

WOCKHARDT UK LIMITED  
INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF WOCKHARDT UK LIMITED

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We have audited the financial statements of Wockhardt UK Limited for the 12 month period ended 31 March 2015 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 set out on 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the 12 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Philip King FCA (Senior Statutory Auditor)**  
for and behalf of Menzies LLP

May 2015

**Chartered Accountants**  
**Statutory Auditor**

Lynton House  
7-12 Tavistock Square  
London WC1H 9LT

WOCKHARDT UK LIMITED  
 PROFIT AND LOSS ACCOUNT

	Notes	2015 12 months ended 31 Mar £000	2014 12 months ended 31 Mar £000
<b>Turnover</b>		<b>67,372</b>	<b>76,829</b>
Cost of sales		(59,677)	(67,192)
<b>Gross profit</b>		<b>7,695</b>	<b>9,637</b>
Administration expenses		(2,628)	(2,420)
Distribution costs		(4,533)	(6,055)
<b>Operating profit</b>		<b>534</b>	<b>1,162</b>
Interest payable and similar charges		(5)	(1)
<b>Profit on ordinary activities before taxation</b>		<b>529</b>	<b>1,161</b>
Tax on profit on ordinary activities	5	(104)	(267)
<b>Profit on ordinary activities after taxation</b>		<b>425</b>	<b>894</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are no recognised gains and losses other than those passing through the profit and loss account.

WOCKHARDT UK LIMITED  
BALANCE SHEET

	Notes	31 Mar 2015 £000	31 Mar 2014 £000
<b>Fixed assets</b>			
Tangible assets	6	570	153
		<u>570</u>	<u>153</u>
<b>Current assets</b>			
Stocks	7	27,625	21,639
Debtors	8	6,225	10,693
Cash at bank and in hand		-	13,980
		<u>33,850</u>	<u>46,312</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(26,214)</u>	<u>(38,769)</u>
<b>Net current assets</b>		<u>7,636</u>	<u>7,543</u>
<b>Total assets less current liabilities</b>		<u>8,206</u>	<u>7,696</u>
<b>Provision for liabilities and charges</b>	10	<u>(103)</u>	<u>(18)</u>
<b>Net assets</b>		<u>8,103</u>	<u>7,678</u>
<b>Capital and reserves</b>			
Share capital	12	50	50
Profit and loss account	13	8,053	7,628
		<u>8,103</u>	<u>7,678</u>
<b>Shareholders' funds</b>		<u>8,103</u>	<u>7,678</u>

Registered Number : 05835570

These financial statements were approved and signed by the director and authorised for issue on 18 May 2015.

A Sahni  
Director

WOCKHARDT UK LIMITED  
CASH FLOW STATEMENT

		<b>12 months ended 31 Mar 2015 £000</b>	12 months ended 31 Mar 2014 £000
<b>Net cash (outflow)/inflow from operating activities</b>	15	<b>(24,371)</b>	6,706
<b>Returns on investments and servicing of Interest payable</b>			
Interest payable		<u>(5)</u>	<u>(1)</u>
<b>Net cash inflow from returns on investments</b>		<u>(5)</u>	<u>(1)</u>
<b>Taxation</b>			
United Kingdom Corporation Tax paid		<u>(260)</u>	<u>(334)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<u>(488)</u>	<u>(69)</u>
Sale of tangible fixed assets		<u>-</u>	<u>-</u>
<b>Net cash outflow from capital expenditure and financial investment</b>	6	<u>(488)</u>	<u>(69)</u>
<b>(Decrease)/increase in cash in the year</b>		<u>(25,124)</u>	<u>6,302</u>

## 1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention and on the going concern basis.

### **Fixed Assets and Depreciation**

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition including applicable interest. Depreciation is calculated so as to write off the cost of tangible fixed assets respectively on a straight line basis over the expected useful economic lives of the assets concerned taking into account residual values of those assets. Where directors feel that impairment has occurred, a provision is made to reduce the value of assets to their assessed value accordingly. Capital work in progress is not depreciated. The principal time periods used for this purpose are:

#### *Tangible Fixed Assets*

Plant and machinery	4-10 years
Computers	2-5 years
Motor vehicles	2-4 years
Fixtures and fittings	4-8 years

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Stock is turned around on a first in first out basis whilst the cost of stock is valued at moving weighted average price. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### **Turnover**

Turnover represents the net invoice value of goods and services supplied, after the deduction of discounts and allowances given and allowance for estimated future rebates and returns. Turnover is recognised on despatch of product. Value added tax is excluded from turnover. During the course of the year, all turnover was derived from the UK.

### **Operating Leases**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

### **Taxation**

Corporation Tax payable is provided on taxable profits at the current rate.

### **Deferred Taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the full provision basis.

### **Foreign Currencies**

Monetary assets and liabilities are translated at period end exchange rates unless specifically hedged by forward foreign exchange contracts. Non-monetary assets are translated at the exchange rate at the time of their recognition, with any movement in the exchange rate from year to year being credited/charged to the reserves. Individual transactions arising during the period are translated at the prevailing rate or the appropriate forward contract rate when settled. The profit and loss account and balance sheet of foreign subsidiaries are translated into sterling at the rate ruling as at the period end. The resulting exchange differences arising are taken to reserves.

WOCKHARDT UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

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**Related Party Transactions**

The company has taken advantage of the exemption provided by Financial Reporting Standard 8, not to disclose transactions with companies that are 100% owned within the group.

**Pension Scheme Arrangements**

The Company operates a defined contribution pension scheme. Both employee and employer contribute 7% of pensionable earnings to the scheme.

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**2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>12 months ended 31 Mar 2015</b>	12 months ended 31 Mar 2014
Profit on ordinary activities before taxation is stated after charging:	<b>£000</b>	£000
Depreciation charge on tangible fixed assets	<b>(71)</b>	(31)
Hire of plant and machinery - operating leases	<b>(110)</b>	(106)
- general	<b>(5)</b>	(19)
Other operating leases	<b>(276)</b>	(297)

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**3 AUDITORS REMUNERATION**

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**4 EMPLOYEE INFORMATION**

The monthly average number of persons (including directors) employed by the Company during the period was:

	<b>12 months ended 31 Mar 2015 Number</b>	<b>12 months ended 31 Mar 2014 Number</b>
<b>By activity:</b>		
Sales and distribution	37	42
Administration	30	31
	<u>67</u>	<u>73</u>
<b>Employee information (for the above persons)</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	2,616	2,487
Social security costs	288	286
Other pension costs	115	93
	<u>3,019</u>	<u>2,866</u>
<b>Directors' Emoluments</b>	<b>£000</b>	<b>£000</b>
Emoluments for qualifying services	110	-
Company pension contribution to money purchase schemes	8	-
	<u>118</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2014: nil).

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WOCKHARDT UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in period**

	<b>12 months ended 31 Mar 2015 £000</b>	12 months ended 31 Mar 2014 £000
<b>Current tax</b>		
UK corporation tax on profits for the year	24	255
Adjustment for prior years	(5)	(6)
Total Current tax (note 5(b))	<u>19</u>	
<b>Deferred tax</b>		
Origination and reversal of timing differences ( see note 10)	<u>85</u>	
Total deferred tax	<u>85</u>	
<b>Tax on profit on ordinary activities</b>	<u>104</u>	



**6 TANGIBLE FIXED ASSETS**

	Capital Work in Progress £000	Plant & Machinery £000	Fixtures & Fittings £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 Apr 2014	1	44	115	107	8	275
Additions	-	442	45	1	-	488
Disposals	-	-	-	-	-	-
Transfers	(1)	-	1	-	-	-
<b>At 31 Mar 2015</b>	<b>-</b>	<b>486</b>	<b>161</b>	<b>108</b>	<b>8</b>	<b>763</b>
<b>Depreciation</b>						
At 1 Apr 2014	-	29	54	38	1	122
Charge for period	-	31	20	18	2	71
Disposals	-	-	-	-	-	-
<b>At 31 Mar 2015</b>	<b>-</b>	<b>60</b>	<b>74</b>	<b>56</b>	<b>3</b>	<b>193</b>
<b>Net book value at 31 Mar 2015</b>	<b>-</b>	<b>426</b>	<b>87</b>	<b>52</b>	<b>5</b>	<b>570</b>
Net book value at 31 Mar 2014	1	15	61	69	7	153

**7 STOCKS**

	31 Mar 2015 £000	31 Mar 2014 £000
Goods for resale	27,625	21,639

**8 DEBTORS**

	31 Mar 2015 £000	31 Mar 2014 £000
Trade debtors	5,397	9,529
Amounts owed by Group Companies	504	844
Other debtors	40	151
Prepayments and accrued income	145	169
Corporation tax	139	-
Receivable within one year	6,225	10,693

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 Mar 2015 £000	31 Mar 2014 £000
Bank loans and overdrafts	11,144	-
Amounts owed to Group Companies	10,495	35,043
Trade creditors	2,188	1,379
Other taxation and social security	553	1,771
Other creditors	1	-
Corporation tax payable	-	103
Accruals	1,833	473
	<u>26,214</u>	<u>38,769</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the undertaking. This company, together with Pinewood Healthcare Limited, Wockhardt UK (Holdings) Ltd, CP Pharmaceuticals Ltd and Wallis Group Limited and its subsidiaries, have provided an unlimited cross-charge to secure the Group borrowings. As at 31 March 2015 this amounted to £11,143,979 (2014: £7,280,707).

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

	31 Mar 2015 £000	31 Mar 2014 £000
Accelerated capital allowances	103	18
Other timing differences	-	-
	<u>103</u>	<u>18</u>
		<b>31 Mar 2015 £000</b>
Deferred tax provision 1 April 2014		18
Deferred tax credit in the profit and loss		<u>85</u>
Deferred tax provision 31 March 2015		<u>103</u>

**11 PENSION OBLIGATIONS**

**Defined Contribution Pension Scheme**

During the period, the Company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £114,746 (2014: £92,830). The outstanding pensions creditor at 31 March 2015 of £752 (2014: £nil) is shown within other creditors.

WOCKHARDT UK LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

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**12 SHARE CAPITAL**

	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
<b>Allotted, called up and fully paid</b>	<b>£000</b>	<b>£000</b>
50,000 Ordinary Shares of £1 each	<b>50</b>	<b>50</b>

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**13 RESERVES**

	<b>Profit and Loss Account £000</b>
At beginning of year	7,628
Retained profit for the period	
<b>At 31 March 2015</b>	

**15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	12 months ended 31 Mar 2015 £000	12 months ended 31 Mar 2014 £000
<b>Operating profit</b>	<b>534</b>	<b>1,162</b>
Depreciation on tangible fixed assets	71	31
Loss on sale of fixed assets	-	-
(Increase)/decrease in stocks	(5,986)	4,563
Decrease in trade debtors	4,132	2,155
Increase/(decrease) in amounts owed by Group Companies	340	(355)
Decrease in other debtors	111	153
Decrease/(increase) in prepayments and accrued income	24	(34)
Increase in trade creditors	809	1,152
Decrease in other taxation and social security	(1,218)	(2,264)
(Decrease)/increase in amounts owed to associated parent subsidiary companies	(24,548)	286
Increase/(decrease) in other creditors	1	(12)
Increase/(decrease) in accruals	1,359	(131)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(24,371)</b>	<b>6,706</b>

**16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	12 months ended 31 Mar 2015 £000	12 months ended 31 Mar 2014 £000
<b>(Decrease)/increase in cash in the period</b>	<b>(25,124)</b>	<b>6,302</b>
Cash inflow from change in debt	-	-
<b>Movement in net debt in the period</b>	<b>(25,124)</b>	<b>6,302</b>
Net debt at 31 March 2014	13,980	7,678
<b>Net debt at 31 Mar 2015</b>	<b>(11,144)</b>	<b>13,980</b>

**17 ANALYSIS OF NET DEBT**

	At 31 Mar 2014 £000	Cash flow £000	Other non-cash changes £000	At 31 Mar 2015 £000
Cash at bank and in hand	13,980	(13,980)	-	-
Bank loans and overdrafts	-	(11,144)	-	(11,144)
	13,980	(25,124)	-	(11,144)
Debt due after one year	-	-	-	-
Debt due within one year	-	-	-	-
Finance leases	-	-	-	-
<b>Total</b>	<b>13,980</b>	<b>(25,124)</b>	<b>-</b>	<b>(11,144)</b>

## 18 CAPITAL AND FINANCIAL COMMITMENTS

	31 Mar 2015	31 Mar 2014
	£000	£000
Capital expenditure that has been contracted but not provided for	7	-

The Company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings		Plant & Machinery	
	31 Mar 2015 £000	31 Mar 2014 £000	31 Mar 2015 £000	31 Mar 2014 £000
Expiring within one year	-	-	13	11
Expiring between two and five years inclusive	216	216	135	198
	<u>216</u>	<u>216</u>	<u>148</u>	<u>209</u>

## 19 RELATED PARTY TRANSACTIONS

During the year, Wockhardt UK Limited incurred expenses from CP Pharmaceuticals Limited in relation to service charges of £601,060 (2014: £779,244) and net expenses of £596,877 (2014: £52,753). As at 31 March 2015, the net balance payable to CP Pharmaceuticals Limited was £nil (2014: £16,741).

During the year, Wockhardt UK Limited recharged net expenses of £180,961 (2014: £223,404) to Pinewood Laboratories Limited. As at 31 March 2015, the net balance receivable by Wockhardt UK Limited was £nil (2014: £223,404).

During the year, Wockhardt UK Limited recharged to Wockhardt Limited in relation to net expenses of £nil (2014: £117,801). As at 31 March 2015, the balance receivable by Wockhardt UK Limited was £nil (2014: £620,171).

CP Pharmaceuticals Limited and Pinewood Laboratories Limited are related parties as they have the same ultimate parent company.

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## 20 ULTIMATE PARENT COMPANY

The immediate parent company is Wockhardt Bio AG, a company registered in Switzerland. Copies of the group financial statements can be obtained from:

Wockhardt Bio AG  
Grafenauweg 6  
6300 Zug  
Switzerland

The parent undertaking of the largest group within which the company belongs and for which group financial statements are prepared is Wockhardt Limited, a company registered in India. Copies of the group financial statements can be obtained from:

Wockhardt Towers  
Bandra-Kurla Complex  
Bandra East  
Mumbai 400 051  
India.

The ultimate parent company was Khorakiwala Holdings and Investments Private Limited, until 7 July 2014, and following restructuring is now Wockhardt Limited. Both companies are registered in India.

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## 21 CONTROLLING PARTY

The ultimate controlling party is H F Khorakiwala and family.

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