

**Lupin (Europe) Limited**

Reg No. 06925119

**Financial Statements**

**For the Year Ended**

**March 31 2017**

# Lupin (Europe) Limited

## ANNUAL FINANCIAL STATEMENTS TO MARCH 31 2017

|                                    |  |
|------------------------------------|--|
| DIRECTORS                          | A Mathur<br>S Makharia<br>V Nallamchetty (resigned on 14 <sup>th</sup> June 2016)<br>B Ellis (appointed on 14 <sup>th</sup> June 2016) |
| SECRETARY                          | J Lawrence   |
| NATURE OF BUSINESS                 | The distribution and wholesalers of generic medicines  |
| INCORPORATION                      | The Company is incorporated in the United Kingdom  |
| HOLDING COMPANY                    | Lupin Atlantis Holdings SA (incorporated in Switzerland)   |
| REGISTERED OFFICE                  | Suite 1, Victoria Court,<br>Bexton Road, Knutsford WA16 0PF,<br>United Kingdom   |
| REGISTRATION NUMBER                | 06925119   |
| BANKERS                            | Citibank NA, HSBC  |
| AUDITORS                           | Hillier Hopkins LLP  |
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# Lupin (Europe) Limited

## STRATEGIC REPORT

Lupin (Europe) Limited is a 100% subsidiary of Lupin Atlantis Holdings SA, Switzerland and was registered in United Kingdom in June 2009, for the purpose of marketing, sales and distribution of generic pharmaceutical products in United Kingdom.

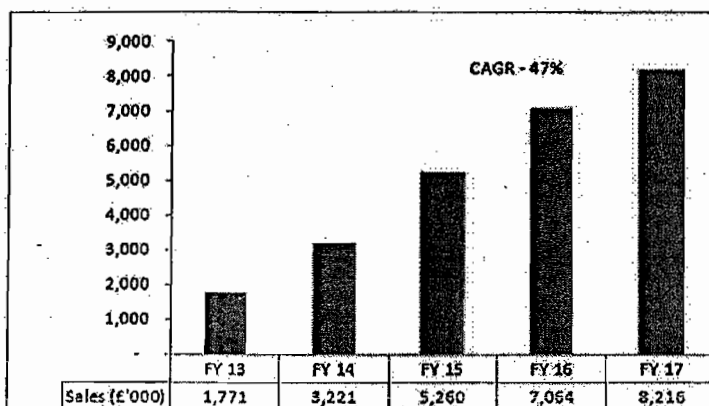
Lupin Group is an innovation led transnational pharmaceutical company producing and developing a wide range of branded and generic formulations as well as biotechnology products and APIs globally. The company is a significant player in the Cardiovascular, Diabetology, Asthma, Pediatric, CNS, GI, Anti-Infective and NSAID space and holds global leadership positions in the Anti-TB and Cephalosporin segment.

Lupin Group is the 6th largest and fastest growing top 5 generics player in the US (5.5% market share by prescriptions, IMS Health) and the 3rd largest Indian pharmaceutical company by sales. Lupin Group is also amongst the top 10 generic pharmaceutical players in Japan and South Africa (IMS).

Lupin (Europe) Limited derives significant benefits from the expertise and support which Lupin Group is able to provide, primarily in the areas of R&D and manufacturing.

The pharmaceutical market in UK is estimated at £13.5bn of which generic business is estimated at £4.5bn. The UK market is amongst the lowest priced market and depressed profitability levels are predominant even among the big players like Teva, Actavis, Mylan, Stada and Sandoz. There are approximately 13,300 pharmacies in the UK which are primarily divided into two main sub-groups – Multiples and Independent pharmacies. High competition between manufacturers drive down prices, often leading to a reduction of 90% or more within a few weeks of launch.

Over the past 5 years, Lupin (Europe) Limited has made significant progress in terms of building the foundation and to increase the sales in line with the long term strategy of the business. The company continued to increase the market shares on the existing molecules resulting in increase in sales by 16% year on year with a Compounded Annual Growth Rate of 47% over last 5 years.



The company has also benefited from the change in the customer base during the year, from independent pharmacies only business to long term contracts with multiple chain customers like Alliances Boots and AAH and expanding its customer base to multiple short liners.

The company recognises that lower than expected off-take in the hospital / tender business have not only resulted in reduced sales but also negatively impacted the gross margins towards the end of the year. Steep price erosion on some of the products and supply issues in key product like Sertraline have impacted the sales and profits negatively during the year.

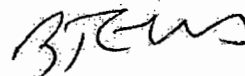
With increased healthcare cost pressure from Government / NHS, cost competitiveness has become key to sustained growth in UK pharmaceutical business. The company recognises that compliance of stringent regulatory norms, competitive cost base, right mix of customers, right mix of products and robust supply chain remain the key for long term sustainable growth in the UK.

The company remains committed to continue the growth momentum in future, both in sales and profitability and have therefore laid out clear plans for the current management to ensure that the overall growth objectives are achieved. Key elements of the plan include review / evaluation / optimisation of non-commercialised products, portfolio rationalisation, targeting limited competition products and entry into high margin speciality branded segment. Long term Lupin Europe will transform its portfolio from traditional generics to complex generics eg Biosimilars and specialist patent protected products. This will be a combination of pipeline and acquisition. During the transition period over the coming years Lupin (Europe) Limited will continue to build its expertise and expand its network to meet the challenges that come with these more complex markets.



Sunil Makharia

Director



Ben Ellis

Director

Date: May 3, 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LUPIN (EUROPE) LIMITED**

We have audited the company financial statements (the "financial statements") of Lupin (Europe) Limited for the year ended 31 March 2017, which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the EU.

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 this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITY OF DIRECTORS AND AUDITOR**

As explained more fully in the statement of directors' responsibilities, 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 the financial statements in accordance with the relevant legal and regulatory requirements 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**

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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. 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 state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with the International Financial Reporting Standards as adopted by EU; 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 Strategic Report and the Directors' report for the financial year 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, 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.



Phillip Collins FCA (Senior statutory auditor)

for and on behalf of  
**HILLIER HOPKINS LLP**

Chartered Accountants  
Statutory Auditor

51 Clarendon Road  
Watford  
Hertfordshire  
WD17 1HP

Date: 11 MAY 2017

## Lupin (Europe) Limited

### INCOME STATEMENT FOR THE YEAR ENDED MARCH 31 2017

|                               | Note | Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|-------------------------------|------|----------------------------------|----------------------------------|
| REVENUE                       | 2    | 8,215,756                        | 7,064,378                        |
| Cost of sales                 | 3    | <u>(7,317,515)</u>               | <u>(6,145,621)</u>               |
| <b>GROSS PROFIT</b>           |      | <b>898,241</b>                   | <b>918,757</b>                   |
| Other Income                  |      | 2,190,600                        | 1,876,011                        |
| Operating Expenses            | 3    | <u>(5,769,753)</u>               | <u>(4,043,661)</u>               |
| <b>(LOSS) FROM OPERATIONS</b> |      | <b>(2,680,912)</b>               | <b>(1,248,893)</b>               |
| Financial Income              |      | -                                | -                                |
| Financial Expenses            |      | <u>(143,421)</u>                 | <u>(83,069)</u>                  |
| <b>(LOSS) BEFORE TAXATION</b> |      | <b>(2,824,333)</b>               | <b>(1,331,962)</b>               |
| Taxation                      | 4    | <u>16,760</u>                    | <u>23,500</u>                    |
| <b>(LOSS) FOR THE YEAR</b>    |      | <b><u>(2,807,573)</u></b>        | <b><u>(1,308,462)</u></b>        |

There were no recognised gains and losses for 2017 or 2016 other than those included in the income statement.

There was no other comprehensive income for 2017 (2016: £Nil).

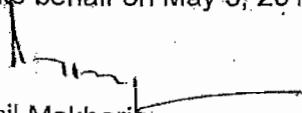
# Lupin (Europe) Limited

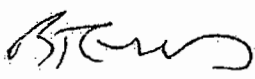
REGISTERED NUMBER: 6925119

## BALANCE SHEET AT MARCH 31 2017

|                                     | Note | At<br>March 31 2017<br>£ | At<br>March 31 2016<br>£ |
|-------------------------------------|------|--------------------------|--------------------------|
| <b>ASSETS</b>                       |      |                          |                          |
| <b>Non-current assets</b>           |      |                          |                          |
| Intangible assets                   | 5A   | 0                        | 62,603                   |
| Property, plant and equipment       | 5B   | 234,400                  | 31,449                   |
| Other Receivables > One Year        | 7    | 61,965                   | 0                        |
|                                     |      | <u>296,365</u>           | <u>94,052</u>            |
| <b>Current Assets</b>               |      |                          |                          |
| Inventories                         | 6    | 2,400,622                | 3,392,333                |
| Trade and other receivables         | 7    | 6,029,494                | 3,284,048                |
| Taxation receivable                 |      | -                        | 47,673                   |
| Cash and cash equivalents           | 8    | 1,001,293                | 176,092                  |
|                                     |      | <u>9,431,409</u>         | <u>6,900,146</u>         |
| Deferred Tax Asset                  | 17   | -                        | -                        |
| <b>Total assets</b>                 |      | <u>9,727,774</u>         | <u>6,994,203</u>         |
| <b>EQUITY AND LIABILITIES</b>       |      |                          |                          |
| <b>Capital and reserves</b>         |      |                          |                          |
| Issued Capital                      | 9    | 3,251,000                | 251,000                  |
| Retained earnings                   |      | (5,998,283)              | (3,190,710)              |
|                                     |      | <u>(2,747,283)</u>       | <u>(2,939,710)</u>       |
| <b>Non- Current Liabilities</b>     |      |                          |                          |
| Long term Loan                      | 11B  | -                        | 4,167,448                |
| <b>Current Liabilities</b>          |      |                          |                          |
| Trade and other payables            | 10   | 3,825,069                | 305,636                  |
| Other payables                      | 11A  | 3,849,987                | 5,460,829                |
| Loan - less than one year           | 11C  | 4,800,001                | -                        |
|                                     |      | <u>12,475,057</u>        | <u>5,766,465</u>         |
| <b>Total equity and liabilities</b> |      | <u>9,727,774</u>         | <u>6,994,203</u>         |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on May 3, 2017.

  
Sunil Makharia  
Director

  
Ben Ellis  
Director



## Lupin (Europe) Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 2017

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|                                 | Ordinary<br>Share Capital<br>£ | Retained<br>earnings<br>£ | Total<br>£         |
|---------------------------------|--------------------------------|---------------------------|--------------------|
| Opening Balance                 | 251,000                        | (3,190,710)               | (2,939,710)        |
| Issue of Shares                 | 3,000,000                      | -                         | 3,000,000          |
| Loss for the year               | -                              | (2,807,573)               | (2,807,573)        |
| <b>Balance at March 31 2017</b> | <b>3,251,000</b>               | <b>(5,998,283)</b>        | <b>(2,747,283)</b> |

|                                 | Ordinary<br>Share Capital<br>£ | Retained<br>earnings<br>£ | Total<br>£         |
|---------------------------------|--------------------------------|---------------------------|--------------------|
| Opening Balance                 | 251,000                        | (1,882,248)               | (1,631,248)        |
| Loss for the year               | -                              | (1,308,462)               | (1,308,462)        |
| <b>Balance at March 31 2017</b> | <b>251,000</b>                 | <b>(5,998,283)</b>        | <b>(2,939,710)</b> |

## Lupin (Europe) Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 2017

|  | Note | Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|--|------|----------------------------------|----------------------------------|
| Cash generated from operations                           | 15   | (1,890,417)                      | (1,098,834)                      |
| Movements in working capital                             |      |                                  |                                  |
| (Increase) / Decrease in inventories                     |      | 991,711                          | (966,019)                        |
| (Increase) / Decrease in trade and other receivables     |      | (2,745,446)                      | (238,167)                        |
| (Increase) / Decrease in other receivables               |      | (61,965)                         |                                  |
| Increase / (Decrease) in trade and other payables        |      | 3,519,433                        | (396,951)                        |
| Increase / (Decrease) in other payables                  |      | (1,610,838)                      | 2,768,345                        |
|  |      | <u>(1,797,522)</u>               | <u>68,374</u>                    |
| Interest Paid  |      | (143,661)                        | (83,069)                         |
| <b>Net cash generated in operating activities</b>        |      | <u>(1,941,183)</u>               | <u>(14,695)</u>                  |
| Purchase of marketing rights                             |      | -                                | -                                |
| Purchase of property, plant and equipment                |      | (233,616)                        | (2,958)                          |
| <b>Net cash flow from investing activities</b>           |      | <u>(233,616)</u>                 | <u>(2,958)</u>                   |
| Ordinary Share Issue                                     |      | 3,000,000                        | -                                |
| <b>Net cash inflow from financing activities</b>         |      | <u>3,000,000</u>                 | <u>-</u>                         |
| Net Movement in cash and cash equivalents                |      | 825,201                          | (17,653)                         |
| Cash and cash equivalents at the beginning of the period |      | <u>176,092</u>                   | <u>193,746</u>                   |
| Cash and cash equivalents at the end of the period       |      | <u>1,001,293</u>                 | <u>176,092</u>                   |

# Lupin (Europe) Limited

## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31 2017

### 1. ACCOUNTING POLICIES

The principle accounting policies applied in the presentation of these financial statements are set out below.

#### 1.1 Basis of preparation

The financial statements of Lupin (Europe) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

#### Going concern

The financial statements have been prepared on a going concern basis. The Directors have put in place suitable financing arrangements to ensure that the operations of the business will continue for the foreseeable future and a period of not less than twelve months from the date of signing these financial statements.

#### 1.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the significant risks and rewards of ownership have been transferred to the buyer.

#### 1.3 Intangible Assets

Intangible assets are stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included on the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Intangible assets are amortised using the straight line method to allocate their cost over their estimated useful economic lives as follows:

Marketing Rights – 20%

An item of intangible assets is derecognised when no future economic benefits are expected from its use.

#### **1.4 Property, Plant and Equipment**

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included on the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost over their estimated useful economic lives as follows:

Computer equipments – 16.21%

Furniture and fittings – 6.33%

Office equipments – 4.75%

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

#### **1.5 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

#### **1.6 Inventories**

Inventory is valued at the lower of cost and net realisable value. Cost is determined on the moving weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 1.7 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payables and loan from related parties.

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 impairment is found, an impairment loss is recognised in the Income Statement.

### Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of the business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Short term receivables are measured at transaction price, less any impairment.

### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of three months or less. In the cash flow statements, bank balances and cash consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities. Short term payables are measured at transaction price, less any impairment.

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Impairment

All financial assets are reviewed (individually or collectively) for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying value of these instruments exceeds recoverable amount, the asset is written down to the recoverable amount. Impairment losses are recognised in the income statement.

### Derecognition

A financial asset is derecognised where the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## **1.8 Provisions**

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The expense relating to any provisions is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

## **1.9 Foreign currency translations**

### **Functional and presentation currency**

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates (functional currency). The company's functional and presentation currency is British Pound and all amounts, unless otherwise indicated, are stated in British Pounds.

### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items.

## **1.10 Current and Deferred Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement and is calculated on the basis of tax laws enacted at the balance sheet date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

#### **1.10 Employee Benefits**

Obligations for contributions to the defined pension plan are recognised as an expense in the income statement as incurred.

#### **1.11 Holiday Pay Accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

#### **1.12 Adopted IFRS's not yet applied**

The following adopted IFRS's (by the European Union) have been issued but have not yet been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 'Financial Instruments' (mandatory for the year commencing on or after 1 January 2018)
- IFRS 11 (amendments) 'Joint Arrangements' (mandatory for the year commencing on or after 1 January 2017)
- IFRS 15 'Revenue from Contracts with Customers' (mandatory for the year commencing on or after 1 January 2018)
- IFRS 16 'Leases' (mandatory for the year commencing on or after 1 January 2019)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (mandatory for the commencing 1 January 2018)

#### **1.13 Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

-The recoverability of Trade Receivables has been assessed as at the period end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgment of all the available information, and their experience of the specific nature of the Trade Receivable in question.

- Inventory is included as per the accounting policy set out above. Management have assessed the need to write off or provide against any specific items based on the levels held at period end, and the expected revenues to be generated from such items in the immediate period post year end.

| 2A | Revenue                          | Year ended<br>March 31 2017 | Year ended<br>March 31 2016 |
|----|----------------------------------|-----------------------------|-----------------------------|
|    | Revenue comprises the following: | £                           | £                           |
|    | Turnover                         | <u>8,215,756</u>            | <u>7,064,378</u>            |
|    |                                  | <u>8,215,756</u>            | <u>7,064,378</u>            |

| 2B | Other Income   | Year ended<br>March 31 2017 | Year ended<br>March 31 2016 |
|----|--|-----------------------------|-----------------------------|
|    | Other Income comprises the following:                | £                           | £                           |
|    | Marketing and management services provided to parent | <u>2,190,600</u>            | <u>1,876,011</u>            |
|    |  | <u>2,190,600</u>            | <u>1,876,011</u>            |



3

**(LOSS) / PROFIT FROM OPERATIONS  
BEFORE INTEREST**

Operating loss before interest is stated  
after taking the following items into account

**Cost of Materials**

|  | Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|--|----------------------------------|----------------------------------|
| Purchase of traded goods   | 6,325,804                        | 7,111,640                        |
| Opening stock  | 3,392,333                        | 2,426,314                        |
| Closing Stock  | <u>(2,400,622)</u>               | <u>(3,392,333)</u>               |
| (Decrease) / Increase in the stock of finished goods<br>(including traded goods) | <u>991,711</u>                   | <u>(966,019)</u>                 |
| <b>Total</b>   | <b><u>7,317,515</u></b>          | <b><u>6,145,621</u></b>          |

**Personnel expenses**

|                                      |                         |                       |
|--------------------------------------|-------------------------|-----------------------|
| Salaries, Wages and Bonus            | 1,121,945               | 650,087               |
| Contribution for retirement benefits | 71,546                  | 49,599                |
| Contribution to National Insurance   | 120,924                 | 79,826                |
| Childcare Voucher Scheme             | 172                     | 2,975                 |
| Staff Welfare Expenses               | <u>89,404</u>           | <u>56,281</u>         |
| <b>Total</b>                         | <b><u>1,403,991</u></b> | <b><u>838,768</u></b> |

Remuneration (including employer's pension contributions) paid to key management personnel during the year amounted to £299,434

Average number of employees employed during the year -

| Department                     | Numbers | Numbers |
|--------------------------------|---------|---------|
| General Management             | 1       | 1       |
| Sales and Business development | 5       | 3       |
| Regulatory                     | 4       | 2       |
| Office Administration          | 0       | 1       |
| Supply Chain                   | 2       | 2       |
| HR and Finance                 | 3       | 2       |

**(LOSS) / PROFIT FROM OPERATIONS  
BEFORE INTEREST ( Contd....)**

|   | Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|---|----------------------------------|----------------------------------|
| <b>Operating Expenses</b>   |                                  |                                  |
| Auditors remuneration - audit   | 17,500                           | 12,150                           |
| Auditors remuneration - Non audit   | 4,876                            | 2,100                            |
| Books & Periodicals   | 151                              | 1,835                            |
| Repairs and Maintenance :   |                                  |                                  |
| - Others  | 92,468                           | 31,584                           |
| Rates and Taxes   | 19,438                           | 27,159                           |
| Insurance   | 3,938                            | 7,408                            |
| Power and Fuel  | 1,270                            | 2,083                            |
| Selling and Promotion Expenses  | 280,846                          | 247,913                          |
| Freight and Forwarding  | 447,429                          | 385,839                          |
| Operating lease expense   |                                  |                                  |
| - premises  | 109,280                          | 78,195                           |
| - equipment   | 3,299                            | -                                |
| - vehicles  | 3,925                            | 8,752                            |
| Postage and Telephone Expenses  | 25,187                           | 14,457                           |
| Travelling and Conveyance   | 131,742                          | 83,174                           |
| Legal and Professional Charges  | 988,309                          | 993,977                          |
| Clinical and Analytical Charges   | 215,589                          | 254,887                          |
| Licence & Registrations   | 1,191,215                        | 774,327                          |
| Vehicle Expenses  | -                                | -                                |
| Exchange Loss   | 687,456                          | 131,585                          |
| Miscellaneous Expenses<br>(Includes Printing and Stationery, Training expenses,<br>Membership fees etc) | 48,576                           | 112,312                          |
| Fixed Assets Disposal   | 56,469                           | -                                |
| Depreciation  | 13,405                           | 7,160                            |
| Amortisation  | 23,394                           | 27,996                           |
| <b>Total</b>  | <b>4,365,762</b>                 | <b>3,204,893</b>                 |

4

**Taxation**

UK Corporation tax charge for the (Loss)/Profit for the year ended March 31 2017  
 UK Corporation tax charge for the earlier period  
 Movement in Deferred Tax (Refer note 17)

| Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|----------------------------------|----------------------------------|
| -                                | -                                |
| (16,760)                         | (23,500)                         |
| <u>(16,760)</u>                  | <u>- 23,500</u>                  |

Factors affecting tax charge for the period -

The tax assessed for the period is higher than ( 2016 : is higher than) the standard rate of corporation tax in the UK at 20% ( 2016 : 20%). The differences are explained below -

(Loss)/Profit on ordinary activities before tax  
 (Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)

| Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|----------------------------------|----------------------------------|
| <u>(2,824,333)</u>               | <u>(1,331,962)</u>               |
| (564,915)                        | -                                |

**Effects of:**

Expenses not deductible for tax purposes  
 Current year losses for which no deferred tax asset was recognised  
 Overprovided in prior years  
**Current tax charge for the period** (see note above)

|                 |          |
|-----------------|----------|
| (21,851)        | -        |
| 586,765         | -        |
| (16,760)        | -        |
| <u>(16,760)</u> | <u>-</u> |

## 5A INTANGIBLE ASSETS

|                               | Marketing<br>Rights<br>£ |
|-------------------------------|--------------------------|
| <b>Cost</b>                   |                          |
| Balance as at 31st March 2016 | 139,979                  |
| Additions                     | -                        |
| Disposals                     | <u>(139,979)</u>         |
| Balance as at 31st March 2017 | <u>-</u>                 |
| <b>Amortisation</b>           |                          |
| Balance as at 31st March 2016 | 77,376                   |
| Charge for the year           | 23,394                   |
| Disposals                     | <u>(100,769)</u>         |
| Balance as at 31st March 2017 | <u>- 0</u>               |
| <b>Net Book Value</b>         |                          |
| As at 31st March 2016         | <u>62,603</u>            |
| As at 31st March 2017         | <u>0</u>                 |

## 5B PROPERTY, PLANT AND EQUIPMENT

|                                    | Computer<br>Equipment<br>£ | Furniture and<br>Fixtures<br>£ | Other<br>Equipment<br>£ | Total<br>£      |
|------------------------------------|----------------------------|--------------------------------|-------------------------|-----------------|
| <b>Cost</b>                        |                            |                                |                         |                 |
| Balance as at 31st March 2016      | 47,414                     | 19,197                         | 8,162                   | 74,773          |
| Acquisitions                       | 12,598                     | 205,040                        | 15,978                  | 233,616         |
| Disposals                          | <u>(16,168)</u>            | <u>(17,862)</u>                | <u>(2,054)</u>          | <u>(36,084)</u> |
| Balance as at 31st March 2017      | <u>43,844</u>              | <u>206,375</u>                 | <u>22,086</u>           | <u>272,304</u>  |
| <b>Depreciation and impairment</b> |                            |                                |                         |                 |
| Balance as at 31st March 2016      | 34,116                     | 7,474                          | 1,733                   | 43,323          |
| Depreciation charge for the year   | 4,561                      | 8,055                          | 788                     | 13,405          |
| Disposals                          | <u>(11,243)</u>            | <u>(6,944)</u>                 | <u>(637)</u>            | <u>(18,824)</u> |
| Balance as at 31st March 2017      | <u>27,434</u>              | <u>8,585</u>                   | <u>1,884</u>            | <u>37,904</u>   |
| <b>Net Book Value</b>              |                            |                                |                         |                 |
| Balance as at 31st March 2016      | <u>13,298</u>              | <u>11,723</u>                  | <u>6,433</u>            | <u>31,454</u>   |
| Balance as at 31st March 2017      | <u>16,411</u>              | <u>197,790</u>                 | <u>20,202</u>           | <u>234,400</u>  |

6

**INVENTORIES**

The amount attributable to the different categories are as follows:

Finished Goods

**Total**

| Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|----------------------------------|----------------------------------|
| 2,400,622                        | 3,392,333                        |
| <u>2,400,622</u>                 | <u>3,392,333</u>                 |

At the year-end, the provision for obsolete stock amounts to £131,835 (2016: £ 91,669) and this amount was recognised as an expense. Inventory is written off due to the goods being damaged or expired.

7

**TRADE AND OTHER RECEIVABLES**

Amount due from group undertakings

Trade receivables

Prepayments

Other Receivables &gt; One Year

VAT Receivable

**Total**

| Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|----------------------------------|----------------------------------|
| 1,069,148                        | 1,080,712                        |
| 4,556,667                        | 1,690,617                        |
| 403,679                          | 291,868                          |
| 61,965                           | -                                |
| -                                | 220,851                          |
| <u>6,091,459</u>                 | <u>3,284,048</u>                 |

8

**CASH AND CASH EQUIVALENTS**

Cash in hand

Bank balances in current account

**Total**

|                  |                |
|------------------|----------------|
| 1,000            | 10,650         |
| 1,000,293        | 165,442        |
| <u>1,001,293</u> | <u>176,092</u> |

9

**SHARE CAPITAL**

Authorised

3,251,000 (2016 : 1,000,000)

ordinary shares of £ 1 each

Issued and fully paid

3,251,000 (2016 : 251,000)

ordinary shares of £ 1 each

|                  |                |
|------------------|----------------|
| 3,251,000        | 1,000,000      |
|                  |                |
| <u>3,251,000</u> | <u>251,000</u> |

|            | Year ended<br>March 31 2017<br>£   | Year ended<br>March 31 2016<br>£ |
|------------|--|----------------------------------|
| <b>10</b>  | <b>TRADE AND OTHER PAYABLES</b>  |                                  |
|            | 1,876,259  | 162,422                          |
|            | 1,830,840  | 143,214                          |
|            | 117,970  | 31,818                           |
|            | <u>3,825,069</u>   | <u>337,454</u>                   |
| <b>11A</b> | <b>OTHER PAYABLES</b>  |                                  |
|            | <b>Less than one year</b>  |                                  |
|            | Amounts owed to group undertakings (net)   |                                  |
|            | 3,849,987  | 5,425,817                        |
|            | <u>3,849,987</u>   | <u>5,425,817</u>                 |
| <b>11B</b> | <b>NON-CURRENT PAYABLES</b>  |                                  |
|            | -  | 4,167,448                        |
|            | <u>-</u>   | <u>4,167,448</u>                 |
|            | Unsecured loan from related party with interest rate 2%<br>Load period three years from 20th February 2015   |                                  |
| <b>11C</b> | <b>OTHER LOANS AND BORROWINGS</b>  |                                  |
|            | 4,800,001  | -                                |
|            | <u>4,800,001</u>   | <u>-</u>                         |
|            | Unsecured loan from related party with no repayment date, interest rate 3.1%<br>The removal of repayment date has changed the status of this loan compared to 2016 |                                  |

**RELATED PARTIES**

The following companies and other entities are regarded as related parties:

Lupin Atlantis Holding SA, Switzerland (**Holding Company**)

Lupin Limited, India (**Ultimate Holding Company**)

**Entities controlled by Lupin (Europe) Limited directors**

|   |                                  |
|---|----------------------------------|
| Lupin Australia Pty Ltd., Australia                     | Lupin Pharma LLC, Russia         |
| Generic Health Pty Ltd., Australia                      | Polynova Industry Limited, India |
| Lupin Holdings B.V., Netherlands                        | Synchem Investments Pvt. Ltd.    |
| Lupin Atlantis Holding SA, Switzerland                  | Zyma Laboratories Ltd.           |
| Lupin Philippines, Inc., Philippines                    | Visiomed Investments Pvt. Ltd.   |
| Generic Health Sdn. Bhd., Malaysia                      | Lupin Holdings Pvt. Ltd.         |
| Crop Tech Chemicals (India) Pvt. Ltd.,                  | Lupin Investments Pvt. Ltd.      |
| Novamed Investments Pvt. Ltd.,                          | Lupin International Pvt. Ltd.    |
| Lupin Properties Ltd.                                   | Rahas Investments Pvt. Ltd.      |
| Rahas Mercantile Pvt. Ltd.                              | Lupin Healthcare Ltd.            |
| Synchem Properties Pvt. Ltd.                            |                                  |
| Multicare Pharmaceuticals Philippines Inc., Philippines |                                  |
| Pharma Dynamics (Proprietary) Limited, South Africa     |                                  |

The company entered into the following transactions with related parties:

|   | <b>Lupin Limited</b> | <b>Lupin Atlantis Holdings SA</b> | <b>Others</b> |
|---|----------------------|-----------------------------------|---------------|
|   | <b>£</b>             | <b>£</b>                          | <b>£</b>      |
| Purchase of Traded Goods  | 5,953,320            |                                   |               |
| Sales of Goods  |                      |                                   |               |
| Marketing/ Management services provided and reimbursed                | 2,190,600            |                                   |               |
| Services received from Lupin Atlantis Holdings SA                     |                      | 349,415                           |               |
| Services received from Lupin Ltd                                      | 100,443              |                                   |               |
| Amount paid on behalf of and reimbursed by Hormosan                   |                      |                                   | 18,833        |
| Amount paid on behalf of and reimbursed by Lupin Ltd                  | 1,331                |                                   |               |
| Amount paid on behalf of and reimbursed by Lupin Atlantis Holdings SA |                      |                                   |               |
| Interest on Long Term Loan  |                      |                                   | 143,661       |
| Amount owing to related party   | 3,764,526            | 84,866                            | 595           |
| Amount due from related party   | 1,061,240            |                                   | 7,907         |

### 13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risk arising from the company's financial instruments are credit risk, liquidity risk and market risk.

In assessing risk the company classifies financial assets and liabilities as follows:

| Assets                      | Loans and<br>receivables<br>£ | Non-financial<br>assets<br>£ | Total<br>£       |
|-----------------------------|-------------------------------|------------------------------|------------------|
| Trade and other receivables | 6,091,459                     | -                            | 6,091,459        |
| Cash and cash equivalents   | 1,001,293                     | -                            | 1,001,293        |
| <b>Total</b>                | <b>7,092,752</b>              | <b>-</b>                     | <b>7,092,752</b> |

| Liabilities              | At amortised<br>cost<br>£ | Non-financial<br>Liabilities<br>£ | Total<br>£       |
|--------------------------|---------------------------|-----------------------------------|------------------|
| Trade and other payables | 5,726,246                 | 1,830,840                         | 7,557,086        |
| <b>Total</b>             | <b>5,726,246</b>          | <b>1,830,840</b>                  | <b>7,557,086</b> |

#### 13.1 Credit risk

Credit risk arises on cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers.

The company trades only with recognised, creditworthy third parties. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the conclusion that the company's exposure to bad debt is not significant.

|                       | 2017<br>Gross<br>£ | 2017<br>Impairment<br>£ | 2016<br>Gross<br>£ | 2016<br>Impairment<br>£ |
|-----------------------|--------------------|-------------------------|--------------------|-------------------------|
| Less than 90 Days     | 4,254,105          |                         | 1,466,015          |                         |
| 90 - 180 Days         | 229,323            |                         | 219,812            |                         |
| Greater than 180 Days | 73,238             | -                       | 4,790              | -                       |
|                       | <b>4,556,667</b>   | <b>-</b>                | <b>1,690,617</b>   | <b>-</b>                |

#### 13.2 Liquidity Risk

The company's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the company's reputation.



The table below details the company's expected maturity for its financial liabilities. The amounts are based on the undiscounted contractual maturities of the financial liabilities i.e. gross cash flows that are exchanged.

|                                     | Total<br>£ | On<br>demand<br>£ | Less than<br>1 month<br>£ | 1 to 3<br>months<br>£ | 3 months<br>to 1 year<br>£ |
|-------------------------------------|------------|-------------------|---------------------------|-----------------------|----------------------------|
| Non-interest<br>bearing liabilities |            |                   |                           |                       |                            |
| - trade payables                    | 5,726,246  | 2,809,297         | 368,630                   | 1,888,009             | 660,310                    |
| (Previous Year : 2016)              | 5,588,238  | 1,541,926         | 569,728                   | 2,039,146             | 1,437,438                  |

### 13.3 Market risk

Market prices comprise three types of risk: Interest rate risk, currency risk and other price risk, such as equity risk.

#### Interest rate risk management

The company has a loan from related party and the interest rate is set using an arm's length policy. The interest rate on the related party loan has increased to 3.1% (2016: 2%)

#### Price risk management

The increase in costs related to exchange rate decrease against the Indian Rupee has let to market prices becoming unprofitable for some generic medicines. The company will cease to supply the product lines that have become unprofitable.

#### Foreign currency risk management

The company undertakes certain transactions in foreign currencies and hence exposure to exchange rate fluctuations arises. The sensitivity to foreign exchange rates is monitored through review of the impact on profit. The depreciation of the British Pound against the Indian Rupee has led to larger expenses for this year.

#### 13.4 Capital risk management

The company manages its capital to ensure that the company will be able to continue to operate as a going concern while maximising the return to the stakeholders.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the group to fund the company's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital.

The directors issued 3,000,000 ordinary shares in the period to ensure the company has the necessary capital to continue in its operations.

#### 14 OPERATING LEASE COMMITMENTS

The company has entered into commercial leases on certain office premises, cars and equipment. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

|   | March 31 2017    | March 31 2016 |
|---|------------------|---------------|
|   | £                | £             |
| Within one -year                            | 129,445          | 26,468        |
| After one-year but not more than five years | 527,736          | 91,546        |
| After five years                            | 548,454          | -             |
| <b>Total</b>                                | <b>1,205,635</b> | <b>59,590</b> |

#### 15 NOTES TO THE CASH FLOW STATEMENTS

Cash generated from Operations

Reconciliation of (Loss) / Profit before taxation to cash generated from operations

|   | March 31 2017      | March 31 2016      |
|---|--------------------|--------------------|
|   | £                  | £                  |
| (Loss) / Profit before taxation                                 | (2,824,333)        | (1,331,962)        |
| Adjusted for :  |                    |                    |
| Depreciation  | 13,405             | 7,160              |
| Amortisation  | 23,394             | 27,996             |
| Disposals   | 56,469             |                    |
| Revaluation of long term loan                                   | 632,553            | 114,903            |
| Interest Paid   | 143,421            | 83,069             |
| Taxation Charge   | 64,433             |                    |
| <b>Operating (Loss) / Profit before working capital changes</b> | <b>(1,890,657)</b> | <b>(1,098,834)</b> |

| 16 | <b>DIRECTOR'S REMUNERATION</b>           | Year ended<br>March 31 2017<br>£ | Year ended<br>March 31 2016<br>£ |
|----|--|----------------------------------|----------------------------------|
|    | Gross Salary and allowances              | 143,760                          | 78,111                           |
|    | Contribution to pensions and other funds | 9,942                            | 5,599                            |
|    | Perquisites                              | 2,516                            | 6,956                            |
|    | <b>Total</b>                             | <u>156,218</u>                   | <u>90,665</u>                    |

During the period there were retirement benefits accruing under a money purchase pension scheme to 2 directors (2016: 1)

**17 Deferred tax asset**

At the balance sheet date, the Company had unused tax losses of £Nil (2016: £Nil)