Company Registration No. 08246321 (England and Wales)

THERAKOS (UK) LIMITED

DIRECTORS' REPORT AND

INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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THERAKOS (UK) LIMITED

COMPANY INFORMATION

Directors	Ms S.A. Thompson	
	Mr E.A. Johnson	(Resigned 8 December 2014)
	Mr J.K. Oliver	(Appointed 8 December 2014)
	Mr C. Peters	
	Mr T.J. Hardin	(Appointed 8 December 2014)
	Mr C. Hirt	(Appointed 8 December 2014)
Secretary	Intertrust UK Limited	
Company number	08246321	
Registered office	2nd Floor West Forest Gate Wellington Road Wokingham RG40 2AT	
Auditors	Ernst & Young LLP Apex Plaza Forbury Road Reading Berkshire RG1 1YE	
Bankers	HSBC Bank Plc Global House High Street Crawley West Sussex RH10 1DL	
Solicitors	Reed Smith The Broadgate Tower 20 Primrose Street London EC2A 2RS	

THERAKOS (UK) LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditors' report	6 - 7
Income statement	8
Statement of comprehensive income	9
Statement of financial position	10
Notes to the financial statements	11 - 23

THERAKOS (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report and financial statements for the year ended 31 December 2014.

Principal activities and review of the business

The principal activity of the company is to provide services for the business of marketing, distributing and selling photopheresis systems (the products) for use by professional health care providers in connection with the treatment of immune based diseases.

Therakos Inc, based in West Chester, Pennsylvania, is a global leader in advanced technologies for extracorporeal photopheresis. Therakos' photpheresis systems are the only integrated systems for extracorporeal photopheresis, a leukapheresis-based immunomodulatory therapy that has been approved by the FDA for the palliative treatment of the skin manifestations of cutaneous T-cell lymphoma ("CTCL"). The systems are also approved as a therapy in Europe for such indications as acute and chronic graft versus host disease, solid organ transplant, CTCL and a variety of other immunological diseases. Therakos' unique system has a demonstrated track record of efficacy and safety and has been used globally for more than 25 years.

The European and Export business ("EUE"), which is conducted through Therakos UK, represents approximately 36% of Therakos's overall revenues ($178 million in FY2014). The EUE business grew approximately 13% in 2014, primarily driven by kit sales. We are anticipating growth in 2015 and beyond, as our clinical and marketing initiatives continue to drive consumption of our products (new disease states and treatment regimes).

The company's key financial and other performance indicators for the year were as follows:

	Year ended 31 December 2014	Period ended 31 December 2013	+/-	Change
	£	£		
Turnover	38,397,109	34,100,000	+	13%
Operating loss	(919,361)	(1,098,528)	-	16%
Loss for the financial year	(1,058,555)	(1,205,881)	+	12%

The comparative results relate to a period of slightly longer than 1 year. Specifically, the comparative period was 9 October 2012 to 31 December 2013.

Principal risks and uncertainties

Competition risk
Our EUE customers are primarily hospitals and pharmacies. Our EUE business gets all of its products from the US parent. Those products are shipped from our third party manufacturer directly to our UPS distribution facilities, where orders are processed and product shipped. Invoicing and collections are done in our UK offices.

The challenges facing the EUE business include open system competition (although the company continues to take market share from the open systems), biologics, alternative treatments and general economic conditions (health care spend, budgetary constraints). Despite these challenges, we are confident that our EUE operations will continue to grow (volume and price), provide positive contributions, and are core to our overall strategy going forward.

Exchange risk
The principal foreign currency exposures facing the business arise from trading with overseas companies. In the future the company may consider taking steps to minimise the risk of exposure to foreign exchange differences, but it has not implemented any hedging activities to date.

Liquidity risk
The company maintains cash with several major financial institutions that is designed to ensure that the company has sufficient available funds for operation and planned expansion, in conjunction with careful management of intercompany payable positions. The company also has a parent company support guarantee.

Legislative Risk
In the ordinary course of business, the company is subject to loss contingencies such as legal proceedings and claims arising from government requests, audits by regulatory authorities, and potential product liability claims. Although the outcome and costs of any asserted and unasserted claims are difficult to predict, the company does not expect the ultimate liability, if any, for any legal or regulatory matters to have a material adverse effect on its financial condition, results of operations, or cash flows. The company also has both a regulatory and compliance department who work closely to manage such risk.

Other risks and uncertainties
There are no impairments or contingent liabilities for the business. Related party transactions include intercompany notes and Therakos UK purchases all of its product for resale from the parent company.

On behalf of the board

Mr J.K. Oliver
Director
11 June 2015

THERAKOS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report for the year ended 31 December 2014.

Directors

The directors who served the company during the period were as follows:

Ms S.A. Thompson	
Mr E.A. Johnson	(Resigned 8 December 2014)
Mr J.K. Oliver	(Appointed 8 December 2014)
Mr C. Peters	
Mr T.J. Hardin	(Appointed 8 December 2014)
Mr C. Hirt	(Appointed 8 December 2014)

Results and dividends

The results for the year are set out on page 8.

The directors do not recommend payment of a final dividend.

Future developments

The Group projects revenues of $199.3 million for 2015 as well as a projected EBITDA of $89 million. The Group plans to achieve the projected growth primarily by increasing the current installed base, expanding geographically, and improving penetration in current indication and developing new indications. The European entities are known as strategically important for the Group, in selling and marketing as well as advancing the science and clinical evidence for the therapy.

The Group does not set specific targets to the individual entities in Europe yet. However, European region (including UK, Germany, France, Italy, Belgium and select export markets for which Therakos UK manages) have an objective to achieve the projected revenue of £40.9 million in 2015.

Therakos UK (The Company) management expect revenue growth through the following strategies:
-Existing customers;
-Building new customer relationship and business with NHS and private hospitals;
-Therapy treatment to both acute graft-versus-host disease (AGVHD) and chronic graft-versus-host disease (CGVHD) patients.

Management does not plan to significantly increase its sales headcount or expand sales departments in 2015, as it is believed the business is right sized for its current plans.

Research and development

The Company's strategies are supported by the following elements from the Group:
- Global leader in advancing the science of extracorporeal photopheresis (ECP) immune modulation therapy;
- THERAKOS® Photopheresis Systems are the only regulatory approved integrated systems for extracorporeal photopheresis (as all R&D function is centralized by the Group and Clinical trials are driven by the group)
- Demonstrating track record of efficacy and safety.

Branches outside the UK

The company has branches in Spain, Sweden and the Netherlands.

Going concern

The Directors have reviewed a number of factors to enable them to make an accurate assessment of going concern. The assessment includes regular reviews of the current business performance and projections for the year to December 2015 and budgeting and future projections up to June 2016.

The company is a wholly owned subsidiary of Therakos Inc. The company has net current liabilities of £5.8m and has £28.2m due to fellow group undertakings. As such, the company needs support from its parent to continue to adopt the going concern basis.

The parent company, Therakos Inc., will provide, and has provided, support to Therakos UK. It is the intention of Therakos Inc to provide continued financial support such that the company can meet its commitments for the foreseeable future. Therakos Inc has confirmed that it will provide financial support for a period of at least 12 months from the date of approval of the financial statements.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

Ernst & Young LLP were re-appointed as auditors to the company at a general meeting, and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a board meeting.

Statement of directors' responsibilities

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

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr J.K. Oliver

Director

11 June 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THERAKOS (UK) LIMITED

We have audited the financial statements of Therakos (UK) Limited for the year ended 31 December 2014 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position and the related notes 1 to 18. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Ernst & Young LLP

Ian Oliver (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Reading

23 June 2015
Date

THERAKOS (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 December 2014 £	Period ended 31 December 2013 £
Turnover	2	38,397,109	34,100,000
Cost of sales		(24,004,056)	(18,927,192)
Gross profit		14,393,053	15,172,808
Administrative expenses		(15,312,414)	(16,271,336)
Operating loss	3	(919,361)	(1,098,528)
Interest income	5	2,338	641
Interest payable	6	(390,915)	(378,138)
Loss on ordinary activities before taxation		(1,307,938)	(1,476,025)
Tax on loss on ordinary activities	7	249,383	270,144
Loss for the year	14	(1,058,555)	(1,205,881)

The income statement has been prepared on the basis that all operations are continuing operations.

THERAKOS (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 December 2014 £	Period ended 31 December 2013 £
Loss for the financial year		(1,058,555)	(1,205,881)
Exchange differences on retranslation of foreign branches		(5,790)	-
Total comprehensive income / (loss) for the financial year		(1,064,345)	(1,205,881)

There are no changes to equity other than those presented in the statement of comprehensive income.

A summary statement of changes in equity is presented in note 14.

THERAKOS (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	8		10,604,438		12,725,325
Tangible assets	9		1,952,829		2,639,273
			12,557,267		15,364,598
Current assets					
Inventories	10	2,651,886		1,416,663	
Receivables	11	14,739,056		23,117,775	
Cash		6,179,514		3,879,951	
		23,570,456		28,414,389	
Trade payables: amounts falling due within one year	12	(29,397,849)		(35,984,768)	
Net current liabilities			(5,827,393)		(7,570,379)
Total assets less current liabilities			6,729,874		7,794,219
			6,729,874		7,794,219
Capital and reserves					
Called up share capital	13		200		200
Share premium account	14		8,999,900		8,999,900
Retained earnings	14		(2,270,226)		(1,205,881)
Equity	15		6,729,874		7,794,219

Approved by the Board and authorised for issue on 11 June 2015.

Mr J.K. Oliver
Director

Company Registration No. 08246321

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The Directors have reviewed a number of factors to enable them to make an accurate assessment of going concern. The assessment includes regular reviews of the current business performance and projections for the year to December 2015 and budgeting and future projections up to June 2016.

The company is a wholly owned subsidiary of Therakos Inc. The company has net current liabilities of £5.8m and has £28.2m due to fellow group undertakings. As such, the company needs support from its parent to continue to adopt the going concern basis.

The parent company, Therakos Inc., will provide, and has provided, support to Therakos UK. It is the intention of Therakos Inc to provide continued financial support such that the company can meet its commitments for the foreseeable future. Therakos Inc has confirmed that it will provide financial support for a period of at least 12 months from the date of approval of the financial statements.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the requirements of the Companies Act 2006. The company has chosen to adopt Financial Reporting Standard 102 prior to 1 January 2015.

1.3 Exemptions adopted

The company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to produce a statement of cash flows.

The company has also taken advantage of the exemption from the requirement to report certain related party transactions.

1.4 Goodwill

Goodwill on acquisition is written off in equal annual instalments over its estimated useful economic life of 7 years. This period is consistent with the company's product lives of 7 to 12 years. Management also test for indicators of impairment each year.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less 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:

Leasehold improvements	Straight line over the shorter of life of lease or 15 years
Cellex instruments rentals	Straight line over 7 years
Computer and telephone equipment	Straight line over 3 - 5 years
Computer software	Straight line over 3 years
Fixtures and fittings	Straight line over 5 years
XTS instruments rentals	Straight line over 3 years
Machinery and equipment	Straight line over 2 - 8 years
Tools/Die/Moulds	Straight line over 3 - 7 years

1 Accounting policies **(continued)**

1.6 Leasing

Rentals payable and receivable under operating leases are recognised on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

1.7 Inventories

Inventories are measured at lower of cost or selling price less cost to complete and sell. The cost of inventories includes purchase cost, conversion cost and other costs incurred to bring the inventory to its present location and condition.

1.8 Revenue recognition

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

The Company recognises revenue when the earnings process is complete. Under FRS102 this is when the company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no control or managerial involvement over the goods, the amount of revenue can be reliably measured, it is probably that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

- Product sales are recognised once the goods have been delivered to the customer.
- Instrument and machine sales are recognised on installation.
- Service and equipment rentals revenues are spread equally over the annual contract or, when time and materials are supplied, after a visit has been completed.

Goodwill credit policy - the Company estimates and recognises an accrued provision for Goodwill Credits as a percentage of gross sales based upon historical experience. The Company also considers other factors, including significant market changes, manufacturing issues, and quality concerns which may impact future expected levels of credits issued. The Company monitors actual goodwill credits issued on a regular basis and may record specific provisions for credits it believes are not covered by historical percentages.

Rebate policy - a provision for rebates is estimated and recorded in the same period when revenue is recognized based upon the terms of the contracts in effect with our wholesalers when the sales are made, historical experience, and other factors as appropriate.

Product returns policy - returns of the Company's products are rare since they are generally sold without the right of return. The Company's products also have limited competition since they are currently the only closed-system photopheresis products in the marketplace. In addition, the Company generally allows no more than several months' supply of its consumable kits on hand at customer locations, and also monitors its commercial channels which further reduces the risk of returns. Based upon the historical experience of minimal returns, the Company generally will record a provision based on historical returns levels.

Cash discounts policy - an estimate of cash discounts is recorded in the same period when revenue is recognized. Cash Discounts are shown on the income statement as a reduction from gross revenue to arrive at Net Revenue, and are included in accounts receivable, net on the balance sheet.

Billing error and shipping error policy - billing errors and shipping errors are recorded in the period when we become aware of them and generally result in a direct adjustment to Gross Sales on the income statement. We monitor the level of billing and shipping errors on a regular basis and may record a provision for these based upon historical experience and other relevant factors as deemed necessary.

1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1 Accounting policies **(continued)**

1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is also provided in full in respect of unrelieved tax losses. Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.11 Foreign currency translation

The company operates using a number of functional currencies, including Euros, Swedish Krona and British Pounds, being the principal currency adopted by the country of each branch and invoices in the local currency of the customer. Monetary assets and liabilities denominated in currencies other than the functional currency of each branch are translated at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency of each branch are recorded at the rate applicable on the day of the transaction. Exchange differences arising on translation are taken to the statement of income and retained earnings.

The presentational currency of the company is British Pounds, being the principal currency of the country of incorporation and the head office of the company. Monetary assets and liabilities held at the year end (including those of each branch) are translated into British Pounds at the rate of exchange ruling at the balance sheet date. Profit and loss transactions are translated into British Pounds at the average rate for the year. Exchange differences arising on translation are taken to the statement of income and retained earnings.

1.12 Judgements and key estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a)Critical judgements in applying the entity's accounting policies

The company's management have made the following judgements in order to apply the accounting policies and present results which give a true and fair view of the company's financial position.

(i) Operating lease commitments

The company has entered into commercial property leases as a lessee and equipment leases as a lessor. The classification of such leases as operating or finance lease required the company to determine based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant rights and rewards of ownership of these assets and accordingly whether the lease required an asset and liability to be recognised in the statement of financial position.

(ii) Disclosure exemptions

Management have considered it appropriate to adopt the disclosure exemptions available to them as disclosed in notes 1.3 and 17.

(iii)Deferred tax asset

The company recognises a deferred tax asset in respect of tax losses and certain timing differences existing at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Managment consider it probable that the company will begin reporting taxable profits in the future. The directors will review the position of the company and recognition criteria for deferred tax assets each year in order to ensure that the financial statements recognise all assets and liabilities necessary to present a true and fair view.

1 Accounting policies **(continued)**

b)Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Goodwill

The company establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on the useful life of the company's main products, and legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Management considered the value of goodwill included at the year end for indications of impairment. No impairment provision was considered necessary and therefore goodwill is included at amortised cost.

(ii) Depreciation and the useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the tangible fixed assets, and note 1.5 for the useful economic lives for each class of assets.

(iii) Inventory provisioning

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 10 for the net carrying amount of the inventory and associated provision.

(iv) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors and makes specific provisions accordingly.

2 Turnover

	Turnover 2014 £	2013 £
Class of business		
Product revenue	36,593,772	32,261,573
Non product revenue	1,803,337	1,838,427
	38,397,109	34,100,000

The business generates revenue though the sale of equipment, service and supplies.

Product Revenue includes Cellex and XTS instrument sales, procedural kits used to administer treatments and the Uvadex drug, a sterile solution drug used in conjunction with the XTS system.

Service revenue is derived primarily from maintenance contracts as well as on a per call basis on the equipment sold to customers or where services are provided on rental of equipment.

Geographical market

	Turnover 2014 £	2013 £
Europe	31,672,297	28,305,467
United Kingdom	6,499,041	5,605,993
Rest of World	225,771	188,540
	38,397,109	34,100,000

3 Operating loss	2014	2013
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	2,120,887	2,120,887
Depreciation of tangible assets	486,067	453,195
Loss on disposal of tangible assets	483,152	-
Loss on foreign exchange transactions	890,629	695,110
Operating lease rentals		
- Land and buildings	21,764	15,779
- Other	10,637	31,633

Auditors' remuneration

Fees payable to the company's auditor for the audit of the financial statements	42,000	50,000
Other consulting	15,000	-
	57,000	50,000

4 Staff costs

Number of employees

The average monthly number of employees during the year was:

	2014	2013
	Number	Number
Finance and administration	9	8
Sales and services	15	15
	24	23

Employment costs	2014	2013
	£	£
Wages and salaries	2,188,716	1,977,265
Social security costs	196,093	225,007
Other pension costs	146,196	157,823
	2,531,005	2,360,095

The Directors of the Company are also directors and or employees of other companies within the Therakos group. The Directors services to the Company do not occupy a significant amount of their time and as such the directors received no remuneration from the UK company during the year.

5	**Interest receivable**	**2014**	**2013**
		£	**£**
	Bank interest	2,338	641
		2,338	641

6	**Interest payable**	**2014**	**2013**
		£	**£**
	Intercompany interest payable	390,915	378,138

7 Taxation	2014 £	2013 £
a)Current period tax		
Foreign corporation tax		
Corporation tax on foreign branches	13,651	13,770
Adjustment for prior years	(2,363)	-
	11,288	13,770
Deferred tax		
Deferred tax credit current year	(260,671)	(283,914)
Total tax credit for the period	(249,383)	(270,144)
b)Factors affecting the tax credit for the period		
Loss on ordinary activities before taxation	(1,307,938)	(1,476,025)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 23.25%)	(261,588)	(343,176)
Effects of:		
Expenses not deductible for tax purposes	3,646	16,328
Capital allowances in excess of depreciation	(5,175)	(90,146)
Other short term timing differences	226,037	112,087
Tax loss	39,810	308,109
Double tax relief	(2,730)	(3,202)
Adjustments to previous year foreign tax provision	(2,363)	-
Movement in tax relating to foreign branches	13,651	13,770
	272,876	356,946
Current tax charge for the period	11,288	13,770

7 Taxation **(continued)**

c)Factors that may affect future tax charges

The Finance Act 2013 was substantively enacted in July 2013 and included a reduction in the main rate of UK Corporation Tax to 21% from 1 April 2014 and to 20% from 1 April 2015. No further reductions to the rate of corporation tax have been announced. As these reductions to the rate were substantively enacted at the balance sheet date, the company has recognised deferred tax applying the rate at which it is expected the assets or liabilities will be realised.

The further reduction in tax rate will affect both the future current and deferred tax charge of the company.

d)Deferred Tax

The deferred tax included in the balance sheet is as follows:

	2014	2013
	£	£
Included in trade receivables	544,585	283,914
	544,585	283,914
Accelerated capital allowances	(23,422)	(77,545)
Other timing differences	322,456	96,420
Tax losses available	245,551	265,039
	544,585	283,914

	2014	2013
	£	£
At 1 January 2014	283,914	-
Profit and loss account movement during the period	260,671	283,914
At 31 December 2014	544,585	283,914

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2014 & at 31 December 2014	14,846,212
Amortisation	
At 1 January 2014	2,120,887
Charge for the year	2,120,887
At 31 December 2014	4,241,774
Net book value	
At 31 December 2014	10,604,438
At 31 December 2013	12,725,325

9 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings, computer & telephone *equipment*	Cellex instruments rentals	XTS instruments rentals	Total
	£	£	£	£	£
Cost					
At 1 January 2014	102,715	132,314	2,335,690	521,749	3,092,468
Additions	2,634	32,275	287,951	47,570	370,430
Disposals	-	-	(515,479)	(190,180)	(705,659)
At 31 December 2014	105,349	164,589	2,108,162	379,139	2,757,239
Depreciation					
At 1 January 2014	15,407	11,461	309,668	116,659	453,195
On disposals	-	-	(75,065)	(59,787)	(134,852)
Charge for the year	21,465	42,326	325,877	96,399	486,067
At 31 December 2014	36,872	53,787	560,480	153,271	804,410
Net book value					
At 31 December 2014	68,477	110,802	1,547,682	225,868	1,952,829
At 31 December 2013	87,308	120,853	2,026,022	405,090	2,639,273

10	**Inventories**	**2014**	**2013**
		£	**£**
	Finished goods and goods for resale	2,651,886	1,416,663

Inventories recognised as a cost of sales expense in the period totalled £23,629,748 (2013 - £18,914,188).

11	**Receivables**	**2014**	**2013**
		£	**£**
	Trade receivables	4,625,919	5,861,941
	Amounts owed by parent and fellow subsidiary undertakings	9,235,735	16,944,461
	Other receivables	326,980	19,885
	Prepayments and accrued income	5,837	7,574
	Deferred tax asset (see note 7d)	544,585	283,914
		14,739,056	23,117,775

The deferred tax asset included in receivables above is due after more than one year.

12	**Trade payables: amounts falling due within one year**	**2014**	**2013**
		£	**£**
	Trade payables	137,733	610,657
	Amounts owed to parent and fellow subsidiary undertakings	19,300,853	23,772,143
	Corporation tax	15,583	13,770
	Other taxes and social security costs	17,148	856,068
	Loan from parent company	8,885,447	9,229,762
	Accruals and deferred income	1,041,085	1,502,368
		29,397,849	35,984,768

The loan made by the parent company is repayable on demand. Interest is calculated on a daily basis at a variable rate of LIBOR plus 400 basis points.

13	**Share capital**	**2014**	**2013**
		£	**£**
	Allotted, called up and fully paid		
	200 Ordinary shares of £1 each	200	200

Each ordinary share carries equal voting, dividend and capital repayment rights.

14 Statement of changes in equity

	Share Capital	Share premium account	Profit and loss account	TOTAL equity
	£	£	£	£
Balance at 1 January 2014	200	8,999,900	(1,205,881)	7,794,219
Loss for the period		-	(1,058,555)	(1,058,555)
Foreign currency translation differences		-	(5,790)	(5,790)
Balance at 31 December 2014	200	8,999,900	(2,270,226)	6,729,874

15 Reconciliation of movements in equity

	2014	2013
	£	£
Loss for the financial year	(1,058,555)	(1,205,881)
Other comprehensive income / (loss)	(5,790)	-
Proceeds from issue of shares	-	9,000,100
Net (depletion in)/addition to shareholders' funds	(1,064,345)	7,794,219
Opening equity	7,794,219	-
Closing equity	6,729,874	7,794,219

16 Financial commitments

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases payments due:				
Within one year	19,785	-	6,920	12,458
Between one and five years	89,033	108,818	5,610	11,375
In over five years	-	-	-	-
	108,818	108,818	12,530	23,833

Operating lease payments made during the period and recognised as an expense are disclosed in note 3.

Operating lease agreements where the company is the lessor

The company leases photopheresis equipment for a contracted period of time with an option to purchase at the end of the period of lease.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2014	2013
	£	£
Within one year	264,573	251,757
Between one and five years	205,207	253,494
In over five years	-	-
	469,780	505,251

17 Related party relationships and transactions

The company has taken advantage of the exemption available not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

18 Control

The immediate parent company and the smallest group in which the company's results will be consolidated is Therakos, Inc., a company registered in the United States of America. The ultimate parent company, controlling party, and largest group in which the company's results will be consolidated is TGG Medical Solutions, Inc, a company registered in the United States of America.

TGG Medical Solutions, Inc prepares group financial statements and copies can be obtained from the head office 10 North High Street, West Chester, PA 19380.