PRESS RELEASE

Hikma delivers a strong performance in Branded and Injectables and makes excellent strategic progress in US Generics, transforming the future prospects of the Group

Group revenue expected to be in the range of $2.0 billion to $2.1 billion in 2016, with continuing momentum into 2017

London, 16 March 2016 – Hikma Pharmaceuticals PLC ("Hikma", "Group") (LSE: HIK) (NASDAQ Dubai: HIK) (OTC: HKMPY) (rated Ba1 Moody's / BB+ S&P , both stable), the fast growing multinational pharmaceutical group, today reports its preliminary results for the year ended 31 December 2015.

Financial highlights

- Following an exceptionally strong year in 2014, Group revenue was $1,440 million, down 3%, or up 2% in constant currency[1]
- Group gross margin was in line with 2014 at 56.8%, reflecting good cost control across all business segments
- Core operating profit[2] was $409 million, down 4%, or up 4% in constant currency, with strong profitability in Injectables and Branded offsetting expected declines in Generics
- Strong net operating cash flow of $366 million, despite a lower contribution from specific market opportunities in the Generics business
- Group profit attributable to shareholders was $252 million, down 9%, or up 2% in constant currency
- Proposed final dividend of 21 cents per share (32 cents per share for the full year), in line with the total dividend paid in 2014
- 2016 Group revenue expected to be in the range of $2.0 billion to $2.1 billion in constant currency, reflecting strong growth across all three business segments and the consolidation of ten months of revenue from Roxane

Strategic highlights

- Successful execution of the Group's growth strategy across all three business segments
- Launched 92 products and received 220 approvals, expanding and enhancing our global product portfolio
- Swift integration of Bedford, delivering new high value products for US Injectables, including three new product launches; on track to achieve target of 20 launches by 2017
- Transformational acquisition of Roxane brings significant scale and growth opportunities to the US business, adding a broad portfolio and large, differentiated pipeline
- Acquisition of EUP strengthens our capabilities in oncology and injectables in Egypt
- Balance sheet strengthened through inaugural bond issue, raising $500 million, and new $1.2 billion revolving credit facility, providing financial flexibility to support future growth

Summary financial results $ million	**2015**	2014	Change	Constant currency change
Revenue	**1,440**	1,489	-3%	+2%
Gross profit	**818**	851	-4%	+1%
Core operating profit[2]	**409**	427	-4%	+4%
EBITDA[3]	**454**	474	-4%	+4%
Core EBITDA[4]	**466**	485	-4%	+4%
Profit attributable to shareholders	**252**	278	-9%	+2%

Core profit attributable to shareholders[5]	**286**	299	-4%	+7%
Basic earnings per share (cents)	**126.6**	140.4	-10%	-
Core basic earnings per share (cents)[5]	**143.7**	151.0	-5%	-
Dividend per share (cents)[6]	**32.0**	32.0	0%	-
Net cash flow from operating activities	**366**	425	-14%	-

Said Darwazah, Chairman and Chief Executive Officer of Hikma, said:

"Following an exceptional 2014, our Branded and Injectables businesses performed strongly in 2015 and we made excellent strategic progress in US Generics, transforming the future prospects of the Group.

Our businesses in MENA are performing very well. We achieved excellent growth in our key markets in 2015 whilst continuing to invest in our pipeline to support future growth. In Europe, we made significant investments in our injectable manufacturing capabilities, utilising equipment transferred from the Ben Venue site. In the US, Bedford is now well integrated and the pace of new injectables launches is accelerating.

The integration of the acquisition of Roxane, which closed at the end of February, will be a key focus this year and will transform our non-injectables business in the US, adding complementary and well differentiated products, an attractive pipeline, proven R&D capabilities and greater overall scale.

We have taken important strategic steps this year. Our focus in the short term will be on integrating Roxane and delivering high value, differentiated product launches. From 2017, we expect the benefits from the investments that we have made in recent years – in R&D, M&A, co-development partnerships and licensing agreements – to accelerate. We have an exciting pipeline across our business segments that will drive accelerated and sustainable future growth."

Enquiries

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About Hikma

Hikma Pharmaceuticals PLC is a fast growing pharmaceutical group focused on developing, manufacturing and marketing a broad range of both branded and non-branded generic and in-licensed products. Hikma's operations are conducted through three businesses: "Branded", "Injectables" and "Generics" based primarily in the Middle East and North Africa ("MENA") region, where it is a market leader, the United States and Europe. In 2015, Hikma achieved revenues of $1,440 million and profit attributable to shareholders of $252 million.

A presentation for analysts and investors will be held today at 09:30 UK time at FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD. To join via conference call please dial: +44 (0) 203 003 2666 or 0808 109 0700 (UK toll free). Alternatively you can listen live via our website at www.hikma.com. A recording of both the meeting and the call will be available on the Hikma website. A video interview of Said Darwazah, Chairman and CEO, is available at www.hikma.com. The contents of the website do not form part of this preliminary results announcement.

Business and financial review

The business and financial review set out below summarises the performance of Hikma's three main business segments, Branded, Injectables and Generics, for the year ended 31 December 2015.

Group revenue by business segment

$ million	**2015**		2014	
Branded	**570**	**40%**	551	37%
Injectables	**710**	**49%**	713	47%
Generics	**151**	**10%**	216	15%
Others	**9**	**1%**	9	1%

Group revenue by region

$ million	**2015**		2014	
MENA	**656**	**46%**	633	43%
US	**697**	**48%**	763	51%
Europe and ROW	**87**	**6%**	93	6%

Branded

2015 highlights:

- Branded revenue up 3% to $570 million, or up 13% in constant currency
- Double digit growth in constant currency in Egypt, the GCC and Morocco and an excellent recovery in Algeria
- Branded core operating profit up 6% to $118 million, up 34% in constant currency
- Branded core operating margin was 20.7%, or 24.0% in constant currency
- Expecting the Branded business to perform in line with historical trends in 2016, on a constant currency basis

Summary financial highlights – Branded

$ million	**2015**	2014	Change	Constant currency change
Revenue	**570**	551	+3%	+13%
Gross profit	**277**	267	+4%	+18%
Gross margin	***48.6%***	*48.5%*	*+0.1pp*	*+2.2pp*
Core operating profit[7]	**118**	111	+6%	+34%
Core operating margin[8]	***20.7%***	*20.1%*	*+0.6pp*	*+3.9pp*

Branded revenue increased by 13% in 2015, before the impact of adverse movements in the Algerian dinar, Moroccan dirham, Tunisian dinar, Egyptian pound and Sudanese pound against the US dollar. On a statutory basis, Branded revenue increased by 3% to $570 million, compared with $551 million in 2014. Through a continued focus on strategic, higher value products and new product launches, we achieved double digit growth, on a constant currency basis, in each of our top markets – Algeria, Egypt, the GCC and Morocco.

In Algeria, revenue increased by 24%, or 54% in constant currency, following the restructuring we undertook in 2014. Our Egyptian business grew by 18% in constant currency, reflecting successful recent product launches, including one product for which Hikma was the first supplier on the market. In the GCC, which includes Saudi

Arabia and the UAE, revenue increased by 14%, driven by the prioritisation of strategic products, stronger distribution capabilities, and the broadening of our customer base, with an increased focus on institutions. Revenue in Morocco also grew in the double digits in constant currency, driven by new product launches and an enhanced focus on strategic products. These strong performances more than offset lower sales in Iraq and Libya, where political disruptions persist, and in Sudan, which continues to suffer from hyperinflation.

During 2015, the Branded business launched a total of 54 products across all markets, including one new compound and two new dosage forms and strengths. The Branded business also received 139 regulatory approvals across the region.

Revenue from in-licensed products increased from $219 million to $225 million in 2015, representing 40% of Branded revenue, in line with 2014. We signed three new licensing agreements for innovative products during 2015, which will help us to grow our portfolio of higher value products in growing therapeutic categories.

One of the licensing agreements signed during the year was with Vitabiotics, the UK's largest nutraceutical and vitamin company. Under the terms of the agreement, Hikma has the exclusive rights to register, market, distribute, and sell five of Vitabiotics' leading specialist products in 15 of its MENA markets. In addition, we have the exclusive rights to market, distribute and sell the full Vitabiotics product range in five of these markets. Our large sales and marketing teams are well positioned to drive strong demand for Vitabiotics' rich portfolio of products, which include some of the fastest growing supplements in the UK and eight brand leaders.

Branded gross profit increased by 4% to $277 million in 2015 and gross margin was 48.6%, compared to 48.5% in 2014. The benefit of a more favourable product mix, the strong recovery in Algeria and good control of costs were offset by the net impact of exchange rates.

Core operating profit, which excludes the amortisation of intangibles of $8 million and exceptional severance costs of $5 million, increased by 6% to $118 million, or 34% in constant currency basis. Core operating margin was 20.7%, or 24.0% in constant currency, up from 20.1% in 2014. This margin improvement primarily reflects careful management of operating expenses during the year.

In 2016, we expect the Branded business to perform in line with historical trends, on a constant currency basis. We expect revenue growth to be driven by strong underlying market growth, our focus on strategic products and the strength of our sales and marketing teams. Improvement in the Branded core operating margin is expected to be driven by revenue growth and operational leverage.

Injectables

2015 highlights:

- Global Injectables revenue of $710 million, in line with 2014 and guidance; in constant currency, Injectables revenue was up 3%
- Core operating margin increased to 43.9%, from 37.2% in 2014, well ahead of guidance, through a combination of a favourable product mix, better cost control and operating leverage
- Launched first three Bedford products and expecting a further nine Bedford launches in 2016
- Successfully resolved US FDA Warning Letter at Portuguese facility
- Expecting mid to high-single digit revenue growth in 2016 and core operating margin to return to a more normalised level of around 36%

Summary financial highlights – Injectables

$ million	**2015**	2014	Change	Constant currency change
Revenue	**710**	713	0%	+3%
Gross profit	**449**	431	+4%	+6%
Gross margin	***63.2%***	*60.4%*	*+2.8pp*	*+1.7pp*
Core operating profit[7]	**312**	265	+18%	+19%
Core operating margin[8]	***43.9%***	*37.2%*	*+6.8pp*	*+5.8pp*

Injectables revenue by region

	2015		2014	
US	**546**	**77%**	548	77%
MENA	**92**	**13%**	90	12%
Europe and ROW	**72**	**10%**	75	11%
Total	**710**		713	

In 2015, our global Injectables revenue was $710 million, in line with our expectations following the extremely strong performance in the prior year, when revenue increased by 33%, driven in part by specific market opportunities. In constant currency, global Injectables revenue increased by 3%.

US Injectables revenue was $546 million, in line with 2014. During the year, we benefited from our broad product portfolio and the continuation of certain specific market opportunities. The impact of increased competition for some of our existing products was offset by new product launches. Bedford is now well integrated into our global Injectables business and we are ahead of schedule with the technical transfer of the former Bedford products to our manufacturing sites. Three of the approvals received during the year were for former Bedford products, demonstrating the strength of our R&D and regulatory capabilities, and we are confident that we will achieve our target of 20 Bedford product launches by the end of 2017.

In November 2015, we sold the Ben Venue manufacturing facilities in Bedford, Ohio to Xellia Pharmaceuticals. The Ben Venue site included four manufacturing plants and a Quality and Development Centre ("QDC") with a team of R&D scientists. We have retained the QDC and Bedford's strong R&D team to expedite the technical transfer and reactivation of Bedford's products. We have also transferred equipment, including lyophilisers and filling lines, to our other global manufacturing facilities in the US and Europe to support our future growth plans.

MENA Injectables revenue increased by 2% to $92 million, or by 14% in constant currency. Strong growth in Algeria, Saudi Arabia and Egypt more than offset declines in Iraq and Sudan. We have enhanced our focus on sales and marketing for injectable products in MENA and expanded our dedicated Injectables team.

In September 2015, we agreed to acquire EIMC United Pharmaceuticals ("EUP"), strengthening our oncology and injectables capabilities in Egypt. The acquisition was completed in February 2016. EUP brings an attractive portfolio in these two important growth areas for Hikma, with the potential to add around 50 products by 2020. It also adds a manufacturing facility in Egypt with both oral and injectables lines. We will leverage our established market position in Egypt and large sales and marketing team to maximise the potential of EUP.

European Injectables revenue decreased by 4% to $72 million and increased by 15% in 2015 in constant currency. Higher demand for certain products and new contract manufacturing business contributed to the strong performance. In 2015, we expanded our EU registration teams and our sales and marketing capabilities in order to cover new European markets. These efforts are expected to start generating sales in 2016.

In November 2015, we received a letter from the US Food and Drug Administration ("FDA") closing out the Warning Letter received in October 2014 in respect of the manufacturing plant in Portugal. This demonstrates that the corrective actions taken in response to the Warning Letter were fully reviewed and accepted by the US FDA.

Injectables gross profit increased by 4% to $449 million in 2015, compared with $431 million in 2014. Gross margin increased to 63.2%, compared with 60.4% in 2014. This reflects continued strong sales from certain market opportunities in the US, a good performance from other higher value products and efficient management of manufacturing overhead.

Core operating profit, which excludes the gain from the sale of the Ben Venue site, related hibernation costs, proceeds from legal claims and the amortisation of intangible assets other than software, increased by 18% to $312 million in 2015. Core operating margin increased to 43.9%, up from 37.2% in 2014. The strong improvement in core operating margin reflects operational leverage resulting from good control of sales and marketing and general and administrative expenses and better management of inventories. The improvement also reflects lower R&D expenses, as $23 million of R&D expenses related to the technical transfer of the former Bedford products was capitalised on the balance sheet, in line with our accounting policies.

During 2015, the Injectables business launched a total of 37 products across all markets, including six new compounds and 10 new dosage forms and strengths. The Injectables business also received a total of 79 regulatory approvals across all regions and markets, namely 39 in MENA, 26 in Europe and 14 in the US. We also signed one new licensing agreements during 2015.

We expect Injectables revenue growth to be in the mid- to high-single digits in 2016, with competition on marketed products being more than offset by new product launches from our R&D, business development and Bedford pipelines. We expect core operating margin to return to a more normalised level of around 36%, primarily due to a change in product mix and an increase in R&D expenses.

Generics

2015 highlights:

- Generics revenue of $151 million, in line with recent guidance and down 30% on 2014, reflecting the expected decline in specific market opportunities
- Generics core operating profit of $46 million, with a core operating margin of 30.5%
- Agreed to acquire Roxane Laboratories, transforming our prospects for the Generics business
- Expecting 2016 revenue in the range of $640 million to $670 million, including ten months of contribution from Roxane and taking into account the divestiture of certain legacy products associated with the acquisition of Roxane. Core Generics operating margin is expected to be in the low double digits
- Continue to expect 2017 Roxane revenues in the range of $700 million to $750 million and Roxane EBITDA margin of around 35% over the medium term

Summary financial highlights – Generics

$ million	**2015**	2014	Change
Revenue	**151**	216	-30%
Gross profit	**89**	150	-41%
Gross margin	***58.9%***	*69.4%*	*-10.5pp*
Core operating profit[7]	**46**	113	-59%

Core operating margin[8]	***30.5%***	*52.3%*	*-21.8pp*

Generics revenue was $151 million, in line with our most recent guidance and down 30% compared to $216 million in 2014. As expected, the specific market opportunity that contributed to the very strong performance in 2014 continued to decline significantly during the course of 2015 due to increased competition. This was partially offset by strong volume growth in the legacy portfolio.

In January 2015, we launched colchicine 0.6mg capsules under the brand name Mitigare, alongside an authorised generic for Mitigare. By July, we had established a nationwide salesforce and sales began to build gradually in the second half of the year, albeit more slowly than our initial expectations. We are confident that colchicine sales will continue to grow in 2016 given our ability to significantly improve managed care access, pharmacy shelf stock and physician and patient awareness.

Generics gross profit was $89 million, compared with $150 million in 2014, and gross margin was 58.9%, compared with 69.4% in 2014, as a result of the continued decline in revenue from specific market opportunities. Core operating profit was $46 million, compared with $113 million in 2014 and core operating margin was 30.5% in 2015, compared with 52.3% in 2014. In addition to the continued decline in revenue from specific market opportunities, higher sales and marketing spend related to the establishment of a branded salesforce contributed to the decline in core operating margin.

During 2015, the Generics business launched one new compound and one new dosage form and strength, and received two product approvals. The Generics business also signed new licensing agreements for 19 new products.

On 29 February 2016, following the satisfaction of the remaining conditions to closing including shareholder approval and the divestiture of three products from our legacy Generics business (representing approximately $20 million in revenue in 2015), we completed the Roxane acquisition.

The acquisition of Roxane transforms Hikma's position, scale and potential in the US generics market, establishing Hikma as the sixth largest company by revenue[9]. It adds significant breadth to our US portfolio, bringing 88 highly differentiated products in specialised and niche segments of the market, including oncology, respiratory, extended release and controlled substances. It also enhances our pipeline, adding 89 R&D projects, including 57 Paragraph IV products, 13 of which are first-to-file opportunities. The acquisition strengthens our ability to drive sustainable long-term growth, adding Roxane's highly experienced R&D team with a successful track record of bringing new and differentiated products to market as well as a best-in-class manufacturing facility and technological capabilities. We have planned extensively for the integration of Roxane and are working to swiftly integrate it within our US Generics business.

2016 revenue for the combined Generics business is expected to be in the range of $640 million to $670 million, including ten months of contribution from Roxane and taking into account the divestiture of certain legacy products. Core Generics operating margin is expected to be in the low double digits.

We expect Roxane's full year revenue in 2016 to be below $650 million as previously disclosed, with increased competition on the current marketed portfolio partially offset by revenue from recent and planned new product launches. Roxane's revenues are then expected to increase to between $700 million to $750 million in 2017 as new product launches accelerate. We continue to expect Roxane's EBITDA margin to reach around 35% over the medium-term. This high level of profitability will be achieved through the launch of certain high value products and specific cost savings, which are expected to be in the range of $35 million to $45 million by 2017. We continue to expect the acquisition to be slightly dilutive to core earnings per share ("EPS") in 2016 and strongly accretive to core EPS thereafter.

Other businesses

Other businesses, which primarily comprise Arab Medical Containers, a manufacturer of plastic specialised medicinal sterile containers, International Pharmaceuticals Research Centre, which conducts bio-equivalency studies, and the API manufacturing division of Hikma Pharmaceuticals Limited Jordan, contributed revenue of $9 million in 2015, unchanged from 2014. These other businesses had an operating loss of $5 million in 2015, also unchanged from 2014.

Group

Group revenue was $1,440 million in 2015, down 3% from 2014. Group gross profit decreased by 4% to $818 million, compared with $851 million in 2014. Group gross margin was 56.8% compared with 57.2% in 2014.

Group operating expenses declined by 3% to $437 million, compared with $449 million in 2014. Excluding the amortisation of intangible assets (other than software) and exceptional items, Group operating expenses declined by 4% to $409 million compared with $424 million in 2014. In 2015, amortisation of intangible assets other than software was $16 million, compared to $14 million in 2014. In 2015, exceptional items included within operating expenses were $12 million, compared to $11 million in 2014, and included acquisition and integration costs related to the Roxane transaction, severance costs and non-recurring hibernation costs at the Ben Venue site, offset by a gain from the sale of the Ben Venue site and a successful litigation settlement. The paragraphs below address the Group's main operating expenses in turn.

Sales and marketing expenses were $172 million, or 12% of revenue, compared with $171 million and 11% of revenue in 2014. An increase in marketing expenses related to the establishment of a nationwide branded salesforce in the US was offset by a reduction in marketing expenses in the MENA region and lower supply related penalties.

General and administrative expenses increased by $15 million to $200 million in 2015. Excluding exceptional severance costs in the MENA region and acquisition and integration related expenses, G&A expenses increased by $6 million, or 3%, primarily due to an increase in employee benefits.

In 2015, we continued to invest in R&D across our three businesses to drive future growth. Group R&D expenditure was $36 million in 2015, compared with $55 million in 2014. An additional $35 million was invested in the technical transfer of the former Bedford products to our facilities and other product acquisitions and was capitalised on the balance sheet. In total, R&D and product-related investment represented $71 million (5% of Group revenue) during the period, compared to $79 million (5% of Group revenue) in 2014. In 2016, we expect Group R&D expense to increase to around $150 million due to the consolidation of Roxane and its high levels of R&D spend.

Other net operating expenses decreased by $9 million to $29 million. Excluding exceptional items, these expenses decreased by $1 million primarily reflecting better inventory management and a decrease in foreign exchange losses, partly offset by the additional costs of maintaining the Ben Venue manufacturing facility that was acquired in the second half of 2014.

Core Group operating profit decreased by 4% to $409 million in 2015 and operating margin was 28.4% compared with 28.7% in 2014.

Research & Development[10]

The Group's product portfolio continues to grow as a result of our product development efforts. During 2015, we launched 8 new compounds. The Group's portfolio now stands at 588 compounds in 1,681 dosage forms and strengths.[11] We manufacture and/or sell 76 of these compounds under licence from the licensor.

Across all businesses and markets, a total of 92 products were launched during 2015. In addition, the Group received 220 approvals.

To ensure the continuous development of our product pipeline, we submitted 505 regulatory filings in 2015 across all regions and markets. As of 31 December 2015, we had a total of 1,250 pending approvals across all regions and markets. At 31 December 2015, we had a total of 144 new products under development.

	Total marketed products		Products launched in 2015			Products approved in 2015	Products pending approval as at 31 December 2015
	Compounds	Dosage forms and strengths	New compounds	New dosage forms and strengths	Total launches across all countries[12]	Total approvals across all countries[12]	Total pending approvals across all countries[12]
Branded	377	1,125	1	2	54	139	524
Injectables	185	488	6	10	37	79	666
Generics	26	68	1	- 1	- 1	2	60
Group	**588**	**1,681**	**8**	**13**	**92**	**220**	**1,250**

Results from associated companies

In 2015, we recognised a loss from associated companies of $2 million related to our minority interest in Unimark Remedies Limited ("Unimark"). In addition, we impaired the remaining investment balance related to Unimark by taking an impairment charge of $7 million. In 2016, we are divesting our interest in Unimark to satisfy US FTC requirements related to closing the Roxane transaction for minimal value.

Net finance expense

Net finance expense amounted to $54 million in 2015, up from $34 million in 2014. The increase is mainly attributed to the interest paid on the $500 million 4.25% Eurobond issued in April 2015. In 2016, we expect the Group's net finance expense to be around $62 million, reflecting increased interest expense and financing fees related to Roxane. In addition, we expect to incur other non-cash expenses resulting from the revaluation of the fair value of future royalty payments.

Profit before tax

Core profit before tax decreased by 8% to $355 million, compared with $387 million in 2014.

Tax

The Group incurred a tax expense of $64 million, compared with $80 million in 2014. The effective tax rate was 20.1%, compared with 22.1% in 2014. The reduction in the effective tax rate reflects increased earnings in lower taxed jurisdictions, combined with lower earnings in the US. In 2016, the effective tax rate is expected to be around 25%. This is expected to return closer to 2014 levels over the medium term.

Profit attributable to shareholders

Profit attributable to shareholders decreased by 9% to $252 million, compared to $278 million in 2014. Core profit attributable to shareholders decreased by 4% to $286 million in 2015, compared to $299 million in 2014.

Earnings per share

Basic earnings per share decreased by 10% to 126.6 cents in 2015, compared to 140.4 cents in 2014. Core basic earnings per share decreased by 5% to 143.7 cents, compared with 151.0 cents in 2014. Core diluted earnings per share decreased by 5% to 142.3 cents, compared with 149.5 cents in 2014.

Dividend

The Board is recommending a final dividend of 21 cents per share (approximately 14.6 pence) for 2015, bringing the total dividend for the full year to 32 cents per share (approximately 22.3 pence per share), in line with total dividend paid in 2014. The proposed dividend will be paid on 19 May 2016 to shareholders on the register on 8 April 2016, subject to approval at the Annual General Meeting on 12 May 2016.

Net cash flow, working capital and net debt

The Group generated operating cash flow of $366 million in 2015, down $59 million from $425 million in 2014. This reflects the lower contribution from specific market opportunities for the Generics business and higher working capital investments in the US. Working capital days were 177 days in 2015, in line with 2014 levels.
Capital expenditure was $82 million, compared with $91 million in 2014. Of this, $40 million was spent in MENA to upgrade and maintain our equipment and facilities across a number of markets. The remaining $42 million was spent in the US and Europe, primarily to expand our Injectables manufacturing capacity, including the installation of equipment from Ben Venue. In 2016, we expect Group capital expenditure to be around $200 million including Roxane.

The Group's net debt (excluding co-development agreements) stood at $135 million at the end of 2015, compared to $274 million at the end of 2014. In April 2015, we strengthened our financing capabilities with the issuance of a $500 million Eurobond due April 2020. The proceeds were partially used to refinance existing debt facilities, including Bedford bridge loan of $225 million.

On 29 February 2016, the acquisition of Roxane closed and the net cash consideration of $575 million (net of certain working capital and other adjustments) was paid to Boehringer. In addition, 40,000,000 new shares were issued to Boehringer at a price of 1881p, bringing the combined net consideration paid at closing to approximately $1.6 billion, using the US:GBP exchange rate of 1.3879:1. The cash consideration was funded through a combination of cash and the utilisation of the Group's existing debt facilities. Should certain further targets be met, further payments could be triggered.

Balance sheet

Net assets as at 31 December 2015 totalled $1,352 million, compared to $1,216 million in 2014. Net current assets increased to $768 million, compared to $172 million in 2014.

During the period, shareholder equity was negatively impacted by an unrealised foreign exchange translation loss of $67 million, primarily reflecting movements in the Euro, the Algerian dinar, Moroccan dirham, Egyptian pound and the Sudanese pound against the US dollar and the translation of net assets denominated in these currencies.

Summary and outlook

The Group performed well in 2015, and made excellent strategic progress. The Branded business remains well positioned to continue the strong performance achieved in 2015. In 2016, we expect the Branded business to perform in line with historical trends, on a constant currency basis, driven by strong underlying market growth, our focus on strategic products and the strength of our sales and marketing teams. Improvement in the Branded core operating margin is expected to be driven by revenue growth and operational leverage.

We expect Injectables revenue growth in the mid- to high-single digits in 2016, with competition on marketed products being more than offset by new product launches from our R&D, business development and Bedford pipelines. We expect core operating margin to return to a more normalised level of around 36%, due primarily to a change in product mix and higher R&D expenses.

2016 revenue for the combined Generics is expected to be in the range of $640 million to $670 million, including ten months of contribution from Roxane and taking into account the divestiture of certain legacy products. Core Generics operating margin is expected to be in the low double digits.

We expect Roxane's full year revenue in 2016 to be below $650 million, increasing to between $700 million to $750 million in 2017, as previsouly disclosed. We expect Roxane's EBITDA margin to reach around 35% over the medium-term. This high level of profitability will be achieved through the launch of high value products and cost savings, which are expected to be in the range of $35 million to $45 million by 2017. We continue to expect the acquisition to be slightly dilutive to core earnings per share ("EPS") as we integrate the business in 2016 and strongly accretive to core EPS thereafter.

Overall, we are expecting Group revenue in 2016 to be in the range of $2.0 to $2.1 billion including the contribution of ten months of revenue from Roxane, with continuing momentum into 2017.

Our statutory results in 2016 will be impacted by a number of exceptional, non-cash and other charges including the amortisation of intangible assets, an inventory step up, the revaluation of the fair value of future royalty payments and one-off acquisition and integration costs. In aggregate, these charges are currently expected to impact statutory net income by around $115 million.

Responsibility statement

The responsibility statement below has been prepared in connection with company's full annual report for the year ended 31 December 2015. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;

- The business and financial review, which is incorporated into the strategic report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face: and

- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to access the company's performance, business model and strategy.

By order of the Board

Said Darwazah
Chief Executive Officer

Khalid Nabilsi
Chief Financial Officer

15 March 2016

Cautionary statement

This preliminary announcement has been prepared solely to provide additional information to the shareholders of Hikma to assess the Group's strategies and the potential for those strategies to succeed. It should not be relied on by any other party or for any other purpose.

Forward looking statements

This announcement may contain statements which are, or may be deemed to be, "forward looking statements" which are prospective in nature. All statements other than statements of historical fact may be forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward looking words such as "intends", "believes", "anticipates", "expects", "estimates", "forecasts", "targets", "aims", "budget", "scheduled" or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Where included, such statements have been made by Hikma in good faith based on the information available to it up to the time of the approval of this announcement. By their nature, forward looking statements are based on current expectations, assumptions and projections about future events and therefore involve inherent risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements, and should be treated with caution. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described in this announcement. Forward looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future and a variety of factors, many of which are beyond Hikma's control, could cause actual results to differ materially from those projected or implied in any forward-looking statements. You should not place undue reliance on forward-looking statements, which speak as only of the date of the approval of this announcement.

Except as required by law, Hikma is under no obligation to update or keep current the forward looking statements contained in this announcement or to correct any inaccuracies which may become apparent in such forward looking statements. Except as expressly provided in this announcement, no forward looking or other statements have been reviewed by the auditors of Hikma. All subsequent oral or written forward looking statements attributable to the Hikma or any of its members, directors, officers or employees or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

Principal risks and uncertainties

The Board has resolved that the principal risks and uncertainties facing the Group are:

Risk	Description	Mitigation and control

• Product Quality	• Situations resulting in poor manufacturing quality of products have the potential to lead to:
	  ○ Harm to end users resulting in liability and reputational issues
	  ○ Regulatory action that could result in the closure of facilities and consequential loss of opportunity and potential failure to supply obligations
	  ○ Delayed or denied approvals for new products
	  ○ Product recalls
		• Global quality programme which leads the manufacturing processes in all sites
		• The 11 FDA approved facilities are regularly assessed by the regulator
		• Documented procedures are continuously improved and staff receive training on those procedures on a regular basis
		• Global quality issues team with extensive experience of implementing corrective action when issues arise
		• Global product liability insurance and crisis management team
		• Adopt a "quality by design" approach for all of our manufacturing facilities
		• Continued environment and health certifications

• API sourcing	• API and raw materials represent one of the Group's largest cost components • As is typical in the pharmaceuticals industry, a significant proportion of the Group's API requirements is provided by a small number of API suppliers • There is a risk that it will not be possible to secure or maintain adequate levels of API supplies in the future • Regulatory approval of a new supplier can be lengthy and supplies may be disrupted if the Group is forced to replace a supplier which failed to meet applicable regulatory standards or terminated its arrangements with the Group	• Maintaining alternative API suppliers for each of the Group's products, where possible • API suppliers are carefully selected and the Group endeavours to build long-term partnerships with exclusive supply • The Group has a dedicated plant in Jordan which can synthesise API, where appropriate • Utilizing supply chain models to maintain adequate API levels
• MENA & Emerging Markets	• Hikma operates in MENA and emerging markets which have historically higher levels of political and social instability which can result in an inability to conduct business in those markets for a substantial period of time	• Geographic diversity reduces the impact of issues arising in one jurisdiction • Strong regulatory team that proactively monitors possible regulatory changes • Building and nurturing local business relationships whilst upholding the highest ethical standards

		• Monitoring and reviewing economic developments
• New Product Pipeline	• A significant proportion of Group profits derive from a relatively small portfolio of higher margin products	• Internal marketing and business development departments monitor and assess the market for arising opportunities • Expansive global product portfolio with increased focus on high value products • Experienced internal regulatory teams developing products and overseeing joint venture activities • Product related acquisitions (e.g. acquisition of Roxane) • Third party pharmaceutical product specialists are assisting in the development of manufacturing processes for new generic products where the patent has recently expired • Strong R&D teams that are assisted centrally in the implementation and management of projects
• Industry earnings	• The dynamics of the generic pharmaceutical industry includes numerous volatile elements such as regulatory interventions, drug approval patterns, competitor strategies and pricing that are difficult to anticipate and may affect profitability	• Operating in wide range of countries, products and therapeutic areas • Diversification of manufacturing capability and capacity • Active product life cycle and pricing management in the MENA region • Identify market opportunities and develop appropriate pricing strategies whilst responsibly applying price charges in the US

• Acquisitions	• The Group strategy is to pursue value adding acquisitions to expand the product portfolio, acquire manufacturing capabilities and expand in existing and emerging markets. There is risk of misjudging key elements of an acquisition or failing to integrate the assets, particularly where they are distressed • An acquisition of a large-scale target may entail financing-related risks and operating expenses and significantly increase the Group's leverage if financed with debt	• The mergers and acquisitions team undertake extensive due diligence of each acquisition, including legal, financial, compliance and commercial and utilize multiple valuation approaches in assessing target acquisition value • Executive Committee reviews and tests major acquisitions before they are considered by the Board • The Board is willing and has demonstrated its ability to refuse acquisitions where it considers the price is too high • Dedicated integration project teams are assigned for the acquisition, which are led by the business head responsible for proposing the opportunity • A variety of funding options are available to the Group to finance acquisitions
• Compliance	• The pharmaceutical industry and certain MENA markets are considered to be higher risk in relation to sales practices. Improper conduct by employees could seriously damage the reputation and licence to do business	• Board level - Compliance, Responsibility and Ethics committee • Code of Conduct approved by the Board, translated into 7 languages and signed by all employees • ABC compliance programme monitored by the CREC • 2,200 employees received ABC compliance training in 2014 • Sales and marketing and other ABC compliance policies and procedures are created, updated and rolled out • Active participation in international anti-corruption intiatives (e.g. PACI, UN Global Compact)

• Financial	• The Group is exposed to a variety of financial risks similar to most major international manufacturers such as liquidity, exchange rates, tax uncertainty and debtor default	• Extensive financial control procedures have been implemented and are assessed annually as part of the internal audit programme • A network of banking partners is maintained for lending and deposits • Management monitors debtor payments and takes action where necessary • Where it is economic and possible to do so, the Group hedges its exchange rate and interest rate exposure • Management obtains external advice to help manage tax exposures and has upgraded internal tax control systems
• Legal, intellectual property and regulatory	• The Group is exposed to a variety of legal, IP and regulatory risks similar to most relevant major international industries such as litigation, investigations, sanctions and potential business disruptions	• Expert internal departments that enhance policies, processes, embed compliance culture, raise awareness and train staff • First class expert external advice is procured to provide independent services and ensure highest standards • Board of Directors and management provide leadership and take action as necessary
• Information technology	• If information and data are not adequately secured and protected (data security, access controls), this could result in: o Increased internal/ external security threats o Compliance and reputational damages o Regulatory and legal litigation in case of failure to manage personal data o Reduced information accountability due to limited sensitive data access controls	• Utilise appropriate levels of industry-standard information security solutions for critical systems • Continue to stay abreast of cyber-risk activity and where necessary, implement changes to combat this • Improved alignment between IT and business strategy

• Organizational Growth	• The fast growing pace of the organization carries the inherent risk to maintaining adequate talent acquisition strategies, organizational structure and or/management processes that serve the changing needs of the organization. In turn, this may affect other risks within the company	• Keeping our organization structures and accountabilities under review, and maintaining the flexibility to make changes smoothly as requirements change • Employ HR programs that attract, manage and develop talent within the organization • Continuously upgrade management processes that meet so that they become and remain the standard of global company of our size
• Reputational	• Reputational risk inescapably arises as a by-product of other risk and from taking intricate business decisions. However, we view our reputation as one of our most valuable asset, as risks facing our reputation may affect our ability to conduct core business operations.	• Monitor the internal and external sources that might signal reputational issues • Sustain corporate responsibility and ethics through transparent reporting and compliance with global best practices (e.g. GHG emissions, UN Global Compact) • Respond quickly and conscientiously to any issue that threatens our reputation, and maintain access to world class expertise that can help us in this respect.

[1]Constant currency numbers in 2015 represent statutory 2015 numbers re-stated using average exchange rates in 2015
[2]Before the amortisation of intangible assets other than software and exceptional items included in operating profit, as set out in note 4 to the financial information; previously referred to as adjusted operating profit
[3]Earnings before interest, tax, depreciation and amortisation. EBITDA is stated before impairment charges and share of results from associated companies
[4]EBITDA before exceptional items
[5]Before the exceptional items and other adjustments as set out in note 4 to the financial information.
[6]In 2014, Hikma paid a total combined dividend of 32.0 cents per share, comprised of a full year dividend of 22.0 cents per share and a special dividend of 10.0 cents per share
[7]Before the amortisation of intangible assets other than software and exceptional items included in operating profit, as set out in note 4 to the financial information; previously referred to as adjusted operating profit.
[8]Before the amortisation of intangible assets other than software and exceptional items included in operating profit, as set out in note 4 to the financial information; previously referred to as adjusted operating margin
[9]IMS Healthcare, MAT sales value December 2015, adjusted to reflect recent M&A activity
[10]Products are defined as pharmaceutical compounds sold by the Group. New compounds are defined as pharmaceutical compounds being introduced for the first time during the period and existing compounds being introduced into a new segment
[11]Totals include 71 dermatological and cosmetic compounds in 282 dosage forms and strengths that are only sold in Morocco.
[12]Totals include all compounds and formulations that are either launched or approved or pending approval across all markets, as relevant

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015 Core results $m**	**2015 Exceptional items and other adjustments (note 4) $m**	**2015 Statutory results $m**	2014 Core results $m	2014 Exceptional items and other adjustments (note 4) $m	2014 Statutory results $m
Continuing operations							
Revenue	3	**1,440**	**-**	**1,440**	1,489	-	1,489
Cost of sales	3	**(622)**	**-**	**(622)**	(638)	-	(638)
Gross profit	3	**818**	**-**	**818**	851	-	851
Sales and marketing expenses		**(156)**	**(16)**	**(172)**	(157)	(14)	(171)
General and administrative expenses		**(180)**	**(20)**	**(200)**	(174)	(11)	(185)
Research and development expenses		**(36)**	**-**	**(36)**	(55)	-	(55)
Other operating expenses (net)		**(37)**	**8**	**(29)**	(38)	-	(38)
Total operating expenses		**(409)**	**(28)**	**(437)**	(424)	(25)	(449)
Operating profit	3	**409**	**(28)**	**381**	427	(25)	402
Loss/impairment of associates		**(2)**	**(7)**	**(9)**	(6)	-	(6)
Finance income		**3**	**-**	**3**	4	-	4
Finance expense		**(55)**	**(2)**	**(57)**	(38)	-	(38)
Profit before tax		**355**	**(37)**	**318**	387	(25)	362
Tax	5	**(67)**	**3**	**(64)**	(84)	4	(80)
Profit for the year		**288**	**(34)**	**254**	303	(21)	282
Attributable to:							
Non-controlling interests		**2**	**-**	**2**	4	-	4
Equity holders of the parent		**286**	**(34)**	**252**	299	(21)	278
		288	**(34)**	**254**	303	(21)	282
Earnings per share (cents)							
Basic	7	**143.7**		**126.6**	151.0		140.4
Diluted	7	**142.3**		**125.4**	149.5		139.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	$m	**$m**
Profit for the year	**254**	282
Items that may be reclassified subsequently to the income statement:		
Cumulative effect of change in fair value of financial derivatives	**-**	1
Exchange difference on translation of foreign operations	**(67)**	(53)
Total comprehensive income for the year	**187**	230
Attributable to:		
Non-controlling interests	**(2)**	3
Equity holders of the parent	**189**	227
	187	230

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2015

	Note	**2015 $m**	2014 $m
Non-current assets			
Intangible assets		**607**	602
Property, plant and equipment		**507**	514
Investment in associates and joint ventures		**7**	16
Deferred tax assets		**70**	67
Financial and other non-current assets		**46**	39
		1,237	1,238
Current assets			
Inventories	8	**251**	273
Income tax asset		**3**	10
Trade and other receivables	9	**488**	439
Collateralised and restricted cash		**40**	8
Cash and cash equivalents		**553**	280
Other current assets		**25**	3
		1,360	1,013
Total assets		**2,597**	2,251
Current liabilities			
Bank overdrafts and loans		**115**	393
Obligations under finance leases		**1**	1
Trade and other payables	10	**276**	248
Income tax provision		**75**	65
Other provisions		**28**	25
Other current liabilities	11	**97**	109
		592	841
Net current assets		**768**	172
Non-current liabilities			
Long-term financial debts	12	**590**	145
Obligations under finance leases		**22**	23
Deferred tax liabilities		**21**	25
Other non-current liabilities	13	**20**	1
		653	194
Total liabilities		**1,245**	1,035
Net assets		**1,352**	1,216
Equity			
Share capital	14	**35**	35
Share premium		**282**	281
Own shares		**(1)**	(1)
Other reserves		**1,021**	882
Equity attributable to equity holders of the parent		**1,337**	1,197
Non-controlling interests		**15**	19
Total equity		**1,352**	1,216

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Merger and Revaluation reserves $m	**Translation reserves $m**	**Retained earnings $m**	**Total reserves $m**	**Share capital $m**	**Share premium $m**	**Own shares $m**	**Total equity attributable to equity shareholders of the parent $m**	**Non-controlling interests $m**	**Total equity $m**
Balance at 1 January 2014	38	(46)	712	704	35	281	(3)	1,017	17	1,034
Profit for the year	-	-	278	278	-	-	-	278	4	282

Cumulative effect of change in fair value of financial derivatives	-	-	1	1	-	-	-	1	-	1
Currency translation loss	-	(52)	-	(52)	-	-	-	(52)	(1)	(53)
Total comprehensive income for the year	-	(52)	279	227	-	-	-	227	3	230
Cost of equity-settled employee share scheme	-	-	8	8	-	-	-	8	-	8
Exercise of equity-settled employee share scheme	-	-	(2)	(2)	-	-	2	-	-	-
Dividends on ordinary shares (Note 6)	-	-	(55)	(55)	-	-	-	(55)	(1)	(56)
Balance at 31 December 2014 and 1 January 2015	38	(98)	942	882	35	281	(1)	1,197	19	1,216
Profit for the year	-	-	252	252	-	-	-	252	2	254
Currency translation Loss	-	(63)	-	(63)	-	-	-	(63)	(4)	(67)
Total comprehensive income for the year	-	(63)	252	189	-	-	-	189	(2)	187
Issue of equity shares	-	-	-	-	-	1	-	1	-	1
Cost of equity-settled employee share scheme	-	-	15	15	-	-	-	15	-	15
Deferred tax arising on share-based payments	-	-	(1)	(1)	-	-	-	(1)	-	(1)
Dividends on ordinary shares (Note 6)	-	-	(64)	(64)	-	-	-	(64)	(2)	(66)
Balance at 31 December 2015	38	(161)	1,144	1,021	35	282	(1)	1,337	15	1,352

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015** **$m**	2014 $m
Net cash from operating activities	15	**366**	425
Investing activities			
Purchases of property, plant and equipment		**(82)**	(91)
Proceeds from disposal of property, plant and equipment	4	**31**	1
Purchase of intangible assets		**(55)**	(27)
Proceeds from disposal of intangible assets		**-**	1
Investment in financial and other non-current assets		**-**	(5)
Investment in available for sale investments		**(1)**	-
Investments designated at fair value		**(20)**	-
Acquisition of business undertakings net of cash acquired		**-**	(225)
Finance income		**3**	4
Acquisition related amounts held in escrow account	18	**(38)**	-
Net cash used in investing activities		**(162)**	(342)
Financing activities			
Increase/(decrease) in collateralised and restricted cash		**6**	(1)
Increase in long-term financial debts		**529**	5
Repayment of long-term financial debts		**(91)**	(121)
(Decrease)/increase in short-term borrowings		**(270)**	241
Dividends paid		**(64)**	(55)
Dividends paid to non-controlling shareholders of subsidiaries		**(2)**	(1)
Interest paid		**(49)**	(38)

Proceeds from issue of new shares	**1**	-
Proceeds from co-development and earnout payment agreement	**17**	-
Net cash generated by financing activities	**77**	30
Net increase in cash and cash equivalents	**281**	113
Cash and cash equivalents at beginning of year	**280**	168
Foreign exchange translation movements	**(8)**	(1)
Cash and cash equivalents at end of year	**553**	280

1. Accounting policies

Basis of preparation

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under S498 (2) or (3) of the Companies Act 2006. Hikma Pharmaceuticals PLC's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared under the historical cost convention, except for the revaluation to market of certain financial assets and liabilities. The preliminary announcement is based on the Company's financial statements. The Group's previously published financial statements were also prepared in accordance with International Financial Reporting Standards. These International Financial Reporting Standards have been subject to amendment and interpretation by the International Accounting Standards Board and the financial statements presented for the years ended 31 December 2015 and 31 December 2014 have been prepared in accordance with those revised standards. Unless stated otherwise these policies are in accordance with the revised standards that have been applied throughout the year and prior years presented in the financial statements. The presentational and functional currency of Hikma Pharmaceuticals PLC is the US Dollar as the majority of the Company's business is conducted in US Dollars ($).

Adoption of new and revised standards

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, however, may impact the accounting for future transactions and arrangements.

Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
Annual improvements to IFRSs: 2011 – 2013	

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
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation

IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IFRS 15	Revenue from Contracts with Customers
IAS 19 (amendments)	Defined Benefit Plans: Employees Contributions
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and it Associate or Joint venture
Annual improvements to IFRSs: 2010 – 2012	
Annual improvements to IFRSs: 2012 – 2014 Cycle	
IAS 1 (Amendments)	Disclosure Initiative
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exemption
IFRS 16	Leases
IAS 12 (Amendments)	Recognition of deferred tax assets for unrealised losses

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effects of IFRS 9, IFRS 15 and IFRS 16 until a detailed review has been completed.

2. Going concern

The Directors of Hikma ("Directors") believe that the Group is well diversified due to its geographic spread, product diversity and large customer and supplier base. The Group operates in the relatively defensive generic pharmaceuticals industry, which the Directors expect to be insulated from wider economic conditions.

The Group's overall net debt position was $135 million at 31 December 2015 compared to $274 million in December 2014. Operating cash flow in 2015 was $366 million, compared to $425 million in 2014. The Group has $1,374 million of undrawn short term and long term banking facilities, compared to $839 million in 2014, in addition to $205 million of unutilised import and export financing limits compared to $180 million in 2014. These facilities are well diversified across the subsidiaries of the Group and are with a number of financial institutions. The Group's forecasts, taking into account reasonable possible changes in trading performance, facility renewal sensitivities, maturities of long-term debt, and the acquisition of Roxane, show that the Group should be able to operate well within the levels of its facilities and their related covenants. The acquisition of Roxane has been financed through a combination of cash reserves, and utilization of the Group's existing debt facilities.

During the year the Group agreed to purchase Roxane from Boehringer Ingelheim, the transaction was closed on 29 February 2016. In addition to the payment of $575 million in cash, the transaction was also financed by the issue of 40 million shares, increasing the issued capital of the Company by 20%. Adjusting for the Roxane acquisition, our net debt at 31 December 2015 would have been $710 million.

After making enquiries, the Directors believe that the Group is adequately placed to manage its business and financing risks successfully despite the current uncertain economic and political outlook. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

3. Segmental reporting

For management purposes, the Group is currently organised into three principal operating divisions – Branded, Injectables and Generics. These divisions are the basis on which the Group reports its segmental information.

The Group discloses underlying operating profit as the measure of segmental result, as this is the principle measure used in decision-making and resource allocation by the chief operating decision maker, who is the Group's Chief Executive Officer.

Information regarding the Group's operating segments is reported below.

The following is an analysis of the Group's revenue and results by reportable segment in 2015:

Year ended 31 December 2015	Branded $m	Injectables $m	Generics $m	Others $m	Group $m
Revenue	**570**	**710**	**151**	**9**	**1,440**
Cost of sales	**(293)**	**(261)**	**(62)**	**(6)**	**(622)**
Gross profit	**277**	**449**	**89**	**3**	**818**
Core segment result	**118**	**312**	**46**	**(5)**	**471**
Exceptional items:					
- Integration costs	**-**	**-**	**(2)**	**-**	**(2)**
- Severance costs	**(5)**	**(1)**	**-**	**-**	**(6)**
- Proceeds from legal claims	**-**	**2**	**-**	**-**	**2**
- Gain from sale of assets, net	**-**	**6**	**-**	**-**	**6**
Intangible amortisation other than software	**(8)**	**(8)**	**-**	**-**	**(16)**
Segment result	**105**	**311**	**44**	**(5)**	**455**
Core unallocated corporate expenses					**(62)**
Exceptional items:					
- Acquisition related expenses					**(12)**
Unallocated corporate expenses					**(74)**
Core operating profit					**409**
Operating profit					**381**
Loss/impairment of associates					**(9)**
Finance income					**3**
Finance expense					**(57)**
Profit before tax					**318**
Tax					**(64)**
Profit for the year					**254**
Attributable to:					
Non-controlling interest					**2**
Equity holders of the parent					**252**
					254

Segment result is defined as operating profit for each segment.

"Others" mainly comprises Arab Medical Containers Ltd, International Pharmaceutical Research Center Ltd and the chemicals division of Hikma Pharmaceuticals Ltd (Jordan).

Unallocated corporate expenses are primarily made up of employee costs, professional fees, travel expenses and donations.

Segment assets and liabilities 2015	Branded $m	Injectables $m	Generics $m	Corporate and others $m	Group $m
Additions to property, plant and equipment (cost)	**24**	**39**	**15**	**7**	**85**
Remeasurement of property, plant and equipment (note 17)	**-**	**(1)**	**-**	**-**	**(1)**
Additions to intangible assets	**5**	**41**	**8**	**2**	**56**
Remeasurement of Intangible assets (note 17)	**-**	**(8)**	**-**	**-**	**(8)**

Total property, plant and equipment and intangible assets (net book value)	**478**	**532**	**81**	**23**	**1,114**
Depreciation and impairment	**22**	**19**	**8**	**2**	**51**
Amortisation and impairment (including software)	**9**	**11**	**1**	**1**	**22**
Investment in associates and joint ventures	**-**	**-**	**-**	**7**	**7**
Balance sheet					
Total assets	**1,108**	**829**	**165**	**495**	**2,597**
Total liabilities	**453**	**397**	**309**	**86**	**1,245**

The following is an analysis of the Group's revenue and results by reportable segment in 2014:

Year ended 31 December 2014	**Branded $m**	**Injectables $m**	**Generics $m**	**Others $m**	**Group $m**
Revenue	551	713	216	9	1,489
Cost of sales	(284)	(282)	(66)	(6)	(638)
Gross profit	267	431	150	3	851
Core segment result	111	265	113	(5)	484
Exceptional items:					
Intangible amortisation other than software	(9)	(5)	-	-	(14)
Segment result	102	260	113	(5)	470
Core unallocated corporate expenses					(57)
Exceptional items:					
- Acquisition related expenses					(11)
Unallocated corporate expenses					(68)
Core operating profit					427
Operating profit					402
Loss from associates					(6)
Finance income					4
Finance expense					(38)
Profit before tax					362
Tax					(80)
Profit for the year					282
Attributable to:					
Non-controlling interest					4
Equity holders of the parent					278
					282

Segment result is defined as operating profit for each segment.

"Others" mainly comprise Arab Medical Containers Ltd, International Pharmaceutical Research Center Ltd and the chemicals division of Hikma Pharmaceuticals Ltd (Jordan).

Unallocated corporate expenses are primarily made up of employee costs, office costs, professional fees, donations and travel expenses.

Segment assets and liabilities 2014	**Branded $m**	**Injectables $m**	**Generics $m**	**Corporate and others $m**	**Group $m**
Additions to property, plant and equipment (cost)	48	31	8	2	89
Acquisition of business' property, plant and equipment (net book value)	-	53	-	-	53
Additions to intangible assets	4	16	4	1	25
Intangible assets arising on acquisition	-	174	-	-	174
Total property, plant and equipment and intangible assets (net book value)	511	528	70	7	1,116
Depreciation and impairment	22	18	7	2	49
Amortisation and impairment (including software)	10	13	-	-	23
Investment in associates and joint ventures	-	-	-	16	16
Balance sheet					
Total assets	1,123	770	175	183	2,251

Total liabilities	481	405	92	57	1,035

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2015	2014
	$m	$m
Middle East and North Africa	**656**	633
United States	**697**	763
Europe and Rest of the World	**82**	89
United Kingdom	**5**	4
	1,440	1,489

The top selling markets were as below:

	2015	2014
	$m	$m
United States	**697**	763
Saudi Arabia	**162**	146
Algeria	**113**	86
	972	995

Included in revenues arising from the Generics and Injectables segments are revenues of approximately $173 million (2014: $221 million) which arose from the Group's largest customer which is located in the United States.

The following is an analysis of the total non-current assets excluding deferred tax and financial instruments and an analysis of total assets by the geographical area in which the assets are located:

	Total non-current assets excluding deferred tax and financial instruments as at 31 December		Total assets as at 31 December	
	2015	2014	**2015**	2014
	$m	$m	**$m**	$m
Middle East and North Africa	**577**	606	**1,174**	1,202
Europe	**135**	141	**146**	195
United States	**390**	368	**811**	648
United Kingdom	**63**	55	**466**	206
	1,165	1,170	**2,597**	2,251

4. Exceptional items and other adjustments

Exceptional items are disclosed separately in the consolidated income statement to assist in the understanding of the Group's underlying performance.

Exceptional items	**2015** **$m**	**2014** **$m**
Acquisition and integration related costs	**(14)**	(11)
Severance costs	**(6)**	-
Proceeds from legal claims	**2**	-
Gain from sale of assets, net	**6**	-
Exceptional items included in operating profit	**(12)**	(11)
Impairment of investment in associates	**(7)**	-
Exceptional items included in profit	**(19)**	(11)
Other adjustments		
Intangible amortisation other than software	**(16)**	(14)
Co-development and earnout payment agreement finance cost (note 13)	**(2)**	-
Exceptional items and other adjustments	**(37)**	(25)
Tax effect	**3**	4
Impact on profit for the year	**(34)**	(21)

Exceptional items:

- Acquisition and integration related expenses are costs incurred in relation to the acquisition of Roxane laboratories Inc. and Boehringer Ingelheim (together "Roxane "), which was closed on 29 February 2016. Acquisition related expenses are included in the unallocated corporate expenses, while integration related

expenses are included in segment results. Acquisition related expenses mainly comprise third party consulting services, legal and professional fees.

- Severance expenses in 2015 related to restructuring of management teams mainly in MENA.
- Proceeds from legal claims refers to cash received in settlement of an indemnification claim in the US.
- Gain from sale of the assets related to the sale of Bedford manufacturing facilities to Xellia Pharmaceuticals for a cash consideration of $30 million. The gain is net of hibernation costs related to the assets.
- Impairment of investment in associates represents the impairment of the remaining investment balance related to Unimark Remedies limited. Hikma's share in Unimark Remedies Limited is being divested during 2016.

Other adjustments:

- Co-development and earnout payment agreement finance cost represents the difference resulting on remeasurement of the fair value of the liability associated with the future earnout payments to be made in relation to the agreement. (note 13)

In previous periods exceptional items related to the following:
Acquisition related expenses were costs incurred from acquiring Bedford Laboratories, these expenses were included in the unallocated corporate expenses and mainly comprise third party consulting services, legal and professional fees.

5. Tax

	2015	2014
	$m	$m
Current tax:		
Foreign tax	**68**	82
Adjustments to prior year	**1**	(9)
Deferred tax	**(5)**	7
	64	80

UK corporation tax is calculated at 20.2% (2014: 21.5%) of the estimated assessable profit made in the UK for the year.

The Group incurred a tax expense of $64 million, compared with $80 million in 2014. The effective tax rate is 20.1%, (2014: 22.1%). The reduction in the effective tax rate reflects increased earnings in lower taxed jurisdictions, combined with lower earnings in the US. In 2016, the effective tax rate is expected to be around 25%. This is expected to return closer to 2014 levels over the medium term.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

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

	2015	2014*
	$m	$m
Profit before tax	**318**	362
Tax at the UK corporation tax rate of 20.2% (2014: 21.5%)	**64**	78
Profits taxed at different rates	**(13)**	12
Permanent differences	**(11)**	(37)
Temporary differences for which no benefit is recognised	**11**	13
Change in provision for uncertain tax positions	**11**	20
State and local taxes	**1**	3
Prior year adjustments	**1**	(9)
Tax expense for the year	**64**	80

*The format of the 2015 tax reconciliation has been expanded to clarify the reconciling items. For consistency, we have re-classified the 2014 tax reconciliation using the same methodology.

Further details of the elements of the tax reconciliation are described below:

Profits taxed at different rates refer to non-UK profits taxed at statutory rates different from the UK statutory rate.

Permanent differences relate principally to income which is not subject to tax due to statutory exemptions.

Temporary differences for which no benefit is recognised includes items on which it is not possible to book deferred tax and comprise mainly of the impact of creating/(utilising) unrecognised temporary differences.

Prior year adjustments include amounts settled with tax authorities which differ from the amounts previously provided.

6. Dividends

	2015 $m	2014 $m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2014 of 15.0 cents (2013: 13.0 cents) per share	**30**	**25**
Interim dividend for the year ended 31 December 2015 of 11.0 cents (2014: 7.0 cents) per share	**22**	**14**
Special final dividend for the year ended 31 December 2014 of 6.0 cents (2013: 4.0 cents) per share	**12**	**8**
Special Interim dividend for the year ended 31 December 2015 of nil (2014: 4.0 cents) per share	**-**	**8**
	64	**55**

The proposed final dividend for the year ended 31 December 2015 is 21.0 cents (2014: 15.0 cents plus 6.0 cents as a special dividend) per share. This brings the full year dividend to 32.0 cents (2014: 22.0 cents plus 10.0 cents as a special dividend).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 12 May 2016 and has not been included as a liability in these financial statements. Based on the number of shares in issue at 31 December 2015 (199,421, 000), the unrecognised liability is $42 million.

7. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares. The number of ordinary shares used for the basic and diluted calculations is shown in the table below. Core basic earnings per share and Core diluted earnings per share are intended to highlight the Core results of the Group before exceptional items and other adjustments. A reconciliation of the basic and core earnings used is also set out below:

	2015 $m	2014 $m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**252**	278
Exceptional items (note 4)	**19**	11
Other adjustments:		
-Intangible amortisation other than software (note 4)	**16**	14
-Co-development and earnout payment agreement finance cost (note 4)	**2**	-
Tax effect of adjustments (note 4)	**(3)**	(4)
Core earnings for the purposes of Core basic and diluted earnings per share being adjusted net profit attributable to equity holders of the parent	**286**	299

Number of shares	**Number 'm**	Number 'm
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**199**	198
Effect of dilutive potential Ordinary Shares:		
Share-based awards	**2**	2
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**201**	200

	2015 Earnings per share Cents	2014 Earnings per share Cents
Basic	**126.6**	140.4
Diluted	**125.4**	139.0
Core basic	**143.7**	151.0
Core diluted	**142.3**	149.5

8. Inventories

	As at 31 December	
	2015	2014
	$m	$m
Finished goods	**55**	60
Work-in-progress	**33**	33
Raw and packing materials	**152**	159
Goods in transit	**11**	21
	251	273

Goods in transit includes inventory held at third parties whilst in transit between Group companies.

9. Trade and other receivables

	As at 31 December	
	2015	2014
	$m	$m
Trade receivables	**432**	384
Prepayments	**39**	42
VAT and sales tax recoverable	**15**	12
Employee advances	**2**	1
	488	439

10. Trade and other payables

	As at 31 December	
	2015	2014
	$m	$m
Trade payables	**139**	129
Accrued expenses	**122**	105
Other payables	**15**	14
	276	248

Other payables mainly include employees' provident fund liability of $5 million (31 December 2014: $5 million), which mainly represents the outstanding contributions to the Hikma Pharmaceuticals Ltd (Jordan) retirement benefit plan, on which the fund receives 5% interest.

11. Other current liabilities

	As at 31 December	
	2015	2014
	$m	$m
Deferred revenue	**16**	46
Return and free goods provision	**49**	35
Others*	**32**	28
	97	109

*The others balance above includes rebate liabilities across the Group.

12. Long-term financial debts

	As at 31 December	
	2015	2014
	$m	$m
Long-term loans	**141**	209
Long-term borrowings (Eurobond)	**494**	-
Less: current portion of loans	**(45)**	(64)
Long-term financial loans	**590**	145
Breakdown by maturity:		
Within one year	**45**	64
In the second year	**35**	65
In the third year	**20**	51

In the fourth year	**17**	13
In the fifth year	**513**	9
Thereafter	**5**	7
	635	209
Breakdown by currency:		
US Dollar	**589**	173
Euro	**3**	6
Jordanian Dinar	**-**	4
Algerian Dinar	**6**	13
Saudi Riyal	**1**	-
Egyptian Pound	**33**	8
Tunisian Dinar	**3**	5
	635	209

The loans are held at amortised cost.

13. Other non-current liabilities

Co-development and earnout payment agreement

The liability mainly relates to the fair value of future payments on a co-development and earnout agreement. Through this agreement, milestone payments dependent on successful clinical development of defined products are received by the Group. In return of receiving such milestone payments, the Group has agreed to pay the contracting party a certain percentage of future sales of those products. As at 31 December 2015, the liability associated with these earnout payments was adjusted to reflect the present value of the expected future cash outflows and the difference is presented as a financing cost.

14. Share capital

Issued and fully paid – included in shareholders' equity:

	2015		2014	
	Number 'm	**$m**	Number 'm	$m
At 1 January	**199**	**35**	198	35
Issued during the year	**1**	**-**	1	-
At 31 December	**200**	**35**	199	35

15. Net cash from operating activities

	2015	**2014**
	$m	**$m**
Profit before tax	**318**	362
Adjustments for:		
Depreciation, amortisation, and impairment of:		
Property, plant and equipment	**51**	49
Intangible assets	**22**	23
Investment in associate	**7**	-
(Gain)/Loss on disposal of property, plant and equipment	**(11)**	1
Gain on disposal of intangible assets	**-**	(1)
Movement on provisions	**3**	5
Cost of equity-settled employee share scheme	**15**	8
Finance income	**(3)**	(4)
Interest and bank charges	**57**	38
Results from associates	**2**	6
Cash flow before working capital	**461**	487

Change in trade and other receivables	**(78)**	(16)
Change in other current assets	**(1)**	-
Change in inventories	**4**	2
Change in trade and other payables	**28**	24
Change in other current liabilities	**3**	7
Cash generated by operations	**417**	504
Income tax paid	**(51)**	(79)
Net cash generated from operating activities	**366**	425

16. Related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and other related parties are disclosed below.

Trading transactions:
During the year, Group companies entered into the following transactions with related parties:

Darhold Limited: is a related party of the Group because it is considered one of the major shareholders of Hikma Pharmaceuticals PLC with an ownership percentage of 29.06% at end of 2015 (2014: 28.8%).Further details on the relationship between Mr Said Darwazah, Mr Mazen Darwazah and Mr Ali Al-Husry, and Darhold Limited are given in the Directors' Report.

Other than dividends (as paid to all shareholders), there were no transactions between the Group and Darhold Limited during the year.

Capital Bank - Jordan: is a related party of the Group because two Hikma Pharmaceuticals PLC board members are also board members of Capital Bank – Jordan. Additionally a senior member of Hikma management team is a board member of one company owned by Capital Bank - Jordan. Total cash balance at Capital Bank – Jordan as of 31 December 2015 was $9.4 million (31 December 2014: $5.7 million). Utilisation of facilities granted by Capital Bank – Jordan to the Group amounted to $nil (31 December 2014: $nil). Interest expense/income is within market rate.

Jordan International Insurance Company: is a related party of the Group because one board member of the Company is also a board member of Hikma Pharmaceuticals PLC. The Group's insurance expense for Jordan International Insurance Company contracts during the year was $0.5 million (2014: $0.2 million). The amounts due to Jordan International Insurance Company were $0.4 million (2014: $nil).

Labatec Pharma: is a related party of the Group because it is owned by the Darwazah family. During 2015, the Group total sales to Labatec Pharma amounted to $0.9 million (2014: $0.5 million). At 31 December 2015, the amount owed from Labatec Pharma to the Group was $0.2 (31 December 2014: $ 0.1 million).

Arab Bank: is a related party of the Group because one Hikma Pharmaceuticals PLC senior management member is also a board member of Arab Bank PLC. Total cash balance at Arab Bank was $55.7 million (31 December 2014: $90.4 million). Utilisation of facilities granted by Arab Bank to the Group amounted to $56.6 million (31 December 2014: $115.0 million). Interest expense/income is within market rate.

American University of Beirut: is a related party of the Group because one board member of the Group is also a trustee of the University. During 2015, fees of $0.2 million (2014: $0.1 million) were paid. At 31 December 2015, the amount owed to American University of Beirut from the Group amounted to $nil (31 December 2014: $0.1 million).

HikmaCure: The Group holds a 50:50 joint venture ("JV") agreement with MIDROC Pharmaceuticals Limited. The JV is called HikmaCure. Hikma and MIDROC invested in HikmaCure in equal proportions and have committed to provide up to $22 million each in cash of which $2.5 million has been paid in previous periods.

Unimark: During 2015, the Group has impaired the remaining investment balance related to Unimark Remedies Limited. The exceptional impairment of investment was $7 million. As at 31 December 2015, the Group held a non-controlling interest of 23.1% in Unimark Remedies Limited. During 2015, the Group paid an amount of $nil in

relation to a products development agreement (2014: $2.5 million). Hikma's share in Unimark Remedies Limited is being divested during 2016 for minimal value.

Haosun: The Group held a non-controlling interest of 30.1% in Hubei Haosun Pharmaceutical Co., Ltd ("Haosun") at 31 December 2015 (31 December 2014: 30.1%). During 2015, total purchases from Haosun were $ 0.6 million (2014: $1.0 million).

17. Acquisition of a business

On 15 July 2014 Hikma completed its acquisition of the US generic injectables business, Bedford Laboratories ("Bedford") from Ben Venue Laboratories, Inc. ("Ben Venue"), a member of the Boehringer Ingelheim Group of Companies. The consideration for the acquisition comprised of an upfront cash payment of $225 million which was paid on 15 July 2014 and contingent cash payments which are, subject to the achievement of performance-related milestones over a period of five years from closing the transaction.

A reduction of $8 million was made to the provisional goodwill recognised on the acquisition of Bedford as a result of the adjustment to inventory, property plant and equipment and deferred tax made prior to the end of the measurement period on 15 July 2015.

18. Subsequent events

a) On 28 July 2015 Hikma announced that it has agreed to acquire Roxane Laboratories Inc. and Boehringer Ingelheim Roxane Inc. (together, "Roxane"), from Boehringer Ingelheim ("Boehringer"). Roxane is a well-established US specialty generics company with a highly differentiated product portfolio and best-in-class R&D capabilities.

On closing the transaction on 29 February 2016, Hikma paid cash consideration of $575 million (net of certain working capital and other adjustments) and issued 40 million Ordinary Shares to Boehringer (representing an estimated 16.71 per cent. of Hikma issued share capital immediately following the issuance). The total consideration paid was approximately $1.6 billion based on Hikma's share price of £18.81 and the US:GBP exchange rate of 1.3879:1 on 29 February 2016. Hikma has also agreed to make further cash payments of up to $125 million, contingent to the achievement of certain US FDA approval milestones, depending on specific product, type of approval and dosage approval and further exclusivity and ten-year quarterly sales based contingent payments once the products are commercialised.

b) On 8 September 2015 Hikma announced that it has agreed to acquire 97.73% of the share capital of EIMC United Pharmaceuticals ("EUP") from a consortium of shareholders. EUP is a pharmaceutical manufacturing company specialising in oncology products. The acquisition of EUP will strengthen Hikma's position in the large and fast growing Egyptian market, add an attractive portfolio and pipeline in the key strategic areas of oncology and injectables, add a manufacturing facility in Egypt, with both oral and injectable lines, and leverage Hikma's established market position in Egypt and strong sales and marketing team. An amount of $ 38 million was held in an Escrow account related to the acquisition of EUP as of 31 December 2015. The acquisition was completed on 17 February 2016.

Due to the proximity of the completion date of both transactions to the date of issuance of the financial statements, the initial accounting for the business combination is in progress and as such it is not practical to disclose the Purchase Price Allocation.

19. Foreign exchange currencies

	Year end rates		Average rates	
	2015	2014	**2015**	2014
USD/EUR	**0.9168**	0.8226	**0.9006**	0.7523
USD/Sudanese Pound	**9.6600**	6.2696	**9.6600**	6.0277
USD/Algerian Dinar	**107.1317**	87.9245	**100.4033**	80.6145

USD/Saudi Riyal	**3.7495**	3.7495	**3.7495**	3.7495
USD/British Pound	**0.6754**	0.6437	**0.6540**	0.6068
USD/Jordanian Dinar	**0.7090**	0.7090	**0.7090**	0.7090
USD/Egyptian Pound	**7.8309**	7.1582	**7.7160**	7.0972
USD/Japanese Yen	**120.3800**	119.9500	**121.0700**	105.8700
USD/Moroccan Dirham	**9.8476**	9.0154	**9.8008**	9.0155
USD/Tunisian Dinar	**2.0321**	1.8612	**1.9623**	1.7001

The Jordanian Dinar and Saudi Riyal have no impact on the consolidated income statement as those currencies are currently pegged to the US Dollar.