

Registered number: 10140508

AMPHASTAR UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

TUESDAY



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AMPHASTAR UK LIMITED

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AMPHASTAR UK LIMITED

COMPANY INFORMATION

Directors	J Liawatidewi M Luo W Peters J Shandell J Zhang
Company secretary	Jordan Company Secretaries Limited
Registered number	10140508
Registered office	First Floor Templeback 10 Temple Back Bristol United Kingdom BS1 6FL
Independent auditor	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU

AMPHASTAR UK LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their first annual report and the audited financial statements for the period ended 31 December 2016.

The company was incorporated on 22 April 2016 so these financial statements present the results of the company for the 8 months to 31 December 2016.

Principal activities

The principal activity of the Company, (registered number 10140508), is that of a holding company.

Results and dividends

The loss for the period, after taxation, amounted to \$113,861.

No interim dividend was paid during the period. The directors do not recommend the payment of a final dividend in respect of the period ended 31 December 2016.

Going concern

The company's ultimate parent undertaking, Amphastar Pharmaceuticals Inc., has issued a letter of continued support to the company. The directors consider that the Company has adequate resources to continue in business in the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served during the period and up to the date of signing the financial statements were:

J Liawatidewi (appointed 22 April 2016)
M Luo (appointed 22 April 2016)
W Peters (appointed 22 April 2016)
J Shandell (appointed 22 April 2016)
J Zhang (appointed 22 April 2017)

AMPHASTAR UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 FRS 101 has 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

AMPHASTAR UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *December 18, 2017* and signed on its behalf.

Director



William Peters

December 18, 2017

AMPHASTAR UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AMPHASTAR UK LIMITED

We have audited the financial statements of Amphastar UK Limited for the period ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 on page 3, 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 to Financial Statements.

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 Annual 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.

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 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

AMPHASTAR UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AMPHASTAR UK LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2008 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a Strategic Report and take advantage of the small companies' exemptions in preparing the Directors' Report.

Ernst & Young LLP

Farzin Radfar (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor,
Luton

Date: 19 December 2017

AMPHASTAR UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Note	2016 \$
Administrative expenses		(101,801)
Operating loss		(101,801)
Interest payable and similar expenses	6	(12,060)
Loss before tax		(113,861)
Tax on loss	7	-
Loss for the financial period		(113,861)
Other comprehensive income		-
Total comprehensive expense for the period		(113,861)

The above results were derived from continuing operations.

The notes on pages 10 to 15 form an integral part of these financial statements.

AMPHASTAR UK LIMITED
REGISTERED NUMBER: 10140508

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 \$
Fixed assets		
Investments	8	7,700,000
Current assets		
Cash at bank and in hand	9	210,199
		<u>210,199</u>
Creditors: amounts falling due within one year	10	<u>(24,060)</u>
Net current assets		<u>186,139</u>
Total assets less current liabilities		<u>7,886,139</u>
Creditors: amounts falling due after more than one year	11	<u>(4,000,000)</u>
Net assets		<u><u>3,886,139</u></u>
Capital and reserves		
Called up share capital	12	1
Share premium account		3,999,999
Profit and loss account		<u>(113,861)</u>
		<u><u>3,886,139</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

by:

W. Peters

William Peters

Director

December 18, 2017

The notes on pages 10 to 15 form part of these financial statements.

AMPHASTAR UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 22 April 2016	-	-	-	-
Comprehensive income for the period				
Loss for the period	-	-	(113,861)	(113,861)
Total comprehensive income for the period	-	-	(113,861)	(113,861)
Shares issued during the period	1	3,999,999	-	4,000,000
Total transactions with owners	1	3,999,999	-	4,000,000
At 31 December 2016	1	3,999,999	(113,861)	3,886,139

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1. General information

The company is limited by shares and is incorporated and registered in England and Wales. The company's functional and presentational currency is USD rounded to the nearest dollar.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The company's ultimate parent undertaking, Amphastar Pharmaceuticals Inc., has issued a letter of continued support to the company. The directors consider that the Company has adequate resources to continue in business in the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.6 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.9 Deferred taxation

Deferred taxation is provided on timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of assets

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the asset is compared to the recoverable amount. Any impairment is recognised immediately as an expense to the Statement of Comprehensive Income.

AMPHASTAR UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016**

4. Operating loss

The operating loss is stated after charging:

	2016
	\$
Auditors' remuneration	10,000
	<u><u> </u></u>

5. Employees

The company has no employees other than the directors, who did not receive any remuneration. The emoluments of the directors were paid by the parent company. The directors' services to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable services to the parent company. Accordingly, the profit and loss includes no emoluments in respect of the directors.

6. Interest payable and similar expenses

	2016
	\$
Interest payable to group undertakings	12,060
	<u><u> </u></u>

7. Income tax

Tax charged in the Profit and Loss Account:

	2016
	\$
Current tax	
UK corporation tax	<u><u> </u></u>

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

7. Income tax (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	2016 \$
Loss before tax	(113,861)
Loss before tax multiplied by standard rate of corporation tax in the UK of 20%	(22,772)
Effects of:	
Deferred tax not recognised	22,772
Total tax charge for the period	

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has been substantively enacted at the Balance Sheet date.

8. Investments

	Investments in subsidiary companies \$
Cost or valuation	
At 22 April 2016	
Additions	7,700,000
At 31 December 2016	7,700,000
Net book value	
At 31 December 2016	7,700,000

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

8. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
International Medication Systems (UK) Ltd	Ordinary	100 %	Pharmaceuticals

Name	Registered office
International Medication Systems (UK) Ltd	First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL

9. Cash and cash equivalents

	2016 \$
Cash at bank and in hand	210,199

10. Creditors: Amounts falling due within one year

	2016 \$
Amounts owed to parent company	12,060
Accruals and deferred income	12,000
	24,060

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

11. Creditors: Amounts falling due after more than one year

	2016 \$
Amounts owed to parent company	4,000,000

Amounts owed to group undertakings are unsecured, accrue interest at 0.71% (US applicable federal rate) and are repayable on 29 July 2019. The terms allow for the lender at their sole direction to capitalise all or a portion of the loan into the share capital of the borrower.

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

12. Called up share capital

2016
\$

Shares classified as equity

Allotted, called up and fully paid

1 Ordinary share of \$1

1

On incorporation the Company issued 1 Ordinary share of \$1 for consideration of \$4,000,000, which was settled in the form of an intercompany loan.

13. Reserves

Share premium account

The share premium account represents consideration receivable on the issue of shares in excess of the nominal value of those shares.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

14. Related party transactions

The Company is exempt, under paragraph 8(k) of FRS 101, from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary undertaking. This exemption covers transactions with other group undertakings.

There were no other related party transactions in the year.

15. Parent company and controlling party

The parent of both the smallest and largest group to consolidate these financial statements is Amphastar Pharmaceuticals, Inc., incorporated in the United States of America. The registered address of Amphastar Pharmaceuticals, Inc. is 11570 6th St, Rancho Cucamonga, CA 91730, where copies can be obtained.

The Ultimate controlling party is Amphastar Pharmaceuticals Inc.