Independent Auditors' Report to the members of Indivior PLC

Report on the Group Financial Statements

Our opinion

In our opinion, Indivior PLC's Group Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

Indivior PLC's Financial Statements comprise:

- the Group balance sheet as at 31 December 2014;
- the Group income statement for the year then ended;
- the Group cash flow statement for the year then ended;
- the Group statement of changes in equity for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview

Materiality	• Overall group materiality: $28 million which represents 5% of profit before tax.
Audit scope	• In addition to centralised Group audit procedures, we conducted our audit by concentrating our work on those parts of the Group that make up the most significant proportions of the Financial Statements. With the largest component of the Group being the US we focused operational-level procedures here. We utilised our Richmond, Virginia based team with knowledge and experience of the US pharmaceuticals industry and regulations. These US procedures were supplemented by procedures performed on certain UK and European operations by PwC staff based in England.
Areas of focus	• Significant judgments and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US pharmaceuticals business. • Risk of misstatement relating to on-going legal claims and regulatory investigations and claims and the related provisions. • Uncertain tax positions.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Significant judgments and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US Pharmaceuticals business (refer to Note 21) In the US, the Group sells products through distributors and the ultimate selling price is determined based on the contractual arrangements that the Group has with the patient's insurer or other payment programme (Medicaid, Medicare or equivalent scheme). The time between initial shipment to the distributor (when the revenue is recognised) and the dispensing of a product to a patient may be up to several months. Accordingly, an estimate of the selling price is necessary at the date of shipment. As a result, revenue recognised on sales to wholesale and retail distributors is subject to final determination of the sales price (in the form of rebates and discounts) in addition to sales returns. The process for determining the size of these estimates is complex and depends on contract terms and regulation, as well as forecasts of sales volumes by channel. Our testing focused on the accruals for both sales rebates and discounts and sales returns recognised at the year-end. We focused on this area, as the process for calculating sales rebates and discounts and return accruals involves large volumes of data using sales volumes and multiple discount sources, which, taken together, can be subjective and at risk of management manipulation or bias. Given the large quantities of data involved in compiling these calculations we considered there to be a risk of bias in the calculations and that this risk related to the understatement of these accruals. We also evaluated whether appropriate revenue recognition policies were consistent with IFRSs as adopted by the European Union.	We obtained calculations of the accruals for sales rebates and discounts and sales returns and tested the inputs into the accrual calculations by comparing them with: • rates included in sales contracts and agreements with third parties; and • rebate invoices received after the year-end, in order to assess the accuracy of the Directors' forecast sales volumes. We performed look-back tests that compared accruals recognised in previous years to actual rebates, discounts or returns received in order to test the Directors' historical accuracy in calculating these accruals. Based on this analysis, we found the Directors' assumptions to be balanced. We assessed the completeness and accuracy of the accruals by understanding and testing the process management used to record the year-end balances, including by comparing such amounts to our own independently developed expectations of the year-end balances. Our independent expectations were developed based upon historic rebate invoices received, adjusted for current volumes and rebate rates and for sales returns and adjusted for industry experience in the face of competition. The accruals recognised in the Financial Statements were not materially different from our internally generated expectation. In determining the appropriateness of the revenue recognition policy applied by the Directors in calculating sales rebates and discounts and sales returns under contractual and regulatory requirements, there is room for judgement and we found that within that, the directors' judgement was within an acceptable range and that the policies applied were consistent with IFRSs as adopted by the European Union.

Area of focus	How our audit addressed the area of focus
Risk of misstatement relating to ongoing legal claims and regulatory investigations and claims and the related provisions (refer to Notes 18 and 20) The pharmaceutical industry is a highly regulated industry. Since 80% of the Group operates in the US, compliance is required with the US regulatory requirements, including those of US Food and Drug Administration. The Group is engaged in a number of on-going litigations and investigations, which may have a material impact on the Group Financial Statements. We focused on this area because the outcome of claims is uncertain and the positions taken by the Directors are based on the application of material judgement and estimation. Accordingly, should the outcomes of the regulatory investigations differ from those anticipated by the Directors, this could materially impact the Group Financial Statements. At December 31, 2014, the Group held provisions of $41m in respect of actual legal claims brought against the Group and disclosures have been made in Note 18 in relation these provisions recognised, as well as the disclosure of contingent liabilities in Note 20 relating to on-going regulatory investigations where no claim has been brought at the balance sheet date.	We discussed all actual or pending legal or regulatory claims with the Group's internal legal counsel to gain an understanding of the status of each case. Where provisions had been booked in the Group Financial Statements, we substantively tested the amount provided, by using documentation such as correspondence with external legal counsel, independent confirmations that we received from the Group's external legal counsel, or penalties awarded and costs incurred for other similar completed legal or regulatory cases, to form our own expectation of the likely outcome and comparing that to the provision. Our testing did not identify any material misstatements in the provision booked. For certain on-going regulatory investigations where no claim had been brought against the Group at 31 December 2014, we met with external legal counsel about the matters and extent of their work to determine whether it was sufficient to support their conclusions that there have been no illegal acts. We used our own accumulated knowledge from working with clients in the pharmaceutical industry operating in the US to challenge whether the external legal counsel had not omitted any relevant factors when drawing their conclusion as of that time and did not identify any that they had. In addition, we considered the completeness of legal and regulatory matters through open discussions with internal legal counsel and by reading Company Board minutes, without identifying any other legal matters that had not already been disclosed to us. Furthermore, we obtained representation from management that they are unaware of any illegal acts. Finally, we checked the disclosures relating to legal and regulatory matters in the Financial Statements back to our underlying work. We found that the disclosures in Notes 18 and 20 were in accordance with the requirements of IFRSs as adopted by the European Union.
Uncertain tax positions Indivior operates in a multinational tax environment and the tax charge on profits is determined according to complex tax laws and regulations, including those relating to transfer pricing. In addition from time to time Indivior enters into transactions with complicated accounting and tax consequences. Where the effect of these tax laws and regulations is unclear, judgments are used in determining the liability for tax to be paid. For a multinational Company, tax audits can be ongoing in a number of jurisdictions at any point in time and tax returns are subject to possible challenge in most locations in which Indivior operates. Judgement is required in assessing the level of provisions required in respect of uncertain tax positions.	Using our US and UK, international tax and transfer pricing knowledge, we evaluated and challenged the Directors' judgments in respect of estimates of tax exposures and contingencies in order to assess the adequacy of Indivior's tax provisions. In understanding and evaluating the Directors' judgments, we considered the status of recent and current tax authority audits and enquiries, the outturn of previous claims, recent developments in tax legislation, reading relevant correspondence, judgemental positions taken in tax returns and current year estimates and other developments in the tax environment. We tested tax calculations and challenged the Group's transfer pricing arrangements by assessing the methodology used against third-party studies and our own knowledge and experience, and tax planning activities to assess the reasonableness of the provisions recorded. From the evidence obtained, we considered the level of provisioning to be acceptable in the context of Indivior's Financial Statements taken as a whole.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the Group Financial Statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates. As noted above under 'Overview' we worked closely with our US-based team in Richmond, Virginia, as the US operation is the largest component in the Group.

In total our audit scope consisted of eight full-scope audits out of 39 reporting units, with specific audit procedures on a further two reporting units. With all audit procedures combined together our audit scope addressed 87% of the Group's net revenues and 83% of the Group's operating profit before tax.

The Indivior Group operates a single business activity and therefore operates as one reportable segment. The Group Financial Statements are a consolidation of reporting units comprising the Group's operating businesses and centralised Group functions.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Group materiality	$28m
How we determined it	5% of profit before tax
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.4m as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the Directors' Statement, set out on page 47, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' Statement, the Directors have concluded that it is appropriate to prepare the Financial Statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions
In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 41 to 46 with respect to internal control and risk management systems and about share capital structures is consistent with the Financial Statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• information in the Annual Report is: – materially inconsistent with the information in the audited Financial Statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the Directors on page 47, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on pages 44 to 45, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the parent company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the parent company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 47, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the parent company financial statements of Indivior PLC for the year ended 31 December 2014 and on the information in the Directors' Remuneration Report that is described as having been audited.

Simon Friend
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 March 2015

Consolidated income statement

For the year ended December 31	Notes	2014 $m	2013 $m
Net revenues	3	**1,115**	1,216
Cost of sales		**(95)**	(104)
Gross profit		**1,020**	1,112
Selling, distribution and administrative expenses	4	**(343)**	(341)
Research and development expenses	4	**(115)**	(76)
Operating profit		**562**	695
Operating profit before exceptional items		**586**	695
Exceptional items	4	**(24)**	–
Operating profit		**562**	695
Finance expense	7	**(1)**	–
Net finance expense	7	**(1)**	–
Profit on ordinary activities before taxation		**561**	695
Tax on profit on ordinary activities	8	**(158)**	(206)
Net income		**403**	489
Earnings per ordinary share	9		
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 December 31	Notes	2014 $m	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 balance sheet

As at December 31	Notes	2014 $m	2013 $m
Assets			
Non-current assets			
Intangible assets	10	**91**	94
Property, plant and equipment	11	**13**	13
Deferred tax assets	12	**77**	79
Other receivables	14	**1**	12
		182	198
Current assets			
Inventories	13	**41**	36
Trade and other receivables	14	**193**	185
Cash and cash equivalents	16	**331**	7
		565	228
Total assets		**747**	426
Liabilities			
Current liabilities			
Borrowings	17	**(17)**	–
Provisions for liabilities and charges	18	**–**	–
Trade and other payables	21	**(383)**	(434)
Current tax liabilities		**(62)**	(17)
		(462)	(451)
Non-current liabilities			
Borrowings	17	**(719)**	–
Provisions for liabilities and charges	18	**(41)**	(41)
		(760)	(41)
Total liabilities		**(1,222)**	(492)
Net liabilities		**(475)**	(66)
Equity			
Capital and reserves			
Share capital	22	**1,437**	1,437
Other reserves	23	**(1,295)**	(1,295)
Foreign currency translation reserve	23	**(16)**	–
Retained earnings	23	**(601)**	(208)
		(475)	(66)
Total equity		**(475)**	(66)

The financial statements on pages 67 to 92 were approved by the Board of Directors on March 27, 2015 and signed on its behalf by:

Shaun Thaxter
Director

Cary J. Claiborne
Director

Consolidated statement of changes in equity

	Notes	Share capital $m	Share premium $m	Other reserves $m	Foreign currency translation reserve $m	Retained earnings $m	Total equity $m
Balance at January 1, 2013		**1,437**	**–**	**(1,295)**	**–**	**3**	**145**
Comprehensive income							
Net income		–	–	–	–	489	489
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		**–**	**–**	**–**	**–**	**489**	**489**
Payments to former owners, recognized directly in equity	23	–	–	–	–	(967)	(967)
Charges from former owners, recognized directly in equity	23	–	–	–	–	267	267
Total transactions with former owners, recognized in equity	23	**–**	**–**	**–**	**–**	**(700)**	**(700)**
Balance at December 31, 2013		**1,437**	**–**	**(1,295)**	**–**	**(208)**	**(66)**
Comprehensive income							
Net income		–	–	–	–	403	403
Other comprehensive income		–	–	–	(16)	–	(16)
Total comprehensive income		**–**	**–**	**–**	**(16)**	**403**	**387**
Payments to former owners, recognized directly in equity	23	–	–	–	–	(991)	(991)
Charges from former owners, recognized directly in equity	23	–	–	–	–	195	195
Total transactions with former owners, recognized in equity	23	–	–	–	–	(796)	(796)
Balance at December 31, 2014		**1,437**	**–**	**(1,295)**	**(16)**	**(601)**	**(475)**

Consolidated cash flow statement

For the year ended December 31	Notes	2014 $m	2013 $m
Cash flows from operating activities			
Operating profit		**562**	695
Adjustments to reconcile net cash provided by operating activities:			
Foreign exchange impacts		**(13)**	–
Depreciation amortization and impairment	10, 11	**26**	28
Changes in assets and liabilities			
Trade and other receivables	14	**3**	110
Inventories	13	**(5)**	(2)
Trade and other payables and provisions	18, 21	**(50)**	63
Cash generated from operations		**523**	894
Interest paid and debt issue costs	17	**(24)**	–
Tax paid		**(59)**	(103)
Net cash inflow from operating activities		**440**	791
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**–**	(3)
Purchase of intangible assets	10	**(26)**	–
Net cash (outflow) from investing activities		**(26)**	(3)
Cash flows from financing activities			
Proceeds from short-term financing	17	**9**	–
Gross proceeds from borrowings	17	**750**	–
Dividends	23	**(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	16	**324**	(18)
Cash and cash equivalents at beginning of the year	16	**7**	25
Cash and cash equivalents at end of the year	16	**331**	7

Notes to the Financial Statements

1. General information

Indivior PLC ("the Company") and its subsidiaries (together, "the Group") is engaged in the development, manufacture, and sale of buprenorphine-based prescription drugs for the treatment of opioid dependence (the Indivior Business).

The Indivior Business was previously the pharmaceuticals business of the Reckitt Benckiser Group plc (RB), carried out by RB Global Holdings Limited and its subsidiary undertakings.

The Company was incorporated and domiciled in the United Kingdom on September 26, 2014 in connection with the demerger and is the holding company for the Group.

The Indivior Business was demerged from RB on December 23, 2014. Upon demerger, each RB shareholder received one ordinary share in the Company for each ordinary share in RB that they held at the time of the demerger. The Company received in return 100% of the share capital of RB Global Holdings Limited.

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. Basis of preparation and changes in accounting policy

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 (the Act) applicable to companies reporting under IFRS. These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Financial Statements are presented in US$.

The introduction of Indivior PLC as the new ultimate holding company of the 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 the Company as the new ultimate holding company of the Group has been accounted for as a group reconstruction using merger accounting principles. This policy, which does not conflict with IFRS, reflects the economic substance of the transaction. This means that although the reorganization did not become effective until December 23, 2014, the consolidated Financial Statements are presented as if the current Group structure had always been in place. Accordingly, the results of the Group for the entire year ended December 31, 2014 and the comparative period are presented as if the Group had been in existence throughout the period presented.

The share capital issued as consideration in the exchange is treated as if it had existed from the earliest year presented. This presentation of share capital results in the creation of the Other reserves in the consolidated balance sheet. The Other reserves represents the difference between the nominal value of the shares issued by the Company and the net investment in the Group by the former owner.

When recognizing the share capital issued, the Company has applied the provisions for merger relief under s.612 of the Companies Act. Accordingly, no premium has been recognized on the shares issued by the Company.

The Financial Statements include expense allocations for certain functions provided to the 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 Group. The Financial Statements also include a portion of RB's costs relating to RB's operations as a public company, which historically were not allocated to the Group. RB had allocated these general corporate expenses to the Group 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. These costs are included within administrative expenses in the consolidated income statements. Both Indivior and RB consider the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Group 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 Group (that is, in substance, a capital contribution) and accordingly have been reflected as such in the Financial Statements.

Historically, RB performed cash management functions for the whole of RB, including the Indivior Business. This included certain cash pooling activities which resulted in the transfer of excess cash to RB. Such transfers of cash to RB have been recorded in equity as a reduction in the former owner's investment in the Group (that is, in substance, a distribution).

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

The 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*. The new standards have not impacted the reported results or position of the Group.

2. Basis of preparation and changes in accounting policy (continued)

Comparative financial information

For the periods prior to the pre-demerger re-organization, 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 re-organization had occurred as at January 1, 2013.

New accounting requirements

IFRS 15 Revenue from contracts with customers is effective for annual periods beginning on or after January 1, 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 recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

Management has considered the impact of the new rules on its revenue recognition policies, and they will have little, if any effect on the amount and timing of revenue recognition. A more detailed assessment will be performed in the near future.

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 January 1, 2018.

Basis of consolidation

The consolidated Financial Statements include the results of the Company and all of its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by the Group. 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 unrealized income and expenses on transactions between Group companies have been eliminated on consolidation. All subsidiaries have year-ends which are co-terminus with the Group's. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 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 recognized in the income statement, except where hedge accounting is applied.

The exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results were:

	2014	2013
GBP year-end exchange rate	**1.5577**	1.6557
GBP average exchange rate	**1.6476**	1.5649

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 recognized in the statement of comprehensive income) on consolidation.

2. Basis of preparation and changes in accounting policy (continued)

Accounting estimates and Judgments

The Directors make a number of estimates and assumptions regarding the future, and make some significant judgments in applying the Group's accounting policies. These estimates and assumptions may affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The key estimates and assumptions used in the Financial Statements are set out below.

Provisions for returns, discounts, incentives and rebates
The Company offers various types of price reductions on its products. In particular, products sold in the United States are covered by various programs (such as Medicare and Medicaid) under which products are sold at a discount. Rebates are granted to healthcare authorities, and under contractual arrangements with certain customers. Some wholesalers are entitled to chargeback incentives based on the selling price to the end customer, under specific contractual arrangements. Cash discounts may also be granted for prompt payment.

The discounts, incentives and rebates described above are estimated on the basis of specific contractual arrangements with customers or of specific terms of the relevant regulations and/or agreements applicable for transactions with healthcare authorities, and of assumptions about the attainment of sales targets. They are recognized in the period in which the underlying sales are recognized, as a reduction of sales revenue. The Company also estimates the amount of product returns, on the basis of contractual sales terms and reliable historical data; the same recognition principles apply to sales returns.

Income taxes
Judgment is required in determining the provision for income taxes. There are many transactions and calculations whose ultimate tax treatment is uncertain. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. The Company recognizes deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known. For more details of income taxes see Note 8 to the consolidated Financial Statements.

Impairment of assets
The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provisions for legal claims
The Company may be involved in litigation, arbitration or other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights, compliance and trade practices, commercial claims, employment and wrongful discharge claims and tax assessment claims.

Provisions are estimated on the basis of events and circumstances related to present obligations at the statement of financial position date, of past experience, and to the best of management's knowledge at the date of preparation of the Financial Statements. The assessment of provisions can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. Given the inherent uncertainties related to these estimates and assumptions, the actual outflows resulting from the realization of those risks could differ from the Company's estimates.

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 the 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, the CEO reviews financial information presented on a combined basis for evaluating financial performance and allocating resources. Accordingly, the Company reports as a single reporting segment.

Revenues

Accounting policy

Revenue arising from the sale of goods is presented in the consolidated income statement under net revenues. Net revenues comprise revenue from sales of pharmaceutical products, net of sales returns, of customer incentives and discounts, and of certain sales-based payments paid or payable to the healthcare authorities.

Revenue is recognized when all of the following conditions have been met: the risks and rewards of ownership have been transferred to the customer at the point of delivery, usually when title passes to the customer either on shipment or on receipt of goods depending on local trading terms; the Company no longer has effective control over the goods sold; the amount of revenue and costs associated with the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the Company, in accordance with IAS 18.

Returns, discounts, incentives and rebates are estimated and recognized in the period in which the underlying sales are recognized as a reduction of sales revenue.

These amounts are calculated as follows:

- Provisions for rebates based on attainment of sales targets are estimated and accrued as each of the underlying sales transactions is recognized.
- Provisions for price reductions under government and state programs, largely in the US, are estimated on the basis of the specific terms of the relevant regulations and agreements, and accrued as each of the underlying sales transactions is recognized.
- Provisions for sales returns are calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers. In countries where product returns are possible, the Company has implemented a returns policy that allows the customer to return products within a certain period either side of the expiry date (usually three months before and six months after the expiry date). The provision is estimated on the basis of past experience of sales returns.

The Company also takes account of factors such as levels of inventory in its various distribution channels, product expiry dates, information about potential discontinuation of products and the entry of competing generics into the market. In each case, the provisions are subject to continuous review and adjustment as appropriate based on the most recent information available to management. The Company believes that it has the ability to measure each of the above provisions reliably, using the following factors in developing its estimates:

- the nature and patient profile of the underlying product;
- the applicable regulations and/or the specific terms and conditions of contracts with governmental authorities, wholesalers and other customers;
- historical data relating to similar contracts, in the case of qualitative and quantitative rebates and chargeback incentives;
- past experience and sales growth trends;
- actual inventory levels in distribution channels, monitored by the Company using internal sales data and externally provided data;
- the shelf life of the Company's products; and
- market trends including competition, pricing and demand.

There may be adjustments to the provisions when the actual rebates are invoiced based on utilization information submitted to the Company (in the case of provisions for rebates related to sales targets or contractual rebates) and claims/invoices received (in the case of regulatory rebates and chargebacks). Management believes that the estimates made are reasonable; however such estimates involve judgments on aggregate future sales levels, distribution channel mix, distributors sales performance and market competition.

3. Segment information (continued)

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 amortization, by country. Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

January 1 – December 31, 2014	**Revenue from sale of goods $m**	**Non-current assets $m**
United States	**855**	**66**
Rest of World	**260**	**38**
Total	**1,115**	**104**

January 1 – December 31, 2013	$m	$m
United States	950	50
Rest of World	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):

Customer	**2014 %**	2013 %
Customer A	**22%**	24%
Customer B	**28%**	28%
Customer C	**19%**	18%

4. Operating costs and expenses

Accounting policies

Research and Development

Research expenditure on internal activities is charged to the consolidated statement of income in the year in which it is incurred.

Development expenditure is written off in the year in which it is incurred, unless the following criteria are met:

- It must be technically feasible to complete the development project (or intangible asset) so that the related product will be available for use or sale;
- There is an intention to complete the intangible asset or development project and use or sell it;
- The Company has the ability to use the intangible asset or to sell it;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Expenditure attributable to the intangible asset during its development is able to be reliably measured.

Amounts capitalized are amortized over the useful life of the developed product.

An internally generated intangible asset arising from the Company's development activities is recognized only if the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

The Company has determined that filing for regulatory approval is the earliest point at which the probable threshold can be achieved. All development expenditure incurred prior to filing for regulatory approval is therefore expensed as incurred.

Expenses

Expenses are recognized in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Marketing and promotional expenses are charged to the income statement as incurred.

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 the reconfiguration of the Company's activities.

The table below sets out selected operating costs and expenses information.

	Notes	**2014 $m**	2013 $m
Research and Development expenses		**(115)**	(76)
Marketing, selling, and distribution expenses		**(147)**	(160)
Administrative expenses		**(167)**	(151)
Depreciation and amortization	10, 11	**(26)**	(28)
Operating lease rentals	19	**(3)**	(2)
		(343)	(341)

Exceptional items

	2014 $m	2013 $m
Demerger restructuring costs	**24**	–
Total exceptional Items	**24**	–

Restructuring costs 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. Auditor's remuneration

	2014 $m
Audit of parent company and consolidated Financial Statements:	
Audit of the Group's Annual Report and Financial Statements	**0.7**
Audit of account of the Group's subsidiaries	**0.2**
Total audit and audit-related services	**0.9**

There were no material non-audit services in the year relating to the Indivior Group or any of its subsidiaries.

Further fees were borne by the former parent during 2014 in relation to audit services associated with the demerger of Indivior from Reckitt Benckiser Group plc.

6. Employees

Accounting policies

Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognized in the provision for employee benefits. All other short-term employee benefits are presented as payables.

Post-retirement benefits other than pensions
Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognized in the balance sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted. Additional employer costs in respect of options and awards are charged to the income statement over the same period with the credit included in payables.

Employee share schemes
Incentives in the form of shares are provided to employees under share option and restricted share award schemes.

The fair values of these options and awards are calculated at their grant dates and any shortfall between the cost to the employee and the fair market value are charged to the income statement over the relevant vesting periods, with the credit taken directly to retained earnings.

The fair value at grant date is determined using a pricing model that takes into account the exercise price, the term of the award, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the award, the share price at grant date, the expected dividend yield and the risk-free interest rate for the term of the award.

The fair value of the awards excludes the impact of any non-market vesting conditions (e.g. earnings per share). Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of awards that are expected to become exercisable. The employee benefit expense recognized each period takes into account the most recent estimate.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Pension commitments
Some Group companies operate defined contribution and (funded and unfunded) defined benefit pension schemes. The cost of providing pensions to employees who are members of defined contribution schemes is charged to the income statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The liability or surplus recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit schemes are accrued over the period of employment. Actuarial gains and losses are recognized immediately in other comprehensive income.

Past-service costs are recognized immediately in the income statement.

The net interest amount is calculated by applying the discounted rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset.

The net pension scheme interest is presented as finance income/expense.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; or (b) when the entity recognizes costs for a restructuring that is detailed in a formal plan that involves the payment of termination benefits and has, at a minimum, been announced to employees. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

6. Employees (continued)

(a) Staff costs

	2014 $m	2013 $m
The total employment costs, including Directors, were:		
Wages and salaries	**(112)**	(104)
Social security costs	**(25)**	(24)
Net pension costs	**(2)**	(2)
Share-based payments	**(3)**	(3)
	(142)	(133)

Details of Directors' emoluments are included in the Directors' Remuneration Report on pages 48 to 61, which forms part of the Financial Statements.

Compensation awarded to key management (the Executive Committee):

	2014 $m	2013 $m
Short-term employee benefits	**6**	5
	6	5

Termination benefits and share-based payments include contractual commitments made to key management in 2014, comprising cash payments and shares to vest in 2015.

(b) Staff numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2014	2013
Operations	**540**	547
Management	**116**	74
Research and development	**85**	79
Average number of employees	**741**	700

7. Net finance expense

Accounting policy

Finance costs of borrowings are recognized in the income statement over the term of those borrowings.

Finance expense	2014 $m	2013 $m
Interest payable on borrowings	**(1)**	–
Total finance expense	**(1)**	–
Net finance expense	**(1)**	–

8. Income tax expense

Accounting policy

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

	2014 $m	2013 $m
Current tax	**157**	224
Adjustments for current tax of prior years	**(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 tax charge was reduced by $5m as a consequence of demerger restructuring expenses.

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from April 1, 2014. The Group's profits for the year ended December 31, 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	**(3)**	14
Adjustments in respect of prior years	**(3)**	(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.

9. Earnings per share

	2014 $	2013 $ pro-forma
Basic earnings per share	**0.56**	0.68
Diluted earnings per share	**0.56**	0.68
Adjusted basic earnings per share	**0.58**	0.68
Adjusted diluted earnings per share	**0.58**	0.68

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. 718,577,618 shares were issued during the period ended December 31, 2014.

For the purpose of calculating EPS, the share capital for the Company in the period prior to the pre-demerger re-organization on December 23, 2014 is calculated as if this re-organization was completed as at January 1, 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 share options. The weighted average number of shares is adjusted for the number of shares granted assuming the exercise of share options.

	2014 Average number of shares	2013 Average number of shares pro-Forma
On a basic basis	**718,577,618**	718,577,618
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	**723,884,628**	723,884,628

*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 ordinary 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:

	2014 $m	2013 $m
Net income	**403**	489
Exceptional items	**24**	–
Tax effect of exceptional items	**(7)**	–
Adjusted net income	**420**	489

10. Intangible assets

Accounting policy

Intangible assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment.

Payments made in respect of acquired distribution rights are capitalized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company. The useful life of the acquired distribution rights is determined based on legal, regulatory, contractual, competitive, economic or other relevant factors. Acquired rights with finite lives are subsequently amortized using the straight-line method over their defined useful economic lives. Amortization expense related to acquired distribution rights is included in selling, distribution and administrative expenses.

Payments related to the acquisition of rights to a product or technology are capitalized if it is probable that future economic benefits from the asset will flow to the Company. Amortization of the asset starts when it becomes available for use, at which point the asset is amortized over its useful economic life. Prior to that date, the intangible asset is tested for impairment annually, irrespective of whether any indication of impairment exists.

Impairment of intangible assets

The carrying values of intangible assets are reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may be impaired depending on the intangible asset type. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. In assessing value-in-use, its estimated future cash flow is discounted to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In carrying out impairment reviews of intangible assets a number of significant assumptions have to be made when preparing cash flow projections. These include the future rate of market growth, discount rates, the market demand for the products acquired, the future profitability of acquired businesses or products, levels of reimbursement and success in obtaining regulatory approvals. If actual results should differ, or changes in expectations arise, impairment charges may be required which would adversely impact operating results.

	Acquired distribution rights $m	Technology and licenses acquired $m	Total $m
Cost			
At January 1, 2014	222	30	252
Additions	–	26	26
Exchange adjustments	(2)	–	(2)
At December 31, 2014	220	56	276
Accumulated amortization and impairment			
At January 1, 2014	158	–	158
Amortization and impairment charge	25	–	25
Exchange adjustments	2	–	2
At December 31, 2014	185	–	185
Net book amount at December 31, 2014	35	56	91

10. Intangible assets (continued)

	Acquired distribution rights $m	Technology and licenses acquired $m	Total $m
Cost			
At January 1, 2013	218	30	248
Exchange adjustments	4	–	4
At December 31, 2013	222	30	252
Accumulated amortization and impairment			
At January 1, 2013	131	–	131
Amortization and impairment charge	25	–	25
Exchange adjustments	2	–	2
At December 31, 2013	158	–	158
Net book amount at December 31, 2013	64	30	94

Acquired distribution rights

Acquired distribution rights are amortized over a period from six to seven years. The useful life of the acquired distribution rights was determined based on legal, regulatory, contractual, competitive, economic or other relevant factors. Amortization expense is included in selling, distribution and administrative expenses for all years presented.

Technology and licenses acquired

The licenses acquired are not amortized as the Group has not yet filed for regulatory approval for the related products as at December 31, 2014. The licenses are assessed for impairment at the end of each reporting period.

In February 2014, the Group entered into a co-development and asset purchase agreement with AntiOp, Inc. to co-develop a naloxone nasal spray to aid in the reversal of opioid overdose. Additions recognized in the period for this agreement amounted to $4m.

In May 2014, the Group entered into an exclusive worldwide licensing agreement with XenoPort Inc. for the development and commercialization of a clinical-stage oral product candidate called Arbaclofen Placarbil for the treatment of alcohol use disorders. Total additions recognized in the period for this agreement amounted to $22m.

11. Property, plant and equipment

Accounting policies

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Except for freehold land and assets under construction, the cost of property, plant and equipment is written off on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- Freehold buildings: not more than 50 years; and
- Owned plant and equipment: not more than 15 years.

In general, production plant and equipment and office equipment are written off over ten years or less; motor vehicles and computer equipment over five years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date. Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the income statement.

	Land and buildings $m	Plant and equipment $m	Total $m
Cost			
At January 1, 2014	2	35	37
Additions		1	1
At December 31, 2014	2	36	38
Accumulated depreciation and impairment			
At January 1, 2014	1	23	24
Charge for the year	–	1	1
At December 31, 2014	1	24	25
Net book amount at December 31, 2014	1	12	13

	Land and buildings $m	Plant and equipment $m	Total $m
Cost			
At January 1, 2013	2	32	34
Additions	–	3	3
At December 31, 2013	2	35	37
Accumulated depreciation and impairment			
At January 1, 2013	1	20	21
Charge for the year	–	3	3
At December 31, 2013	1	23	24
Net book amount at December 31, 2013	1	12	13

Depreciation and amortization expense is included in selling, distribution and administrative expense within the income statement.

12. Deferred tax

Accounting policy

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

Deferred tax liabilities	Unrealized profit in inventory $m	Intangible assets $m	Short-term temporary differences $m	Total $m
At January 1, 2013	–	(4)	–	(4)
(Charged) to the income statement	–	(2)	–	(2)
At December 31, 2013	–	(6)	–	(6)
Credited to the income statement	–	8	–	8
At December 31, 2014	**–**	**2**	**–**	**2**

Deferred tax assets	Unrealized profit in inventory $m	Intangible assets $m	Short-term temporary differences $m	Total $m
At January 1, 2013	52	2	11	65
Credited/(charged) to the income statement	11	–	7	18
Charged/(credited) directly to equity	–	–	–	
Exchange differences	2	–	–	2
At December 31, 2013	65	2	18	85
(Charged)/credited to the income statement	(1)	(5)	(6)	(12)
Charged/(credited) directly to equity	–	–	4	4
Exchange differences	–	–	–	
At December 31, 2014	**64**	**(3)**	**16**	**77**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority. Unused tax credits of $26m (2013: $40m) have not been recognized at December 31, 2014 as the likelihood of future economic benefit is not sufficiently assured. These assets will be recognized if utilization of the credits becomes reasonably certain. No deferred tax liability has been recognized on the unremitted earnings of overseas subsidiaries as no tax is expected to be payable on them in the foreseeable future based on the current repatriation policy of the Group.

13. Inventories

Accounting policy

Raw materials, stores and consumables, work in progress and finished goods are stated at the lower of cost or net realizable value. Cost comprises materials, direct labor and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Selling expenses and certain other overhead expenses are excluded. Net realizable value is the estimated selling price less applicable selling expenses.

Write down of inventory occurs in the general course of business. Impairments are recognized in cost of sales.

	2014 $m	2013 $m
Raw materials, stores and consumables	**7**	8
Work in progress	**9**	15
Finished goods and goods held for resale	**25**	13
Total inventories	**41**	36

The cost of inventories recognized as an expense and included as cost of sales amounted to $95m (2013: $104m). This includes inventory write-offs and losses of $4m (2013: $8m).

The Group inventory provision (reflected in the carrying amount above) at December 31, 2014 was $2m (2013: $5m).

14. Trade and other receivables

Accounting policy

Trade receivables are initially recognized at fair value and subsequently held at amortized cost, less provision for impairment.

If there is objective evidence that the Group will not be able to collect the full amount of the receivable, a provision is recognized on the balance sheet. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The impairment is calculated as the difference between the carrying value of the receivable and the present value of the related estimated future cash flows, discounted at the original interest rate.

Non-current assets	2014 $m	2013 $m
Prepayments	**1**	12
Total non-current receivables	**1**	12
Current assets		
Trade receivables	**169**	177
Less: Provision for impairment of receivables	**(7)**	(8)
Trade receivables – net	**162**	169
Other receivables	**9**	2
Prepayments	**22**	14
Total current receivables	**193**	185

Non-current prepayment in 2013 relate to the Group's exclusive manufacturing agreement with MSRX. These balances became current as of December 31, 2014.

Trade receivables consist of amounts due from customers, primarily wholesalers and distributors, for whom there is no significant history of default. The credit risk of customers is assessed, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

14. Trade and other receivables (continued)

As at December 31, 2014, trade receivables of $6m (2013: $10m) were past due, but not impaired. The ageing analysis of trade receivables past due is as follows:

	2014 $m	2013 $m
Up to three months	**6**	9
Over three months	**–**	1
	6	10

As at December 31, 2014, trade receivables of $10m (2013: $11m) were considered to be impaired. The amount of provision at December 31, 2014 was $7m (2013: $8m). It was assessed that a portion of the receivables is expected to be recovered due to the nature and historical collection of trade receivables. The ageing analysis of these receivables is as follows:

	2014 $m	2013 $m
Up to three months	**–**	1
Over three months	**10**	10
	10	11

The movement in the provision for impaired receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the income statement. The gross movements in the provision are considered to be insignificant. The current other receivables balance does not contain impaired assets. They consist of items including reclaimable turnover tax and are from a broad range of countries within the Group.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2014 $m	2013 $m
Sterling	**10**	7
Euro	**39**	36
US dollar	**130**	126
Other currencies	**14**	16
	193	185

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Amounts falling due beyond one year	2014 $m	2013 $m
Prepayments	**1**	12
Total non-current receivables	**1**	12

Prepaid expenses relate to the Group's exclusive manufacturing agreement with MSRX.
The other receivables do not contain impaired assets.

15. Financial instruments and risk management

The Group's financial assets and liabilities include cash and cash equivalents, trade receivables and trade payables as set out in Notes 16, 14 and 21 respectively. The carrying value less impairment provision of current borrowings, cash at bank, trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

Financial risk management of the Group is mainly exercised and monitored at group level. The Group's financing and financial risk management activities are centralized into the newly formed Global Treasury Group (GTG) to achieve benefits of scale and control with the ultimate goal of maximizing the Company's liquidity and mitigating its operational and financial risks. GTG manages financial exposures of the 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 will be subject to periodic independent reviews and audits, both internal and external.

Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The 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 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 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 17). Total equity includes share capital, reserves and retained earnings as shown in the consolidated balance sheet.

	Note	**2014 $m**	2013 $m
Net debt	17	**(405)**	7
Total equity		**(475)**	(66)
		(880)	(59)

The objectives for managing capital are to safeguard the 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 optimize the cost of capital.

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

16. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of less than three months.

Bank overdrafts are included within borrowings in the balance sheet.

	2014 $m	2013 $m
Cash and cash equivalents	**331**	7
	331	7

17. Financial liabilities – borrowings

Accounting policy

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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 and overdrafts	**(736)**	–
Net debt at end of year	**(405)**	7

Indivior obtained a $750m term loan and a $50m revolving credit facility in 2015. The term loan was drawn in full on December 19, 2014 in connection with the demerger from RB. The net proceeds of this were $727m. The $750m debt facility was fully underwritten by Morgan Stanley and Deutsche Bank. Terms of the loan are as follows:

December 31, 2014

	Currency	Nominal interest margin	Maturity	Amortization	Issuance cost $m	Face value $m	Carrying amount $m
Unsecured bank loan*	USD	LIBOR (1%) + 4.5%	7 years	1%	23	750	750

*Also included within the terms of the loan was a financial covenant to maintain a net secured leverage covenant of 3.25x with step down to 3.00x on June 30, 2016.

Maturity of debt	2014 $m
Bank loans and overdrafts payable due:	
Within one year or on demand	16
Bank loans payable due:	
Later than one and less than five years	30
Over five years	690
Gross borrowings (unsecured)	736

Debt syndication was completed on March 16, 2015. Details of the new terms are set out in Note 25.

18. Provisions for liabilities and charges

Accounting policy

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed regularly and amounts updated where necessary to reflect the latest assumptions. The assessment of provisions can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. Given the inherent uncertainties related to these estimates and assumptions, the actual outflows resulting from the realization of those risks could differ from the Company's estimates.

	Legal provisions $m	Total provisions $m
At January 1, 2013	16	16
Charged to the income statement	25	25
At December 31, 2013	41	41
At January 1, 2014	41	41
At December 31, 2014	**41**	**41**

At December 31, 2014, total provisions consisted of non-current legal provisions in the amount of $41m (2013: $41m) in relation to a number of regulatory investigations by various government authorities in a number of markets. These investigations involve primarily competition law inquiries. The legal provisions are classified as non-current liabilities.

19. Operating lease commitments

Accounting policy

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

	2014 $m	2013 $m
Total future minimum lease payments under non-cancellable operating leases due:		
Within one year	**1**	1
Later than one and less than five years	**2**	3
	3	4

Operating lease rentals charged to the income statement in 2014 were $3m (2013: $2m).

20. Contingent liabilities

The Group is currently subject to other legal proceedings and investigations, including through subpoenas and other information requests, by various governmental authorities.

In 2011, the USAO-NJ issued a subpoena to Reckitt Benckiser Pharmaceuticals Inc. (RBP) requesting production of certain documents in connection with a non-public investigation related, among other things, to the promotion, marketing and sale of Suboxone® Film, Suboxone® Tablet and Subutex® Tablet. RBP responded to the USAO-NJ by producing documents and other information and has had no communication from USAO-NJ since March 2013.

In late 2012, the FTC and the Attorney General of the State of New York commenced non-public investigations of RB, RBP and various other entities in the Reckitt Benckiser Group plc focusing on business practices relating to Suboxone® Film, Suboxone® Tablet and Subutex® Tablet, including alleged involvement in a scheme to delay FDA approval of generic versions of Subutex® Tablet. RBP has responded to both the FTC and to the Attorney General of the State of New York by producing documents and other information. The investigations are ongoing, and as yet no decision has been made by either agency on whether to pursue any legal action for enforcement.

In December 2013, the USAO-VAW executed a search warrant on RBP's headquarters in Richmond and conducted searches of the homes of four field-based employees. The USAO-VAW has since served a number of subpoenas relating to Suboxone® Film, Subutex® Tablet, buprenorphine and any real or potential competitor, among other issues. The investigation is ongoing and RBP is in the process of responding to the USAO-VAW by producing documents and other information.

Given the limited information available to the Group regarding the foregoing civil and criminal investigations, it is not possible at this time to predict with any certainty if there will be a liability associated with these investigations nor, if one were to occur, is there an ability to quantify the potential impact on the Financial Statements of the Group.

21. Trade and other payables

	2014 $m	2013 $m
Sales returns and rebates	**273**	305
Trade payables	**29**	54
Other payables	**1**	–
Other tax and social security payable	**7**	4
Accruals	**73**	71
	383	434

Customer return and rebate accruals, primarily in the US, are provided for by the Group at the point of sale in respect of the estimated rebates, discounts or allowances payable to customers. Accruals are made at the time of sale but the actual amounts paid are based on claims made some time after the initial recognition of the sale. As the amounts are estimated they may not fully reflect the final outcome and are subject to change dependent upon, amongst other things, the channel (e.g. Medicaid, Medicare, Managed Care, etc) and product mix. The level of accrual is reviewed and adjusted quarterly in the light of historical experience of actual rebates, discounts or allowances given and returns made and any changes in arrangements. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

The carrying amounts of total trade and other payables are denominated in the following currencies:

	2014 $m	2013 $m
Sterling	**41**	31
US dollar	**314**	383
Other currencies	**28**	20
	383	434

22. Share capital

Accounting policy

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

Issued and fully paid	Equity ordinary shares	Nominal value $m
At January 1, 2014	**718,577,618**	**1,437**
Allotments	**–**	**–**
At December 31, 2014	**718,577,618**	**1,437**

Issued and fully paid	Equity ordinary shares	Nominal value $m
At January 1, 2013	718,577,618	1,437
Allotments	–	–
At December 31, 2013	718,577,618	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.

* A resolution to reduce share capital from $2.00 to $0.10 was passed on October 30, 2014. More details are set out in Note 25.

23. Other equity

Retained earnings	**2014 $m**	2013 $m
Opening balance at January 1	**(208)**	3
Net profit for the year	**403**	489
Capital reduction	**(796)**	(700)
Closing balance at December 31	**(601)**	(208)

Transactions with former owners are included within retained earnings on the consolidated statement of changes in equity.
The components of the transactions' owners as of December 31, 2014 and 2013 are as follows:

	2014 $m	2013 $m
Intercompany dividends	**(500)**	(239)
Cash pooling and general financing activities	**(491)**	(728)
Corporate allocations, including income tax provision	**195**	267
Total for year ended December 31	**(796)**	(700)

Nature and purpose of reserves

Foreign currency translation

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated.

Other reserves

The other reserves balance relates to the Group reconstruction in 2014. For details, refer to Note 2 of the Group Financial Statements.

24. Related party transactions

RB, the former parent, and RBP Global Holdings Limited (RBP), the previous holding company of the Group, entered into a Transitional Services Agreement (TSA) prior to the demerger. Pursuant to the terms of the TSA, RB is providing RBP with certain services on commercial terms and on an arm's length transaction. Services include, but are not limited to, sales and marketing services, and the provision of various back office services and support across finance, HR, regulatory, IS, office space and facilities.

Key management compensation is disclosed in Note 6a.

The principal subsidiary undertakings included in the consolidated Financial Statements at December 31, 2014 are disclosed in Note 2 to the Parent Company financial statements.

25. Post balance sheet events

The initial Shareholders resolved, by a special resolution passed on October 30, 2014, to reduce Indivior's share capital by decreasing the nominal value of each Indivior ordinary share from $2.00 to $0.10. This will create distributable reserves on the balance sheet which will provide Indivior with, among other things, capacity for the payment of future dividends.

As required under section 645 of the Companies Act, the High Court of Justice has confirmed the reduction of the Company's share capital. Following the registration of the Order of the Court with Companies House, the capital reduction became effective on January 21, 2015.

On March 16, 2015, the Company completed syndication of its $750m debt facility. As a result of the syndication, the following terms were modified and an additional covenant was added:

- Maturity date of the term loan reduced from seven to five years resulting in a new maturity date of December 19, 2019.
- Interest margin increased from 4.5% to 6% over a LIBOR floor of 1.00%.
- Additional issue discount on syndication of 3% of the term loan, or $22.5m.
- Amortization rate of principal increased from 1% to 5% in 2015 and 2016, and 10% thereafter.
- An additional covenant requiring minimum liquidity of $150m (defined as cash in hand plus the undrawn amount available under the Company's revolving credit facility).

Historical financial information

Income statement	2014 $m	2013 $m	Unaudited 2012 $m	Unaudited 2011 $m
Revenue from continuing operations	**1,115**	1,216	1,339	1,254
Operating profit	**562**	695	884	872
Net finance (expense)/income	**(1)**	–	–	–
Profit on ordinary activities before tax	**561**	695	884	872
Tax on profit on ordinary activities	**(158)**	(206)	(277)	(258)
Net income	**403**	489	607	614
Balance sheet				
Net assets	**(475)**	(66)	145	254
Net working capital[1]	**(149)**	(213)	(72)	3
Statistics				
Reported basis				
Operating margin	**50.4%**	57.2%	66.0%	69.5%
Tax rate	**28.2%**	29.6%	31.3%	29.6%
Diluted earnings per share	**0.56**	0.68	0.83	0.85

[1] Net working capital includes inventories and trade receivables less trade payables.

Parent Company Independent Auditors' Report to the members of Indivior PLC

Report on the Parent Company financial statements

Our opinion

In our opinion, Indivior PLC's Parent Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Indivior PLC's financial statements comprise:

- the Parent Company Balance Sheet as at 31 December 2014; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Financial Statements (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

Consistency of other information

Companies Act 2006 opinions
In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK and Ireland) reporting
Under International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Statement of Responsibilities set out on page 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Group financial statements of Indivior PLC for the year ended 31 December 2014.

Simon Friend
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 March 2015

Parent Company balance sheet

As at December 31	Notes	2014 $m
Fixed assets		
Investments	2	**1,437**
Current liabilities		
Creditors – amounts falling due within one year	3	–
Total assets less current liabilities		**1,437**
Net assets		**1,437**

Equity

Capital and reserves		
Called up share capital	4	**1,437**
Profit and loss account	5	**–**
Equity Shareholders' funds		**1,437**

The financial statements on pages 96 to 100 were approved by the Board of Directors on March 27, 2015 and signed on its behalf by:

Shaun Thaxter
Director

Cary J. Claiborne
Director

Notes to the parent Company Financial Statements

1. Parent company accounting policies

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 ("the Act") and applicable UK accounting standards. Accounting policies have been consistently applied to all the years presented unless otherwise stated.

As permitted by s408 of the Act 2006, no profit and loss account is presented for Indivior PLC.

Foreign currency translation

Transactions denominated in foreign currencies are translated 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 recognized in the income statement, except where hedge accounting is applied.

Taxation

The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognized to the extent that they are considered recoverable.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Cash in bank and in hand

Cash at bank and in hand includes cash held in bank accounts.

Cash flow statement

Indivior PLC has presented a Group cash flow statement in its 2014 Annual Report and Financial Statements, therefore as permitted by IFRS 1 (revised 1996), 'Cash Flow Statements', the Directors have not prepared a cash flow statement for the Company.

2. Investments

Accounting policy

Fixed asset investments are stated at the lower of cost and their recoverable amount, which is determined as the higher of net realizable value and value-in-use. A review for the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable.

Such impairment reviews are performed in accordance with FRS 11, 'Impairment of Fixed Assets and Goodwill'.

	Shares in subsidiary undertakings $m
Cost:	
At January 1, 2014	–
Additions during the year	1,437
At December 31, 2014	**1,437**
Provision for impairment:	
At January 1, 2014	–
Provided for during the year	–
At December 31, 2014	**–**
Net book amounts:	
At January 1, 2014	–
At December 31, 2014	**1,437**

During the year, the Company acquired RBP Global Holdings Ltd and its subsidiaries. The Directors believe that the carrying value of the investments is supported by their underlying net assets. The cost of investments has been determined with reference to the nominal value of shares issues as permitted by s615 of the Act.

Principal subsidiary undertakings

The principal subsidiary undertakings as at December 31, 2014, all of which are included in the consolidated Financial Statements, are shown below, in accordance with s410 of the Act. A full list will be appended to Indivior's next annual return to Companies House:

	Principal activity	Country of incorporation or registration and operation	Effective % of share capital held by the Group
RBP Global Holdings Ltd	Holding and Finance company	England and Wales	Ordinary 100
Indivior Finance S.a.r.l	Finance company	Luxembourg	Ordinary 100
RB Pharmaceuticals Pty Ltd	Operating company	Australia	Ordinary 100
RB Pharmaceuticals Ltd	Operating company	England and Wales	Ordinary 100
Reckitt Benckiser Pharmaceuticals Healthcare South Africa (Pty) Ltd	Operating company	South Africa	Ordinary 100
RB Pharmaceuticals (EU) Ltd	Operating company	England and Wales	Ordinary 100
RB Pharmaceuticals Ltd Hellas Branch	Operating company	Greece	Ordinary 100
Reckitt Benckiser Pharmaceuticals France SAS	Operating company	France	Ordinary 100
RB Pharmaceuticals (Italia) Srl	Operating company	Italy	Ordinary 100
RB Pharmaceuticals (Deutschland) GmbH	Operating company	Germany	Ordinary 100
Reckitt Benckiser Pharmaceuticals Solutions Inc.	Operating company	US	Ordinary 100
Reckitt Benckiser Pharmaceuticals Inc.	Operating company	US	Ordinary 100

With the exception of RBP Global Holdings Ltd, none of the above subsidiaries is held directly by Indivior PLC.

3. Creditors falling due within one year

Accounting policy

The fixed rate preference shares rank for dividend in priority to any other class of shares in the capital of the Company from time to time in issue. These shares are included within liabilities on the balance sheet.

	2014 $m	2013 $m
Fixed rate preference shares	**–**	–

On October 30, 2014, the Company issued 50,000 redeemable fixed rate preference shares of £1 each to Reckitt Benckiser Group plc, paid in cash. The redeemable shares carry a cumulative right to a dividend at a fixed rate of 5% per annum on the nominal value of each share held which is fully paid-up or credited as fully paid-up. Such distribution is to be made out of the profits available for distribution among the holders of the preference shares as if they constituted one and the same class of shares.

The Company redeemed all of the redeemable fixed rate preference shares on November 4, 2014, by notice in writing to the holders, at $80,070.

The holders of the fixed rate preference shares were ranked in priority to any other class of shares in the capital of the Company for dividend purposes.

4. Called up share capital

Accounting policy

When the Company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognized as a charge to equity. Purchased shares are either held in Treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from the profit and loss account to the capital redemption reserve.

	Equity ordinary shares	Nominal value $m
Issued and fully paid		
At January 1, 2014	–	–
Allotments	718,577,618	1,437
At December 31, 2014	**718,577,618**	**1,437**

For details of the allotment of ordinary shares during 2014 refer to Note 22 of the Group Financial Statements on page 91.

The holders of ordinary shares par value $0.10 are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of Indivior PLC.

The Company has applied the provisions for merger relief under s612 of the Act, and as a consequence no recognition of share premium was necessary.

5. Reconciliation of movements in Shareholders' funds

	Called up share capital $m	Profit and loss account $m	Total $m
Movements during the year:			
At January 1, 2014	–	–	–
Issues of ordinary shares	1,437	–	1,437
Profit for the year	–	–	–
At December 31, 2014	**1,437**	**–**	**1,437**

Further information on the share capital of the Company can be found in Note 22 of the notes to the Group accounts.

6. Auditors' remuneration

The fee charged for the statutory audit of the Company was $32,000.

7. Related party transactions

The Company has taken advantage of the exemption within Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose related party transactions with wholly owned subsidiaries of the Group. There were no other related party transactions (2013: not applicable).

8. Dividends

Dividends to owners of the Parent are recognized as a liability in the period in which the dividends are approved by the Company's Shareholders. Interim dividends are recorded in the period in which they are approved and paid.

9. Post balance sheet events

The initial Shareholders resolved, by a special resolution passed on October 30, 2014, to reduce Indivior's share capital by decreasing the nominal value of each Indivior ordinary share from $2.00 to $0.10. This will create distributable reserves on the balance sheet which will provide Indivior with, among other things, capacity for the payment of future dividends.

As required under s645 of the Companies Act, the High Court of Justice has confirmed the reduction of the Company's share capital. Following the registration of the Order of the Court with Companies House, the capital reduction became effective on January 21, 2015.

Shareholder information

Electronic communications

All Indivior Shareholders will be sent various company communications, such as the Annual Report and Accounts. Legislation enables all companies to communicate with their shareholders electronically. This means information about the Company can be received by Shareholders quickly and more cost effectively. To assist us with our commitment to the environment and our focus on cost control, if you don't already do so we encourage you to switch to accessing shareholder information about Indivior online. Our share register is managed and maintained by our Registrar, Computershare Investor Services PLC, who will be responsible for sending you these communications, as well as handling any queries you may have.

On December 23, 2014, each RB Shareholder received one ordinary share in Indivior for each RB ordinary share held. As an RB Shareholder, if you have elected, or are deemed to have consented, to receiving electronic communications in accordance with the Companies Act 2006, this consent will automatically apply to your Indivior holdings. To register to receive electronic communications, you will need to access Computershare's Investor Centre Website at www.investorcentre.co.uk/ecomms and follow the prompts to register your email address. By providing your email address you will no longer receive paper copies of annual reports or other communications that are available electronically. Instead you will receive emails advising you when and how to access documents online.

Shareholders who receive email notifications are entitled to request a hard copy of any such document at any time free of charge from the Company's Registrar. Shareholders can also revoke their consent to receive electronic communications at any time by contacting the Registrar.

The Company's 2014 Annual Report and Notice of the 2015 AGM are available to view at www.indivior.com.

The Investor Relations section of the website contains up-to-date information for Shareholders including:

- Detailed share price information;
- Financial results;
- Dividend payment dates and amounts;
- Access to Shareholder documents including the Annual Report; and
- Share capital information.

Annual General Meeting

To be held on Wednesday, May 13, 2015 at 3.00 pm at
The London Marriott Hotel Grosvenor Square,
Grosvenor Square, London, W1K 6JP.

Every Shareholder is entitled to attend and vote at the meeting. The Notice convening the meeting is contained in a separate document for Shareholders. Shareholders who are registered for electronic communication can:

- Receive an email alert when Shareholder documents are available;
- View the Annual Report and Notice of AGM on the day they are published;
- Cast their AGM vote electronically; and
- Manage their shareholding quickly and securely online.

Company Secretary

Lola Emetulu

Registered office

103-105 Bath Road
Slough, Berkshire SL1 3UH
Telephone: +44 (0) 1753 217800
Facsimile: +44 (0) 1753 217899

Registered and domiciled in England and Wales

No. 9237894

Company status

Public Limited Company

Auditors

PricewaterhouseCoopers LLP

Solicitors

Slaughter and May
Covington & Burling

Registrar and transfer office

Computershare is responsible for maintaining and updating the Shareholder register and making dividend payments.

If you have any queries relating to your shareholding please write to, or telephone, the Company's Registrar using the following details:

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS13 8AE

Indivior Shareholder helpline: 0870 707 1820
Contact: www.investorcentre.co.uk/contactus
Website: www.investorcentre.co.uk

American Depositary Receipts

Indivior sponsors a Level I American Depositary Receipt (ADR) program in the United States. The ADRs are publicly traded in the US on the over-the-counter market, under symbol INVVY. Five Indivior ADRs is equal to one Indivior share. J.P. Morgan Chase Bank N.A. is the Depositary.

If you should have any queries, please contact:

J.P. Morgan Chase Bank N.A.
P.O. Box 64504, St. Paul, MN 55164-0854, US

Email: jpmorgan.adr@wellsfargo.com
Telephone number for general queries: +1 800 990 1135
Telephone number from outside the US: +1 651 453 2128
Website: http://www.adr.com

Key dates

Announcement of Quarter 1 interim management statement	May 5, 2015
Annual General Meeting	May 13, 2015
Announcement of interim results	August 3, 2015
Announcement of Quarter 3 interim management statement	November 3, 2015
Preliminary announcement of 2015 results	February 2016
Publication of 2015 Annual Report and Accounts	April 2016
Annual General Meeting	May 2016

Analysis of shareholders as at December 31, 2014

Distribution of shares by type of shareholder	No. of holdings	Shares
Nominees and institutional investors	9,430	701,703,107
Individuals	14,354	16,874,511
Total	**23,784**	**718,577,618**

Size of shareholding	No. of holdings	Shares
1 – 500	14,843	2,980,673
501 – 1,000	3,884	2,845,859
1,000 – 5,000	3,592	7,336,453
5,001 – 10,000	374	2,609,010
10,001 – 50,000	507	11,545,465
50,001 – 100,000	136	9,594,820
100,001 – 1,000,000	341	106,229,433
1,000,000 and above	107	575,435,905
Total	**23,784**	**718,577,618**

Warning to shareholders ('Boiler Room' scams)

Shareholders who are offered unsolicited investment advice, discounted shares, a premium price for shares, or free company or research reports, should take these steps before handing over any money:

1. Get the name of the person and organization.
2. Check the Financial Services Register at www.fca.org.uk/register to ensure they are authorized.
3. Use the details on the Financial Services Register to contact the firm.
4. Call the FCA Consumer Helpline on 0800 111 6768, if there are no contact details on the Register or if they are out of date.
5. Search the FCA's list of unauthorized firms and individuals to avoid doing business with at www.fca.org.uk/scams.
6. If you are approached by fraudsters please contact the FCA using their helpline, or their investment scam form and share fraud reporting form at www.fca.org.uk/scams.
7. Consider getting independent financial advice.

Using an unauthorized firm to buy or sell shares or other investments will prohibit access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Indivior PLC's demerger from Reckitt Benckiser Group plc

Base cost apportionment

This information is provided as indicative guidance only. Indivior accepts no responsibility for the use that may be made of this information. Any individual wishing to calculate their Capital Gains Tax should consult an appropriate professional advisor.

The demerger of Indivior PLC (Indivior) from Reckitt Benckiser Group plc (RB) was approved by RB's shareholders on December 11, 2014 and completed with the admission of Indivior to the London Stock Exchange at 8.00 am on December 23, 2014. Shareholders registered on the RB share register at the Demerger Record Time of 6.00 pm on December 22, 2014 received one Indivior ordinary share for each RB ordinary share held.

For the purposes of taxation of chargeable gains, the base cost of RB shares held immediately before the demerger is apportioned between RB and Indivior shares as follows:

RB: 97.514%
Indivior: 2.486%

The apportionment, as prescribed by section 130(2) Taxation of Chargeable Gains Act 1992 (TCGA), is by reference to both companies' respective market values on December 23, 2014. Using the valuation methodology prescribed by section 272(3) TCGA, the market values of RB and Indivior shares were as follows:

RB: £51.975
Indivior: £1.325

References for global context (pages 6 and 7)

Statement	Source reference
Page 6 122m people worldwide dependent on alcohol.	Global dependency trends, July 2014, Abuwala & Company, LLC
23.3m people worldwide opioid dependent.	National Survey on Drug Use and Health (NSDUH) 2013, Substance Abuse and Mental Health Services Administration (SAMHSA) and RBP Global Dependency Treatment Trends Study 2011-12.
An estimated 2.4 million people in the US are dependent on opioids.	Trinity Market Research, October 2012, IMS data, RBP estimated.
Page 7 In 2010, 12 million Americans aged over 12 reported non-medical use of prescription painkillers.	Prescription Painkiller Overdoses in the US, November 2011, Centers for Disease Control and Prevention.
In the state of Oklahoma in 2008/2009, 1 in 12 residents reported non-medical use of prescription painkillers.	Prescription Painkiller Overdoses in the US, November 2011, Centers for Disease Control and Prevention.
In China, 1.2 million people are currently registered as opioid dependent, but China's Anti-drug Abuse Agency estimates the total to be more like 5 million.	RBP investor and analyst presentation – November 21, 2014. China Anti-drug Abuse Agency 2011.
In 2011, cocaine abuse alone caused over 505,000 visits to emergency departments in the US. At an average cost of $900 per visit, that's $454m. Nearly a quarter of them were admitted, at a cost of $4,200-$8,600 per admission.	Drug Abuse Warning Network (DAWN) 2011. http://www.samhsa.gov/data/sites/default/files/DAWN2k11ED/DAWN2k11ED/DAWN2k11ED.pdf
In the US, opioid overdose is the second leading cause of accidental death and growing. With 16,000 deaths in 2010 opioid overdose deaths were four times higher than 1999.	NIDA "Topics in Brief" – Prescription Drug Abuse December 2011, Centers for Disease Control and Prevention, Morbidity and Mortality Weekly; March 2013.
Ten years ago, 3,682 physicians in the US had been granted a DEA waiver. By 2014 there were over 27,000 DEA waivered physicans who have enabled the treatment of over 5 million patients with Suboxone® Tablet and Suboxone® Film.	Healthcare Analytics Retail Pharmaceutical Audit Suite Weekly Data, 2004-2013; internal modelling; NTIS DEA Certification List.
For every $1 spent treating patients, it has been estimated that society may save up to $12 in healthcare and other societal costs.	World Health Organization, http://whqlibdoc.who.int/unaids/2004/9241591153_eng.pdf.
70% of people dependant on opioids are not in treatment There are 10 million people dependent on opioids in the countries where we are present, but only 30% of them currently get treatment.	RBP Global Dependency Treatment Trends Study 2011-12.
Two-thirds of the people dependent on opioids in the US are working and 73% are high school or college educated.	National Survey on Drug Use and Health (NSDUH) 2013, Li-Tzy Wu, ScD – J Addict Med. March 2011; 5(1): 28–35, Becker, William Drug and Alcohol Dependence, 2008, 207–213.

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