

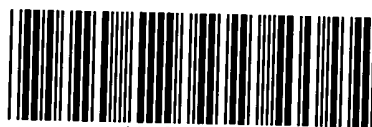
Bolt Mezzanine Limited

Annual report and financial statements

**For the year ended
30 June 2016**

Registered Number 07151405

FRIDAY



A5GMPCTU

A33

30/09/2016

#63

COMPANIES HOUSE

Company Information

Directors

M Harris
J Grover
T Karlsson

Registered Office

Bampton Road
Harold Hill
Romford
Essex
RM3 8UG

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

HSBC PLC
60 Queen Victoria Street
London
EC4N 4TR

Strategic report

The Directors present their strategic report of the Group for the year ended 30 June 2016.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 15. The consolidated profit for the financial year amounted to £6.2 million (2015: £4.7 million). An interim dividend of £3.2 million (£32 per share) was paid on 17 June 2016 (2015: nil). The Directors do not recommend the payment of a final dividend (2015: £nil).

Review of business

The Group strives to take advantage of the current climate for pharmaceuticals by leveraging its well respected and understood brand name through a reputation of supplying key medicines in priority areas of health spend. The success of the Group is underpinned by its strong relationships with strategic purchasers of pharmaceuticals in the primary and secondary care environments.

The Group continues to have a strong and established position in UK hospital-initiated and emergency care products – it is a leading provider of drugs focused on the cardiovascular system, analgesia, anaesthesia, antidotes and metabolic imbalances with a portfolio of 120+ products supplied to every UK NHS / private hospital. It develops and markets innovative reformulations of established drugs, including for the treatment of complex epilepsy and paediatric cardiology and is a market leader in pre-filled syringes used in resuscitation and intensive care unit settings with its Aurum Range brand. The Group has a dedicated hospital focused sales force with deep understanding of market dynamics and strong relationships with key decision makers.

Further the Group has a unique portfolio of opioid addiction products and is the only organisation offering first-to-market or differentiated versions of all three gold standard molecules used to treat opioid addiction. It is a market leader in methadone in the UK with sales and margin growth achieved through strong partnerships with Third Sector treatment providers and pharmacy groups and has the opportunity to launch current products internationally with regulatory filings on-going.

The Group has successful track record identifying and launching new product opportunities and as a leading supplier of medicines to UK hospitals, holds strong relationships with prescribers, budget holders and pharmacists to facilitate the presentation and discussion of new products. It has a track record of successful new product introductions through deep understanding of UK market with the successful launch of over 20 new products (including line extensions) since 2011, with new products launched in the last three years representing approximately 10% of total gross sales in the year. The Group has an extremely effective go-to-market operation for new product introduction, which leverages established channel to hospital and retail markets.

Strategic report (continued)

Review of business (continued)

The Group continues to invest to deliver efficient and modern manufacturing capabilities which can be leveraged for supply chain advantage. With its facility in Romford, UK it has a strong position in manufacturing complex sterile injectables and oral liquids with the ability to supply controlled drugs globally. During the year the facility has been upgraded and it now has an improved capability to supply to established demand and respond to opportunities. Over £10million has been invested in manufacturing facilities since 2011 to increase capacity, reduce costs and achieve operational excellence. Sterile ampoules capability increased from 20million to 70million per annum, with additional dosage from manufacturing coming into operation in 2017.

As a result of the above the Group has an effective platform for expansion in key international markets. Currently serving over 50 countries globally, the international business represents almost 20% of revenue with a large number of marketing authorisations planned for international markets, providing multiple avenues for growth. The Group actively manages distributors, operations and regulatory processes in a number of geographies including a presence in the Middle East for 20 years with established scientific office in Saudi Arabia and a regional sales office based in Dubai, as well as strong partnerships in the Nordic countries and the Asia/ Pacific.

On 17 July 2015 a £66.25 million senior financing facility was signed by the Company with four banks, refinancing its previous financing facility. This new facility secured and extended the term of the Group's financing out to 2021 and enabled the partial repayment of the Group's outstanding PIK Loan Notes.

During the financial year turnover has increased to £73.9 million (2015: £73.6 million). The business has achieved continued growth of new products and expansion into international markets in the year. Operating profit before exceptional items in the financial year was £15.3 million (2015: £14.3 million). EBITDA before exceptional items was £21.5 million (2015: £20.7 million). Exceptional items are outlined in Note 5 on Page 25.

Principal risks and uncertainties facing the Group and Company

Management continues to review risks proactively to keep the Group at an acceptable level of overall business risk. The key strategic risks are quality compliance, regulatory approvals, failure to develop and introduce new products and exposure to economic conditions and competitor actions.

The Group operates in a pharmaceutical sector which is highly regulated. The Group has to meet stringent quality requirements in order to maintain its manufacturing licences. Constant monitoring of the supply chain is required to ensure customer satisfaction and the maintenance of trading relationships.

Strategic report (continued)

Principal risks and uncertainties facing the Group and Company (continued)

Regulatory requirements are a major factor in determining whether new products can be developed and existing products can be continued. The Group is required to comply with a wide range of regulatory controls over the manufacturing and testing of its products. The Group places high importance on its quality control procedures, both through maintenance of proper systems of control and appropriate qualifications and experience of quality control personnel.

The Group operates in a business sector which continually develops new products. In order to remain competitive the Group must continue to develop innovative products that satisfy customer needs. Developing new products is a costly, lengthy and uncertain process and potential products may not be brought to market for a number of reasons, such as failure to receive regulatory approval or competitor actions. Regular internal and market focused reviews are undertaken to ensure such risks are minimised and the Group uses a wide body of technical and medical experts to challenge and support its research and development activities.

The Group is impacted by underlying macro-economic events, particularly those that have a direct impact on the NHS in the UK where funding has been reduced in real terms. Changes to the set up and funding of the NHS are areas that the Group has to adapt to in respect of its commercial practices. The Group's sales and marketing team is sufficiently flexible to change its contact points within the NHS in order to be able to influence the relevant decision makers.

In addition there are several financial risks which are detailed in the Directors' report on page 8.

As the Company has no trade, but acts as a holding company, the Directors consider the principal risk is that of the performance of the Company's investments. The Directors of the Company closely monitor the performance of the subsidiary undertakings.

Key performance indicators (KPIs)

The Board monitors a number of key financial and non-financial performance indicators including turnover, gross margins, earnings before interest, tax, depreciation and amortisation (EBITDA) and operating cash flows.

- Turnover increased by 0.4% to £73.9 million principally due to continued strong growth of new products and expansion in international markets;
- Gross margin improved from 51.2% to 51.7% due to an improved turnover mix, efficiencies and cost savings;
- EBITDA before exceptional items increase by 3.9% due to the profit impact of the increase in turnover; and
- Net cash inflow from operating activities was £25.1 million (2015: £17.0 million).

Strategic report (continued)

Key performance indicators (KPIs) (continued)

In addition the Group measures, staff numbers, quality matters, customer complaints, and health and safety performance through an executive management committee process.

Strategy and future developments

The Group's strategy is to continue the transformation of Martindale Pharma as an international specialty pharmaceutical company. The execution of this strategy is based on the implementation of four key strategies:

- Maintenance of our UK hospital specialty product franchise and driving growth through in-licencing of opportunities that are complementary to our existing portfolio.
- Building an international business including local operations in selected key geographies
- Developing a reliable supply chain that creates value through manufacturing capabilities and has sustainable third party relationships.
- Maximising our portfolio by development (and acquisition / licensing) of new products or line extensions within core therapy areas.

The Group continues to focus on six defined product pillars:

- Which can generate significant turnover and profit;
- Have sustainable growth prospects;
- With clearly defined areas of unmet medical need;
- Where treatment is opinion – leader led; and
- Which have technical, commercial or IP-related barriers to entry.

Four product pillars will provide the majority of our sales growth through the launch of current and new products in new countries, as well as the launch of new products in the UK; these product pillars are Hospital Specialty Products, Retail Specialty Products, Critical Care and Addiction. Two product pillars that will continue to provide the platform for our business, where we will maximise the potential of these by improving product presentations, innovating our services and driving manufacturing efficiencies; these product pillars are Unlicensed Medicines and Ophthalmics.

Prospects for the Group in the UK market in the forthcoming year remain challenging as the NHS copes with lower funding and budgets, with further uncertainty created by the consequences of the Brexit decision. The Group is a leader in most of the markets that it operates in and continues to seek opportunities to develop its business both in the UK and overseas. Recent restructuring has resulted in a more focused and responsive organisation better placed to take advantage of opportunities in a rapidly changing environment.

Strategic report (continued)


Strategy and future developments (continued)

Further infrastructure changes will be completed in the year ending 30 June 2017 to improve the cost base of the business.

On 1 July 2016, through its subsidiary Macarthys Laboratories Limited, the Group completed the acquisition of Viridian Pharma Limited, a UK-based developer and supplier of niche pharmaceutical products. The cost of investment including associated transactions costs was £4.65 million, financed by cash.

In August 2016, Martindale Pharma International FZE was established in the Jebel Ali Free Zone in Dubai, United Arab Emirates as a 100% subsidiary of Macarthys Laboratories Limited; it is intended that this will be a regional sales office and hub for Middle East activities.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'J. Grover', with a horizontal line underneath.

J Grover
Director
28 September 2016

Directors' report

The Directors present their report on the affairs of the Group together with the audited consolidated financial statements and auditors report for the year ending 30 June 2016.

Principal activities

The Group's business is the manufacture and sale of pharmaceutical products to hospitals, retail pharmacies and wholesalers in the UK and overseas. The Group trades as "Martindale Pharma".

Business environment

The Group continues to operate in a challenging economic and regulatory environment across all markets and continues to be responsive and adaptable to healthcare market needs, while actively seeking new product and service solutions and business development opportunities.

In the UK, against a continuing austerity undertone a decrease in real terms in National Health Service ('NHS') funding impacts drug pricing to hospitals, with Framework Agreements for the supply of medicines being reviewed more frequently, the increasing use of tenders to reduce acquisition costs and use of Health Technology Assessments to ensure only innovative medicines representing value for money can be prescribed. Principal impact is on drug pricing to hospitals with contracts being reviewed more frequently and more competition encouraged. Further there have been increased pressures on reducing the prescribing of unlicensed medicines with a focus on price rather than quality and service.

Demographic-led changes for conditions such as diabetes and Alzheimer's disease will lead to non-NHS providers taking on patients and to improvements in care pathways. Innovative products which improve adherence to treatment or reduce time healthcare professionals need to spend with patients will be rapidly adopted.

In Europe, healthcare markets face continued downward pressure on pricing, not only from the economic environment, but also the changing demographic of an ageing population. There are increasing barriers to adoption of new products in those markets to ensure only new, cost-effective products are prescribed and also mechanisms to reduce spend on medicines include mandatory price decreases, a reduction in reimbursement coverage and generic substitution at pharmacy level. The Middle East and North Africa region, particularly the Gulf Co-operation Council states, will see significant increases in healthcare spend and in particular infrastructure spend for new hospitals which will lead to increased usage of hospital medicines. There are a number of other regions, particularly in Asia Pacific where spend on medicines is increasing particularly in the area of emergency care and there continues to be demand for low cost, high quality generic products, but with constraints from limited funding and growing populations.

There remains opportunity for additional growth to that generated in the UK, as the Group's essential products portfolio, existing and new, addresses health care priorities in several major markets. Further, in-licensing niche speciality products with tangible benefits for patients and adding complimentary generic products to leverage our channel to market will position the Group well in this economic environment.

Directors' report (continued)

Future developments

The future developments of the Company have been disclosed in the Strategic report on pages 5 and 6.

Dividends

Dividends have been disclosed in the Strategic report on page 2.

Financial risk management

The Group undertakes a certain level of sales in foreign currencies, and also sources certain raw materials and finished products from non-UK based manufacturers. The Group's risk to foreign exchange rate fluctuations is reviewed on a regular basis. The Group manages its credit risk with the setting of appropriate credit limits and actively monitors its outstanding trade debtor balances.

In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments, the Group uses a mixture of short term and long term debt finance. Surplus liquid funds are invested in short term deposits with financial institutions with high credit ratings assigned by international credit rating agencies.

There is a comprehensive budgeting system in place with an annual budget approved by the Board. Management information systems provide Directors with relevant and timely reports that identify significant deviations from approved plans and include regular re-forecasts for the year, in order to facilitate timely reaction to changes in economic conditions and competitor actions.

Corporate and social responsibility

The Group manages its Corporate Social Responsibility programme based on four key areas: Our Community, Our Environment, Our Marketplace and Our People. Within each of these areas, it has identified key priorities that reflect its values and support its objectives of building a sustainable Group and maintaining high ethical standards:

- Our Community - wherever the Group does business, its priority is to make a positive contribution to the communities that it serves. The Group contributes to its community and supports active engagement of employees with the local community and charitable fund raising activities;
- Our Environment - at a time when climate change is of increasing concern, the Group's highest environmental priority is to improve its carbon management, and as such it engages in activities to reduce its carbon footprint for all facilities and by focusing on efficient logistics activities which reduce emissions. In addition it focuses on activities to reduce waste and recycle materials;

Directors' report (continued)

Corporate and social responsibility (continued)

- Our Marketplace – the Group recognises the trust in it that is held by its customers and wider stakeholders. The Group aims to maintain the highest standards of integrity in everything it does. Its products have direct impacts on the quality of life, health and well-being of our ultimate customer, the patient. The Group takes this responsibility seriously; and
- Our People – the health and wellbeing of its employees is a very high priority. The Group has policies and a code of conduct that aims to cover a wide range of issues including:
 - Provision of a safe and hygienic working environment and taking steps to prevent accidents and injuries;
 - Ensuring pay is sufficient to meet basic needs and provide some discretionary income;
 - Ensuring working hours comply with national laws and benchmark industry standards, whichever affords greater protection;
 - Ensuring there is no discrimination in hiring, wages, access to training, promotion, termination or retirement based on race, national origin, religion, age, disability, gender, marital status, sexual orientation or union membership; and
 - Prohibiting and not tolerating actual, or the threat of, physical, verbal, sexual or other harassment or abuse or other forms of intimidation.

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various financial and economic factors affecting the performance of the Group. This is achieved through formal and informal meetings and an internal company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. We encourage the future interest and involvement of our people in the Group's future through reward schemes that are linked to business and individual performance.

Efforts are made to provide as much suitable employment as possible for disabled people. Depending on their skills and abilities employees have the same opportunities for training, career development and promotion as other employees. Wherever possible this includes the retraining and retention of staff who have become disabled during their employment.

Research and development

The Group continues to invest in research and development and the Directors regard investments in this area as a prerequisite for success in the medium to long term future. The cost incurred in the year amounted to £262,000 (2015: £154,000).

Directors' report (continued)

Directors

The Directors who held office during the year and up to the date of signing the financial statements are given below:

M Harris
J Grover
T Karlsson

Directors' indemnities

The Group maintained liability insurance for its Directors and officers throughout the financial year.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and parent Company financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and the Company and of the profit or loss of the Group and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has 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 102 used in the preparation of 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.

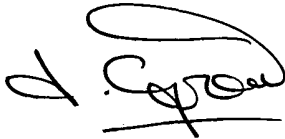
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

Statement of disclosure of information to the auditors

As at the date of this report, as far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken such steps as he should have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'J. Grover', with a horizontal line drawn underneath the signature.

J Grover
Director
28 September 2016

Independent auditors' report to the members of Bolt Mezzanine Limited

Report on the financial statements

Our opinion

In our opinion, Bolt Mezzanine Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2016 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the company and consolidated balance sheets as at 30 June 2016;
- the consolidated profit and loss account for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the company and consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Bolt Mezzanine Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in The statement of directors' responsibilities set out on pages 10 and 11, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Independent auditors' report to the members of Bolt Mezzanine Limited (continued)

What an audit of financial statements involves (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2016

Consolidated profit and loss account

for the year ended 30 June 2016

	Note	2016 £000	2015 £000
Turnover	4	73,912	73,632
Cost of sales		(35,718)	(35,918)
Gross profit		38,194	37,714
Distribution costs		(4,022)	(3,728)
Administrative expenses		(20,226)	(20,437)
Operating profit	7	13,946	13,549
Operating profit before exceptional items		15,303	14,291
Exceptional items	5	(1,357)	(742)
Operating profit after exceptional items		13,946	13,549
Interest receivable and similar income	6	16	27
Interest payable and similar charges	6	(5,202)	(6,490)
Profit on ordinary activities before taxation		8,760	7,086
Tax on profit on ordinary activities	10	(2,529)	(2,386)
Profit for the financial year		6,231	4,700

All of the Group's operations during the year related to continuing operations.

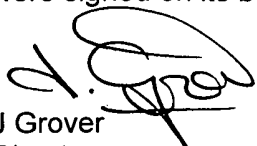
There were no items of other comprehensive income other than those reported in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

Consolidated Balance Sheet

as at 30 June 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	12	6,778	6,489
Goodwill	13	52,220	55,998
Tangible assets	14	13,370	11,638
		<u>72,368</u>	<u>74,125</u>
Current assets			
Stocks	16	9,687	8,486
Debtors	17	15,150	15,699
Cash at bank and in hand		13,650	10,073
		<u>38,487</u>	<u>34,258</u>
Creditors: amounts falling due within one year	18	(24,884)	(13,376)
Net current assets		<u>13,603</u>	<u>20,882</u>
Total assets less current liabilities		<u>85,971</u>	<u>95,007</u>
Creditors: amounts falling due after one year	19	(49,493)	(61,615)
Provisions for liabilities	20	(1,434)	(1,379)
Net assets		<u>35,044</u>	<u>32,013</u>
Capital and reserves			
Called up share capital	21	1	1
Profit and loss account		<u>35,043</u>	<u>32,012</u>
Total shareholders' funds		<u>35,044</u>	<u>32,013</u>

The financial statements on pages 15 to 42 were approved by the Board of Directors and were signed on its behalf by:



J Grover
Director

28 September 2016

Registered number: 07151405

Company Balance Sheet

as at 30 June 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	15	98,565	98,565
		<u>98,565</u>	<u>98,565</u>
Current assets			
Debtors	17	147	139
Cash at bank and in hand		146	1,564
		<u>293</u>	<u>1,703</u>
Creditors: amounts falling due within one year	18	(48,269)	(38,113)
Net current liabilities		<u>(47,976)</u>	<u>(36,410)</u>
Total assets less current liabilities		50,589	62,155
Creditors:			
Creditors: amounts falling due after one year	19	(49,493)	(61,470)
Provisions for Liabilities		-	2
		<u>-</u>	<u>2</u>
Net assets		<u>1,096</u>	<u>687</u>
Capital and reserves			
Called up share capital	21	1	1
Profit and loss account		1,095	686
		<u>1,096</u>	<u>687</u>
Total shareholders' funds		<u>1,096</u>	<u>687</u>

The financial statements on pages 15 to 42 were approved by the Board of Directors and were signed on its behalf by:



J Grover
Director

28 September 2016

Registered number: 07151405

Consolidated statement of changes in equity

for the year ended 30 June 2016

	Called up share capital £000	Profit and loss account £000	Total equity £000
As at 1 July 2014	1	27,312	27,313
Profit for the financial year	-	4,700	4,700
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	4,700	4,700
As at 30 June 2015	1	32,012	32,013
Profit for the financial year	-	6,231	6,231
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	6,231	6,231
Dividend paid	-	(3,200)	(3,200)
As at 30 June 2016	1	35,043	35,044

Company statement of changes in equity

for the year ended 30 June 2016

	Called up share capital £000	Profit and loss account £000	Total equity £000
As at 1 July 2014	1	(2,405)	(2,404)
Profit for financial the year	-	3,091	3,091
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	3,091	3,091
As at 30 June 2015	1	686	687
Profit for financial the year	-	3,609	3,609
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	3,609	3,609
Dividend paid	-	(3,200)	(3,200)
As at 30 June 2016	1	1,095	1,096

Consolidated cash flow statement

for the year ended 30 June 2016

	Note	2016 £000	2015 £000
Net cash from operating activities	23	25,057	16,983
Taxation paid		(2,500)	(2,457)
Net cash generated from operating activities		22,557	14,526
Cash flow from investing activities			
Purchase of intangible assets		(1,395)	(1,006)
Purchase of tangible assets		(3,968)	(3,027)
Proceeds from sale of tangible assets		5	-
Net cash used in investing activities		(5,358)	(4,033)
Cash flow from financing activities			
Loans received from associated undertakings		156	4,545
Loans repaid to associated undertakings		(40,413)	-
Funds drawn under bank loan facility		37,754	-
Repayment of bank loan facility		(3,000)	(6,519)
Dividend paid		(3,200)	-
Interest received		16	27
Interest paid		(3,178)	(5,995)
Loan fees paid		(1,757)	-
Net cash used in financing activities		(13,622)	(7,942)
Net increase in cash and cash equivalents		3,577	2,551
Cash and cash equivalents at the beginning of the year		10,073	7,522
Cash and cash equivalents at the end of the year		13,650	10,073

Notes to the financial statements (continued)

for the year ended 30 June 2016

1. General Information

Bolt Mezzanine Limited Group's business is the manufacture and sale of pharmaceutical products to hospitals, retail pharmacies and wholesalers in the UK and overseas. The Group trades as "Martindale Pharma".

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Bampton Road, Harold Hill, Romford, Essex RM3 8UG.

2. Statement of compliance

The consolidated and company financial statements Bolt Mezzanine Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 32.

Basis of preparation

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 July 2014. Details of the transition to FRS 102 are disclosed in note 32. These financial statements are the Group and Company's financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

The Directors consider the Group has adequate resources to remain in operation for the foreseeable future, and have therefore continued to adopt the going concern basis for preparing the Group and Company financial statements.

Notes to the financial statements (continued)

for the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 June 2016.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, unless settlement has been covered by a forward exchange contract, in which case the contract rate is used.

Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date or at the rate at which they are covered by matching forward exchange contracts. Gains and losses on retranslation are included in the profit and loss account.

Intangible assets - licences

Licences are valued at cost on acquisition and are amortised in equal annual instalments over their estimated useful economic lives with a maximum life of ten years. Provision is made for any impairment.

Intangible assets – development expenditure

Expenditure incurred in the research of the new products is written off to the profit and loss account as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is typically up to a maximum of 10 years. Provision is made for any impairment.

Notes to the financial statements (continued)

for the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Management have estimated the useful life in respect of historically acquired goodwill to be 20 years. The acquired subsidiaries and respective products all established in their respective markets, have a long track record of stable revenue and is expected to continue over the respective useful lives.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at costs or valuation, net of depreciation and any provision for impairment. Cost includes the original purchase price of the assets and the cost attributable to bring the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost or valuation less estimated residual value of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Shorthold leasehold improvements	Period of the lease or an appropriate shorter period
Fixtures, fittings and equipment:	
Fixtures, fittings	10-20% on a straight line basis
Computer equipment	20-33% on a straight line basis
Motor vehicles	25% on a straight line basis

Notes to the financial statements (continued)

for the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

Fixed asset investments

Investments in subsidiary undertaking are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Stocks

Stocks are value at the lower of cost and net realisable value. The cost of work in progress and finished goods includes an appropriate proportion of attributable overheads. The stock valuation method used is standard cost. Provision is made for obsolete, slow moving and short dated or defective items where appropriate.

Borrowings

Bank loans, loan notes and overdrafts are stated at the amount repayable at the balance sheet date, net of directly attributable issue costs which are amortised over the period of the relevant loans.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

A provision is recognised as a liability when the Group has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. The amount provided for is management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The Group recognises dilapidation provisions when: property leases have a legal or constructive obligation to reinstate any alteration or to make good dilapidations at the end of the lease; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Dilapidations provisions are not discounted.

Turnover

Turnover represents cash and credit sales net of value added tax, trade discounts and rebates and is recognised at the point of dispatch of goods to the customer. Rebates are determined on the basis of a mixture of known sales, best estimates in respect of sales out from customers, historic experience and judgement.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management consider should be disclosed separately to enable a full understanding of the Group's results. An amount of £1.4 million (2015: £0.7 million) has been charged to the Group's profit and loss account principally in respect of impairment costs in relation to product development which has been discontinued and costs incurred in restructuring the business and provisions made.

Notes to the financial statements (continued)

for the year ended 30 June 2016

3. Summary of significant accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of 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 following exceptions:

- i. Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- ii. Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.
- iii. 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 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.

Pensions

Pension costs in respect of the company's defined contribution schemes are charged to the profit and loss account as incurred.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

- i) Impairment of intangible assets and goodwill – see notes 12 and 13
- ii) Provisions – see note 20
- iii) Rebates – see note 3, Summary of significant accounting policies - Turnover

Notes to the financial statements (continued)

for the year ended 30 June 2016

4. Turnover

The analysis of turnover by destination of geographical market is stated below:

	2016 £000	2015 £000
Turnover		
United Kingdom	59,315	61,045
Rest of World	14,597	12,587
	<u>73,912</u>	<u>73,632</u>

The Group operates in a single segment which is the manufacturing and sales of pharmaceutical and controlled drugs.

5. Exceptional items

The analysis of exceptional costs is stated below:

	2016 £000	2015 £000
Restructuring costs	351	575
Impairment of intangible assets	898	-
Dilapidations	-	42
Onerous contracts	-	125
Cancelled project cost	108	-
	<u>1,357</u>	<u>742</u>

Restructuring costs consist of consultancy fees, legal fees and redundancy costs. Intangible asset impairment relates to costs associated with the licences of Woundox which has been cancelled. Cancelled project cost include costs involving projects no longer pursued. In 2015, the exceptional items included: restructuring costs consisting of consultancy fees, legal fees, interim staff fees and redundancy costs. The dilapidations costs relate to two property leases in Brentwood, Essex, one of which was exited during the year. The onerous contract cost was in respect of a cancelled commercial arrangement settled in the year.

6. Finance charges (net)

	2016 £000	2015 £000
Interest payable and similar charges	5,202	6,490
Interest receivable and similar income	(16)	(27)
	<u>5,186</u>	<u>6,463</u>

Notes to the financial statements (continued)

for the year ended 30 June 2016

6. Finance charges (net) (continued)

	2016 £000	2015 £000
Interest payable and similar charges		
Bank loans	3,062	1,475
Group undertakings	502	4,490
Amortisation of bank loan fees	933	517
Derivative financial instruments	705	8
	<u>5,202</u>	<u>6,490</u>
Interest receivable and similar income		
	2016 £000	2015 £000
Bank interest	<u>16</u>	<u>27</u>

7. Operating Profit

Operating profit is stated after charging/(crediting):

	Note	2016 £000	2015 £000
Amortisation of intangible fixed assets	12	208	157
Loss on disposal of intangible fixed assets	12	898	-
Amortisation of goodwill	13	3,778	3,778
Depreciation of owned tangible fixed assets	14	2,236	2,494
Profit on disposal of tangible fixed assets		(5)	(13)
Loss on write-off of tangible fixed assets		-	8
Auditors' remuneration			
- audit		97	95
- audit services		9	19
- taxation compliance services		30	42
- other advisory services		50	-
Foreign currency exchange (gains) / losses		(155)	164
Operating lease rentals:			
- land and buildings		1,307	1,195
- plant and machinery		203	171
- car leases		243	249
Research and development		262	154
Amortisation of loan fees		<u>933</u>	<u>517</u>

Notes to the financial statements (continued)

for the year ended 30 June 2016

8. Employee information

The average monthly number of people (including Directors) employed by the Group during the year was:

	2016 Number	2015 Number
Manufacturing and distribution	349	349
Administration	43	44
	<u>392</u>	<u>393</u>

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and Salaries	15,933	15,897
Social security costs	1,509	1,590
Other pension costs	390	392
	<u>17,832</u>	<u>17,879</u>

The Company had no employees during the year.

9. Directors' remuneration

	2016 £000	2015 £000
Aggregate emoluments	897	856
Company paid contributions to personal pension or money purchase pension schemes	4	4
	<u>901</u>	<u>860</u>

The number of Directors who

	2016 No.	2015 No.
Company paid contributions to personal pension or money purchase pension schemes	2	2

	2016 £000	2015 £000
Highest paid director		
Aggregate emoluments	440	401
Company paid contributions to personal pension or money purchase pension schemes	2	2
	<u>442</u>	<u>403</u>

Notes to the financial statements (continued)

for the year ended 30 June 2016

10. Tax on profit on ordinary activities

(a) The tax charge comprises:

	2016 £000	2015 £000
UK corporation tax		
Current year	2,536	2,386
Adjustments in respect of prior years	(67)	30
Foreign tax suffered	5	-
Total current tax	2,474	2,416
Deferred taxation – UK		
Origination and reversal of timing differences	13	(55)
Effects of changes in tax rates	(6)	2
Adjustments in respect of prior years	48	23
Total deferred tax	55	(30)
Tax on profit of ordinary activities	2,529	2,386

(b) The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax of 20.00% (2015: 20.75%). The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2016 £000	2015 £000
Profit on ordinary activities before taxation	8,760	7,086
Profit on ordinary activities multiplied by standard rate in the UK of 20.00% (2015: 20.75%)	1,752	1,470
Effects of:		
Expenses not deductible for tax purposes	41	92
Income not taxable for tax purposes	-	(14)
Goodwill amortisation	756	783
Adjustments in respect of prior years	(19)	53
Effects of changes in tax rates	(6)	2
Foreign tax suffered	5	-
Tax on profit of ordinary activities	2,529	2,386

Notes to the financial statements (continued)

for the year ended 30 June 2016

10. Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

11. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the parent Company was £3.6 million (2015: £3.1 million). An interim dividend of £3.2 million (£32 per share) was paid on 17 June 2016 (2015: nil). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented.

12. Intangible assets

	Development expenditure £000	Licences £000	Total £000
Cost:			
At 1 July 2015	5,051	1,973	7,024
Additions	390	1,005	1,395
Disposals	-	(1,007)	(1,007)
At 30 June 2016	5,441	1,971	7,412
Accumulated amortisation:			
At 1 July 2015	-	535	535
Amortisation charge	-	208	208
Disposals	-	(109)	(109)
At 30 June 2016	-	634	634
Net book value:			
At 30 June 2016	5,441	1,337	6,778
At 30 June 2015	5,051	1,438	6,489

The additions in the year relate to costs associated with the acquisition of product licences costs for new product development. On 14 June 2016, the Patent and Know-How Licence, Development and Commercialisation Agreement for Woundcare was terminated, and a loss of termination of £898,000 has been recognised.

The Company had no intangible fixed assets at 30 June 2016 or at 30 June 2015.

Notes to the financial statements (continued)

for the year ended 30 June 2016

13. Goodwill

	2016 £000
Cost:	
At 1 July 2015 and at 30 June 2016	<u>75,384</u>
Accumulated amortisation:	
At 1 July 2015	19,386
Amortisation charge	3,778
At 30 June 2016	<u>23,164</u>
Net book value:	
At 30 June 2016	<u>52,220</u>
At 30 June 2015	<u>55,998</u>

14. Tangible assets

	Short leasehold improvements £000	Fixtures fittings & equipment £000	Total £000
Cost:			
At 1 July 2015	10,549	20,772	31,321
Additions	33	3,935	3,968
Disposals	-	(21)	(21)
At 30 June 2016	<u>10,582</u>	<u>24,686</u>	<u>35,268</u>
Accumulated depreciation:			
At 1 July 2015	7,975	11,708	19,683
Charge for the year	385	1,851	2,236
Disposals	-	(21)	(21)
At 30 June 2016	<u>8,360</u>	<u>13,538</u>	<u>21,898</u>
Net book value:			
At 30 June 2016	<u>2,222</u>	<u>11,148</u>	<u>13,370</u>
At 30 June 2015	<u>2,574</u>	<u>9,064</u>	<u>11,638</u>

Short leasehold improvements include an asset of £610,000 (2015: £610,000) recognised on establishment of dilapidations provisions in prior years, which is being depreciated over the lease term.

The Company had no tangible fixed assets at 30 June 2016 or at 30 June 2015.

Notes to the financial statements (continued)

for the year ended 30 June 2016

15. Investments

Company

Investments in subsidiary undertakings

	2016 £000	2015 £000
Investments at cost	98,565	98,565

At 30 June 2016, the Company held the whole of the issued share capital either directly or indirectly of the following subsidiaries which are incorporated in Great Britain.

Company	Principal Activity	Number and value of share capital held
Martindale Pharma (Holdings 1) Limited	Holding company	100,000 1p ordinary shares
Macarthys Laboratories Limited*	Pharmaceutical manufacturing	3,501,000 £1 ordinary shares
Martindale Pharmaceuticals Limited*	Dormant	100 £1 ordinary shares
Aurum Pharmaceuticals Limited*	Dormant	100 £1 ordinary shares

* Held by subsidiary undertaking.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

All subsidiary undertakings are registered in England and Wales.

On 1 July 2016, through its subsidiary Macarthys Laboratories Limited, the Group completed the acquisition of Viridian Pharma Limited, a UK-based developer and supplier of niche pharmaceutical products. The cost of investment including associated transactions costs was £4.65 million, financed by cash.

In August 2016, Martindale Pharma International FZE was established in the Jebel Ali Free Zone in Dubai, United Arab Emirates as a 100% subsidiary of Macarthys Laboratories Limited; it is intended that this will be a regional sales office and hub for Middle East activities.

16. Stocks

	Group 2016 £000	Group 2015 £000
Raw material	3,306	2,014
Work in progress	622	495
Finished goods	5,759	5,977
	<u>9,687</u>	<u>8,486</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Notes to the financial statements (continued)

for the year ended 30 June 2016

17. Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	13,676	14,284	-	-
Amounts owed by Group undertakings	-	-	98	-
Other debtors	143	63	8	-
Prepayments and accrued income	1,331	1,352	41	139
	<u>15,150</u>	<u>15,699</u>	<u>147</u>	<u>139</u>

18. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans and overdrafts	10,000	4,361	10,000	4,361
Trade creditors	5,170	2,199	-	-
Amounts owed to Group undertakings	156	-	37,006	33,581
Corporation tax	925	1,070	-	-
Other creditors	749	1,049	-	-
Other taxation and social security	1,503	1,103	-	-
Accruals and deferred income	5,666	3,584	548	161
Derivative financial instruments	715	10	715	10
	<u>24,884</u>	<u>13,376</u>	<u>48,269</u>	<u>38,113</u>

Amounts owed to Group undertakings are not secured, are repayable on demand and accrue interest at 6% per annum.

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans and overdrafts	51,000	21,885	51,000	21,885
Unamortised loan fees	(1,507)	(683)	(1,507)	(683)
Amounts owed to group undertakings	-	40,413	-	40,268
	<u>49,493</u>	<u>61,615</u>	<u>49,493</u>	<u>61,470</u>

Notes to the financial statements (continued)

for the year ended 30 June 2016

19. Creditors: amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
Bank loans				
Between one and two years	6,000	21,885	6,000	21,885
Between two and five years	15,000	-	15,000	-
Over five years	30,000	-	30,000	-
	<u>51,000</u>	<u>21,885</u>	<u>51,000</u>	<u>21,885</u>
On demand or within one year	10,000	4,361	10,000	4,361
	<u>61,000</u>	<u>26,246</u>	<u>61,000</u>	<u>26,246</u>
	Group 2016 £000	2015 £000	Company 2016 £000	2015 £000
Total borrowings				
Between one and two years	6,000	21,885	6,000	21,885
Between two and five years	15,000	40,413	15,000	40,268
Over five years	30,000	-	30,000	-
	<u>51,000</u>	<u>62,298</u>	<u>51,000</u>	<u>62,153</u>
On demand or within one year	10,156	4,361	47,006	37,942
	<u>61,156</u>	<u>66,659</u>	<u>98,006</u>	<u>100,095</u>

On 17 July 2015, the Company signed a new £66.25 million bank finance facility with four banks providing committed funding to July 2021. This facility refinanced an existing bank facility and provided £33.75 million new funds and enabled the partial repayment of the Group's outstanding PIK Loan Notes.

Bank loans are secured by fixed and floating charges over the assets of the Group. The bank loans are repayable by instalments and are repayable by July 2021. The interest rate on the loans is LIBOR plus a margin and is paid quarterly. Interest rate derivatives have been entered into that effectively fix a proportion of the interest charge on the bank loans.

The Group has an undrawn committed borrowing facility available at 30 June 2016 of £1.5 million (2015: £0.75 million), which is at a floating rate and expires in more than two years.

Notes to the financial statements (continued)

for the year ended 30 June 2016

20. Provisions for liabilities

Group

	Deferred taxation £000	Dilapidations £000	Total £000
At 1 July 2015	19	1,360	1,379
Profit and loss account	55	-	55
At 30 June 2016	74	1,360	1,434

Dilapidations

The dilapidations provision relates to anticipated costs of restoring the leasehold properties to their original condition at the end of the present leases. The provision will be utilised at the end of the leases if they are not renewed.

Deferred taxation

Deferred taxation is provided as follows:

	£000
At 30 June 2015	19
Other short term timing difference	13
Effects of change in tax rate	(6)
Adjustments in respect of prior periods	48
At 30 June 2016	74

The amounts provided for deferred taxation and the amounts unprovided are set out below:

	2016 Provided £000	Unprovided £000	2015 Provided £000	Unprovided £000
Accelerated capital allowances	133	-	90	-
Short term timing differences	(59)	-	(71)	-
Chargeable gains rolled over	-	-	-	1,044
At 30 June 2016	74	-	19	1,044

The Company had £nil (2015: £nil) provisions for liabilities.

Notes to the financial statements (continued)

for the year ended 30 June 2016

21. Group and Company Called up share capital

Authorised

	2016		2015	
	Number	£000	Number	£000
Ordinary shares of 1p each	100,000	1	100,000	1

Called up, allotted and fully paid

	2016		2015	
	Number	£000	Number	£000
Ordinary shares of 1p each	100,000	1	100,000	1

22. Dividends

	2016 £000	2015 £000
Equity - ordinary		
Interim paid: £32 (2015: £nil) per £1 share	3,200	-

Interim dividend of £3.2 million was paid on 17 June 2016.

23. Reconciliation of operating profit to operating cash flows

	2016 £000	2015 £000
Profit for the financial year	6,231	4,700
Adjustments for:		
Tax on profit on ordinary activities	2,529	2,386
Net finance charge	5,186	6,463
Operating profit	13,946	13,549
Depreciation, amortisation and impairment	7,120	6,429
Other non-cash items	-	4
Gain on sale of fixed assets	(5)	-
(Increase) / decrease in stocks	(1,200)	573
Decrease / (increase) in debtors	430	(2,123)
Increase / (decrease) in creditors	4,766	(1,113)
Increase / (decrease) in provisions	-	(336)
Cash flow from operating activities	25,057	16,983

Notes to the financial statements (continued)

for the year ended 30 June 2016

24. Analysis and reconciliation of net debt

	Cash at bank in hand £000	Debt Within one year £000	Debt After one year £000	Net Debt £000
At 1 July 2015	10,073	(4,361)	(61,615)	(55,903)
Increase in debt	-	(7,000)	(30,754)	(37,754)
Repayment of debt	-	3,000	-	3,000
Borrowings from subsidiary undertakings	-	(156)	40,413	40,257
Capitalisation of new fees	-	-	1,757	1,757
Amortisation of capitalised finance costs	-	-	(933)	(933)
Maturity adjustment	-	(1,639)	1,639	-
Net increase in cash and cash equivalents	3,577	-	-	3,577
At 30 June 2016	13,650	(10,156)	(49,493)	(45,999)

	2016 £000	2015 £000
Increase in cash	(3,577)	(2,551)
Increase / (decrease) in debt	34,754	(6,519)
Change in net debt	31,177	(9,070)
Loan fees capitalised / amortised net	(824)	517
Borrowings from subsidiary undertakings	(40,257)	4,545
Movement in net debt in the year	(9,904)	(4,008)
Net debt at 1 July	55,903	59,911
Net debt at 30 June	45,999	55,903

Notes to the financial statements (continued)

for the year ended 30 June 2015

25. Financial instruments

Interest rate swap contracts

Under interest rate swap contracts the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate %	Notional principal value £000	Fair value £000
At 30 June 2016			
Between two to five years	1.3425	38,000	(705)
At 30 June 2015			
Between two to five years	0.7950	18,000	(10)

26. Financial commitments

Group

Capital commitments are as follows:

	2016 £000	2015 £000
Contracted for but not provided for	407	1,603

At 30 June 2016 the Company had £nil (2015: £nil) capital commitments.

At 30 June 2016 the Group has lease agreements in respect of properties, vehicles, plant and equipment, to which the payments extend over a number of years.

Notes to the financial statements (continued)

for the year ended 30 June 2016

26. Financial commitments (continued)

Commitments under non-cancellable operating leases are as follows:

Group

	Land and buildings		Other assets	
	2016	2015	2016	2015
	£000	£000	£000	£000
Commitments which expire:				
Within one year	1,487	1,321	279	423
Within two to five years	5,846	4,440	187	566
After more than five years	9,732	1,359	-	-
	<u>17,065</u>	<u>7,120</u>	<u>466</u>	<u>989</u>

The increase in 2016 commitments under non-cancellable operating leases are a result of lease extensions on two properties from 2020 to 2030.

Company

At 30 June 2016 the Company had £nil (2015: £nil) lease commitments.

27. Pension commitments

The Group's current UK pension arrangements provide for contributions towards personal money purchase pension plans administered by Aegon on behalf of the employees. At the end of the year, pension contributions of £97,000 (2015: £91,000) representing the unpaid contributions for June 2016, were outstanding and included in accruals.

28. Related party transactions

Group

During the year AAC Capital UK LLP, an affiliate of the Group's major shareholder, charged the Group a management fee of £60,000 (2015: £61,344), £nil was owed at the year end (2015: £nil).

In the year 78,266 (2015: 66,668) ordinary shares and 172,137 (2015: 609,397) V ordinary shares in the Bolt Equity Limited were sold and purchased by certain Directors, key management and former managers.

Company

Advantage has been taken of the exemption as provided in section 33.1A of FRS 102 and does not disclose transactions with entities that are wholly owned by the Bolt Mezzanine Limited group.

Notes to the financial statements (continued)

for the year ended 30 June 2016

29. Contingent liabilities

The Group has guaranteed bank and other borrowings amounting to £66.25 million (2015: £84.7 million). On 17 July 2015, the Company agreed a new bank borrowing facility for £66.25 million, refinancing previous bank and other borrowing facilities.

At the 30 June 2016 the Group had the following additional contingent liabilities:

Guarantee for duty deferment in favour of HM Customs and Excise for £300,000 (2015: £300,000) with recourse.

Guarantees with recourse in favour of various commercial counterparties, principally in the Middle East region, totalling £248,000 (2015: £148,000).

30. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Nut Bond Limited. The smallest and largest entity to consolidate the Group's financial statements is Bolt Equity Limited. Copies of these financial statements can be obtained from Building A2 Glory Park, Glory Park Avenue, Wooburn Green, High Wycombe, Buckinghamshire HP10 0DF.

AAC Capital NEBO Feeder II LP, a partnership registered in the United Kingdom, is the Company's ultimate parent and controlling party and is the parent undertaking of the Group.

31. Events after the end of the reporting year

On 1 July 2016, through its subsidiary Macarthys Laboratories Limited, the Group completed the acquisition of Viridian Pharma Limited, a UK-based developer and supplier of niche pharmaceutical products. The cost of investment including associated transactions costs was £4.65 million, financed by cash.

In August 2016, Martindale Pharma International FZE was established in the Jebel Ali Free Zone in Dubai, United Arab Emirates as a 100% subsidiary of Macarthys Laboratories Limited; it is intended that this will be a regional sales office and hub for Middle East activities.

Notes to the financial statements (continued)

for the year ended 30 June 2016

32. Adoption of FRS 102

This is the first year that the Group and Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 30 June 2016 and the total equity as at 1 July 2015 and 30 June 2016 between UK GAAP as previously reported and FRS 102.

	2015
	£000
Consolidated profit for the financial year	
UK GAAP as previously reported	4,713
Derivative financial instruments	(8)
Rent free period for operating lease	(9)
Total adjustment to profit before tax for the financial year	(17)
Deferred tax impact of adjustments	
Derivative financial instruments	2
Rent free period for operating lease	2
Total adjustment to tax expense	4
Total adjustment to profit for the financial year	(13)
FRS 102	4,700

	1 July 2014 £000	30 June 2015 £000
Consolidated total equity		
UK GAAP as previously reported	27,315	32,028
Derivative financial instruments	(2)	(10)
Rent free period for operating lease	-	(9)
Deferred tax impact of adjustments		
- Derivative financial instruments	-	2
- Rent free period for operating lease	-	2
	(2)	(15)
FRS 102	27,313	32,013

Notes to the financial statements (continued)

for the year ended 30 June 2016

32. Adoption of FRS 102 (continued)

	2015
	£000
Company profit for the financial year	
UK GAAP as previously reported	3,097
Derivative financial instruments	(8)
Total adjustment to profit before tax for the financial year	(8)
Deferred tax impact of adjustments	
Derivative financial instruments	2
Total adjustment to tax expense	2
Total adjustment to profit for the financial year	(6)
FRS 102	3,091

	1 July 2014 £000	30 June 2015 £000
Company total equity		
UK GAAP as previously reported	(2,402)	695
Derivative financial instruments	(2)	(10)
Rent free period for operating lease		
Deferred tax impact of adjustments		
- Derivative financial instruments	-	2
	(2)	(8)
FRS 102	(2,404)	687

Notes to the financial statements (continued)

for the year ended 30 June 2016

32. Adoption of FRS 102 (continued)

Derivative financial instruments

FRS 102 requires derivative instruments to be recognised at fair value. Previously under UK GAAP the Group and Company did not recognise these instruments in the financial statements. Accordingly at transition, 1 July 2014, a liability of £2,000 was recognised and a loss of £8,000 was recognised in the profit and loss account of the Group and the Company in the year ended 30 June 2015. A liability of £10,000 was recognised at 30 June 2015.

Rent free period for operating leases

Under previous UK GAAP operating lease incentives, including rent free periods, were spread over the shorter of the lease period or the period when the rental was set to a fair market rent. FRS 102 requires that such incentives be spread over the lease period. The Group has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP.

Accordingly the FRS 102 accounting policy has been applied to new operating leases entered into since 1 July 2014 and the operating lease charge for the Group has increased by £9,000 for the to 30 June 2015, with a corresponding increase in accrued lease liability at 30 June 2015.

Deferred tax

The Group and Company has accounted for deferred taxation on transition as follows:

- (a) Derivative financial instruments - no deferred tax has been recognised on transition at 1 July 2014. In the year ended 30 June 2015 a credit of £2,000 has been recognised in the profit and loss account of the Group and Company in respect of the increase in the value of derivative liabilities recognised in the year at a rate of 20%.
- (b) Rent free period of operating lease - In the year ended 30 June 2015 a credit of £2,000 has been recognised in the profit and loss account of the Group in respect of the tax effect of the spreading of the rent free period for an operating lease taken out during the year at a rate of 20%.