

**Pinewood Laboratories Limited**  
**Directors' report and financial statements**  
**For the Financial year Ended 31 March 2016**

**Pinewood Laboratories Limited**

**Company Information**

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

# Pinewood Laboratories Limited

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The following pages do not form part of the statutory financial statements:

**Detailed profit and loss account and summaries**

## **Pinewood Laboratories Limited**

### **Directors' report For the Financial year Ended 31 March 2016**

The directors present their annual report and the audited financial statements for the financial year ended 31 March 2016.

#### **PRINCIPAL ACTIVITIES**

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

#### **BUSINESS REVIEW**

Overall Pinewood Laboratories Limited ("the company") recorded the best earnings before interest, tax, depreciation and amortisation ("EBITDA") performance in the history of the company this year with a 10% EBITDA growth in comparison to last year. This strong performance was derived from a strong operational performance with the key driver of this performance in the International business. Both sales and volume production increased significantly in comparison to last year with the strongest growth coming from the business in the UK. The legacy and the strength of the company's brand in the UK continues to drive the portfolio and this year Pinewood were in a position to increase pricing levels to counter any negative currency impact.

Domestically the company has gained significant traction in the BioSimilar sector. Whilst initially sluggish the market has opened up substantially in quarter 3 and quarter 4 for Biosimiliars in Ireland and the company has gained a strong market share in this area. Continued growth in this large market is ongoing and expected for future years.

The Domestic Retail market remains a challenge in Ireland due to reducing reimbursement pricing coupled with a limited market size. The market remains difficult with increased levels of competition.

The company transitioned from previously extant Irish GAAP to FRS 102 as at 1 April 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 32.

#### **RESULTS AND DIVIDENDS**

The profit for the financial year, after taxation, amounted to €10,626,404 (2015 - €17,778,549).

Dividends of €Nil (2015: €5,858,281) were paid during the year, therefore an amount of €10,626,404 (2015: €11,920,268) is charged against reserves.

#### **DIRECTORS**

The directors noted on the company information page served as directors throughout the financial year.

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 2016 and the date of approval of the financial statements.

**Pinewood Laboratories Limited**

**Directors' report**

**For the Financial year Ended 31 March 2016**

**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**

The directors of the company remain confident that the business performance remains on track with the forecasted plan. Whilst competition and Pound Sterling currency remain risks for the business, the company's directors believe that the underlying business model is strong enough to manage these risks. The company will continue to grow the International portfolio with significant and planned portfolio launches expected in quarter 2 and quarter 3. In addition and with the introduction of a number of key launches the domestic business will be in a position to drive growth projections. Finally the company is confident that the Hospital Pharmacy business will outperform expectations due to the continued growth and acceptance of BioSimiliars in Ireland.

**POST BALANCE SHEET EVENTS**

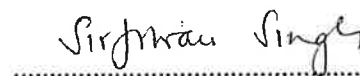
There have been no significant events affecting the Company since the year end.

**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 on 21/4/16 and signed on its behalf.

  
Fergal Murphy  
Director

  
Sirjwan Singh  
Director

**Pinewood Laboratories Limited**

**Directors' responsibilities statement  
For the Financial year Ended 31 March 2016**

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

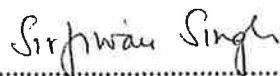
In preparing these financial statements, the directors are required to:

- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

On behalf of the board

  
.....  
**Fergal Murphy**  
Director

  
.....  
**Sirjiwan Singh**  
Director

## 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 2016, 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 the Companies Act 2014 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

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 our 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 2016 and of its results 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)  
Katharine Byrne  
Maurice Carr  
Kevin Doyle  
John Gilmore 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 financial statements to be readily and properly audited.
- The financial statements are 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 the provisions in 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  
Statutory Audit Firm  
AI223876

Beaux Lane House  
Mercer Street Lower  
Dublin 2

Date: 21 April 2016



Pinewood Laboratories Limited

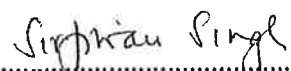
Statement of income and retained earnings  
For the Financial year Ended 31 March 2016

	Note	2016 €	2015 €
Turnover	5	63,878,164	60,661,968
Cost of sales		(41,137,308)	(39,253,697)
<b>Gross profit</b>		<b>22,740,856</b>	21,408,271
Administrative expenses		(11,286,426)	(13,066,976)
Other operating income	6	-	11,637,320
<b>Operating profit</b>	7	<b>11,454,430</b>	19,978,615
Interest payable and similar charges	10	(24,626)	(144,803)
<b>Profit on ordinary activities before taxation</b>		<b>11,429,804</b>	19,833,812
Taxation on profit on ordinary activities	11	(803,400)	(2,055,263)
<b>Profit on ordinary activities after taxation</b>		<b>10,626,404</b>	17,778,549
Retained earnings at the beginning of the financial year		29,702,792	17,782,524
		29,702,792	17,782,524
Profit for the financial year		10,626,404	17,778,549
Dividends declared and paid		-	(5,858,281)
<b>Retained earnings at the end of the financial year</b>		<b>40,329,196</b>	29,702,792

All amounts relate to continuing operations.

Signed on behalf of the board:

  
Fergal Murphy  
Director

  
Sirjiwan Singh  
Director

Date: 21/4/16

The notes on pages 8 to 29 form part of these financial statements.


Pinewood Laboratories Limited

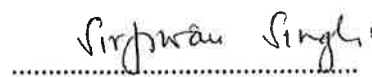
Balance sheet  
As at 31 March 2016

	Note	2016 €	2015 €
<b>Fixed assets</b>			
Tangible assets	13	10,610,640	9,864,268
		<u>10,610,640</u>	<u>9,864,268</u>
<b>Current assets</b>			
Stocks	15	14,823,898	14,650,436
Debtors: amounts falling due after more than one year	16	1,090,160	411,162
Debtors: amounts falling due within one year	16	21,864,214	17,597,530
Cash at bank and in hand	17	6,052,482	6,291,626
		<u>43,830,754</u>	<u>38,950,754</u>
Creditors: amounts falling due within one year	18	(12,103,850)	(13,545,193)
<b>Net current assets</b>		<u>31,726,904</u>	<u>25,405,561</u>
<b>Total assets less current liabilities</b>		<u>42,337,544</u>	<u>35,269,829</u>
Creditors: amounts falling due after more than one year	19	-	(3,558,689)
<b>Provisions for liabilities</b>			
Deferred tax	22	(553,125)	(553,125)
		<u>(553,125)</u>	<u>(553,125)</u>
<b>Net assets</b>		<u>41,784,419</u>	<u>31,158,015</u>
<b>Capital and reserves</b>			
Called up share capital presented as equity	23	373,291	373,291
Share premium account	24	595,886	595,886
Capital redemption reserve	24	5,866	5,866
Other reserves	24	480,180	480,180
Profit and loss account	24	40,329,196	29,702,792
<b>Shareholders' funds</b>		<u>41,784,419</u>	<u>31,158,015</u>

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

Signed on behalf of the board:

  
.....  
Fergal Murphy  
Director  
Date: 21/4/16

  
.....  
Sirjiwan Singh  
Director

The notes on pages 8 to 29 form part of these financial statements.

## **Pinewood Laboratories Limited**

### **Notes to the financial statements For the Financial year Ended 31 March 2016**

#### **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 2016.

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.

The company transitioned from previously extant Irish GAAP to FRS 102 as at 1 April 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 32.

#### **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). These are the first financial statements that comply with 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.

Information on the impact of first-time adoption of FRS 102 is given in note 32.

##### **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 2016 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 2016

#### 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.

## Pinewood Laboratories Limited

### Notes to the financial statements For the Financial year Ended 31 March 2016

#### 3. ACCOUNTING POLICIES (continued)

##### 3.3 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.

##### 3.4 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.

##### 3.5 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 2016

#### 3. ACCOUNTING POLICIES (continued)

##### 3.6 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.

##### 3.7 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.

##### 3.8 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:

- i) 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;
- i) 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 2016**

#### **3. ACCOUNTING POLICIES (continued)**

##### **3.8. 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.

##### **3.9 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.

##### **3.10 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'.

##### **3.11 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 2016

#### 3. ACCOUNTING POLICIES (continued)

##### 3.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 3.13 Leased assets: Lessor

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

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

##### 3.14 Pensions

###### Defined contribution pension plan

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

##### 3.15 Provisions for Liabilities

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

Provisions are charged as an expense to the 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 2016

#### 3. ACCOUNTING POLICIES (continued)

##### 3.16 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.

##### 3.17 Government grants

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

## Pinewood Laboratories Limited

### Notes to the financial statements For the Financial year Ended 31 March 2016

#### 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 €12,124,074 (2015: €13,618,150).

##### **Impairment of Stocks**

The company holds stocks amounting to €14,823,898 (2015: €14,650,436) 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 €10,610,640 (2015: €9,864,268).

## Pinewood Laboratories Limited

### Notes to the financial statements For the Financial year Ended 31 March 2016

#### 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:

	2016 €	2015 €
Sale of Products	<u>63,878,164</u>	60,661,968
	<u><u>63,878,164</u></u>	<u><u>60,661,968</u></u>

Analysis of turnover by country of destination:

	2016 €	2015 €
Republic of Ireland	20,158,160	20,280,107
United Kingdom	34,992,531	30,897,744
Rest of the world	8,727,473	9,484,117
	<u><u>63,878,164</u></u>	<u><u>60,661,968</u></u>

#### 6. OTHER OPERATING INCOME

	2016 €	2015 €
Sundry income	-	11,637,320
	<u>-</u>	<u>11,637,320</u>
	<u><u>-</u></u>	<u><u>11,637,320</u></u>

Other income in the prior year is subject to a confidentiality agreement and as such no information can be provided under the terms of this legal agreement.

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**7. OPERATING PROFIT**

The operating profit is stated after charging:

		<b>2016</b>	<b>2015</b>
		€	€
Directors' remuneration including pension contributions		<b>190,789</b>	171,268
Depreciation of tangible fixed assets	13	<b>793,991</b>	949,887
Operating rentals			
-Land and buildings		-	32,495
Exchange differences		<b>34,981</b>	926,752
Defined contribution pension cost		<b>105,610</b>	118,149
Auditors' remuneration			
- Audit services		<b>36,250</b>	34,250
- Tax advisory services		<b>6,000</b>	6,000
Other income	6	-	11,637,320
		<u><u>          </u></u>	<u><u>          </u></u>

**8. EMPLOYEES**

Staff costs were as follows:

		<b>2016</b>	<b>2015</b>
		€	€
Wages and salaries		<b>12,313,922</b>	10,963,744
Social security costs		<b>501,768</b>	1,217,614
Cost of defined contribution scheme		<b>105,610</b>	156,317
		<u><u>12,921,300</u></u>	<u><u>12,337,675</u></u>

Capitalised employee costs during the financial year amounted to €NIL (2015 - €NIL).

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

	<b>2016</b>	<b>2015</b>
	No.	No.
Manufacturing	<b>259</b>	244
Administration	<b>11</b>	9
Sales and distribution	<b>39</b>	42
	<u><u>309</u></u>	<u><u>295</u></u>

**9. DIRECTORS' REMUNERATION**

		<b>2016</b>	<b>2015</b>
		€	€
Directors' emoluments		<b>195,832</b>	171,268
		<u><u>195,832</u></u>	<u><u>171,268</u></u>

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>€</b>	<b>€</b>
Bank interest payable	<b>24,626</b>	144,803
	<b><u>24,626</u></b>	<u>144,803</u>
	<b><u><u>24,626</u></u></b>	<u><u>144,803</u></u>

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**11. TAXATION**

	2016 €	2015 €
<b>Corporation tax</b>		
Current tax on profits for the year	984,473	2,055,263
Adjustments in respect of previous periods	(181,073)	-
<b>Taxation on profit on ordinary activities</b>	<b>803,400</b>	<b>2,055,263</b>

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

The tax assessed for the financial year is lower than (2015 - lower than) the standard rate of corporation tax in Ireland of 12.5% (2015 - 12.5%). The differences are explained below:

	2016 €	2015 €
Profit on ordinary activities before tax	<b>11,429,804</b>	19,833,812
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2015 - 12.5%)	<b>1,428,726</b>	2,479,227
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	24,264	25,950
Capital allowances for financial year/year in excess of depreciation	(26,175)	(7,682)
Utilisation of tax losses	-	(107,285)
Leased cars	17,418	31,300
Other timing differences leading to an increase (decrease) in taxation	(240)	(500)
Tax credit under Section 766 46 (b) (ii) TCA 1997	(400,000)	(425,000)
Surcharge under Section 440	(61,441)	59,253
Income tax withheld	1,921	-
Adjustment in respect of prior years	(181,073)	-
<b>Total tax charge for the financial year</b>	<b>803,400</b>	<b>2,055,263</b>

**12. DIVIDENDS**

	2016 €	2015 €
Ordinary - paid	-	5,858,281
	-	5,858,281

A dividend payment amounting to €1.96 per share was declared and paid in the prior year.

No dividend was declared or paid in the current year.

**13. TANGIBLE FIXED ASSETS**

	Land €	Buildings €	Plant and machinery €	Motor vehicles €	Fixtures and fittings €	Total €
<b>Cost or valuation</b>						
At 1 April 2015	58,939	10,031,843	14,069,748	26,651	405,310	24,592,491
Additions	-	246,692	1,202,730	-	90,941	1,540,363
<b>At 31 March 2016</b>	<b>58,939</b>	<b>10,278,535</b>	<b>15,272,478</b>	<b>26,651</b>	<b>496,251</b>	<b>26,132,854</b>
<b>Depreciation</b>						
At 1 April 2015	-	2,881,078	11,651,202	26,651	169,292	14,728,223
Charge owned for the period	-	203,899	550,644	-	39,448	793,991
<b>At 31 March 2016</b>	<b>-</b>	<b>3,084,977</b>	<b>12,201,846</b>	<b>26,651</b>	<b>208,740</b>	<b>15,522,214</b>
<b>At 31 March 2016</b>	<b>58,939</b>	<b>7,193,558</b>	<b>3,070,632</b>	<b>-</b>	<b>287,511</b>	<b>10,610,640</b>
At 31 March 2015	58,939	7,150,766	2,418,546	-	236,017	9,864,268

## 13. TANGIBLE FIXED ASSETS (continued)

	Land €	Buildings €	Plant and machinery €	Fixtures and fittings €	Motor vehicles €	Total €
<b>Cost or valuation</b>						
At 1 April 2014	58,939	10,010,843	13,505,456	373,080	26,651	23,974,969
Additions	-	21,000	580,798	32,230	-	634,028
Impairment	-	-	(16,506)	-	-	(16,506)
<b>At 31 March 2015</b>	<b>58,939</b>	<b>10,031,843</b>	<b>14,069,748</b>	<b>405,310</b>	<b>26,651</b>	<b>24,592,491</b>
<b>Depreciation</b>						
At 1 April 2014	-	2,680,823	10,936,406	134,456	26,651	13,778,336
Charge owned for the period	-	200,255	714,796	34,836	-	949,887
<b>At 31 March 2015</b>	<b>-</b>	<b>2,881,078</b>	<b>11,651,202</b>	<b>169,292</b>	<b>26,651</b>	<b>14,728,223</b>
<b>Net book value</b>						
<b>At 31 March 2015</b>	<b>58,939</b>	<b>7,150,765</b>	<b>2,418,546</b>	<b>236,018</b>	<b>-</b>	<b>9,864,268</b>
At 31 March 2014	58,939	7,330,020	2,569,050	238,624	-	10,196,633



**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**14. FINANCIAL ASSET**

Shares in group company - unlisted

	<b>2016</b>	<b>2015</b>
	€	€
<b>Cost</b>		
At beginning of year	-	38,219
Write down of investment	-	(38,219)
	-	-
<b>At end of year</b>	-	-

During the prior year a decision was made to wind up the company's subsidiary, Nonash Limited, voluntarily. As a result the carrying value of the investment was written off.

**15. STOCKS**

	<b>2016</b>	<b>2015</b>
	€	€
Raw materials and consumables	<b>5,255,678</b>	5,018,646
Finished goods and goods for resale	<b>9,568,220</b>	9,631,790
	<b>14,823,898</b>	14,650,436
	<b>14,823,898</b>	14,650,436

Stocks considered obsolete are written down to net realisable value. The amount of the write down is €1,368,953 (2015: €2,001,053) and the carrying value of stock at net realisable value is €Nil (2015: €Nil). There are no stocks pledged as security.

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**16. DEBTORS**

	2016 €	2015 €
<b>Due after more than one year</b>		
Finance lease receivable	<u>1,090,160</u>	<u>411,162</u>
	<u><b>1,090,160</b></u>	<u><b>411,162</b></u>
	2016 €	2015 €
<b>Due within one year</b>		
Trade debtors	12,124,074	13,618,150
Amounts owed by group undertakings	7,985,354	3,281,835
Finance lease receivable	193,917	68,661
Other debtors	1,076,784	338,808
Prepayments and accrued income	218,558	290,076
Tax recoverable	265,527	-
	<u><b>21,864,214</b></u>	<u><b>17,597,530</b></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.

**17. CASH AND CASH EQUIVALENTS**

	2016 €	2015 €
Cash at bank and in hand	<u>6,052,482</u>	<u>6,291,626</u>
	<u><b>6,052,482</b></u>	<u><b>6,291,626</b></u>

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**18. CREDITORS: Amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	€	€
Trade creditors	<b>6,936,080</b>	8,667,426
Amounts owed to group undertakings	<b>3,561,963</b>	2,048,537
Corporation tax	-	1,032,451
Taxation and social security	<b>32,948</b>	14,503
Other creditors	<b>1,572,859</b>	1,782,276
	<b>12,103,850</b>	13,545,193
	<b>12,103,850</b>	13,545,193

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 (2015 - €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.

**19. CREDITORS: Amounts falling due after more than one year**

	<b>2016</b>	<b>2015</b>
	€	€
Amounts owed to group undertakings	-	3,558,689
	-	3,558,689
	-	3,558,689

**20. 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 2016**

**21. FINANCIAL INSTRUMENTS**

	<b>2016</b>	<b>2015</b>
	€	€
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>22,688,846</b>	18,008,692
	<u><b>22,688,846</b></u>	<u>18,008,692</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(12,070,902)</b>	(16,056,928)
	<u><b>(12,070,902)</b></u>	<u>(16,056,928)</u>

**22. DEFERRED TAXATION**

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

In respect of prior financial year:

	<b>Deferred tax</b>
	€
At 1 April 2014	<u>(553,125)</u>
<b>At 31 March 2015</b>	<u><b>(553,125)</b></u>

The provision for deferred taxation is made up as follows:

	<b>2016</b>	<b>2015</b>
	€	€
Accelerated capital allowances	<b>(553,125)</b>	(553,125)
	<u><b>(553,125)</b></u>	<u>(553,125)</u>

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**23. SHARE CAPITAL**

	2016 €	2015 €
<b>Authorised</b>		
3,990,000- Ordinary shares of €0.125 each	498,750	498,750
1,000- 'A' Ordinary shares of €1.25 each	1,250	1,250
130,000- 6.5% Convertible cumulative redeemable preference shares of €1.26974 each	165,066	165,066
250,000- 3% Convertible cumulative redeemable preference shares of €1.26974 each	317,435	317,435
598,800- 3% Cumulative redeemable preference shares of €1 each	598,800	598,800
	<b>1,581,301</b>	1,581,301
<b>Allotted, called up and fully paid</b>		
2,985,128- Ordinary shares of €0.125 each	373,141	373,141
120- 'A' Ordinary shares of €1.25 each	150	150
	<b>373,291</b>	373,291

**24. 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 renominialisation of share capital from Irish Punt to Euro.

**Profit and loss account**

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

**25. COMPARATIVES**

The comparative figures have been regrouped, where necessary, on a basis consistent with the current year.

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**26. CAPITAL COMMITMENTS**

At 31 March 2016 the company had no capital commitments.

**27. 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.

**28. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2016 the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>2015</b>
	<b>€</b>	<b>€</b>
Within one year	<b>231,838</b>	272,953
Between one and five years	<b>319,802</b>	361,025
<b>Total</b>	<b>551,640</b>	633,978

**Pinewood Laboratories Limited**

**Notes to the financial statements  
For the Financial year Ended 31 March 2016**

**29. FINANCE LEASE RECEIVABLE**

The company leases equipment to customers. Such assets are classified as finance leases as the rental period amounts to the estimated useful economic life of the amounts concerned.

Future lease repayments are due as follows:

<b>2016</b>	<b>Minimum lease payments €</b>	<b>Interest €</b>	<b>Present value €</b>
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
<b>Total</b>	<b>1,491,642</b>	<b>207,565</b>	<b>1,284,077</b>

Current assets	193,917
Non-current assets	1,090,160

<b>2015</b>	<b>Minimum lease payments €</b>	<b>Interest €</b>	<b>Present value €</b>
Not later than 1 year	95,525	26,864	68,661
Later than 1 year and not later than 5 years	327,513	59,129	268,385
Later than 5 years	150,110	7,333	142,777
<b>Total</b>	<b>573,148</b>	<b>93,326</b>	<b>479,823</b>

Current assets	68,661
Non-current assets	411,162

## **Pinewood Laboratories Limited**

### **Notes to the financial statements For the Financial year Ended 31 March 2016**

#### **30. 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.

#### **31. 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.

#### **32. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

#### **33. APPROVAL OF FINANCIAL STATEMENTS**

The board of directors approved these financial statements for issue on 21/4/2016.



**Pinewood Laboratories Limited**

**Schedule to the detailed accounts  
For the Financial year Ended 31 March 2016**

**COST OF SALES**

	2016 €	2015 €
Materials	30,339,613	28,606,303
Wages and salaries	5,474,577	4,949,188
Commissions payable	118,312	148,598
Carriage and import duty	1,754,794	1,551,277
Foreign exchange differences	(37,919)	272,811
Manufacturing charges	3,487,930	3,725,520
	<u>41,137,307</u>	<u>39,253,697</u>

**ADMINISTRATION EXPENSES**

	2016 €	2015 €
<b>Administration expenses</b>		
Wages and Salaries	6,839,344	6,782,106
Employer's PRSI contribution	501,768	450,064
Staff pension costs	105,610	118,149
Training and development	49,229	70,052
Motor running costs	90,025	116,757
Motor vehicle leasing (operational)	318,713	347,808
Hotels, travel and subsistence	170,977	179,288
Printing and stationery	160,391	188,523
Telephone and fax	178,195	174,813
Advertising and promotion	267,056	240,724
Legal and professional	490,706	1,889,641
Auditors' remuneration	50,254	54,332
Equipment hire	119,204	136,056
Bank charges	9,734	139,215
Bad debts	(240,556)	(150,375)
Difference on foreign exchange	72,900	653,941
Sundry expenses	653,088	376,501
Rates	158,842	132,606
Insurances	224,755	335,687
Repairs and maintenance	230,971	207,603
Depreciation - plant and machinery	794,195	-
Depreciation - freehold property	-	949,883
Loss on disposal of fixed assets	-	28,631
Redundancy costs	-	32,496
GMS	41,024	(387,525)
	<u>11,286,425</u>	<u>13,066,976</u>