

## **IS Pharma Limited**

Annual Report and Financial Statements

Year ended 31 December 2020

**Company Registration Number 03337415**

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# IS Pharma Limited

## Company Information

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### Directors

C P Spooner

A M Olby

J K Burrell

### Company secretary

L J Benson

### Registered office

Eden House

Lakeside

Chester Business Park

Chester

CH4 9QT

### Company number

03337415

# IS Pharma Limited

## Strategic Report

For the year ended 31 December 2020

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### Principal activities

The principal activity of the Company continued to be that of a holding company.

### Business review and future developments

In its role as a holding company, the business does not engage in trading activities. All costs incurred by the Company are in its capacity as a holding company.

The results for the year show a loss on ordinary activities before taxation of £10,000 (2019: Profit of £1,293,000). The Company received dividends in the year of £Nil (2019: £1,230,000).

The Directors approved the payment of a dividend of £Nil (2019: £Nil).

### Principal risks and uncertainties

The Directors of Sinclair Pharma Ltd, the Company's intermediate parent undertaking, manage the Group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Sinclair Pharma Ltd Group, which include those of the Company, are discussed in the Directors' Report of the Group's annual report which does not form part of this report.

### Key performance indicators ('KPIs')

The Directors of Sinclair Pharma Ltd manage the Company's operations at a group level. For this reason, the Company's Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development and performance of the Group's key products, which includes the business of IS Pharma Limited, is discussed in the Business Review of the Group's annual report which does not form part of this report.

On behalf of the board



**A M Olby**  
Director

9 September 2021

# IS Pharma Limited

## Directors Report

For the year ended 31 December 2020

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The Directors present their report and the financial statements for the year ended 31 December 2020.

### Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

C P Spooner

A M Olby

J K Burrell

### Directors' and officers liability insurance

The Company had in place qualifying third party indemnity insurance for all Directors throughout the year and to the date of this report.

### Financial risk management

The Company is exposed to a variety of financial risks that include the effects of changes in foreign exchange rates on certain liabilities. The Company has a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the Company. Foreign exchange risk and liquidity risk are managed at a group level.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- 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.

By order of the Board



A M Olby  
Director

9 September 2021

# IS Pharma Limited

## Statement of comprehensive income For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Administrative (expense)/income		(10)	63
<b>Operating (loss)/profit</b>	3	<b>(10)</b>	<b>63</b>
Dividend income received		-	1,230
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(10)</b>	<b>1,293</b>
Tax on (loss)/profit on ordinary activities	4	-	-
<b>(Loss)/profit for the financial period</b>		<b>(10)</b>	<b>1,293</b>
Other comprehensive income for the financial period, net of tax		-	-
<b>Total comprehensive (expense)/income for the financial period</b>		<b>(10)</b>	<b>1,293</b>

All of the activities of the Company are classed as discontinued.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

The notes on pages 7 to 11 form part of these financial statements.

# IS Pharma Limited

## Balance sheet at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Investments	5	-	-
<b>Current assets</b>			
Debtors	6	3,237	3,237
Creditors: amounts falling due within one year	7	(923)	(913)
<b>Net current assets</b>		<b>2,314</b>	<b>2,324</b>
<b>Total assets less current liabilities</b>		<b>2,314</b>	<b>2,324</b>
<b>Net assets</b>		<b>2,314</b>	<b>2,324</b>
<b>Capital and reserves</b>			
Share capital	8	-	-
Merger reserve		756	756
Retained earnings		1,558	1,568
<b>Total shareholders' funds</b>		<b>2,314</b>	<b>2,324</b>

The Company's registered number is: 03337415


### Audit exemption statement

For the year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

### Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the Board of Directors and authorised for issue on 9 September 2021 and were signed on its behalf by:



**A M Olby**  
Director

The notes on pages 7 to 11 form part of these financial statements.

## IS Pharma Limited

### Statement of changes in equity at 31 December 2020

	Share capital £'000	Merger reserve £'000	Retained (deficit)/ earnings £'000	Total equity £'000
<b>Balance at 1 January 2019</b>	-	756	275	1,031
Profit for the year	-	-	1,293	1,293
<b>Balance at 31 December 2019</b>	-	756	1,568	2,324
Profit for the year	-	-	(10)	(10)
<b>Balance at 31 December 2020</b>	-	756	1,558	2,314

The notes on pages 7 to 11 form part of these financial statements.

# IS Pharma Limited

## Notes to the financial statements

For the year ended 31 December 2020

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### 1. Company information

IS Pharma Limited is a private company limited by shares, incorporated in the United Kingdom. The address of its registered office is Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT, England.

### 2. Accounting policies

#### **Basis of preparation**

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework (FRS 101)'. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated.

The financial statements have been prepared on a historical cost basis, as modified by certain assets and liabilities measured at fair value.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

#### **Going concern**

The Company's intermediate controlling party, Sinclair Pharma Ltd, has confirmed they will continue to provide financial support to the Company for a period of at least 12 months from the date these financial statements are approved by the Board. As such these financial statements have been prepared on a going concern basis.

#### **Disclosure exemptions adopted**

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - Paragraph 79(a)(iv) of IAS1
- The following paragraphs of IAS 1 'Presentation of Financial Statements'
  - 10(d) (statement of cash flows)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 111 (cash flow statement information), and
  - 134 – 146 (capital management disclosures)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

#### **Consolidated financial statements**

The financial statements contain information about IS Pharma Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Sinclair Pharma Ltd, a company incorporated in England and Wales.

#### **Critical accounting estimates and judgements**

Preparation of the Company's financial statements requires the use of estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. The Directors base these estimates and judgements on historic experience and on various other assumptions that they consider reasonable. Actual results may differ from these estimates under different assumptions and conditions. The judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.



## Notes to the financial statements

For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### *Impairment of investments in subsidiary undertakings*

Determining whether investments are impaired requires an estimation of the value in use of the underlying asset to which each individual investment relates. The value in use calculation requires estimation of future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. There is a risk of a material adverse impact on the income statement should an impairment adjustment be required. An impairment of £Nil has been recognised in the current year (2019: £Nil).

#### *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are carried at cost less impairment provision. Such investments are subject to review, and any impairment is charged to the income statement. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the income-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or income-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (income-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying value of the asset (income-generating unit) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (income-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

#### *Financial instruments*

Non-derivative financial instruments comprise trade and other debtors 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.

#### *Taxation*

The charge for taxation is based on the result for the period and takes into account current and deferred taxation.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### *Deferred taxation*

Deferred tax is recognised in respect of temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# IS Pharma Limited

## Notes to the financial statements

For the year ended 31 December 2020

### 2. Accounting policies (continued)

#### *Dividend income*

Dividends received and receivable from subsidiaries are recognised as income from Group undertakings in the income statement.

#### *Foreign currencies*

Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date. Gains and losses on translation are included in the income statement.

### 3. Operating (loss)/(profit)

Operating (loss)/profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Foreign exchange loss/(gain)	<u>10</u>	<u>(63)</u>

The Directors did not receive any emoluments in respect of their services to the Company (2019: £Nil). The Directors are remunerated by other Group companies, and details of these are disclosed in those accounts. No amounts were recharged to the Company (2019: £Nil).

### 4. Tax on (loss)/profit on ordinary activities

	2020 £'000	2019 £'000
Current tax	<u>-</u>	<u>-</u>

The tax assessed for the period differs from the standard rate of Corporation tax in the UK of 19.0% (2019: 19.0%) The difference is explained below:

	2020 £'000	2019 £'000
Factors affecting current tax:		
(Loss)/profit on ordinary activities before taxation	(10)	1,293
(Loss)/profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK during the year of 19.0% (2019: 19.0%)	(2)	246
Income not assessable for taxation	-	(234)
Utilisation of tax losses	-	(12)
Losses surrendered to group relief	<u>2</u>	<u>-</u>
	<u>-</u>	<u>-</u>

# IS Pharma Limited

## Notes to the financial statements For the year ended 31 December 2020

### 5. Investments

	£'000
<b>Cost</b>	
At 31 December 2020, 31 December 2019 and 1 January 2019	<u>37,152</u>
<b>Impairment</b>	
At 31 December 2020 and 31 December 2019 and 1 January 2019	<u>(37,152)</u>
<b>Net book value</b>	
At 31 December 2020 and 31 December 2019	<u>-</u>

Investments are reviewed for impairment when there is an indication of impairment. The subsidiary entities have ceased trading and the investment have been impaired to £Nil.

The Company's subsidiary undertakings are:

Name	Country of incorporation	Holding	Proportion of ownership interest	Principal activity
IS Pharmaceuticals Limited	UK	Ordinary shares	100%	Dormant
Acorus Therapeutics Limited	UK	Ordinary shares	100%	Dormant

The registered address of all the company's direct subsidiary undertakings is Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT, England.

### 6. Debtors

	2020	2019
	£'000	£'000
Amounts owed by Group undertakings	<u>3,237</u>	<u>3,237</u>

### 7. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Amounts owed to Group undertakings	<u>923</u>	<u>913</u>

# IS Pharma Limited

## Notes to the financial statements For the year ended 31 December 2020

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### 8. Called up share capital

#### Allotted, called up and fully paid Ordinary shares of 10 pence each:

	No.	£'000
At 31 December 2020, 1 January 2019 and 31 December 2019	<u>1</u>	<u>-</u>

### 9. Related party transactions

The Company is a wholly owned subsidiary of Sinclair Pharma Ltd, the consolidated financial statements of which are publically available. As permitted by paragraph 8(k) of FRS101 related party transactions with wholly owned members of Sinclair Pharma Ltd have not been disclosed.

There were no other related party transactions in the period ended 31 December 2020.

### 10. Immediate and ultimate parent undertaking and ultimate controlling party

At 31 December 2020, the immediate holding company was Sinclair Pharma Holdings Ltd, a company incorporated in England. The Directors consider Sinclair Pharma Ltd, a company incorporated in England, to be the intermediate parent company. Sinclair Pharma Limited is owned by Huadong Medicine Aesthetics Investment (Hongkong) Limited, a subsidiary of Huadong Medicine Co. Ltd. Both companies are registered in China. There is no ultimate parent undertaking.

These financial statements are consolidated within the financial statements of Huadong Medicine Co. Ltd which is listed on the Shenzhen Stock Exchange. Information about the company including its annual report and financial statements is available on the company's website: [www.eastchinapharm.com](http://www.eastchinapharm.com).