

Diamorph UK Limited

**Directors' report and financial
statements**

Registered number 08071521

Year ended 31 December 2017



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Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2017.

Principal activities

After having been incorporated in 2012, the Company has acted and continues to act as an intermediate holding company. In preparing the financial statements, the directors continue to determine the Company's functional currency to be Swedish Krona (SEK).

During the year, the company refinanced part of its borrowings. This resulted in a number of exceptional charges (as explained in note 3) but future borrowing costs are expected to be lower as a result.

Strategic report

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report.

Dividend

The directors do not recommend the payment of a dividend.

On 30 April 2018, the Company received an interim dividend of SEK 357,951,000 declared by its subsidiary company, Modular Stock Limited, which was settled against its intercompany balance.

Political contributions

The Company made no political contributions during the year (2016: £nil).

Directors

The directors who held office during the year and as at the date of this report were as follows:

G MacLeman
MA Hutchison

Certain directors benefited from a Directors and Officers Liability insurance policy in place during the financial year and at the date of this report.

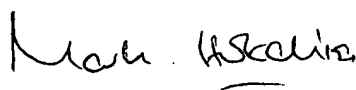
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Going concern

The directors have prepared cash flow forecasts into the future and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has significant long term bank borrowings; however these loans are committed until August 2020 and there is substantial headroom within associated maintenance covenants. At the date of signing the financial statements, the Company's current liabilities are substantially all owed to Modular Stock Ltd, a subsidiary undertaking controlled 100% by the Company. Modular Stock Ltd and its subsidiaries have sufficient resources for their own purposes without calling for repayment of these balances. Having evaluated the position carefully, the directors do not envisage any circumstances in which the Company's liabilities will be settled within the next 12 months without appropriate alternative arrangements being put in place for example through a voluntary refinancing of the group's wider funding arrangements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Board of Directors and signed on behalf of the Board:



MA Hutchison
Director

c/o Tenmat Ltd
Ashburton Road West
Trafford Park
Manchester
M17 1TD
24 August 2018

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIAMORPH UK LIMITED

Opinion

We have audited the financial statements of Diamorph UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

29 August 2018

Profit and loss account
for the year ended 31 December 2017

	<i>Note</i>	2017 SEK000	2016 SEK000
Administrative expenses		-	-
Operating loss		-	-
Interest payable and similar charges	<i>3</i>	(88,291)	(19,399)
Loss on ordinary activities before taxation		(88,291)	(19,399)
Tax credit on loss on ordinary activities	<i>4</i>	7,463	868
Loss for the financial year		(80,828)	(18,531)

The notes on pages 10 to 18 form part of these financial statements.

Statement of other comprehensive income
for the year ended 31 December 2017

	2017 SEK000	2016 SEK000
Loss for the financial year	(80,828)	(18,531)
	(80,828)	(18,531)
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive expense for the year	(80,828)	(18,531)

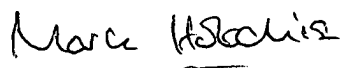
The notes on pages 10 to 18 form part of these financial statements.

Balance sheet
at 31 December 2017

	<i>Note</i>	2017 SEK000	2016 SEK000
Fixed assets			
Investments	5	661,100	661,100
Current assets			
Deferred tax asset	8	5,972	-
Current liabilities			
Creditors: amounts falling due within one year	6	(629,404)	(317,297)
Net current liabilities		(623,432)	(317,297)
Total assets less current liabilities		37,668	343,803
Creditors: amounts falling due after more than one year	7	(296,710)	(520,526)
Provisions for liabilities and charges	8	-	(1,491)
Net liabilities		(259,042)	(178,214)
Capital and reserves			
Called up share capital	9	87,381	87,381
Capital contribution reserve	10	24,194	24,194
Profit and loss account		(370,617)	(289,789)
Shareholder's deficit		(259,042)	(178,214)

The notes on pages 10 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 24 August 2018 and were signed on its behalf by:



MA Hutchison
Director

Statement of changes in equity
for the year ended 31 December 2017

	Called up share capital	Capital contribution reserve	Profit and loss account	Total Equity
	SEK000	SEK000	SEK000	SEK000
Balance at 1 January 2016	87,381	24,194	(271,258)	(159,683)
Total comprehensive expense for the period				
Loss for the period	-	-	(18,531)	(18,531)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(18,531)	(18,531)
Transactions with owners recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2016	87,381	24,194	(289,789)	(178,214)
Balance at 1 January 2017	87,381	24,194	(289,789)	(178,214)
Total comprehensive expense for the period				
Loss for the period	-	-	(80,828)	(80,828)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(80,828)	(80,828)
Transactions with owners recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2017	87,381	24,194	(370,617)	(259,042)

The notes on pages 10 to 18 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Diamorph UK Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company's ultimate parent undertaking, Diamorph AB (publ), includes the Company in its consolidated financial statements. The consolidated financial statements of Diamorph AB (publ) are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Diamorph AB (publ), c/o Sdiptech (publ) AB, Stureplan 15, 111 45 Stockholm, Sweden.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Diamorph AB (publ) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

Going concern

The directors have prepared cash flow forecasts into the future and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has significant long term bank borrowings; however these loans are committed until August 2020 and there is substantial headroom within associated maintenance covenants. At the date of signing the financial statements, the Company's current liabilities are substantially all owed to Modular Stock Ltd, a subsidiary undertaking controlled 100% by the Company. Modular Stock Ltd and its subsidiaries have sufficient resources for their own purposes without calling for repayment of these balances. Having evaluated the position carefully, the directors do not envisage any circumstances in which the Company's liabilities will be settled within the next 12 months without appropriate alternative arrangements being put in place for example through a voluntary refinancing of the group's wider funding arrangements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency, Swedish Krona (SEK), at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

2 Notes to the profit & loss account

The Company's audit fee is paid by a subsidiary undertaking. The auditors were paid SEK nil (2016: SEK nil) for other tax advisory services.

The directors did not receive any remuneration during the year (2016: SEK nil) in respect of services to the Company. In the current year and prior period the directors were remunerated through a subsidiary undertaking, Modular Stock Limited. The Company had no employees other than the directors in the year (2016: none).

The following disclosure has been taken from the Modular Stock Limited financial statements:

	2017 £000	2016 £000
Directors' emoluments	<u>507</u>	<u>410</u>

The aggregate emoluments of the highest paid director were £213,000 (2016: £168,000).

	Number of directors 2017	Number of directors 2016
Retirement benefits accruing for the current financial year to the following number of directors under final salary (defined benefit) schemes	-	-

Notes (continued)

3 Interest payable and similar charges

	2017 SEK000	2016 SEK000
<i>Interest expense on financial liabilities measured at amortised cost</i>		
Components of the interest charge using the effective interest rate method:		
- Interest on loans from parent undertaking	22,445	35,000
- Amortisation of arrangement fees on loan from parent undertaking*	10,242	3,841
- Amortisation of early redemption fees on loan from parent undertaking*	31,500	6,375
- Unwinding of discount on non-interest-bearing intercompany term loan*	7,781	4,343
- Interest and other similar charges on bank loan	2,946	-
- Amortisation of arrangement fees on bank loan	899	-
Total interest expense on financial liabilities measured at amortised cost using the effective interest rate method	75,813	49,559
Bank charges	7	-
Foreign exchange losses/(gains)	12,471	(30,160)
	88,291	19,399

*During 2017, the Company's borrowings were refinanced as a consequence of the decision by the parent company, Diamorph AB (publ), to refinance its bond. This caused a number of charges relating to the previous financing arrangements to be accelerated and within the total interest expense a total charge of SEK 34,932,000 is exceptional in nature.

Notes (continued)

4 Taxation on loss on ordinary activities

Recognised in the profit and loss account

	2017 SEK000	2016 SEK000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	<u>(7,463)</u>	<u>(868)</u>
Tax credit on loss on ordinary activities	<u>(7,463)</u>	<u>(868)</u>

Reconciliation of total taxation

The tax credit for the year differs from the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20.00%). The difference is reconciled below:

	2017 SEK000	2016 SEK000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(88,291)	(19,399)
Current tax at 19.25% (2016: 20.00%)	(16,996)	(3,879)
<i>Deferred tax</i>		
Group relief not paid for	9,447	3,011
Other current year items	86	-
Total current tax credit (see above)	<u>(7,463)</u>	<u>(868)</u>

Notes (continued)

5 Fixed asset investments

	Shares in subsidiaries SEK000
<i>Cost</i>	
At beginning of and end of year	<u>661,100</u>

Details of the subsidiary undertakings, all of which are unlisted, are set out below.

	Class of share capital held	Proportion of share capital owned/voting rights	Nature of business (see below)
<i>Subsidiary undertakings</i>			
Great Britain			
Modular Stock Limited	Ordinary	100%	Holding company
Tenmat Limited*	Ordinary	100%	1
Tenmat Overseas Limited*	Ordinary	100%	Holding company
Railko Limited****	Ordinary	100%	1
USA			
Tenmat Holdings Inc.**	Ordinary	100%	Holding company
Tenmat Inc.***	Ordinary	100%	2

The country under which each undertaking appears is both the country of incorporation and of its principal operations.

* Shares are held directly by Modular Stock Limited

** Shares are held by Tenmat Overseas Limited

*** Shares are held by Tenmat Holdings Inc.

**** Shares are held by Tenmat Limited

1 Development, manufacture, sales and distribution of advanced materials

2 Sales and distribution of advanced materials

Notes (continued)

6 Creditors: amounts falling due within one year

	2017 SEK000	2016 SEK000
Amounts owed to parent undertaking	55,926	11,181
Amounts owed to subsidiary undertaking	557,295	306,116
Interest-bearing bank loan	15,604	-
Accrued interest on interest-bearing bank loan	579	-
	<u>629,404</u>	<u>317,297</u>

7 Creditors: amounts falling due after more than one year

	2017 SEK000	2016 SEK000
Interest-bearing bank loan	302,699	-
Arrangement fees on bank loan	(5,989)	-
Interest-bearing loan owed to parent undertaking	-	500,000
Arrangement fees on loan owed to parent undertaking	-	(10,243)
Early redemption fees on loan owed to parent undertaking	-	(17,000)
Non-interest-bearing term loan owed to parent undertaking	-	47,769
	<u>296,710</u>	<u>520,526</u>

During the year the Company, together with its parent company Diamorph AB (publ), entered in to a new senior secured bank facility agreement to facilitate redemption of the parent company's bonds and, in turn, the Company's loan with its parent company that previously mirrored the bonds. The new bank facility comprises a USD 5.7 million 3 year amortising term loan and EUR 36 million revolving credit facility, giving an initial total facility of approximately SEK 392 million based on the exchange rate environment at the time the facility was arranged. The facility is for an initial term of 3 years (with further extensions of up to 2 years possible under certain conditions) and it can be drawn in a combination of SEK, EUR, USD and GBP currencies. Interest on the borrowings is based on a margin above floating interest rates, where the margin is linked to the Diamorph Group's leverage position. The loans are secured on the shares of certain Diamorph group companies, an intercompany loan between the parent company, Diamorph AB (publ), and Diamorph UK Limited and there are other conditional security arrangements over certain assets of the parent company. The facility agreement includes various undertakings and commitments, including maintenance covenants in respect of leverage (net debt: EBITDA ratio), and interest cover (EBITDA: finance charges); the covenants are continuously monitored and were complied with as at 31 December 2017. The USD 5.7 million 3 year amortising term loan is due for repayment in equal instalments of USD 475,000 in March, June, September and December. At 31 December 2017, loans of SEK 15.6 million are therefore presented as current liabilities representing the next 4 instalments.

Amounts owed to both the parent undertaking and subsidiary undertaking represent loan amounts and are unsecured and repayable on demand.

Notes (continued)

8 Deferred taxation

	2017 SEK000	2016 SEK000
At beginning of year	1,491	2,359
Credit to the profit and loss for the year (see note 4)	<u>(7,463)</u>	<u>(868)</u>
At end of year	<u>(5,972)</u>	<u>1,491</u>

The elements of deferred taxation are as follows:

	2017 SEK000	2016 SEK000
Other temporary differences	<u>(5,972)</u>	<u>1,491</u>
Deferred tax (asset)/liability	<u>(5,972)</u>	<u>1,491</u>

No deferred tax asset has been recognised on SEK 15,707,000 of tax losses due to uncertainty around the timing of when they might be utilised.

9 Called up share capital

	2017 SEK000	2016 SEK000
<i>Allotted, called up and fully paid</i> 8,104,000 ordinary shares of £1 each	<u>87,381</u>	<u>87,381</u>

10 Capital contribution reserve

	2017 SEK000	2016 SEK000
Capital contribution reserve	<u>24,194</u>	<u>24,194</u>

The capital contribution reserve reflects a contribution by the parent company in July 2012.

Notes *(continued)*

11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company's immediate and ultimate parent company is Diamorph AB (publ), a company incorporated in Sweden.

Copies of Diamorph AB (publ)'s consolidated financial statements may be obtained from Diamorph AB (publ), c/o Sdiptech AB (publ), Stureplan 15, 111 45 Stockholm, Sweden.

12 Pledged assets, contingent liabilities and commitments

During the year the Company, together with its parent company Diamorph AB (publ), entered into a new senior secured bank facility agreement. The bank facility contains a number of commitments and guarantees, to which the Company is a party, and is secured against the shares of certain companies within the Group. By virtue of these security arrangements the shares held by Diamorph UK Limited in its subsidiary undertaking, Modular Stock Limited, have been pledged as collateral.

13 Events after year end

On 30 April 2018, the Company received an interim dividend of SEK 357,951,000 declared by its subsidiary company, Modular Stock Limited, which was settled against its intercompany balance.