

Hazel O'Sullivan

From: Khalid Nabilsli [nabulsik@Hikma.com]
Sent: 27 January 2010 08:59
To: Hazel O'Sullivan
Cc: Bassam Kanaan; Henry knowles-UK
Subject: Consultation Paper

Dear Ms. O'Sullivan,

Please allow me to introduce myself; my name is Khalid Nabilsli - Vice President of Finance for Hikma Pharmaceuticals Plc. I have received the consultation paper on "audit firms providing non-audit services to listed companies that they audit" issued by Auditing Practices Board (ABP) based on the recommendation set out by the Treasury Select Committee, on which we would like to express our views.

We understand the argument set out by the ABP that high levels of non audit services may impact auditors independence and audit quality. However, there are already restrictions on the work that auditors can do for companies that they audit and accordingly on the level of their fees. We consider that existing requirements are well understood and corporate governance checks are done at the board and audit committee level. Our Policy in Hikma Pharmaceuticals Plc is as follows:

"Non audit services may not relate to areas such as financial information systems design, valuation work, executive recruitment or work of an advocacy nature. Management may authorise the provision of non-audit services by the external auditors where the aggregate fees paid in respect of such services will not exceed twenty-five per cent of the total fees in respect of audit and audit-related services in any financial year."

In terms of flexibility and choice, the current governance framework is very effective as a listed company has a greater choice where auditors and non auditors are each available to provide services. We believe that restricting the pool of firms from whom we could seek assistance may limit our ability to get best and most effective advice and to use a firm who is familiar with the business and risk appetite of our company. Furthermore, reducing the choice of firms available to companies will increase their costs and could be detrimental to audit quality, as the provision of a range of non-audit services allows the maintenance of a breadth of skills that can be brought to bear in an audit. Changing the current framework might lead, in the longer term, to narrowing of both the skills and knowledge within the profession.

Given the above, we do not support further restrictions but consider that clearer disclosure requirement would be helpful.

Kind regards,

Khalid Nabilsli
VP Finance
Hikma Pharmaceuticals Plc

Disclaimer:

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