Lupin Healthcare (UK) Limited

(Formerly Lupin (Europe) Limited)

Reg No. 06925119

Financial Statements

For the Year Ended

31 March 2018

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

ANNUAL FINANCIAL STATEMENTS TO 31 MARCH 2018

DIRECTORS	S Makharia B Ellis A Mathur (resigned 26th February 2018) T Volle (appointed 26th February 2018)
SECRETARY	J Lawrence (resigned 26th February 2018) A McDonald (appointed 26th February 2018)
NATURE OF BUSINESS	The distribution and wholesalers of generic and branded generic medicines
INCORPORATION	The company is incorporated in the England & Wales
HOLDING COMPANY	Lupin Atlantis Holdings SA (incorporated in Switzerland)
REGISTERED OFFICE	The Urban Building, Second Floor 3-9 Albert Street, Slough, Berkshire, SL1 2BE, United Kingdom
REGISTRATION NUMBER	06925119
BANKERS	Citibank NA, HSBC
AUDITORS	Hillier Hopkins LLP

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

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Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

The directors have pleasure in submitting the annual report and the annual financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The company's principal activity during the period was the distribution of generic and branded generic medicines.

BUSINESS REVIEW

The UK generic pharmaceutical market has continued to see significant pricing challenges during the year leading, to lower margins on many product lines. The company has made good progress in the reduction of its generic lines in order to focus on branded and specialist products. This is visible in the income statement with decreased revenues and increased gross profit.

Revenue for the year was £7,324,945 (2017: £8,215,756), 11% decrease over the previous period. Gross profit for the year was £2,126,904 (2017: £898,241), 137% increase over the previous period.

During the year, the company continued to expand higher value new product range that drove significant sales.

The company reported net loss of £231,386 (after tax) as compared to the net loss of £2,807,573 in the previous year.

During the year, the company has changed its name to Lupin Healthcare (UK) Limited from Lupin (Europe) Limited (effective 8th February 2018) and changed its registered office to The Urban Building, Second Floor 3-9 Albert Street, Slough, Berkshire, SL1 2BE, United Kingdom from Suite 1, Victoria Court, Bexton Road, Knutsford WA16 0PF, United Kingdom (effective 30th August 2017).

The company recognises a level of political, economic and regulatory risk associated with Brexit. The directors diligently monitor the associated impact and will react promptly as we consider appropriate.

RESULTS OF OPERATIONS

The results of operations for the period are detailed in the income statement on page 13 and are to be read in conjunction with the relevant notes.

DIVIDEND

During the period no dividend was declared by the directors (2017: £nil).

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

DIRECTORS

The directors who served during the period were:

S Makharia

B Ellis

A Mathur (resigned on 26th February 2018)

T Volle (appointed on 26th February 2018)

FUTURE DEVELOPMENTS

There have been no material facts or circumstances that have occurred between the accounting date and the date of this report.

The company will continue to rationalise its portfolio of products and aim to move towards specialist, higher margin products.

POLITICAL DONATIONS

The company made no political donations or incurred any political expenditure during the year (2017: £nil).

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- that the directors have taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

AUDITORS

Hillier Hopkins LLP will continue in office in accordance with section 487 of the Companies Act 2006.

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

Sunil Makharia | Ben Ellis
Director | Director
Date: 26-4-2018 | Date: 26/4/2018

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF [THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable 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 state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Sunil Makharia

Director

Date: 26-4-2018

Ben Ellis

Director

Date: 26/4/2018

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

STRATEGIC REPORT

Lupin Healthcare (UK) Limited is a 100% subsidiary of Lupin Atlantis Holdings SA, an entity incorporated in Switzerland and was registered in United Kingdom in June 2009, for the purpose of marketing, sales and distribution of generic pharmaceutical products in the 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 Healthcare (UK) 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 £18bn of which generic business is estimated at £5bn. There are approximately 14,000 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.

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, continued portfolio rationalisation, targeting limited competition products and entry into high margin speciality branded segment. Long term Lupin Healthcare (UK) Limited aims to transform its portfolio from traditional generics to complex generics e.g. Biosimilars and specialist patent protected products. This is planned to be a combination of pipeline and acquisition. During the transition period over the coming years Lupin Healthcare (UK) Limited will continue to build its expertise and expand its network to meet the challenges that come with these more complex markets.

Principal risks and uncertainties

The challenge that of unforeseen changes to the generic reimbursement system.

The current system for reimbursements are prescribed by the Drug Tariff as issued by the Pharmaceutical Services Negotiation committee aids monitoring the rate of margin to community pharmacies. If this model is changed it could give unfavourable trading conditions.

The challenge to ensure that pharmacovigilance policy is adhered to.

The company must ensure that any adverse events/ reaction, medical enquiries and special situation reports are correctly reported to the pharmacovigilance team in a timely manner. To mitigate this risk all personnel are regularly trained on this policy and made aware of any amendment to the policy or changes to key contacts.

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

The challenges associated with Brexit

The company recognises a level of political, economic and regulatory risk associated with Brexit. We are proactively assessing the associated impact. We have and will continue to react promptly as we consider appropriate.

The challenges associated with fluctuations in exchange rates

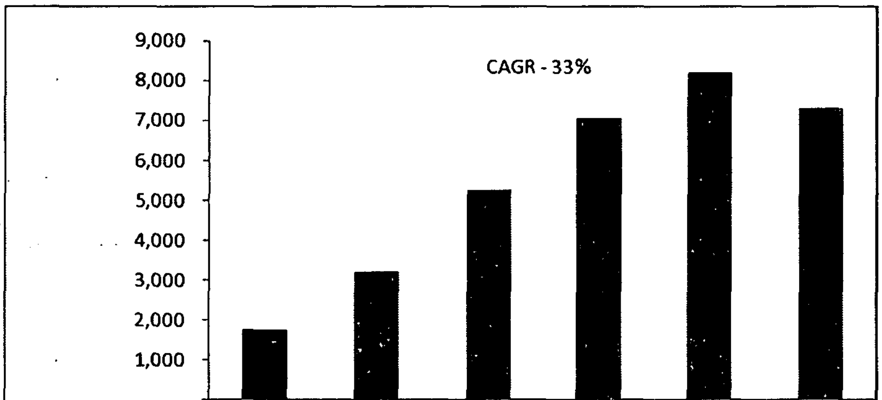
The company sources products for onward sale predominantly from our ultimate parent company Lupin Limited. The associated costs are translated from Indian rupees and as such the company cost of sales can be impacted movements in the exchange rate from GBP to INR. To mitigate this risk we continually monitor the exchange rate and its impact to cost of sales, we assess third party supply prices and change to third party suppliers where costs are more beneficial.

Key Performance Indicators

Financial:

Turnover growth

Over the past 6 years, Lupin Healthcare (UK) 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. As part of the portfolio rationalisation we have seen a reduction in sales as compared to previous period but still show a compounded annual growth rate of 33% over this 6 year period.



	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Sales (£'000)	1,771	3,221	5,260	7,064	8,216	7,325

Gross profit margins

Gross profit margins has increased to 29.0% (2017: 10.9%). With increased healthcare cost pressure from the UK Government / NHS, cost competitiveness has become key to sustained growth in the 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.

We review gross profit margin at a product level to assist the continued rationalisation of the portfolio.

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

Non-Financial:

Regulatory audits completed without critical observations.

Year-end company position

At the 31 March 2018 the company has a net current liability. This is predominantly driven by higher trade and other payables compounded by reduction in inventories. We have a strong cash position and have confirmation of continued support from our parent company.

Sunil Makharia

Director

Date: 26-4-2018

Ben Ellis

Director

Date: 26/4/2018

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LUPIN HEALTHCARE (UK) LIMITED.

OPINION

We have audited the financial statements of Lupin Healthcare (UK) Limited (the 'company') for the year ended 31 March 2018 which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTER MATTERS PRESCIRBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and

- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hillier Hopkins LLP

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: 01/05/18

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Note	Year ended March 31 2018 £	Year ended March 31 2017 £
REVENUE	2.1	7,324,945	8,215,756
Cost of sales	3.1	(5,198,041)	(7,317,515)
GROSS PROFIT		**2,126,904**	**898,241**
Other Income	2.2	1,384,175	2,190,600
Operating Expenses	3.2	(3,598,405)	(5,769,753)
(LOSS) FROM OPERATIONS		**(87,326)**	**(2,680,912)**
Financial Income		-	-
Financial Expenses		(144,060)	(143,421)
(LOSS) BEFORE TAXATION		**(231,386)**	**(2,824,333)**
Taxation	4	-	16,760
(LOSS) FOR THE YEAR		**(231,386)**	**(2,807,573)**

There were no recognised gains and losses for 2018 or 2017 other than those included in the income statement.

There was no other comprehensive income for 2018 (2017: £nil).

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

BALANCE SHEET AS AT 31 MARCH 2018

(REGISTERED NUMBER: 6926119)

	Note	As At March 31 2018 £	As At March 31 2017 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	201,739	234,400
Other Receivables > One Year	7.1	61,965	61,965
		263,704	296,365
Current Assets			
Inventories	6	1,162,220	2,400,622
Amounts due from group undertakings	7.2	556,635	1,069,148
Trade and other receivables	7.3	4,891,160	4,960,346
Cash and cash equivalents	8	2,502,210	1,001,293
		9,112,225	9,431,409
Total assets		**9,375,929**	**9,727,774**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued Capital	9	3,251,000	3,251,000
Retained earnings		(6,229,669)	(5,998,283)
		(2,978,669)	(2,747,283)
Current Liabilities			
Trade and other payables	10	5,423,568	3,825,069
Amounts owed to group undertakings	11.1	2,654,876	3,849,987
Loan - less than one year	11.2	4,276,154	4,800,001
		12,354,598	12,475,057
Total equity and liabilities		**9,375,929**	**9,727,774**

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

Sunil Makharia	Ben Ellis
Director	Director
Date: 26-4-2018	Date: 26/4/2018

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Ordinary Share Capital £	Retained earnings £	Total £
Opening Balance	3,251,000	(5,998,283)	(2,747,283)
Issue of Shares		-	-
Loss for the year	-	(231,386)	(231,386)
Balance at March 31 2018	**3,251,000**	**(6,229,669)**	**(2,978,669)**

	Ordinary Share Capital £	Retained earnings £	Total £
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)
Balance at March 31 2017	**3,251,000**	**(5,998,283)**	**(2,747,283)**

Lupin Healthcare (UK) Limited (formerly Lupin (Europe) Limited)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Year ended March 31 2018 £	Year ended March 31 2017 £
Cash generated from operations	15	(577,753)	(1,890,417)
Movements in working capital			
(Increase) / Decrease in inventories		1,238,402	991,711
(Increase) / Decrease in trade and other receivables		581,699	(2,745,446)
(Increase) / Decrease in other receivables		-	(61,965)
Increase / (Decrease) in trade and other payables		1,598,499	3,519,433
Increase / (Decrease) in other payables		(1,195,111)	(1,610,838)
		1,645,736	(1,797,522)
Interest Paid		(144,060)	(143,661)
Net cash generated in operating activities		1,501,676	(1,941,183)
Purchase of marketing rights		-	-
Purchase of property, pland and equipment		(759)	(233,616)
Net cash flow from investing activities		(759)	(233,616)
Ordinary Share Issue		-	3,000,000
Net cash inflow from financing activities		-	3,000,000
Net Movement in cash and cash equivalents		1,500,917	825,201
Cash and cash equivalents at the beginning of the period		1,001,293	176,092
Cash and cash equivalents at the end of the period		2,502,210	1,001,293

NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2018

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 Healthcare (UK) Limited formerly 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 the going concern basis which assumes that the company will continue in operational existence for a period of at least 12 months following the approval of these financial statements. This is dependent upon the company continuing to receive financial support from the parent company, Lupin Limited.

The directors are of the opinion that the company can meet the majority of its liabilities as they fall due. The company's parent company, Lupin Limited, has confirmed it will continue to support the company for a period of at least 12 months from the approval of these financial statements.

There can be no certainty in relation to these matters. However, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a failure to ensure repayment of the amounts due to Lupin Limited.

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 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 equipment – 33.0%
Furniture and fitting – 25.0%
Other equipment – 10.0%

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

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 report date.

There was a change in the accounting estimate of depreciation from 16.2%/6.3% & 4.8% to 33.0%/ 25.0% & 10.0% for computing equipment, furniture and fitting and other equipment respectively. This has an impact to the accounts of £15,949.

1.4 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.

1.5 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.

1.6 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.

1.7 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.

1.8 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.

1.9 Employee Benefits

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

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.

1.11 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). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The standard will affect primarily the accounting for the company's operating leases and will result in a material decrease in operating lease rental costs; material increases in depreciation and finance costs; a decrease in profit before and after tax; a decrease in net assets and recognition of lease assets and liabilities. As at the reporting date, the Company has non-cancellable operating lease commitments of £1.1m, see note 14.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (mandatory for the commencing 1 January 2018)
- IFRIC 23 'Uncertainty over Income Tax Treatments' (mandatory for periods commencing on or after 1 January 2019)

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.

2 REVENUE AND OTHER INCOME

		Year ended March 31 2018	Year ended March 31 2017
2.1	**Revenue**	**£**	**£**
	Revenue comprises the following:		
	Turnover	7,324,945	8,215,756
		7,324,945	**8,215,756**

		Year ended March 31 2018	Year ended March 31 2017
2.2	**Other Income**	**£**	**£**
	Other Income comprises the following:		
	Marketing and management services provided to parent	1,384,175	2,190,600
		1,384,175	**2,190,600**

3 (LOSS) / PROFIT FROM OPERATIONS

		Year ended March 31 2018	Year ended March 31 2017
3.1	**Cost of Materials**		
	Purchase of traded goods	3,959,639	6,325,804
	Opening stock	2,400,622	3,392,333
	Closing Stock	(1,162,220)	(2,400,622)
	(Decrease) / Increase in the stock of finished goods (including traded goods)	1,238,402	991,711
	Total	**5,198,041**	**7,317,515**

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3.2	(LOSS) / PROFIT FROM OPERATIONS BEFORE INTEREST	Year ended March 31 2018	Year ended March 31 2017
		£	£
	Operating Expenses		
	Auditors remuneration - audit	16,750	17,500
	Auditors remuneration - Non audit	13,092	4,876
	Books & Periodicals	1,194	151
	Personel expenses (see note 3.3)	1,432,402	1,403,991
	Repairs and Maintenance	40,560	92,468
	Rates and Taxes	34,406	19,438
	Insurance	6,577	3,938
	Power and Fuel	740	1,270
	Selling and Promotion Expenses	197,274	280,846
	Freight and Forwarding	362,122	447,429
	Operating lease expense		
	- premises	123,262	109,280
	- equipment	6,086	3,299
	- vehicles	6,714	3,925
	Postage and Telephone Expenses	22,564	25,187
	Travelling and Conveyance	85,058	131,742
	Legal and Professional Charges	709,426	988,309
	Clinical and Analytical Charges	365,050	215,589
	Licence & Registrations	545,092	1,191,215
	Exchange (Gain) / Loss	(502,065)	687,456
	Miscellaneous Expenses (Includes printing and stationery,training expenses, membership fees etc)	98,679	48,576
	Fixed Assets Disposal	-	56,469
	Depreciation	33,422	13,405
	Amortisation	-	23,394
	Total	**3,598,405**	**5,769,753**

3.3 Personnel expenses

Salaries, Wages and Bonus	1,175,772	1,121,945
Contribution for retirement benefits	66,483	71,546
Contribution to National Insurance	150,841	120,924
Childcare Voucher Scheme	2,915	172
Staff Welfare Expenses	36,391	89,404
Total	**1,432,402**	**1,403,991**

Remuneration (including employer's pension contributions) paid to key management personnel during the year amounted to £419,787 (2017: £299,434)

Average number of employees employed during the year -

Department	**Numbers**	**Numbers**
General Management	1	1
Sales and Business development	5	5
Regulatory	4	4
Supply Chain	2	2
HR and Finance	3	3
	15	15

4	**Taxation**	**£**	**£**
	UK Corporation tax charge for the (Loss)/Profit for the year ended March 31 2018	-	-
	UK Corporation tax charge for the prior period	-	(16,760)
		-	(16,760)

Factors affecting tax charge for the period -

The tax assessed for the period is higher than (2017: is higher than) the standard rate of corporation tax in the UK at 19% (2017: 20%). The differences are explained below -

	Year ended March 31 2018	**Year ended March 31 2017**
	£	**£**
(Loss)/Profit on ordinary activities before tax	(231,386)	(2,824,333)
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(43,963)	(564,915)
Effects of:		
Expenses not deductible for tax purposes	150,597	(21,851)
Current year losses for which no deferred tax asset was recognised	(106,635)	586,765
Overprovided in prior years	-	(16,760)
Current tax charge for the period (see note above)	**-**	**(16,760)**

Changes in tax rates and factors affecting the future tax charge

The Finance (No.2) Act 2015 reduced the rate of Corporation tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2020. In the 2016 Budget, it was announced that the rate of Corporation tax from 1 April 2020 will be reduced further to 17%. This rate received Royal Assent on 15 September 2016.

5 PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £	Furniture and Fixtures £	Other Equipment £	Total £
Cost				
Balance as at 1st April 2017	43,844	206,375	22,086	272,305
Acquisitions	759	-	-	759
Disposals	-	-	-	-
Balance as at 31st March 2018	44,603	206,375	22,086	273,064
Depreciation and impairment				
Balance as at 1st April 2017	27,434	8,585	1,884	37,903
Depreciation charge for the year	7,262	20,638	5,522	33,422
Disposals	-	-	-	-
Balance as at 31st March 2018	34,696	29,223	7,406	71,325
Net Book Value				
Balance as at 31st March 2017	16,411	197,790	20,202	234,400
Balance as at 31st March 2018	9,907	177,152	14,680	201,739

	As At March 31 2018 £	As At March 31 2017 £
6 INVENTORIES		
The amount attributable to the different categories are as follows:		
Finished Goods	1,162,220	2,400,622
Total	**1,162,220**	**2,400,622**

At the year end, the provision for obsolete stock amounts to £111,979 (2017: £ 131,835) and this amount was recognised as an expense. Inventory is written off due to the goods being damaged or expired.

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		As At March 31 2018 £	As At March 31 2017 £
7	**TRADE AND OTHER RECEIVABLES**		
7.1	**Other Receivables due after one year**	**61,965**	**61,965**
7.2	**Amount due from group undertakings**	**556,635**	**1,069,148**
7.3	Trade receivables	4,700,688	4,556,667
	Prepayments	190,472	403,679
	Total Receivables due within one year	**4,891,160**	**4,960,346**
	Total Trade & Other Receivables	**5,509,760**	**6,091,459**

		As At March 31 2018 £	As At March 31 2017 £
8	**CASH AND CASH EQUIVALENTS**		
	Cash in hand	1,000	1,000
	Bank balances in current account	2,501,210	1,000,293
	Total	2,502,210	1,001,293

		As At March 31 2018 £	As At March 31 2017 £
9	**SHARE CAPITAL**		
	Authorised		
	ordinary shares of £ 1 each	3,251,000	3,251,000
	Issued and fully paid		
	ordinary shares of £ 1 each	**3,251,000**	**3,251,000**

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		As At March 31 2018 £	As At March 31 2017 £
10	**TRADE AND OTHER PAYABLES**		
	Trade payables	1,677,949	1,876,259
	Accruals	3,697,731	1,830,840
	Social Security & Other Taxes	47,888	117,970
	Total	5,423,568	3,825,069

		As At March 31 2018 £	As At March 31 2017 £
11.1	**AMOUNTS OWED TO GROUP UNDERTAKINGS**		
	Less than one year		
	Amounts owed to group undertakings	2,654,876	3,849,987
		2,654,876	3,849,987

		As At March 31 2018 £	As At March 31 2017 £
11.2	**OTHER LOANS AND BORROWINGS**		
	Loan - less than one year	4,276,154	4,800,001
		4,276,154	4,800,001

Unsecured loan from related party with no repayment date, interest rate 3.1%

12 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 HEALTHCARE (UK) LIMITED FORMERLY LUPIN (EUROPE) LIMITED directors

Lupin Australia Pty Ltd., Australia
Generic Health Pty Ltd., Australia
Lupin Holdings B.V., Netherlands
Lupin Atlantis Holding SA, Switzerland
Lupin Philippines, Inc., Philippines
Generic Health Sdn. Bhd., Malaysia
Crop Tech Chemicals (India) Pvt. Ltd.,
Synchem Properties Pvt. Ltd.
Multicare Pharmaceuticals Philippines Inc., Philippines
Pharma Dynamics (Proprietary) Limited, South Africa
Lupin Healthcare Limited, India
Novel Clinical Research (India) Private Limited, India
Lupin Pharma LLC, Russia
Polynova Industry Limited, India
Synchem Investments Pvt. Ltd.
Zyma Properties Private Limited, India
Lupin Investments Pvt. Ltd.
Kyowa CritiCare Co. Limited, Japan
Lupin Ukraine LLC, Ukraine
Lupin Europe GmbH, Germany
Lupin Middle East FZ-LLC, Dubai
Nanomi BV, Netherlands
Hormosan Pharma GmbH, Germany

The company entered into the following transactions with related parties:

	Lupin Limited	Lupin Atlantis Holdings SA	Others
	£	£	£
Purchase of Traded Goods	3,897,732		
Sales of Goods			
Marketing/ Management services provided and reimbursed	1,042,298	341,877	
Services received Hormosan Pharma GmbH			5,026
Services received from Lupin Atlantis Holdings SA		261,013	
Services received from Lupin Ltd	92,650		
Amount paid on behalf of and reimbursed by Hormosan Pharma GmbH			30,470
Amount paid on behalf of and reimbursed by Lupin Ltd	3,686		-
Amount paid on behalf of and reimbursed by Lupin Atlantis Holdings SA		65,410	
Interest on Long Term Loan			144,060
Amount owing to related party	2,647,483	7,393	-
Amount due from related party	449,904	106,223	508

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

13.1 FINANCIAL ASSETS & LIABILITIES

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 receivables	Non-financial assets	Total
	£	£	£
Trade and other receivables (see note 7)	5,509,760	-	5,509,760
Cash and cash equivalents	2,502,210	-	2,502,210
Total	**8,011,970**	**-**	**8,011,970**

Liabilities	At amortised cost	Non-financial Liabilities	Total
	£	£	£
Trade and other payables	4,332,825	3,697,731	8,030,556
Total	**4,332,825**	**3,697,731**	**8,030,556**

13.2 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.

The company does not consider there to be any credit risk against any other financial instruments.

	2018 Gross £	2018 Impairment £	2017 Gross £	2017 Impairment £
Less than 90 Days	4,616,666		4,254,105	
90 - 180 Days	84,022		229,323	
Greater than 180 Days	39,723	(39,723)	73,238	-
	4,740,411	**(39,723)**	**4,556,667**	**-**

13.3 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	On demand	Less than 1 month	1 to 3 months	3 months to 1 year
	£	£	£	£	£
At 31 March 2018					
Non-interest bearing liabilities:					
- trade and other payables	4,332,825	2,916,831	181,155	605,685	629,154
Interest bearing liabilities:					
- loans and other borrowings	4,276,154				4,276,154
	8,608,979	**2,916,831**	**181,155**	**605,685**	**4,905,308**
At 31 March 2017					
Non-interest bearing liabilities:					
- trade and other payables	5,726,246	2,809,297	368,630	1,888,009	660,310
Interest bearing liabilities:					
- loans and other borrowings	4,800,001				4,800,001
	10,526,247	**2,809,297**	**368,630**	**1,888,009**	**5,460,311**

The comparative in note 13.3 has been restated to include Other Loans. The restatement only affects this disclosure note and has no effect on the preceding period's opening balance sheet or the preceding period's statement of comprehensive income or any other notes to the accounts.

13.4 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 remained at 3.1%.

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.

13.5 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.

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 2018	**March 31 2017**
	£	**£**
Within one -year	145,017	129,445
After one-year but not more than five years	574,459	527,736
After five years	421,594	548,454
Total	**1,141,070**	**1,205,635**

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15 NOTES TO THE CASH FLOW STATEMENTS

	Year Ended March 31 2018 £	Year Ended March 31 2017 £
Cash generated from Operations		
Reconciliation of (Loss) / Profit before taxation to cash generated from operations		
(Loss) / Profit before taxation	(231,386)	(2,824,333)
Adjusted for :		
Depreciation	33,422	13,405
Amortisation	-	23,394
Disposals	-	56,469
Revaluation of long term loan	(523,849)	632,794
Interest Paid	144,060	143,421
Taxation Charge	-	64,433
Operating (Loss) / Profit before working capital changes	**(577,753)**	**(1,890,417)**

16 DIRECTOR'S REMUNERATION

	Year ended March 31 2018 £	Year ended March 31 2017 £
Gross Salary and allowances	212,450	143,760
Contribution to pensions and other funds	10,140	9,942
Perquisites	1,331	2,516
Total	**223,921**	**156,218**

The above remuneration related to one director (2017: one), therefore is also the remuneration of the highest earning director.

During the period there were retirement benefits accruing under a money purchase pension scheme to one director (2017: two).