospects and strategies in which the Company operates, and can be identified by the use of forward-looking terminology, including terms "believes, " "estimates, " "predicts, " "expect, " "intend, " " may, " " will, " "seeks" or " should" or the negatives thereof or other variations or comparable terminology. These forward- looking statements include all matters that are not historical facts. They appear in a number of locations throughout the Annual Report. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may not occur in the future. The Company cautions that forward-looking statements are no guarantee of future accuracy of the statements and the development of the Company may differ materially from those stated or implied in the forward-looking statements in this Annual Report. Although the development of the Company corresponds to the forward- looking statements in this Annual Report, this development may not be indicative of developments in subsequent periods.