

McNeil Products Limited

Annual report and financial statements

For the year ended 3 January 2016

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McNeil Products Limited

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McNeil Products Limited

Company Information

Directors	M J Robinson (resigned 10 May 2016) P Smallcombe A Crossley (appointed 11 August 2016)
Registered number	02906848
Registered office	Foundation Park Roxborough Way Maidenhead Berkshire SL6 3UG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH
Bankers	The Royal Bank of Scotland Plc Corporate Banking Office PO Box 450 5-10 Great Tower Street London EC3P 3HX
Solicitors	Linklaters LLP One Silk Street London EC2Y 8HQ

McNeil Products Limited

Strategic report
For the year ended 3 January 2016

The directors present their Strategic report on the company for the year ended 3 January 2016.

Principal activities

The principal activity of the company remains that of an intermediary group holding company.

Business review

The directors are satisfied with the performance of the company during the year.

The results and dividend section on page 3 and the profit and loss account on page 7 show the results for the financial year, and the balance sheet on page 8 of the financial statements shows the company's financial position at the end of the year.

On 3 January 2016, the company transferred its 99% holding in McNeil Healthcare (Ireland) Limited, comprising 9,900 £1 (£1.27) shares, to Johnson & Johnson (Ireland) Limited for consideration of £14,804,859. The company's net profit on disposal was £14,795,058.

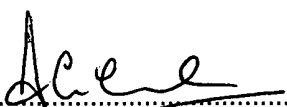
Future outlook

Both the level of business and the year end financial position remain satisfactory. 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 foreign exchange risk, interest rate cash flow risk and liquidity risk. The risks and uncertainties are managed at regular board meetings, and where applicable, actions are taken to mitigate the risks.

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


.....

A Crossley
Director

Date: 27th September 2016

McNeil Products Limited

Directors' report For the year ended 3 January 2016

The directors present their annual report and the audited financial statements of the company for the year ended 3 January 2016.

Results and dividends

The profit and loss account for the financial year is set out on page 7.

The company's profit for the financial year is £14,852,000 (2014: loss of £10,000).

The company paid a dividend of £nil for the financial year (2014: £nil). There are no proposed dividends awaiting approval at the balance sheet date (2014: £nil).

Financial risk management

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

Liquidity risk

The company is funded with in 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 both interest bearing assets and interest bearing liabilities. Interest bearing assets earn interest at a variable rate.

Foreign exchange risk

The company manages its foreign exchange risk by hedging its significant exposures through a group hedging scheme.

Future outlook

The directors' expectations for the future of the business are set out in the Strategic report included within the annual report and financial statements.

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:

M J Robinson	(resigned 10 May 2016)
P Smallcombe	
A Crossley	(appointed 11 August 2016)

McNeil Products Limited

Directors' report
For the year ended 3 January 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 judgements 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;
- 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

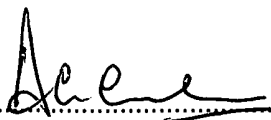
All directors in office at the time the report is approved confirm:

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

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place in accordance with s487 of the Companies Act 2006 for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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


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A Crossley
Director

Date: 27th September 2016

McNeil Products Limited

Independent auditors' report to the members of McNeil Products Limited

Report on the financial statements

Our opinion

In our opinion McNeil Products Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 3 January 2016 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.

What we have audited

McNeil Products Limited's financial statements, comprise:

- the Balance sheet as at 3 January 2016;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of McNeil Products Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 & Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Gavin Crawford (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Date: 27 SEPTEMBER 2016

McNeil Products Limited

Profit and loss account
For the year ended 3 January 2016

	Note	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Other operating charges		(47)	(21)
Operating loss	2 3	(47)	(21)
Foreign exchange gain		146	-
Income from shares in group undertakings	6	-	42
Profit on disposal of investments in group undertakings	9	14,795	-
Interest payable and similar charges	7	(25)	(22)
Profit/(loss) on ordinary activities before taxation		14,869	(1)
Tax on profit/(loss) on ordinary activities	8	(17)	(9)
Profit/(loss) for the financial year	14	14,852	(10)

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) 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.

The notes on pages 9 to 15 form part of these financial statements.

Balance sheet
As at 3 January 2016

	Note	£000	3 January 2016 £000	£000	28 December 2014 £000
Fixed assets					
Investments	9		47,539		47,549
Current assets					
Debtors	10	15,018		92	
Cash at bank and in hand		6		6	
		<u>15,024</u>		<u>98</u>	
Creditors: amounts falling due within one year	11	<u>(2,054)</u>		<u>(1,990)</u>	
Net current assets/(liabilities)			<u>12,970</u>		<u>(1,892)</u>
Total assets less current liabilities			<u>60,509</u>		<u>45,657</u>
Creditors: amounts falling due after more than one year	12		<u>(100)</u>		<u>(100)</u>
Net assets			<u>60,409</u>		<u>45,557</u>
Capital and reserves					
Called up share capital	13		9		9
Profit and loss account	14		<u>60,400</u>		<u>45,548</u>
Total shareholders' funds	15		<u>60,409</u>		<u>45,557</u>

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

.....
A Crossley
Director

Date: 27th September 2016.

The notes on pages 9 to 15 form part of these financial statements.

Notes to the financial statements
For the year ended 3 January 2016

1. Principal accounting policies

Accounting period

The accounting year ended 3 January 2016 consists of 53 weeks. For the purposes of these financial statements the year is referred to as 2015. The accounting year ended 28 December 2014 is referred to as 2014.

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.

Consolidated financial statements

The company is a wholly-owned subsidiary of Johnson & Johnson and is included in the consolidated group financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006 and therefore these financial statements present information about the company as an individual undertaking.

Fixed asset investments

Fixed asset investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the company entered into the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date.

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson and the cash flows of the company are included in the consolidated financial statements of Johnson & Johnson 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, whose financial statements are publicly available.

2. Operating loss

The operating loss is stated after charging:

	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Recharges from group companies	43	17

Notes to the financial statements
For the year ended 3 January 2016

3. Auditors' remuneration

	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Fees payable to PricewaterhouseCoopers LLP for the statutory audit of the company	4	4

4. Directors' emoluments

The directors during the year were primarily employed by Johnson & Johnson Limited and their remuneration has been borne by that company (2014: £nil).

5. Employee information

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

6. Income from shares in group undertakings

	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Interim dividends received from subsidiary undertakings	-	42

7. Interest payable and similar charges

	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Interest payable to current group undertakings	17	14
8% cumulative preference dividend	8	8
	25	22

Notes to the financial statements
For the year ended 3 January 2016

8. Tax on profit/(loss) on ordinary activities

	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Analysis of tax charge in the year		
UK corporation tax credit on profit/(loss) for the year	17	-
Adjustments in respect of prior periods	-	9
Tax on profit/(loss) on ordinary activities	17	9

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below:

	Year ended 3 January 2016 £000	Year ended 28 December 2014 £000
Profit/(loss) on ordinary activities before taxation	14,869	(1)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	3,011	-
Effects of:		
Expenses not deductible for tax purposes	2	2
Adjustments in respect of prior periods	-	9
Items not taxable for UK purposes	(2,996)	(9)
Group relief surrender	-	7
Total current tax charge for the year (see note above)	17	9

Factors affecting current and future tax charges

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 20.25%.

On 26 October 2015, changes in the UK main Corporation Tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted.

Further to these changes in rate, it was announced by the Chancellor of the Exchequer that the main rate of Corporation Tax will be revised down further to 17% from 2020. Legislation will be introduced in the Finance Bill 2016 to that effect.

Deferred tax

As at 3 January 2016 the company had no deferred tax asset or liability (2014: £nil).

McNeil Products Limited

Notes to the financial statements For the year ended 3 January 2016

9. Fixed asset investments

	£000
Cost and net book amount at 29 December 2014	47,549
Disposals	(10)
Cost and net book amount at 3 January 2016	47,539

Investments comprise interests in group undertakings.

On 3 January 2016, the company transferred its 99% holding in McNeil Healthcare (Ireland) Limited, comprising 9,900 £1 (€1.27) shares, to Johnson & Johnson (Ireland) Limited for consideration of £14,804,859. The company's net profit on disposal was £14,795,058.

The subsidiaries of the company at 3 January 2016 were:

Name of company	Country of incorporation	Holding	Proportion held	Status
McNeil Healthcare (UK) Limited	England & Wales	Ordinary shares of £1	99%	Active
McNeil Iberica S.L.U	Spain	Ordinary shares of £1	100%	Active
Unicliffe Limited*	England & Wales	Ordinary shares of £1	99%	Dissolved

Sub-subsidiary investments are noted by *.

The principal activities of the subsidiaries are the manufacture and sale of healthcare products. All of the above companies operate principally in their country of incorporation.

On 27 May 2014 the members of Unicliffe Ltd passed a special resolution and appointed liquidators to wind up the company under a Members Voluntary Agreement. The company was subsequently dissolved on 22 April 2015.

The directors believe that the book value of the investments are supported by their underlying net assets and anticipated future income streams. The table below shows the profit after tax for the year ended 3 January 2016 unless otherwise indicated and at the year end, aggregate capital and reserves based on draft unaudited (*audited) financial information. The comparative figures for 2014 are based on audited financial statements where applicable.

Name of company	Profit after tax		Capital and reserves	
	2015 £000	2014 £000	2015 £000	2014 £000
McNeil Healthcare (UK) Limited	7,698	9,715	141,786	134,087
McNeil Iberica S.L.U	837	798	12,305	12,207

Notes to the financial statements
For the year ended 3 January 2016

10. Debtors

	3 January 2016 £000	28 December 2014 £000
Amounts falling due within one year		
Amounts owed by current group undertakings	15,018	92

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

11. Creditors: amounts falling due within one year

	3 January 2016 £000	28 December 2014 £000
Amounts owed to group undertakings	2,029	1,986
Corporation tax	17	-
Accruals and deferred income	8	4
	2,054	1,990

Amounts owed to group undertakings include a rolling loan facility of £2,003,000 (2014: £1,980,000). Amounts owed to group undertakings are unsecured, interest bearing at a rate of 0.655% (2014: 0.634%) per annum at the balance sheet date and repayable on demand.

12. Creditors: amounts falling due after more than one year

	3 January 2016 £000	28 December 2014 £000
Fair value of debt element of 8% preference shares	100	100

Disclosure of the terms and conditions attached to the non-equity shares is made in note 13.

Notes to the financial statements
For the year ended 3 January 2016

13. Called up share capital

	3 January 2016 £	28 December 2014 £
Shares classified as capital		
Allotted, called up and fully paid		
578,015 (2014: 578,015) Ordinary 'C' shares shares of £0.01 each	5,780	5,780
210,000 (2014: 210,000) Ordinary 'D' shares shares of £0.01 each	2,100	2,100
5,878 (2014: 5,878) Ordinary 'A' shares shares of £0.10 each	588	588
2,058 (2014: 2,058) Ordinary 'B' shares shares of £0.10 each	206	206
	8,674	8,674

Rights of shareholders

The holders of the 'A' and 'B' shares have the right to receive notices, attend general meetings and vote thereat.

On a return of assets on the winding up of the company firstly the holders of the preference shares shall receive any arrears of the preference dividend.

Secondly, the holders of the 'A', 'B', 'C', 'D' and the preference shares shall receive the amount paid up on such shares or, if insufficient assets are available, in proportion to the amounts paid up on such shares.

Finally the balance of such assets shall belong to and be distributed among the holders of the 'C' and 'D' shares in proportion to the amounts paid up on such shares.

The holders of the 'C' and 'D' shares have the right to receive notices, but not to attend or vote at general meetings of the company. They have the right to receive the balance of any profits to be distributed in proportion to the amounts paid up on the 'C' and 'D' shares.

The preference shares (note 12) are the subject of a cumulative coupon rate of 8% payable annually on 31 December and accordingly have been classified as creditors falling due after more than one year. These shares have priority over the other class of shares in both the distribution of profits and the distribution of the assets in the winding up of the company but the shareholders have no right to attend general meetings or to vote thereat.

14. Profit and loss account

	£000
At 29 December 2014	45,548
Profit for the financial year	14,852
At 3 January 2016	60,400

Notes to the financial statements
For the year ended 3 January 2016

15. Reconciliation of movement in shareholders' funds

	3 January 2016 £000	28 December 2014 £000
Opening shareholders' funds	45,557	45,567
Profit/(loss) for the financial year	14,852	(10)
Closing shareholders' funds	60,409	45,557

16. Ultimate parent undertaking and controlling party

The immediate parent company is Cilag Holding AG.

The directors regard Johnson & Johnson, 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.