

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CP PHARMACEUTICALS LIMITED

We have audited the financial statements of CP Pharmaceuticals Limited for the 12 month period ended 31 March 2015 set out on pages 7 to 23. 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.

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

CP PHARMACEUTICALS LIMITED
 PROFIT AND LOSS ACCOUNT

	Notes	2015 12 months ended 31 Mar £000	2014 12 months ended 31 Mar £000
Turnover	2	75,976	30,750
Cost of sales		(11,342)	(11,536)
Gross profit		64,634	19,214
Administration expenses		(18,709)	(17,650)
Operating profit		45,925	1,564
Interest payable and similar charges	5	(11)	(7)
Other finance income/(expense)	14	403	75
Profit on ordinary activities before taxation		46,317	1,632
Tax on profit on ordinary activities	7	(9,365)	(97)
Retained profit for the year	16	36,952	1,535

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CP PHARMACEUTICALS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	12 months ended 31 Mar 2015 £000	12 months ended 31 Mar 2014 £000
Notes		

CP PHARMACEUTICALS LIMITED
BALANCE SHEET

	Notes	31 Mar 2015 £000	31 Mar 2014 £000
Fixed assets			
Tangible assets	8	15,559	11,875
		<u>15,559</u>	<u>11,875</u>
Current assets			
Stocks and work in progress	9	11,666	11,062
Debtors	10	21,787	8,782
Cash at bank and in hand		20,646	-
		<u>54,099</u>	<u>19,844</u>
Creditors: amounts falling due within one year	11	<u>(16,202)</u>	<u>(13,477)</u>
Net current assets		<u>37,897</u>	<u>6,367</u>
Total assets less current liabilities		<u>53,456</u>	<u>18,242</u>
Creditors: amounts falling due after more than one year	12	<u>(91)</u>	<u>(121)</u>
Provision for liabilities and charges	13	<u>(183)</u>	<u>(106)</u>
Net assets excluding pension deficit		<u>53,182</u>	<u>18,015</u>
Pension deficit	14	<u>(3,517)</u>	<u>(2,199)</u>
Net assets including pension deficit		<u>49,665</u>	<u>15,816</u>
Capital and reserves			
Ordinary share capital	15	2,433	2,433
Share options reserve	16	285	494
Profit and loss account	16	46,947	12,889
Equity shareholders' funds	17	<u>49,665</u>	<u>15,816</u>

Registered Number : 0482106

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

S Singh
Director

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. Fixed assets were revalued in July 1993, and this value has been frozen under the transitional rules on adoption of Financial Reporting Standard No. 15. Depreciation and amortisation are calculated so as to write off the cost of tangible fixed assets 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

Freehold buildings (freehold land is not depreciated)	10-50 years
Plant and machinery – fit out of Sterile Products Manufacturing Facility	4-25 years
Plant and machinery – other	4-10 years
Computers	2-5 years
Motor vehicles	2-4 years
Fixtures and fittings	4-8 years

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. The cost of stock is valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. The cost of finished goods and Work in Progress is computed based on respective moving weighted average price of procured materials and the appropriate share of labour and other manufacturing overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

Turnover represents the invoiced value of goods and services supplied, and is recorded net of trade discounts. Turnover is recognised in the profit and loss account when goods or services are supplied or made available to external customers against orders received, title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled. Value added tax is excluded from turnover.

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 year 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 year are translated at the prevailing rate or the appropriate forward contract rate when settled.

PRINCIPAL ACCOUNTING POLICIES *(continued)*

HP Contracts, Finance and Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements, which transfer to the Company substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases and HP contracts. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Pension Scheme Arrangements

The Company's defined benefit pension scheme was closed to new contributions from 29 February 2004. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the year during which the Company benefits from the employees' services.

With effect from 1 March 2004 the scheme above was replaced with a defined contribution pension scheme. Both employee and employer continue to contribute 7% of pensionable earnings to the new scheme.

Research and Development Expenditure

Research and Development expenditure is written off in the year in which it is incurred.

Cash Flows

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of a UK parent undertaking which provides a consolidated cashflow statement.

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.

Share-Based Payment Transactions

The Company measures compensation cost relating to employee stock options using the intrinsic value method, in line with the accounting policy of the ultimate parent. The Company has concluded that the Black-Scholes model of valuing the share options does not result in a materially different expense. Compensation expense, if any, is written off over the vesting period of the option on a straight line basis.

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2 TURNOVER

In the opinion of the directors, the Group's only class of business is that of manufacture and sale of pharmaceuticals and the provision of pharmaceutical services.

All turnover originates in the United Kingdom, and the analysis by geographical area of the Group's turnover by destination is set out below:

Geographical segment	Proportion %	2015 12 months ended 31 Mar £000	Proportion %	2014 12 months ended 31 Mar £000
United Kingdom	2	1,615	-	117
USA*	66	49,928	11	3,378
Asia	-	-	-	-
Europe	32	24,433	89	27,255
	<u>100</u>	<u>75,976</u>	<u>100</u>	<u>30,750</u>

* Sales to the USA are for Contract Manufacturing customers undertaken in the UK

3 OPERATING PROFIT

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	12 months	12 months
	ended	ended
	31 Mar	31 Mar
	£000	£000
On bank loans and overdrafts	5	6
On hire purchases and finance leases	6	1
	<u>11</u>	<u>7</u>
Expected return on pension scheme assets	<u>(1,802)</u>	<u>(1,459)</u>
Interest on pension scheme liabilities	<u>1,399</u>	<u>1,384</u>
	<u>(403)</u>	<u>(75)</u>
Net interest (receivable)/payable and similar charges	<u>(392)</u>	<u>(68)</u>

6 EMPLOYEE INFORMATION

The monthly average number of persons (including directors) employed by the Company during the 12 month period was:

	2015	2014
	12 months	12 months
	ended	ended
	31 Mar	31 Mar
	Number	Number
By activity:		
Production	239	
Sales and distribution	3	
Administration	46	
	<u>288</u>	
Employee information (for the above persons)	£000	
Wages and salaries	9,288	
Social security costs	999	
Other pension costs (all executive directors are members of the Group defined benefit scheme and accrue benefits thereunder) (Note 14)	533	
Equity-settled share-based payments	81	
	<u>10,901</u>	

Directors' Emoluments

Emoluments for qualifying services
Company pension contribution to money purchase schemes

Emoluments for the highest paid director were:

Emoluments for qualifying services
Company pension contribution to money purchase schemes

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in period

	2015 12 months ended 31 Mar £000	2014 12 months ended 31 Mar £000
Current tax		
UK corporation tax on profits for the year (see note 7b below)	9,288	104
Adjustment for prior years	-	(5)
Total current tax (see note 7b below)	<u>9,288</u>	<u>99</u>
Deferred tax		
Origination and reversal of timing differences	77	(2)
Total deferred tax (see note 13)	<u>77</u>	<u>(2)</u>
Tax on profit on ordinary activities	<u>9,365</u>	<u>97</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year is at the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2015 12 months ended 31 Mar £000	2014 12 months ended 31 Mar £000
Profit on ordinary activities before tax	<u>46,317</u>	<u>1,632</u>
Profit on ordinary activities multiplied by standard rate of CT of 21% (2014: 23%)	9,727	375
Effects of:		
Expenses not deductible for tax purposes	5	(12)
Depreciation	294	314
Capital allowances	(362)	(322)
Prior year adjustment	-	(5)
Loss on disposal of fixed assets	-	26
Other tax adjustments	(376)	(277)
Current tax charge for the year	<u>9,288</u>	<u>99</u>

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8 TANGIBLE FIXED ASSETS

	Capital Work in Progress £000	Sterile Facility £000	Freehold Land & Buildings £000	Plant and Machinery £000	Fixtures & Fittings £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost								
At 1 Apr 2014	2,923	9,712	3,716	14,723	1,443	1,523	28	34,068
Additions	4,399	-	-	341	68	274	-	5,082
Disposals	-	-	-	(9)	-	-	(19)	(28)
Transfers	(165)	-	-	101	59	5	-	-
At 31 Mar 2015	7,157	9,712	3,716	15,156	1,570	1,802	9	39,122
Depreciation								
At 1 Apr 2014	-	6,057	3,425	10,646	726	1,311	28	22,193
Charge for year	-	304	8	828	183	75	-	1,398
Disposals	-	-	-	(9)	-	-	(19)	(28)
Transfers	-	-	-	-	-	-	-	-
At 31 Mar 2015	-	6,361	3,433	11,465	909	1,386	9	23,563
Net book value at 31 Mar 2015	7,157	3,351	283	3,691	661	416	-	15,559
Net book value at 31 Mar 2014	2,923	3,655	291	4,077	717	212	-	11,875

The net book value of tangible fixed assets includes an amount of £135k (2014: £152k) in respect of assets held under HP contracts.

9 STOCKS

	31 Mar 2015 £000	31 Mar 2014 £000
Raw materials and consumables	8,590	8,526
Work in progress	1,306	852
Finished goods and goods for resale	1,770	1,684
	11,666	11,062

10 DEBTORS

	31 Mar 2015 £000	31 Mar 2014 £000
Trade debtors	11,987	2,805
Amounts owed by Group Companies	9,166	5,188
Other debtors	451	374
Prepayments and accrued income	183	139
Corporation Tax	-	276
Receivable within one year	21,787	8,782

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Mar	31 Mar
	2015	2014
	£000	£000
Bank loans and overdrafts	-	7,282
Trade creditors	1,758	2,147
Amounts owed to Group Companies	2,882	2,890
Other taxation and social security	1,225	452
Other creditors	1	-
HP creditors	30	28
Corporation tax payable	9,012	-
Accruals	1,294	678
	16,202	13,477

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the undertaking. This company, together with Wockhardt UK Limited, Wockhardt UK (Holdings) Ltd, Pinewood Healthcare 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).

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<i>SUMMARY</i>	31 Mar	31 Mar
	2015	2014
	£000	£000
HP creditor	91	121
	91	121

ANALYSIS OF HP CREDITOR AND FINANCE LEASES

Repayable as follows:	31 Mar	31 Mar
	2015	2014
	£000	£000
In one year or less		
In more than one year, but not more than two years		
In more than two years, but not more than five years		

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

13 PROVISIONS FOR LIABILITIES AND CHARGES

	31 Mar 2015	31 Mar 2014
	Deferred tax	Deferred tax
	£000	£000
Accelerated capital allowances	240	174
Other timing differences	(57)	(68)
	<u>183</u>	<u>106</u>
	<u>183</u>	<u>106</u>
		31 Mar 2015
		£000
Deferred tax provision at 1 April 2014		106
Deferred tax credit in the profit and loss account for the 12 month period		77
Deferred tax provision at 31 March 2015		<u>183</u>
		<u>183</u>

14 PENSION OBLIGATIONS

Defined Benefit Pension Scheme

The Company operates a funded defined benefit pension scheme. The assets of the scheme are held separately from those of the Company.

The scheme closed to new entrants at the end of February 2004 and all pension accruals ceased on that date. The current service costs will increase as members approach retirement.

An actuarial valuation to 31 March 2015 was carried out by Capita, consulting actuaries on 7th April 2015. The major assumptions used by the actuary were:

	31 Mar 2015 %
Price inflation	3.15
Increase in salaries	-
Increases in pensions/deferred pensions	2.25
Discount rate	3.3

Long term rate of return expected. % per annum	Equities	5.5	6.7	6.0	6.0	6.0
	Bonds	3.2	4.2	4.5	4.5	5.0
	Other	3.0	4.0	4.0	4.0	4.0
Equities		23,861	24,262	20,088	16,275	16,911
Bonds		4,362	2,033	3,815	3,617	2,948
Other		4,329	1,949	2,050	2,712	2,385
Total Market value of assets		32,552	28,244	25,953	22,604	22,244
Present value of Scheme liabilities		(37,004)	(31,100)	(29,322)	(28,131)	(24,259)
Deficit in the Scheme		(4,452)	(2,856)	(3,369)	(5,527)	(2,015)
Related deferred tax asset		935	657	809	1,437	564
Net pension deficit		(3,517)	(2,199)	(2,560)	(4,090)	(1,451)

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

PENSION OBLIGATIONS *(continued)*

Analysis of amount charged to operating profit	31 Mar 2015	31 Mar 2014
	£000	£000
Current service cost	62	58
	<u>62</u>	<u>58</u>
Analysis of amount credited to other financial income	31 Mar 2015	31 Mar 2014
	£000	£000
Expected return on Scheme assets	1,802	1,459
Interest on Scheme liabilities	(1,399)	(1,384)
	<u>403</u>	<u>75</u>
Net return	403	75
	<u>403</u>	<u>75</u>
Analysis of amount recognised in statement of total recognised gains and losses	31 Mar 2015	31 Mar 2014
	£000	£000
Difference between expected and actual return on scheme assets	1,707	573
Experience losses on scheme liabilities	-	-
Effect of changes in actuarial assumptions on scheme liabilities	(5,169)	(1,318)
	<u>(3,462)</u>	<u>(745)</u>
Actuarial Loss recognised in the STRGL	(3,462)	(745)
	<u>(3,462)</u>	<u>(745)</u>
Changes in the present value of the defined benefit obligation	31 Mar 2015	31 Mar 2014
	£000	£000
Opening defined benefit obligation	31,100	29,322
Service cost	62	58
Interest cost	1,399	1,384
Actuarial (gains) and losses	5,169	1,318
Benefits paid	(726)	(982)
	<u>37,004</u>	<u>31,100</u>
Closing defined benefit obligation	37,004	31,100
	<u>37,004</u>	<u>31,100</u>
Changes in the fair value of Scheme assets	31 Mar 2015	31 Mar 2014
	£000	£000
Opening fair value of Scheme assets	28,244	25,953
Expected return	1,802	1,459
Actuarial gains and (losses)	1,707	573
Contributions by employer	1,525	1,241
Benefits paid	(726)	(982)
	<u>32,552</u>	<u>28,244</u>
Closing fair values of Scheme assets	32,552	28,244
	<u>32,552</u>	<u>28,244</u>

PENSION OBLIGATIONS *(continued)*

History of experience gains and losses

	31 Mar 2015 £000	31 Mar 2014 £000	31 Mar 2013 £000	31 Mar 2012 £000	31 Mar 2011 £000
Difference between the expected and actual return on scheme assets:					
Amount (£000)	1,707				
Percentage of scheme assets	5%				
Experience gains and losses on scheme liabilities:					
Amount (£000)	-				
Percentage of the present value of scheme liabilities					
Gain/(loss) from changes in the assumptions for value of Scheme liabilities:					
Amount (£000)					
Percentage of the present value of scheme liabilities					

The present value of scheme liabilities of £37m is relevant to 90 pensioners and 337 deferred members, of which 5 are past directors.

Expected Contributions

The Company expects to make normal cash contributions of approximately £1.5m to the defined benefit scheme in the financial year ending 31 March 2016.

Defined Contribution Pension Scheme

During the 12 month 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 £532,540 (2014: £415,194). The outstanding pensions creditor at 31 Mar 2015 of £1.688 (2014: £nil) is shown within other creditors.

15 CALLED UP SHARE CAPITAL

Allotted, called up and fully paid	12 months ended 31 Mar 2015 £000	12 months ended 31 Mar 2014 £000
570,000 Ordinary Shares of £1 each	570	570
1,862,549 'A' Ordinary Shares of £1 each	1,863	1,863
	2,433	2,433

The Ordinary Shares and the 'A' Ordinary Shares rank pari passu in all respects as if the same constitute one class of share.

CP PHARMACEUTICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

16 RESERVES

	Share Options Reserve £000	Profit and Loss Account £000
At 1 April 2014	494	12,889
Profit for the year	-	36,952
Actuarial loss on pension scheme (note 14)	-	(3,462)
Movement on deferred tax relating to pension scheme	-	278
Transfer to profit and loss on exercise of share options	(290)	290
Current year charge for equity settled share-based payments	81	-
At 31 March 2015	285	46,947
Pension deficit		3,517
Profit and loss reserve excluding pension deficit		50,464

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Mar 2015	Mar 2014
	£000	£000
Retained profit for the financial period	36,952	1,535
Actuarial loss on pension scheme (note 14)	(3,462)	(745)
Movement on deferred tax relating to pension scheme	278	(152)
Current year charge for equity settled share-based payments	81	125
Net increase in shareholders' funds	33,849	763
Opening shareholders' funds	15,816	15,053
Closing shareholders' funds	49,665	15,816

18 CAPITAL AND FINANCIAL COMMITMENTS

	31 Mar 2015	31 Mar 2014
	£000	£000
Capital expenditure that has been contracted but not provided for	1,789	4,459

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	-	-	58	59
Expiring between two and five years inclusive	-	-	39	35
	-	-	97	94

19 RELATED PARTY TRANSACTIONS

During the year, CP Pharmaceuticals Limited recharged to Wockhardt UK 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 receivable by CP Pharmaceuticals Limited was £ nil (2014: £16,741).

During the year, CP Pharmaceuticals Limited, recharged to Pinewood Laboratories Limited in relation to service charges of £160,406 (2014: £132,776) and net expenses of £22,146 (2014: £ nil) and incurred stock purchases of £748,401 (2014: £498,817) . As at 31 March 2015, the net balance receivable by CP Pharmaceuticals Limited was £ nil (2014: £132,776).

During the year CP Pharmaceuticals Limited invoiced sales of £20,961,351 (2014: £20,609,219) and miscellaneous income of £929,531 (2014: £1,276,315) to Wockhardt Bio AG. It also recharged obsolete stock of £nil (2014: £584,210), net expenses of £201,780 (2014: £181,689) and quality batch testing of £596,400 (2014: £nil). As at 31 March 2015, the net balance receivable by CP Pharmaceuticals Ltd was £4,664,758 (2014: £565,362).

Wockhardt Bio AG, Wockhardt UK Limited and Pinewood Laboratories Limited are related parties as they have the same ultimate parent company.

20 POST BALANCE SHEET EVENT

Due to plans for corporate restructuring, ownership of CP Pharmaceuticals Limited, will be transferred shortly from Wockhardt UK Holdings Limited to Wockhardt Bio AG, a fellow subsidiary company of Wockhardt Limited, with effect from 1 April 2015.

21 ULTIMATE PARENT COMPANY

The immediate parent company is Wockhardt UK Holdings Limited, a company registered in England and Wales. Wockhardt UK Holdings Limited prepares group financial statements and copies can be obtained from:

Ash Road North
Wrexham Industrial Estate
Wrexham
North Wales
LL13 9UF

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.

22 CONTROLLING PARTY

The ultimate controlling party is H F Khorakiwala and family.

23 SHARE-BASED PAYMENTS

The Compensation Committee of the Board of Directors of the ultimate parent company, Wockhardt Limited, at its meeting held on November 12, 2011 approved the Grant of 1,540,000 Stock Options convertible into 1,540,000 equity shares of INR 5/- each under Wockhardt Stock Option Scheme – 2011 ('the Scheme'). This scheme covered employees and directors across the group, including one director of CP Pharmaceuticals Limited. In line with FRS20 the proportion relating to employees who services are provided to the subsidiary, CP Pharmaceuticals Limited has been recognised in these financial statements.

The Profit and Loss Account charge for the year recognised in respect of share-based payments is ₹81,357 (2014 - ₹124,882), which are made up of share option schemes which will all be settled in equity.

In relation to the director of CP Pharmaceuticals Limited the Compensation committee of Wockhardt Limited has granted 15,000 options @ INR 397/- per option (Grant 1), another 15,000 options @ INR 365/- per option (Grant 2), and 125,000 options @ INR 5/- per option (Grant 3), in accordance with the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The following table reconciles the number of share options outstanding and the weighted average exercise price (WAEF), relevant to the employees included within CP Pharmaceuticals Limited:

	2015	2015	2014	2014
	Options	WAEF	Options	WAEF
		INR		INR
Outstanding at the start of period	108,750	55	132,500	52
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(31,250)	5	(23,750)	88
Outstanding at the end of period	77,500	75	108,750	55
Exercisable at the end of period	12,000	365	9,000	365
Exercise price (range) INR	5 - 397		5 - 397	
Weighted average remaining contractual life (years)	-		0.6	
Weighted average share price at date of exercise (INR)	460		363	

The company calculated the charge to the Profit and Loss based on the intrinsic value method, in line with group policy and after assessing that the fair value of the share options is estimated at the date of grant using the Black-Scholes option pricing model was not materially different. The following table gives the assumptions applied to the options granted in the respective periods shown in determining the fair value under Black-Scholes:

	31 Mar 2015	31 Mar 2014
Expected dividend yield (%) (*)		
Expected volatility (%)	36	36
Risk-free interest rate (%)	8	8
Share price at the time of option grant (INR per share)	414	414
Expected life of option (years):		
First vesting	1.5	1.5
Second vesting	1.88	1.88
Third vesting	2.88	2.88
Forth vesting	3.88	3.88
Weighted average fair value of options granted (INR)	355	355

(*) Dividend yield has not been separately built in, as the share prices for one year has been considered which factors for the price movement on account of the dividend.

Volatility is a measure of the amount by which the share price of Wockhardt Limited is expected to fluctuate during a period.