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Pharmax Holding Limited

Director's report and financial statements

For the year ended 31 December 2017

Company Number FC009532 (Delaware, USA)

UK Establishment Number BR011422 (England and Wales)

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Pharmax Holding Limited

Company Information

Director	Nicholas Hudson
UK establishment number	BR011422
Company number	FC009532
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH
Overseas company address	Corporation Service Company 2711 Centreville Road, Suite 400, Wilmington New Castle / Delaware 19808 USA
UK establishment office address (registered office)	1 st Floor Marlow International The Parkway Marlow SL7 1YL

Pharmax Holding Limited

Contents

	Page(s):
Director's report	1 - 2
Independent auditors' report to the director of Pharmax Holding Limited	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Notes to the financial statements	7 - 11

Pharmax Holding Limited

Director's Report For the year ended 31 December 2017

The director presents his report and the audited financial statements for the year ended 31 December 2017.

Director

The director of the company during the year ended 31 December 2017 and to the date of this report was Nicholas Hudson.

Dividend

The director does not recommend the payment of a dividend (2016: £nil).

Fair review of the business

The company held loans receivable by other companies within the Allergan plc group. These comprised of a short-term loan repayable on demand of \$13,394,000 and an interest-bearing loan note of \$71,700,000 on which it received interest income of \$618,000 (2016: \$166,000) during the year.

Principal activities

The principal activity of the company is that of an investment and holding company.

The company is an overseas private company, registered in Delaware, USA, and registered company number FC009532 with a UK establishment number of BR011422.

Future developments

The director does not anticipate any changes in the activity of the company.

Going concern

The director having assessed the responses of the company's ultimate parent company, Allergan plc, to his enquiries has no reason to believe that a material uncertainty exists which may cast significant doubt about the ability of the company to continue as a going concern, or its ability to continue to trade profitably as part of the UK operations. Thus he is adopting, and will continue to adopt, the going concern basis of accounting in preparing the annual financial statements.

Pharmax Holding Limited

Director's Report (continued) For the year ended 31 December 2017

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the non-statutory company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice for management purposes.

The director must not approve the non-statutory financial statements unless he is satisfied that the non-statutory financial statements 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 the non-statutory financial statements, the director is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The director is 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 auditors

In the case of the person who is a director at the time that the Director's report is approved, the following applies:

- As far as the director is aware, there is no relevant audit information of which the company's auditors are *unaware*; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditors

In accordance with section 489 of the Companies Act 2006, PricewaterhouseCoopers LLP were appointed as statutory auditors of the company during the year. PricewaterhouseCoopers LLP have indicated their willingness to continue office and are deemed to have been reappointed as auditors of the company in accordance with section 487 of the Companies Act 2006.

The financial statements have been prepared in accordance with section 396 of the Companies Act 2006 as modified by The Overseas Companies Regulations 2009/1801.

This report was approved by the board on 25 July 2018 and signed on its behalf by:



Nicholas Hudson
Director

Independent auditors' report to the director of Pharmax Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pharmax Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

We have audited the financial statements, included within the Director's report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Statement of director's responsibilities in respect of the financial statements set out on page 2, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they 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 director is 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 director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's director as a body for meeting their stewardship obligations and fiduciary responsibilities in respect of the company under the United Kingdom Companies Act 2006 as applicable to overseas companies in accordance with our engagement letter dated 29 June 2018 and for no other purpose. We do not, in giving this opinion, 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, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

Reading

Date: 25 July 2018

Pharmax Holding Limited

Statement of comprehensive income For the year ended 31 December 2017

	Note	2017 \$000	2016 \$000
Administrative expenses	3	(14)	(170)
Other operating income	6	-	81,064
		<hr/>	<hr/>
(Loss)/ profit on ordinary activities before interest and tax		(14)	80,894
		<hr/>	<hr/>
Interest receivable and similar income	7	618	166
		<hr/>	<hr/>
Profit on ordinary activities before taxation		604	81,060
Income tax expense	8	(116)	(34)
		<hr/>	<hr/>
Profit for the financial year		488	81,026
		<hr/>	<hr/>

The notes on pages 7 to 11 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2017

	Note	31 December 2017 \$000	31 December 2016 \$000
Current assets			
Trade and other receivables	9	85,890	85,270
Current liabilities			
Amounts owed to group undertakings	10	(216)	(166)
Corporation tax payable	10	(116)	(34)
Net assets		85,558	85,070
Capital and reserves			
Called up share capital	11	10	10
Additional paid up capital	12	11,875	11,875
Retained earnings	12	73,673	73,185
Total equity		85,558	85,070

The notes on pages 7 to 11 are an integral part of these financial statements.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions of section 396 of the Companies Act 2006 (or The Overseas Companies Regulations 2009/1801) Schedule 4.

The financial statements on pages 5 to 11 were approved by the Board of Directors on 25 July 2018 and were signed by:



Nicholas Hudson
Director

Pharmax Holding Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies

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

1.1 General information

Pharmax Holding Limited is a private company incorporated in the USA with an establishment in the United Kingdom.

1.2 Basis of preparation

The director has applied the requirements of section 396 of the Companies Act 2006 as modified by the Overseas Companies Regulations 2009/1801.

The company continues to apply Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102").

In accordance with section 396 of the Companies Act 2006 the company has elected to retain its accounting policies for reported assets, liabilities and equity until there is a change to those balances or the company undertakes new transactions.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$000.

These financial statements are the company's separate financial statements and present information about the company as an individual undertaking and not about its group.

1.3 Foreign currency translation

i. Functional and presentation currency

The accounting records of the company are maintained in US dollars. Following the sale of its UK investment the company issued a significant US dollars interest bearing loan of \$71,700,000 within the group.

ii. Transactions and balances

Foreign currency transactions are translated at the rates ruling when they occurred. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange profits and losses are included in the trading results.

Notes to the financial statements (continued)
For the year ended 31 December 2017

1.4 Taxation

The tax expense for the year comprises of current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1.5 Loan notes – amount owed by group undertaking

Loan notes receivable within one year have been recorded at the transaction price and include accrued interest at the balance sheet date.

1.6 Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

2. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The director does not consider that there are any critical areas of judgement that need to be brought to the attention of the readers of financial statements.

Pharmax Holding Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

3. Administrative expenses

	2017 \$000	2016 \$000
Foreign exchange gain	(14)	(4)
Administrative costs on disposal of asset	-	174

4. Employees

The average monthly number of employees was Nil (2016: Nil).

5. Director's emoluments

Director's emoluments have been borne by a fellow group company.

6. Other operating income

In the current year the other operating income is \$nil. On 2 August 2016, Pharmax Holding Limited completed the sale of 100% of the stock it held in Forest Laboratories UK Limited to Teva for a consideration of \$85,094,000. Other operating income in the prior period represents the profit on disposal of \$81,064,000 and is calculated as the difference between proceeds on disposal less carrying value of the investment at the point of sale.

7. Interest receivable and similar income

	2017 \$000	2016 \$000
Intercompany interest receivable	618	166

Pharmax Holding Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

8. Income tax expense

	2017 \$000	2016 \$000
Current tax:		
UK corporation tax at 19.25% (2016: 20%)	116	34
Total current tax	<u>116</u>	<u>34</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017 \$000	2016 \$000
Profit before tax	<u>604</u>	<u>81,060</u>
Tax at 19.25% (2016: 20%)	116	16,212
Effects of:		
Profit on disposal exempt for tax purpose	-	(16,213)
Capital costs not allowable for tax purposes	-	35
Tax expense for the year	<u>116</u>	<u>34</u>

9. Trade and other receivables

	31 December 2017 \$000	31 December 2016 \$000
Amount owed by group undertakings	<u>85,890</u>	<u>85,270</u>

Amount owed by group undertakings includes a loan note of \$71,700,000, redeemable on 02 August 2017 which was received as part of the disposal of Forest Laboratories UK Limited by the group. In the prior year the total value of the loan note and associated accrued interest at a rate of 0.56% on the balance sheet date \$71,877,000. The loan note was extended on 21 July 2017 at an interest rate of 1.29%, repayable 1 year after the effective grant date.

Remaining balances due from the group are non-interest bearing and repayable on demand.

10. Current liabilities

	31 December 2017 \$000	31 December 2016 \$000
Amount owed to group undertakings	216	166
Corporation tax payable	116	34
	<u>332</u>	<u>200</u>

Pharmax Holding Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

11. Called up share capital

	31 December 2017 \$000	31 December 2016 \$000
Allotted, called up and fully paid		
100 shares of US\$ 100 each	10	10

12. Reserves

Additional paid up capital

This reserve arose as a result of additional capital introduced by the existing shareholders. This represents a capital contribution.

Retained earnings

This reserves includes all current and prior year retained profits and losses.

13. Related party transactions

The company has taken advantage of the exemption under FRS 102 section 33.1.A from providing details of transactions with related parties that are wholly owned within the Allergan plc group.

14. Immediate and ultimate parent company and controlling party

The company is a wholly-owned subsidiary of Allergan Sales LLC (formerly known as Forest Laboratories LLC), a company incorporated in the USA.

The director considers the ultimate parent company and controlling party to be Allergan plc, a company incorporated in the Republic of Ireland and the smallest and largest group to consolidate these financial statements.

Copies of these group financial statements of Allergan plc for the year ended 31 December 2017 are available from its registered office at Clonsaugh Business and Technology Park, Coolock, Co. Dublin, Ireland, D17 E400.