

Actavis A/S

Ørnegårdsvej 16
2820 Gentofte

Central Business Registration no. 25 36 18 22

Annual Report for 2015

The Annual Report was presented
and adopted at the Annual General
Meeting of the Company on 20/06
2016

Chairman

Peter Løvgren

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Statement by management on the annual report

The board of directors and the executive board have today considered and adopted the Annual Report of Actavis A/S for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the company's operations for the year 1 January - 31 December 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting

Gentofte, 20 June 2016

Executive Board

Camilla Andrea Harder Hartvig Bjarne Palle Niemi

Board of Directors

Fabian Alexander Hopkins
chairman

Helena Bergström

Camilla Andrea Harder Hartvig

Independent auditor's report

To the Shareholder of Actavis A/S

Report on the financial statements

We have audited the financial statements of Actavis A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the financial statement give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditor's report

Statement on management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Hellerup, 20 June 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no.33 77 12 31

Martin Lunden
State Authorised Public Accountant

Thomas Lauritsen
State Authorised Public Accountant

Company details

The company

Actavis A/S
Ørnegårdsvej 16
2820 Gentofte

Central Business Registration no.: 25 36 18 22

Financial year: 1 January - 31 December

Domicile: Gentofte

Board of Directors

Fabian Alexander Hopkins, chairman
Helena Bergström,
Camilla Andrea Harder Hartvig

Executive board

Camilla Andrea Harder Hartvig
Bjarne Palle Niemi

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Financial highlights

5-year summary:

	2015	2014	2013	2012	2011
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Revenue	228	282	369	357	363
Gross profit	66	59	87	109	112
Profit/loss before financial income and expenses	12	-4	5	3	2
Result of net financials	-2	-3	-3	-1	2
Profit/loss for the year	6	-11	4	-2	0
Balance sheet					
Balance sheet total	147	155	196	382	375
Investment in property, plant and equipment	0	0	428	52	342
Equity	21	15	25	251	253
Number of employees	49	59	78	115	149
Financial ratios					
Gross margin	28,9%	20,9%	23,6%	30,5%	30,9%
Profit margin	5,3%	-1,4%	1,4%	0,8%	0,6%
Return on assets	7,9%	-2,3%	1,7%	0,8%	0,5%
Solvency ratio	14,3%	9,7%	12,8%	65,7%	67,5%
Return on equity	33,3%	-55,0%	2,9%	-0,8%	0,0%

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Main activity

The objective of the Company is trading in pharmaceuticals, primarily generics, OTC and branded pharmaceuticals. The principal market is Denmark. Part of the Company's products are produced and delivered within the Actavis Group. Actavis A/S is also the regional head office for several functions.

Development in the year

On Mar 17, 2015 the combination between Actavis plc and Allergan Inc. was completed. The commercial department in Actavis A/S was reorganized with a reduction of personnel of approx. 7 employees in 2015.

On Jun 15 the company officially changed the corporate name from Actavis plc to Allergan plc.

On July 27, 2015 Allergan announced that the company has entered into a definitive agreement under which Teva will acquire Allergan's legacy Actavis global generics business. As a consequence all integration activities between Allergan and Actavis were cancelled. Divestiture completion is expected by the end of June 2016.

2015 was a good year for Actavis A/S where efficiency projects and organizational changes resulted in improved profit.

The profit before tax for the year of tDKK 9,429 (2014: loss of tDKK -7,751) is as expected. This is a result of both product mix and cost savings.

Foreign branch

There have been no activity in the Portuguese branch in 2015. There are plans to close down the entity in 2016.

Special risks – operating risks and financial risks

The financial statements are not affected by special risks.

Expectations for the year ahead

The Company expects increasing revenue and positive income in 2016.

Research and development activities

The Company's development activities comprise registration of new products for the Group. The Company does not develop new products.

Management's review

Exceptional circumstances

In the opinion of Management, the financial statements are not affected by any exceptional circumstances.

Uncertainty relating to recognition or measurement

Parts of the Company's transactions are settled in foreign currencies. Therefore, changes in foreign exchange rates have a considerable effect on recognition and measurement. However, the exposure is limited considerably, as costs are to a certain degree counterbalanced by the invoicing currency of sales.

Interest rate risks primarily relate to the Company's interest-bearing debt to and receivables from group enterprises. Debt and receivables carry floating interest rates.

Hedging of interest rate and currency risks is handled by Group Treasury.

Unusual events

The financial position at 31 December, 2015 of the Company and the results of the activities of the Company for the financial year of 2015 have not been affected by any unusual events.

Subsequent events

The Allergan acquisition led to an organizational change, whereof the Global Pharmacovigilance department in Actavis A/S will close and move to Romania. This affects approx. 35 employees in 2015 and 2016.

Except from the above mentioned event, no post balance sheet events have occurred.

Accounting policies

The Annual Report of Actavis A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from previous years.

The Annual Report for 2015 is presented in TDKK.

In pursuance of section 86(4) of the Danish Financial Statements Act, cash flow statement have not been prepared. The financial statements of Actavis A/S are included in the consolidated financial statements of Allergan plc., US.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including intercompany recharges and royalty payments.

Other external expenses

Other external expenses comprise expenses for sales and distribution, marketing, administration, premises, bad debt, etc.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses .

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Software consists of purchased software and cost defrayed to external parties for modifying software. Software is measured at cost less accumulated amortisation and impairment losses. The amortisation period is 3-5 years and amortisation is commenced when the software is put to use.

Product rights acquired are measured at cost less accumulated amortisation and impairment losses. The amortisation period is 15-20 years and amortisation is commenced when the product rights are put to use.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
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Assets costing less than TDKK 12,800 are expensed in the year of acquisition.

Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Other investments

Investments are measured at fair value. If a reliable fair value cannot be assessed the investments are carried at cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Equity

Dividend distribution proposed by management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

The Company is subject to the Danish rules of mandatory joint taxation of Danish group enterprises in the Actavis Group.

Current tax obligations and receivable tax is recognized in the balance sheet as calculated tax on profit/loss for the year, regulated tax from previous years, and account payments.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Accounting policies

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement. For the current year the current tax rate are 23,5%.

Debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights overview

Explained key figures.

Gross margin	$\text{Gross Profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$

Income statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> TDKK	<u>2014</u> TDKK
Revenue		228.318	281.996
Other operating income		51.188	49.236
Cost of goods sold		-163.093	-195.881
Other external expenses		-50.695	-75.926
Gross profit		65.718	59.425
Staff costs	2	-49.832	-42.620
Earnings before interest, tax, depreciation and amortisation		15.886	16.805
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-3.988	-21.208
Profit/loss before financial income and expenses		11.898	-4.403
Financial income	4	37	1.089
Financial costs	5	-2.506	-4.437
Profit/loss before tax		9.429	-7.751
Tax on profit/loss for the year	6	-3.181	-2.929
Net profit/loss for the year		6.248	-10.680
Proposed distribution of profit			
Retained earnings		6.248	-10.680
		6.248	-10.680

Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> TDKK	<u>2014</u> TDKK
Assets			
Acquired patents		23.900	27.746
Goodwill		0	0
Software		<u>0</u>	<u>0</u>
Intangible assets	7	<u>23.900</u>	<u>27.746</u>
Other fixtures and fittings, tools and equipment		<u>140</u>	<u>282</u>
Tangible assets	8	<u>140</u>	<u>282</u>
Other investments	9	<u>3.521</u>	<u>3.521</u>
Fixed asset investments		<u>3.521</u>	<u>3.521</u>
Fixed assets total		<u>27.561</u>	<u>31.549</u>
Trade receivables		53.024	63.410
Receivables from group enterprises		51.117	43.870
Other receivables		2.264	2.619
Deferred tax asset	11	10.829	8.229
Prepayments		<u>2.024</u>	<u>2.905</u>
Receivables		<u>119.258</u>	<u>121.033</u>
Cash at bank and in hand		<u>657</u>	<u>2.096</u>
Current assets total		<u>119.915</u>	<u>123.129</u>
Assets total		<u>147.476</u>	<u>154.678</u>

Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> TDKK	<u>2014</u> TDKK
Liabilities and equity			
Share capital		884	884
Retained earnings		<u>19.973</u>	<u>13.725</u>
Equity total	10	<u>20.857</u>	<u>14.609</u>
Trade payables		7.100	10.305
Payables to subsidiaries		90.247	104.049
Corporation tax		9.720	3.939
Other payables		<u>19.552</u>	<u>21.776</u>
Short-term debt		<u>126.619</u>	<u>140.069</u>
Debt total		<u>126.619</u>	<u>140.069</u>
Liabilities and equity total		<u>147.476</u>	<u>154.678</u>
Going concern	1		
Contingent liabilities	12		
Related parties and ownership	13		

Notes to the Annual Report

1 Going concern

As of 31 December 2015, the Company's short term debt exceeds the current assets.

Actavis Group ehf. has issued a letter of support in which it is stated that they will support the Company financially to the extent necessary to finance its operating activities and to settle its financial obligations, and that Actavis Group will subordinate their receivable in favour of other creditors. The letter of support is effective until 20 June 2017.

Therefore, it is the opinion of the Board of Directors and the Executive Board that based on the letter of support the Company's capital resources are sufficient for the Company to continue as a going concern, and consequently, the Annual Report is prepared based on a going concern assumption.

	2015	2014
	TDKK	TDKK
2 Staff costs		
Wages and salaries	44.535	36.986
Pensions	3.626	3.877
Other social security costs	216	225
Other staff costs	1.455	1.532
	<u>49.832</u>	<u>42.620</u>
Average number of employees	<u>49</u>	<u>59</u>

During the year the Executive Board has consisted of 2 persons (2014: 1). The total remuneration to the Executive Board amounts to DKK 1,204k, which is partly paid by the Group. Comparative numbers for the remuneration have not been disclosed with reference to the Danish Financial Statement Act §98B Section 3.

Actavis A/S' ultimate parent company Actavis Plc. has established equity settled, sharebased payment programmes, which include key employees of Actavis A/S. At the time the employee vest from the programmes Actavis A/S is invoiced by the ultimate parent company. The potential liability that, in accordance with ÅRL, is not recognised in the balance sheet amounts to DKK 190k based on the share price 31 December 2014 (2013: DKK 46k).

Notes to the Annual Report

	<u>2015</u> TDKK	<u>2014</u> TDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation intangible assets	3.846	9.603
Depreciation tangible assets	142	1.581
Impairment intangible assets	<u>0</u>	<u>10.024</u>
	<u>3.988</u>	<u>21.208</u>
4 Financial income		
Other financial income	0	598
Exchange gains	<u>37</u>	<u>491</u>
	<u>37</u>	<u>1.089</u>
5 Financial costs		
Financial expenses, group entities	2.119	3.982
Other financial costs	55	2
Exchange loss	<u>332</u>	<u>453</u>
	<u>2.506</u>	<u>4.437</u>
6 Tax on profit/loss for the year		
Current tax for the year	4.194	4.634
Deferred tax for the year	-1.419	2.962
Adjustment of tax concerning previous years	1.587	-2.047
Adjustment of deferred tax concerning previous years	<u>-1.181</u>	<u>-2.620</u>
	<u>3.181</u>	<u>2.929</u>

Notes to the Annual Report

7 Intangible assets

	<u>Acquired patents</u>	<u>Goodwill</u>	<u>Software</u>
Cost at 1 January 2015	95.860	20.447	64.009
Cost at 31 December 2015	95.860	20.447	64.009
Impairment losses and amortisation at 1 January 2015	68.114	20.447	64.009
Amortisation for the year	3.846	0	0
Impairment losses and amortisation at 31 December 2015	71.960	20.447	64.009
Carrying amount at 31 December 2015	23.900	0	0
Depreciated over	<u>15-20 years</u>	<u>20 years</u>	<u>3-5 years</u>

8 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2015	20.811
Cost at 31 December 2015	20.811
Impairment losses and depreciation at 1 January 2015	20.529
Depreciation for the year	142
Impairment losses and depreciation at 31 December 2015	20.671
Carrying amount at 31 December 2015	140
Depreciated over	<u>3-5 years</u>

Notes to the Annual Report

	<u>2015</u> TDKK	<u>2014</u> TDKK
9 Other investments		
Cost at 1 January 2015	<u>3.521</u>	<u>3.521</u>
Cost at 31 December 2015	<u>3.521</u>	<u>3.521</u>
Revaluations at 1 January 2015	<u>0</u>	<u>0</u>
Revaluations at 31 December 2015	<u>0</u>	<u>0</u>
Carrying amount at 31 December 2015	<u>3.521</u>	<u>3.521</u>

Other investments consists of a non-controlling shareholding in a foreign pharmaceutical company. The investment is recognised at cost as a reliable fair value cannot be assessed.

10 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	884	13.725	14.609
Net profit/loss for the year	<u>0</u>	<u>6.248</u>	<u>6.248</u>
Equity at 31 December 2015	<u>884</u>	<u>19.973</u>	<u>20.857</u>

The share capital consists of 884.000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
11 Provision for deferred tax		
Fixed assets	-8.812	-8.124
Current assets	-165	-105
Provisions	-1.852	0
Transferred to deferred tax asset	<u>10.829</u>	<u>8.229</u>
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	<u>10.829</u>	<u>8.229</u>
Carrying amount	<u>10.829</u>	<u>8.229</u>

12 Contingent liabilities

Residual lease payments at 31 December 2015 amounts to DKK 3,829k (2014: DKK 17,296k), of which DKK 3,211k (2014: DKK 4,998k) will fall due within one year and the remaining amount within two years.

The Company has entered into agreement regarding lease of premises. The lease can not be terminated until 31 May 2016. At 31 December 2015, the Company has a total commitment of DKK 793k (2014: DKK 2,699k).

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

13 Related parties and ownership

Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Actavis Nordic A/S

Consolidated financial statements

Actavis A/S is included in the consolidated financial statements of Allergan plc., US.

Notes to the Annual Report

13 Related parties and ownership (Continued)

The consolidated financial statements of Allergan plc., US, can be obtained via the Group Company's homepage: www.allergan.com