

Actavis Holdings UK Limited

Directors' report and financial statements

Registered number 05032430

31 December 2013



Strategic report

Actavis Holdings UK Limited acts as an investment company, holding 100% share of Actavis Holdings UK II Limited, who in turn holds 100% share of Actavis UK Limited, a UK trading company.

The activity of Actavis UK Limited during the year continued to be the manufacture, marketing and sales of a broad range of pharmaceutical products.

The Actavis UK Limited sales organisation operates predominately in a highly competitive UK pharmaceutical market environment. The profit for the year before taxation increased as shown in the profit and loss account to £42m (2012: £20.8 million).

Actavis UK Limited has continued to expand its strategic position as a major supplier to the UK generics market and despite competitive trading conditions, the directors are confident that the company will maintain its current strong position.

Actavis UK Limited manages the risk of strong competition by:

- Building on high quality UK manufacturing capabilities
- Ability to rapidly respond to changing market requirements
- Differentiated customer service offerings
- Portfolio development across brands, generics and OTC products
- Good cost control and streamlining of business process to gain efficiency savings.

	2013	2012	Comments
Revenue growth	22.9%	9.5%	The operations of UK sister company Arrow Generics were integrated into Actavis UK Limited from April 2013 which is driving a large part of the revenue growth.
Net profit %	14.1%	9.1%	Profit growth through portfolio optimisation and diversification, ability to respond to changing customer demands, enhanced efficiency in the plant contributing to improved costs.

The Barnstaple site is an EU/GMP approved large solid oral dosage facility that serves predominately the UK generic market. Other markets supplied include the Middle East, Africa and Asia. The site has successfully maintained a highly competitive low cost position through scale and breadth of portfolio and continues to focus on cost reduction initiatives whilst continuing to invest in the facility with improvements in technology and automation. Customer service remains a key success driver.

The financial statements were approved by the Board of Directors on 19 September 2014 and signed on its behalf by:


N Jakes
Director

Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2013.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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; 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 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.

Dividend paid

The directors paid a dividend of £Nil (2012: £Nil) in the year.

Financial risk management

The company's activities expose it to a number of financial risks including interest 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.

Liquidity risk

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

Interest risk

The company has both interest-bearing assets and interest-bearing liabilities with intercompany counter parties which exposes the company to changes in interest rates.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr H Thorsteinsson (*appointment terminated 28th July 2014*)
Mr G Gustafsson (*appointment terminated 28th July 2014*)
Mrs Sara Vincent (*appointed 28th July 2014*)
Ms Nadine Jakes (*appointed 28th July 2014*)
Mr David Vrhovec (*appointed 28th July 2014*)

Directors' report (continued)

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.

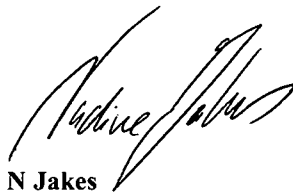
Disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to section 487 of the Companies Act 2006, for the reporting year the company engaged the services of PricewaterhouseCoopers following the cessation of services with KPMG.

The financial statements were approved by the Board of Directors on 19 September 2014 and signed on its behalf by:



N Jakes
Director
Company number: 05032430

Whiddon Valley
Barnstaple, Devon
EX32 8NS

Independent auditors' report to the members of Actavis Holdings UK Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Actavis Holdings UK Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of Actavis Holdings UK Limited (continued)

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 for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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 ISAs (UK & 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.

Heather Ancient

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth

24 September 2014

Profit and Loss Account
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover		-	22
Administrative expenses		(3)	(21)
Operating (loss)/profit		(3)	1
Other interest receivable and similar income	5	1,941	2,017
Interest payable and similar charges	6	(5,033)	(4,886)
Loss on ordinary activities before taxation	2	(3,095)	(2,868)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	13	(3,095)	(2,868)

There were no acquisitions or discontinued operations within the company in either the current or preceding year. The turnover in the prior year relates to intercompany transactions with parent (Iceland).

The company had no recognised gains or losses during the current or previous year other than the loss for those years.

There is no material difference between the loss as disclosed in the profit and loss account and the loss on an unmodified historical cost basis.

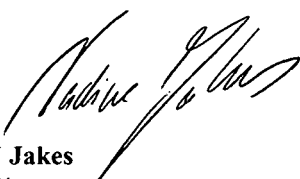
A reconciliation of movements in shareholders' funds is given in note 14.

Balance Sheet

At 31 December 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Investments	8		248,897		248,897
			<u>248,897</u>		<u>248,897</u>
Current assets					
Debtors	9	6,159		4,228	
Cash at bank and in hand		13		6	
		<u>6,172</u>		<u>4,234</u>	
Creditors: amounts falling due within one year	10	<u>(10,163)</u>		<u>(5,130)</u>	
Net current liabilities			<u>(3,991)</u>		<u>(896)</u>
Total assets less current liabilities			<u>244,906</u>		<u>248,001</u>
Creditors: amounts falling due after more than one year	11		<u>(71,901)</u>		<u>(71,901)</u>
Net assets			<u>173,005</u>		<u>176,100</u>
Capital and reserves					
Called up share capital	12		17,700		17,700
Share premium account	13		159,300		159,300
Capital contribution reserves	13		100		100
Profit and loss account	13		(4,095)		(1,000)
			<u>173,005</u>		<u>176,100</u>
Shareholders' funds	14		<u>173,005</u>		<u>176,100</u>

The financial statements on pages 7 to 14 were approved and authorised for issue by the board of directors on 19 September 2014 and were signed on its behalf by:


N Jakes
Director

The notes on pages 9 to 14 form part of these financial statements.

Company number: 05032430

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements are prepared in accordance with the Companies Act 2006 in the United Kingdom, and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Actavis Plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances which form part of the group. The consolidated financial statements of Actavis Plc, within which the company is included, can be obtained from the address in note 15.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less impairment.

Other Income

Dividend income is recognised in the financial statements once it has been appropriately authorised. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is possible that an out flow of economic benefits will be required to settle the obligation.

Dividends

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Going concern

The company has considerable financial resources together with the long term support of the Group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Notes to the financial statements *(continued)*

2 Profit on ordinary activities before taxation

Auditors' remuneration:

	2013 £000	2012 £000
Statutory audit services	3	5
Services relating to taxation	-	1
All other services	-	1
	<u>3</u>	<u>7</u>

3 Remuneration of directors

The directors did not receive any emoluments in respect of their services to the company (2012: £nil). There were no other transactions with directors. The emoluments of the directors are paid by other group companies which make no recharges to the company. The directors are directors of a number of other group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies.

4 Staff numbers and costs

The monthly average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2013	2012
Administrative	-	1
	<u>-</u>	<u>1</u>

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	-	3
Social security costs	-	3
	<u>-</u>	<u>6</u>

5 Other interest receivable and similar income

	2013 £000	2012 £000
Receivable from group undertakings	1,941	2,017
	<u>1,941</u>	<u>2,017</u>

Notes to the financial statements *(continued)*

6 Interest payable and similar charges

	2013 £000	2012 £000
Payable to group undertakings	5,033	4,886

7 Tax on loss on ordinary activities

Factors affecting the tax charge for the current year

The tax assessed for the year is lower (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(3,095)	(2,868)
Current tax at 23.25% (2012: 24.5%)	(720)	(703)
<i>Effects of:</i>		
Group Relief	720	705
Unrecognised deferred tax	-	(2)
Total current tax charge (see above)	-	-

A number of changes to the UK corporation tax system were announced in the March 2013 UK Budget Statement. These were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

These changes had been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. Accordingly, the closing deferred tax liability in these financial statements has been recognised at 20%.

Notes to the financial statements (continued)

8 Fixed asset investments

	Shares in group undertakings £000	Loans to group undertakings £000	Total £000
<i>Cost</i>			
At beginning of year	197,000	51,897	248,897
At end of year	197,000	51,897	248,897
<i>Net book value</i>			
At 31 December 2013	197,000	51,897	248,897
At 31 December 2012	197,000	51,897	248,897

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of Incorporation	Principal Activity	Class and Percentage of shares Held
<i>Subsidiary undertakings</i>			
Actavis Holdings UK II Limited	Great Britain	Holding company	Ordinary – 100%
Actavis UK Limited	Great Britain	Manufacture, marketing and sales of generic pharmaceutical products	Ordinary – 100% owned by Actavis Holdings UK II Limited

The directors believe that the carrying value of the investments is supported by their underlying net assets

Notes to the financial statements *(continued)*

9 Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	6,158	4,227
Taxation and social security	1	1
	<u>6,159</u>	<u>4,228</u>

10 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	10,163	5,130
	<u>10,163</u>	<u>5,130</u>

11 Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Amounts owed to group undertakings	71,901	71,901
	<u>71,901</u>	<u>71,901</u>

The above amount represents unsecured group loans upon which interest is charged at a rate of 7%.

12 Called up share capital

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
17,700,000 (2012: 17,700,000) Ordinary shares of £1 each	17,700	17,700
	<u>17,700</u>	<u>17,700</u>
Shares classified in shareholders' funds		
	<u>17,700</u>	<u>17,700</u>

Notes to the financial statements *(continued)*

13 Share premium and reserves

	Capital contribution reserve £000	Share premium account £000	Profit and loss account £000
At beginning of year	100	159,300	(1,000)
Loss for the financial year	-	-	(3,095)
At end of year	100	159,300	(4,095)

14 Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Loss for the financial year	(3,095)	(2,868)
Net reduction to shareholders' funds	(3,095)	(2,868)
Opening shareholders' funds	176,100	178,968
Closing shareholders' funds	173,005	176,100

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

Actavis Plc, a company incorporated in the Republic of Ireland, is the ultimate parent company and controlling party. Copies of the financial statements of Actavis Plc can be obtained from Actavis Administrative Headquarters, Morris Corporate Centre III, 400 Interpace Parkway, Parsippany, United States of America. No other group financial statements include the results of this company.

The immediate parent company is Actavis Holding NWE B.V., which is incorporated in Holland.