

HIKMA UK LIMITED

Report and Financial Statements

31 December 2013

THURSDAY



L3FOY8LC

LD3

04/09/2014

#33

COMPANIES HOUSE

HIKMA UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G S Atwal
P A Speirs
T M Crease

COMPANY SECRETARY

P A Speirs

REGISTERED OFFICE

13 Hanover Square
London
W1S 1HW

SOLICITORS

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

HIKMA UK LIMITED

DIRECTORS' REPORT

The directors' present their annual report together with the audited financial statements and the auditor's report for the year ended 31 December 2013.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption, which includes the exemption from preparing a strategic report.

The Company is exempt from the obligation to prepare group financial statements. The company is exempt under Section 400 of the Companies Act 2006 as its results are included in the consolidated results of its ultimate parent company, Hikma Pharmaceuticals PLC.

PRINCIPAL ACTIVITIES

Hikma Pharmaceuticals PLC ("Hikma") and its subsidiaries comprise a multinational pharmaceutical group focusing on developing, manufacturing and marketing a broad range of generic and in-licensed pharmaceutical products in solid, semi-solid, liquid and injectable forms. Hikma prepares group consolidated financial statements.

The Company is a wholly owned subsidiary of Hikma and its principal activity during the year was to act as an intermediate holding company for certain of the trading entities in Hikma's group of companies ("the Group"). The Company does not undertake activities in the field of research and development and does not have branches outside of the United Kingdom. The Company does not have any fixed asset interests in land or material information in relation to financial instruments that would require disclosure.

The Company recorded a profit after tax of \$62,391,484 (2012: \$22,505,618) in the year with the profit generated from the receipt of dividends and interest.

Amongst the Company's subsidiaries are companies which operate in the Group's Branded, Generics and Injectables divisions in the Middle East and North Africa, Europe and the United States. The Company receives dividends from these subsidiary trading entities. It does not charge management fees. The directors anticipate that, save for the possible acquisition of further operating companies, the Company's current activities will continue unchanged for the foreseeable future.

BUSINESS REVIEW

The Company is part of the Hikma group. The principal risks and uncertainties facing the company, the development of the Company's business during the year and key performance indicators which will assist in understanding the business of the company are intrinsically linked with the performance of Hikma. Hikma's financial statements contain a full review of the business of the Group and the directors believe that no further analysis is necessary to understand the development, performance or position of the company.

RESULTS AND DIVIDENDS

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a final dividend (2012: Nil) and have not paid any interim dividends during the year (2012: Nil).

CREDITOR PAYMENT POLICY

The company's creditor payment policy is defined by Hikma, applied across the Group and disclosed in the financial report and accounts of Hikma.

GOING CONCERN

Hikma UK Limited had current liabilities at 31 December 2013 of \$76,706,146 and cash at bank and in hand of \$10,006,432. The company has a letter of support in place from its ultimate parent company, Hikma Pharmaceuticals PLC, which states that should it be required, Hikma Pharmaceuticals PLC will provide financial support to the company to enable it to discharge its liabilities as they fall due within the next 12 months from the date of signing this annual report. The directors have assessed the ability of Hikma Pharmaceuticals PLC to provide that support and, on that basis, have concluded that the application of the going concern basis of preparation of the financial statements is appropriate.

DIRECTORS' REPORT (continued)

DIRECTORS

The directors who served during the year, along with their applicable dates of appointment and resignation, were as follows:

H J Knowles	(resigned 5 July 2013)
M A A M Labadi	(resigned 21 February 2013)
P A Speirs	(appointed 21 February 2013)
G S Atwal	(appointed 21 February 2013)
Mr T M Crease	(appointed 18 July 2013)

The directors did not receive any emoluments in relation to their services to the Company.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 elected to prepare 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; 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.

AUDITOR

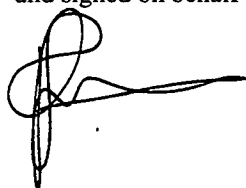
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he /she ought to 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P A Speirs
Company Secretary
Date: 28 August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIKMA UK LIMITED

We have audited the financial statements of Hikma UK Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. 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).

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, 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

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 information and non-financial information in the annual report 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 impact 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 2013 and of its profit 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
- the directors' were not entitled to the small companies' exemption in preparing the strategic report and the directors' report; or
- we have not received all the information and explanations we require for our audit.



Sukhbinder Kooner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, England

Date:

28th August 2014

HIKMA UK LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2013

	Notes	2013 \$	2012 \$
Administrative expenses	2	(12,673)	(6,677)
Other operating income	4	1,173,105	968,500
OPERATING INCOME		<u>1,160,432</u>	<u>961,823</u>
Income from shares in group undertakings	5	59,072,752	21,059,423
Financial income	6	2,158,475	502,507
Financial expense	7	(175)	(33,366)
Other income		-	15,231
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>62,391,485</u>	<u>22,505,618</u>
Tax on profit on ordinary activities	8	-	-
PROFIT FOR THE FINANCIAL YEAR	13	<u><u>62,391,485</u></u>	<u><u>22,505,618</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the financial year and the preceding financial year. Accordingly, no separate statement of total recognised gains and losses has been presented.

HIKMA UK LIMITED

BALANCE SHEET 31 December 2013

	Notes	2013 \$	2012 \$
NON CURRENT ASSETS			
Investments	10	748,253,907	748,253,907
CURRENT ASSETS			
Cash at bank and in hand		10,006,432	4,544
Debtors: Due from group companies		56,396,253	19,951,633
		66,402,685	19,956,177
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	11	(76,706,146)	(92,651,122)
NET CURRENT LIABILITIES		(10,303,461)	(72,694,945)
NET ASSETS		737,950,446	675,558,962
CAPITAL AND RESERVES			
Called up share capital	12	492,802,879	492,802,879
Share premium account	13	99,062,610	99,062,610
Profit and loss account	13	146,084,958	83,693,473
SHAREHOLDERS' FUNDS	14	737,950,447	675,558,962

These financial statements (Company registration number No. 05497478) were approved by the Board of Directors and authorised for issue on 28 August 2014

Signed on behalf of the Board of Directors



Gurpal S Atwal
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable law and United Kingdom accounting standards. The currency used in the preparation of the accounts is the US Dollar as the majority of the Company's business is conducted in US Dollars (\$).

Going concern

The financial statements have been prepared on a going concern basis as noted in the Directors' report on page 2.

Consolidation

The Company was, at the end of the year, a wholly-owned subsidiary of another Company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

Related party transactions

The Company is a wholly owned subsidiary of Hikma Pharmaceuticals PLC, the consolidated accounts of which are publicly available. Accordingly, the Company has taken advantage of the exemption in FRS 8 from disclosing transactions with wholly owned members of the Hikma Pharmaceuticals PLC group.

Fixed asset investments

Fixed assets are recorded at historic cost and reviewed for impairment if events or other circumstances indicate that the carrying value may not be recoverable.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

HIKMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

2. ADMINISTRATIVE EXPENSES

	2013	2012
	\$	\$
Auditor's remuneration - as auditor of the company's annual accounts	8,246	6,677
G&A - Legal Fees and Taxes	4,427	-
	<u>12,673</u>	<u>6,677</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company did not have any employees in either year. The directors did not receive any remuneration during the year or preceding year in respect of their services as directors of the Company.

4. OTHER OPERATING INCOME

	2013	2012
	\$	\$
Foreign exchange gain - Intercompany	1,173,105	968,500
	<u>1,173,105</u>	<u>968,500</u>

The foreign exchange gain arises from the loan granted to Hikma Farmaceutica S.A. during 2012 for the amount of €13,000,000 and a second loan during 2013 to the same company for the amount of €9,087,467.

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2013	2012
	\$	\$
Dividends received	59,072,752	21,059,423
	<u>59,072,752</u>	<u>21,059,423</u>

6. FINANCIAL INCOME

	2013	2012
	\$	\$
Bank interest receivable	428	366
Interest on intercompany loan	2,128,444	481,305
Foreign exchange gain - (Non operating)	29,603	20,836
	<u>2,158,475</u>	<u>502,507</u>

The interest income resulted from the loan granted to Hikma Farmaceutica S.A. during 2012 for the amount of €13,000,000 and a new loan in 2013 to same company for the amount of €9,087,467.

HIKMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

7. FINANCIAL EXPENSE

	2013 \$	2012 \$
Interest on intercompany loan	-	(12,648)
Bank charges and commission	(175)	(20,718)
	<u>(175)</u>	<u>(33,366)</u>

8. TAXATION

(a) The tax charge is made up as follows:

	2013 \$	2012 \$
Current tax	-	-
UK Corporation tax at 23.25% (2012: 24.5%) based on the result for the year	-	-
Adjustment in respect of payment made for losses surrendered in group relief in prior years	-	-
Total current tax (note 8 (b))	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK 23.25% (2012 – 24.5 %). The differences are reconciled below:

	2013 \$	2012 \$
Profit on ordinary activities before taxation	62,391,484	22,505,618
Profit on ordinary activities before tax multiplied by standard rate of tax 23.25% (2012: 24.5%)	14,506,020	5,513,876
Factors affecting charge for the year:		
Non taxable income	(13,734,415)	(5,159,558)
Group relief claimed for nil payment	<u>(771,605)</u>	<u>(354,318)</u>
Total current tax charge	<u>-</u>	<u>-</u>

Factors that may affect the future tax charge

A reduction in the rate of corporation tax from 24% to 23% from 1 April 2013 was enacted in the Finance Act 2012 in July 2012 and has impacted the company's current tax charge from 1 April 2013.

A reduction in the corporation tax rate from 23% to 21% from 1 April 2014 was enacted in the Finance Act 2013 in July 2013. A further reduction to 20% from the 1 April 2015 was also enacted in the Finance Act 2013 on the same date. These changes will become effective from the 1 April 2014 and 1 April 2015 respectively

HIKMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

9. DIVIDENDS

Dividends paid for the year ended 31 December 2013 was \$ Nil (2012: \$ Nil).

10. INVESTMENTS HELD AS FIXED ASSETS

The Company owns 100% of the issued share capital of the companies listed below, all of which are engaged in the pharmaceutical industry.

Eurohealth Inc. (USA)
West-ward Pharmaceutical Corp. (USA) *
West-Ward Injectables ,Inc *
Hikma Americas Inc *
Lifotec Farmaceutica SGPS (Portugal)
Hikma Farmaceutica S.A. (Portugal)*
Thymoorgan GmbH (Germany)
Thymoorgan Pharmazie GmbH *
Hikma Pharma SAE (Egypt)
Hikma for Importation Co.LLC (Egypt) *
EPCI S.A.E (Egypt) *
Hikma Benelux BV (Netherlands)
Hikma Pharma GmbH (Germany)
Hikma (Maple) Limited
West – Ward Pharmaceuticals International Limited

* Held indirectly

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	\$	\$
Amounts due to group undertakings	76,690,050	92,643,271
Other creditors	16,096	7,851
	<u>76,706,146</u>	<u>92,651,122</u>

12. CALLED UP SHARE CAPITAL

	2013	2012
	\$	\$
Called up, allotted and fully paid		
287,056,945 ordinary shares of £1 each	<u>492,802,879</u>	<u>492,802,879</u>