Registered Number 00949253

ABBOTT HEALTHCARE PRODUCTS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2010

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

DIRECTORS' REPORT (CONTINUED)

The dırectors present theır annual report, together wıth the financıal statements and audıtor's report, for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The prıncıpal actıvıtıes of the Company are the marketıng, sale and dıstrıbutıon of pharmaceutıcal products ın the UK Untıl 15 February 2010, Abbott Healthcare Products Lımıted was a part of the Solvay Group The Abbott Group's prıncıpal actıvıty ıs the marketıng of a range of pharmaceutıcal, nutrıtıonal, dıagnostıc and cardıovascular products

REVIEW OF FINANCIAL ACTIVITIES

The dırectors are satısfied wıth the performance of the busıness durıng 2010 Revenue ıncreased durıng the year by £5 5m (11%) (2009 £4 7m 10%) and a loss for the year of £1 3m was ıncurred (2009 profit of £2 4m) The company was ımpacted ın the year by some one-off costs related to the change ın ownershıp as dısclosed ın Note 5 however the underlyıng busıness contınues to be profitable

The balance sheet on page 7 shows that the company's financıal posıtıon at the year end has, ın net asset terms, decreased slıghtly to £14 3m from £15 5m

As the Company ıs not lısted and ıs financed by the Group, the company's dırectors belıeve that further key performance ındıcators for the Company are not necessary or approprıate for an understandıng of the performance or development of the busıness

FUTURE PROSPECTS

The busıness wıll contınue to focus on the delıvery of profitable and effectıve medıcınes whıle contınuıng to make efficıency ımprovements that wıll reduce the cost base ın the face of contınuıng prıcıng pressures wıthın the pharmaceutıcal ındustry

PRINCIPAL RISKS AND UNCERTAINTIES

Despıte a more favourable exchange rate than prıor year, the Company contınues to face pressure from the cost of ımports The current prıcıng regıme (PPRS) provıdes some stabılıty ın the market, and although ın the current economıc envıronment addıtıonal Government ınterventıon cannot be completely dısmıssed, there ıs now clarıty that the exıstıng PPRS regıme wıll run ıts course untıl the scheduled end date of December 2013

A summary of the company's financıal rısks ıs gıven ın Note 2 to the financıal statements

GOING CONCERN

The Company meets ıts day to day workıng capıtal requırements through ıts profitable tradıng actıvıtıes After makıng enquırıes, the Dırectors have a reasonable expectatıon that the Company has adequate resources to contınue ın operatıonal exıstence for the foreseeable future Thus, they contınue to adopt the goıng concern basıs ın preparıng the annual report and financıal statements

DIVIDENDS

The dırectors dıd not formally declare a dıvıdend durıng the accountıng perıod and therefore, under IFRS, thıs has not been ıncluded as a lıabılıty ın these financıal statements (2009 £Nıl)

DIRECTORS

The dırectors, who served throughout the year and to the date of sıgnıng, except as noted below, were as follows

J Wessolowskı	
B Traverse	resıgned 15 2 2010
T Weıdauer	resıgned 15 03 2011
G Van Roye	resıgned 15 02 2010
T Dee	appoınted 15 02 2010
T Freyman	appoınted 15 02 2010
F Weıtekamper	appoınted 15 02 2010

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

Following the takeover by Abbott Laboratories, Messrs Traverse and Van Roye resigned as directors effective 15 February 2010 They were replaced by Mr T C Freyman, Mr T J Dee and Mr F Weitekamper on 15 February 2010 Abogado Nominees Limited replaced Solvay UK Holding Company Limited as secretary on 15 February 2010

DIRECTORS' INTERESTS

None of the directors held any interests in the share capital of the Company during the year The directors' interests in the holding company are disclosed in that company's financial statements

DIRECTORS' INDEMNITIES

The Company's directors are covered by a Group indemnity policy for which Abbott Healthcare Products is charged its proportion

SUPPLIER PAYMENT POLICY

Abbott Healthcare's standard payment terms are end of month following the month of invoice, although there are some exceptions to this The Company's policy is to ensure suppliers are aware of the payment terms and to apply them consistently as far as possible In 2010 the average trade creditor days was 75 days (2009 59)

CHARITABLE CONTRIBUTIONS

During the year the Company made charitable donations of £3,269 (2009 £5,055)

DISABLED EMPLOYEES

The Company will continually strive to meet its obligations as an equal opportunities employer and will comply with all requirements of the Disability Discrimination Act 1995

EMPLOYEE CONSULTATION

The Company holds regular communication meetings to inform all employees about matters such as company performance and product development, and to recognise achievements by employees Where required, special committees are elected to deal with specific situations that arise, such as restructuring Other media such as pension newsletters are also used

PROVISION OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- each of the directors has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined in the Companies Act 2006) and to establish that the company's auditor is aware of that information

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

AUDITOR

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to re-appoint them has been proposed at the annual general meeting

Registered Company Address
Abbott House
Vanwall Business Park
Vanwall Road
Maidenhead
SL6 4XE

DIRECTORS' REPORT (CONTINUED)

Approved by the Board of Directors and signed on behalf of the Board by

Thomas C Freyman

THOMAS C FREYMAN
DIRECTOR
9/11 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping proper accounting records that 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT HEALTHCARE PRODUCTS LIMITED

We have audited the financial statements of Abbott Healthcare Products Limited for the year ended 31 December 2010 which comprise the income statement, the balance sheet, the cash flow statement and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditors

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 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

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Company 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

Tobias Wright

Tobias Wright
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
22 November 2011

INCOME STATEMENT
For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Revenue – continuing operations	3	56,107	50,511
Cost of sales		(34,649)	(30,535)
Gross profit		21,458	19,976
Other operating income	4	1,010	1,563
Distribution costs		(735)	(699)
Exceptional costs	5	(5,747)	-
Other administrative expenses		(17,473)	(17,612)
Administrative expenses		(23,220)	(17,612)
Operating (loss)/profit	6	(1,487)	3,228
Interest payable	8	(54)	(207)
Interest receivable	9	-	59
(Loss)\profit before tax		(1,541)	3,080
Tax credit/(charge) on (loss)/profit on ordinary activities	10	241	(666)
(Loss)\profit for the year from continuing operations	21	(1,300)	2,414

The Company has no recognised gains or losses other than the profit for the current and preceding year, and accordingly no Statement of comprehensive income is presented

BALANCE SHEET
31 December 2010

	Notes	2010 £'000	2009 £'000
Non-current assets			
Property, plant and equipment	11	221	281
Intangible assets	12	-	1,248
Investments	13	17,493	17,493
Deferred tax asset	17	33	-
Retirement benefit asset	24	-	2,563
		17,747	21,585
Current assets			
Inventories	14	4,554	3,602
Trade and other receivables	15	15,124	14,621
Cash and cash equivalents		158	43
		19,836	18,266
Total assets		37,583	39,851
Current liabilities			
Trade and other payables	18	13,652	12,600
Current tax liabilities		-	612
Bank overdraft and loans	16	46	139
Provisions	19	1,882	-
		15,580	13,351
Net current assets		4,256	4,915
Non-current liabilities			
Intercompany loans	16	7,710	10,226
Deferred tax liabilities	17	-	681
		7,710	10,907
Total liabilities		23,290	24,258
Net assets		14,293	15,593
Equity			
Share capital	20	10,000	10,000
Retained earnings	21	4,293	5,593
Total equity		14,293	15,593

The financial statements for Abbott Healthcare Products Limited, registered company no 00949253, were approved by the board of directors and authorised for issue on 9/11 2011

They were signed on its behalf by

Thomas C Freyman

THOMAS C FREYMAN

Director

STATEMENT OF CHANGES IN EQUITY
31 December 2010

	Share Capital £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2009	10,000	3,179	13,179
Net profit for the year	-	2,414	2,414
Balance at 1 January 2010	10,000	5,593	15,593
Net loss for the year	-	(1,300)	(1,300)
Balance at 31 December 2010	10,000	4,293	14,293
Balance at 31 December 2009	10,000	5,593	15,593

No dividend was paid for the year ending 31 December 2010 (2009 £ nil)

CASH FLOW STATEMENT
For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Net cash from operating activities	22	2,736	6,200
Investing activities			
Interest received		-	59
Purchases of property, plant and equipment		(12)	(25)
Net cash from/(used in) investing activities		(12)	34
Net increase in cash and cash equivalents		2,724	6,234
Cash and cash equivalents at beginning of year		(10,322)	(16,556)
Cash and cash equivalents at end of year	22	(7,598)	(10,322)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

1. GENERAL INFORMATION

Abbott Healthcare Products Limited is a company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given on page 2 The nature of the Company's operations and its principal activities are set out on page 1

Adoption of new and revised standards

In the current year, the following new and revised Standard and Interpretation have been adopted These changes do not have any impacts on the amounts reported in these financial statements

IFRS 3 (2008) Business Combinations , IAS 27(2008) Consolidated and Separate Financial Statements , IAS 28(2008) Investments in Associates These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate IFRS 3 (2008) has also introduced additional disclosure requirements for acquisitions As there were no acquisitions by the Company during this period, these changes have no impact of these financial statements

The following amendments were made as part of improvements to IFRS (2009)

Amendment to IFRS 2 Share-based Payment IFRS 2 has been amended, following the issue of IFRS 3(2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2 This does not impact the Company in these financial statements

Amendment to IAS 17 Leases IAS has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17 The Company's policy has been to capitalise leasehold improvements but to treat the rent payable as an operating lease Looking at the definitions of a finance lease in the standard it does not appear appropriate to classify the rental payments as such

Amendment to IAS 39 Financial Instruments Recognition and Measurement IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard This change has no impact on the financial statements as no such options exist

Standards not effecting the reported results or the financial position

The following new and revised Standards and Interpretations have been adopted in the current year Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements

IFRIC 17 Distributions of Non-cash assets to Owners

IFRS 2 (amended) Group Cash-settled Share-based Payment Transactions

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair Value measurement
IFRS 24 (amended)	Related Party Disclosures
IFRS 32 (amended)	Classification of Rights Issues
IAS 1 (amended)	Presentation of items of other comprehensive income
IAS 12 (amended)	Deferred Tax Recovery of Underlying Assets
IAS 19 (amended)	Employee Benefits
IAS27	Separate Financial Statements
IAS 28	Investment in associates and joint ventures (2011)
IFRIC 14 (amended)	Prepayments of a minimum Funding Requirement
IFRIC19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs (October 2011)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

1 GENERAL INFORMATION (CONTINUED)

The adoption of IFRS 9 which the Company plans to adopt for the year starting 1 January 2013 will impact both the measurement and disclosure of Financial Instruments The directors anticipate that the adoption of the other standards listed above will not have a material impact on the financial statements of the Company in future periods

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS)

The financial statements have been prepared on the historical cost basis The principal accounting policies adopted are set out below

Going Concern

As explained in the Directors' Report on page 1, the accounts have been prepared on a going concern basis

Group accounts

The Company is exempt from the obligation to prepare and deliver consolidated financial statements under s400 of the Companies Act 2006 This is due to the fact that it is included in the consolidated financial statements prepared by Abbott Laboratories incorporated in the State of Illinois, USA These consolidated accounts may be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park, IL, USA

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, including carriage and insurance, but excluding VAT Sales of goods are recognised when goods are delivered and title has passed

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term

Foreign currencies

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates

The translations of foreign currencies are recorded at the rates of exchange prevailing on the date of the transactions At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing on the balance sheet date and the gains or losses on translation are included in the income statement for the year

Operating profit

Operating profit is stated after charging restructuring costs and before investment income and finance costs

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurre Where borrowings are used to fund qualifying assets, the related borrowing costs are capitalised

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

At the balance sheet date the Company was no longer participating in the Solvay Defined Benefit Pension Scheme See Note 24 for further detail of the pension scheme changes

Up until the balance sheet date, the company's accounting policy in respect of the Solvay Defined Benefit Pension Scheme was as follows a retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan

Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees on a straight-line basis over the average service life until the benefits become vested The Company has not elected to present actuarial gains and losses arising in its defined benefit plan in the Statement of Recognised Income and Expense, and continues to recognise such gains and losses in the Income Statement using the 'corridor' approach

In addition to the defined benefit scheme referred to above, the Company makes contributions to the Abbott Laboratories Pension Fund on behalf of participating employees This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group The company is unable to identify its share of the assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme Payments are charged as an expense as they fall due

Restructuring costs

All restructuring costs are accounted for on an accruals basis, when there is a constructive obligation to another party in respect of that particular cost

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss Depreciation is charged on a straight line basis over their estimated useful lives, which are subject to review each year, on the following bases

Land	Not depreciated
Buildings	Over life of lease
Plant and machinery	3 – 20 years

Impairment reviews of the Company's property, plant and equipment are performed on an annual basis

Intangible assets - patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight line basis over their estimate useful lives, considered to be 5 years

Impairment reviews of the Company's intangible assets are performed on an annual basis

Research and development

Expenditure on research activities is recognised as an expense in the year in which it is incurred An asset arising from the company's development activities will only be recognised if the following conditions are met

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and
- the cost of the asset can be measured reliably

Inventories

Inventories are stated at the lower of cost and net realisable value Costs comprise direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition Cost is calculated using a standard cost basis Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

Investments

Fixed asset investments are stated at cost having been reviewed for any potential impairment to their carrying value

Financial instruments

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of a debt and equity balance The capital structure of the Company consists of debt (note 16), cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings

Foreign currency risk management

Virtually all of the Company's financial transactions are undertaken in pounds sterling All trade debtors and creditors are assigned in sterling to the Group's internal bank (CICC) Consequently, currency risk is minimal and no specific financial instruments are in place to deal with this Exposure to exchange rate fluctuations is at Group level

Interest rate risk management

The interest rate payable by the Company is determined by Bank of England base rates and the margin on the Group's EMTN issue, as detailed in note 16

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit risk management

All trade debtors are assigned by the Company to CICC Payments are made by CICC according to the due dates, adjusted on a rolling basis to reflect actual payment experience CICC examines information on current and potential third party customers supplied by independent rating agencies The Group has credit insurance in place

Liquidity risk management

Although ultimate responsibility for liquidity risk management rests with the board of directors, the Company's position is underwritten by the Group's treasury support function The Group itself manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecasts and actual cash flows provided by the various group companies

Financial assets

Trade receivables

Trade receivables and other receivables have fixed or determinable payments and are not quoted in an active market Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impaired For trade receivables, the carrying amount is reduced through the use of an allowance account

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in bank accounts which are readily convertible to a known amount of cash with limited exchange risk

Financial Liabilities

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges are accounted for on an accrual basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Trade payables

Trade payables are not interest bearing and are stated at their nominal value

Critical accounting estimates and judgements

Estimates and judgements are evaluated based on a number of factors including historical experience and expectation of future events that are believed to be reasonable The preparation of financial statements under IFRS requires management to make estimates and assumptions concerning the future and the key areas are discussed below

Impairment of Investments

The carrying values of the investments are reviewed by reference to the future forecast results of the companies in which the investments are held

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefits

This is an area that requires certain assumptions to be made in order to value our obligations and determine the costs charged to the income statement These figures are particularly sensitive to assumptions in discount rates, mortality, rates of inflation and expected return on assets Details of the assumptions made are given in note 24 Assumptions made are mutually consistent but may not be borne out in practice over the long term Following the purchase of the Solvay pharmaceuticals business by Abbott Laboratories in February 2010, the benefits of the Company's funded defined benefit scheme were transferred to the Abbott Laboratories pension fund in the UK

3. REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods provided in the normal course of business, net of discounts, including carriage and insurance, but excluding VAT The turnover is attributable to one activity, being the sale of pharmaceutical products in the United Kingdom In addition, none of the single external customer amount to 10 per cent or more of the company's revenue Further segmental analysis is therefore not provided

	2010 £'000	2009 £'000
Sales of goods – Continuing operations	56,107	50,511

4. OTHER OPERATING INCOME

	2010 £'000	2009 £'000
Dividends received	1,010	1,563
	1,010	1,563

5. EXCEPTIONAL COSTS

	2010 £'000	2009 £'000
Derecognised net pension asset and associated costs	2,635	-
Restructuring costs	1,918	-
Impairment of Intangible assets	1,194	-
	5,747	-

The defined benefit pension scheme balance was derecognised following the transfer of that schemes' assets and liabilities to the Abbott Laboratories scheme (see note 24) In December 2010 the Company announced a restructure following the acquisition by Abbott in February 2010 The intangible asset relates to the patents of the Fenofibrate franchise acquired from Fournier pharmaceuticals in 2007 and now written off following the entry of generic competitors into the market

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

6 (LOSS)/PROFIT FOR THE YEAR

Loss/(profit) for the year is stated after (crediting)/charging

	2010 £'000	2009 £'000
Net foreign exchange (gains)/losses	(59)	73
Depreciation of property, plant and equipment	72	78
Amortisation of intangible assets	58	455
Impairment of intangible assest	1,194	-
Staff costs (see note 7)	10,958	9,075
Cost of inventories recognised as expense	32,511	30,343
Auditors' remuneration (see below)	23	49
Operating lease rentals		
Plant and machinery	586	608
Others	191	187

	2010 £000	2009 £000
Fees payable to the company's auditors for the audit of the company's annual accounts	23	21
Fees payable to the company's auditors for audit related regulatory reporting	-	-
Total audit fees	23	21
Tax services - compliance	-	13
- advisory	-	3
Total non-audit fees	-	16
Total auditor's remuneration	23	49

Fees payable in respect of the audit of associated pension schemes are borne by the Company in respect of the defined contribution scheme The defined benefit pension scheme pays its own audit costs

7. STAFF COSTS

The staff costs during the year including directors were

	2010 £'000	2009 £'000
Wages and salaries	7,662	7,650
Social security costs	820	862
Pension costs	558	563
Redundancy costs	1,918	-
	10,958	9,075

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

7 STAFF COSTS (CONTINUED)

The average monthly number of employees (including directors) was

	2010 No.	2009 No.
Sales	111	116
Administration	46	43
	157	159

Details in relation to directors' remuneration are given in note 25

8. INTEREST PAYABLE

	2010 £'000	2009 £'000
Interest payable on bank overdraft	-	1
Interest payable on short term loans	54	205
Other	-	1
	54	207

Interest payable on short term loans relates to amounts paid to Group undertakings

9. INTEREST RECEIVABLE

	2010 £'000	2009 £'000
Interest receivable	-	59

10. TAX

	2010 £'000	2009 £'000
Current tax		
Current tax	473	448
Over provided in prior year	-	(12)
Current tax charge	473	436
Deferred tax (see note 17)		
Origination and reversal of temporary differences in the current year	(714)	230
Deferred tax (credit)/charge	(714)	230
Tax (credit)/charge for the year	(241)	666

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

10 TAX (CONTINUED)

	2010 £'000	2009 £'000
Deferred taxation (current year)		
Accelerated depreciation	5	4
Pensions	(718)	226
	(713)	230

The corporation tax charge for the year can be reconciled to the profit before tax per the income statement as follows

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	(1,542)	3,080
Tax on profit on ordinary activities at standard rate of 28% (2009 28%)	(431)	862
Differences between actual and effective rate of tax		
Expenses not deductible for tax purposes	118	254
Write off of IAS 19 pension asset	717	-
Intangible asset write-off and amortisation	(362)	-
Overseas dividend taxed at source	(283)	(438)
Adjustments to tax charge in respect of prior years	-	(12)
Actual tax (credit)/charge in income statement	(241)	666

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 January 2010	758	669	1,427
Additions	5	7	12
Disposals	-	(151)	(151)
At 31 December 2010	763	525	1,288
Accumulated depreciation			
At 1 January 2010	518	628	1,146
Charge for the year	57	15	72
Disposals	-	(151)	(151)
At 31 December 2010	575	492	1,067
Carrying amount			
At 31 December 2010	188	33	221
At 31 December 2009	240	41	281

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

12. INTANGIBLE ASSETS

	Patents and trademarks £'000
Cost	
At 1 January 2010	2,276
Additions	-
At 31 December 2010	2,276
Amortisation	
At 1 January 2010	1,028
Charge for the year	58
Impairment	1,190
At 31 December 2010	2,276
Carrying amount	
At 31 December 2010	-
At 31 December 2009	1,248

13. INVESTMENTS

	2010 £'000	2009 £'000
Abbott Healthcare Products Ireland Limited	4,438	4,438
Solvay Pharma India Limited	13,055	13,055
	17,493	17,493

Abbott Healthcare Products Limited owns the following shares in the above Group companies, of which the ultimate parent and controlling entity which consolidates these accounts is Abbott Laboratories , incorporated in the State of Illinois, USA

a Abbott Healthcare Products Ireland Limited, a company incorporated in Ireland 100% owned

b Solvay Pharma India Limited, a company incorporated in India 44% held directly and 19% held via Abbott Healthcare Products Limited's ownership of British Colloids, a dormant company incorporated in the United Kingdom British Colloids was purchased for a nominal amount in 2004 and consequently no value is included in respect of the investment in the figures above

No impairment of investments required in the current year Amounts disclosed above reflect cost of investments

14. INVENTORIES

	2010 £'000	2009 £'000
Finished goods	4,554	3,602

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

15. OTHER FINANCIAL ASSETS

Trade and other receivables

	2010 £'000	2009 £'000
Amounts receivable for the sale of goods	12,029	299
Amounts owed by group undertakings	2,167	13,211
Other receivables	769	827
Prepayments and accrued income	159	284
	15,124	14,621

The bulk of the Company's sales orders and credit control are outsourced to a logistics partner The average credit period taken on the sale of these goods is 57 days (2009 66 days) Varying credit terms apply to the Company's vaccines which are subject to a discount matrix Bad debt experience is very limited and therefore no provision against the carrying amount is made No interest has been charged on any overdue receivables during the year The directors consider that the carrying amount of trade and other receivables approximates their fair value In 2010 all remaining receivables were assigned to the Solvay's internal bank under the terms of a transitional service agreement post-sale and credit risk within Abbott Healthcare Products Limited has been eliminated All amounts are paid in the invoiced currency negating any exchange risk

Included in the Company's trade receivable balance are debtors with a carrying amount which are past due but not impaired as follows

	2010 £	2009 £
90 – 120 days	140	2

Bank balances and cash

Bank balances and cash comprise cash held by the Company The carrying amount of these assets approximates their fair value

Credit risk

The Company's principal financial assets are bank balances, trade and other receivables and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets

The Company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

16 BORROWINGS

	2010 £'000	2009 £'000
Secured borrowing		
Bank overdrafts	34	36
Loans from group undertakings	7,722	10,329
Total borrowings	7,756	10,365

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

16. BORROWINGS (CONTINUED)

	2010 £'000	2009 £'000
Amount due for settlement within 1 year	46	139
Amount due for settlement after more than 1 year	7,710	10,226
Total borrowings	7,756	10,365

Analysis by currency

All borrowings are in pounds sterling

The other principal features of the Group's borrowings are as follows

(i) Bank overdrafts The Company does not currently have an overdraft facility as any short term finance is provided via the inter-company loan arrangements The balance above includes unpresented cheques at the balance sheet date

(ii) Current accounts are held with CICC (Coordination Internationale des Credits Commerciaux), a Solvay Group company, and any overdraft is charged at European Medium Term Note (EMTN) plus 20 base points The current facility is provided under the terms of a transitional service agreement between Abbott Laboratories and Solvay SA and expires August 2012

The exposure to the above interest rates is dependent on the UK base rate and European Medium Term Note and the effect of a 1 % increase in interest rates is to reduce the Company's profit for the year by £45,000 (2009 £59,000)

As all accounts are designated in sterling there is no exchange risk

The average interest rates paid during the year were as follows

	2010 %	2009 %
Bank overdrafts	0 00	0 75
Loans from related parties	1 28	2 02

17. DEFERRED TAX

A deferred taxation asset/(liability) is recognised as follows

	2010 £'000	2009 £'000
At 1 January	(681)	(451)
Credited/(Charged) to income (see note 10)	714	(230)
At 31 December	33	(681)
Represented by		
Capital allowances in excess of depreciation	33	37
Pension deficit	-	(718)
	33	(681)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

17 DEFERRED TAX (CONTINUED)

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is £1,288,519 (2009 £1,031,546) No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future Finance Bill 2010 included a reduction in the UK corporation tax rate to 27% which was enacted on 21 July 2010 Deferred tax assets as at 31 December 2010 have therefore been calculated using this rate

In his Budget of 23 March 2011, the Chancellor of the Exchequer announced tax changes, which, if enacted in the proposed manner, will have an effect on the Company's future tax position The Budget proposed a decrease in the rate of UK corporation tax from 27% to 26% with effect from 1 April 2011, with further 1% rate reductions each year up to 1 April 2014 These additional 1% reductions will be enacted annually

The effect of the reduction in the tax rate to 23% as at 1 April 2014 on the Company's recognised deferred tax asset would be to reduce the deferred tax asset by £4,850 The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted

18. OTHER FINANCIAL LIABILITIES

Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 59 days All invoiced trade payables are settled by the Group's internal bank according to the respective supplier terms

The directors consider that the carrying amount of trade payables approximates their fair value

	2010 £'000	2009 £'000
Trade creditors	2,632	2,872
Amounts owed to group undertakings	7,546	3,744
Taxation and social security	402	389
Accruals and deferred income	3,072	5,595
	13,652	12,600

Interest of £54,106 (2009 £205,467) was paid during the year in respect of short term inter-company borrowings (see Note 8)

19. PROVISIONS

	2010 £'000	2009 £'000
Restructuring provision	1,882	-

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

19. PROVISIONS (CONTINUED)

	Restructuring provision £
At 1 January 2010	-
Additional provision in the year	1,882
At 31 December 2010	1,882

The restructuring provision relates to redundancy costs provided following the acquisition of the business by Abbott Laboratories in February 2010 The related cashflows have occurred during the year ended 31 December 2011

20. SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and fully paid		
10,000,000 ordinary shares of £1 each	10,000	10,000

21. RETAINED EARNINGS

	£'000
Balance at 1 January 2009	3,179
Net profit for the year	2,414
Balance at 1 January 2010	5,593
Net loss for the year	(1,300)
Balance at 31 December 2010	4,293
Balance at 31 December 2009	5,593

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

22. NOTES TO THE CASH FLOW STATEMENT

	2010 £'000	2009 £'000
Operating (loss)/profit from continuing operations	(1,487)	3,228
Adjustments for		
Depreciation of property plant and equipment	72	78
Amortisation of intangible assets	58	455
Impairment of intangible assets	1,194	-
Increase in termination provision	1,882	-
Increase/(Decrease) in retirement benefit obligation	2,563	(807)
Operating cash flows before movements in working capital	4,282	2,954
(Increase)/Decrease in inventories	(952)	335
(Increase)/Decrease in receivables	(624)	5,845
Increase/(Decrease) in payables	1,047	(2,697)
Cash from operations	3,753	6,437
Income taxes paid	(963)	(30)
Interest paid	(54)	(207)
Net cash from operating activities	2,736	6,200

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank, bank overdrafts and group loans A reconciliation of net debt is shown below

	1 January 2010 £'000	Cash flow £'000	31 December 2010 £'000
Reconciliation of net debt			
Cash in hand and at bank	43	115	158
Bank overdrafts and loans	(36)	(10)	(46)
	7	105	112
Debt due after 1 year – group loans	(10,329)	2,619	(7,710)
Net debt	(10,322)	2,724	(7,598)

23 OPERATING LEASE ARRANGEMENTS

	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised as an expense in the year	777	795

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

23. OPERATING LEASE ARRANGEMENTS (CONTINUED)

	2010 £'000	2009 £'000
Within one year	442	660
In the second to fifth years inclusive	559	1,119
	1,001	1,779

Operating lease payments represent rentals payable by the Company for the leases of its office properties, cars and computer equipment With the exception of the premises, leases are negotiated for an average term of three years and rentals are fixed for an average of three years

24. RETIREMENT BENEFIT PLAN

From 15 February 2010, the company ceased contributing to the Duphar Section of the Solvay UK Defined Benefit Pension Scheme and began contributing to the Abbott Laboratories (1966) Pension Fund On 1 December 2010, as part of the acquisition of Solvay Healthcare Limited (now Abbott Healthcare Products Limited), the liabilities and assets relating to the Duphar section of the Solvay UK Defined Benefit Pension Scheme were transferred into the Abbott Laboratories (1966) Pension Fund The liabilities were transferred on this date and the majority of assets were transferred in December 2010 with the remainder following in February 2011

The Abbott Laboratories Pension Fund is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme

Normal contributions to the scheme since 15 February 2010 were £137,106

As the company is unable to identify its share of the underlying assets and liabilities of the scheme, the figures below are illustrative only and relate to the entire assets and liabilities of the scheme Consequently the figures do not impact the 31 December balance sheet because the scheme is being accounted for as a defined contribution scheme

Abbott Laborities (1966) Pension Fund

The figures below have been based on the full actuarial valuation of the Abbott Laboratories Pension Fund as at 28th February 2009 updated to 31 December 2010 by a qualified actuary

The assets in the scheme and the expected rates of return at 31 December 2010 were

The key assumptions used for the purpose of the actuarial valuations were as follows

	2010 Long term rate of Expected return	2010 Value £m
Equities	7 2%	264,063
Other	4 8%	210,871
Total market value of assets		474,934
Present value of scheme liabilities		(448,775)
Related deferred tax		(7,063)
Surplus in scheme		19,097

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

24. RETIREMENT BENEFIT PLAN CONTINUED)

The figures shown above were calculated on the basis of the following assumptions

Discount rate	5 4%
Rate of increase in salaries	4 8%
Rate of increase in deferred pensions	3 5%
Rate of increase in pensions in payment	3 5%
Inflation assumption	3 5%

Duphar section of the Solvay Defined Benefit Pension Scheme

As at 31 December 2010, the company no longer recognises a pension asset on the balance sheet as the Healthcare members of the Duphar scheme were transferred to Abbott at the year end The figures below have been based on the most recent actuarial valuation of the Solvay UK Defined Benefit Pension Scheme updated to 31 December 2010 by a qualified actuary

	Valuation at	
	31 December 2010 £'000	**31 December 2009 £'000**
Present value of defined benefit obligations	7,647	28,636
Fair value of plan assets	(8,304)	(26,100)
Unrecognised actuarial gains/(losses)	94	(5,099)
Scheme surplus	(563)	(2,563)
Less pension asset recognised by other Solvay companies	563	-
Pension surplus applicable to the company	-	(2,563)

Amounts recognised in income in respect of the defined benefit plan were, as outlined above, a share of the total scheme position, which is as follows

	31 December 2010 £'000	**31 December 2009 £'000**
Current service cost	136	276
Interest cost	1,564	1,546
Expected return on plan assets	(1,560)	(1,440)
Amortisation of actuarial net losses	138	-
Amounts recognised and paid by other group companies	(57)	-
	221	382

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

24. RETIREMENT BENEFIT PLAN (CONTINUED)

Movements in the present value of the defined benefit obligation were as follows

	Valuation at 31 December 2010 £'000	31 December 2009 £'000
At 1 January	28,636	24,824
Service cost	136	276
Interest cost	1,564	1,546
Disposals	(21,766)	-
Plan amendment	1,520	-
Actuarial gains/(losses)	(786)	3,538
Actual employee contributions	33	52
Benefits paid	(1,690)	(1,600)
At 31 December	7,647	28,636

Movements in the fair value of plan assets were as follows

	Valuation at 31 December 2010 £'000	31 December 2009 £'000
At 1 January	26,100	24,294
Expected return on plan assets	1,560	1,440
Disposals	(21,997)	-
Other	1,520	-
Actuarial gains/ (losses)	1,717	726
Contributions by employer	1,061	1,188
Contributions by employee	33	52
Benefits paid	(1,690)	(1,600)
At 31 December	8,304	26,100

The fair value of plan assets at the balance sheet date is analysed as follows

	Expected return		Valuation at	
	31 December 2010 %	31 December 2009 %	31 December 2010 £'000	31 December 2009 £'000
Equity instruments	51	52	4,224	13,572
Debt instruments	49-	48	4,080	12,528
	100	100	8,304	26,100

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Company Asset rate of return is actuarially calculated based upon actual equity value

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

24. RETIREMENT BENEFIT PLAN (CONTINUED)

The history of the plan for the current and previous four years is as follows

	31 December 2010 £'000	31 December 2009 £'000	Valuation at 31 December 2007 £'000	31 December 2006 £'000	31 December 2005 £'000
Present value of defined benefit obligation					
Fair value of plan assets	8,304	26,100	24,294	24,440	21,400
(Surplus)/deficit	(563)	(2,563)	(1,756)	(545)	2,354
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	1,717	726	(2,393)	(856)	162
	9,458	24,263	20,145	23,039	23,916

25. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties

	Sales of goods		Purchases of goods		Amounts owed by related parties		Amounts owed To related parties	
	Year ended 2010 £'000	Year ended 2009 £'000	Year ended 2010 £'000	Year ended 2009 £'000	Year ended 2010 £'000	Year ended 2009 £'000	Year ended 2010 £'000	Year ended 2009 £'000
Abbott Products Operations AG	**(2,652)**	**1,112**	31,944	29,014	2,102	389	7,383	410
Abbott Healthcare Products Ireland Ltd	**316**	**213**		-	35	17		-
Solvay Pharmaceuticals Inc		**6**		10		-		-
Abbott Healthcare BV	**256**	**293**	9	20	12	24	107	2
Abbott Products GmbH	**305**	**296**	123	121	19	18	54	1
Solvay UK Holding Company Ltd		**12**		-		1		-
Solvay SA (BE)		**1**	1	341		-		-
Solvay SA (FR)		**25**		-		-		-
Solvay Interox Ltd		**295**		460		19		2
3S Solvay Shared Services		**-**		39		-		-
Solvay Biologicals BV		**-**		1		-		-
CICC		**-**		169		12,743		3,234
Fournier Pharmaceuticals SA		**-**	517	800		-	1	97

The companies listed above are related parties because they are under common control with the Company

Sales of goods to related parties were made at the Company's usual list prices and purchases were made at market price

The amounts outstanding are unsecured and will be settled in cash No guarantees have been given or received No provisions have been made for doubtful debts in respect of the amounts owed by related parties

NOTES TO THE ACCOUNTS
For the year ended 31 December 2010

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors' remuneration

	2010 £'000	2009 £'000
Directors' emoluments		
Aggregate emoluments	223	203

The highest paid director received emoluments of £223,246 (2009 £203,416)

	2010 No.	2009 No.
Number of directors who are members of a defined benefit pension scheme	-	-

26. ULTIMATE AND CONTROLLING PARENT UNDERTAKING

Until 15 February 2010 the Company's ultimate and controlling parent undertaking was Solvay S A, a limited company incorporated in Belgium

At the end of the financial year the parent undertaking of the smallest and largest group of undertakings for which group accounts were drawn up and of which the Company was a member was Solvay S A

From 15 February 2010, the company became part of the Abbott Laboratories Group The immediate parent company is Abbott Healthcare B V, a company incorporated in the Netherlands The smallest and largest group into which the results of the company are consolidated is the ultimate parent company, Abbott Laboratories, incorporated in the State if Illinois, USA The consolidated accounts are available to the public and may be obtained from Abbott Laboratories, 100 Abbott Park Road, Abbott Park IL, 660064-6400 USA