

Aviagen International Finance Two Limited

**Directors' report and financial
statements**

Registered Number - 04695437

30 June 2014

TUESDAY



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Directors and advisers

Directors	CP Hill J Schlaman BK Williamson
Secretary	BK Williamson
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Solicitors	Freshfields 65 Fleet Street London EC4Y 1HS
Registered office	Stratford Hatchery Alscott Industrial Estate Atherstone on Stour Stratford-Upon-Avon Warwickshire CV37 8BH

Directors' report

The directors present the annual report and the audited financial statements for the year ended 30 June 2014.

Principal activities

The principal activity of the company is the holding of investments in subsidiary companies.

Business review

The results for the year are set out on page 5. The directors do not propose payment of a dividend.

Directors

The directors who held office during the year, and up to the date of this report, were as follows:

CP Hill
J Schlaman
BK Williamson

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



CP Hill
Director

Stratford Hatchery Alscott Industrial Estate
Atherstone on Stour
Stratford-Upon-Avon
Warwickshire
CV37 8BH

12 March 2015

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Aviagen International Finance Two Limited

We have audited the financial statements of Aviagen International Finance Two Limited for the year ended 30 June 2014 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org/auditscopeukprivate.

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 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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.

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; or
- the directors were not entitled to take advantage of the small company exemption in not preparing a strategic report.



Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

17 March 2015

Profit and loss account
for the year ended 30 June 2014

		Year ended 30 June 2014 \$000	Year ended 30 June 2013 \$000
Administrative expenses		(3)	(3)
Operating loss		(3)	(3)
Dividends from fixed asset investments		9,108	-
Interest payable and similar charges	4	(56)	(55)
Profit/(loss) on ordinary activities before taxation		9,049	(58)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the year	9	9,049	(58)

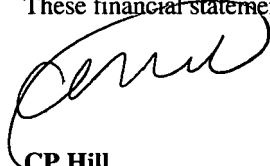
Statement of total recognised gains and losses
for the year ended 30 June 2014

Other than the profit for the current year and loss for the previous year there are no other recognised gains and losses.

Balance sheet
 at 30 June 2014

	<i>Note</i>	30 June 2014 \$000	30 June 2013 \$000
Fixed assets			
Investments	6	125,121	125,121
Creditors: amounts falling due within one year	7	<u>(1,702)</u>	<u>(1,643)</u>
Net current liabilities		<u>(1,702)</u>	<u>(1,643)</u>
Total assets less current liabilities		<u>123,419</u>	<u>123,478</u>
Net assets		<u>123,419</u>	<u>123,478</u>
Capital and reserves			
Share capital	8	-	-
Share premium	9	94,436	94,436
Profit and loss account	9	<u>28,983</u>	<u>29,042</u>
Shareholders' funds	10	<u>123,419</u>	<u>123,478</u>

These financial statements were approved by the board of directors on 12 March 2015 and are signed on its behalf by:


CP Hill
 Director

Notes

(forming part of the financial statements)

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.

Basis of preparation

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of \$1,702,000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by its shareholders. The shareholders have indicated that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company is exempt from the requirement to produce group accounts by the Companies Act 2006. The financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company is exempt from the requirement of FRS1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary of Aviagen International Finance Limited and its cash flows are included within the consolidated cash flow statement of that company.

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

The profit/(loss) for the year is stated after charging:

	Year ended 30 June 2014 \$000	Year ended 30 June 2013 \$000
Auditors' remuneration: Amounts receivable by the auditors: in respect of taxation services	<u>3</u>	<u>3</u>

Audit fees of \$3,000 in respect of services provided by the auditors for the statutory audit of the company were paid on behalf of the company by its parent company, Aviagen International Finance Ltd.

3 Remuneration of directors

No directors' emoluments were paid during the year or the previous year. The directors were the only employees of the company.

4 Interest payable and similar charges

	Year ended 30 June 2014 \$000	Year ended 30 June 2013 \$000
Net exchange loss	1	-
Interest on loans from subsidiary company	55	55
	<u>56</u>	<u>55</u>

5 Tax on profit/(loss) on ordinary activities

Analysis of charge in year

	Year ended 30 June 2014 \$000	Year ended 30 June 2013 \$000
Current tax	-	-

Notes (continued)

5 Tax on loss on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2013: higher) than the standard 22.5% (2013: 23.75%) rate of corporation tax in the UK. The differences are explained below.

	Year ended 30 June 2014 \$000	Year ended 30 June 2013 \$000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	<u>9,049</u>	<u>(58)</u>
Current tax charge/(credit) at 22.5% (2013: 23.75%)	2,036	(14)
<i>Effects of:</i>		
Income not taxable	(2,049)	-
Losses included in US tax return	<u>13</u>	<u>14</u>
Total current tax charge (see above)	<u>-</u>	<u>-</u>

For tax purposes this company is treated as a branch of a US company with the effect that its profits and losses are included in a US tax return. On the basis that the tax losses arising in this company have been included in a US tax return no claim in respect of these losses is made for UK tax purposes. The losses would only be available against future UK taxable profits if the US tax return was amended to exclude these losses. On the basis that it is considered unlikely that suitable UK profits will arise no deferred tax asset is recognised.

6 Fixed asset investments

	Shares in group undertakings \$000
<i>Cost and net book value</i>	
At 1 July 2013 and 30 June 2014	<u>125,121</u>

The principal trading undertaking in which the company's interest at the year end is more than 20% is as follows:

	Country of Incorporation	Principal Activity	Class and percent of shares held
<i>Subsidiary undertaking</i>			
Aviagen European Holdings Limited	England	Holding Company	100%

Notes (continued)

7 Creditors: amounts falling due within one year

	30 June 2014 \$000	30 June 2013 \$000
Amounts owed to parent undertakings	10	3
Amounts owed to fellow subsidiary undertakings	958	906
Group relief payable	731	731
Accruals	3	3
	<u>1,702</u>	<u>1,643</u>

8 Called up share capital

	Number of Shares	30 June 2014 \$	30 June 2013 \$
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £0.01 each	105 (2013: 105)	<u>2</u>	<u>2</u>

9 Reserves

	Share premium account 30 June 2014 \$000	Profit and loss account 30 June 2014 \$000
At beginning of year	94,436	29,042
Retained profit for the year	-	9,049
Dividends paid	-	(9,108)
At end of year	<u>94,436</u>	<u>28,983</u>

10 Reconciliation of movements in shareholders' funds

	Year ended 30 June 2014 \$000
Profit for the year	9,049
Dividends paid	(9,108)
Decrease in shareholders' funds	(59)
Opening shareholders' funds	<u>123,478</u>
Closing shareholders' funds	<u>123,419</u>

Notes (continued)

11 Related party disclosures

The company has taken advantage of the exemption contained in FRS 8 Related Party Disclosures, not to report details of transactions with entities which are more than 90% controlled by a common parent company.

There were no other related party transactions during the year.

12 Immediate and ultimate parent company

The immediate parent company is Aviagen International Finance One Limited. The smallest group of companies in which the results of the company are consolidated is that headed by Aviagen International Finance Limited, incorporated in England. The consolidated accounts of this group are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

At the year end the company's ultimate parent was EW Group GmbH incorporated in Germany. This company's accounts are not available to the public.