

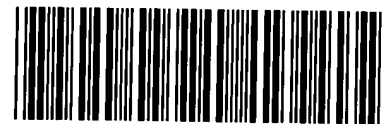
**Proximagen Group Limited**

**Annual report and financial statements**

**Registered number 05333020**

**31 December 2016**

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## Strategic Report

The directors present their strategic report for the year ended 31 December 2016.

### Principal activities

The principal activity of the Company during the year was that of a holding company.

### Review of the business and future developments

The Company's profit for the financial year is £21,000 (2015: £52,000).

The directors review the drug discovery and development programme throughout the year. This review includes which programmes will progress into the following year and, where continued, consideration is given to whether these should be developed in-house or may be more suited for research and development collaboration or out-licensing. During 2016, the directors report progression of the Phase II development of a Vascular Adhesion Protein 1 (VAP-1) inhibitor, further to a worldwide exclusive license agreement entered into with Roche in 2015. Additionally, a drug discovery and development collaboration was entered into on 20<sup>th</sup> January 2016 with Saniona to focus on research for neurological disorders, using Saniona's expertise in ion channels and related technology platforms. A number of other drug development programmes continue to move forward into 2017. The directors are hopeful that investment in research and development will deliver much-needed therapies for patients with central nervous system disorders and they look forward to the future with confidence.

The Company intends to continue as a parent company supporting its wholly owned subsidiary Proximagen Limited in its drug development and commercialisation activities.

### Principal risks and uncertainties

The principal risks and uncertainties of the Company are the same as those of its UK parent company USL Pharma International UK Limited and these can be found in the strategic report of the USL Pharma International UK Limited financial statements for the year ended 31 December 2016.

### Key performance indicators

The management and reporting of risk and KPIs for Proximagen Group Limited is undertaken at the group level. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Proximagen Group Limited. The development, performance and position of USL Pharma International UK Limited, which includes the Company, are discussed on page 1 of the group's financial statements, which do not form part of this report.

By order of the board



Chad Martinson  
Director

3 2017 April

Babraham Research Campus  
Building 250  
Cambridge  
CB22 3AT

## Directors' Report

The directors present their report and the audited financial statements of Proximagen Group Limited (the "Company") for the year ended 31 December 2016.

### Future developments

The future developments of the Company are provided in the strategic report and incorporated into the directors' report by cross-reference.

### Going concern

The financial statements have been prepared on the going concern basis. The directors have received confirmation that the ultimate parent company, Upsher-Smith Laboratories, Inc. will continue to provide financial support while the Company and its subsidiary continue their research programmes which incur net cash outflows. The directors have satisfied themselves that the ultimate parent company has the available resources to provide those funds. This support will enable the Company to meet its liabilities as they fall due for the foreseeable future. The financial statements do not include any adjustments that would result if the Company's ultimate parent company was to withdraw its financial support.

### Dividend

The directors do not recommend a dividend for the year to 31 December 2016 (2015: £14,109,110).

### Directors

The following directors have held office during the year and up to the date of approval of these financial statements, unless otherwise stated.

Mark Evenstad  
William Pullman  
Chad Martinson  
Benjamin Rush Field IV

A qualifying third party indemnity provision was in place for the benefit of all directors of the Company during the financial year and also at the date of approval of the financial statements.

### Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Chad Martinson  
Director

3 2017 *Amo*

Babraham Research Campus  
Building 250  
Cambridge  
CB22 3AT

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of Proximagen Group Limited**

We have audited the financial statements of Proximagen Group Limited for the year ended 31 December 2016 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified any material misstatements in those reports; and
- in our opinion, those reports have been properly prepared in accordance with the Companies Act 2006.



**Independent auditor's report to the members of Proximagen Group Limited**  
(continued)

**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.

A handwritten signature in black ink, appearing to read 'Richard Bartlett-Rawlings', written over a horizontal line.

**Richard Bartlett-Rawlings**  
(Senior Statutory Auditor)  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

11/4/2017

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>121</b>	<b>415</b>
<b>Gross profit</b>		<b>121</b>	<b>415</b>
Administrative expenses		<b>(100)</b>	<b>(363)</b>
<b>Operating profit</b>		<b>21</b>	<b>52</b>
Interest receivable and similar income		-	-
<b>Profit before taxation</b>		<b>21</b>	<b>52</b>
Tax on profit	<b>5</b>	-	-
<b>Profit for the financial year</b>		<b>21</b>	<b>52</b>
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive income for the year</b>		<b>21</b>	<b>52</b>

The results above relate to continuing operations.

There is no difference between the profit/total comprehensive income shown above and the historical cost loss.

The notes on pages 9 to 15 form part of these financial statements.



**Balance Sheet**  
at 31 December 2016

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments	6	70,928	70,928
<b>Current assets</b>			
Debtors	7	127	126
Cash at bank and in hand	8	17	40
		<u>144</u>	<u>166</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(173)</u>	<u>(216)</u>
<b>Net current liabilities</b>		(29)	(50)
<b>Total assets less current liabilities</b>		<u>70,899</u>	<u>70,878</u>
<b>Creditors: amounts falling due after more than one year</b>		-	-
<b>Net assets</b>		<u>70,899</u>	<u>70,878</u>
<b>Capital and reserves</b>			
Called up share capital	10	70	70
Share premium	10	-	-
Capital contribution reserve	10	1,135	1,135
Profit and loss account	10	69,694	69,673
<b>Shareholders' funds</b>		<u>70,899</u>	<u>70,878</u>

The notes on pages 9 to 15 form part of these financial statements.

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

3 2017 *Apie*



**Chad Martinson**  
Director

## Statement of Changes in Equity

	<b>Called up Share capital</b>	<b>Share Premium account</b>	<b>Other reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2015	696	81,072	1,135	2,032	84,935
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	52	52
<b>Total comprehensive income for the period</b>	-	-	-	52	52
Transactions with owners, recorded directly in equity					
Capital reduction	(626)	(81,072)	-	81,698	-
Dividends	-	-	-	(14,109)	(14,109)
<b>Total contributions by and distributions to owners</b>	(626)	(81,072)	-	67,589	(14,109)
<b>Balance at 31 December 2015</b>	<b>70</b>	<b>-</b>	<b>1,135</b>	<b>69,673</b>	<b>70,878</b>

	<b>Called up Share capital</b>	<b>Share Premium account</b>	<b>Other reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2016	70	-	1,135	69,673	70,878
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	21	21
<b>Total comprehensive income for the period</b>	-	-	-	21	21
<b>Balance at 31 December 2016</b>	<b>70</b>	<b>-</b>	<b>1,135</b>	<b>69,694</b>	<b>70,899</b>

The notes on pages 9 to 15 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Proximagen Group Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s parent undertaking, USL Pharma International UK Limited includes the Company in its consolidated financial statements. The consolidated financial statements of USL Pharma International UK Limited are prepared in accordance with UK GAAP and are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes.

As the consolidated financial statements of USL Pharma International UK Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed further below.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have received confirmation that the ultimate parent company will continue to provide financial support while the Company continues its research programmes which incur net cash outflows. The directors have satisfied themselves that the ultimate parent company has the available resources to provide those funds. This support will enable the Company to meet its liabilities as they fall due for the foreseeable future. The financial statements do not include any adjustments that would result if the Company’s ultimate parent company was to withdraw its financial support.

#### 1.3 Foreign currency

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

#### 1.5 Turnover

The Company's turnover is attributable to its principal activity being that of a holding company.

Turnover represents the value of services provided to group companies after deducting Value Added Tax. Turnover from service contracts is recognised on a straight-line basis over the contract year.

#### 1.6 Expenses

##### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### 1.7 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Taxation (continued)

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Turnover

	2016 £000	2015 £000
Service fees - all from United Kingdom	121	415
Total turnover	<u>121</u>	<u>415</u>

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2016 £000	2015 £000
Operating lease rental – Land and Buildings	64	67

*Auditor's remuneration:*

	2016 £000	2015 £000
Audit of these financial statements	3	3
Amounts receivable by the company's auditor and its associates in respect of:		
All other services	-	4

### 4 Directors' remuneration

The emoluments of the directors are paid by the ultimate parent company which makes no recharge to the Company. The directors are directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. The total emoluments of the directors are included in the aggregate of emoluments included in the financial statements of the ultimate parent company.

There were no employees during the year (2015: none).

## Notes (continued)

### 5 Taxation

#### Total tax expense recognised in the profit and loss account

	2016 £000	£000	2015 £000	£000
<i>UK Corporation tax</i>				
Current tax on profit for the period	-		-	
		_____		_____
Total current tax		-		-
		_____		_____
<b>Total tax</b>		-		-
		=====		=====

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	21	52
Total tax expense	-	-
	=====	=====
Profit excluding taxation	21	52
Tax using the UK corporation tax rate of 20% (2015: 21.5%)	4	11
Effects of:		
Group relief	(4)	(11)
	=====	=====
Total tax expense included in profit or loss	-	-
	=====	=====

#### Factors affecting the tax charge for the year

The effective rate for 2016 is a weighted average of the applicable corporation tax rates during that year. The 21% rate was reduced to 20% from 1 April 2015. The effective rate for 2015 is a weighted average of the applicable corporation tax rates during the year. The 23% rate was reduced to 21% from 1 April 2015.

#### Factors affecting the future tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2015) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. In the Budget on 8 July 2016, the Chancellor announced additional further planned reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020), which were substantively enacted on the 26<sup>th</sup> October 2016.

## Notes (continued)

### 6 Fixed asset investments

	Shares in group undertakings	Capital contributions from share-based payments	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of year	87,626	1,079	88,705
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	87,626	1,079	88,705
	<hr/>	<hr/>	<hr/>
<b>Impairment</b>			
At beginning of year	(17,777)	-	(17,777)
Dividends received in year	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	(17,777)	-	(17,777)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2016	69,849	1,079	70,928
	<hr/>	<hr/>	<hr/>
At 31 December 2015	69,849	1,079	70,928
	<hr/>	<hr/>	<hr/>

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves	Profit or loss for the year	Country of incorporation	Class of shares held	Ownership 2016	Ownership 2015
	£000	£000			%	%
Proximagen Limited	3,216	(11,272)	United Kingdom	Ordinary	100%	100%
Cambridge Biotechnology Limited	-	-	United Kingdom	Ordinary	100%	100%

The registered address of the subsidiaries listed above is the same as the Company, as stated in Note 13. The directors believe that the carrying value of the investments is supported by the future discounted cash flows associated with the research and development activities of Proximagen Limited.

### 7 Debtors

	2016 £000	2015 £000
Trade debtors	55	3
Amounts owed by group undertakings	13	55
Other debtors	44	25
Prepayments and accrued income	15	43
	<hr/>	<hr/>
	127	126
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

**Notes (continued)**

**8 Cash and cash equivalents/bank overdrafts**

	2016 £000	2015 £000
Cash at bank and in hand	17	40
Cash and cash equivalents	<u>17</u>	<u>40</u>

**9 Creditors: amounts falling due within one year**

	2016 £000	2015 £000
Trade creditors	15	-
Accruals and deferred income	155	216
Other creditors	3	-
	<u>173</u>	<u>216</u>

**10 Capital and reserves**

**Share capital**

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i> 69,619,795 (2015: 69,619,795) Ordinary shares of 0.1p (2015:0.1p) each	70	70
Shares classified in shareholders' funds	<u>70</u>	<u>70</u>

**Share premium**

	2016 £000	2015 £000
Opening balance	-	81,072
Transfer of share premium	-	(81,072)
Closing balance	<u>-</u>	<u>-</u>

**Capital contribution reserve**

	2016 £000	2015 £000
Opening balance	1,135	1,135
Change during the year	-	-
Closing balance	<u>1,135</u>	<u>1,135</u>



## **Notes (continued)**

### **10 Capital and reserves (continued)**

#### **Reserves**

	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2016	69,673	70,878
Profit for the financial year	21	21
	<hr/>	<hr/>
At 31 December 2016	<b>69,694</b>	<b>70,899</b>
	<hr/>	<hr/>

### **11 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Less than one year	23	57
Between one and five years	-	16
	<hr/>	<hr/>
	<b>23</b>	<b>73</b>
	<hr/>	<hr/>

During the year £64,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £57,000).

### **12 Related parties**

#### *Identity of related parties with which the Company has transacted*

The Company has taken advantage of the exemption available under FRS102 from disclosing transactions between wholly-owned subsidiaries or with their parent, namely Upsher-Smith Laboratories, Inc.

In the normal course of business, all trading activities between the Company and fellow members of the Upsher-Smith Laboratories, Inc. group are transacted on an arms-length basis.

### **13 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of USL Pharma International UK Limited, a company registered in the United Kingdom. The ultimate controlling party is Upsher-Smith Laboratories, Inc., a company incorporated in the United States of America.

The smallest and largest group for which group financial statements are prepared are USL Pharma International UK Limited and Upsher-Smith Laboratories, Inc. respectively. The financial statements of USL Pharma International UK Limited may be obtained from the company's registered office, Babraham Research Campus, Building 250, Cambridge, CB22 3AT.

### **14 Contingencies**

Certain of the programmes licensed to the Company will require payments to be made on achievement of certain milestones. As the achievement of these milestones is not probable at the balance sheet date, no liability for these milestones has been recorded in these financial statements.