Life Molecular Imaging Limited (formerly Piramal Imaging Limited)

Annual Report &
Financial Statements

For the year ended 30 September 2019

Company number 04824675

Life Molecular Imaging

DIRECTORS
L Dinkelborg
N Beukman
M Jongens

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS
HSBC Bank plc
1 High St
Stamford PE9 2AL
United Kingdom

REGISTERED OFFICE
Iceni Centre
Warwick Technology Park
Warwick
Warwickshire
CV34 6DA

STRATEGIC REPORT

PRINCIPAL ACTIVITY AND REVIEW OF THE PERIOD

The principal activity of the Company during the year was the sale and marketing of Neuraceq, an approved product used in the diagnosis of Alzheimer's disease.

Neuraceq™ is a radioactive diagnostic agent indicated for Positron Emission Tomography (PET) imaging of the brain to estimate β-amyloid neurotic plaque density in adult patients with cognitive impairment who are being evaluated for Alzheimer's Disease (AD) and other causes of cognitive decline. A negative scan result reduces the likelihood that a patient's cognitive impairment is due to AD.

CHANGE OF COMPANY NAME

In March 2019, Piramal Imaging Limited became Life Molecular Imaging Limited (LMI), following the acquisition by Alliance Medical Group in June 2018, when LMI became part of the Alliance Medical Molecular Imaging division. An integrated business including research and development laboratories, a network of cyclotrons, radio pharmacies and imaging facilities. As these accounts are presented following the change of name the new company name is shown throughout the accounts.

REVIEW OF THE BUSINESS

The key performance indicators of the Company are:

	Year to 30 September 2019	9 Month period to 30 September 2018
	$m	$m
Turnover	14.2	7.0
EBITDA[1]	(7.1)	(7.6)
EBIT[2]	(8.0)	(8.2)

RESULTS AND DIVIDENDS

The loss for the financial year amounted to $10,819k (period to 30 September 2018: $7,378k). The company has net liabilities of $68,530k (30 September 2018: $57,711k).

During the year no dividends have been paid (period to 30 September 2018: $nil).

As well as the fact that the 2018 numbers above are for a shorter period of 9 months when compared with the 12 months to 2019, turnover has also increased from the previous period as a result of the new focus of selling research as a service and also the underlying growth of the Neuraceq sales.

Costs are also showing an increase from the previous period, again the main reason being the longer accounting period. The increase in activity has partially been offset by cost saving exercises carried out.

[1] EBITDA is earnings before interest, tax, depreciation, amortisation, profit/(loss) on disposal of property, plant and equipment, dividends, loss on disposal of a subsidiary and exceptional items.

[2] EBITA represents earnings before interest, tax, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items.

MANAGEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company Directors recognise the importance of sound risk management to the success of operations and accordingly set policies to mitigate the risks. The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised below.

Risk Category	Potential Impact	Mitigation
Competitive risk	Loss of contracts during competitive tender	Ensuring clinical standards and performance criteria on existing contracts are maintained; Spread of customers to minimise the impact of losing an individual customer.
Legislative risk	Increased compliance costs	Monitoring potential changes to legislation; Actively engaging with decision makers to drive change; Regular audits undertaken of compliance with legislation.
Liquidity risk	Withdrawal of funding	Liquidity risk is managed at the Group level and includes regular monitoring of, and reporting compliance with, bank covenants both prospectively and retrospectively; Applying cash collection targets throughout the Group; Regular cash flow forecasting, with action taken if needed to re-time flows.
Reputational risk	Loss of existing or future business	Ensuring clinical standards are consistently met and monitored; Ensuring information governance standards are consistently met and monitored.

Risk Category	Potential Impact	Mitigation
Counterparty credit risk	Reduced profitability	Entering medium to long term contracts; Broad customer base to minimise the impact of a single customer making changes.
Exchange rate risk, including the risk to exchange rate fluctuations following the referendum decision to leave the European Union	A fellow subsidiary undertaking may not satisfy its contractual obligations in meeting its inter-company liabilities	Counterparty credit risk is mitigated by ensuring that loans to fellow subsidiaries contribute to the long-term success of the Group.
Supply chain risk	Inability to deliver our services due to disruption in our supply chain. This risk may be compounded by the referendum decision to leave the European Union	Contingency planning; Contractually specified service level performance criteria; Effective communication with key stakeholders.
Compliance risk	Non-compliance by LMI or its contractors acting on behalf of LMI with pharma codices and respective laws and regulations can result in fines, imprisonment, loss of marketing authorisations, etc.	Maintain LMI compliance system. Maintain review process for promotional materials as laid down in the SOPs. Ensure appropriate Anti-Bribery/ Anti-Corruption language and training on Code of Conduct is included in applicable contracts. Ensure that LMI employees receive compliance training.
Reimbursement risk	Lack of reimbursement in all major markets negatively affects sales and business opportunities for LMI.	Focus on clinical trial supply of DMD studies. Use existing data (French Study) and generate new data (G-BA study) to apply for reimbursement in distinct patient populations.
Safety risk	Safety issues such as frequent ADR reports can adversely affect patients, Neuraceq's reputation in the scientific and medical community and can lead to authority action.	Maintain a PV system which processes safety issues appropriately. Monitor frequency and nature of occurring safety issues and take appropriate action.

Risk Category	Potential Impact	Mitigation
Brexit risk	With the Brexit, the marketing authorization holder of Neuraceq would no longer be located within the EU which may lead to the loss of the centralized marketing authorization.	Transfer Neuraceq marketing authorization to another group company within an EU country or apply for a UK marketing authorization in time.

Approved by the board on 26 May 2020 and signed on its behalf by:

L Dinkelborg
Director

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year to 30 September 2019.

FUTURE DEVELOPMENTS
The Directors continue to promote the clinical value of Neuraceq for the Company to enhance shareholder value.

DIRECTORS AND THEIR INTERESTS
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

L Dinkelborg	
N Beukman	
M Jongens	(appointed 1 June 2019)
H Marsh	(resigned 2 May 2019)
E Lunt	(resigned 26 April 2019)

No Director is beneficially interested in the share capital of the Company.

SALE OF THE COMPANY
On 25 June 2018, the sale of the company to Alliance Medical Acquisitionco Limited was completed. The 2018 period information in these Financial Statements has been prepared for a 9 month period, from 1 January 2018 to 30 September 2018, to align with the financial year end of the Alliance Medical Group.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
During the year the Company maintained insurance cover for Directors' and Officers' liability as permitted under section 232 (2) of the Companies Act 2006.

EMPLOYEE INVOLVEMENT
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employees are consulted on issues directly affecting them wherever practicable and senior managers and employee representatives from all areas of the business meet to discuss issues. Employee surveys are undertaken, using an independent third party, and the results are shared with employees and are used to drive changes as required.

DISABLED EMPLOYEES
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

POLITICAL DONATIONS
The Company made $nil (period to 30 September 2018: $nil) political donations during the year.

DIVIDENDS
During the year no dividends have been paid (period to 30 September 2018: $nil).

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties facing the Company and the potential impact and mitigation are summarised in the Strategic Report.

GOING CONCERN

Life Molecular Imaging Limited ('LMI') is ultimately part of the Life Healthcare Group ('Life Group') in South Africa. LMI requires ongoing funding which is provided through an intermediate parent company Alliance Medical Group (AMG) with existing external loan facilities sitting within Life UK Holdco Limited, being the ultimate parent company in the UK.

These facilities provide significant headroom over and above the forecasted cash requirements over the next 15 months, taking into account the potential impact of COVID-19 on financial performance. These facilities are guaranteed by the ultimate parent company and the associated covenants are measured at a Life Group Level.

Life Group have stated they expect tough trading conditions for at least the next six months due to the continued impact of the pandemic on business operations as well as a general slowdown in the economies they trade in. COVID-19 introduces high degree of uncertainty surrounding the impact on activity levels and the timing of the return to previous trading environments. Therefore it is not possible to say with certainty that the financial covenants would be met over the next 15 months, although the relationship with external lenders is very good and if a breach of financial covenants was forecast it is expected a waiver would be obtained.

The conditions outlined above, and as described within the financial statements, indicate the existence of material uncertainties which may cast significant doubt on the company's ability to continue as a going concern. However, in consideration of all the relevant factors, the directors have concluded that it is appropriate to prepare the accounts on going concern basis. Therefore, the financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

QUALIFIED AUDIT OPINION

As can be seen from the audit report, the financial statements for the year to 30 September 2019 have received a qualified audit opinion by PricewaterhouseCoopers LLP. Life Molecular Imaging Ltd was acquired by the Alliance Medical Group ('AMG') on 26 June 2018, meaning that the company was only under its control for the last few months of the period. Following acquisition, it was identified that there were not suitable or sufficient records available for the period ended 31 December 2017 to provide sufficient evidence or explanations to fully substantiate the period end balance sheet. The qualification on the comparative balance sheet automatically leads to a qualification on the profit and loss account for the period to 30 September 2018 as timing of transactions between 2018 and prior periods cannot be fully determined. However sufficient evidence and explanation have been provided to ensure the 30 September 2018 balance sheet and periods beyond this point are materially accurate as controls and governance have been strengthened within the company after being under AMG's control.

The audit opinion for the year to 30 September 2019 reflects that we cannot reasonably compare the profit and loss account for the two periods in these financial statements as the comparative figures have not been determined to be materially accurate. Except for this matter on comparability the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 26 May 2020 and signed on its behalf by:

L Dinkelborg
Director

Independent auditors' report to the members of Life Molecular Imaging Limited

Report on the audit of the financial statements

Qualified opinion
In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Life Molecular Imaging Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2019; the profit and loss account, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion
We were unable to obtain sufficient audit evidence in relation to the balance sheet at 31 December 2017 due to the lack of availability of books and records to support this. Since these balances enter into the determination of financial performance, we were unable to determine whether adjustments might have been necessary in respect of the loss reported in the profit and loss account for the period ended 30 September 2018. Our opinion on the loss reported in the profit and loss account for the year ended 30 September 2019 is therefore modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditors' report to the members of Life Molecular Imaging Limited (continued)

Material uncertainty related to going concern
Without further modifying our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The company relies on funding from its intermediate parent company, Alliance Medical Group Limited, which is itself reliant on and owned indirectly by Life UK Holdco Limited, the ultimate UK parent company that holds external borrowings containing debt covenants. The covenants are based on the consolidated results of Life Healthcare Group Holdings Limited, a South African company which is the ultimate parent company for all the UK companies. The current trading conditions faced by the wider Group create uncertainty about Life UK Holdco Limited's ability to continue to meet upcoming debt covenants. This leads to uncertainty as to the actions that may be taken by the lenders to Life UK Holdco Limited in light of potential covenant breaches, and the ability of the Alliance Medical Group to provide the necessary ongoing funding to the company. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of Life Molecular Imaging Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Life Molecular Imaging Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

- we were unable to determine whether adequate accounting records have been kept by the company.
- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
26 May 2020

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2019

	Notes	Year to 30 September 2019 $ 000	9 months to 30 September 2018 $ 000
TURNOVER	4	**14,181**	7,021
Cost of sales		**(5,996)**	(3,381)
GROSS PROFIT		**8,185**	3,640
Distribution cost		**(1,929)**	(118)
Administrative expenses		**(14,240)**	(11,689)
OPERATING LOSS	5	**(7,984)**	(8,167)
LOSS BEFORE INTEREST AND TAXATION		**(7,984)**	(8,167)
Interest payable and similar charges	6	**(2,834)**	789
LOSS BEFORE TAXATION		**(10,818)**	(7,378)
Tax on loss	7	**(1)**	-
LOSS FOR THE FINANCIAL YEAR (2018: PERIOD)		**(10,819)**	(7,378)

The company's activities all derive from continuing operations.

There is no material difference between the loss before taxation and the loss for the financial years stated above and their historical cost equivalents.

BALANCE SHEET
As at 30 September 2019

Company registered number 04824675

	Notes	30 September 2019 $ 000	30 September 2018 $ 000
FIXED ASSETS			
Intangible assets	8	**2,238**	2,695
Tangible assets	9	**1,032**	1,315
		3,270	4,010
CURRENT ASSETS			
Inventories	10	**182**	217
Debtors	11	**4,029**	3,129
Cash at bank and in hand		**929**	332
		5,140	3,678
CREDITORS: amounts falling due within one year	12	**(11,645)**	(3,943)
NET CURRENT LIABILITIES		**(6,505)**	(265)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(3,235)**	3,745
CREDITORS: amounts falling due after more than one year	12	**(65,295)**	(61,456)
NET LIABILITIES		**(68,530)**	(57,711)
CAPITAL AND RESERVES			
Called up share capital	13	**1,477**	1,477
Profit and loss account		**(70,007)**	(59,188)
TOTAL SHAREHOLDERS' DEFICIT		**(68,530)**	(57,711)

The notes on pages 16 to 27 form an integral part of these financial statements. These financial statements on pages 13 to 27 were approved by the board of Directors on 26 May 2020 and were signed on its behalf by:

L Dinkelborg
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Called up share capital	Profit and loss account	**Total Shareholders' deficit**
	$000	$000	**$000**
At 1 January 2018	1,477	(56,442)	**(54,965)**
Loss for the financial year and total comprehensive expense	-	(7,378)	**(7,378)**
Transactions with owners, recognised directly in equity *	-	4,632	**4,632**
At 30 September 2018	1,477	(59,188)	**(57,711)**
Loss for the financial year and total comprehensive expense	-	(10,819)	**(10,819)**
At 30 September 2019	**1,477**	**(70,007)**	**(68,530)**

During the year no dividends were paid (period 30 September 2018: $nil).

* The capital contribution reflected during the prior period was the write off of a balance from a company that was previously part of the same group, this was performed just prior to the sale of the company to Alliance Medical Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

1. GENERAL INFORMATION
The Company is a private company limited and domiciled in England. The address of the registered office and principle place of business is shown on page 1. The principal activity of the Company is shown in the Strategic Report on page 2.

2. STATEMENT OF COMPLIANCE
These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
These financial statements have been prepared on a going concern basis under the historical cost convention.

Exemptions
The Company has taken advantage of the exemption provided in paragraph 1.12(a) of FRS 102 from preparing a Statement of Cash Flows. The cash flows of the Company are incorporated into the Consolidated Statement of Cash Flows prepared in the Group financial statements of Alliance Medical Group.

The Company has taken advantage of the exemption provided in paragraph 4.12(a) of FRS 102 from preparing a reconciliation of the numbers of shares outstanding at the beginning and end of the period.

The Company has taken advantage of the exemption provided in paragraph 33.7 of FRS 102 from disclosing key management personnel compensation.

The Company has taken advantage of the exemption provided in paragraphs 11.39-11.48A and 12.26-12.29 of FRS 102 from disclosing certain financial instrument disclosures. The financial instrument disclosures are incorporated into the financial statements of Alliance Medical Group.

The Company has taken advantage of the exemption in paragraph 33.1(a) of FRS 102 from disclosing transactions with related parties that are other wholly owned members of the Alliance Medical Group.

Functional and presentation currency
The Company's functional and presentational currency is the United States Dollar (USD).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. ACCOUNTING POLICIES (continued)

Going concern
In determining the appropriate basis of preparation of financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Life Molecular Imaging Limited ('LMI') is ultimately part of the Life Healthcare Group ('Life Group') in South Africa. LMI requires ongoing funding which is provided through an intermediate parent company Alliance Medical Group (AMG) with existing external loan facilities sitting within Life UK Holdco Limited, being the ultimate parent company in the UK.

These facilities provide significant headroom over and above the forecasted cash requirements over the next 15 months, taking into account the potential impact of COVID-19 on financial performance. These facilities are guaranteed by the ultimate parent company and the associated covenants are measured at a Life Group Level.

Life Group have stated they expect tough trading conditions for at least the next six months due to the continued impact of the pandemic on business operations as well as a general slowdown in the economies they trade in. COVID-19 introduces high degree of uncertainty surrounding the impact on activity levels and the timing of the return to previous trading environments. Therefore it is not possible to say with certainty that the financial covenants would be met over the next 15 months, although the relationship with external lenders is very good and if a breach of financial covenants was forecast it is expected a waiver would be obtained.

The conditions outlined above, and as described within the financial statements, indicate the existence of material uncertainties which may cast significant doubt on the company's ability to continue as a going concern. However, in consideration of all the relevant factors, the directors have concluded that it is appropriate to prepare the accounts on going concern basis. Therefore, the financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Tangible assets and depreciation
Tangible assets are included at depreciated historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	20 years straight line
Machinery and Equipment	5 years straight line
Office furniture and IT	3 years straight line

Assets under construction are transferred to their respective asset class and commence depreciation on the date commercial operation commences.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. ACCOUNTING POLICIES (continued)

Impairment of assets
The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cost generating unit ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of the assets, or CGU's, fair value less costs to sell and its 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 market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognized in the profit and loss account in the period in which it arises.

If an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Leased assets
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to the profit and loss account in the period the lease payment was made.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets
Intangible assets are stated at cost, which is the amount paid, less accumulated amortisation and impairment losses. Marketing rights intangibles are amortised over their estimated useful life of 10 years.

Revenue recognition
Turnover, which excludes value added tax, represents the value of goods delivered and Royalties charged for that period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. ACCOUNTING POLICIES (continued)

Inventory
Stock is valued at the lower of purchase cost and net realisable value, which is defined as sales value less selling costs. Stock is recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out ("FIFO") method. Cost includes only the purchase price. Taxes and duties and transport and handling costs which are directly attributable to bringing the inventory to its present location and condition are deemed immaterial.

Current tax
Current tax is the amount of income tax payable in respect of the taxable results for the period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Pensions
The Company operates defined contribution pension schemes, administered by a third party, for Directors and employees. Contributions are charged to the profit and loss account as they become payable.

Deferred taxation
The deferred taxation charge takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the expectation 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 a non-discounted basis 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.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Foreign currencies
Transactions in foreign currencies are recorded at an appropriate monthly exchange rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

3. ACCOUNTING POLICIES (continued)

Critical accounting judgements and sources of estimation uncertainty
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Critical judgements in applying the entity's accounting policies
Judgement is required to consider whether any impairments of intangible assets exist, and whether the useful economic lives of existing intangible assets and those acquired in the period remain appropriate. This judgement is exercised by considering any factors which have arisen during the year, or are likely to arise in the future, which may affect the valuations, including technological changes, changes in the customer base and market conditions.

No adjustments have been required to the estimates applied as a result of this assessment and no adjustments have been made to the carrying values of any of our intangible assets as no impairments have arisen.

Critical accounting estimates and assumptions
The Company is in a deferred tax asset position, however, due to the uncertainties around future taxable profits in the foreseeable future, the directors have decided that this is not to be recognised on the balance sheet.

In addition, the Company's assessment of its bad debt provision involves estimates based on historical knowledge of the customer and market conditions. The actual outcome of the Company's bad debt experience may be higher or lower than this assessment. See note 11 for the net carrying amount of the debtors and associated impairment provisions.

4. TURNOVER
Turnover represents the amounts for the provision of services which fall within the Company's continuing activities, stated net of value added tax.

Analysis of turnover by geography:

	Year to 30 September 2019	9 Month to 30 September 2018
	$000	$000
United States of America	**6,574**	4,592
Europe	**5,896**	2,331
Rest of world	**1,711**	98
	14,181	7,021

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

5. OPERATING LOSS

(a) This is stated after charging/(crediting):

		Year to 30 September 2019 $000	9 Month to 30 September 2018 $000
Auditors' remuneration	- Audit services	86	216
	- Taxation	-	-
Depreciation	- on owned assets	381	231
Inventory recognised as an expense		653	169
Amortisation	- other	457	313
Operating lease rentals	- land and buildings	-	23
Service charges		10,984	5,301
Marketing expenses		290	419

(b) Directors' remuneration

	Year to 30 September 2019 $000	9 Month to 30 September 2018 $000
Emoluments	281	195
Company contributions paid to defined contribution pension schemes	23	4
	304	199

Emoluments were only paid to one director during the period (2018: one).

Contributions of $23,000 (30 September 2018: $4,000) were made to defined contribution pension schemes on behalf of one (30 September 2018: one) Director during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

5. OPERATING LOSS (continued)

(c) Staff costs

	Year to 30 September 2019 $000	9 Month to 30 September 2018 $000
Wages and salaries	**1,053**	-
Social security costs	**203**	-
Other pension costs	**18**	-
	1,274	-

Prior to the acquisition in June 2018 no employees were paid directly, the company was charged for services by other companies within the Piramal group which covered the cost of staff. For these periods it is not possible to determine the staff costs in detail due to the nature of the invoicing, hence no comparatives above. The total amount charged to the company in the period to 30 September 2018 was $5,302k, it should be noted that not all of these costs relate directly to staff.

Following the acquisition the recharge can now be clearly seen in terms of what relates to payroll and the individuals performing work for LMI, but who are employed by another entity.

For the period post acquisition, and up to 30 September 2018, the total wage costs were $616k.

The average monthly number of employees (including Directors) during the year was 5 (2018: 5) as follows:

	Year to 30 September 2019 No.	9 Month to 30 September 2018 No.
Sales	-	-
Administration	5	5
Technical/operations	-	-
	5	5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 September 2019	9 Month to 30 September 2018
	$ 000	$ 000
Interest payable to Group undertakings	**2,944**	2,555
Foreign exchange revaluations	**(110)**	(3,344)
	2,834	(789)

7. TAX ON LOSS

(a) Tax on loss on ordinary activities
The current taxation charge in the year is $1,000 (2018: $nil).

(b) Factors affecting the charge for the year
The tax assessed for the year differs (2018: differs) from that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Year to 30 September 2019	9 Month to 30 September 2018
	$000	$000
Loss before taxation	**(10,818)**	(7,378)
Loss at the standard rate of 19% (2018: 19%)	**(2,055)**	(1,402)
Effects of:		
Deferred tax not recognised	**2,056**	1,402
Total tax charge in the year (note 7 (a))	**1**	-

(c) Factors affecting current and future tax
Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016 on 6 September 2016, which included a reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020. Deferred taxes, to the extent recognised at the balance sheet date have been measured using the enacted rates that are expected to apply to the unwind of each asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

8. INTANGIBLE ASSETS

	Marketing rights
	$000
At 30 September 2018:	
Cost	4,569
Accumulated amortisation	(1,874)
Net book value	2,695
At 30 September 2019:	
Opening net book amount	**2,695**
Additions	**-**
Amortisation	**(457)**
Closing net book amount	**2,238**
At 30 September 2019:	
Cost	**4,569**
Accumulated amortisation	**(2,331)**
Net book amount	**2,238**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

9. TANGIBLE ASSETS

	Other plant and equipment $000
For period ended 30 September 2018	
Opening net book value	1,156
Additions	390
Disposals	-
Depreciation	(231)
Net book value	**1,315**
For year ended 30 September 2019:	
Opening net book value	1,315
Additions	98
Disposals	-
Depreciation	(381)
Closing net book value	**1,032**
At 30 September 2019:	
Cost	2,359
Accumulated depreciation	(1,327)
Net book value	**1,032**

The net book value of tangible fixed assets held under finance leases is $nil (2018: $nil).

10. INVENTORIES

	30 September 2019 $000	30 September 2018 $000
Raw materials and consumables	**182**	217

There is no significant difference between the replacement cost of inventories and their balance sheet carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

11. DEBTORS

	30 September 2019 $000	30 September 2018 $000
Trade debtors	**4,029**	2,959
Other debtors	-	31
Prepayments and accrued income	-	21
Amounts owed by Group undertakings	-	118
	4,029	3,129

Trade debtors are stated after provisions for bad debt of $558k (30 September 2018: $417k).

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

12. CREDITORS

(a) Amounts falling due within one year

	30 September 2019 $000	30 September 2018 $000
Trade creditors	**1,072**	557
Amounts owed to Group undertakings	**9,516**	2,532
Accruals and deferred income	**1,057**	854
	11,645	3,943

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

(b) Amounts falling due after more than one year

	30 September 2019 $000	30 September 2018 $000
Amounts owed to Group undertakings	**65,295**	61,456
	65,295	61,456

Amounts owed to Group undertakings are repayable after more than 5 years and the entire amount is not repayable by instalments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

13. CALLED UP SHARE CAPITAL

	30 September 2019 No.	30 September 2019 $000	30 September 2018 No.	30 September 2018 $000
Ordinary shares of £1 each	**1,000,000**	**1,477**	1,000,000	1,477

There are no restrictions on the payment of dividends and the repayment of capital.

14. PARENT UNDERTAKINGS

a) Immediate parent undertaking
The immediate parent undertaking is Life Molecular Imaging SA, incorporated in Switzerland.

b) Ultimate parent undertaking
The ultimate parent undertaking is Life Healthcare Group Holdings Limited. The smallest group, for which group financial statements are drawn up, is Alliance Medical Group Limited, registered in England and Wales. The financial statements can be obtained by writing to the Secretary at Iceni Centre, Warwick Technology Park, Warwick, CV34 6DA. The largest group, for which group financial statements are drawn up, is Life Healthcare Group Holdings Limited, registered in South Africa. The financial statements can be obtained by writing to the Secretary at Private Bag X13, Northlands, 2116, South Africa.