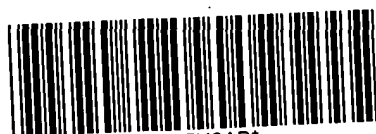


Company Registration No. 08073811 (England and Wales)

**SCAL ARABIA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

SATURDAY



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# SCAL ARABIA LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	B E Osthus J D Lawrence O S Hjelmeland S R Page
<b>Secretary</b>	S R Page
<b>Company number</b>	08073811
<b>Registered office</b>	34 Ely Place London EC1N 6TD
<b>Auditors</b>	SPW (UK) LLP Chartered Accountants Gable House 239 Regents Park Road London N3 3LF

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# SCAL ARABIA LIMITED

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# SCAL ARABIA LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SCAL ARABIA LIMITED

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We have audited the financial statements of SCAL Arabia Limited for the year ended 31 December 2015 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

#### **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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Going concern**

Without qualifying our opinion, we draw attention to Note 16 in the financial statements which indicates that the company incurred a net loss of \$1,830,810 during the year ended 31 December 2015 and, as of that date, the company's total liabilities exceeded its total assets by \$5,010,675. These conditions, along with other matters as set forth in Note 16, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

#### **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 for which the financial statements are prepared is consistent with the financial statements.

# SCAL ARABIA LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SCAL ARABIA LIMITED

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#### **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.



**Mr Shirish Shah (Senior Statutory Auditor)**

**for and on behalf of SPW (UK) LLP**

**Chartered Accountants**

**Statutory Auditor**

Gable House

239 Regents Park Road

London

N3 3LF

11 May 2016

# SCAL ARABIA LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 US \$	US \$	2014 US \$	US \$
<b>Fixed assets</b>					
Tangible assets	6		5,688,436		3,066,912
<b>Current assets</b>					
Debtors	8	1,415,268		3,395,369	
Cash at bank and in hand		28,224		401,269	
		<u>1,443,492</u>		<u>3,796,638</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,772,233)</u>		<u>(1,287,092)</u>	
Net current (liabilities)/assets			<u>(328,741)</u>		<u>2,509,546</u>
<b>Total assets less current liabilities</b>			5,359,695		5,576,458
<b>Creditors: amounts falling due after more than one year</b>	10		(10,370,370)		(8,756,323)
<b>Net liabilities</b>			<u>(5,010,675)</u>		<u>(3,179,865)</u>
<b>Capital and reserves</b>					
Called up share capital	12		15,870		15,870
Profit and loss reserves			<u>(5,026,545)</u>		<u>(3,195,735)</u>
<b>Total equity</b>			<u>(5,010,675)</u>		<u>(3,179,865)</u>

The financial statements were approved by the board of directors and authorised for issue on 10 May 2016 and are signed on its behalf by:



J D Lawrence  
Director

Company Registration No. 08073811

# SCAL ARABIA LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital US \$	Profit and loss reserves US \$	Total US \$
Balance at 1 January 2014		15,870	(1,352,865)	(1,336,995)
Period ended 31 December 2014:				
Loss and total comprehensive income for the year		-	(1,842,870)	(1,842,870)
Balance at 31 December 2014		15,870	(3,195,735)	(3,179,865)
Period ended 31 December 2015:				
Loss and total comprehensive income for the year		-	(1,830,810)	(1,830,810)
Balance at 31 December 2015		15,870	(5,026,545)	(5,010,675)

# SCAL ARABIA LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 US \$	US \$	2014 US \$	US \$
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	17		1,242,114		(2,942,683)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,229,206)		(1,593,044)	
<b>Net cash used in investing activities</b>			(3,229,206)		(1,593,044)
<b>Financing activities</b>					
Proceeds from borrowings		1,614,047		4,466,010	
<b>Net cash generated from financing activities</b>			1,614,047		4,466,010
<b>Net decrease in cash and cash equivalents</b>			(373,045)		(69,717)
Cash and cash equivalents at beginning of year			401,269		470,986
<b>Cash and cash equivalents at end of year</b>			28,224		401,269



# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

#### Company information

SCAL Arabia Limited is a company limited by shares incorporated in England and Wales. The registered office is 34 Ely Place, London, EC1N 6TD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest US \$.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the lease term
Plant and machinery	10%, 20% and 33% on straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

---

#### 1 Accounting policies

(Continued)

##### 1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

---

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015 US \$	2014 US \$
<b>Turnover</b>		
Laboratory services	1,948,314	72,139

#### Turnover analysed by geographical market

	2015 US \$	2014 US \$
United Arab Emirates	1,948,314	72,139

Revenue is recognised when it is determined that the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the fee is fixed or determinable; and (iv) collectability is reasonably assured.

### 4 Operating loss

	2015 US \$	2014 US \$
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	20,213	19,500
Depreciation of owned tangible fixed assets	591,581	261,295
Loss on disposal of tangible fixed assets	16,101	-
Operating lease charges	366,199	385,443

### 5 Taxation

# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 5 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2015 US \$	2014 US \$
Loss before taxation	(1,830,810)	(1,842,870)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 20.00%)	(366,162)	(368,574)
Tax effect of expenses that are not deductible in determining taxable profit	(49,782)	11,164
Unutilised tax losses carried forward	591,422	530,004
Permanent capital allowances in excess of depreciation	(175,478)	(172,594)
Tax expense for the year	-	-

### 6 Tangible fixed assets

	Leasehold improvements US \$	Plant and machinery US \$	Total US \$
<b>Cost</b>			
At 1 January 2015	-	3,419,456	3,419,456
Additions	1,696,577	1,532,629	3,229,206
Disposals	-	(21,047)	(21,047)
At 31 December 2015	1,696,577	4,931,038	6,627,615
<b>Depreciation and impairment</b>			
At 1 January 2015	-	352,544	352,544
Depreciation charged in the year	179,638	411,943	591,581
Eliminated in respect of disposals	-	(4,946)	(4,946)
At 31 December 2015	179,638	759,541	939,179
<b>Carrying amount</b>			
At 31 December 2015	1,516,939	4,171,497	5,688,436
At 31 December 2014	-	3,066,912	3,066,912

### 7 Financial instruments

	2015 US \$	2014 US \$
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,297,743	3,343,236
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	12,142,603	10,043,415

# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

(Continued)

### 7 Financial instruments

#### 8 Debtors

	2015 US \$	2014 US \$
<b>Amounts falling due within one year:</b>		
Trade debtors	1,093,180	44,118
Other debtors	204,563	3,299,118
Prepayments and accrued income	117,525	52,133
	<u>1,415,268</u>	<u>3,395,369</u>

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

	Notes	2015 US \$	2014 US \$
Trade creditors		1,370,713	1,196,442
Other creditors		97,981	51,876
Accruals and deferred income		303,539	38,774
		<u>1,772,233</u>	<u>1,287,092</u>

#### 10 Creditors: amounts falling due after more than one year

	Notes	2015 US \$	2014 US \$
Loans	11	<u>10,370,370</u>	<u>8,756,323</u>

#### 11 Loans

	2015 US \$	2014 US \$
Loans due to shareholders	<u>10,370,370</u>	<u>8,756,323</u>
Payable after one year	<u>10,370,370</u>	<u>8,756,323</u>

# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 12 Share capital

	2015 US \$	2014 US \$
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
15,870 Ordinary shares of US \$1 each	15,870	15,870

### 13 Operating lease commitments

#### Lessee

The company's operating lease commitments were \$879,929 per annum for leases that expire after 5 years.

### 14 Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with entities that are part of the group on the grounds that consolidated financial statements are prepared by the ultimate parent company.

### 15 Controlling party

The ultimate controlling party is Petricore Limited, a company registered in England and Wales.

### 16 Going concern

The company made a loss for the year of \$1,830,809, had net liabilities of \$5,010,675 and net current liabilities of \$328,741.

The company's shareholders, Petricore Limited (51%) and Zamil Group Trade & Services Co. Ltd (49%), have undertaken to provide financial support in such amounts to enable the company to meet its obligations as and when required for a period of at least twelve months from the date of approval of these financial statements.

Therefore, the directors have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



# SCAL ARABIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 17 Cash generated from operations

	2015 US \$	2014 US \$
Loss for the year after tax	(1,830,810)	(1,842,870)
<b>Adjustments for:</b>		
Loss on disposal of tangible fixed assets	16,101	-
Depreciation and impairment of tangible fixed assets	591,581	261,295
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	1,980,101	(2,351,894)
Increase in creditors	485,141	990,786
<b>Cash generated from/(absorbed by) operations</b>	<b>1,242,114</b>	<b>(2,942,683)</b>