

Registrar's Copy

Pharm-Olam International (UK) Limited

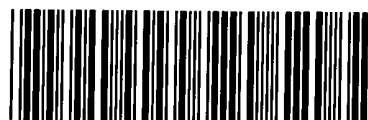
Report and Financial Statements

Year Ended

31 December 2016

Company Number 03125708

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Pharm-Olam International (UK) Limited

**Report and financial statements
for the year ended 31 December 2016**

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Directors

**Dr Z M Munk
S Munk**

Secretary and registered office

S Munk, One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB

Company number

03125708

Auditors

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

Legal form

Private company limited by shares

Pharm-Olam International (UK) Limited

Strategic report for the year ended 31 December 2016

The directors present the strategic report, the directors' report and financial statements for the year ended 31 December 2016.

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 increased by 14.2% to £22.5 million (2015 - £19.7 million) due to an increased value of projects being undertaken during the year and associated increased activity. 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 29.2% (2015 - 29.3%) and a net profit margin of 2.4% (2015 - 2.2%). Margins have remained relatively stable as revenue and expenses have increased at a similar rate.

The company's cash position at the year end was healthy, with cash at bank and in hand of £2.8 million (2015 - £3.5 million). The company had net current assets of £2.9 million (2015 - £2.5 million) and net assets of £3.5 million (2015 - £2.9 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 2017.

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.

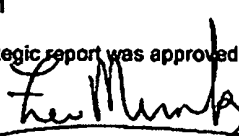
Pharmaceutical industry

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

24 October 2017


Dr Zee Munk
Director

Pharm-Olam International (UK) Limited

Report of the directors for the year ended 31 December 2016

The directors present their report together with the strategic report and the audited financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £543,938 (2015 - £436,009).

The directors do not recommend payment of an ordinary dividend (2015 - £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 Zev 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 2016 (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.

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 Zef Munk
Director

Date Oct 24, 2017

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 2016 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 2016 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, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Pharm-Olam International (UK) Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 *26 October 2017*

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 2016

	Note	2016 £	2015 £
Turnover	3	22,477,337	19,678,539
Cost of sales		(15,910,084)	(13,912,442)
Gross profit		6,567,253	5,766,097
Administrative expenses		(5,887,232)	(5,240,481)
Operating profit	4	680,021	525,616
Other interest receivable and similar income	6	2,490	2,797
Interest payable and similar charges	7	(373)	(1,448)
Profit on ordinary activities before taxation		682,138	526,965
Taxation on profit from ordinary activities	8	(138,200)	(90,956)
Profit for the financial year		543,938	436,009
Total comprehensive income for the year		543,938	436,009

All amounts relate to continuing activities.

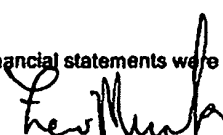
The notes on pages 9 to 22 form part of these financial statements.

Pharm-Olam International (UK) Limited

Balance sheet at 31 December 2016

Company number 03125708	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	9		52,353		61,802
Investments	10		493,468		354,192
			<u>545,821</u>		<u>415,994</u>
Current assets					
Debtors	12	7,119,084		4,682,813	
Cash at bank and in hand		2,825,724		3,472,273	
		<u>9,944,808</u>		<u>8,155,086</u>	
Creditors: amounts falling due within one year	13	7,015,699		5,640,088	
Net current assets			<u>2,929,109</u>		<u>2,514,998</u>
Total assets less current liabilities			<u>3,474,930</u>		<u>2,930,992</u>
Capital and reserves					
Called up share capital	16	50,000		50,000	
Profit and loss account	17	3,424,930		2,880,992	
Shareholders' funds			<u>3,474,930</u>		<u>2,930,992</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 October 2017


Dr Zev 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 2016

	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	-	438,009	438,009
31 December 2015	50,000	2,880,992	2,930,992
Comprehensive Income for the year			
Profit on ordinary activities after taxation	-	543,938	543,938
31 December 2016	<u>50,000</u>	<u>3,424,930</u>	<u>3,474,930</u>

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 2016

1 Accounting policies

Pharm-Olam International (UK) Limited is a company incorporated, registered and domiciled in England & Wales under the Companies Act 2006. 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.

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 2016 and these financial statements may be obtained from Pharm-Olam Group Limited, One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB.

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 or discounts.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016

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 in accrued income and amounts recognised. Amounts recognised in excess of the relevant amount of revenue are included in creditors in payments on account.

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 follows:

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 2016

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 2015) 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 2015, 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 2016

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' or 'GBP', 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 2018

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 as 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 (see note 12)*

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 of turnover by country of destination

	2018 £	2015 £
United Kingdom	3,035,055	4,299,805
Rest of the Europe	13,895,515	7,662,013
Rest of World	5,546,767	7,716,921
	<u>22,477,337</u>	<u>19,678,539</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 2016 (continued)

4 Operating profit	2016	2015
	£	£
This has been arrived at after charging:		
Depreciation of tangible assets	45,212	67,378
Operating lease rentals	180,789	254,568
Auditors' remuneration for the audit of the company's annual accounts	40,953	45,000
Loss on foreign exchange transactions	246,923	6,794
5 Employees	2016	2015
	£	£
Staff costs consist of:		
Wages and salaries	5,227,319	5,015,226
Social security costs	550,914	500,859
Other pension costs	199,456	197,378
	5,977,689	5,713,463
The average number of employees (including directors) during the year was:		
	2016	2015
	Number	Number
Clinical	73	87
Business development	3	3
Administration	10	14
Quality	2	4
	88	108

No remuneration was paid to the directors relating to services to the company during the year (2015 - £Nil).

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

6	Other interest receivable and similar income	2016	2015
		£	£
	Bank interest	2,490	2,797
7	Interest payable and similar charges	2016	2015
		£	£
	Bank loans and overdrafts	373	1,448
8	Taxation on profit from ordinary activities	2016	2015
		£	£
	<i>Current tax</i>		
	UK corporation tax on profit for the year	147,805	112,238
	Adjustments for previous periods	(22,224)	(446)
	Relief for overseas tax	(4,213)	(2,897)
		121,368	108,893
	Foreign corporation tax	4,213	2,897
	Total current tax charge	125,581	111,790
	<i>Deferred tax</i>		
	Origination and reversal of timing differences (note 15)	12,619	(20,834)
	Tax charge on profit on ordinary activities	138,200	90,956

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 *(continued)*

8 Taxation on profit from ordinary activities (continued)

The tax assessed for the year is higher (2015 – lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	682,138	526,965
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	136,428	106,710
Effects of:		
Non deductible expenses	927	1,399
Adjustments for previous periods	(22,224)	(446)
Deferred tax adjustments	(485)	(20,834)
Other tax adjustments	23,554	4,127
Current tax charge for the year	138,200	90,956

Factors that may affect future tax charges

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. There were no other factors that may affect future tax charges.

For the purposes of deferred tax, the rate changes from 19% to 17% had been substantively enacted before the balance sheet date. This will reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 *(continued)*

9 Tangible assets

	Fixtures, fittings and computer equipment £	Total £
<i>Cost</i>		
At 1 January 2016	1,545,466	1,545,466
Additions	35,763	35,763
At 31 December 2016	1,581,229	1,581,229
<i>Depreciation</i>		
At 1 January 2016	1,483,664	1,483,664
Charge for the year	45,212	45,212
At 31 December 2016	1,528,876	1,528,876
<i>Net book value</i>		
At 31 December 2016	52,353	52,353
At 31 December 2015	61,802	61,802

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 *(continued)*

10 Fixed asset investments

	Unlisted Investments £
<i>Cost</i>	
At 1 January 2016	354,192
Additions	139,276
At 31 December 2016	493,468
<i>Net book value</i>	
At 31 December 2016	493,468
At 31 December 2015	354,192

Company	Registered office address	Shares held	
		Class	%
Subsidiary undertakings			
Pharm-Olam International (India) Pvt Limited	India	Ordinary	100%
Pharm-Olam (Bulgaria) EOOD	Bulgaria	Ordinary	100%
Pharm-Olam International doo	Croatia	Ordinary	100%
Pharm-Olam International (Spain) S.L.	Spain	Ordinary	100%
Pharm-Olam International (Polska) Sp.	Poland	Ordinary	100%
Pharm-Olam International Deutschland GmbH	Germany	Ordinary	100%
Pharm-Olam International (Belgium) Pvt Limited	Belgium	Ordinary	99%
Pharm-Olam (Hungary) Medical Research LLC	Hungary	Ordinary	100%
Pharm-Olam International (Italy) S.R.L.	Italy	Ordinary	100%
Pharm-Olam (Turkey)	Turkey	Ordinary	100%
Pharm-Olam International s.r.o.	Czech Republic	Ordinary	100%
Pharm-Olam International doo	Serbia	Ordinary	100%
Pharm-Olam International (France) SAS	France	Ordinary	100%
Pharm-Olam International (Israel) Limited	Israel	Ordinary	100%

All of the subsidiary companies carry out the management and consulting of clinical research trials except Pharm-Olam (Bulgaria) EOOD which is dormant.

The company, together with its subsidiaries as detailed above, are included in the group financial statements of Pharm-Olam Group Limited. Pharm-Olam International (Israel) Limited and Pharm-Olam (Bulgaria) EOOD are not included in the consolidated group results as these entities are immaterial for group purposes.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

11 Investment in subsidiaries (continued)

The registered office of each of the company's subsidiaries is as follows:

Pharm-Olam International (India) Pvt Limited	No. 15, KMJ Arcadia, I Floor, Industrial Main Road, Koramangala, 5th Block, Bangalore – 560 095, India
Pharm-Olam (Bulgaria) EOOD	55 Parchevich Str. 1000 Sofia, Bulgaria
Pharm-Olam International d.o.o	Heinzelova 62/a, 10000 Zagreb, Croatia
Pharm-Olam International (Spain) S.L.	Calle Antracita, 7, Floor 1 – Unit 6, Madrid, 28045, Spain
Pharm-Olam International (Polska) Sp.z.o.o	Al. Jerozolimskie 181, 02-222 Warszawa, Polska
Pharm-Olam International Deutschland GmbH	Ingoistädter Str. 20, 80807 München, Germany
Pharm-Olam International (Belgium) Pvt Limited	Dorp 14 a, Testell, 3272, Belgium
Pharm-Olam (Hungary) Medical Research LLC	H-1031 Budapest, Kalászi út 11, Hungary
Pharm-Olam International (Italy) SRL	Piazza Buonarroti 32, 20145 Milano, Italy
Pharm-Olam (Turkey)	Buyukdere Cad. Ali Kaya Sok. Polat Plaza B Blok No:4 K:13, Levent Istanbul Turkey 34394
Pharm-Olam International s.r.o.	Doudlebská 1699/5, 140 00 Prague 4, Czech Republic
Pharm-Olam International doo	Djordja, Stanojevica 14, 11000 Belgrade, Serbia
Pharm-Olam International (France) SAS	4 place de l'Opera, 75002, Paris, France
Pharm-Olam International (Israel) Limited	122 Moria Boulevard, Zip Code 3461813 Haifa Israel, P.O.Box 7511, Zip Code 3107401

12 Debtors

	2016 £	2015 £
Trade debtors	2,955,489	1,615,154
Amounts owed by parent and fellow subsidiary undertakings	1,597,188	1,426,707
Other debtors	30,846	95,193
Prepayments and accrued income	2,527,386	1,524,925
Deferred taxation (note 15)	8,215	20,834
	<u>7,119,084</u>	<u>4,682,813</u>

Prepayments and accrued income shown above includes accrued income of £2,446,128 (2015 - £1,476,380).

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	214,293	181,832
Amounts owed to subsidiary undertakings	1,814,869	1,378,716
Corporation tax	48,149	52,124
Other taxes and social security costs	52,638	146,592
Other creditors	51,852	190,783
Payments received on account	3,395,145	1,776,626
Accruals and deferred income	1,438,955	1,915,415
	<u>7,015,699</u>	<u>5,640,088</u>

Accruals and deferred income shown above includes deferred income of £569,364 (2015 - £770,685).

14 Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are equity instruments measured at cost less impairment	493,488	354,191
Financial assets that are debt instruments measured at amortised cost	7,029,611	4,424,987
Financial assets that are cash and cash equivalents	<u>2,825,724</u>	<u>3,472,273</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>2,950,405</u>	<u>2,894,061</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 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.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

14 Financial instruments (continued)

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.

15 Deferred taxation

	£	
At 1 January 2016	20,834	
Debit to the profit and loss account	(12,619)	
As at 31 December 2016	8,215	
	2017	2016
	£	£
Accelerated capital allowances	1,248	1,977
Other short term timing differences	6,969	18,857
	8,215	20,834

16 Share capital

	Allotted, called up and fully paid			
	2016	2015	2016	2015
	Number	Number	£	£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

The company has one class of ordinary shares which carries no right to fixed income.

17 Reserves

Profit and loss account

The profit and loss account represents cumulative profits, losses and total other recognised gains or losses made by the company, including distributions.

Pharm-Olam International (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

18 Commitments under operating leases

As at 31 December 2016, the company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2016 £	Other 2016 £	Land and buildings 2015 £	Other 2015 £
Within one year	42,810	8,227	52,025	8,457
In two to five years	-	18,240	-	26,834
Over five years	-	-	-	4,043
	<u>42,810</u>	<u>26,467</u>	<u>52,025</u>	<u>39,334</u>

19 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 its subsidiaries. The resulting amounts owed to the company by its parent and fellow subsidiaries was £1,597,168 (2015 - £1,426,707) and is included within amounts owed by parent and fellow subsidiary undertakings in note 12. The resulting amounts owed by the company to its subsidiaries was £1,814,869 (2015 - £1,376,716) and is included within amounts owed to subsidiary undertakings in note 13.

Further disclosures of transactions entered into between the company and other wholly owned members of the group are not provided in line with FRS 102 section 33.1A.

20 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, One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB.

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 up until 9 February 2017 was Dr Z M Munk, a director of this company. On 9 February 2017 Quad-C Management Inc. ("Quad-C") acquired a stake in Pharm-Olam International Ltd.