

Registrar's Copy

Pharm-Olam International (UK) Limited

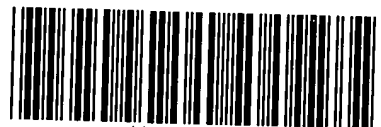
Report and Financial Statements

Year Ended

31 December 2015

Company Number 03125708

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Pharm-Olam International (UK) Limited

Report and financial statements for the year ended 31 December 2015

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Directors

Dr Z M Munk
S Munk

Secretary and registered office

S Munk, The Brackens, London Road, Ascot, Berkshire, SL5 8BJ

Company number

03125708

Auditors

BDO LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

Pharm-Olam International (UK) Limited

Strategic report for the year ended 31 December 2015

The directors present the strategic report, the directors' report and financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the company continued to be that of management and consulting of clinical research trials.

Review of the business and key performance indicators

Key performance indicators of the company include turnover, gross profit margin, cash position and net current asset position.

The directors are satisfied with the level of turnover of the company and are satisfied that the company will maintain or improve this level of performance for the foreseeable future.

During the year turnover decreased by 4.6% to £19.7 million (2014 - £20.6 million). Turnover represents revenue derived from sales of services, excluding value added tax, and is a key performance indicator, as it measures the output of the business. The company achieved a gross profit margin of 29.3% (2014 - 21.7%) and a net profit margin of 2.2% (2014 - 1.3%).

The company's cash position at the year end was healthy, with cash at bank and in hand of £3.5 million (2014 - £1.9 million). The company had net current assets of £2.5 million (2014 - £2.3 million) and net assets of £2.9 million (2014 - £2.5 million) at the year end.

We believe the company's position in the market place remains strong, and we look forward to continued growth in 2016.

Principal risks and uncertainties

CRO industry

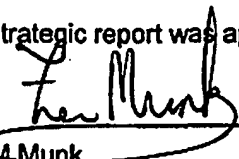
The company operates in a very competitive industry, competing with both small providers offering niche services, and large global CROs. In addition to this competition, some of the company's customers have the ability to carry out many of the CRO's activities, and thus do not require all of a CRO's services.

Pharmaceutical industry

The company is reliant upon companies within the pharmaceutical industry continuing to outsource research and development expenditure. Any factors that affect or delay the level of outsourcing (such as merger and acquisition activity, lack of pipeline within the pharmaceutical industry, etc.) will impact the company's ability to generate revenues.

Approval

This strategic report was approved on behalf of the Board on 6th December 2016.


Dr Z-M Munk
Director

Pharm-Olam International (UK) Limited

Report of the directors for the year ended 31 December 2015

The directors present their report together with the strategic report and the audited financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year, after taxation, amounted to £436,009 (2014 - £263,528).

The directors do not recommend payment of an ordinary dividend (2014 - £nil).

Future developments

The directors anticipate that the company will maintain or improve its level of performance for the foreseeable future.

Financial instruments and risk management

Treasury activities take place under procedures and policies monitored by the directors. They are designed to minimise the financial risks faced by the company which primarily arise from interest rate, credit and liquidity risks. It is not the policy of the company to enter into speculative transactions.

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and balances with group companies. The purpose of these instruments is to raise funds for and finance the company's operations.

In respect of bank balances, liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk. The company makes use of money market facilities where funds are available.

In respect of loans, these comprise loans from related companies, which are interest free and payable on demand. The directors are aware of the company's required finance and have determined that these will only be repaid when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The company has no financial instruments to hedge foreign exchange exposure and does not enter into derivative transactions.

Directors

The directors of the company during the year and to the date of signing the financial statements were:

Dr Z M Munk
S Munk

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of Pharm-Olam International (UK) Limited.

Pharm-Olam International (UK) Limited

Report of the directors for the year ended 31 December 2015 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

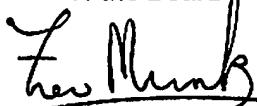
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

UHY Hacker Young resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board



Dr Z M Munk
Director

Date 6th December 2016,

Pharm-Olam International (UK) Limited

Independent auditor's report

TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

We have audited the financial statements of Pharm-Olam International (UK) Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Pharm-Olam International (UK) Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date: 6th December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Pharm-Olam International (UK) Limited

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015	2014
		£	£
Turnover	3	19,678,539	20,626,320
Cost of sales		(13,912,442)	(16,143,266)
Gross profit		5,766,097	4,483,054
Administrative expenses		(5,240,481)	(4,155,677)
Operating profit	4	525,616	327,377
Other interest receivable and similar income	6	2,797	1,653
Interest payable and similar charges	7	(1,448)	(35)
Profit on ordinary activities before taxation		526,965	328,995
Taxation on profit from ordinary activities	8	(90,956)	(65,467)
Profit for the financial year		436,009	263,528
Total comprehensive income for the year		436,009	263,528

All amounts relate to continuing activities.

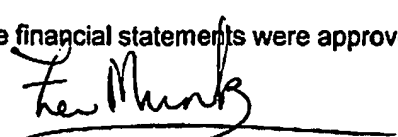
The notes on pages 9 to 22 form part of these financial statements.

Pharm-Olam International (UK) Limited

Balance sheet at 31 December 2015

Company number 03125708	Note	2015	2015	2014	2014
		£	£	£	£
Fixed assets					
Tangible assets	9		61,802		134,405
Investments	10		354,192		61,928
			<u>415,994</u>		<u>196,333</u>
Current assets					
Debtors	11	4,682,813		3,962,313	
Cash at bank and in hand		3,472,273		1,906,022	
		<u>8,155,086</u>		<u>5,868,335</u>	
Creditors: amounts falling due within one year	12	<u>5,640,088</u>		<u>3,569,685</u>	
Net current assets			<u>2,514,998</u>		<u>2,298,650</u>
Total assets less current liabilities			<u>2,930,992</u>		<u>2,494,983</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account			2,880,992		2,444,983
Shareholders' funds			<u>2,930,992</u>		<u>2,494,983</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6th December 2016


Dr Z.M. Munk
Director

The notes on pages 9 to 22 form part of these financial statements.

Pharm-Olam International (UK) Limited

Statement of changes in equity for the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total equity £
1 January 2015	50,000	2,444,983	2,494,983
Comprehensive income for the year			
Profit on ordinary activities after taxation	-	436,009	436,009
31 December 2015	50,000	2,880,992	2,930,992

Pharm-Olam International (UK) Limited

Statement of changes in equity for the year ended 31 December 2014

	Share capital £	Profit and loss account £	Total equity £
1 January 2014	50,000	2,181,455	2,231,455
Comprehensive income for the year			
Profit on ordinary activities after taxation	-	263,528	263,528
31 December 2014	50,000	2,444,983	2,494,983

The notes on pages 9 to 22 form part of these financial statements.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies

Pharm-Olam International (UK) Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 18.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies, see note 2.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Pharm-Olam Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a cash flow statement;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the number of shares outstanding at the beginning and end of the year; and
- Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

This information is included in the consolidated financial statements of Pharm-Olam Group Limited as at 31 December 2015 and these financial statements may be obtained from Pharm-Olam Group Limited, The Brackens, London Road, Ascot, Berkshire, SL5 8BJ.

The following principal accounting policies have been applied:

Turnover

Turnover represents amounts receivable for services which fall within the company's ordinary activities, net of VAT and trade discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable net of any sales tax, returns, rebates or discounts.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies (*continued*)

Revenue recognition

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the company is recognised when the contingent event occurs.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follow:

Fixtures, fittings and computer equipment - 3 - 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leasing

All leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015

1 Accounting policies (*continued*)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Pensions

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2015

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- *Trade debtors impairment loss*

Trade debtors are reviewed for impairment loss on an annual basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

- *Foreign currencies*

Foreign exchange rates are obtained using the HMRC monthly, average and spot rates. These are used as they are believed to be an accurate estimation of the exchange rates for any given month.

- *Project completion and recognition*

The company's policy is to recognise revenue for projects as contract activity is undertaken by the company on those projects. For projects with multiple stages with separable identifiable revenue allocated to each stage, then revenue for each stage is recognised at the completion of that stage on a percentage complete basis. Revenue that is contingent on any event outside the control of the company is recognised when the contingent event occurs.

3 Turnover

Analysis by geographical market	2015	2014
	£	£
United Kingdom	4,299,605	1,533,632
Rest of the Europe	7,662,013	6,753,518
Rest of World	7,716,921	12,339,170
	<u>19,678,539</u>	<u>20,626,320</u>

Analysis by class of business

The company's entire turnover is attributable to the management and consulting of clinical research trials.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

4 Operating profit

	2015 £	2014 £
This has been arrived at after charging/(crediting):		
Depreciation of tangible assets	67,378	86,353
Operating lease rentals	254,568	316,991
Auditors' remuneration for the audit of the company's annual accounts	45,000	46,500
Loss/(profit) on foreign exchange transactions	6,794	(35,123)
	<u> </u>	<u> </u>

5 Employees

	2015 £	2014 Restated £
Staff costs consist of:		
Wages and salaries	5,015,226	5,788,217
Social security costs	500,859	461,084
Other pension costs	197,378	181,308
	<u> </u>	<u> </u>
	5,713,463	6,430,609
	<u> </u>	<u> </u>

It has come to the attention of the directors that wages and salaries were incorrectly disclosed in the prior year due to the omission of certain commissions and other benefits paid. A prior period disclosure adjustment of £442,735 has therefore been made to the above note to increase the amount disclosed as wages and salaries charged in the prior year. This has no impact to prior year profit and loss or shareholders' funds.

The average number of employees (including directors) during the year was:

	2015 Number	2014 Number
Clinical	87	115
Business development	3	2
Administration	14	17
Quality	4	6
	<u> </u>	<u> </u>
	108	140
	<u> </u>	<u> </u>

No remuneration was paid to the directors during the year (2014 - £Nil).

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

6	Other interest receivable and similar income	2015	2014
		£	£
	Bank interest	2,797	1,579
	Other interest	-	74
		<u>2,797</u>	<u>1,653</u>
7	Interest payable and similar charges	2015	2014
		£	£
	Bank loans and overdrafts	1,448	35
		<u>1,448</u>	<u>35</u>

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

8 Taxation on profit from ordinary activities

	2015 £	2014 £
<i>Current tax</i>		
UK corporation tax on profit for the year	112,236	65,500
Adjustments for previous periods	(446)	(33)
Relief for overseas tax	(2,897)	(4,661)
	<u>108,893</u>	<u>60,806</u>
Foreign corporation tax	2,897	4,661
	<u>111,790</u>	<u>65,467</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(20,834)	-
	<u>90,956</u>	<u>65,467</u>

The tax assessed for the year is lower (2014 – lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>526,965</u>	<u>328,995</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%)	106,710	70,734
Effects of:		
Non deductible expenses	1,399	1,202
Fixed asset timing differences	-	(6,246)
Adjustments for previous periods	(446)	(33)
Deferred tax adjustments	(20,834)	-
Other tax adjustments	4,127	(190)
	<u>90,956</u>	<u>65,467</u>

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

9 Tangible assets

	Fixtures, fittings and computer equipment £	Total £
<i>Cost</i>		
At 1 January 2015	1,601,414	1,601,414
Additions	40,786	40,786
Disposals	(96,734)	(96,734)
At 31 December 2015	1,545,466	1,545,466
<i>Depreciation</i>		
At 1 January 2015	1,467,009	1,467,009
Charge for the year	67,378	67,378
Disposals	(50,723)	(50,723)
At 31 December 2015	1,483,664	1,483,664
<i>Net book value</i>		
At 31 December 2015	61,802	61,802
At 31 December 2014	134,405	134,405

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

10 Fixed asset investments

	Unlisted investments £
<i>Cost</i>	
At 1 January 2015	61,928
Additions	292,264
At 31 December 2015	354,192
<i>Net book value</i>	
At 31 December 2015	354,192
At 31 December 2014	61,928

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Pharm-Olam International (Polska) Sp.z.o.o	Poland	Ordinary	100
Pharm-Olam International Deutschland GmbH	Germany	Ordinary	100
Pharm-Olam International (Belgium) Pvt Ltd	Belgium	Ordinary	99
Pharm-Olam International (India) Pvt Ltd	India	Ordinary	100
Pharm-Olam International d.o.o	Croatia	Ordinary	100
Pharm-Olam International (Spain) S.L.	Spain	Ordinary	100
Pharm-Olam International (Italy) SRL	Italy	Ordinary	100
Pharm-Olam (Hungary) Medical Research LLC	Hungary	Ordinary	100
Pharm-Olam (Turkey)	Turkey	Ordinary	100
Pharm-Olam International s.r.o.	Czech	Ordinary	100
Pharm-Olam International doo	Serbia	Ordinary	100
Pharm-Olam (Bulgaria) EOOD	Bulgaria	Ordinary	100
Pharm-Olam International (France) SAS	France	Ordinary	100

All of the subsidiary companies carry out the management and consulting of clinical research trials.

The company, together with its subsidiaries as detailed above, are included in the group financial statements of Pharm-Olam Group Limited.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

11 Debtors

	2015 £	2014 £
Trade debtors	1,615,154	983,193
Amounts owed by parent and fellow subsidiary undertakings	1,426,707	1,921,530
Other debtors	116,027	5,207
Prepayments and accrued income	1,524,925	1,052,383
	<u>4,682,813</u>	<u>3,962,313</u>

Prepayments and accrued income shown above includes accrued income of £1,476,380 (2014 - £857,054).

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	181,832	72,643
Amounts owed to subsidiary undertakings	1,376,716	987,844
Corporation tax	52,124	60,765
Other taxes and social security costs	146,592	284,566
Other creditors	190,783	89,238
Payments received on account	1,776,626	726,015
Accruals and deferred income	1,915,415	1,348,614
	<u>5,640,088</u>	<u>3,569,685</u>

Accruals and deferred income shown above includes deferred income of £739,667 (2014 - £557,284).

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

13 Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets that are equity instruments measured at cost less impairment	354,192	61,928
Financial assets that are debt instruments measured at amortised cost	4,634,268	3,766,984
Financial assets that are cash and cash equivalents	3,472,273	1,906,022
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	4,701,705	2,667,070
	<u> </u>	<u> </u>

Financial assets that are equity instruments measured at cost less impairment comprise fixed asset investments in unlisted company shares.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by parent and fellow subsidiary undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to subsidiary undertakings, other creditors, payments received on account and accruals.

The company's exposure to and management of financial risk is as follows:

Treasury activities take place under procedures and policies monitored by the directors. They are designed to minimise the financial risks faced by the company which primarily arise from interest rate, credit and liquidity risks. It is not the policy of the company to enter into speculative transactions.

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and balances with group companies. The purpose of these instruments is to raise funds for and finance the company's operations.

In respect of bank balances, liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk. The company makes use of money market facilities where funds are available.

In respect of loans, these comprise loans from related companies, which are interest free and payable on demand. The directors are aware of the company's required finance and have determined that these will only be repaid when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The company has no financial instruments to hedge foreign exchange exposure and does not enter into derivative transactions.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (continued)

14 Share capital

	Allotted, called up and fully paid			
	2015 Number	2014 Number	2015 £	2014 £
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

15 Commitments under operating leases

As at 31 December 2015, the company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Within one year	52,025	8,457	192,836	7,625
In two to five years	-	26,834	356,750	13,520
Over five years	-	4,043	-	-
	<u>52,025</u>	<u>39,334</u>	<u>549,586</u>	<u>21,145</u>

16 Related party transactions

During the year the company was charged for monitoring and research services carried out by its subsidiary undertakings and entered into financing arrangements with the subsidiaries. The resulting amounts owed to the company by its parent and fellow subsidiaries was £1,426,707 (2014 - £1,921,530) and is included within amounts owed by parent and fellow subsidiary undertakings in note 11 above. The resulting amounts owed by the company to its subsidiaries was £1,376,716 (2014 - £987,844) and is included within amounts owed to subsidiary undertakings in note 12 above.

All related companies are connected by virtue of being under the control of Dr Z M Munk.

17 Ultimate controlling party

Pharm-Olam International (UK) Limited is a wholly owned subsidiary of Pharm-Olam Group Limited, a company registered in England and Wales and the smallest group in which the results of the company are consolidated. The consolidated accounts of this company are available to the public and may be obtained from Pharm-Olam Group Limited, The Brackens, London Road, Ascot, Berkshire, SL5 8BJ.

Pharm-Olam Group Limited is wholly owned by Pharm-Olam International Limited, a company based in Texas, United States of America and the largest group in which the results of the company are consolidated. The company's ultimate controlling party is Dr Z M Munk, a director of this company.

Pharm-Olam International (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)**

18 First time adoption of FRS 102

This is the first year that the company has prepared its financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. The last financial statements prepared in accordance with accounting standards previously applicable in the United Kingdom and the Republic of Ireland were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There are no changes to previously reporting profit or loss and equity between the previous accounting framework and FRS 102.