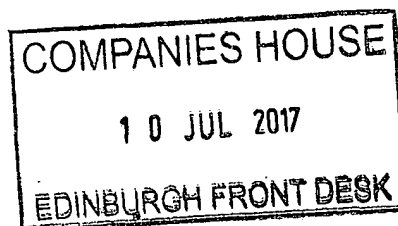


BioReliance UK Acquisition Limited

Annual report and financial statements

Registered number 06131176

31 December 2016



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Company information

Directors

AFS Cullen
S Kratzer

Secretary

AG Secretarial Ltd (Appointed 19 July 2016)

Auditor

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Bankers

The Royal Bank of Scotland plc
24/25 St Andrew Square
Edinburgh
EH2 1AF

Solicitors

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

Registered office

The Old Brickyard
Gillingham
Dorset, UK
SP8 4XT

Strategic report

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

Results

The company loss for the financial year, after taxation, is £939,000 (2015: loss of £939,000).

Business review

No significant business changes during the year

Principal activities and review of the business

The principal activity of BioReliance UK Acquisition Limited is an investment holding company owning the share capital of BioReliance Limited and, indirectly, BioReliance KK. The principal activity of BioReliance Limited is to provide biological safety testing and manufacturing services and BioReliance K.K., represents the group in the Japanese market. The loss for the year represents interest payable on amounts due to group undertakings.

Future developments

The company will continue as a holding company for its subsidiaries.

Going concern

The company's principal activities, together with the factors likely to affect its future development, performance and position are set out above. These financial statements have been prepared on a going concern basis in accordance with the group support received per note 1 to the financial statements.

By order of the board



Stefan Kratzer

Director

The Old Brickyard
Gillingham
Dorset
SP8 4XT

Date: 30th June 2017

Directors' report

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

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Financial instruments

The company does not enter into complex financial instruments.

Political and charitable donations

The company made no political or charitable donations in the year.

Directors

The directors who held office during the year and to the date of this report were as follows:

AFS Cullen
S Kratzer (Appointed 25 July 2016)
J Begg (Resigned 5 January 2016)
MA Jones (resigned 31 March 2016)

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Employee involvement

The company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through employee quarterly meetings and monthly team briefings and involves all levels of staff. These meetings seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Stefan Kratzer

Director

The Old Brickyard
Gillingham
Dorset
SP8 4XT

Date: 30th June 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

319 St Vincent Street
Glasgow
G2 5AS

Independent auditor's report to the members of BioReliance UK Acquisition Limited

We have audited the financial statements of BioReliance UK Acquisition Limited for the year ended 31 December 2015 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
5 July 2017

Profit and Loss Account
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Interest payable and similar charges	4	(939)	(939)
Loss on ordinary activities before taxation		(939)	(939)
Tax on loss on ordinary activities		-	-
Loss for the financial year		(939)	(939)

All amounts relate to continuing activities.

There are no items of other comprehensive income in the current year or the preceding year.

Balance Sheet
at 31 December 2016

	<i>Note</i>	2016 £000	2016 £000	2015 £000	2015 £000
Investments	6		50,815		50,815
Creditors: amounts falling due within one year	7	(44,591)		(43,652)	
Net current liabilities			(44,591)		(43,652)
Net assets			6,224		7,163
Capital and reserves					
Called up share capital	8		-		-
Capital contribution reserve			-		-
Profit and loss account			6,224		7,163
Equity shareholder's funds			6,224		7,163

These financial statements were approved by the board of directors on 30 June 2017 and were signed on its behalf by:



Stefan Kratzer
Director

Company registered number: 06131176

Statement of Changes in Equity
for the year ended 31 December 2016

	Called up share capital	Capital contribution reserve	Profit and loss account	Total Equity
	£000	£000	£000	£000
Balance at 1 January 2015	-	20,783	(12,681)	8,102
Total comprehensive income for the period	-	-	-	-
Loss for the financial year	-	-	(939)	(939)
Total comprehensive income for the period	-	20,783	(13,620)	7,163
Transactions with owners, recorded directly in equity				
Allocation of capital contribution to distributable reserves	-	(20,783)	20,783	-
Balance at 31 December 2015	-	-	7,163	7,163

	Called up share capital	Capital contribution reserve	Profit and loss account	Total Equity
	£000	£000	£000	£000
Balance at 1 January 2016	-	-	7,163	7,163
Total comprehensive income for the period	-	-	-	-
Loss for the financial year	-	-	(939)	(939)
Total comprehensive income for the period	-	-	6,224	6,224
Transactions with owners, recorded directly in equity				
Allocation of capital contribution to distributable reserves	-	-	-	-
Balance at 31 December 2016	-	-	6,224	6,224

Notes

(forming part of the financial statements)

1 Accounting policies

BioReliance U.K. Acquisition Limited (the "Company") is a company limited by shares and is incorporated and domiciled in the UK.

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

The Company's ultimate parent undertaking Merck KGaA includes the Company in its consolidated financial statements. The consolidated financial statements of Merck KGaA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Frankfurter Strasse 250, 64293 Darmstadt, Germany. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures;

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is dependant for its working capital on funds provided by its shareholders. The shareholders have indicated that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Basic financial instruments

Trade and other creditors

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

Investments in subsidiaries

Investments are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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

1.5 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

1.6 Foreign currency

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

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)

1 Accounting policies (continued)

1.7 Impairment excluding stocks and deferred tax assets (continued)

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2 Loss on ordinary activities before taxation

	2016 £000	2015 £000
Auditor's remuneration – Audit of these financial statements	5	5

These costs were incurred on behalf of the company by its subsidiary, BioReliance Limited.

3 Staff costs and directors' remuneration

The company has no employees and no remuneration was paid to or receivable by the directors in respect of their services to the company.

4 Interest payable and similar charges

	2016 £000	2015 £000
Group interest payable	939	939

5 Taxation

	2016 £000	2015 £000
<i>Current tax</i>		
Current year charge	-	-
Deferred tax charge	-	-
Total tax charge	-	-

The current tax credit for the period is lower (2015: lower) than the standard rate of corporation tax in the UK at 20.00% (2015: 20.25%). The differences are explained below:

Notes (continued)

5 Taxation (continued)

	2016 £000	2015 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(939)	(939)
Current tax at 20.00% (2015: 20.25%)	(188)	(190)
<i>Effects of:</i>		
Group relief surrendered for no consideration	188	190
Corporation tax	-	-

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

6 Investments

	Subsidiary undertakings £000
<i>Cost</i>	
At beginning and end of year	50,815

The investments at the balance sheet date in which the group and the company hold 20% or more of the nominal value of any class of share capital of unlisted companies include the following:

	Country of incorporation	Principal Activity	Class and Percentage of shares Held
BioReliance Limited	United Kingdom. 13 Queen's Road, Aberdeen.	Biosafety testing and biomanufacturing	Ordinary 100%
BioReliance KK*	Japan. Arco Tower, 1-8-1 Shimomeguro, Tokyo.	Sales function – Asia Pacific	Ordinary 100%

* shares held indirectly

Notes (continued)

7 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts due to group undertakings	44,591	43,652

8 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i> 100 (2015: 100) ordinary shares of £1 each	100	100

9 Related party transactions

In accordance with the provisions of Section 33.1A of FRS 102 the company, being a wholly owned subsidiary undertaking, has claimed exemption from disclosing related party transactions with other group companies.

10 Ultimate parent undertaking, related undertakings and controlling party

The Company's ultimate parent company is Merck KGaA, a company incorporated in Germany.

The largest and smallest group in which the results of the Company are consolidated is that headed by Merck KGaA. The consolidated financial statements of the group are available to the public and may be obtained from Frankfurter Strasse 250, 64293 Darmstadt, Germany.

The company's related subsidiary undertaking is stated in note 6. The Companies immediate and ultimate parent company are listed above.

11 Accounting estimates and judgements

Key sources of estimation uncertainty

For financial reporting purposes, the directors have not identified any key sources of estimation uncertainty related to the Company.

Critical accounting judgements in applying the Company's accounting policies

The company believes that the major judgement applied is the use of the going concern principle which supports the valuation of assets included in the Balance Sheet.