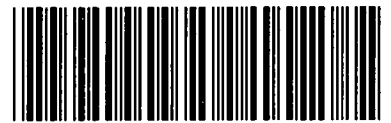


Company Registration No. 08073811 (England and Wales)

SCAL ARABIA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
PAGES FOR FILING WITH REGISTRAR

WEDNESDAY



A6HAUQ43

A28

18/10/2017

#39

COMPANIES HOUSE

SCAL ARABIA LIMITED

COMPANY INFORMATION

Directors	B E Osthus J D Lawrence O S Hjelmeland S R Page
Secretary	S R Page
Company number	08073811
Registered office	Gable House 239 Regents Park Road London N3 3LF
Auditor	SPW (UK) LLP Chartered Accountants Gable House 239 Regents Park Road London N3 3LF



SCAL ARABIA LIMITED

CONTENTS

	Page
Balance sheet	1
Statement of cash flows	2
Notes to the financial statements	3 - 10

SCAL ARABIA LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 US \$	US \$	2015 US \$	US \$
Fixed assets					
Tangible assets	4		5,036,631		5,688,436
Current assets					
Debtors	6	2,134,470		1,415,269	
Cash at bank and in hand		64,505		28,224	
		<u>2,198,975</u>		<u>1,443,493</u>	
Creditors: amounts falling due within one year	7	<u>(3,539,531)</u>		<u>(1,772,233)</u>	
Net current liabilities			<u>(1,340,556)</u>		<u>(328,740)</u>
Total assets less current liabilities			3,696,075		5,359,696
Creditors: amounts falling due after more than one year	8		(10,851,455)		(10,370,371)
Net liabilities			<u>(7,155,380)</u>		<u>(5,010,675)</u>
Capital and reserves					
Called up share capital	10		15,870		15,870
Profit and loss reserves			<u>(7,171,250)</u>		<u>(5,026,545)</u>
Total equity			<u>(7,155,380)</u>		<u>(5,010,675)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 12 October 2017 and are signed on its behalf by:



J D Lawrence
Director

Company Registration No. 08073811

SCAL ARABIA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 US \$	US \$	2015 US \$	US \$
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	16		(323,048)		1,242,113
Interest paid			(35,654)		-
Net cash (outflow)/inflow from operating activities			(358,702)		1,242,113
Investing activities					
Purchase of tangible fixed assets		(103,847)		(3,229,206)	
Net cash used in investing activities			(103,847)		(3,229,206)
Financing activities					
Proceeds from borrowings		-		1,614,047	
Repayment of borrowings		481,084		1	
Net cash generated from financing activities			481,084		1,614,048
Net increase/(decrease) in cash and cash equivalents			18,535		(373,045)
Cash and cash equivalents at beginning of year			28,224		401,269
Effect of foreign exchange rates			12,323		-
Cash and cash equivalents at end of year			59,082		28,224
Relating to:					
Cash at bank and in hand			64,505		28,224
Bank overdrafts included in creditors payable within one year			(5,423)		-

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

SCAL Arabia Limited is a private company limited by shares incorporated in England and Wales. The registered office is , Gable House, 239 Regents Park Road, London, N3 3LF.

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 under 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

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and 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 balance sheet 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 debtors 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. Financial assets classified as receivable within one year are not amortised.

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

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 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.10 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.

1.11 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.

1.12 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. Dollar at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

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 Employees

The average monthly number of persons (including directors) employed by the company during the year was 20 (2015 - 23).

	2016 Number	2015 Number
Management	10	10
Administrative staff	4	6
Laboratory staff	6	7
	<u>20</u>	<u>23</u>

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Employees (Continued)

Their aggregate remuneration comprised:

	2016 US \$	2015 US \$
Wages and salaries	1,405,037	1,214,469

4 Tangible fixed assets

	Leasehold improvements US \$	Plant and machinery US \$	Total US \$
Cost			
At 1 January 2016	1,696,577	4,931,038	6,627,615
Additions	-	103,847	103,847
At 31 December 2016	1,696,577	5,034,885	6,731,462
Depreciation and impairment			
At 1 January 2016	179,638	759,541	939,179
Depreciation charged in the year	242,034	513,618	755,652
At 31 December 2016	421,672	1,273,159	1,694,831
Carrying amount			
At 31 December 2016	1,274,905	3,761,726	5,036,631
At 31 December 2015	1,516,939	4,171,497	5,688,436

5 Financial instruments

	2016 US \$	2015 US \$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,918,292	1,297,744
Carrying amount of financial liabilities		
Measured at amortised cost	8,699,651	6,836,787

6 Debtors

	2016 US \$	2015 US \$
Amounts falling due within one year:		
Trade debtors	1,656,457	1,093,181
Other debtors	261,835	204,563
Prepayments and accrued income	216,178	117,525
	2,134,470	1,415,269

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Creditors: amounts falling due within one year

	Notes	2016 US \$	2015 US \$
Bank loans and overdrafts	9	5,423	-
Trade creditors		1,988,310	1,370,713
Amounts due to group undertakings		256,718	-
Other creditors		571,756	97,981
Accruals and deferred income		717,324	303,539
		<u>3,539,531</u>	<u>1,772,233</u>

8 Creditors: amounts falling due after more than one year

	Notes	2016 US \$	2015 US \$
Loans	9	<u>10,851,455</u>	<u>10,370,371</u>

9 Loans

	2016 US \$	2015 US \$
Bank overdrafts	5,423	-
Loans due to minority shareholder	5,160,120	5,064,554
Loans from parent undertaking	5,691,335	5,305,817
	<u>10,856,878</u>	<u>10,370,371</u>
Payable within one year	5,423	-
Payable after one year	<u>10,851,455</u>	<u>10,370,371</u>

10 Share capital

	2016 US \$	2015 US \$
Ordinary share capital Issued and fully paid 15,870 Ordinary shares of \$1 each	<u>15,870</u>	<u>15,870</u>
	<u>15,870</u>	<u>15,870</u>

SCAL ARABIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Shirish Shah.

The auditor was SPW (UK) LLP.

12 Operating lease commitments

Lessee

The operating lease represents leases to third parties. The leases are negotiated over terms of 3 years and there are yearly increments of 5%. There is an option in place for either party to extend the lease term for a further 3 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 US \$	2015 US \$
Within one year	295,640	119,902
Between two and five years	415,565	-
	<u>711,205</u>	<u>119,902</u>

13 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.

14 Controlling party

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

15 Going concern

The company made a loss for the year of \$2,157,029, had net liabilities of \$7,155,380 and net current liabilities of \$1,340,556.

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 2016

16 Cash generated from operations

	2016 US \$	2015 US \$
Loss for the year after tax	(2,157,028)	(1,830,810)
Adjustments for:		
Finance costs	35,654	-
(Gain)/loss on disposal of tangible fixed assets	-	16,101
Depreciation and impairment of tangible fixed assets	755,652	591,581
Movements in working capital:		
(Increase)/decrease in debtors	(719,201)	1,980,100
Increase in creditors	1,761,875	485,141
Cash (absorbed by)/generated from operations	(323,048)	1,242,113