

Pinewood Laboratories Limited

Directors' report and financial statements

For the Financial year Ended 31 March 2017



Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

Pinewood Laboratories Limited

Company Information

DIRECTORS	Fergal Murphy Sirjiwan Singh
COMPANY SECRETARY	John Owens
REGISTERED NUMBER	56296
REGISTERED OFFICE	Ballymacarbry Clonmel Co. Tipperary
INDEPENDENT AUDITORS	BDO Statutory Audit Firm Beaux Lane House Mercer Street Lower Dublin 2
BANKERS	Allied Irish Bank
SOLICITORS	Eversheds Solicitors One Earlsfort Centre Earlsfort Terrace Dublin 2 Beauchamps Solicitors Riverside Two Sir John Rogerson's Quay Dublin 2

Pinewood Laboratories Limited

Contents

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Statement of income and retained earnings	6
Balance sheet	7 - 8
Notes to the financial statements	9 - 33

Pinewood Laboratories Limited

Directors' report For the Financial year Ended 31 March 2017

The directors present their annual report and the audited financial statements for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Pinewoods underlying operational profitability has continued to remain strong despite the impact of Brexit on the Export business. The Directors acknowledge that there exists both a current and extended period of currency uncertainty but the business is confident that with a mixture of price management and volume growth in the UK this risk can be negated to some extent. Pinewood will continue to invest in capital expenditure to remain ahead of all compliance standards.

RESULTS AND DIVIDENDS

The profit for the financial year, after taxation, amounted to €4,200,966 (2016 - €10,626,404).

Dividends of €Nil (2016: €NIL) were paid during the year, therefore an amount of €4,200,966 (2016: €10,626,404) is credited towards reserves.

DIRECTORS

The names of the persons who at any time were directors during the financial year are as follows:

- Fergal Murphy
- Sirjiwan Singh

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 2017 and the date of approval of the financial statements.

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:

- (a) so far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and
- (b) each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Pinewood Laboratories Limited

**Directors' report
For the Financial year Ended 31 March 2017**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the business include pressure on margins by major customers together with other normal commercial risks such as a currency risk and credit risk. The directors take appropriate measures to minimise the group's exposure to all known risks.

The key performance indicators focused on by management are gross profit, operating profit and profit before taxation. Achievement of these key performance indicators is driven by business specific key performance indicators.

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

Pinewood continues to make significant ground in the BioSimilar space in the hospital sector in Ireland and the Division has plans to launch follow-on BioSimilar in the next 2 years. The Domestic retail generic market does remain relatively stagnant with market pricing remaining static. The Directors remain committed to launching a significant number of new products and line extensions in the Irish Retail market which when launched will drive on the business in Ireland.

POST BALANCE SHEET EVENTS

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


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.

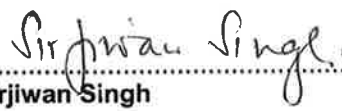
AUDITORS

The auditors, BDO, continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf.


.....
Fergal Murphy
Director

Date: 21/04/17.


.....
Sirjiwan Singh
Director

Date: 21/04/17

Pinewood Laboratories Limited

Directors' responsibilities statement For the Financial year Ended 31 March 2017

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 financial statements for each financial year giving a true and fair view of the state of affairs of the Company for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and promulgated by the Institute of Chartered Accountants in Ireland and Irish law.

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 for the financial year end date of the profit or loss of the company 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 and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102.

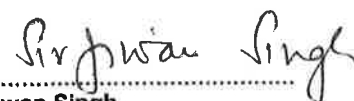
The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with 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.

As per 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 of the company report to an audit committee at ultimate parent company level and the level of reporting required to the parent company's audit committee is such that the directors are satisfied that all of the requirements of section 167 of the Companies Act 2014 are sufficiently met and a further audit committee at company level is not required.

On behalf of the board


.....
Fergal Murphy
Director

Date: 21/04/17.


.....
Sirjiwan Singh
Director

Date: 21/4/17



Audit - Tax - Advisory
Tel: +353 1 470 0000
Fax: +353 1 477 0000
E-mail: info@bdo.ie
www.bdo.ie

Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

Independent auditors' report to the shareholders of Pinewood Laboratories Limited

We have audited the financial statements of Pinewood Laboratories Limited for the financial year ended 31 March 2017, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. The relevant financial reporting framework that has been applied in their preparation is Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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.

OPINION ON FINANCIAL STATEMENTS

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 2017 and of its profit or loss for the financial year ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and in particular with the requirements of the Companies Act 2014.

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014

- 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 company financial statements to be readily and properly audited.
- The company statement of financial position is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of our obligations under the Companies Act 2014 to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by section 305 to 312 of the Act are not made.

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

Date: 21 April 2017

Pinewood Laboratories Limited

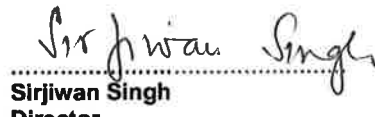
**Statement of income and retained earnings
For the Financial year Ended 31 March 2017**

	Note	2017 €	2016 €
Turnover	5	58,943,168	63,878,164
Cost of sales		<u>(42,603,525)</u>	<u>(41,137,308)</u>
Gross profit		16,339,643	22,740,856
Administrative expenses		<u>(12,108,964)</u>	<u>(11,311,052)</u>
Other operating income	6	<u>450,000</u>	<u>-</u>
Operating profit	7	4,680,679	11,429,804
Taxation on profit on ordinary activities	10	<u>(479,713)</u>	<u>(803,400)</u>
Profit on ordinary activities after taxation		<u>4,200,966</u>	<u>10,626,404</u>
Retained earnings at the beginning of the financial year		<u>40,329,196</u>	<u>29,702,792</u>
		40,329,196	29,702,792
Profit for the financial year		<u>4,200,966</u>	<u>10,626,404</u>
Retained earnings at the end of the financial year		<u>44,530,162</u>	<u>40,329,196</u>

All amounts relate to continuing operations.

Signed on behalf of the board:


.....
Fergal Murphy
Director


.....
Sirjiwan Singh
Director

Date: 21/04/17.

Date: 21/04/17

The notes on pages 9 to 33 form part of these financial statements.

Pinewood Laboratories Limited

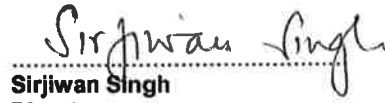
**Balance sheet
As at 31 March 2017**

	Note	2017 €	2016 €
FIXED ASSETS			
Intangible fixed assets	11	35,097	-
Tangible fixed assets	12	10,951,484	10,610,640
		<u>10,986,581</u>	<u>10,610,640</u>
CURRENT ASSETS			
Stocks	13	17,333,002	14,823,899
Debtors: amounts falling due after more than one year	14	886,263	1,090,160
Debtors: amounts falling due within one year	14	22,781,817	21,864,213
Cash at bank and in hand	15	4,690,423	6,052,482
		<u>45,691,505</u>	<u>43,830,754</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(10,139,576)	(12,103,850)
NET CURRENT ASSETS		<u>35,551,929</u>	31,726,904
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>46,538,510</u>	42,337,544
PROVISIONS FOR LIABILITIES			
Deferred tax	19	(553,125)	(553,125)
		<u>(553,125)</u>	<u>(553,125)</u>
NET ASSETS		<u><u>45,985,385</u></u>	<u><u>41,784,419</u></u>
CAPITAL AND RESERVES			
Called up share capital presented as equity	20	373,291	373,291
Share premium account	21	595,886	595,886
Capital redemption reserve	21	5,866	5,866
Other reserves	21	480,180	480,180
Profit and loss account	21	44,530,162	40,329,196
SHAREHOLDERS' FUNDS		<u><u>45,985,385</u></u>	<u><u>41,784,419</u></u>

Pinewood Laboratories Limited

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


.....
Fergal Murphy
Director


.....
Sirjiwan Singh
Director

Date: 21/04/17.

The notes on pages 9 to 33 form part of these financial statements.

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

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 2017.

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 2.

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 United Kingdom and the Republic of Ireland and Irish statute comprising of the Companies Act 2014.

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 2017 and these financial statements which are publicly available may be obtained from Wockhardt Limited's website.

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

The following principal accounting policies have been applied:

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

3. ACCOUNTING POLICIES (CONTINUED)

3.2 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;
- 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.

3.3 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 five years.

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

3. ACCOUNTING POLICIES (CONTINUED)

3.4 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. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

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 within 'other operating income' in the Statement of Income and Retained Earnings.

3.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

3.6 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 2017

3. ACCOUNTING POLICIES (CONTINUED)

3.7 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.

3.8 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.

3.9 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 accounts receivable and payable, 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 payables or receivables, 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 Profit and loss account 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 Profit and loss account.

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, 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.

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

3. ACCOUNTING POLICIES (CONTINUED)

3.9. Financial instruments (continued)

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.

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.

3.10 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.

3.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Euros (€).

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 Profit and loss account 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 Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

3. ACCOUNTING POLICIES (CONTINUED)

3.12 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 leases 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.

3.13 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 payments obligations.

The contributions are recognised as an expense in the Profit and loss account 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.

3.14 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 Profit and loss account 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.

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

3. ACCOUNTING POLICIES (CONTINUED)

3.15 Current and deferred taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.16 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 instalments. Grants of a revenue nature are credited to income in the period in which they are received.

3.17 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 2017

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 judgements:

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 €12,786,160 (2016: €12,124,074).

Impairment of Stocks

The company holds stocks amounting to €17,333,002 (2016: €14,823,898) 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 €10,951,484 (2016: €10,610,640).

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

5. ANALYSIS OF 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:

	2017 €	2016 €
Sale of Products	58,881,376	63,851,300
Finance lease income	61,792	26,864
	58,943,168	63,878,164

Analysis of turnover by country of destination:

	2017 €	2016 €
Republic of Ireland	18,930,862	20,158,160
United Kingdom	32,574,153	34,992,531
Rest of the world	7,438,153	8,727,473
	58,943,168	63,878,164

6. OTHER OPERATING INCOME

	2017 €	2016 €
R&D Tax Credit	450,000	-
	450,000	-

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

7. OPERATING PROFIT

The operating profit is stated after charging:

		2017 €	2016 €
Directors' remuneration including pension contributions		202,619	190,789
Depreciation of tangible fixed assets	12	832,130	793,991
Amortisation of intangible assets	11	747	-
Foreign exchange differences		447,147	34,981
Defined contribution pension cost		164,488	105,610
Auditors' remuneration		42,000	42,000
- Audit services		42,000	42,000
- Tax advisory services		<u>68,000</u>	<u>58,974</u>

8. EMPLOYEES

Staff costs were as follows:

		2017 €	2016 €
Wages and salaries		12,679,993	12,313,922
Social Security Costs		472,354	501,768
Cost of defined contribution scheme		164,488	105,610
		<u>13,316,835</u>	<u>12,921,300</u>

Capitalised employee costs during the financial year amounted to €NIL (2016 - €NIL).

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

8. EMPLOYEES (CONTINUED)

	2017	2016
	No.	No.
Manufacturing	258	259
Administration	13	11
Sales and distribution	45	39
	<u>316</u>	<u>309</u>

9. DIRECTORS' REMUNERATION

	2017	2016
	€	€
Directors' emoluments	202,619	195,832
	<u>202,619</u>	<u>195,832</u>

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

10. TAXATION

	2017 €	2016 €
Corporation tax		
Current tax on profits for the year	479,713	984,473
Adjustments in respect of previous periods	-	(181,073)
	479,713	803,400

FACTORS AFFECTING TAX CHARGE FOR THE FINANCIAL YEAR

The tax assessed for the financial year is lower than (2016 - lower than) the standard rate of corporation tax in Ireland of 12.5% (2016 - 12.5%). The differences are explained below:

	2017 €	2016 €
Profit on ordinary activities before tax	4,680,679	11,429,804
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2016 - 12.5%)	585,085	1,428,726
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,117	24,264
Capital allowances for financial year in excess of depreciation	(28,673)	(26,175)
Utilisation of tax losses	(55,101)	-
Leased cars	15,775	17,418
Other timing differences leading to an increase / (decrease) in taxation	(240)	(240)
Tax credit under Section 766 46 (b) (ii) TCA 1997	(56,250)	(400,000)
Surcharge under Section 440	-	(61,441)
Income tax withheld	-	1,921
Adjustment in respect of prior years	-	(181,073)
Total tax charge for the financial year	479,713	803,400

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

11. INTANGIBLE ASSETS

	Development Costs €
COST	
At 1 April 2016	5,119,104
Additions	35,844
At 31 March 2017	<u>5,154,948</u>
 AMORTISATION	
At 1 April 2016	5,119,104
Charge for the year	747
At 31 March 2017	<u>5,119,851</u>
 NET BOOK VALUE	
At 31 March 2017	<u>35,097</u>
At 31 March 2016	<u>-</u>

All amortisation of intangible fixed assets is included in administrative expenses in the profit and loss account.

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

11. INTANGIBLE ASSETS (CONTINUED)

Prior Year Comparative	Development Costs €
COST	
At 1 April 2015	5,119,104
At 31 March 2016	<u>5,119,104</u>
AMORTISATION	
At 1 April 2015	5,119,104
At 31 March 2016	<u>5,119,104</u>
NET BOOK VALUE	
At 31 March 2016	<u>-</u>
At 31 March 2015	<u>-</u>

Pinewood Laboratories Limited

12. TANGIBLE FIXED ASSETS

COST OR VALUATION

	Land €	Buildings €	Plant and machinery €	Motor vehicles €	Fixtures and fittings €	Total €
At 1 April 2016	58,939	10,278,534	15,272,479	26,651	496,251	26,132,854
Additions	-	4,710	1,113,226	-	55,037	1,172,973
At 31 March 2017	<u>58,939</u>	<u>10,283,244</u>	<u>16,385,705</u>	<u>26,651</u>	<u>551,288</u>	<u>27,305,827</u>

DEPRECIATION

At 1 April 2016	-	3,084,977	12,201,845	26,651	208,740	15,522,213
Charge for the period	-	205,586	579,021	-	47,523	832,130
At 31 March 2017	-	<u>3,290,563</u>	<u>12,780,866</u>	<u>26,651</u>	<u>256,263</u>	<u>16,354,343</u>

NET BOOK VALUE

At 31 March 2017	<u>58,939</u>	<u>6,992,681</u>	<u>3,604,839</u>	-	<u>295,025</u>	<u>10,951,484</u>
At 31 March 2016	58,939	7,193,557	3,070,634	-	287,511	10,610,641

12. TANGIBLE FIXED ASSETS (continued)

	Land €	Buildings €	Plant and machinery €	Motor vehicles €	Fixtures and fittings €	Total €
COST OR VALUATION						
At 1 April 2015	58,939	10,031,843	14,069,749	26,651	405,310	24,592,492
Additions	-	246,692	1,202,730	-	90,941	1,540,363
AT 31 MARCH 2016	58,939	10,278,535	15,272,479	26,651	496,251	26,132,855
DEPRECIATION						
At 1 April 2015	-	2,881,078	11,651,202	26,651	169,292	14,728,223
Charge for the period	-	203,899	550,644	-	39,448	793,991
At 31 March 2016	-	3,084,977	12,201,846	26,651	208,740	15,522,214
NET BOOK VALUE						
At 31 March 2016	58,939	7,193,558	3,070,633	-	287,511	10,610,641
At 31 March 2015	58,939	7,150,766	2,418,547	-	236,017	9,864,269

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

13. STOCKS

	2017 €	2016 €
Raw materials and consumables	5,598,017	5,255,679
Finished goods and goods for resale	11,734,985	9,568,220
	<u>17,333,002</u>	<u>14,823,899</u>

Stocks considered obsolete are written down to net realisable value. The amount of the write down is €1,724,218 (2016: €1,368,953) and the carrying value of stock at net realisable value is €Nil (2016: €Nil). There are no stocks pledged as security.

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

14. DEBTORS

	2017 €	2016 €
Due after more than one year		
Finance Lease Receivable	886,263	1,090,160
	<u>886,263</u>	<u>1,090,160</u>
	2017 €	2016 €
Due within one year		
Trade debtors	12,786,160	12,124,074
Amounts owed by group undertakings	26 7,835,581	7,985,354
Finance lease receivable	203,897	193,917
Other debtors	918,695	1,076,784
Prepayments and accrued income	140,216	218,558
Tax recoverable	897,268	265,527
	<u>22,781,817</u>	<u>21,864,214</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.

15. CASH AND CASH EQUIVALENTS

	2017 €	2016 €
Cash at bank and in hand	4,690,423	6,052,482
	<u>4,690,423</u>	<u>6,052,482</u>

Pinewood Laboratories Limited

Notes to the financial statements For the Financial year Ended 31 March 2017

16. CREDITORS: Amounts falling due within one year

	2017 €	2016 €
Trade creditors	6,475,583	6,936,080
Amounts owed to group undertakings	2,753,144	3,561,963
Taxation and social security	35,036	32,948
Other creditors	875,813	1,572,859
	<u>10,139,576</u>	<u>12,103,850</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 (2016 - €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.

17. BANK BORROWINGS - SECURITY

Group guarantee

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

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

18. FINANCIAL INSTRUMENTS

	2017 €	2016 €
Financial assets		
Financial assets that are debt instruments measured at amortised cost	28,218,287	22,688,846
	<u>28,218,287</u>	<u>22,688,846</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(10,104,540)	(12,070,902)
	<u>(10,104,540)</u>	<u>(12,070,902)</u>

19. DEFERRED TAXATION

	Deferred tax €
At 1 April 2016	(553,125)
At 31 March 2017	<u>(553,125)</u>

Deferred taxation relates to timing differences between depreciation and capital allowances for tax purposes.

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

19. DEFERRED TAXATION CONTINUED

In respect of prior financial year:

	Deferred tax
	€
At 1 April 2015	(553,125)
At 31 March 2016	<u>(553,125)</u>

The provision for deferred taxation is made up as follows:

	2017	2016
	€	€
Deferred tax	(553,125)	(553,125)
	<u>(553,125)</u>	<u>(553,125)</u>

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

20. SHARE CAPITAL

	2017 €	2016 €
Shares presented as equity		
Authorised		
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
	1,581,302	1,581,302
 Allotted, called up and fully paid		
2,985,128- Ordinary shares of €0.125 each	373,141	373,141
120- 'A' Ordinary shares of €1.25 each	150	150
	373,291	373,291

The ordinary shares above hold no right to fixed income.

21. RESERVES

Share premium

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 renominatisation 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 2017

22. CAPITAL COMMITMENTS

At 31 March 2017 the company had no capital commitments (31 March 2016: None)

23. 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.

24. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017 the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	2017 €	2016 €
Within one year	255,409	231,838
Between one and five years	201,843	319,802
Later than five years	-	-
Total	457,252	551,640

Pinewood Laboratories Limited

**Notes to the financial statements
For the Financial year Ended 31 March 2017**

25. FINANCE LEASE RECEIVABLE

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	-	-	-
Total	1,235,931	145,771	1,090,160
Current assets			203,897
Non-current assets			886,263
 2016	 Minimum lease payments €	 Interest €	 Present Value €
Not later than 1 year	255,710	61,793	193,917
Later than 1 year and not later than 5 years	1,022,840	140,689	882,151
Later than 5 years	213,092	5,083	208,009
Total	1,491,642	207,565	1,284,077
Current assets			193,917
Non-current assets			1,090,160

Pinewood Laboratories Limited

26. 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 groups 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.

27. 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

Schedule to the detailed accounts For the Financial year Ended 31 March 2017

COST OF SALES

	2017 €	2016 €
Materials	31,468,646	30,339,613
Wages and salaries	5,224,530	5,474,577
Commissions payable	14,661	118,312
Carriage and import duty	2,101,191	1,754,794
Foreign exchange differences	(32,806)	(37,919)
Manufacturing charges	3,827,303	3,487,930
	<u>42,803,525</u>	<u>41,137,307</u>

ADMINISTRATION EXPENSES

	2017 €	2016 €
Administration expenses		
Wages and Salaries	7,455,463	6,839,344
Employer's PRSI contribution	472,354	501,768
Staff pension costs	164,488	105,610
Training and development	76,156	49,229
Motor running costs	91,954	90,025
Motor vehicle leasing (operational)	287,191	318,713
Hotels, travel and subsistence	139,348	170,977
Printing and stationery	147,857	160,391
Telephone and fax	176,134	178,195
Advertising and promotion	289,237	267,056
Legal and professional	499,486	490,706
Auditors' remuneration	42,000	50,254
Equipment hire	139,382	119,204
Bank charges	9,722	9,734

Pinewood Laboratories Limited

**Schedule to the detailed accounts
For the Financial year Ended 31 March 2017**

Bad debts	50,580	(240,556)
Difference on foreign exchange	479,953	72,900
Sundry expenses	411,554	677,714
Rates	159,184	158,842
Insurances	226,632	224,755
Repairs and maintenance	182,761	231,175
Depreciation - plant and machinery	832,130	793,991
Redundancy costs	8,000	-
GMS	(232,602)	41,024
	<u>12,108,964</u>	<u>11,311,051</u>
