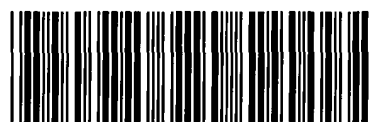


Registered number: 10140508

AMPHASTAR UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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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	J Liawatidewi
Registered number	10140508
Registered office	First Floor Templeback 10 Temple Back Bristol United Kingdom BS1 6FL
Independent auditor	Ernst & Young LLP Statutory Auditor 400 Capability Green Luton Bedfordshire LU1 3LU

AMPHASTAR UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and the audited financial statements of Amphastar UK Limited (the "Company") for the year ended 31 December 2017.

Principal activities

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

Results and dividends

The loss for the financial year amounted to \$122,460 (2016: loss \$113,861).

No interim dividend was paid during the financial year (2016: £Nil). The directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2017 (2016: £Nil).

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 year and up to the date of signing the financial statements were:

J Liawatidewi
M Luo
W Peters
J Shandell
J Zhang

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

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 applicable UK Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', 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 to 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.

AMPHASTAR UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

Independent auditor

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

Small companies exemption

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 and signed on its behalf by:



W Peters
Director

Date:

9/24/18

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

Opinion

We have audited the financial statements of Amphastar UK Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinion on other matters 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; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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

Use of our report

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.

Ernst & Young LLP
Farzin Radfar (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Date: *25 September 2018*

AMPHASTAR UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

		Year ended 31 December 2017 \$	8 months ended 31 December 2016 \$
	Note		
Administrative expenses		(94,060)	(101,801)
Operating loss	4	(94,060)	(101,801)
Interest payable and similar expenses	8	(28,400)	(12,060)
Loss before taxation		(122,460)	(113,861)
Tax on loss	9		
Loss for the financial year/period		(122,460)	(113,861)
Total comprehensive expense for the financial year/period		(122,460)	(113,861)


The notes on pages 10 to 17 form part of these financial statements.

AMPHASTAR UK LIMITED
REGISTERED NUMBER: 10140508

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Fixed assets			
Investments	10	7,570,339	7,700,000
Current assets			
Debtors	11	438,696	
Cash at bank and in hand	12	28,033	210,199
		<u>466,729</u>	<u>210,199</u>
Creditors: amounts falling due within one year	13	(273,389)	(24,060)
Net current assets		<u>193,340</u>	<u>186,139</u>
Total assets less current liabilities		<u>7,763,679</u>	<u>7,886,139</u>
Creditors: amounts falling due after more than one year	14	(4,000,000)	(4,000,000)
Net assets		<u><u>3,763,679</u></u>	<u><u>3,886,139</u></u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	3,999,999	3,999,999
Profit and loss account	16	(236,321)	(113,861)
Total shareholders' funds		<u><u>3,763,679</u></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 by:


W Peters
Director

Date: 9/24/18

The notes on pages 10 to 17 form part of these financial statements.

AMPHASTAR UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	\$	\$	\$	\$
On incorporation At 22 April 2016	-	-	-	-
Comprehensive expense for the financial period				
Loss for the financial period	-	-	(113,861)	(113,861)
Total comprehensive expense for the financial 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 1 January 2017	1	3,999,999	(113,861)	3,886,139
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(122,460)	(122,460)
Total comprehensive expense for the financial year	-	-	(122,460)	(122,460)
At 31 December 2017	1	3,999,999	(236,321)	3,763,679

The notes on pages 10 to 17 form part of these financial statements.

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Amphastar UK Limited (the "Company") is limited by shares and is incorporated in England and Wales with its registered office at First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL.

The company's functional and presentational currency is USD rounded to the nearest dollar.

The principal activity of the company is that of a holding company.

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 convention 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 judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

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
- 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 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.5 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 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.

2.7 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.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.9 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.10 Current taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

3. Judgements 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.

4. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2017 \$	8 months ended 31 December 2016 \$
Exchange differences	(3,016)	-

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	Year ended 31 December 2017 \$	8 months ended 31 December 2016 \$
Fees for the audit of the company	11,000	10,000
	<u>11,000</u>	<u>10,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6. Employees

The company has no employees other than the directors, who did not receive any remuneration (2016: £Nil).

7. Directors' remuneration

The remuneration of the directors were paid by the parent company. The directors' services to the company are of a non-executive nature and their remuneration are deemed to be wholly attributable services to the parent company. Accordingly, the profit and loss includes no remuneration in respect of the directors.

8. Interest payable and similar expenses

	Year ended 31 December 2017 \$	8 months ended 31 December 2016 \$
Interest payable to parent undertakings	28,400	12,060
	<u>28,400</u>	<u>12,060</u>

AMPHASTAR UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Taxation

Tax charged in the Statement of Comprehensive Income:

	Year ended 31 December 2017 \$	8 months ended 31 December 2016 \$
Corporation tax		
UK corporation tax	-	-
Total tax		

Factors affecting tax charge for the year/period

The tax assessed for the financial year/period is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	Year ended 31 December 2017 \$	8 months ended 31 December 2016 \$
Loss before tax	(122,460)	(113,861)
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(23,574)	(22,772)
Effects of:		
Deferred tax not recognised	23,574	22,772
Total tax charge for the financial year/period	-	-

AMPHASTAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. Taxation (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. Investments

	Investments in subsidiary company \$
Cost	
At 1 January 2017	7,700,000
Disposals	(129,661)
At 31 December 2017	<u>7,570,339</u>
Net book value	
At 31 December 2017	<u>7,570,339</u>
At 31 December 2016	<u>7,700,000</u>

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		

During the year there was an adjustment to the acquisition value as a result of equipment not received as part of the acquisition which had been included within the sale and purchase agreement.

AMPHASTAR UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Debtors

	2017	2016
	\$	\$
Amounts owed by group undertakings	<u>438,696</u>	<u>-</u>

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

12. Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank and in hand	<u>28,033</u>	<u>210,199</u>

13. Creditors: amounts falling due within one year

	2017	2016
	\$	\$
Amounts owed to parent company	249,526	12,060
Accruals and deferred income	<u>23,863</u>	<u>12,000</u>
	<u>273,389</u>	<u>24,060</u>

Amounts owed to parent company are unsecured, interest free and repayable on demand.

14. Creditors: amounts falling due after more than one year

	2017	2016
	\$	\$
Amounts owed to parent company	<u>4,000,000</u>	<u>4,000,000</u>

Amounts owed to parent company are unsecured, accrue interest at 0.71% (US applicable federal rate) and are repayable on 29 July 2022. 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.

15. Called up share capital

	2017	2016
	\$	\$
Authorised, allotted, called up and fully paid		
1 (2016: 1) ordinary share of \$1 (2016: \$1)	<u>1</u>	<u>1</u>

AMPHASTAR UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. 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.

17. 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.

18. Ultimate parent undertaking 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.