

**Pinewood Laboratories Limited**  
**Directors' report and financial statements**  
**For the Financial year Ended 31 March 2018**

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**Pinewood Laboratories Limited**

**Company Information**

<b>DIRECTORS</b>	Fergal Murphy (resigned 23 August 2017) Sirjiwan Singh Ajay Sahni (appointed 6 July 2017)
<b>COMPANY SECRETARY</b>	John Owens
<b>REGISTERED NUMBER</b>	56296
<b>REGISTERED OFFICE</b>	Ballymacarbry Clonmel Co. Tipperary
<b>INDEPENDENT AUDITORS</b>	BDO Statutory Audit Firm Beaux Lane House Mercer Street Lower Dublin 2
<b>BANKERS</b>	Allied Irish Bank
<b>SOLICITORS</b>	Eversheds Solicitors One Earlsfort Centre Earlsfort Terrace Dublin 2  Beauchamps Solicitors Riverside Two Sir John Rogerson's Quay Dublin 2

**Pinewood Laboratories Limited**

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## Pinewood Laboratories Limited

### Directors' report For the Financial year Ended 31 March 2018

The directors present their annual report and the audited financial statements for the financial year ended 31 March 2018.

#### PRINCIPAL ACTIVITIES

The principal activities of the company include the manufacture and distribution of pharmaceutical products.

#### BUSINESS REVIEW

Despite the weakness of the British pound against the Euro, the company mitigated the currency loss to some extent by increasing the prices in a competitive environment. Going forward, it will maintain such strategy in addition to improvement of gross profit and significant working capital efficiency. Furthermore, an important program of capital expenditure investment will enable the organisation to re-shape its cost of production.

#### RESULTS AND DIVIDENDS

The profit for the financial year, after taxation, amounted to €5,088,028 (2017 - €4,200,966).

Dividends of €Nil (2017: €NIL) were paid during the year, therefore an amount of €5,088,028 (2017: €4,200,966) is credited towards reserves.

#### DIRECTORS

The directors who served during the financial year were:

Fergal Murphy (resigned 23 August 2017)  
Sirjiwan Singh  
Ajay Sahni (appointed 6 July 2017)

The directors and secretary had no direct interests in the share capital of the company at the beginning and end of the year.

Sirjiwan Singh has immaterial indirect interests in the share capital of the group through his holdings in Wockhardt Limited.

There were no changes in shareholdings between 31 March 2018 and the date of approval of the financial statements

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#### STATEMENT ON RELEVANT AUDIT INFORMATION

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of Companies Act 2014:

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Pinewood Laboratories Limited**

**Directors' report (continued)  
For the Financial year Ended 31 March 2018**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the business include the pressure on margins by major customers working together with other commercial risks such as currency risk and credit risk. The directors take appropriate measures to minimise the company's exposure to all known risks by anticipating the impact of these risks as well as constant price negotiation with suppliers of product materials.

The key performance indicators focused on by management are revenue growth, gross profit improvement, cost containment, EBITDA, profit before taxation and working capital management.

**ACCOUNTING RECORDS**

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Ballymacarbry, Clonmel, Co. Tipperary.

**FUTURE DEVELOPMENTS**

The Irish retail and hospital divisions will be launching a series of new products in the coming years that will generate growth despite a difficult environment caused by the cost containment measures implemented by the health authorities and the pricing pressures faced by the company.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**AUDIT COMMITTEE**

In accordance with the requirements of Section 167 of the Companies Act 2014, the directors have opted not to create an audit committee for the Company. The directors oversight of the Company's financial reporting process, internal control, internal audit and risk management systems and external audit process and procedures is such that the directors are satisfied that all of the requirements of Section 167 of Companies Act 2014 are sufficiently met and a further committee at the Company level is not required.

**DIRECTORS' COMPLIANCE STATEMENT**

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation). The directors have drawn up a compliance policy statement, and have put in place arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligation. These arrangements and structures were reviewed by the directors during the financial year.

Pinewood Laboratories Limited

Directors' responsibilities statement  
For the Financial year Ended 31 March 2018

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare the financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

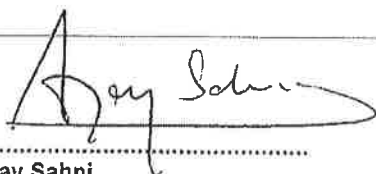
Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date, of the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

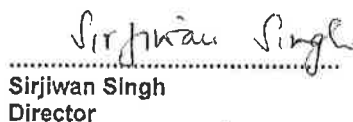
The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Ajay Sahni  
Director

Date: 17/05/2018



Sirjiwan Singh  
Director

17/05/2018

## Independent auditors' report to the shareholders of Pinewood Laboratories Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

We have audited the financial statements of Pinewood Laboratories Limited (the 'Company') for the financial year ended 31 March 2018, which comprise the Statement of income and retained earnings, the Balance sheet and the notes to the financial statements, including a summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2018 and of its profit for the financial year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Offices:  
Four Michael Street  
Limerick

Michael Costello (Managing Partner)  
Andrew Bourg  
Katharine Byrne  
Maurice Carr  
Kevin Doyle  
John Gilmor Gavin

Jim Hamilton  
Sinead Heaney  
Diarmuid Hendrick  
Derek Henry  
Liam Hession  
Gerard Holliday

Brian Hughes  
Ken Kilmartin  
Teresa Morahan  
Paul Nestor  
John O'Callaghan  
Con Quigley  
Gavin Smyth

Peter Carroll  
Eddie Doyle  
Stewart Dunne  
Ivor Feerick  
Brian Gartlan  
David Giles  
Derry Gray

Denis Herlihy  
David McCormick  
Brian McEnery  
Ciarán Medlar  
David O'Connor  
Patrick Sheehan  
Noel Taylor

Chartered Accountants



## Independent auditors' report to the shareholders of Pinewood Laboratories Limited (continued)

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### OPINION ON THE OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### RESPECTIVE RESPONSIBILITIES

#### RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement on page page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.





Independent auditors' report to the shareholders of Pinewood Laboratories Limited (continued)

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our Auditors' report.

**THE PURPOSE OF OUR REPORT AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Teresa Morahan  
for and on behalf of  
**BDO**  
**Dublin**  
Statutory Audit Firm  
AI223876

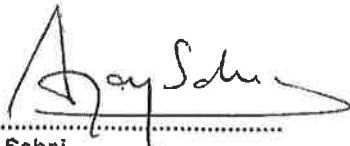
Date: 23 May 2018

Pinewood Laboratories Limited

Statement of income and retained earnings  
For the Financial year Ended 31 March 2018

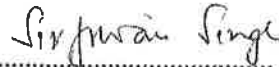
	Note	2018 €	2017 €
Turnover	5	57,474,979	58,943,168
Cost of sales		(40,317,499)	(42,603,525)
<b>GROSS PROFIT</b>		<b>17,157,480</b>	<b>16,339,643</b>
Administrative expenses		(11,727,169)	(12,108,964)
Other operating income	6	352,908	450,000
<b>OPERATING PROFIT</b>	7	<b>5,783,219</b>	<b>4,680,679</b>
Tax on profit	10	(695,191)	(479,713)
<b>PROFIT AFTER TAX</b>		<b>5,088,028</b>	<b>4,200,966</b>
Retained earnings at the beginning of the financial year		44,530,162	40,329,196
Profit for the financial year		5,088,028	4,200,966
<b>RETAINED EARNINGS AT THE END OF THE FINANCIAL YEAR</b>		<b>49,618,190</b>	<b>44,530,162</b>

Signed on behalf of the board:

  
Ajay Sahni

Director

Date: 17/05/2018

  
Sirjiwan Singh

Director

17/05/2018

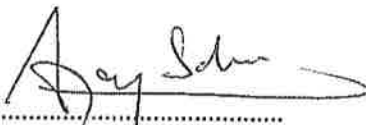
The notes on pages 10 to 30 form part of these financial statements.

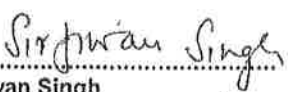
Pinewood Laboratories Limited

Balance sheet  
As at 31 March 2018

	Note	2018 €	2017 €
<b>FIXED ASSETS</b>			
Intangible fixed assets	11	111,906	35,097
Tangible fixed assets	12	11,538,158	10,951,484
		<u>11,650,064</u>	<u>10,986,581</u>
<b>CURRENT ASSETS</b>			
Stocks	13	14,340,008	17,333,002
Debtors: amounts falling due after more than one year	14	671,739	886,263
Debtors: amounts falling due within one year	14	30,161,483	22,781,817
Cash at bank and in hand		7,050,921	4,690,423
		<u>52,224,151</u>	<u>45,691,505</u>
Creditors: amounts falling due within one year	15	(12,185,779)	(10,139,576)
<b>NET CURRENT ASSETS</b>		<u>40,038,372</u>	<u>35,551,929</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>51,688,436</u>	<u>46,538,510</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	18	(615,023)	(553,125)
		<u>(615,023)</u>	<u>(553,125)</u>
<b>NET ASSETS</b>		<u>51,073,413</u>	<u>45,985,385</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital presented as equity	19	373,291	373,291
Share premium account	20	595,886	595,886
Capital redemption reserve	20	5,866	5,866
Other reserves	20	480,180	480,180
Profit and loss account	20	49,618,190	44,530,162
<b>SHAREHOLDERS' FUNDS</b>		<u>51,073,413</u>	<u>45,985,385</u>

The financial statements were approved and authorised for issue by the board:

  
Ajay Sahni  
Director 17/05/2018

  
Sirjiwan Singh  
Director 17/05/2018

Date:

The notes on pages 10 to 30 form part of these financial statements.

## Pinewood Laboratories Limited

### Notes to the financial statements For the Financial year Ended 31 March 2018

#### 1. GENERAL INFORMATION

These financial statements comprising the Statement of Income and retained earnings, the Balance Sheet and the related notes constitute the individual financial statements of Pinewood Laboratories Limited for the financial year ended 31 March 2018.

Pinewood Laboratories Limited is a private company limited by shares (registered under Part 2 of Companies Act 2014), incorporated in the Republic of Ireland. The Registered Office is Ballymacarbry, Clonmel, Co. Tipperary, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Director's Report on pages 1 to 3.

#### 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

#### 3. ACCOUNTING POLICIES

##### 3.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and Irish statute comprising of the Companies Act 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (note 4).

The following principal accounting policies have been applied:

##### 3.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- ~~the requirements of Section 7 Statement of Cash Flows;~~
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Wockhardt Limited as at 31 March 2018 and these financial statements may be obtained from Wockhardt Limited's website which is publicly available.

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2018**

**3. ACCOUNTING POLICIES (CONTINUED)**

**3.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**3.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

3. ACCOUNTING POLICIES (CONTINUED)

3.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Long-term leasehold property	-	10% straight line
Motor vehicles	-	20% reducing balance
Fixtures and fittings	-	10% straight line
Office equipment	-	5% - 10% straight line
Computer equipment	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

3.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

3.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

3. ACCOUNTING POLICIES (CONTINUED)

3.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

3. ACCOUNTING POLICIES (CONTINUED)

3.10 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euro (€).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

3.13 Leased assets: Lessor

Where assets leased to a third party give rights approximating to ownership (finance leases), the assets are treated as if they had been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum lease payments over net book value is credited to profit or loss.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.



Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

**3. ACCOUNTING POLICIES (CONTINUED)**

**3.14 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**3.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**3.16 Current and deferred taxation**

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2018**

**3. ACCOUNTING POLICIES (CONTINUED)**

**3.17 Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual installments. Grants of a revenue nature are credited to income in the period in which they are received.

**3.18 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

4. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY

The directors consider the accounting estimates and assumptions below to be its critical accounting estimates and judgments:

**Going Concern**

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

**Impairment of Trade Debtors**

The company trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The company uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis. The total amount of trade debtors is €9,392,994 (2017: €12,786,160).

**Impairment of Stocks**

The company holds stocks amounting to €14,340,008 (2017: €17,333,002) at the financial year end date. The directors are of the view that an adequate charge has been made to reflect the possibility of stocks being sold at less than cost. However, this estimate is subject to inherent uncertainty.

**Useful Lives of Tangible Fixed Assets**

Long-lived assets comprising primarily of property, plant and machinery represent a significant portion of total assets. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of Tangible Fixed Assets subject to depreciation at the financial year end date was €11,538,158 (2017: €10,951,484).

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

5. TURNOVER

Turnover, which is stated net of value added tax, represents amounts involved to third parties net of discounts and rebates. Turnover is attributable to the company's continuing principal activity of the manufacture and distribution of pharmaceutical products, sale and servicing of machines and the sale of medical products.

An analysis of turnover by class of business is as follows:

	2018 €	2017 €
Sale of products	57,423,166	58,881,376
Finance lease income	51,813	61,792
	<u>57,474,979</u>	<u>58,943,168</u>

Analysis of turnover by country of destination:

	2018 €	2017 €
Republic of Ireland	18,240,501	18,930,862
Rest of Europe	33,271,032	32,574,153
Rest of the world	5,963,446	7,438,153
	<u>57,474,979</u>	<u>58,943,168</u>

6. OTHER OPERATING INCOME

	2018 €	2017 €
R&D Tax Credit	352,908	450,000
	<u>352,908</u>	<u>450,000</u>

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2018**

**7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The operating profit is stated after charging:

	2018	2017
	€	€
Depreciation of tangible fixed assets	847,514	832,130
Amortisation of intangible assets, including goodwill	7,227	747
Auditors' remuneration	39,000	42,000
Exchange differences	182,907	447,147
Defined contribution pension cost	164,190	164,488
	<u>12,353,924</u>	<u>13,316,835</u>

**8. EMPLOYEES**

Staff costs were as follows:

	2018	2017
	€	€
Wages and salaries	11,786,626	12,679,993
Social insurance costs	403,108	472,354
Cost of defined contribution scheme	164,190	164,488
	<u>12,353,924</u>	<u>13,316,835</u>

Capitalised employee costs during the financial year amounted to €NIL (2017 - €NIL).

The average monthly number of employees, including the directors, during the financial year was as follows:

	2018	2017
	No.	No.
Manufacturing	244	258
Administration	13	13
Sales and distribution	46	45
	<u>303</u>	<u>316</u>

**9. DIRECTOR'S REMUNERATION**

	2018	2017
	€	€
Director's emoluments	113,180	202,619
Redundancy related costs	345,862	-
	<u>459,042</u>	<u>202,619</u>

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

10. TAXATION

	2018 €	2017 €
<b>CORPORATION TAX</b>		
Current tax on profits for the year	633,293	479,713
	<u>633,293</u>	<u>479,713</u>
<b>TOTAL CURRENT TAX</b>	<u>633,293</u>	<u>479,713</u>
<b>DEFERRED TAX</b>		
Timing differences	18 61,898	-
<b>TOTAL DEFERRED TAX</b>	<u>61,898</u>	<u>-</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>695,191</u>	<u>479,713</u>

**FACTORS AFFECTING TAX CHARGE FOR THE FINANCIAL YEAR**

The tax assessed for the financial year is lower than (2017 - the same as) the standard rate of corporation tax in Ireland of 12.5% (2017 - 12.5%). The differences are explained below:

	2018 €	2017 €
Profit on ordinary activities before tax	5,783,219	4,680,679
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2017 - 12.5%)	722,902	585,085

**EFFECTS OF:**

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,942	19,117
Capital allowances for financial year in excess of depreciation	(41,988)	(28,673)
Utilisation of tax losses	(35,998)	(55,101)
Leased cars	15,665	15,775
Movement in deferred taxation	61,898	-
Other timing differences leading to an increase (decrease) in taxation	11,884	(240)
Tax credit under Section 766 46 (b) (ii) TCA 1997	(44,114)	(56,250)
<b>TOTAL TAX CHARGE FOR THE FINANCIAL YEAR</b>	<u>695,191</u>	<u>479,713</u>

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

11. INTANGIBLE ASSETS

	Development Costs €
<b>COST</b>	
At 1 April 2017	5,154,948
Additions	84,036
At 31 March 2018	<u>5,238,984</u>
<b>AMORTISATION</b>	
At 1 April 2017	5,119,851
Charge for the year	7,227
At 31 March 2018	<u>5,127,078</u>
<b>NET BOOK VALUE</b>	
At 31 March 2018	<u>111,906</u>
At 31 March 2017	<u>35,097</u>

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

12. TANGIBLE FIXED ASSETS

	Land €	Buildings €	Plant and machinery €	Motor vehicles €	Fixtures and fittings €	Total €
<b>COST OR VALUATION</b>						
At 1 April 2017	58,939	10,283,244	16,385,705	26,651	551,288	27,305,827
Additions	-	21,487	1,406,550	-	6,151	1,434,188
Disposals	-	-	(67,052)	-	-	(67,052)
At 31 March 2018	<u>58,939</u>	<u>10,304,731</u>	<u>17,725,203</u>	<u>26,651</u>	<u>557,439</u>	<u>28,672,963</u>
<b>DEPRECIATION</b>						
At 1 April 2017	-	3,290,563	12,780,866	26,651	256,263	16,354,343
Charge for the financial year on owned assets	-	205,775	591,388	-	50,351	847,514
Disposals	-	-	(67,052)	-	-	(67,052)
At 31 March 2018	<u>-</u>	<u>3,496,338</u>	<u>13,305,202</u>	<u>26,651</u>	<u>306,614</u>	<u>17,134,805</u>
<b>NET BOOK VALUE</b>						
At 31 March 2018	<u>58,939</u>	<u>6,808,393</u>	<u>4,420,001</u>	<u>-</u>	<u>250,825</u>	<u>11,538,158</u>
At 31 March 2017	<u>58,939</u>	<u>6,992,681</u>	<u>3,604,839</u>	<u>-</u>	<u>295,025</u>	<u>10,951,484</u>



Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

13. STOCKS

	2018 €	2017 €
Raw materials and consumables	5,371,610	5,598,017
Finished goods and goods for resale	8,968,398	11,734,985
	<u>14,340,008</u>	<u>17,333,002</u>

Stocks considered obsolete are written down to net realisable value. The amount of the write down is €1,520,390 (2017: €1,724,218) and the carrying value of stock at net realisable value is €177,113 (2017: €51,229). There are no stocks pledged as security.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

14. DEBTORS

	2018 €	2017 €
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Finance lease receivable	671,739	886,263
	<u>671,739</u>	<u>886,263</u>
	2018 €	2017 €
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	9,392,994	12,786,160
Amounts owed by group undertakings	18,952,828	7,835,581
Finance lease receivable	214,524	203,897
Other debtors	1,226,543	918,695
Prepayments and accrued income	55,029	140,216
Corporation tax recoverable	319,565	897,268
	<u>30,161,483</u>	<u>22,781,817</u>

All debtors are due within one year. All trade debtors are due within the company's normal terms, which is thirty to ninety days. Trade debtors are shown net of impairment in respect of doubtful debts.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

15. CREDITORS: Amounts falling due within one year

		2018	2017
		€	€
Trade creditors		5,066,468	6,475,583
Amounts owed to group undertakings	25	5,308,634	2,753,144
Taxation and social insurance		33,222	35,036
Other creditors		1,777,465	875,813
		<u>12,185,779</u>	<u>10,139,576</u>

The repayment terms of trade creditors vary between on demand and ninety days. No interest is payable on trade creditors.

Trade creditors include an amount of approximately €Nil (2017 - €Nil) in respect of goods for which ownership is not passed until payment is made.

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.66% per month. No interest was due at the financial year end date.

The terms of the accruals are based on the underlying contracts.

Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

16. BANK BORROWINGS - SECURITY

Group guarantee

The AIB plc loan and overdraft facilities to the company's parent undertaking, Wockpharma Ireland Limited, are secured by a charge over all of the assets of the company, and by cross guarantees between both Pinewood Laboratories Limited and Wockpharma Ireland Limited.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

17. FINANCIAL INSTRUMENTS

	2018 €	2017 €
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	37,265,871	28,218,287
	<u>37,265,871</u>	<u>28,218,287</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(11,268,826)	(10,104,540)
	<u>(11,268,826)</u>	<u>(10,104,540)</u>

18. DEFERRED TAXATION

	2018 €
At beginning of year	(553,125)
Charged to profit or loss	(61,898)
<b>AT END OF YEAR</b>	<u>(615,023)</u>

The provision for deferred taxation is made up as follows:

	2018 €	2017 €
Fixed asset excess of tax over accounting	(615,023)	(553,125)
	<u>(615,023)</u>	<u>(553,125)</u>

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

19. SHARE CAPITAL

	2018 €	2017 €
<b>Shares presented as equity</b>		
<b>Authorised</b>		
3,990,000 Ordinary shares of €0.125 each	498,750	498,750
1,000 'A' Ordinary shares of €1.25 each	1,250	1,250
130,000 6.5% Convertible cumulative redeemable preference shares of €1.269742 each	165,066	165,066
250,000 3% Convertible cumulative redeemable preference shares of €1.269742 each	317,436	317,436
598,800 3% Cumulative redeemable preference shares of €1 each	598,800	598,800
	<u>1,581,302</u>	<u>1,581,302</u>
<b>Allotted, called up and fully paid</b>		
2,985,128 Ordinary shares of €0.125 each	373,141	373,141
120 'A' Ordinary shares of €1.25 each	150	150
	<u>373,291</u>	<u>373,291</u>

The ordinary shares above hold no right to fixed income.

20. RESERVES

**Share premium account**

The share premium account represents the premium on issue of the ordinary shares.

**Capital redemption reserve**

The capital redemption reserve records the nominal value of the shares repurchased by the Company.

**Other reserves**

This reserve records the amount equivalent to the aggregate diminution in share capital consequential upon renominialisation of share capital from Irish Punt to Euro.

**Profit and loss account**

The profit and loss account represents cumulative gains and losses recognised in the profit and loss account, net of transfers to/from other reserves and dividends paid.

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

21. CAPITAL COMMITMENTS

At 31 March 2018 the company had capital commitments of €817,962 (31 March 2017: €394,967).

22. PENSION COMMITMENTS

The company operates defined contribution schemes. Pension rights are secured by contributions to independent insurance schemes. The pension cost charge represents contributions by the company to the insurance schemes. No contributions were payable to the funds at year end.

23. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 €	2017 €
Within one year	270,599	255,409
Between one and five years	125,689	201,843
Later than five years	-	-
<b>Total</b>	<b>396,288</b>	<b>457,252</b>

Pinewood Laboratories Limited

Notes to the financial statements  
For the Financial year Ended 31 March 2018

24. FINANCE LEASE RECEIVABLE

2018	Minimum lease payments €	Interest €	Present Value €
Not later than 1 year	255,710	41,126	214,584
Later than 1 year and not later than 5 years	724,511	52,772	671,739
Later than 5 years	-	-	-
Total	<u>980,221</u>	<u>93,898</u>	<u>886,323</u>
Current assets			214,584
Non-current assets			671,739
2017	Minimum lease payments €	Interest €	Present Value €
Not later than 1 year	255,710	51,813	203,897
Later than 1 year and not later than 5 years	980,221	93,958	886,263
Later than 5 years	0	0	0
Total	<u>1,235,931</u>	<u>145,771</u>	<u>1,090,160</u>
Current assets			203,897
Non-current assets			886,263

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2018**

**25. RELATED PARTY TRANSACTIONS**

As disclosed in note 3.1, the company has availed of the exemption granted under FRS 102 and consequently does not disclose its transactions with members of its group as it is a wholly owned subsidiary within that group.

The directors of the company are considered to be the key management personnel. The total compensation paid to key management personnel is disclosed in note 9.

**26. CONTROLLING PARTY**

The company's immediate controlling part is Wockpharma Ireland Limited. The company's ultimate controlling party is Wockhardt Limited.

The parent undertaking of the largest group of undertakings of which the company is a member and for which group accounts are drawn up is Wockhardt Limited, a company incorporated in India whose group financial statements are available to the public.



Pinewood Laboratories Limited

Detailed profit and loss account  
For the Financial year Ended 31 March 2018

	Note	2018 €	2017 €
Turnover	5	(57,474,979)	(58,943,168)
Cost Of Sales		(40,317,499)	(42,603,525)
<b>GROSS PROFIT</b>		<u>17,157,480</u>	<u>16,339,643</u>
<b>LESS: OVERHEADS</b>			
Administration expenses		(11,727,169)	(12,108,964)
Other operating income		352,908	450,000
<b>OPERATING PROFIT</b>		<u>5,783,219</u>	<u>4,680,679</u>
Tax on profit on ordinary activities		(695,191)	(479,713)
<b>PROFIT FOR THE FINANCIAL YEAR/YEAR</b>		<u>5,088,028</u>	<u>4,200,966</u>

Pinewood Laboratories Limited

Schedule to the detailed accounts  
For the Financial year Ended 31 March 2018

	2018 €	2017 €
<b>COST OF SALES</b>		
Materials	30,199,619	31,468,646
Wages and salaries	4,553,879	5,224,530
Commissions payable	238,348	14,661
Carriage and import duty	1,732,877	2,101,191
Foreign exchange differences	(38,832)	(32,806)
Manufacturing charges	3,631,608	3,827,303
	<u>40,317,499</u>	<u>42,603,525</u>
	2018 €	2017 €
<b>ADMINISTRATION EXPENSES</b>		
Staff salaries	7,119,538	7,455,463
Staff national insurance	403,108	472,354
Staff pension costs - defined contribution schemes	164,190	164,488
Staff training	66,876	76,156
Motor running costs	96,831	91,954
Motor vehicle leasing (operational)	276,024	287,191
Hotels, travel and subsistence	193,904	139,348
Printing, postage and stationery	118,245	147,857
Telephone and fax	151,579	176,134
Advertising and promotion	140,025	289,237
Legal and professional	711,566	499,486
Auditors' remuneration	78,041	42,000
Equipment hire	162,705	139,382
Bank charges	8,707	9,722
Bad debts	(82,765)	50,580
Difference on foreign exchange	221,739	479,953
Sundry expenses	307,524	411,554
Rates	155,589	159,184
Insurances	218,065	226,632
Repairs and maintenance	206,648	182,761
Depreciation - plant and machinery	847,514	832,130
Redundancy costs	113,209	8,000
GMS	48,307	(232,602)
	<u>11,727,169</u>	<u>12,108,964</u>