Preliminary Full Year Results

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INDIVIOR PLC
Preliminary Full Year results in line with expectations

Year to December 31st UNAUDITED	Adjusted* 2014 $m	% change	% change constant FX	Reported 2014 $m	2013 $m	% change	% change constant FX
Net Revenues	**1,115**	-8%	-8%	**1,115**	1,216	-8%	-8%
Operating Profit	**586**	-16%	-15%	**562**	695	-19%	-18%
Net Income	**420**	-14%	-13%	**403**	489	-16%	-15%
EPS (cents per share)	**58**	-14%	-13%	**56**	68	-16%	-15%

**Adjusted to exclude exceptional items of $24m in 2014 related to one-time costs of the demerger.*

Slough, UK, February 11th 2015. Indivior PLC (Indivior or the Company) (LON: INDV) today announced its unaudited financial results for the full year to December 31st 2014. Indivior PLC acquired the pharmaceuticals business of the Reckitt Benckiser Group plc (RB) on its demerger from RB on December 23rd 2014.

- Net Revenue was $1,115m (2013: $1,216m) reflecting increased generic tablet and branded (tablet and buccal patch) competition to Suboxone Film in the United States and price cuts in Europe due to governmental austerity measures.
- Suboxone Film has continued to prove resilient in the face of this competition in the United States, exiting the year with a market share of 58% (2013: 67%).
- Operating Profit on an adjusted basis was $586m (2013: $695m), reflecting the lower net revenues and higher R&D costs to develop the Company's pipeline of new, innovative products for the treatment of addiction and closely related conditions.
- Net income on an adjusted basis was $420m (2013: $489m) and adjusted Earnings per Share was 58 cents (2013: 68 cents). On a reported basis, Net Income was $403m and EPS was 56 cents.
- Net Debt at the year-end was $405m.
- Phase III trials are progressing as expected for, buprenorphine once-monthly depot for opioid dependence and Risperidone once-monthly depot for schizophrenia. NDA submission is on track for Naloxone nasal spray for opiate overdose treatment.

Commenting on the results, **Shaun Thaxter, CEO of Indivior PLC**, said: -

"The creation of Indivior PLC on December 23rd 2014 was the culmination of a momentous year highlighting the strength of our leadership team, integrity of our culture and our ongoing commitment to our patient focused business model. In partnership with the public health community, healthcare professionals and commercial partners, we continue to expand treatment access and strengthen the resilience of the Suboxone franchise, delivering results in line with expectations. At the same time, we are growing increasingly confident in our medium-term opportunity as our pipeline advances with three projects progressing as expected into Phase III, two new projects licensed and our cocaine esterase rescue product candidate gaining U.S. Food and Drug Administration Breakthrough Therapy Designation. With each of these milestones, webelieve we have set the stage for future growth and expect to deliver on our commitment of providing innovative, high-quality treatments for the chronic relapsing conditions and co-morbidities of addiction."

"The prognosis for the market environment in 2015 outlined in the prospectus last November remains unchanged. In particular, the outlook for 2015 is very uncertain as to the timing, extent and impact of tablet price erosion. As a result, management's guidance, based on internal forecasts, is for Net Revenue in a range of $850m - $880m and Net Income in a range of $130m - $155m; however the outcome could be higher in a more positive environment or lower in a very adverse scenario. All guidance is based on the current indicative "all in" cost on the Company's borrowings of 7% to 8%, excluding exceptional items and at constant currency. The Company will update the market as the year develops.

"Our priority in 2015 is to continue to build the Company's future prospects by: preserving our Suboxone Film leadership position in the United States; growing the global opioid dependence treatment market through the expansion of physician infrastructure in the United States, and increased focus on the growing opioid painkiller dependent patient population in Europe; developing our pipeline of transformational treatments for addiction and related mental health disorders, and expanding our business through targeted business development. We are confident that the medium-term opportunity for the Company grows more exciting every year."

Operating Review

United States.

Net Revenue declined 10% to $855m (2013: $950m) reflecting some loss of market share and lower net pricing in an increasingly competitive environment.

The market for buprenorphine has continued to grow strongly in 2014 with volume growth, on a milligram equivalent basis, of approximately 13%, driven by growing numbers of qualified physicians and the Medicaid expansion which has led to increased treatment access for patients. Suboxone Film continued to show resilience in customer loyalty in the face of competition from generic buprenorphine/naloxone tablets and the launch of branded tablet competition. Suboxone Film exited 2014 with a 58% share of the buprenorphine market in the United States, compared to a 67% share at year-end 2013. Generic buprenorphine/naloxone tablets have increased share only modestly, while a branded tablet competitor has made limited impact. In an environment where formulary access can be denied (if we cannot agree on reasonable terms), Suboxone Film has maintained a very solid share.

Towards the end of 2014, two additional generic tablet competitors were approved making four in total, and both newcomers have launched. A further branded competitor, a buccal patch, also was approved and launched towards the end of the year. So far discounting appears not to have increased significantly but is likely to reach the commodity price floor of maximum discount levels relatively quickly in the year ahead. This is expected to put significant pressure on Suboxone Film's market share in its most price sensitive sectors of the market, the cash payers and managed medicaid, which combined represent approximately 25% to 30% of the U.S. business. The value of Suboxone Film to patients, physicians and payors is expected to ensure resilience in other market segments and enable Indivior to continue to pursue premium pricing, while providing market level rebates.

Rest of World.

Net revenue declined 2% to $260m (2013: $266m).

In Europe, net revenue was lower due to government austerity mandating pricing reductions and forced switching to generics. Pricing was particularly influenced by generic price referencing in Germany. Volume was affected by switching to generics in the UK and Italy. Suboxone Tablets grew total volume in Europe, with particular progress across Western Europe, Spain and Greece, offset by austerity driven switching to generic buprenorphine in Italy. This growth was offset by declines in Subutex Tablets due to switching to generics in UK and Germany and by continuing long-term declines in Temgesic. Australia delivered strong growth in net revenue, continuing its successful switch to Suboxone Film.

Profitability. Gross Margin was retained at 91%. The slight dilution from the switch to Suboxone Film seen in 2012 and 2013 has now worked through the system.

Operating Margins were 53% (2013: 57%) on an adjusted basis and 50% as reported. The reduction in margins arose from lower net revenues and higher operating costs plus the exceptional costs arising from the demerger on the reported basis. Operating Costs increased due to a significant increase in R&D expenses as the Company accelerated development of its pipeline.

Operating Profit on an adjusted basis**,** was 16% lower at $586m (2013: $695m) reflecting lower net revenue and higher R&D costs. On a reported basis, operating profit was $562m

Exceptional Costs of $24m were incurred during the year relating to one-off costs arising from the demerger of Indivior from RB.

Net Interest of $1m arose from interest payable on the Company's borrowings of $750m between the taking on of its borrowing facility on December 19th and the close of the financial year on December 31st.

Pretax profit, on an adjusted basis, was therefore $585m for the year; on a reported basis, pretax profit was $561m.

Effective tax rate was 28%. The 2014 rate is slightly lower than 2013, due to a corporate tax rate decrease in the UK from 23% in 2013 to 21% in 2014 and the different mix of taxable profits in overseas jurisdictions.

Net Income on an adjusted basis was $420m (2013: $489m). On a reported basis Net Income was $403m.

Earnings per Share adjusted was 58 cents (2013: 68 cents). On a reported basis, earnings per share for full year 2014 was 56 cents.

Cash Flow

Cash Flow from operating activities was $523m (2013: $894m). The reduction arose from lower profits (a reduction of $133m) from an increase in net working capital at the year end, principally driven by lower levels trade payables ($113m net change) and trade receivables ($107m net change) reflecting lower sales levels.

Tax paid in the year was $59m, representing taxes paid in the USA. The remainder of the taxes paid in respect of the taxable profits of Indivior was borne by RB as part of its global tax payments. Interest paid of $24m principally consisted of the debt issue costs.

Indivior acquired two intangible assets during the year at a net cash cost of $26m, being the acquisition of a license for Intranasal Naloxone technology from Anti-Op Inc., and the acquisition of a license from Xenoport Inc. for Arbaclofen Placarbil for alcohol use disorders.

Indivior took out a borrowing facility of $750m in December 2014 in connection with the demerger from RB. The net proceeds of this were $727m. Indivior paid a pre-demerger dividend of $500m to RB as part of the demerger arrangements; in addition, Indivior remitted $349m of cash to its then parent company, RB, in accordance with historical practice during the course of financial year 2014 in advance of the demerger. Total net transfers to RB during the year, therefore, were $849m (2013: $806m).

Indivior had cash and cash equivalents of $7m at the beginning of 2014. Remaining proceeds of the borrowing facility, $227m, and cash generated by the business that was not remitted to RB or was generated post demerger, $97m, resulted in net cash and cash equivalents at the year-end of $331m.

Balance Sheet

At December 31st, the non-current assets of the Group were $182m (2013: $198m) principally consisting of intangible assets (acquired or licensed technologies and compounds) and deferred tax assets.

Net current assets were $565m (2013: $228m). These consisted of inventories and trade receivables of $234m (2013: $221m), and cash and cash equivalents of $331m arising from the remaining portion of the new borrowing facility after the dividend to RB of $227m, and cash generated by the businesses that was not remitted to RB during the year.

Current liabilities included $17m of short-term borrowings; and trade payables and accruals of $383m (2013: $434m), the reduction in accruals and receivables reflecting lower levels of sales compared to the previous year. Current tax liabilities on the balance sheet increased to $62m (2013: $17m) as Indivior now takes responsibility for all future tax payments on behalf of Indivior.

Net working capital (excluding cash and cash equivalents, tax liabilities and short-term borrowings) was ($149m) (2013: ($213m)), representing a ratio of minus 13.4% of net revenues (minus 17.5% in 2013). This reflects the Company's continuing success in its ongoing programme to manage net working capital.

Gross borrowings at December 31st were $736m, of which $17m is included in current liabilities, and $719m in non-current liabilities.

The Company currently has a $750m debt facility fully underwritten and funded by Morgan Stanley and Deutsche Bank. Syndication of this debt is ongoing. Current indications are that the coupon will be in the region of 5.75% above a minimum LIBOR rate of 1% with an all-in yield, subject to the size of the original issue discount, of 7% to 8%. Investors should note that the terms could differ from those currently funded by Morgan Stanley and Deutsche Bank. The Company will update the market once the process is complete.

Total Assets employed were therefore $747m, consisting of non-current assets of $182m and current assets, including cash, of $565m. Total liabilities were $1,222m, consisting of $462m of current liabilities and $760m of non-current liabilities, including borrowings.

The net liabilities of the business were therefore $475m.

Financial Guidance

The prognosis for the market environment in 2015 outlined in the prospectus last November remains unchanged. In particular, the outlook for 2015 is very uncertain as to the timing, extent and impact of tablet price erosion. As a result, management's guidance, based on internal forecasts, is for Net Revenue in a range of $850m - $880m and Net Income in a range of $130m - $155m; however the outcome could be higher in a more positive environment or lower in a very adverse scenario. All guidance is based on the current indicative "all in" cost on the Company's borrowings of 7% to 8%, excluding exceptional items and at constant currency. The Company will update the market as the year develops.

Pipeline Update

The following provides an update on the information on the new product pipeline published in the Prospectus on November 17th 2014 (section 9, pages 73-78).

RBP-6000 - monthly depot buprenorphine - Current status of Phase 3 trial: ***Phase 3: RB-US-13-0001:*** Current plan is to randomize the first patient in Q1 2015.

Intranasal naloxone for the treatment of opioid overdose - Pre-NDA meeting with FDA in Q4 2014. NDA submission in preparation under Fast Track Designation granted in Q3 2014.

RBP-8000, a cocaine esterase for the treatment of cocaine intoxication - Breakthrough Therapy Designation granted by the FDA in Q4 2014. Type B meeting with the FDA scheduled for Q2 2015.

Arbaclofen placarbil - a novel transported prodrug of R-baclofen - Pre-IND meeting with FDA occurred in Q1 2015.

Litigation Update

Given the importance of ongoing legal proceedings to Indivior, in relation, *inter alia*, to the enforcement of its intellectual property rights, the Company provides below an update to the information contained in the prospectus dated November 17th 2014 (Part II - Risk Factors, pages 21-25; Part X - Operating & Financial Review, pages 115-116; and Part XV - Additional Information, pages 218-220).

ANDA Litigation - Additional patent infringement lawsuits filed against Par and Watson asserting two recently granted process patents, and a Hatch-Waxman patent infringement lawsuit filed against Teva, as a result of which the FDA generally cannot approve Teva's product until the earlier of 30-months after Teva's Paragraph IV notice to the Indivior Group or the disposition of the patent infringement proceedings in Teva's favour.

US Antitrust Class Action - Motion to dismiss opinion issued, dismissing claims based on alleged failure to cooperate with the shared REMS process. Motion to Reconsider subsequently filed requesting reconsideration of denial of motion to dismiss claims based on citizen's petition and alleged product hop.

Recent Publications

Nasser A, Fudala PJ, Zheng B, Liu Y, Chen Y, Heidbreder C (2014) A randomized, double-blind, placebo-controlled trial of RBP-8000 in cocaine abusers: Pharmacokinetic profile of RBP-8000 and cocaine and effects of RBP-8000 on cocaine-induced Physiological effects. *J Addict Dis.,* 33(4):289-302.

http://dx.doi.org/10.1080/10550887.2014.969603

Laffont CM, Gomeni R, Zheng B, Heidbreder C, Fudala PJ, Nasser AF (2015) Population pharmacokinetic modeling and simulation to guide dose selection for RBP-7000, a new sustained-release formulation of risperidone. *J. Clin. Pharmacol.,* 55(1):93-103. http://dx.doi.org/10.1002/jcph.366

Nasser A, Heidbreder C, Liu Y, Fudala PJ (2015) Pharmacokinetics of Sublingual Buprenorphine and Naloxone in Subjects with Mild to Severe Hepatic Impairment (Child-Pugh Classes A, B, and C), in Hepatitis C Virus-Seropositive Subjects, and in Healthy Volunteers. *Clin. Pharmacokinetics,* E-Pub ahead of print. http://dx.doi.org/10.1007/s40262-015-0238-6

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About Indivior

Indivior is a global specialty pharmaceutical company with a 20-year legacy of leadership in patient advocacy, health policy and evidence-based best practice models that have revolutionized modern addiction treatment. The name is the fusion of the words individual and endeavour, and the tagline "Focus on you" makes the company's commitment clear. Indivior is dedicated to transforming addiction from a global human crisis to a recognized and treated chronic disease. Building on its robust, global opioid dependence portfolio featuring SUBOXONE® (buprenorphine and naloxone) Sublingual Film (CIII), SUBOXONE® (buprenorphine and naloxone) Sublingual Tablet, and SUBUTEX® (buprenorphine) Sublingual Tablet, Indivior has a strong pipeline of product candidates designed to both expand on its heritage in this category and address other chronic diseases of addiction - including opiate overdose, alcohol use disorders and cocaine intoxication. It also is pursuing novel product candidates in related mental health disorders such as schizophrenia. Headquartered in the United States in Richmond, Va., Indivior employs more than 700 individuals globally and its portfolio is available in over 40 countries worldwide. Visit www.Indivior.com to learn more.

Forward-Looking Statements

This press release contains forward-looking statements. We may, in some cases, use terms such as "predicts," "believes," "potential," "proposed," "continue," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should" or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements include, among other things, statements regarding our financial guidance for 2015 and our medium- and long-term growth outlook, our operational goals, our product development pipeline and statements regarding ongoing litigation..

Various factors may cause differences between Indivior's expectations and actual results, including: factors affecting sales of Suboxone Tablet, Suboxone Film, Subutex Tablet and any future products; the outcome of research and development activities; decisions by regulatory authorities regarding the Indivior Group's drug applications; the speed with which regulatory authorizations, pricing approvals and product launches may be achieved; the outcome of post-approval clinical trials; competitive developments; difficulties or delays in manufacturing; the impact of existing and future legislation and regulatory provisions on product exclusivity; trends toward managed care and healthcare cost containment; legislation or regulatory action affecting pharmaceutical product pricing, reimbursement or access; claims and concerns that may arise regarding the safety or efficacy of the Indivior Group's products and product candidates; risks related to legal proceedings; the Indivior Group's ability to protect its patents and other intellectual property; the outcome of the Suboxone Film patent litigation relating to the two ongoing ANDA lawsuits; changes in governmental laws and regulations; issues related to the outsourcing of certain operational and staff functions to third parties; uncertainties related to general economic, political, business, industry, regulatory and market conditions; and the impact of acquisitions, divestitures, restructurings, internal reorganizations, product recalls and withdrawals and other unusual items.

Any forward-looking statements that we make in this press release speak only as of the date of this press release. We assume no obligation to update our forward-looking statements whether as a result of new information, future events or otherwise, after the date of this press release.

Consolidated Income Statement

		Unaudited	Unaudited
		2014	2013
For the year ended 31 December	Notes	**$m**	$m
Net Revenues	3	**1,115**	1,216

Cost of Sales		**(95)**	(104)
Gross Profit		**1,020**	1,112
Selling, distribution and administrative expenses		**(343)**	(341)
Research and development expenses		**(115)**	(76)
Operating Profit		**562**	695
Adjusted operating profit		**586**	695
Exceptional items	4	**(24)**	-
Operating profit		**562**	695
Finance expense		**(1)**	
Net finance expense		**(1)**	
Profit on ordinary activities before taxation		**561**	695
Tax on profit on ordinary activities	5	**(158)**	(206)
Net income		**403**	489
Earnings per ordinary share	6		
Basic earnings per share		**0.56**	0.68
Diluted earnings per share		**0.56**	0.68

Consolidated Statement of Comprehensive Income

For the year ended 31 December	Notes	**Unaudited 2014 $m**	Unaudited 2013 $m
Net income		**403**	489
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent years			
Net exchange adjustments on foreign currency translation, net of tax		**(16)**	-
Other comprehensive income, net of tax		**(16)**	-
Total comprehensive income		**387**	489

Consolidated Statement of Financial Position

As at 31 December	Notes	**Unaudited 2014 $m**	Unaudited 2013 $m
ASSETS			
Non-current assets			
Intangible assets		**91**	94
Property, plant and equipment		**13**	13
Deferred tax assets		**77**	79
Other receivables		**1**	12
		182	198
Current assets			
Inventories		**41**	36
Trade and other receivables		**193**	185
Cash and cash equivalents	8	**331**	7
		565	228
Total assets		**747**	426
LIABILITIES			
Current liabilities			
Borrowings	9	**(17)**	-
Provisions for liabilities and charges		**-**	-
Trade and other payables		**(383)**	(434)
Current tax liabilities		**(62)**	(17)
		(462)	(451)
Non-current liabilities			
Borrowings	9	**(719)**	-
Provisions for liabilities and charges		**(41)**	(41)
		(760)	(41)
Total liabilities		**(1,222)**	(492)

	Notes		
Net assets		**(475)**	(66)
EQUITY			
Capital and reserves			
Share capital	11	**1,437**	1,437
Share premium		**-**	-
Other Reserves		**(1,295)**	(1,295)
Foreign currency translation reserve		**(16)**	-
Retained Earnings		**(601)**	(208)
		(475)	(66)
Total equity		**(475)**	(66)

Consolidated Statement of Changes in Equity

For the year 1 January to 31 December 2013 (Unaudited)	Notes	Share capital	Share Premium	Other reserve	Foreign Currency Translation reserve	Retained earnings	Total equity
		$m	$m	$m	$m	$m	$m
Balance at 1 January 2013		**1,437**	**-**	**(1,295)**	**-**	**3**	**145**
Comprehensive income							
Net income		-	-		-	489	489
Other comprehensive income							
Total comprehensive income		**-**	**-**		**-**	**489**	**489**
Total transactions with former owners, recognised directly in equity		-	-		-	(700)	(700)
Balance at 31 December 2013		**1,437**	**-**	**(1,295)**	**-**	**(208)**	**(66)**
Comprehensive income							
Net income						403	403
Other comprehensive income					(16)		(16)
Total comprehensive income		**-**	**-**		**(16)**	**403**	**387**
Total transactions with former owners, recognised directly in equity						(796)	(796)
Balance at 31 December 2014		**1,437**		**(1,295)**	**(16)**	**(601)**	**(475)**

Consolidated Statement of Cash Flows

		Unaudited	Unaudited
		2014	2013
For the year ended 31 December	Notes	**$m**	$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Profit		**562**	695
Adjustments to reconcile net cash provided by operating activities:			
Foreign exchange impacts		**(13)**	-
Depreciation amortisation and impairment		**26**	28
Provisions for liabilities and charges		**-**	-
Changes in assets and liabilities			
Trade and other receivables		**3**	110
Inventories		**(5)**	(2)
Trade and other payables		**(50)**	63
Cash generated from operations		**523**	894
Interest paid and debt issue costs		**(24)**	-
Tax paid		**(59)**	(103)
Net cash inflow from operating activities		**440**	791
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment			(3)
Purchase of intangible assets		**(26)**	
Net cash (outflow) from financing activities		**(26)**	(3)
CASH FLOWS FROM FINANCING ACTIVITIES			

Proceeds from short-term financing	**9**	
Gross proceeds from borrowings	**750**	
Dividends	**(500)**	(239)
Net transfers to former owners	**(349)**	(567)
Net cash (outflow) from financing activities	**(90)**	(806)
Net (decrease)/increase in cash and cash equivalents	**324**	(18)
Cash and cash equivalents at beginning of the year	**7**	25
Cash and cash equivalents at end of the year	**331**	7

1. OVERVIEW

The principal business of the Indivior Group and its subsidiaries is the development, manufacture, and sale of buprenorphine-based prescription drugs for the treatment of opioid dependence. Indivior PLC acquired the pharmaceuticals business of the Reckitt Benckiser Group plc (RB) following its demerger from RB on December 23rd 2014

Upon demerger, each RB shareholder received one ordinary share in Indivior for each ordinary share in RB that they held at the Demerger Record Time. Following the demerger from RB, the companies that operate the Indivior business became direct subsidiaries or subsidiary undertakings of the Company, which was incorporated on 26 September 2014 in connection with the demerger and is the holding company for the Indivior Group.

The financial information set out in this document has been prepared in respect of the Indivior Group, which is the group of companies that operated the Indivior business during the periods covered by the financial information set out in this document. References to the Indivior Group in this document where historical financial information has been stated in relation to the Indivior Group should be read accordingly.

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2. ACCOUNTING POLICIES

Basis of Preparation and Changes in Accounting Policy

This unaudited Results Announcement contains condensed financial information for the year ended 31 December 2014. This Results Announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006.

The financial information is presented in US$ and has been prepared in compliance with International Financial Reporting Standards as adopted by the European Union.

Following the demerger from Reckitt Benckiser Group plc (RB), Indivior PLC (Indivior) is the holding company of the Indivior Group, which is pharmaceutical business that was previously carried on within the RB Group by RBP Global Holdings Limited and its subsidiary undertakings.

The introduction of Indivior as the new ultimate holding company of the Indivior Group does not meet the IFRS 3 definition of a business combination and as such falls outside the scope of that standard. Following the guidance regarding the selection of an appropriate accounting policy in IAS 8, the introduction of Indivior as the new ultimate holding company of the Indivior Group has been accounted for as a group reconstruction using merger accounting principles. This means that although the reorganisation did not become effective until 23 December 2014, the consolidated financial statements of Indivior are prepared as if the current Group structure had always been in place. This policy, which does not conflict with IFRS reflects the economic substance of the transaction.

The financial information includes expense allocations for certain functions provided to the Indivior Group during the period before the demerger from RB, including, but not limited to, general corporate expenses related to finance, legal, tax, treasury, information technology, human resources, communications, employee benefits and incentives, insurance and share-based compensation. These costs have historically been allocated to the Indivior Group. The financial information also includes a portion of RB's costs relating to RB's operations as a public company, which historically were not allocated to the Indivior Group. RB had allocated these general corporate expenses to Indivior on the basis of direct usage when identifiable, with the remainder allocated on a pro-rata basis of revenues, operating profit, headcount or other measures of the Company and RB. During 2014 and 2013, Indivior was allocated $28m and $55m respectively, of general corporate expenses incurred by RB, which are included within Administrative expenses in the consolidated income statements. Both Indivior and RB consider the bases on which the expenses have been allocated to reasonably reflect the utilisation of services provided to or the benefit received by the Indivior during the periods presented. To the extent that no charge was made by RB for the services provided, the expenses incurred by RB represent an increase in the former owner's investment in the Indivior Group (that is, in substance, a capital contribution) and accordingly have been reflected as such in this financial information.

The Directors continue to adopt the going concern basis for accounting in preparing these financial statements. The Directors have a reasonable expectation that the Indivior Group has adequate resources to continue in operational existence for the foreseeable future.

Changes in Accounting Policy

The accounting policies used in the preparation of the financial information are consistent with those described on pages 136-144 of the Prospectus published on 17 November 2014 excluding the basis of preparation, which is as set out above, and except that amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities, IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting and IFRIC 21 - Levies have been implemented since 1 January 2014. These have not had a material impact on the results of the financial position of the group.

The further polices below supplement those described in the Prospectus:

New accounting standards and interpretations

The Indivior Group applies, for the first time, amendments *to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities, IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting* and *IFRIC 21 - Levies.*
These do not impact the accounting policies applied in preparing the annual consolidated financial statements of the Indivior Group.
Management is in the process of assessing the impact of the revised issuance of *IFRS 9 Financial instruments*, which will be effective for annual periods beginning on or after 1 January 2018.
IFRS 15 Revenue from contracts with customers - effective for annual periods beginning on or after 1 January 2017. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Indivior Group has considered the impact of the new rules on its revenue recognition policies; a more detailed assessment will be performed in the near future.

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2015 and have not yet been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

Basis of Consolidation

The consolidated financial statements include the results of Indivior and all of its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Indivior. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

Inter-company transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Comparative financial information
For the periods prior to the pre-demerger reorganisation, consolidated financial statements were not prepared for the Indivior Group. The accompanying consolidated financial statements present the results of the Company and its subsidiaries as if the Indivior Group had been in existence throughout the period presented and as if the pre-demerger reorganisation had occurred as at 1 January 2013.

Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US Dollars, which is the Indivior Group's presentation currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where hedge accounting is applied.

The financial statements of overseas subsidiary undertakings are translated into US dollars on the following basis:

• Assets and liabilities at the rate of exchange ruling at the year-end date;

• Profit and loss account items at the average rate of exchange for the year.
Exchange differences arising from the translation of the net investment in foreign entities, borrowings and other currency instruments designated as hedges of such investments, are taken to equity (and recognised in the statement of comprehensive income) on consolidation.

Exceptional items

Where material, non-recurring expenses or income are incurred during a period, these items are disclosed as exceptional items in the income statement. Examples of such items are:

- Restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Indivior Group's activities;
- Impairments of current and non-current assets;
- Costs arising as a result of material and non-recurring regulatory and litigation matters.

The Indivior Group also presents an alternative adjusted earnings per share calculation to exclude the impact of exceptional items.

Management believes that the use of adjusted measures such as adjusted operating profit, adjusted net income and adjusted earnings per share provide additional useful information on underlying trends to shareholders.

Earnings per Share

Basic earnings per share
Basic earnings per share ("EPS") is calculated by dividing profit for the period attributable to former owners of the Company by the weighted average number of Ordinary Shares in issue during the period.

For the purpose of calculating EPS, the share capital for the Company in the period prior to the pre-demerger reorganisation on 23 December 2014 is calculated as if this reorganisation was completed as at 1 January 2013.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in the form of stock options. The weighted average number of shares is adjusted for the number of ordinary shares granted assuming the exercise of stock options.

Diluted earnings per share adjusts the figures used in the determination of earnings per share to take into account the after tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of ordinary shares assuming conversion of all dilutive potential ordinary shares.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

As specified in note 2, the Indivior Group is engaged in a single business activity, which is the development, manufacture and sale of prescription drugs that are based on Buprenorphine for treatment of opioid dependence, and therefore operates as one reportable segment. Revenues are attributed to countries based on the country where the sale originates. The following table represents revenue from continuing operations attributed to countries based on the country where the sale originates and non-current assets, net of accumulated depreciation and amortisation, by country. Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

1 January - 31 December 2014	**Revenue from sale of goods $m**	**Non-current assets $m**
United States	**855**	**66**
ROW	**260**	**38**
Total	**1,115**	**104**
1 January - 31 December 2013	$m	$m
United States	**950**	50
ROW	**266**	57
Total	**1,216**	107

Significant Customers
Revenues include amounts derived from significant customers that amount to 10% or more of the Company's revenues as follows (in percentages of total revenue):

	2014	**2013**

Customer	%	%
Customer A	**22%**	24%
Customer B	**28%**	28%
Customer C	**19%**	18%

4. EXCEPTIONAL ITEMS

Where material, non-recurring expenses or income are incurred during a period, these items are disclosed as exceptional items in the income statement. Examples of such items are:

- Restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Indivior Group's activities;
- Impairments of current and non-current assets;
- Costs arising as a result of material and non-recurring regulatory and litigation matters.

	2014 $m	2013 $m
Demerger restructuring costs	**24**	-
Total Exceptional Items	**24**	-

The Group incurred an exceptional charge of $24m (2013: $nil) during the year in respect of the following:

- $24m (2013: $nil) restructuring costs in relation to the new organisation and integration costs. This consists primarily of legal and advisory costs related to business integration, re-registration costs, and redundancy provisions which have been included within operating expenses.

5. INCOME TAX EXPENSE

	2014 $m	2013 $m
Current tax	**157**	224
Adjustments for current tax of prior periods	**(3)**	(1)
Total current tax	**154**	223
Origination and reversal of temporary differences	**4**	(17)
Total deferred tax	**4**	(17)
Tax on profit on ordinary activities	**158**	206

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Indivior Group's profits for the year ended 31 December 2014 are taxed at an effective rate of 28.2% (2013: 29.6%). UK income tax of $74m (2013: $94m) is included within current tax and is calculated at 21.5% (2013: 23.25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2014 $m	2013 $m
Profit on ordinary activities before taxation	**561**	695
Tax at the notional UK corporation tax rate of 21.5% (2013: 23.25%)	**120**	162
Effects of:		
Tax at rates other than the UK corporation tax rate	**33**	38
Adjustments to amounts carried in respect of unresolved tax matters	**(2)**	14
Adjustments in respect of prior periods	**(4)**	(1)
Impact of changes in tax rates	**3**	-
Other permanent differences	**8**	(7)
Income tax expense	**158**	206

The tax charge is expected to be impacted by items in the nature of those listed above for the foreseeable future.

6. EARNINGS PER SHARE

	2014 pence	2013 pence Pro-Forma
Basic earnings per share	**56**	68
Diluted earnings per share	**56**	68
Adjusted basic earnings per share	**58**	68
Adjusted diluted earnings per share	**58**	68

Basic

Basic earnings per share ("EPS") is calculated by dividing profit for the period attributable to former owners of the Company by the weighted average number of ordinary shares in issue during the period. 718,577,616 shares were issued during the period ended 31 December 2014.

For the purpose of calculating EPS, the share capital for the Company in the period prior to the pre-demerger reorganisation on 23 December 2014 is calculated as if this reorganisation was completed as at 1 January 2013.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in the form of stock options. The weighted average number of shares is adjusted for the number of shares granted assuming the exercise of stock options.

	2014 Average number of shares	2013 Average number of shares Pro-Forma
On a basic basis	**718,577,616**	718,577,616
Dilution for Executive Options outstanding and Executive Restricted Share Plan*	**1,847,880**	1,847,880
Dilution for Employee Sharesave Scheme Options outstanding*	**3,459,130**	3,459,130
On a diluted basis	**723,884,626**	723,884,626

*These do not represent new options; Indivior executives exchanged previously awarded RB restricted shares and options for Indivior shares and options

Adjusted Earnings

The Directors believe that diluted earnings per share, adjusted for the impact of exceptional items after the appropriate tax amount, provides additional useful information on underlying trends to shareholders in respect of earnings per ordinary share.

Details of the adjusted net income attributable to former owners of the parent from continuing and discontinued operations are as follows:

	2014	2013
	£m	£m
Net income attributable to former owners of the parent from continuing operations	**403**	489
Exceptional items	**24**	-
Tax effect of exceptional items	**(7)**	-
Adjusted net income attributable to former owners of the parent	**420**	489

7. FINANCIAL RISK MANAGEMENT

The carrying value less impairment provision of current borrowings, cash at bank, trade receivables and trade payables are assumed to approximate their fair values (level 2) due to their short-term nature.

Financial risk management of the Indivior Group is mainly exercised and monitored at a group level. The Indivior Group's financing and financial risk management activities are centralised into the newly formed Global Treasury Group (GTG) to achieve benefits of scale and control with the ultimate goal of maximising the company's liquidity and mitigating its operational and financial risks. GTG manages financial exposures of the Indivior Group centrally in a manner consistent with underlying business risks. GTG manages only those risks and flows generated by the underlying commercial operations and speculative transactions are not undertaken.

GTG operates under the close control of the CFO and is subject to periodic independent reviews and audits, both internal and external.

Financial Exchange Risk Management

The Indivior Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Indivior Group's policy is to align the interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Indivior Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

Capital Risk Management

The Indivior Group considers capital to be net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents, short-term available for sale financial assets and financing derivative financial instruments (refer to note 9). Total equity includes share capital, reserves and retained earnings as shown in the consolidated balance sheet.

	2014	2013
	$m	$m
Net debt (note 9)	**(405)**	7
Total equity	**(475)**	(66)
On a diluted basis	**(880)**	(59)

The objectives for managing capital are to safeguard the Indivior Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

The Indivior Group monitors net debt and at year end it had net debt of $405m (2013: $7m). The Indivior Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

8. CASH AND CASH EQUIVALENTS

	2014	2013
	$m	$m
Cash and cash equivalents	**331**	7
Overdraft	**(9)**	-
Cash at bank and in hand	**322**	7

9. FINANCIAL LIABILITIES - BORROWINGS

Current	**2014 $m**	2013 $m
Bank loans and overdrafts	**17**	-
	17	-

Non-current	**2014 $m**	2013 $m
Bank loans	**719**	-
	719	-

Analysis of net debt	**2014 $m**	2013 $m
Cash and cash equivalents	**331**	7
Overdrafts	**(9)**	-
Borrowings (excluding overdrafts)	**(727)**	-
	(405)	7

Reconciliation of net debt	**2014 $m**	2013 $m
Net debt at beginning of year	**7**	25
Net (decrease)/increase in cash and cash equivalents	**324**	(18)
Proceeds from borrowings	**(736)**	-
Net debt at end of year	**(405)**	7

10. CONTINGENT LIABILITIES

The Group is involved in legal proceedings and claims in the ordinary course of business. While the outcome of these matters is currently not determinable, the final resolution of these lawsuits, individually or in aggregate, is not expected to have a material adverse effect on the Group's financial condition or results of operations.

11. SHARE CAPITAL

	Equity Ordinary shares	Nominal value $m	Subscriber Ordinary shares	Nominal value $m
Issued and fully paid				
At 1 January 2014	**718,577,616**	**1,437**	-	-
Allotments	**-**	**-**	-	-
At 31 December 2014	**718,577,616**	**1,437**		

	Equity Ordinary shares	Nominal value $m	Subscriber Ordinary shares	Nominal value $m
Issued and fully paid				
At 1 January 2013	**718,577,616**	**1,437**	-	-
Allotments	**-**	**-**	-	-
At 31 December 2013	**718,577,616**	**1,437**		

The holders of ordinary shares (par value $2) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

12. POST BALANCE SHEET EVENTS

There are no events subsequent to the balance sheet date which require adjustment to or disclosure within these financial statements.

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