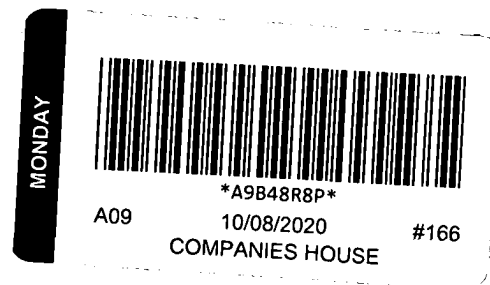


Bio Products Laboratory Holdings Limited

Consolidated financial statements

For the year ended 31 December 2019

Company Registration Number 04564631



Bio Products Laboratory Holdings Limited

For the year ended 31 December 2019

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Bio Products Laboratory Holdings Limited

For the year ended 31 December 2019

Officers and Professional Advisors

Company registration number	04564631
Registered office	Dagger Lane Elstree Hertfordshire United Kingdom WD6 3BX
Directors	X Gao M Mensa X Wu
Secretary	E Selig
Independent Auditor	KPMG LLP 58 Clarendon Road Watford Hertfordshire WD17 1DE

Bio Products Laboratory Holdings Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for Bio Products Laboratory Holdings Limited (BPLH), a UK domiciled company and its subsidiary companies, Bio Products Laboratory Limited (BPLT), BPL Plasma Inc. (BPLP) and BPL Properties, LLC for the year ended 31 December 2019 together being "the Group".

The principal activity of the group is plasma collection, fractionation and the sale of plasma derived therapeutic proteins and related products.

BPLP operates plasma collection centres in the United States, whereas BPLT manufactures plasma therapeutic proteins at its production plant in the United Kingdom. BPLP sells plasma to BPLT and third party fractionators. BPLT sells a wide range of plasma derived products which include Immunoglobulins, Albumin and Coagulation Factors under brand names such as Gammaplex, Subgam, Dgam, Zenalb, Optivate, 8Y, Replene and Coagadex. BPL Properties, LLC is a United States real estate company.

Review of the business and future developments

The continuing operations business performance of the Group in 2019 showed a strong recovery with Sales growth year-on-year of 34% to £270m (£201m in 2018) led by favourable trends on US IVIG and Factor X deficiency product sales, while gross margins expanded nearly 18 percentage points from the prior year on the nonrecurrence of the prior year costs associated with the air filtration issues at our Elstree plant as well as a significant growth in plant throughput. Rigorous inspection and testing of the air filters continued in 2019 to ensure full compliance to our quality standards. The Continuing Operations generated £14m Operating Profit, or 5.2% of Sales, representing a £46m profit improvement from the 2018 Operating Loss of £32m.

The Group's Consolidated Profit was £17m in 2019 (£49m loss in 2018), including £11m from Continuing Operations and £6m generated by BPLP, classified as Discontinued Operations. This result represents a £66m year-on-year improvement, with significant progress being made across both BPLT and BPLP.

As a consequence of a US National Security Agreement (NSA) agreed in April 2019 with the Committee on Foreign Investment in the United States (CFIUS), the Group agreed to divest its US plasma collection business within a set timeframe, which currently stands at the end of February 2021. In July 2019, the Group reached an agreement to sell 100% of the equity interests in BPLP and all of BPLP's subsidiaries to Scranton Plasma BV for an undisclosed amount, while securing a long-term plasma supply agreement with the future owner so that the Group's BPL Therapeutics business can continue to operate at similar volume levels as it does today. Based on its interest in acquiring BPLP, Scranton Plasma BV provided financing to the BPLH business in the form of a term loan worth £303.4m (\$400m). The loan will be repaid and terminated with the completion of the sale of BPLP. The proceeds from the term loan have allowed the Group to re-finance its debt structure and repay £196m of shareholder debt with Tiancheng International Investment Limited (TII) in 2019.

The proposed divestiture sale of BPLP is undergoing anti-trust reviews with the US Federal Trade Commission (FTC) at the time of this report.

Consistent with these plans, the BPLP financial results continue to be classified under Discontinued Operations for the purposes of these financial statements. The Group's US based Therapeutics business is unaffected and will continue to remain under the current ownership structure as is.

The discontinued operations business performance of the Group in 2019 reported a Net Profit of £6m in 2019 compared to a Net Loss of nearly £11m in 2018, a £17m improvement from the prior year driven by a 12% growth in plasma collections, a 15% growth in sales (local currency basis), and the nonrecurrence of certain exceptional costs.

The Group is continuing to make significant progress in the implementation of its strategic plan and enabling investments.

Key accomplishments against the high-level strategic objectives for the group included:

- Continued to strengthen its plasma business (BPLP) through the opening of a further 2 collection centres in the United States. This brings the 3 year total openings to 18 centres since 2017 and the overall active collection centres of the business up to 51, building a strong base from which to ensure the long-term supply of plasma both for the Group and its plasma customers.

Bio Products Laboratory Holdings Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Review of the business and future developments (continued)

- BPL Plasma successfully addressed its regulatory requirements from both the UK's MHRA and US's FDA stemming from its 2017 quality issues.
- Continued to improve BPLT's production capacity in its Elstree, UK plant by ramping up its fractionation capacity and implementing its new filling Line 3 and automated packaging line, all while further strengthening reliability and quality, with a particular focus on air filtration and sterility practices.
- Completion of its B+1 wash IVIG yield improvement project, a £32m investment executed over the last few years which will allow the BPLT to match, if not overtake, industry benchmarks going forward. The new B+1 production annex went into commercial use in March 2020.
- Ramping up Research and Development (R&D) efforts relating to new products and markets increasing the revenue per litre, with a particular focus on expanding BPLT's portfolio in the key US market and China.

Key performance indicators

The directors believe that the key performance indicators ('KPIs') are as follows:

- Plasma collections, which increased 12% to 2.1m litres in 2019, driven by the growth in new centres opened in both 2018 and 2019.
- Plasma fractionation volume, performance at 1.1m plasma equivalent litres of utilized capacity in 2019, up 47% from 2018, from both the nonrecurrence of the prior year air filtration issues at BPLT's Elstree plant as well as expanded throughput capacity in various key stages of production, including the go-live of its new filling Line 3.
- BPLT product sales increased by £69m from £201m in 2018 to £270m in 2019, driven by strong demand growth for its IVIG and Factor X deficiency products in the key United States markets. BPLT's flagship Gammaplex product achieved an important milestone on achieving over 3 million grams of sales in the year.
- BPLT cost of waste and poor quality was significantly reduced in 2019, remaining below £4m compared to the £13m of costs in 2018. The improvements in BPLT's overall quality management systems and sterility practices, as well as the nonrecurrence of the previously mentioned air filtration issues allowed for this result.

Risks

The management of the business is subject to a number of risks including production, commercial, regulatory, customer claims, credit, currency, interest rate and cash flow risk. The mitigation of these risks has been outlined below.

Production risk

The production processes are continuously monitored by qualified staff with all production outcomes reviewed on a daily basis. To deliver improved production capabilities and ensure compliance to Good Manufacturing Practices (GMP) and BPLT's production and quality licenses, the group is making important investments in upgrading production equipment, increasing the reliability of its operations, driving process improvements and enhancing staff training, both in BPL Plasma and BPL Therapeutics.

Commercial risk

The group continues to improve its product offering in order to develop its market position. This is evidenced by investment in research and development on new products such as Coagadex, Gammaplex 10% and Albumin for new markets. In addition, the company has made additional investments in the commercial teams to enable continued market penetration.

Bio Products Laboratory Holdings Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Regulatory risk

The group is exposed to regulatory risk which is the failure to comply with applicable laws, rules and regulations that may result in regulatory sanctions.

The group regularly reviews its risk management processes to ensure compliance with all relevant regulatory requirements. It has also enhanced the resourcing and tools of its quality teams in both BPL Plasma and BPL Therapeutics to operationally embed quality & compliance across of all elements of the supply chain of the business.

Financial Risk Management

The group's operations are exposed to a variety of financial risks that include the effects of changes in price, credit, currency, interest rate and cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The directors have delegated the responsibility of monitoring financial risk management to a sub-committee of the board, the audit committee. The policies set by the board of directors are implemented by the group's finance department.

Customer claims

The group is exposed to 3rd party customer claims for performance liabilities and damages caused by its performance and quality compliance, mainly in relation to its BPL Plasma business. The directors monitor this regularly and seek appropriate technical and legal guidance and support to minimize the impact to the company, both financially and reputationally.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is regularly reviewed by the senior management team.

Currency risk

The group is exposed to currency risk mainly against USD as a result of its global operations. USD customer receipts and payments are matched whenever possible and the use of forward currency contracts are placed to mitigate any balancing currency exposures. This position is kept under regular review by the directors. The group also operates foreign currency bank accounts in order to offset foreign currency receipts and payments.

Interest rate and cash flow risk

At the year end the group has interest bearing debt liabilities of £366.2m, £303.4m (\$400m) with Scranton Plasma B.V. and £62.8m with its parent and related group companies. The group also has interest bearing assets in the form of cash balances which earn interest at a short term variable rate. The directors regularly review the capital structure and cash flow forecasts to ensure cash resources are appropriate to the group's operations.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of BPL consisting of Bio Products Laboratory Holdings Limited and its subsidiaries, BPL Plasma Inc. and Bio Products Laboratory Limited, (together "the Group") consider, both individually and together, that they have promoted the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) during the year ended 31 December 2019.

This statement includes specific examples of how the directors have discharged their duties with respect to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company

Bio Products Laboratory Holdings Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Future Plans

The Group completed a comprehensive review of its Long Range Plan (LRP), a plan that outlines the business plans and related investments designed to have a long term beneficial impact on the company in its mission to deliver quality medicines to patients, while also provide shareholder returns with 5 to 10 year horizon. The directors reviewed and approved the LRP and an operating plan for 2020 that funds investment towards the goals set forth in the LRP. Included in the LRP are ambitious goals for development of new plasma-based products that support unmet patient needs.

The directors also took steps to promote the long-term viability and growth of the Group by ensuring that the agreement to divest BPL Plasma, Inc. includes a long-term agreement for the buyer to supply plasma to BPLT. That agreement provides the Group with access to a similar quantity of plasma in each of the next 10 years as it does today.

Finally, the directors have focused on ensuring that the Group continues to operate within strict budgetary controls and as per our quality and regulatory standards. The directors receive and review on a monthly basis detailed reports regarding the financial results, performance of the business versus key indicators such as yield, revenue and cost per litre, waste, net sales. The directors believe that the Group is in a strong position, with cash reserves that will be generated from its pending divestiture of its Plasma business, which coupled with strong market conditions, its skilled human capital base and the excellent reputation of its products will enable the Group to continue to grow successfully in the immediate future.

Employees

The directors recognise that it is critical for the future success of the Group that it develop, retain and attract talent and provide stimulating and challenging career opportunities for teams to develop their skills within a considerate and supportive environment. The directors have encouraged creation of an open culture, with constructive and honest dialogue throughout the company and an open and accessible management structure that enables direct interaction between senior management and employees. This environment results in the ability to make quick decisions relating to people development, working environments and attraction of talent. In addition, a regular employee satisfaction survey, pulsing team members on a variety of topics, has allowed management to assess go forward areas of focus, and the company has increased significantly both the depth and frequency of internal communications with employees and continue to assess further improvements in employment policies and practices. The directors commissioned an evaluation of long-term incentive programs in the industry to ensure that the Group remains able to recruit and retain top talent.

Business Relationships – Suppliers, Customer and other third parties

The directors recognise that engagement with suppliers, customers and other third parties is a fundamental part of achieving strong and sustainable results. The directors have ensured that the management team shares its strategy and expectations with the company's key suppliers and customers and assigns key contacts to build close working relationships. In 2019, the company has been taking steps to improve its procurement function capabilities, update its MRP processes and aligning interests to create greater mutual success.

As a successful business, we need to be providing our customers with what they want now and in the future. We need to build strong relationships with our customers worldwide and seek feedback when applicable. The board is routinely provided by market and business updates by the management team and helps set the long-term, priorities of the team to improve its commercial positioning and competitiveness in its segments. In 2019, the Group held its 1st Intercontinental Distributor Meeting in London to align its growth strategy and priorities with that of its distribution partners, obtain their views on market evolution and feedback on areas for improvement, and ensure that they are operating consistent with the company's high expectations for business conduct.

Bio Products Laboratory Holdings Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Statement by the directors in performance of their statutory duties in accordance with s172(1)
Companies Act 2006 (continued)

Community and environment

The directors have been especially attentive to ensuring that the company reduces its waste and serves as a good corporate citizen. Two examples of these efforts are (i) implementation of a new phosphate reduction technology that is viewed as a 1st in its kind in the UK and helped the company to comply with new environmental water quality emissions set by the environment agency and has garnered the interest of other companies on its use and (ii) a focused effort to upgrade systems and processes relating to packaging regulations.

In addition, the directors ensured that the company took the initial steps toward establishing a set of Corporate Social Responsibility (CSR) goals.

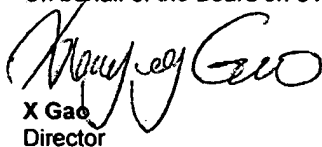
Maintaining a reputation for high standards of business conduct

The directors have consistently reinforced a commitment to quality. In 2019, there was a particular focus by the directors on ensuring that systems, processes and controls relating to the plasma collection and production processes were operating effectively. This focus and a drive towards a "right first time" mentality contributed not only to the strong financial performance of the company but also to consistent and reliable delivery of medicines to patients. The Group aims to conduct all its employee as well business relationships with integrity, inclusion, and courtesy. The board also aims to create a culture of performance, responsibility towards our customers and patients, and team work.

Acting fairly as between the Company's owners

Although the company has only a single shareholder, the directors have been mindful of the various entities that are indirect owners of the company, the directors sought to deliver sustainable growth and income over the long term with an appropriate balance of risk and return in the context of the wider market. The directors recognise the clear responsibility to engage with the owners of the Group whose views are an important driver of our strategy. We hold regular board meetings with shareholder representation who can engage directly with directors. The shareholder representative provides direct feedback on strategic plans proposed by the directors, which is then factored into the final company strategy.

On behalf of the Board on 3 August 2020



X Gao
Director

3 August 2020

Bio Products Laboratory Holdings Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited consolidated financial statements of the group for the financial year ended 31 December 2019.

Future developments

Future developments are deemed to be of strategic importance to the company and as such have been outlined within the strategic report.

UK's exit from the European Union

The Group has invested significant resources in preparation for the UK's exit from the European Union (commonly known as BREXIT). The company believes it is ready for such an eventuality and no material and/or lasting impacts are currently foreseen to its operating performance as a result of this event.

A cross functional team has been focused on this topic over the last 3 years, ramping up the Group's preparations with both short term risk management contingencies (e.g. stockpiling of critical supplies, entering into enhanced logistical arrangements, ensuring product availability for EU markets, and full foreign exchange hedging coverage) as well as longer term business operating adjustments to ensure continued supply of medicines to EU based customers and patients (e.g. arrangements to ensure Quality Control and Assurance requirements continue to be fulfilled, changes to BPL Germany GmbH legal entity to a licensed pharma company). While the EU remains a valued for the Group, the region excluding the UK represents less than 4% of group revenue in 2019.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis, in accordance with The Companies Act 2006 as applicable to companies using IFRS.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2019, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group in the context of the current worldwide Coronavirus pandemic, for the reasons set out below.

The Group consists of Bio Products Laboratory Holdings Limited and its subsidiaries BPL Plasma, Inc. (BPLP) and Bio Products Laboratory Limited, (together "the Group").

As at 31 December 2019, the Group had total assets less current liabilities of £111m and net assets of £110m. Liquidity as at that date was £28m, made up of cash and cash equivalents. Despite the Group's position at the end of the financial year, it is now clear that the increasing effects of Coronavirus will result in a negative impact in our expectations for revenue, profit and cashflow for the next financial period ending 31 December 2020.

A majority of these impacts stem from pro-active decisions taken by the company to manage down the infection risk for its employees as well as prioritizing its supply of critical medicines for certain products, thus ensuring the durability its supply chain in the face of the challenges and uncertainties posed by the pandemic, particularly early on. The company will continue to revisit its planning scenarios as the situation evolves and will re-assess its risk management decisions accordingly.

On the other hand, BPLP (classified under discontinued operations) has seen a negative impact on its US plasma collections. The impacts are strongly correlated to the timing of government-imposed lockdowns and shelter at home orders, the temporary closure of universities and higher education facilities as well as the of the US-Mexican border as well the rollout of enhanced stimulus and financial aid for the unemployed. While there have been isolated cases where BPLP's collection centres had to be temporarily closed due to COVID-19 safety concerns, generally all of its 51 centres have continued to operate throughout the pandemic and remain open and operational at present. The 2020 plasma collections are currently forecasted to be down 25% versus the prior year.

Nevertheless, the length and impact of the Coronavirus outbreak remains uncertain. The Group remains vigilant and ready to adjust to any changing circumstances. Throughout this period, the Group's key priorities will continue to be the health and wellbeing of our employees and the supply of critical medicines to patients, always while maintaining the high product and quality standards that are essential to our mission.

Bio Products Laboratory Holdings Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern (continued)

Accordingly, the Directors have reviewed the evolving situation relating to Coronavirus and have prepared base and sensitised cash flow forecasts for the period ending 31 December 2021 and assessed the ability of the Group and Company to meet its liabilities as they fall due in the 18-month period from the date of the approval of these financial statements.

In making this assessment the following factors were considered:

a) BPLP divestiture

In July 2019, BPLH reached an agreement to sell 100% of its ownership interests in BPL Plasma Inc. (BPLP) and all of its affiliates to Scranton Plasma BV for an undisclosed amount, while securing a long-term plasma supply agreement with the future owner so that BPLT can continue to operate at similar volume levels as it does today. Based on its interest in acquiring BPLP, Scranton Plasma BV provided financing to the BPLH business in the form of a term loan worth £303.4m (\$400m). The loan will be repaid and terminated with the completion of the sale of BPLP.

The proceeds from the term loan have allowed the BPL Group to re-finance its debt structure and repay £196m of shareholder debt with Tiancheng International Investment Limited (TII).

The proposed divestiture sale of BPLP is still undergoing anti-trust reviews with the US Federal Trade Commission (FTC) at the time of this report. The company and the buyer are working to fully satisfy some competitive concerns derived from the transaction. Management have been endeavouring to receive FTC clearance and to complete the transaction by 30 September 2020, as assumed in our going concern assessment. A 3 month delay to closing has been also modelled without it resulting in any material changes to the Group's liquidity.

The Directors have full confidence that the BPLP divestiture will complete ensuring adequate liquidity for the Group going forward to help support the Group's long-term capital investment and strategic growth plans. To this effect, it should be noted that Scranton Plasma BV, as the buyer, has the responsibility as per the Stock Purchase Agreement to "take any and all steps to eliminate each and every impediment under any applicable Law that may be asserted by any Governmental Authority or any other Person so as to enable the parties hereto to expeditiously close the transactions contemplated". Management believes the Buyer has been and will continue to be committed to the transaction in such a manner and the SPA and the related term loan have been extended to December 2020 and January 2021, respectively, consistent with this commitment and ongoing interest in BPLP.

b) Current and projected cashflows and liquidity positions

As of 15 June 2020, the Group has cash balances of £54.9m available to the business along with financing debt being repayable to Scranton Plasma BV of £303.4m at close of the BPLP sale process and £10.4m to its shareholder TII.

The current cash flow forecasts indicate the Group's liquidity, while stable, will remain dependent on the BPLP sale process to fund ongoing business growth and capital investment plans during the 12-month period from the date of approval of these financial statements. The Group forecasts to exit the financial period ending 31 December 2021 with £191.5m of cash, reporting a significant increase in the level of cash balance from the start of the year.

Further, cash flow forecasts indicate that the Group and company will experience fluctuations in working capital that will be managed accordingly throughout the year.

c) Balance of risk and uncertainties versus mitigation actions available to management

The going concern assessment is underpinned by the Group's and Company's operating cash flow, profit and loss and balance sheet forecasts for the period ending 31 December 2021, which are based on the assumption that the business will close the BPLP sale during 2020 and experience no additional significant operational issues from the coronavirus pandemic as detailed above.

Should the assumptions in the base cashflow forecast not be achieved, the directors would implement reasonable mitigating actions, including the reduction of discretionary capex, cost reductions, working capital management and

Bio Products Laboratory Holdings Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern (continued)

Conclusion

Weighing all the relevant elements as laid out in this section, the Directors have a reasonable expectation that with the plans in place and associated cashflow forecasts, and the mitigating actions available to the Board of Directors and the Management Team, the Group and Company will have sufficient liquidity to meet its commitments as and when the liabilities fall due for the next 18 months from the date of approval of these financial statements. On this basis, the financial statements have been prepared on the going concern basis.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Financial Risk Management

An explanation of the Group's policies in relation to Financial Risk Management is contained in note 29 of the financial statements.

Post balance sheet events

In July 2020, BPLH signed together with Scranton Plasma BV, an amendment to its existent Stock Purchase Agreement to extend the outside date for the completion of its divestiture sale of BPL Plasma to the end of December 2020, thus allowing additional time for the completion of the FTC's review of this transaction. In addition, in July 2020 BPLH signed together with Scranton Plasma BV, an amendment to its existent Term Loan agreement for \$400m to extend the maturity date to the end January 2021, all other terms of the transaction remain unaltered.

The Group took a series of protective risk management actions as a result of the worldwide outbreak of the coronavirus pandemic in the spring of 2020 with 3 main aims:

1. To safeguard the health and wellbeing of our team members.
2. To maintain a reliable supply of critical medicines to our patients.
3. To remain in full compliance with our regulatory duties and obligations.

The Group has so far successfully managed the crisis without a major impact to its BPL Therapeutics operations (including the supply of plasma), although it has seen a significant temporary drop in US plasma collections in its BPL Plasma business (reported under Discontinued Operations).

Directors

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

X Gao	
K Hoang	(resigned 2 June 2020)
K Lane	(resigned 22 July 2019)
M Mensa	(appointed 4 September 2019)
X Wu	

Third Party Indemnity Provision

Subject to the provisions of the Companies Act 2006 ('the Act'), the Articles provide for the Directors and Officers of the Company to be appropriately indemnified. In accordance with sections 232(b) and 234 of the Act the company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) throughout the financial year and these remain in force at the date of this report.

Bio Products Laboratory Holdings Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Employees

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. During the current financial year the group's management has held regular "town hall" meetings for all employees, has had regular meetings with the recognised trade union both informally and formally during meetings of the Joint Consultative Committee. Employee involvement in the company is encouraged, so that all employees are aware of the corporate aims and have a common awareness of the financial and economic factors affecting the group. The contribution of the group's employees to the group's performance is recognised and is financially rewarded by means bonus arrangements.

Disabled employees

Selection for employment, promotion, and training is on the basis of aptitude and ability. Where an employee has a disability the group will make reasonable adjustments to the workplace to support the employee in carrying out their duties. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate

Statement of directors' responsibilities

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Bio Products Laboratory Holdings Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

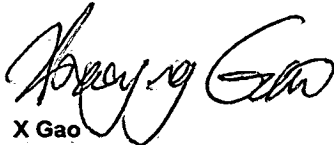
Disclosure of information to Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of the Board on 3 August 2020



X Gao
Director

3 August 2020

Independent Auditor's Report to the Members of Bio Products Laboratory Holdings Limited

Opinion

We have audited the financial statements of Bio Products Laboratory Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and related notes, including the accounting policies in note 4.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and director's report

The directors are responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Bio Products Laboratory Holdings Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Terri Coughlan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
5 August 2020

Bio Products Laboratory Holdings Limited

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue		269,959	201,012
Cost of sales		(193,737)	(179,676)
Gross profit		76,222	21,336
Other operating income	7	280	2,443
Administrative expenses	6,11	(56,865)	(50,674)
Impairment losses	14	(5,406)	-
Operating profit / (loss) before exceptional items		14,231	(26,895)
Exceptional items	10	-	(4,986)
Operating profit / (loss)	6	14,231	(31,881)
Finance income	8	13,631	9,275
Finance and other costs	9	(16,816)	(15,841)
Profit / (loss) before tax		11,046	(38,447)
Income tax expense	12	(156)	(56)
Profit / (loss) for the year from continuing operations		10,890	(38,503)
Profit / (loss) for the year from discontinued operation, net of tax	5	6,253	(10,860)
Profit / (loss) for the year		17,143	(49,363)
Other comprehensive income / (loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences recognised in equity		(2,126)	1,668
Total comprehensive profit / (loss) for the year attributable to the owners of the company		15,017	(47,695)

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own statement of comprehensive income.

The notes on pages 21 to 50 form part of these financial statements.

Bio Products Laboratory Holdings Limited

Consolidated Statement of Financial Position

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	14	11,705	17,161
Property, plant and equipment	15	136,647	135,137
Total non-current assets		148,352	152,298
Current assets			
Inventories	17	171,182	106,017
Trade and other receivables	18	48,352	20,038
Amounts receivable from parent and related companies	19	20,173	6,227
Cash and cash equivalents	22	27,975	14,985
Assets held for sale	23	208,958	180,763
Total current assets		476,640	328,030
Total assets		624,992	480,328
Current liabilities			
Trade and other payables	24	36,518	30,282
Amounts payable to a related party	26	62,841	217,578
Borrowings	27	303,375	-
Provisions	28	1,028	1,064
Liabilities directly associated with the assets held for sale	23	109,809	101,669
Total current liabilities		513,571	350,593
Non-current liabilities			
Deferred tax liability	25	-	-
Amounts payable to a related party	26	-	33,141
Long-term provisions	28	1,789	1,979
Total non-current liabilities		1,789	35,120
Equity			
Issued share capital	31	223,108	223,108
Share premium		3,082	3,082
Capital Redemption reserve		3,352	3,352
Accumulated losses		(119,910)	(134,927)
Total equity		109,632	94,615
Total liabilities and equity		624,992	480,328

The financial statements on pages 14 to 50 were approved by the Board of Directors and authorised for issue on 3 August 2020 and signed on its behalf by;

X Gao

Director

Company registration number: 04564631

The notes on pages 21 to 50 form part of these financial statements.

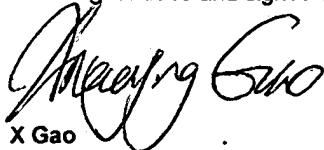
Bio Products Laboratory Holdings Limited

Company Statement of Financial Position

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	16	236,769	226,198
Total non-current assets		236,769	226,198
Current assets			
Trade and other receivables	18	10	10
Amounts receivable from parent company	19	1,106	1,046
Amounts receivable from related parties	19	336,446	264,096
Other financial assets	21	125,066	91,880
Cash and cash equivalents	22	2	-
Total current assets		462,630	357,032
Total assets		699,399	583,230
Current liabilities			
Trade and other payables	24	895	-
Amounts payable to a related party	26	68,273	235,489
Borrowings	27	303,375	-
Total current liabilities		372,543	235,489
Non-current liabilities			
Amounts payable to a related party	26	-	33,141
Total non-current liabilities		-	33,141
Equity			
Issued share capital	31	223,108	223,108
Share premium		3,082	3,082
Retained earnings		100,666	88,410
Total equity		326,856	314,600
Total liabilities and equity		699,399	583,230

The financial statements on pages 14 to 50 were approved by the Board of Directors and authorised for issue on 3 August 2020 and signed on its behalf by;



X Gao

Director

Company registration number: 04564631

The notes on pages 21 to 50 form part of these financial statements.

Bio Products Laboratory Holdings Limited

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

Group

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Accumulated losses £'000	Total Equity £'000
At 1 January 2019	223,108	3,082	3,352	(134,927)	94,615
Other comprehensive loss	-	-	-	(2,126)	(2,126)
Profit for the financial year	-	-	-	17,143	17,143
Total comprehensive profit	-	-	-	15,017	15,017
Capital contribution	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-
At 31 December 2019	223,108	3,082	3,352	(119,910)	109,632

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Accumulated losses £'000	Total Equity £'000
At 1 January 2018	223,108	3,082	3,352	(87,232)	142,310
Other comprehensive income	-	-	-	1,668	1,668
Loss for the financial year	-	-	-	(49,363)	(49,363)
Total comprehensive loss	-	-	-	(47,695)	(47,695)
Capital contribution	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-
At 31 December 2018	223,108	3,082	3,352	(134,927)	94,615

The capital redemption reserve is a non-distributable equity reserve.

The notes on pages 21 to 50 form part of these financial statements.

Bio Products Laboratory Holdings Limited

Company Statement of Changes in Equity

for the year ended 31 December 2019

Company

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2019	223,108	3,082	88,410	314,600
Profit for the financial year	-	-	12,256	12,256
Total comprehensive income	-	-	12,256	12,256
Capital contribution	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
At 31 December 2019	223,108	3,082	100,666	326,856

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2018	223,108	3,082	75,678	301,868
Profit for the financial year	-	-	12,732	12,732
Total comprehensive income	-	-	12,732	12,732
Capital contribution	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
At 31 December 2018	223,108	3,082	88,410	314,600

The notes on pages 21 to 50 form part of these financial statements.

Bio Products Laboratory Holdings Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Operating activities		
Profit / (loss) for the year	17,143	(49,363)
Interest expense	19,875	16,130
Finance income	(13,779)	(150)
Depreciation and amortisation	22,339	15,058
Asset impairment	5,406	778
(Decrease)/Increase in provisions	(5,346)	1,253
(Increase)/Decrease in inventories	(58,616)	8,485
Increase in trade and other receivables	(13,213)	(12,745)
(Decrease)/Increase in trade and other payables	(23,299)	26,629
Tax charge / (credit)	1,001	(390)
Cash flows from operating activities	(48,489)	5,685
Income tax paid	(735)	(126)
Interest paid	(9,132)	(569)
Net cash flow from operating activities	(58,356)	4,990
Investing activities		
Payments to acquire intangible assets	(542)	(3,627)
Payments to acquire property, plant and equipment	(25,333)	(43,322)
Proceeds on disposal of plant and equipment	-	12
Interest received	1,045	150
Reclassification of cash balances to assets held for sale	(1,535)	(2,211)
Net cash outflow from investing activities	(26,365)	(48,998)
Cash outflow before financing	(84,721)	(44,008)
Financing activities		
Intercompany financing	(210,728)	79,742
External funding – loan	313,535	-
Payment of lease liabilities	(5,246)	-
Repayment – asset based lending	-	(25,050)
Repayment – corporate asset finance	-	(9,539)
Net cash inflow from financing activities	97,561	45,153
Net increase in cash and cash equivalents	12,840	1,145
Cash and cash equivalents at beginning of year	14,985	15,684
Net foreign exchange difference	150	(1,844)
Cash and cash equivalents at end of year	27,975	14,985

The notes on pages 21 to 50 form part of these financial statements.

Bio Products Laboratory Holdings Limited

Company Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £'000	2018 £'000
Operating activities		
Profit before tax	12,256	12,732
Interest expense	10,702	2,381
Finance income	(28,485)	(8,831)
Foreign exchange difference	4,364	(6,283)
Increase in trade and other payables	895	-
Cash flows from operating activities	(268)	(1)
Interest paid	(9,129)	-
Net cash flow from operating activities	(9,397)	(1)
Investing activities		
Investment in subsidiary	(10,571)	-
Net cash outflow from investing activities	(10,571)	-
Cash outflow before financing	(19,968)	(1)
Financing activities		
Intercompany financing	(293,565)	-
External funding – loan	313,535	-
Net cash inflow from financing activities	19,970	-
Net increase in cash and cash equivalents	2	(1)
Cash and cash equivalents at beginning of year	-	1
Cash and cash equivalents at end of year	2	-

The notes on pages 21 to 50 form part of these financial statements.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Bio Products Laboratory Holdings Limited ("the company") and its subsidiaries (together "the group") principal activity is collect plasma, manufacture distribute and sell plasma therapeutic proteins in the United Kingdom and globally. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is on the company information page.

The group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies using IFRS and EU adopted IFRS and interpretations issued by the IFRS Interpretations Committee. These policies have been consistently applied to all years presented, unless otherwise stated. The principal accounting policies adopted by the group are set out in note 4.

These financial statements are prepared in pounds sterling because that is the primary economic environment in which the group operates. Foreign operations are included in accordance with policies set out in note 4.

2. Changes in accounting policies and disclosures

The Group initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17.

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

2. Changes in accounting policies and disclosures (continued)

B. As a lessee (continued)

incremental borrowing rate as at 1 January 2019 (see note C below). Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

C. Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group under discontinued operation (note 23) recognised additional right-of-use assets, and additional lease liabilities. The impact on transition is summarised below.

Right-of-use assets – property, plant and equipment	£51.3m
Lease liabilities	(£51.3m)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate applied is 7.09%.

Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements were £36.8m

3. New standards and interpretations yet to be adopted

A number of new standards are effective in the financial year beginning after 1 January 2019 and earlier applications is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- a) Amendment to references to conceptual framework in IFRS standards.
- b) Definition of a Business (Amendments to IFRS 3).
- c) Definition of Materials (Amendments to IAS 1 and IAS 8).

4. Accounting policies

Basis of accounting

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting and Accounting Standards adopted by the European Union ("IFRS"). In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis, except where IFRS requires an alternative treatment.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Basis of preparation - going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2019, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group in the context of the current worldwide Coronavirus pandemic, for the reasons set out below.

The Group consists of Bio Products Laboratory Holdings Limited and its subsidiaries BPL Plasma, Inc. (BPLP) and Bio Products Laboratory Limited, (together "the Group").

As at 31 December 2019, the Group had total assets less current liabilities of £111m and net assets of £110m. Liquidity as at that date was £28m, made up of cash and cash equivalents. Despite the Group's position at the end of the financial year, it is now clear that the increasing effects of Coronavirus will result in a negative impact in our expectations for revenue, profit and cashflow for the next financial period ending 31 December 2020.

A majority of these impacts stem from pro-active decisions taken by the company to manage down the infection risk for its employees as well as prioritizing its supply of critical medicines for certain products, thus ensuring the durability its supply chain in the face of the challenges and uncertainties posed by the pandemic, particular early on. The company will continue to revisit its planning scenarios as the situation evolves and will re-assess its risk management decisions accordingly.

On the other hand, BPLP (classified under discontinued operations) has seen a negative impact on its US plasma collections. The impacts are strongly correlated to the timing of government-imposed lockdowns and shelter at home orders, the temporary closure of universities and higher education facilities as well as the of the US-Mexican border as well the rollout of enhanced stimulus and financial aid for the unemployed. While there have been isolated cases where BPLP's collection centres had to be temporarily closed due to COVID-19 safety concerns, generally all of its 51 centres have continued to operate throughout the pandemic and remain open and operational at present. The 2020 plasma collections are currently forecasted to be down 25% versus the prior year.

Nevertheless, the length and impact of the Coronavirus outbreak remains uncertain. The Group remains vigilant and ready to adjust to any changing circumstances. Throughout this period, the Group's key priorities will continue to be the health and wellbeing of our employees and the supply of critical medicines to patients, always while maintaining the high product and quality standards that are essential to our mission.

Accordingly, the Directors have reviewed the evolving situation relating to Coronavirus and have prepared base and sensitised cash flow forecasts for the period ending 31 December 2021 and assessed the ability of the Group and Company to meet its liabilities as they fall due in the 18-month period from the date of the approval of these financial statements.

In making this assessment the following factors were considered:

a) BPLP divestiture

In July 2019, BPLH reached an agreement to sell 100% of its ownership interests in BPL Plasma Inc. (BPLP) and all of its affiliates to Scranton Plasma BV for an undisclosed amount, while securing a long-term plasma supply agreement with the future owner so that BPLH can continue to operate at similar volume levels as it does today. Based on its interest in acquiring BPLP, Scranton Plasma BV provided financing to the BPLH business in the form of a term loan worth £303.4m (\$400m). The loan will be repaid and terminated with the completion of the sale of BPLP.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Basis of preparation - going concern (continued)

The proceeds from the term loan have allowed the BPL Group to re-finance its debt structure and repay £196m of shareholder debt with Tiancheng International Investment Limited (TII).

The proposed divestiture sale of BPLP is still undergoing anti-trust reviews with the US Federal Trade Commission (FTC) at the time of this report. The company and the buyer are working to fully satisfy some competitive concerns derived from the transaction. Management have been endeavouring to receive FTC clearance and to complete the transaction by 30 September 2020, as assumed in our going concern assessment. A 3 month delay to closing has been also modelled without it resulting in any material changes to the Group's liquidity.

The Directors have full confidence that the BPLP divestiture will complete ensuring adequate liquidity for the Group going forward to help support the Group's long-term capital investment and strategic growth plans. To this effect, it should be noted that Scranton Plasma BV, as the buyer, has the responsibility as per the Stock Purchase Agreement to "take any and all steps to eliminate each and every impediment under any applicable Law that may be asserted by any Governmental Authority or any other Person so as to enable the parties hereto to expeditiously close the transactions contemplated". Management believes the Buyer has been and will continue to be committed to the transaction in such a manner and the SPA and the related term loan have been extended to December 2020 and January 2021, respectively, consistent with this commitment and ongoing interest in BPLP.

b) Current and projected cashflows and liquidity positions

As of 15 June 2020, the Group has cash balances of £54.9m available to the business along with financing debt being repayable to Scranton Plasma BV of £303.4m at close of the BPLP sale process and £10.4m to its shareholder TII.

The current cash flow forecasts indicate the Group's liquidity, while stable, will remain dependent on the BPLP sale process to fund ongoing business growth and capital investment plans during the 12-month period from the date of approval of these financial statements. The Group forecasts to exit the financial period ending 31 December 2021 with £191.5m of cash, reporting a significant increase in the level of cash balance from the start of the year.

Further, cash flow forecasts indicate that the Group and company will experience fluctuations in working capital that will be managed accordingly throughout the year.

c) Balance of risk and uncertainties versus mitigation actions available to management

The going concern assessment is underpinned by the Group's and Company's operating cash flow, profit and loss and balance sheet forecasts for the period ending 31 December 2021, which are based on the assumption that the business will close the BPLP sale during 2020 and experience no additional significant operational issues from the coronavirus pandemic as detailed above.

Should the assumptions in the base cashflow forecast not be achieved, the directors would implement reasonable mitigating actions, including the reduction of discretionary capex, cost reductions, working capital management and cashflow timing, elements of which are not wholly within their control. Sensitised cashflow forecasts, including offsetting impacts from reasonable mitigation actions have been appropriately considered.

Conclusion

Weighing all the relevant elements as laid out in this section, the Directors have a reasonable expectation that with the plans in place and associated cashflow forecasts, and the mitigating actions available to the Board of Directors and the Management Team, the Group and Company will have sufficient liquidity to meet its commitments as and when the liabilities fall due for the next 18 months from the date of approval of these financial statements. On this basis, the financial statements have been prepared on the going concern basis.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any amounts written off for impairment.

Revenue recognition

The group recognises revenue when products are shipped and the customer takes ownership and assumes risk of loss, collection of the receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Under certain supply agreements the group is entitled to invoice in advance. These invoiced amounts are recorded on the Consolidated and Company Statement of Financial Positions as accounts receivable and deferred revenue and are recognised as revenue in accordance with the group's aforementioned policy.

Goodwill

Goodwill is recognised as an asset from the acquisition date as the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture.

Goodwill is reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value might be impaired and for subsequent changes in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less accumulated impairment losses.

The carrying amount of goodwill allocated to each cash-generating unit is considered insignificant in comparison to total goodwill. Recoverable amounts are based on management's consideration of cash flow arising from current supply contracts arising over the next five years.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Land	not depreciated
Buildings & Installations	9 – 90 years
Furniture & Equipment	3 – 10 years
IT Equipment	5 years

Assets under construction or installation are not subject to depreciation until they are reclassified after their completion.

At each Balance Sheet date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the Consolidated Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Property, plant and equipment (continued)

loss is credited to the Income statement to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Intangible assets

Software is included at cost, representing third party costs of registering or costs directly attributable to the development of the computer software, net of amortisation. Amortisation is calculated on a straight line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software	5 – 7 years
Development	15 – 20 years

Research & development

In accordance with IAS 38 Intangible Assets, expenditure incurred on research and development is distinguished as relating either to a research phase or to a development phase. All research phase expenditure is charged to the income statement. Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits. As described on page 32, the Group considers activities following the completion of the technical feasibility stage as development activities; this includes all clinical trial activities. Expenditure capitalised is amortised over its useful economic life, 15 to 20 years from the entry into service of the product.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

The tax charge represents the sum of current and deferred tax.

Current tax payable is based on taxable profits for the year. Taxable profits differ from net profits as reported in the Consolidated Statement of Comprehensive Income because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax basis of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Taxation (continued)

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability settled.

The carrying amount of deferred tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Other operating income

Other operating income relates to income from royalties and property rentals. This income is recognised in line with the agreement with the licensee, based on the sale of products under royalty during the year. Property rental income is recognised on a straight line basis.

Group management fees

Group management fees are recognised on an accrual basis and are based on the contribution of Bio Products Laboratory Holdings Limited's management to the global business.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Leases (continued)

determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Financial assets

Financial assets are recognised when the group becomes a part to the contractual provisions of the instrument. A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition.

A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Financial assets (continued)

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Group recognises loss allowance for ECLs on:

- Financial assets measured at amortised cost and
- Debt investments measured at FVOCI.

The Group measures loss allowance at an amount equal to lifetime ECL. Loss allowance for trade receivable are always measured at an amount equal to lifetime ECL.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Financial assets (continued)

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with regard to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

Trade receivables

Trade receivables are initially recognised at fair value, and subsequently at amortised cost.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. An assessment for impairment is undertaken at least at each Statement of Financial Position date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand that is readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Investment in subsidiaries

In the company's financial statement, investments in subsidiary undertakings are stated at cost less any impairment.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets. All financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities are divided into the following categories: other payables at amortised cost and liabilities held at fair value through profit and loss.

The group's financial liabilities include trade payables, and other creditors. These are classified as financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost are recognised initially at fair values net of direct issue costs. Finance charges are charged to profit and loss, where applicable, on an accruals basis using the effective method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arose.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle the obligation. The group provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange on the day the transaction is entered into. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the statement of comprehensive income. The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average exchange rate for the period. Gains and losses arising on these translations are taken to reserves.

Share capital, share premium and capital redemption reserve

Ordinary shares issued are shown as share capital at nominal value. The premium received on the sale of shares in excess of the nominal value is shown as share premium within shareholders' equity

Employee benefits

The Group operates Group personal pension plans (a money purchase arrangement) and a defined benefit pension plan for the benefit of Directors and employees.

In the United Kingdom pension costs are charged to the income statement in the period to which they relate. Payments made to state-managed retirement defined benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme; this is due to the scheme being a multi-employer scheme.

In the USA the group maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code of the United States of America. Under the provisions of the plan, eligible employees may defer a percentage of compensation, subject to limits. The group may determine and contribute a qualified matching contribution.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operation;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The significant estimates and assumptions are discussed below.

Inventories

The group makes estimates in apportioning direct materials, labour and overhead when determining the cost price of inventories. The group also estimates the future selling price of its goods, in calculating net realisable values.

Tangible Assets

The recoverable amounts of the fixed assets are determined by calculating the value in use of the company. There is no identifiable manner of dividing the assets into smaller groups both when looking at the physical assets and the cash generating capacity of the assets. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been amalgamated into a Business Plan which covers the next 5 years.

Goodwill

Goodwill is included on the balance sheet at its carrying value on 1 January 2008, the date the Group completed the transition to IFRS. It is reviewed for any impairment and revalued for foreign exchange variances on an annual basis. Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash-generating unit (CGU) and a suitable discount rate in order to calculate present value. Details of CGUs as well as further information about the assumptions made are disclosed in note 14.

Research & development

IAS 38 requires that internally generated development costs should only be recognised if strict criteria are met, in particular relating to technical feasibility and generation of future economic benefits. The directors consider activities following the completion of the technical feasibility stage as development activities; this includes all clinical trial activities.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle the obligation. The group provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties. The Directors provide for all provisions based on their estimate of the likely outflow of economic funds and review these provisions on a regular basis.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

5. Discontinued operation

In late 2017, BPLH and its ultimate shareholder entered into extensive review with the US Government's intra departmental Committee on Foreign Investment in the United States (CFIUS). The objective of the review was to address a series of national security concerns that were raised regarding Chinese control (through the Group) of a US based plasma collection business. This review was completed in early 2019 and resulted in the signing of a National Security Agreement (NSA) by which BPLH has agreed to divest itself within a set timeframe of its US plasma collection business, while securing a long-term plasma supply agreement with the future owner so that the Group's BPL Therapeutics business can continue to operate at similar volume levels as it does today. The Group's US based Therapeutics business is unaffected and will continue to remain under current ownership structure as is.

As a consequence of this decision, the BPL Plasma (BPLP) financial results have been classified under Discontinued Operations for the purposes of these financial statements for the year ended 31 December 2019 and 2018.

In July 2019, BPLH signed a stock purchase agreement with one buyer to sell 100% of BPLP stock, this transaction is currently undergoing review by the US FTC. For the year ended 31 December 2019, BPLP financial results were still classified under Discontinued Operations.

During the year ended 31 December 2018 and 2019, BPL Therapeutics continues to purchase raw material from the discontinued operation. The Group eliminated from the results of the discontinued operation the inter-segment sales (and cost thereof) made. Because purchases from the discontinued operation will continue after the disposal. Inter-segment purchases made by the continuing operations before the disposal are retained in the continuing operations.

(A) Results of discontinued operation	2019	2018
	£'000	£'000
Revenue	288,788	235,877
Elimination of inter-segment revenue	(166,438)	(96,725)
External revenue	122,350	139,152
Expenses	(278,249)	(236,962)
Elimination of expenses related to inter-segment sales	165,908	96,568
External expenses	(112,341)	(140,394)
Operating Profit / (loss)	10,009	(1,242)
Finance income	148	-
Finance and other costs	(3,060)	(9,414)
Non-recurring expenses	-	(650)
Profit / (loss) from discontinued operations	7,097	(11,306)
Income tax (expense) / credit	(844)	446
Profit / (loss) from discontinued operations, net of tax	6,253	(10,860)
(B) Cash flows from (used in) discontinued operation	2019	2018
	£'000	£'000
Net cash from operating activities	(25,896)	54,160
Net cash used in investing activities	(3,566)	(20,390)
Net payment of lease liabilities	(5,246)	-
Net cash (used in) / from Intercompany financing	36,329	(33,415)
Net foreign exchange differences	(87)	(673)
Net cash flows for the year	1,534	(318)

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

6. Operating profit / (loss)

Operating profit / (loss) is stated after charging / (crediting):

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment	8,095	12,387
Amortisation of intangible assets	611	2,671
Loss on disposal of property, plant and equipment	-	790
Impairment of Intangible assets (note 14)	5,406	-
Fees payable to the company's auditors and their associates for the audit of the parent company, holding companies and consolidated financial statements	21	21
Fees payable to company's auditor and their associates for other services:		
- the audit of the company's subsidiaries	144	200
- tax advisory services	-	-
- tax compliance services	-	-
- other related assurance services	-	-
Net foreign exchange losses	487	560
Research and development costs	5,310	5,401
Research and development tax credit	(354)	(248)
Cost of inventories charged as an expense	188,783	170,793
Write downs of inventories recognised as an expense	3,537	8,387
Write downs of inventories recognised as an exceptional item (note 10)	-	4,986
Impairment reversal recognised on trade receivables	(2)	(241)

Write downs of inventories recognised as an expense in the year of £3,537k (2018: £8,387k), relates to product with quality issues found during the production process and slow moving / expired stock.

7. Other operating income

	2019 £'000	2018 £'000
Group management fee	280	2,443
Total other operating income	280	2,443

The group issued an invoice for management fees of £0.3m (2018: £2.4m) in relation to strategic management services provided by Bio Products Laboratory Holdings Limited which contributes to the overall financial performance of the global business. The level of fee was calculated based on the contribution of Bio Products Laboratory Holdings Limited's management to the global business.

8. Finance income

	2019 £'000	2018 £'000
Net change in fair value of external loan	10,064	-
Net change in fair value of FX contracts	2,972	-
Interest receivable on loan	-	9,125
Interest receivable other	595	150
Total finance income	13,631	9,275

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

9. Finance and other costs

	2019 £'000	2018 £'000
Finance costs		
Interest payable on parent loan	1,574	2,381
Interest payable on external loan	9,129	550
Imputed interest on related party balances	6,110	12,910
Interest payable other	3	-
Total finance costs	16,816	15,841

10. Exceptional items

	2019 £'000	2018 £'000
Inventory on hold expense	-	4,986
Total exceptional items	-	4,986

In 2018 BPLT experienced a filtration system failure in its manufacturing plant, which caused an extension to its planned shutdown while this issue was resolved. BPLT worked with all regulatory bodies to ensure quality compliance and product impact was minimized. This issue resulted in non-recurring inventory provision expense and curtailment of operating sales & related margins.

11. Directors and employees

Monthly average number of persons employed (including Directors):

	Group	
	2019 No.	2018 No.
Monthly average no of people employed:		
Production	676	645
Technical	158	155
Administrative	160	158
Total	994	958

Staff costs (including Directors):

	Group	
	2019 £'000	2018 £'000
Wages and salaries	53,311	49,357
Social security costs	4,883	4,247
Other pension costs	2,710	2,976
	60,904	56,580

Remuneration in respect of the Directors, who are the key management personnel, was as follows:

	Group	
	2019 £'000	2018 £'000
Short-term employee benefits	1,543	1,119
	1,543	1,119

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

11. Directors and employees (continued)

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2019 £'000	2018 £'000
Emoluments	1,026	1,005
Pension contributions to money purchase pension scheme	-	13
	1,026	1,018

During the year 2 Directors (2018: 1) participated in money purchase pension schemes.

The Group makes payments into a Group personal pension scheme for certain employees and Directors. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

The above remuneration in respect of directors of the NAGA UK TopCo Limited has been expensed by Bio Products Laboratory Limited.

NAGA UK TopCo Limited Non-executive director fees of £67k (2018: £101k) have also been expensed by Bio Products Laboratory Limited.

12. Income tax

	2019 £'000	2018 £'000
Current tax		
Overseas tax payable	40	53
Overseas tax – adjustments in respect of prior years	116	3
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	-	-
Total tax expense for the year	156	56

Factors affecting the tax charge for the year

	2019 £'000	2018 £'000
Profit / (loss) before income tax	11,046	(38,447)
Profit/(loss) on ordinary activities multiplied by rate of tax 19% (2018: 19%)	2,099	(7,305)
Expenses not deductible for tax purposes	226	1,281
Utilisation of unrecognised losses brought forward	-	(6)
Group relief claimed for nil consideration	944	2,338
Deferred tax losses not recognised	(283)	1,251
Temporary difference for which no DTA was recognised	(2,987)	2,562
Effect of overseas tax rates	40	(109)
US state taxes	1	41
Adjustments in respect of prior years	116	3
Total tax charge for the year	156	56

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

13. Profit of parent company

The Parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The Parent Company's result for the year was a profit of £12,256,000 (2018 profit of £12,732,000).

14. Intangible assets

Group	Development £'000	Software £'000	Total £'000
Cost			
At 1 January 2019	16,255	5,132	21,387
Transfer from PPE (note 15)	20	-	20
Additions	270	271	541
Disposals	(5,406)	-	(5,406)
At 31 December 2019	11,139	5,403	16,542
Accumulated amortisation & impairment			
At 1 January 2019	358	3,868	4,226
Transfer from PPE (note 15)	-	-	-
Charge for the year	319	292	611
Impairment	5,406	-	5,406
Disposals	(5,406)	-	(5,406)
At 31 December 2019	677	4,160	4,837
Carrying amount			
At 31 December 2019	10,462	1,243	11,705
At 31 December 2018	15,897	1,264	17,161

Development Impairment

In 2019, the Group received a complete response letter from the US FDA with respect to a Biologics License Application for a subcutaneously-administered immune globulin product, and the Group elected not to continue development because the options to address the clinical program design deficiencies require significant financial investment and long duration, which is not viable. The group made impairment on the development intangible asset as a result.

Goodwill amortisation

Under IFRS goodwill is considered to have an indefinite life and so is not amortised, but is subject to annual impairment testing.

Amortisation of goodwill under UK GAAP prior to the date of transition to IFRS, 1 January 2008, has not been reversed in accordance with IFRS1.

One Cash Generating Unit (CGU) has been recognised for impairment testing purposes under IAS 36: Impairment of Assets.

Once every year, or more frequently if events or a change in the economic environment indicate a risk of impairment, the Group assesses the recoverable amount of goodwill allocated to its CGU as required by IAS 36. The recoverable value of goodwill has been determined to be value in use. Under IAS 36 an asset should be impaired if its carrying amount is higher than its recoverable amount.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

14. Intangible assets (continued)

The calculation of recoverable values used the following assumptions:

Cash flow projections based on the Group's latest approved five-year business plan.

Cash flows are discounted using the Group's weighted average cost of capital (WACC) adjusted as appropriate for business specific factors of sector risk, business size and geographic risk. The cash flows are discounted using a pre-tax WACC of 6% (2018: 9%)

Central group overheads are borne in full by the relevant CGU.

The calculation of recoverable amount is sensitive to forecast future earnings and particularly the discount rate used, therefore sensitivities also addressed how increases in the Group WACC and future planned profits might impact the results of the impairment tests.

A percentage decrease of up to 20% in future planned earnings as well as a 2% increase in the group WACC still resulted in headroom positions for the CGU. In addition the sensitivities disclosed above do not take account of any mitigation action that management would take should earnings decrease.

Therefore the fair value of goodwill arising on business combinations was considered to be in excess of the assets carrying value and no impairment loss has been recognised.

15. Property, plant and equipment

Group

At 31 December 2019

	Land & Buildings £'000	Assets under Construction £'000	Furniture & Equipment £'000	Total £'000
Cost				
At 1 January 2019	70,195	55,316	63,479	188,990
Additions	-	9,625	-	9,625
Transfers – AUC	2,565	(23,771)	21,206	-
Transfer – note 14	-	(20)	-	(20)
At 31 December 2019	72,760	41,150	84,685	198,595
Accumulated Depreciation				
At 1 January 2019	21,099	-	32,754	53,853
Charge for the year	2,308	-	5,787	8,095
At 31 December 2019	23,407	-	38,541	61,948
Net book value				
At 31 December 2019	49,353	41,150	46,144	136,647
At 31 December 2018	49,096	55,316	30,725	135,137

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

15. Property, plant and equipment (continued)

At 31 December 2019, the group had entered into contractual commitments for the acquisition of plant and equipment amounting to £5,739K (2018: £3,294K).

Group

At 31 December 2018

	Land & Buildings £'000	Leasehold Property £'000	Assets under Construction £'000	Furniture & Equipment £'000	Total £'000
Cost					
At 1 January 2018	70,322	32,606	39,260	67,535	209,723
Additions	-	-	43,322	-	43,322
Disposals	(323)	(354)	-	(660)	(1,337)
Transfers – AUC	2,231	17,346	(22,778)	3,201	-
Transfer – note 14	-	-	(1,297)	-	(1,297)
Exchange differences	121	1,938	142	339	2,540
Reclassification to discontinued operations	(2,156)	(51,536)	(3,333)	(6,936)	(63,961)
At 31 December 2018	70,195	-	55,316	63,479	188,990
Accumulated Depreciation					
At 1 January 2018	19,141	13,134	-	32,363	64,638
Charge for the year	2,225	4,485	-	5,677	12,387
Disposals	-	(260)	-	(335)	(595)
Exchange differences	17	997	-	292	1,306
Reclassification to discontinued operations	(284)	(18,356)	-	(5,243)	(23,883)
At 31 December 2018	21,099	-	-	32,754	53,853
Net book value					
At 31 December 2018	49,096	-	55,316	30,725	135,137
At 31 December 2017	51,181	19,472	39,260	35,172	145,085

16. Investments

	Company 2019 £'000	2018 £'000
Cost and net book value		
At 31 December 2018 and 31 December 2019	236,769	226,198

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

16. Investments (continued)

At 31 December 2019, the Company, directly or indirectly, held more than 20% of a class of the allotted share capital of the following:

Name	Address of registered office	Class of share held	Proportion held
BPL Plasma Inc.	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bio Save Resources of Albuquerque LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bowling Green Biologicals LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Bryan LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Carbondale LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Plasma Center of Duluth LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Dunedin LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Flagstaff LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals, Greenville, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Hot Springs, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Jonesboro, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Las Cruces Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Little Rock, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Nacogdoches, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Orlando, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Portland Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Stillwater Plasma Center, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Temple Terrace, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Texarkana, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Westgate Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Wichita Falls, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Wilmington, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Yale Blood Plasma, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Austin, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals San Marcos, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals San Angelo, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Life Resources, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Texas Reality, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Hutton Medical Services, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Management Group, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Medserv Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Austin II, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
BPL Plasma Phoenix, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Diagnostic Chemistries, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bio Products Laboratory USA Inc.	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bio Products Laboratory Limited	Dagger Lane, Elstree, Herts, United Kingdom	Common	100%

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

16. Investments (continued)

BPL Bio Products Laboratory GmbH	Amthausgasse 18, 3011 Bern, Switzerland	Common	100%
BPL Bioproducts Laboratory GmbH	Domhofstraße 34, 63263 Neu-Isenburg Amtsgericht Frankfurt, Germany	Common	100%
BPL USA, LLC.	16192 Coastal Highway, Lewes, Delaware, USA	Common	100%
BPL Properties LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%

The principal activity of BPL Plasma Inc. is the operation of donor plasma centres throughout the United States. The principal activity of Bio Products Laboratory Limited is plasma fractionation and sale of extracted therapeutic proteins. The principal activity of Bio Products Laboratory USA, Inc., BPL Bio Products Laboratory GmbH, BPL Bioproducts Laboratory GmbH, and Bio Products Laboratory Mexico S.de.L are the sale of extracted therapeutic proteins. The principal activity of BPL Properties, LLC is the holding of real property in the United States. The principal activity of the remaining subsidiaries is plasma supply.

All the above subsidiaries are included within these consolidated financial statements.

17. Inventories

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials	63,663	46,021	-	-
Work in progress	49,310	31,374	-	-
Finished goods – awaiting release	33,551	19,159	-	-
Finished goods – available for sale	24,658	9,463	-	-
	171,182	106,017	-	-

18. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade receivables	27,198	14,322	-	-
Tax recoverable	89	113	-	-
Prepayments	3,751	3,153	-	-
Other debtors	3,471	2,450	10	10
Deposit for real estate purchase	11,187	-	-	-
Derivative financial instruments	2,656	-	-	-
	48,352	20,038	10	10

The Directors consider that the carrying value of trade and other receivables approximates to their fair values. There remains for the year a provision of £916k for impairment of receivables (2018: £918k). The maximum credit exposure at the balance sheet date equates to the carrying value of trade receivables. There is no concentration of credit risk and of the total trade receivables of £16.4 million (2018: £12.2 million) is denominated in a currency other than sterling.

	2019	2018
	£'000	£'000
Reconciliation of bad debt provision		
Opening provision	918	1,633
New provisions	44	6
Provisions utilised during year	-	(474)
Release of bad debt provision	(46)	(247)
Closing bad debt provision	916	918

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

18. Trade and other receivables (continued)

The average credit period during the year was 28 days (2018: 35 days). The Group does not hold any collateral over these balances.

Trade receivables that are less than 6 months past due are not generally considered impaired. As at 31 December 2019, trade receivables of £1,041k were past due but not considered impaired (2018: £575k).

Ageing of past due but not impaired receivables	2019 £'000	2018 £'000
30-60 days	529	171
60-90 days	288	99
90-180 days	209	47
180 days plus	15	258
Total	1,041	575

19. Amounts receivable from parent and related companies

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Receivable: parent – trading	19,076	5,464	1,046	761
Receivable: parent – interest	1,097	763	60	285
Receivable: subsidiary – loan	-	-	318,152	231,143
Receivable: subsidiary – interest	-	-	18,294	32,953
	20,173	6,227	337,552	265,142

The intragroup receivables are repayable on demand and bear a closing annual imputed interest charge of 5%. The blended imputed rate during 2019 was 5.75%

20. Deferred tax asset

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Provision brought forward	-	-	-	-
Charge to the income statement	-	-	-	-
Provision carried forward	-	-	-	-

At 31 December 2019, the Group had not recognised a deferred tax asset in respect of gross UK tax losses of £104,704,000 (2018: £92,509,000) and gross overseas tax losses of £34,457,000 (2018: £36,555,000) as there is insufficient evidence that the losses will be utilised, in the short term.

The group has also not recognised a deferred tax asset (2018: liability) in respect of gross UK other timing differences of £55,000 (2018: £5,213,000) as these can be offset against the UK tax losses carried forward.

Group

	2019 £'000	2018 £'000
Accelerated capital allowances	(133)	(1,042)
Short term temporarily deferred	337	249
Losses	25,861	23,088
Deferred tax not provided	(26,065)	(22,295)
	-	-

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

21. Other financial assets

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Other financial assets	-	-	125,066	91,880

The loan provided by Bio Products Laboratory Holdings Limited to BPL Plasma Inc. is unsecured and carries interest at 8.2% per annum which is settled on an annual basis, the loan is payable on maturity of 19th December 2023.

22. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash and cash equivalents	27,975	14,985	2	-

Of the cash and cash equivalents above, £5.5 million (2018: £10 million) is held in British Pounds, the remainder is in US Dollars and Euros.

23. Assets and Liabilities held for sale

	2019	2018
	£'000	£'000
Intangible assets	52,678	54,558
Property, plant and equipment	35,129	40,078
Right of use asset	43,342	-
Inventories	48,934	57,448
Trade and other receivables	25,130	26,468
Cash and cash equivalents	3,745	2,211
Assets held for sale	208,958	180,763
Trade and other payables	22,420	54,549
Deferred tax liabilities	8,723	9,025
Lease liabilities	46,994	-
Other provisions	31,672	38,095
Liabilities held for sale	109,809	101,669

The assets and liabilities held for sale relate to BPL Plasma Inc. and its subsidiaries, which is classified as a discontinued operation for the purposes of these financial statements (Note 5).

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

24. Trade and other payables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	20,520	17,181	-	-
Other taxation and social security	1,208	1,430	-	-
Tax payable	-	-	-	-
Other payables / accruals	14,790	11,671	895	-
	36,518	30,282	895	-

The average creditors period during the year was 34 days (2018: 43 days). Current liabilities fall due within one year. The Directors consider that the carrying amount of trade payables approximates to their fair value and of the trade payables balance £10.9 million (2018: £6.6 million) is denominated in a currency other than sterling.

25. Deferred tax liability

	Group		Company	
Net deferred tax liability	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Provision brought forward	-	(9,230)	-	-
Other movements	-	(514)	-	-
Credit to the income statement	-	719	-	-
Transfer to liabilities held for sale	-	9,025	-	-
Provision carried forward	-	-	-	-

	Group	
	2019 £'000	2018 £'000
Deferred tax assets		
Losses	-	-
Other timing differences	-	-
Deferred tax liabilities		
Goodwill and other intangibles	-	-
Decelerated capital allowances	-	-
Other timing differences	-	-
Net deferred tax liabilities	-	-

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

26. Amounts payable to a related party

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Current liabilities				
Payable to intermediate parent - loan	59,424	194,792	64,561	210,651
Payable to intermediate parent - interest	3,417	22,786	3,712	24,838
	62,841	217,578	68,273	235,489

The intragroup payables are due on demand and bear a closing annual imputed interest charge of 5%. The blended imputed rate during 2019 was 5.75%.

Non-current liabilities				
Payable to intermediate parent - loan	-	21,876	-	21,876
Payable to intermediate parent - interest	-	11,265	-	11,265
	-	33,141	-	33,141

27. Borrowings

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
External borrowings	303,375	-	303,375	-
	303,375	-	303,375	-

The carrying amounts of the group borrowings are denominated in US Dollars

On 17 July 2019, BPLH obtained a loan of \$400 million at an interest rate of no more than 5% per annum from Scranton Plasma B.V. ("SPBV").

The maturity date of the loan agreement is the earlier of (i) 30 September 2020; (ii) the business day when the repayment notice is delivered to BPLH due to an event of default; or (iii) upon any Change of Control of BPLP or concurrently with the consummation of the transaction related thereto.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

28. Provisions

Group

	Employee Benefits £'000	Client Fines £'000	Total £'000
At 31 December 2018	710	2,333	3,043
Provisions – arising in the year	-	227	227
Released in the year	-	(325)	(325)
Utilised in the year	(90)	(38)	(128)
At 31 December 2019	620	2,197	2,817
Analysed as			
Current	59	969	1,028
Non-current	561	1,228	1,789
At 31 December 2019	620	2,197	2,817

The employee benefits provision relates to pension compensation payments to ex-employees, and is expected to be fully paid within 11 years.

The client fines provision relates to penalty payments under BPLT sales contracts for late / non-delivery of product, £1,228,000 (2018: £1,328,000) relates to one client where appeals have been submitted contesting the fines, the expected timing of payment is currently unknown, the remaining £969,000 (2018: £1,005,000) relate to a number of customers and are payable within one year.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

29. Financial instruments

Group

Categories of financial instruments:	2019 £'000	2018 £'000
Financial assets		
Loans and receivables:		
Trade and other receivables	41,856	16,772
Amounts receivable from a related party	20,173	6,227
Cash and cash equivalents	27,975	14,985
	90,004	37,984
Financial assets at fair value through the profit and loss:		
Derivative financial instruments	2,656	-
Non-financial assets		
Prepayments	3,751	3,153
Inventory	171,182	106,017
Tax recoverable	89	113
	175,022	109,283
	2019 £'000	2018 £'000
Financial liabilities		
Borrowings and other financial liabilities at amortised cost:		
Trade and other payables	20,520	17,181
Parent loan	-	33,141
External borrowings	303,375	-
Amounts payable to a related party	62,841	217,578
Other payables/ accruals	14,790	11,355
	401,526	279,255
Financial liabilities at fair value through the profit and loss:		
Derivative financial instruments	-	316
Non-financial liabilities		
Provisions	2,817	3,043
Deferred tax payable	-	-
Tax payable	-	-
Other taxation and social security	1,208	1,430
	4,025	4,473

The non-financial assets and non-financial liabilities are not within the scope of IAS 39.

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

29. Financial instruments (continued)

Financial Risk Management Objectives and Policies

Capital risk management

The Group manages its cash and cash equivalents to ensure that entities in the Group will be able to continue as going concerns as it pursues its business objectives. Where possible, given its size and financial strength, the Group seeks to add debt instruments to augment its financial resources and balance its debt/equity ratio.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to the equity holders, comprising issued capital, reserves and retained earnings. As part of the capital risk management strategy the company manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive levels of interest.

Externally imposed capital requirement

The Group is not exposed to externally imposed capital requirements.

Financial risk management

The Group's finance function provides services to the business, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk), credit risk, and liquidity risk and are reported on a regular basis to the Group's board.

Foreign currency risk

The group makes purchases and sales in foreign currencies (principally US Dollars). Foreign currency bank accounts are used to off-set these transactions against each other. There is a risk that cash flow forecasts are not accurate and therefore the off-setting transactions do not occur as planned leading to a gain or loss as the result of foreign currency movements.

Credit risk

The Group's exposure to credit risk is limited to the carrying value of financial asset at the balance sheet date, summarised as follows:

	2019 £'000	2018 £'000
Trade receivables (net of provisions)	27,198	14,322
Cash and cash equivalents	27,975	14,985

The credit risk associated with the cash is limited as the cash is principally held in UK financial institutions. The principal credit risk arises therefore from trade receivables.

The group manages the credit risk associated with trade receivables by ensuring that limits on credit accounts are set based on payment history and credit references where possible are sourced. The credit quality of financial instruments that are not past due are assessed based on information available at the time of entering into the transaction and continuously monitored thereafter for any potential impairment triggers.

The maturity of overdue debts is set out in note 18.

Fair value of financial instruments

Fair values are not significantly different from book values and therefore no additional disclosures are required.

Liquidity risk

The group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews available cash to ensure there are

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

29. Financial instruments (continued)

Liquidity risk (continued)

sufficient resources for working capital requirements. At 31 December 2018, the cash and cash equivalents available to the group amounted to £28m (2018: £15m) and the cash available to the company amounted to £2k (2018: £nil).

Interest rate risk

Management consider there to be minimal exposure to interest rate risk.

30. Retirement benefit schemes

Defined contribution scheme

In the UK the group operates a defined contribution retirement benefits scheme for employees recruited after 1 January 2011. The assets and liabilities of the scheme are held separate from those of the group. During the year £1,511k (2018: £1,688k) was recognised as an expense.

There are also defined contribution schemes in the overseas companies, which recognised pension expense of

- i) BPL Plasma Inc. 2019 reported as discontinued operation (2018: discontinued operation)
- ii) Bio Plasma Laboratories USA Inc. £351k (2018: £238k)
- iii) BPL Bio Products Laboratory GmbH (Switzerland) £4k (2018: £74k)
- iv) BPL Bioproducts Laboratory GmbH (Germany) (£6k) (2018: £3k)

Defined benefit scheme

Employees recruited prior to 1 January 2011 are covered by the provisions of the NHS Pensions Scheme through a closed direction order if they elected to participate in the scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions

The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2012. The conclusion from the 2012 valuation was that the scheme had accumulated a notional deficit of £10.3 billion against the notional assets as at 31 March 2012

In order to defray the costs of benefits, employers will pay contributions from April 2014 at a rate of 14.3% with a cap of 11.6% of pensionable pay and employees will pay a tiered rate between 5% and 14.5%.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

The profit and loss expense of the Company's contributions to the NHS Defined benefit schemes was £838k (2018: £979k).

Bio Products Laboratory Holdings Limited

Notes to the Financial Statements

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31. Issued share capital

Authorised, allotted, called-up and fully paid:

		2019		2018
	Number	£'000	Number	£'000
Ordinary shares of £1 each	223,108,063	223,108	223,108,063	223,108

32. Ultimate controlling party

The company and group's ultimate parent company is Creat Group Corporation Limited, a company incorporated in the People's Republic of China. The intermediate parent company is Tiancheng International Investment Limited, a company incorporated in Hong Kong.

The company's immediate parent company is Naga UK BidCo Limited, a company registered in England and Wales, by virtue of its holding of 100% of the issued share capital of the company.

Naga UK BidCo Limited results are included within the consolidated financial statements of Naga UK Topco which are available from the company secretary at their registered office:

Dagger Lane
Elstree
Hertfordshire
WD6 3BX

Naga UK Topco Limited is the parent company of the largest group of undertakings to consolidate these financial statements. These are available at the same registered address detailed above.

33. Related party transactions

The Company recognised a net income of £0.3m (2018: £2.4m) relating to management fees for strategic management services with its parent NAGA UK BidCo Limited and subsidiary BPL Plasma Inc.

The outstanding balances as at the year end have been disclosed in notes 19 and 26.

34. Post balance sheet events

In July 2020, BPLH signed together with Scranton Plasma BV, an amendment to its existent Stock Purchase Agreement to extend the outside date for the completion of its divestiture sale of BPL Plasma to the end of December 2020, thus allowing additional time for the completion of the FTC's review of this transaction. In addition, in July 2020 BPLH signed together with Scranton Plasma BV, an amendment to its existent Term Loan agreement for \$400m to extend the maturity date to the end January 2021, all other terms of the transaction remain unaltered.

The Group took a series of protective risk management actions as a result of the worldwide outbreak of the coronavirus pandemic in the spring of 2020 with 3 main aims:

1. To safeguard the health and wellbeing of our team members.
2. To maintain a reliable supply of critical medicines to our patients.
3. To remain in full compliance with our regulatory duties and obligations.

The Group has so far successfully managed the crisis without a major impact to its BPL Therapeutics operations (including the supply of plasma), although it has seen a significant temporary drop in US plasma collections in its BPL Plasma business (reported under Discontinued Operations).