Registered number 04124572

ARROW GENERICS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2012

ARROW GENERICS LIMITED

COMPANY INFORMATION

DIRECTORS	P BISARO D BUCHEN N JAKES S J VINCENT
COMPANY SECRETARY	D BUCHEN
COMPANY NUMBER	04124572
REGISTERED OFFICE	Whiddon Valley Barnstaple EX32 8NS
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Abacus House Castle Park Cambridge CB3 0AN

ARROW GENERICS LIMITED

CONTENTS

DIRECTORS' REPORT
for the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activities
The company's principal activity during the year continued to be the distribution of generic pharmaceutical products The directors expect a change in the principal activity during the next financial year as in April 2013 the operations of the company were integrated into Actavis UK Limited and the company ceased to trade

Business review
The UK generic pharmaceutical market environment in which the company trades continues to be highly competitive where new entrants are continually putting pressure on market prices and the UK Government seeks to control the costs of medicines to the National Health Service The company has continued to expand its position by expanding its range of prescription only medicines in a wide range of therapeutic areas and by providing market leading customer services

Key performance indicators
Performance during the year, together with historical trend data is set out in the table below

KPI	2012	2011	Definition, method of calculation and analysis
Growth in sales (%)	23 14%	20 56%	Year on year sales growth expressed as a percentage The increase in sales is due to the launch of 10 key products with revenue of £2 9m in 2012 (2011 2 key products with revenue of £6 6m)
Operating margin (%)	2 08%	(14 22%)	Operating margin is the ratio of operating profit, before exceptional items and goodwill amortisation, to sales expressed as a percentage Operating margin has increased from prior year due to profitable sales growth and lower operating costs This has resulted in a positive margin
Number of lines	207	186	Actual number of product lines available expressed as an average over the 12 month period

The company continued with its successful new product launch strategy backed by its expertise and knowledge in gaining market authorisation for new products Work continued during the year to bring to market products for future years as soon as patents expired on those products

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk The company does not use derivative financial instruments and tries to limit those risks through the support of its parent company

Credit risk
The company is exposed to the risk of financial losses should a counter party fail to meet their obligation Appropriate credit limits are regularly reviewed and approved by directors to limit any exposure Overdue balances are reviewed on a regular basis by senior management and any issues identified are dealt with in a timely manner

Liquidity risk
The company controls liquidity risk by monitoring and forecasting cash balances very closely and enjoying parent company support for any excess or shortfalls in cash balances

Interest risk
The company is exposed to changes in interest rates arising from borrowings from the parent company

Foreign currency risks
Foreign currency exchange risk arises from foreign currency transactions The company does not hedge against foreign currency risk

Going concern
The directors believe that preparing the financial statements on a going concern basis is appropriate due to the financial performance of the company and the continued financial support of the immediate parent company, Arrow Group ApS The directors have received confirmation that the parent company intends to support the company for a period of at least one year after these financial statements are signed

DIRECTORS' REPORT
for the year ended 31 December 2012

Research and development activities
The Company continues its policy of research and development, both in house and via third parties, in order to maintain a competitive position in the United Kingdom generic pharmaceuticals market

During the year, expenditure of £937,178 (2011 £3,562,874) was incurred

Results and dividends
The loss after tax amounted to £6,927,311 (2011 £3,562,498) and turnover of £44,580,043 (2011 £34,264,871) was achieved The directors do not recommend the payment of a dividend (2011 £nil)

Directors
The directors who served at any time during the year and up until the date of signing the financial statements were
P BISARO
D BUCHEN
A MEHTA (resigned 2/4/2013)
N JAKES (appointed 2/4/2013)
J SPARROW (resigned 2/4/2013)
S J VINCENT (appointed 2/4/2013)

Political and charitable donations
The company made no political or charitable donations, or incurred any political expenditure during the year (2011 £nil)

Statement of directors' responsibilities
The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 accounting 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,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Provision of information to auditors
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- That each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

ARROW GENERICS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2012

Directors' indemnities
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors

This report was approved by the board and signed on its behalf

N JAKES
Director
20/9/2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARROW GENERICS LIMITED

We have audited the financial statements of Arrow Generics Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities set out on page 2 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Simon Ormiston

Simon Ormiston (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
20/9/13

ARROW GENERICS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	2	**44,580,043**	34,264,871
Change in stocks of finished goods		**1,485,168**	2,635,580
Other operating income		**71,124**	2,092
Consumables		**(35,945,233)**	(29,876,062)
Other external charges		**(7,139,915)**	(10,164,680)
Other external charges - exceptional	3	**(7,482,637)**	-
Staff costs	5	**(2,023,922)**	(1,505,981)
Depreciation and other amounts written off tangible and intangible fixed assets		**(100,073)**	(229,140)
OPERATING LOSS	3	**(6,555,446)**	(4,873,320)
Interest receivable and similar income	7	**7,701**	5,939
Interest payable and similar charges	8	**(188,552)**	(46,796)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(6,736,296)**	(4,914,177)
Tax on loss on ordinary activities	9	**(191,015)**	1,351,679
LOSS FOR THE FINANCIAL YEAR		**(6,927,311)**	(3,562,498)

All amounts relate to continuing operations There were no recognised gains or losses for 2012 or 2011 other than those included in the Profit and loss account

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents

The notes on pages 7 to 18 form part of these financial statements

ARROW GENERICS LIMITED
Registered number 04124572

BALANCE SHEET
as at 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		**347,667**		429,411
			347,667		429,411
CURRENT ASSETS					
Stocks	12	**7,952,513**		6,467,345	
DEBTORS amounts falling due after more than one year	13	**366,000**		366,000	
DEBTORS amounts falling due within one year	13	**11,315,697**		11,586,732	
Cash at bank and in hand		**3,146,230**		920,532	
		22,780,440		19,340,609	
CREDITORS. amounts falling due within one year	14	**(15,571,952)**		(8,903,331)	
NET CURRENT ASSETS			**7,208,488**		10,437,278
TOTAL ASSETS LESS CURRENT LIABILITIES			**7,556,155**		10,866,689
CREDITORS amounts falling due after more than one year	15		**(10,576,826)**		(7,000,000)
NET (LIABILITIES)/ASSETS			**(3,020,671)**		3,866,689
CAPITAL AND RESERVES					
Called up share capital	17		**1,000**		1,000
Profit and loss account	18		**(3,021,671)**		3,865,689
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	19		**(3,020,671)**		3,866,689

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **20/9/2013** by

N JAKES
Director

The notes on pages 7 to 18 form part of these financial statements

1 ACCOUNTING POLICIES

1 1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard (FRS) 18, "Accounting Policies" and have been applied consistently except where noted, is set out below

1.2 CASH FLOW

The company is a wholly owned subsidiary company of a group headed by Actavis Inc and is included in the consolidated financial statements of that company, which are publicly available Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996) from preparing a cash flow statement

1 3 GOING CONCERN

The directors, having assessed the responses of the directors of the company's parent Actavis Inc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the company to continue as a going concern

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Actavis Inc , the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

The company has received confirmation from an intermediate parent undertaking, Arrow Group ApS, confirming that it will provide financial support for at least one year from the date of signing of these financial statements

1 4 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse based on the tax rates substantively enacted at the balance sheet date Deferred tax assets and liabilities are not discounted

1 5 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction Exchange gains and losses are recognised in the Profit and Loss account

1 6 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1 7 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred

1 ACCOUNTING POLICIES (continued)

1 8 INTANGIBLE ASSET

Intangible assets consist of product licences which are shown at cost less amortisation Intangible assets are amortised through the profit and loss account in equal instalments over the estimated useful life of the assets and relates to external spend only

Amortisation is provided at the following rates

Product licences	-	33 3% straight line

1 9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1 10 TANGIBLE ASSETS

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold improvements	-	15% straight line
Plant and equipment	-	20% reducing balance
Motor vehicles	-	25% straight line
Office equipment	-	33 33% reducing balance

1 11 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts Turnover is recognised on despatch of goods

1 12 SHARED BASED COMPENSATION SCHEMES

Actavis Inc , the ultimate parent company, has granted restricted stock units to employees of the company In accordance with UITF 44, where the parent company has the obligation to provide these employees with the stock units, the company has considered these to be equity-settled share based payment transactions The fair value of these payments was determined at grant date based on the quoted share price of Actavis Inc , and expensed on a straight-line basis over the vesting period, based on the company's estimate of the number of shares that would eventually vest

The share based payment charge is recorded through the profit and loss account with a credit to reserves

2 TURNOVER

The whole of the turnover is attributable to the manufacture and distribution of generic pharmaceutical products

A geographical analysis of turnover is as follows

	2012	2011
	£	£
UK	**43,634,372**	32,911,606
European Union	**945,671**	1,353,265
	44,580,043	34,264,871

3 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2012	2011
	£	£
Amortisation – intangible fixed assets	-	120,842
Depreciation of tangible fixed assets		
- owned assets	100,073	153,978
Foreign exchange gains	(290,710)	(319,147)
Research and development costs	937,178	3,562,874
Operating lease costs – land and buildings	219,483	210,885
Loss on disposal of fixed assets	-	22,281
Exceptional item	7,482,637	-

Included in other operating charges for the year is an exceptional item The European Commission imposed fines on Lundbeck and other pharmaceutical companies, including Arrow Generics Limited, for delaying the market entry of generic drug citalopram which is in breach of EU competition law The company was fined €8,536,265 and has filed an appeal against the decision

4 AUDITORS' REMUNERATION

	2012	2011
	£	£
Audit fees for the audit of the company's annual financial statements	25,607	21,813
Other services	5,850	4,160
	31,457	25,973

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	1,698,267	1,286,528
Social security costs	198,672	152,824
Other pension costs	87,032	29,513
Total before share based payment charge	1,983,971	1,468,865
Share based payments (note 21)	39,951	37,116
Total	2,023,922	1,505,981

5 STAFF COSTS (continued)

The average monthly number of employees, including directors, during the year was as follows

	2012 Number	2011 Number
Administration	20	19
Sales	4	4
	24	23

6 DIRECTORS' REMUNERATION

	2012 £	2011 £
Aggregate emoluments	272,358	192,750

During the year, no directors had retirement benefits accruing in respect of money purchase pension schemes (2011 none)

Highest paid director

	2012 £	2011 £
Aggregate emoluments and benefits (excluding gains on exercise of share options and values of shares received) under long-term incentive schemes	272,358	192,750

The highest paid director exercised share options during the year

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
On loans to group undertakings	7,387	5,383
Other interest receivable	314	566
	7,701	5,949

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
On loans from group undertakings	188,552	46,796
	188,552	46,796

9 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax on loss on ordinary activities

	2012	2011
Analysis of tax credit in the year	**£**	£
Group taxation relief	**147,394**	(1,278,958)
Adjustment in respect of prior periods	**(2,114)**	-
Total current tax (note 9b)	**145,280**	(1,278,958)
Deferred tax		
Impact of change in tax rate	**6,132**	3,675
Origination and reversal of timing differences	**39,603**	(15,642)
Adjustment in respect of prior years	**-**	(60,754)
Total deferred tax (note 16)	**45,735**	(72,721)
Tax on loss on ordinary activities	**191,015**	(1,351,679)

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 24 5% (2011 25 5%) The differences are reconciled below

	2012	2011
	£	£
Loss on ordinary activities before tax	**(6,736,296)**	(4,914,177)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 25 5%)	**(1,650,392)**	(1,302,257)
Expenses not deductible for tax	**4,983**	6,720
Non-deductible exceptional expense (note 3)	**1,833,246**	-
Capital allowances in excess of depreciation	**6,914**	6,743
Other timing differences	**(47,357)**	9,836
Adjustment in respect of prior periods	**(2,114)**	-
Total current tax (note (a))	**145,280**	(1,278,958)

9 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

(c) Deferred taxation

Deferred taxation assets recognised in the financial statements and the amounts not recognised are as follows

	Recognised		Not recognised	
	2012	2011	**2012**	2011
	£	£	**£**	£
Fixed asset timing differences	**(23,816)**	(21,750)	-	-
Short-term timing differences	**(5,959)**	(72,218)	-	-
Share based payments	**(31,502)**	(13,050)	-	-
Total deferred tax asset (note 16)	**(61,277)**	(107,018)	-	-

During the year, as a result of the changes in the UK main corporation tax rate to 24% which was substantively enacted on 26 March 2012 and that will be effective from 1 April 2012, and to 23% which was substantively enacted on 3 July 2012 and which will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured

In addition to the changes in rates of Corporation tax disclosed above further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013 These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 This change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements This change is not expected to have a material effect on the deferred tax balances in the company's financial statements

10 INTANGIBLE ASSETS

	Product licenses £
COST	
At 1 January and 31 December 2012	**483,370**
ACCUMULATED AMORTISATION	
At 1 January 2012 and 31 December 2012	**(483,370)**
NET BOOK VALUE	
At 31 December 2012	**-**
At 31 December 2011	-

11 TANGIBLE ASSETS

	Leasehold improvements	Plant and equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£
COST					
At 1 January 2012	384,770	419,450	332,353	84,445	1,221,018
Additions	551	-	17,778	-	18,239
At 31 December 2012	**385,321**	**419,450**	**350,131**	**84,445**	**1,239,347**
ACCUMULATED DEPRECIATION					
At 1 January 2012	131,073	365,780	253,728	41,026	791,607
Charge for the year	46,555	9,670	25,737	18,111	100,073
At 31 December 2012	**177,628**	**375,450**	**279,465**	**59,137**	**891,680**
NET BOOK VALUE					
At 31 December 2012	**207,693**	**44,000**	**70,666**	**25,308**	**347,667**
At 31 December 2011	253,697	53,670	78,625	43,419	429,411

12 STOCKS

	2012	2011
	£	£
Finished goods and goods for resale	**7,952,513**	6,467,345

In the opinion of the directors, the replacement cost of stocks is not materially difference to the figures above

13 DEBTORS

	2012	2011
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	£	£
Amounts owed by group undertakings	**366,000**	366,000

	2012	2011
AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Trade debtors	**8,947,556**	9,322,653
Amounts owed by group undertakings	**1,993,248**	1,847,829
Other debtors	**26,460**	26,460
Prepayments and accrued income	**287,156**	282,772
Deferred tax asset (see note 16)	**61,277**	107,018
	11,315,697	11,586,732

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	1,635,198	407,017
Amounts owed to group undertakings	3,880,073	5,433,751
Corporation tax	-	2,114
Social security and other taxation	379,532	764,889
Accruals and deferred income	9,677,149	2,295,560
	15,571,952	8,903,331

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

15 CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Amounts owed to group undertakings	10,576,826	7,000,000
	10,576,826	7,000,000

Amounts owed to group undertakings are repayable upon written notice of at least 12 months Interest is compounded monthly at 1 5% over the Barclays Bank plc base rate

16 DEFERRED TAX ASSET

	2012	2011
	£	£
At 1 January	107,018	34,297
Deferred tax credit in profit and loss account	(45,741)	72,721
At 31 December	61,277	107,018

The deferred tax asset is made up as follows

	2012	2011
	£	£
Accelerated depreciation	23,816	21,750
Other timing differences	37,461	85,268
	61,277	107,018

17 CALLED UP SHARE CAPITAL

ALLOTTED, CALLED UP AND FULLY PAID	2012 £	2011 £
1,000 (2011 1,000) ordinary shares of £1 each	**1,000**	1,000

18 PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 January 2012	3,865,689
Loss for the financial year	(6,927,311)
Share based compensation charge	39,951
At 31 December 2012	**(3,021,671)**

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	**3,866,689**	7,392,071
Loss for the financial year	**(6,927,311)**	(3,562,498)
Share based compensation charge	**39,951**	37,116
Closing shareholders' funds	**(3,020,671)**	3,866,689

20 CONTINGENT LIABILITES

There is a group composite accounting scheme in relation to the current bank accounts of the following UK group companies

- Arrow Generics Limited
- Arrow No 7 Limited
- Breath Limited
- Bowmed Limited

The composite scheme is a cross guarantee held by Barclays Bank plc whereby the composite bank balances can be offset to a maximum of the overdraft limit of £2,000,000 which is secured against trade debtors

At the year end the net balance of all the participants to the scheme amounted to a bank balance of £11,183,246 (2011 £5,328,184)

Arrow Generics Limited has guaranteed the bank borrowings of fellow subsidiaries (as listed above) and at 31 December 2012 the net liability amounted to £Nil (2011 £Nil)

21 SHARE BASED COMPENSATION SCHEMES

Actavis Inc (the ultimate parent company) operates a number of share based compensation schemes for employees of the group, including the 'Restricted Stock Plan' in which employees of Arrow Generics Limited participate

This programme offers participants the opportunity to earn shares of the group over time, rather than options that give participants the right to purchase shares at a set price For employees of the group the vesting terms of the restricted stock awards are that 50% of the awards will vest after two years, and the remaining 50% will vest four years after the grant date

The fair value of the awards granted is based on the share price on the grant date The total share based compensation cost is recognised over the vesting period of the awards in accordance with FRS 20 In line with the vesting conditions of the awards, half of the total cost is recognised over the two year period from the grant date, with the remaining cost being recognised over the four year period from the grant date

Details of the grants during the year are set out below

Grant date	03-Mar-12
Share price at grant date	$59 65
Exercise price	Nil
Number of employees	1
Shares granted	129
Vesting period	2 - 4 years
Fair value per RSU	$59 65

Details of the grants during the previous year are set out below

Grant date	03-Mar-11
Share price at grant date	$57 09
Exercise price	Nil
Number of employees	1
Shares granted	2,156
Vesting period	2 - 4 years
Fair value per RSU	$57,09

Grant date	18-Aug-11
Share price at grant date	$64 29
Exercise price	Nil
Number of employees	1
Shares granted	233
Vesting period	2 - 4 years
Fair value per RSU	$64 29

21 SHARE BASED COMPENSATION SCHEMES (continued)

Details of the outstanding awards at 31 December 2012 and 31 December 2011 are set out below

	2012		2011	
	Number	**Weighted average share price**	Number	Weighted average share price
Outstanding at 1 January	**4,189**	**$40 59**	3,100	$40 59
Granted 3 March 2012	**129**	**$59 65**	-	-
Forfeited	**(233)**	**£40 59**	(1,300)	$40,59
Granted 3 March 2011	-	-	2,156	$57,09
Granted 18 August 2011	-	-	233	$64,29
Outstanding 31 December	**4,085**		4,189	

During the year the share based compensation cost recognised in the profit and loss account in respect of these awards was £39,951 (2011 £37,116)

22. PENSION COMMITMENTS

The company participates in a defined contribution scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £87,032 (2011 £29,513)

There are no outstanding or prepaid contributions at the year-end (2011 £nil)

23 OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Other	
	2012	2011
Expiry date	**£**	£
After more than 5 years	-	261,122

24 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of, Actavis Inc , whose financial statements are publicly available

25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Arrow Group ApS, a company incorporated in Denmark

The ultimate parent undertaking and controlling party is Actavis Inc , a company incorporated in the United States of America

Actavis Inc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2012 A copy of these financial statements can be obtained from Morris Corporate Center III, 400 Interpace Parkway, Parsippany, NJ 07054, USA

26 POST BALANCE SHEET EVENTS

The European Commission imposed fines on Lundbeck and other pharmaceutical companies, including Arrow Generics Limited, for delaying the market entry of generic drug citalopram, which is in breach of EU competition law The company was fined €8,536,265 and has filed an appeal against the decision

During April 2013, the trade and assets of the company were integrated into Actavis UK Limited, a sister company within the Actavis Inc group The future plan for Arrow Generics Limited is to cease trade from the date of integration