

**Chiesi Healthcare Limited**

**Annual report and financial statements**

**Registered number 03297174**

**For the year ended 31 December 2017**



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## Strategic Report

### Business Review

The Company is a UK subsidiary of the Italian-based Chiesi Group of companies. It is the UK holding company for certain UK subsidiaries of the Chiesi Group.

The Company does not carry out any operating activities and its role is to act as the holding company for the UK Group structure receiving dividends when appropriate from its UK subsidiaries and paying dividends to its ultimate parent company, Chiesi Farmaceutici SpA.

Other than dividends receivable and payable of £6.8m (2016: £5.4m), there are no revenues or expenses.

The Company does not have any employees.

As part of a larger UK Group the Directors are satisfied with the role and results of the Company but are aware that the situation of the operational subsidiaries have a consequence on the position of the Company.

### Principal risks & uncertainties

The key risks and uncertainties facing the Group and therefore also the Company are:

- Economic, political and market conditions, such as Government imposed pricing regulations or taxation policy, can adversely affect our revenue growth and profitability as was evidenced during 2014 with the introduction of the new PPRS requiring a 3.74% (growing to 10.36% in 2015) payment calculated on our net sales of branded medicines to NHS to be made to Department of Health. A reduced payment of 7.8% was required in 2016 which has reduced to 4.75% in 2017. The fluctuation of PPRS rates makes planning with predictability quite difficult and also PPRS payments could still have significant impact on our ability to grow and choices of investments. The continuing reform to the NHS and its subsequent restructure and continued focus on cost-containment is a current area of uncertainty for the pharmaceutical industry as a whole.
- One key area of uncertainty is the “Brexit” situation where the UK is planned to leave the European Union during March 2019. Economic uncertainty arises as there could be financial consequences through increased costs such as supply chain and regulatory activities. In addition foreign exchange rate movements can impact on import and export of products through parallel trade activity and “Brexit” could influence this situation.
- The exact timing of our sales pipeline developments and approval of new products and any line extensions to existing products are difficult to predict and control, which can have the effect of causing significant delays in the sales cycle.
- We supply products in a competitive cost-conscious pharmaceutical market which is subject to rapid changes in prescribing trends. The Company continues to invest in product development to maintain a competitive position in the market; however the development of the market could result in significant new competition emerging which could have an adverse effect on the Company’s business.
- As a result of changes in the competitive landscape competitors may launch less-expensive equivalent alternative products and we may have to change our pricing models to compete successfully, which could involve price reductions which would adversely affect our revenue or profitability.

## Strategic Report *(continued)*

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are noted above.

The UK Company is part of the Chiesi Group based in Parma, Italy, whose parent group has considerable financial resources and has affirmed that the UK group operations remain an important part of Group strategies for growth. This access to internal financial support is reinforced by a strong relationship with external banks and provides a robust financial platform to manage operations effectively.

The directors consider that the group has an established heritage and good reputation enabling positive ethical relationships with a number of NHS bodies across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board



**Thomas Delahoyde**  
Director

333 Styal Road  
Manchester  
M22 5LG

13 March 2017

## Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

### Principal activities and future developments

The company acts as an intermediate holding company. There are no revenues or expenses and the only income and expenditure is in respect of dividends receivable and payable.

The directors expect that the group will continue to increase revenue and profitability by launching new products from its parent company pipeline, and therefore increase the potential for increased dividends receivable by the Company.

### Events post year end

There have been no important events post the end of the financial year that require disclosure.

### Statement of compliance

To comply with the Companies Act 2006, the Company provides, in the Strategic Report, a review of the development and performance of the business during the year and a description of the principal risks and uncertainties facing the Company.

The Business Review contains forward looking statements and opinions that involve risks and uncertainties. These risks and uncertainties could cause our results to differ materially from our expectations. The principal risk factors are discussed more in the Strategic Report.

### Proposed dividends and transfer to reserves

Dividends paid during the year comprise a final dividend in respect of the year ended 31 December 2017 of £6,800,000 (2016: £5,380,000) representing £10.61 per share (2016: £8.39 per share). No dividend has been proposed since the year end.

### Directors

The directors who held office during the year and thereafter were as follows:

Thomas Delahoyde  
Alberto Chiesi  
Marco Vecchia  
Danilo Piroli  
Paolo Chiesi  
Andrew Dickinson  
Michael Dixon  
Ugo Di Francesco  
Alessandro Chiesi

### Directors Third Party Indemnity Provisions

The company has made no third party indemnity provisions for the benefit of its directors in the year.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

## **Directors' Report** *(continued)*

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

By order of the board



**Thomas Delahoyde**  
*Director*  
13 March 2017

333 Styal Road  
Manchester  
M22 5LG

## Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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.

## **Independent auditor's report to the members of Chiesi Healthcare Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Chiesi Healthcare Limited (the 'company') which comprise:

- the statement of profit and loss and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 UK, 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report<sup>1</sup>, other than the financial statements and our auditor's report thereon. 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 respect of these matters.



## Independent auditor's report to the members of Chiesi Healthcare Limited

(continued)

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 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.

### Report on other legal and regulatory requirements

#### 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



**Timothy Edge BSc FCA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester  
United Kingdom

14 March 2018

**Statement of Profit and Loss and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Income from shares in group undertakings	<b>6,800</b>	5,380
<b>Profit on ordinary activities before taxation</b>	<b>6,800</b>	5,380
Tax on profit on ordinary activities	-	-
<b>Profit for the financial year</b>	<b>6,800</b>	5,380

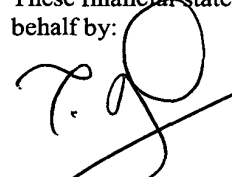
All activities arise from continuing operations. There are no discontinued operations in the current or prior year.

For 2017 and 2016 there has been no income or expense in other comprehensive income except for the profit for the financial year.

**Balance Sheet**  
*at 31 December 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>£000</b>	<b>2016</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Fixed Asset Investments	2		7,053		7,053
			<u>7,053</u>		<u>7,053</u>
<b>Current assets</b>					
Cash and Cash Equivalents	3	1		1	
		<u>1</u>		<u>1</u>	
<b>Creditors: amounts falling due within one year</b>	4	(690)		(690)	
		<u>(690)</u>		<u>(690)</u>	
<b>Net current liabilities</b>			(689)		(689)
<b>Total assets less current liabilities</b>			<u>6,364</u>		<u>6,364</u>
<b>Net assets</b>			<u>6,364</u>		<u>6,364</u>
<b>Capital and reserves</b>					
Share Capital	5		641		641
Share premium account			473		473
Other reserves	5		5,103		5,103
Profit and loss account			<u>147</u>		<u>147</u>
<b>Shareholders' funds</b>			<u>6,364</u>		<u>6,364</u>

These financial statements were approved by the board of directors on 13 March 2017 and were signed on its behalf by:

  
**Thomas Delahoyde**  
Director

Company registered number: 03297174

**Statement of Changes in Equity**  
*at 31 December 2017*

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 January 2016</b>	641	473	5,103	147	6,364
Profit for the financial year	-	-	-	5,380	5,380
<b>Total comprehensive income</b>	-	-	-	5,380	5,380
Dividend paid	-	-	-	(5,380)	(5,380)
<b>At 31 December 2016</b>	641	473	5,103	147	6,364
Profit for the financial year	-	-	-	6,800	6,800
<b>Total comprehensive income</b>	-	-	-	6,800	6,800
Dividend paid	-	-	-	(6,800)	(6,800)
<b>At 31 December 2017</b>	641	473	5,103	147	6,364

**Cash Flow Statement**  
*for year ended 31 December 2017*

	2017 £000	2016 £000
<b>Cash flows from investing activities</b>		
Dividends Received	6,800	5,380
<b>Net cash from investing activities</b>	6,800	5,380
<b>Cash flows from financing activities</b>		
Dividends paid	(6,800)	(5,380)
<b>Net cash from financing activities</b>	(6,800)	(5,380)
Net result in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	1	1
<b>Cash and cash equivalents at 31 December</b>	<b>1</b>	<b>1</b>

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## Notes to the Financial Statements (forming part of the financial statements)

### 1 Accounting policies

Chiesi Healthcare Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in England and Wales. The company’s registered address is 333 Styal Road, Manchester, M22 5LG.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentational currency of these financial statements is pounds sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Chiesi Farmaceutici SpA includes the Company in its consolidated financial statements. The consolidated financial statements of Chiesi Farmaceutici SpA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Via Palermo, 26/A, 43100, Parma, Italy. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

The financial statements are prepared on the historical cost basis.

#### 1.1 Going concern

The financial statements have been prepared under the going concern assumption. The Company’s business activities, together with the factors likely to affect its future development, performance and position are noted in the Strategic Report. The Company and its subsidiary have considerable financial resources together with strong relationships with a number of Primary Care Trusts across different geographic areas. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### 1.2 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company’s own equity instruments or is a derivative that will be settled by the company’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company’s own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### 1.3 Basic financial instruments

##### *Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Investments in subsidiaries*

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment in accordance with FRS 102.17.15E-F, Property, Plant and Equipment, with net revaluation gains recognised in OCI and net revaluation losses in profit or loss.

##### *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Impairment of Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Impairment of Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Dividend Income*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### 1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, however the directors do not consider that any of the judgements and estimates has a significant effect on the financial statements.

#### 1.5 Auditors and directors remuneration

Fees payable to the Company's auditor and their associates for the audit of the Company's financial statements were £1,900 (2016: £1,900) which was borne by the Company's subsidiary. There were no non-audit fees in either period.

The directors are also directors of other group companies and received no remuneration in respect of their services to this company.

### 2 Fixed asset investments

	Shares in group undertakings £000	Total £000
<b>Cost</b>		
At beginning of year	7,053	7,053
At end of year	7,053	7,053
<b>Provisions</b>		
At beginning of year	-	-
At end of year	-	-
<b>Net book value</b>		
At 31 December 2017	7,053	7,053
At 1 January 2017	7,053	7,053

The company has the following investments in subsidiaries:

	Aggregate of capital and reserves £000	Profit for the year £000	Country of incorporation	Registered Address	Class of shares held	Ownership 2017 %	Ownership 2016 %
Chiesi Limited	20,108	10,218	United Kingdom	333 Styal Road, Manchester, M22 5LG	Ordinary	100	100



## Notes to the Financial Statements *(continued)*

### 3 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	1	1
Cash and cash equivalent per cash flow statements	1	1

### 4 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	690	690
	690	690

### 5 Capital and reserves

#### Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
641,200 ordinary shares of £1 each	641	641
	641	641

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other reserves of £5,103k relate to goodwill created on the cancellation of the share premium account during 1997.

### 6 Related parties

Related party transactions within the Balance Sheet:

	Receivables outstanding 2017 £000	Receivables outstanding 2016 £000	Creditors outstanding 2017 £000	Creditors outstanding 2016 £000
Amounts payable to subsidiary company, Chiesi Limited	-	-	690	690
	-	-	690	690

The amount relates to financial support in respect of historical operating costs. The balance remains repayable on demand should the subsidiary require it.

## **Notes to the Financial Statements** *(continued)*

### **7 Ultimate parent company and parent company of larger group**

The company is a subsidiary undertaking of Chiesi Farmaceutici SpA, which is the ultimate parent company incorporated in Italy.

The largest and smallest group in which the results of the company are consolidated is that headed by Chiesi Farmaceutici SpA. The financial statements of this group are available to the public and may be obtained from its registered address, Via Palermo 26/A, 43100, Parma, Italy.