

DePuy International (Holdings) Limited

Annual report and financial statements

For the year ended 1 January 2012



DePuy International (Holdings) Limited

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DePuy International (Holdings) Limited

Company Information

Directors
A G Crossley (resigned 29 September 2011)
A K Ekdahl (resigned 12 August 2011)
B G Armstrong (appointed 28 September 2011)
A A Faber (appointed 28 September 2011)

Registered number 03331107

Registered office
St Anthony's Road
Beeston
Leeds
LS11 8DT

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

Bankers
The Royal Bank of Scotland plc
London Corporate Service Centre
PO Box 39952
2 1/2 Devonshire Square
London
EC2M 4XJ

Solicitors
DLA Piper UK LLP
Princes Exchange
Princes Square
Leeds
LS1 4BY

Hammonds LLP
2 Park Lane
Leeds
LS3 1ES

DePuy International (Holdings) Limited

Directors' report For the year ended 1 January 2012

The directors present their annual report and the audited financial statements of the company for the year ended 1 January 2012

Business review and principal activities

The company has no trading activities and the directors consider the year end position to be satisfactory

Future outlook

Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to interest rate risk and liquidity risk

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk

Liquidity risk

The company is funded within the Johnson & Johnson group of companies. Its funding requirements are reviewed regularly by both the board of directors and the treasury department of Johnson & Johnson to ensure the company has sufficient available funds for operations and planned expansions

Interest rate cash flow risk

The company has interest bearing assets that earn interest at variable rate. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Results and dividends

The profit and loss account for the financial year is set out on page 6

The company's profit for the financial year is £4,035,294 (2010 £3,977,890). The directors do not recommend payment of a dividend for the year (2010 £nil). There are no proposed dividends awaiting approval at the balance sheet date (2010 £nil).

Qualifying third party indemnity provisions

At the time the report is approved there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors

Directors

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated are given below

A G Crossley	(resigned 29 September 2011)
A K Ekdahl	(resigned 12 August 2011)
B G Armstrong	(appointed 28 September 2011)
A A Faber	(appointed 28 September 2011)

DePuy International (Holdings) Limited

Directors' report For the year ended 1 January 2012

Policy and practice on payment of creditors

The company's policy in respect of its creditors is to settle the terms of payment with those creditors when agreeing the terms of each transaction

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

Disclosure of information to auditors

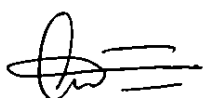
All directors in office at the time the report is approved confirm

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf



A A Faber
Director

Date 13 August 2012

DePuy International (Holdings) Limited

Independent auditors' report to the members of DePuy International (Holdings) Limited

We have audited the financial statements of DePuy International (Holdings) Limited for the year ended 1 January 2012 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2012 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DePuy International (Holdings) Limited

Independent auditors' report to the members of DePuy International (Holdings) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Gary Shaw (Senior statutory auditor)

for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House
33 Wellington Street
Leeds

LS1 4JP

Date

13 August 2012

DePuy International (Holdings) Limited

Profit and loss account
For the year ended 1 January 2012

	Note	Year ended 1 January 2012 £	Year ended 2 January 2011 £
Interest receivable and similar income	5	<u>5,625,000</u>	<u>5,625,000</u>
Profit on ordinary activities before taxation	2	5,625,000	5,625,000
Tax on profit on ordinary activities	6	<u>(1,589,706)</u>	<u>(1,647,110)</u>
Profit for the financial years	10	<u>4,035,294</u>	<u>3,977,890</u>

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents

All results are derived from continuing operations

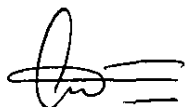
The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented

DePuy International (Holdings) Limited
Registered number: 03331107

Balance sheet
As at 1 January 2012

	Note	£	1 January 2012 £	£	2 January 2011 £
Current assets					
Debtors	7	199,567,127		193,942,127	
Creditors: amounts falling due within one year	8	(24,925,020)		(23,335,314)	
Net current assets			174,642,107		170,606,813
Total assets less current liabilities			174,642,107		170,606,813
Capital and reserves					
Called up share capital	9		100,001,000		100,001,000
Profit and loss account	10		74,641,107		70,605,813
Total shareholders' funds	11		174,642,107		170,606,813

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



A A Faber
Director

Date 13 August 2012

The notes on pages 8 to 11 form part of these financial statements

DePuy International (Holdings) Limited

Notes to the financial statements For the year ended 1 January 2012

1. Principal accounting policies

Accounting period

The accounting year ended 1 January 2012 consists of 52 weeks. For the purposes of these financial statements the year is referred to as 2011. The accounting period ended 2 January 2011 is referred to as 2010.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been consistently applied throughout the year are set out below.

Dividends

Dividends received from subsidiary undertakings are accounted for when received. Dividends paid are accounted for in the year when they are paid.

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson Inc and the cash flows of the company are included in the consolidated financial statements of Johnson & Johnson Inc which are publicly available. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from preparing a cash flow statement.

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Johnson & Johnson Inc, whose financial statements are publicly available.

2. Operating loss

Fees payable for the audit of the company have been borne by other Johnson & Johnson group companies.

3. Directors' emoluments

The directors during the year were primarily employed by other companies in the Johnson & Johnson group and their remuneration has been borne by those companies (2010: £nil).

4. Employee information

The company did not have any employees during either the current or prior year.

5. Interest receivable and similar income

	Year ended 1 January 2012 £	Year ended 2 January 2011 £
Interest receivable from group undertakings	<u>5,625,000</u>	<u>5,625,000</u>

Notes to the financial statements
For the year ended 1 January 2012

6. Tax on profit on ordinary activities

	Year ended 1 January 2012 £	Year ended 2 January 2011 £
Analysis of tax charge in the year		
UK corporation tax charge for the year	1,490,625	1,575,000
UK corporation tax on transfer pricing adjustment	99,081	72,110
Total current tax on profit on ordinary activities	1,589,706	1,647,110

Factors affecting tax charge for the year

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	Year ended 1 January 2012 £	Year ended 2 January 2011 £
Profit on ordinary activities before taxation	5,625,000	5,625,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	1,490,625	1,575,000
Effects of		
Transfer pricing adjustment	99,081	72,110
Total current tax charge for the year (see note above)	1,589,706	1,647,110

Factors affecting current and future tax charges

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5%.

On 5 July 2011 a change in the UK main corporation tax rate to 25% was substantively enacted to be in effect from 1 April 2012.

Further reductions to the UK corporation tax rate were announced in the March 2012 and prior Budgets. On 26 March 2012 a 1% reduction in the main rate to 24% was substantively enacted with effect from 1 April 2012. In addition a further 1% reduction to 23% with effect from 1 April 2013 was substantively enacted on 3 July 2012. The final change announced to date, which will be enacted separately, proposes to reduce the rate by a further 1% on 1 April 2014. The changes listed above had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Deferred tax

As at 1 January 2012 the company had no deferred tax asset or liability (2010 £nil).

DePuy International (Holdings) Limited

Notes to the financial statements
For the year ended 1 January 2012

7. Debtors

	1 January 2012 £	2 January 2011 £
Amounts falling due within one year		
Amounts owed by group undertakings	74,567,127	68,942,127
Loan to fellow group undertaking	125,000,000	125,000,000
	<u>199,567,127</u>	<u>193,942,127</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

The £125,000,000 loan is with Johnson & Johnson Management Limited and is unsecured and repayable on demand. The rate of interest payable on the loan is the average LIBOR rate plus 0.25% per annum.

8. Creditors: Amounts falling due within one year

	1 January 2012 £	2 January 2011 £
Amounts owed to group undertakings	24,080,434	22,475,704
Corporation tax	844,586	859,610
	<u>24,925,020</u>	<u>23,335,314</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

9. Share capital

	1 January 2012 £	2 January 2011 £
Allotted, called up and fully paid		
100,001,000 ordinary shares of £1 each	<u>100,001,000</u>	<u>100,001,000</u>

10. Reserves

	Profit and loss account £
At 3 January 2011	70,605,813
Profit for the financial year (note 11)	<u>4,035,294</u>
At 1 January 2012	<u>74,641,107</u>

DePuy International (Holdings) Limited

Notes to the financial statements
For the year ended 1 January 2012

11. Reconciliation of movement in shareholders' funds

	1 January 2012 £	2 January 2011 £
Opening shareholders' funds	170,606,813	166,628,923
Profit for the financial year (note 10)	4,035,294	3,977,890
Closing shareholders' funds	174,642,107	170,606,813

12. Ultimate and immediate parent companies and controlling party

The immediate parent company is DePuy UK Holdings Limited

The directors regard Johnson & Johnson Inc, a company registered in the United States of America, as the ultimate parent company and ultimate controlling party. This is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements may be obtained from Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.