

**Lupin Healthcare (UK) Limited**

Reg No. 06925119

**Financial Statements**

**For the Year Ended**

**31 March 2019**

## Lupin Healthcare (UK) Limited

### ANNUAL FINANCIAL STATEMENTS TO 31 MARCH 2019

DIRECTORS	S Makharia B Ellis T Volle
SECRETARY	A McDonald
NATURE OF BUSINESS	The distribution 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**

### **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 2019 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019, 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.

## **Lupin Healthcare (UK) Limited**

### **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 OTHER MATTERS PRESCRIBED 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

## **Lupin Healthcare (UK) Limited**

- 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.

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.

## Lupin Healthcare (UK) Limited

- 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.

### USE OF OUR REPORT

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.

Sign:  LLP

Date: 24.04.2019

Neil Cundale BSc FCA (Senior statutory auditor)  
for and on behalf of  
**HILLIER HOPKINS LLP**

Chartered Accountants  
Statutory Auditor  
51 Clarendon Road, Watford, Hertfordshire, WD17 1HP

## Lupin Healthcare (UK) Limited

### INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended March 31 2019 £	Year ended March 31 2018 £
<b>REVENUE</b>	2.1	8,470,704	7,324,945
Cost of sales	3.1	<u>(6,876,225)</u>	<u>(5,198,041)</u>
<b>GROSS PROFIT</b>		<b>1,594,479</b>	<b>2,126,904</b>
Other Income	2.2	1,710,584	1,384,175
Operating Expenses	3.2	<u>(4,592,576)</u>	<u>(3,598,405)</u>
<b>(LOSS) FROM OPERATIONS</b>		<b>(1,287,513)</b>	<b>(87,326)</b>
Financial Income		-	-
Financial Expenses		<u>(142,085)</u>	<u>(144,060)</u>
<b>(LOSS) BEFORE TAXATION</b>		<b>(1,429,598)</b>	<b>(231,386)</b>
Taxation	4	<u>-</u>	<u>-</u>
<b>(LOSS) FOR THE YEAR</b>		<b><u>(1,429,598)</u></b>	<b><u>(231,386)</u></b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the income statement.

There was no other comprehensive income for 2019 (2018: £nil).


## Lupin Healthcare (UK) Limited


### BALANCE SHEET AS AT 31 MARCH 2019

(REGISTERED NUMBER: 06925119)

	Note	As At March 31 2019 £	As At March 31 2018 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	175,123	201,739
Other Receivables > One Year	7.1	61,965	61,965
		<u>237,088</u>	<u>263,704</u>
<b>Current Assets</b>			
Inventories	6	1,867,002	1,162,220
Amounts due from group undertakings	7.2	719,730	556,635
Trade and other receivables	7.3	8,459,662	4,891,160
Cash and cash equivalents	8	2,146,266	2,502,210
		<u>13,192,660</u>	<u>9,112,225</u>
<b>Total assets</b>		<u><b>13,429,748</b></u>	<u><b>9,375,929</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued Capital	9	3,251,000	3,251,000
Retained earnings		(7,659,267)	(6,229,669)
		<u>(4,408,267)</u>	<u>(2,978,669)</u>
<b>Current Liabilities</b>			
Trade and other payables	10	10,404,694	5,423,568
Amounts owed to group undertakings	11.1	2,826,158	2,654,876
Loan - less than one year	11.2	4,607,163	4,276,154
		<u>17,838,015</u>	<u>12,354,598</u>
<b>Total equity and liabilities</b>		<u><b>13,429,748</b></u>	<u><b>9,375,929</b></u>

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

  
 Sunil Makharia  
 Director  
 Date: 19/04/2019

  
 Ben Ellis  
 Director  
 Date: 19/04/2019



## Lupin Healthcare (UK) Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Ordinary Share Capital £	Retained earnings £	Total £
Opening Balance	3,251,000	(6,229,669)	(2,978,669)
Issue of Shares		-	-
Loss for the year	-	(1,429,598)	(1,429,598)
<b>Balance at March 31 2019</b>	<b>3,251,000</b>	<b>(7,659,267)</b>	<b>(4,408,267)</b>

	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)
<b>Balance at March 31 2018</b>	<b>3,251,000</b>	<b>(6,229,669)</b>	<b>(2,978,669)</b>

## Lupin Healthcare (UK) Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended March 31 2019 £	Year ended March 31 2018 £
Cash generated from operations	15	(923,471)	(577,753)
Movements in working capital			
(Increase) / Decrease in inventories		(704,782)	1,238,402
(Increase) / Decrease in trade and other receivables		(3,731,597)	581,699
(Increase) / Decrease in other receivables		-	-
Increase / (Decrease) in trade and other payables		4,981,126	1,598,499
Increase / (Decrease) in other payables		171,282	(1,195,111)
		<u>(207,442)</u>	<u>1,645,736</u>
Interest Paid		<u>(142,085)</u>	<u>(144,060)</u>
<b>Net cash generated in operating activities</b>		<u>(349,527)</u>	<u>1,501,676</u>
Purchase of marketing rights		-	-
Purchase of property, plant and equipment		<u>(6,417)</u>	<u>(759)</u>
<b>Net cash flow from investing activities</b>		<u>(6,417)</u>	<u>(759)</u>
Ordinary Share Issue		-	-
<b>Net cash inflow from financing activities</b>		<u>-</u>	<u>-</u>
Net Movement in cash and cash equivalents		(355,944)	1,500,917
Cash and cash equivalents at the beginning of the period		<u>2,502,210</u>	<u>1,001,293</u>
Cash and cash equivalents at the end of the period		<u>2,146,266</u>	<u>2,502,210</u>

## **Lupin Healthcare (UK) Limited**

### **DOMICILE, LEGAL FORM AND OTHER INFORMATION**

Lupin Healthcare (UK) Limited is a private company, limited by shares and incorporated in England and Wales. The nature of the business undertaken is the distribution of generic and branded generic medicines.

Lupin Healthcare (UK) Limited has a place of business the same as the registered office at The Urban Building, Second Floor 3-9 Albert Street, Slough, Berkshire, SL1 2BE, United Kingdom.

### **NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019**

#### **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) 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.

## Lupin Healthcare (UK) 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.

IFRS 15 has been prospectively adopted for first time in the current accounting period and has been applied consistently through the period. This has caused no significant change in recognition of revenue or the judgements applied.

The transaction price encompasses all consideration due from customers. The performance obligations are satisfied on delivery of goods to the customer with payment terms of one month and 5 days from the end of the month of invoice.

A general returns provision has been applied against one new product launched where historical trends are not available. Otherwise no other returns provisions have been applied.

### 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.

## Lupin Healthcare (UK) Limited

### 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 are 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.

There are no material changes to the classification of financial instruments as a result of the adoption of IFRS 9 from the 1 April 2018.

#### **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.

## Lupin Healthcare (UK) Limited

### 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.

## Lupin Healthcare (UK) Limited

### 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.



## Lupin Healthcare (UK) Limited

### 1.12 Adopted IFRS's not yet applied

The following standards and interpretations were effective in the year ending 31 March 2019, but have not had a material impact on the company:

- IFRS 2 (amendments) 'Share Based Payments'
- IFRIC 22 'Foreign Currency Transactions and Advanced Consideration'

The following standards and interpretations to published standards are not yet effective but are not expected to have a material impact on the Company, unless otherwise stated:

- IFRS 16 'Leases', Endorsed for use in the EU (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 £1.0m, see note 14.
- IFRIC 23 'Uncertainty over Income Tax Treatments', Endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2019)
- IFRS 17 'Insurance Contracts', Not yet endorsed for use in the EU, (mandatory for periods commencing on or after 1 January 2021)
- Amendments to IAS 28 'Investments in associates', Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2019)
- Amendments to IAS 19 'Employee benefits', Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2019)
- Annual improvements to IFRS 2015 - 2017 Cycle, Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS standards, Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2020)
- Amendments to IFRS 3 'Business combinations', Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2020)
- Amendments to IAS 1 'Presentation of Financial Statements', Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2020)
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', Not yet endorsed for use in the EU (mandatory for periods commencing on or after 1 January 2020)



## Lupin Healthcare (UK) Limited

### 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.

## Lupin Healthcare (UK) Limited

### 2 REVENUE AND OTHER INCOME

#### 2.1 Revenue from contracts with customers

The following notes disaggregate revenue by primary geographical market, major product lines and timing/ uncertainty of revenue recognition.

	Year ended March 31 2019 £	Year ended March 31 2018 £
<b>Primary geographical market</b>		
United Kingdom	8,470,704	7,324,945
<b>Total</b>	<u>8,470,704</u>	<u>7,324,945</u>
<b>Major product lines</b>		
Pharmaceuticals	8,470,704	7,324,945
<b>Total</b>	<u>8,470,704</u>	<u>7,324,945</u>
<b>Timing of transfer of goods</b>		
Products transferred at point of delivery	8,470,704	7,324,945
<b>Total</b>	<u>8,470,704</u>	<u>7,324,945</u>

	Year ended March 31 2019 £	Year ended March 31 2018 £
<b>2.2 Other Income</b>		
Other Income comprises the following:		
Marketing and management services provided to parent	1,710,584	1,384,175
	<u>1,710,584</u>	<u>1,384,175</u>

### 3 (LOSS) / PROFIT FROM OPERATIONS

	Year ended March 31 2019	Year ended March 31 2018
<b>3.1 Cost of Materials</b>		
Purchase of traded goods	7,581,007	3,959,639
Opening stock	1,162,220	2,400,622
Closing Stock	<u>(1,867,002)</u>	<u>(1,162,220)</u>
(Decrease) / Increase in the stock of finished goods (including traded goods)	<u>(704,782)</u>	<u>1,238,402</u>
<b>Total</b>	<u>6,876,225</u>	<u>5,198,041</u>

## Lupin Healthcare (UK) Limited

3.2	(LOSS) / PROFIT FROM OPERATIONS BEFORE INTEREST	Year ended March 31 2019 £	Year ended March 31 2018 £
	<b>Operating Expenses</b>		
	Auditors remuneration - audit	17,250	16,750
	Auditors remuneration - Non audit	13,100	13,092
	Books & Periodicals	461	1,194
	Personel expenses (see note 3.3)	1,370,170	1,432,402
	Repairs and Maintenance	29,226	40,560
	Rates and Taxes	38,876	34,406
	Insurance	6,369	6,577
	Power and Fuel	882	740
	Selling and Promotion Expenses	325,987	197,274
	Freight and Forwarding	460,464	362,122
	Operating lease expense		
	- premises	126,289	123,262
	- equipment	17,803	6,086
	- vehicles	-	6,714
	Postage and Telephone Expenses	27,337	22,564
	Travelling and Conveyance	76,830	85,058
	Legal and Professional Charges	778,342	709,426
	Clinical and Analytical Charges	190,681	365,050
	Licence & Registrations	690,099	545,092
	Exchange (Gain) / Loss	361,792	- 502,065
	Miscellaneous Expenses (Includes printing and stationery, training expenses, membership fees etc)	27,585	98,679
	Depreciation	33,033	33,422
	<b>Total</b>	<b>4,592,576</b>	<b>3,598,405</b>

## Lupin Healthcare (UK) Limited

	Year ended March 31 2019 £	Year ended March 31 2018 £
<b>3.3 Personnel expenses</b>		
Salaries, Wages and Bonus	1,098,896	1,175,772
Contribution for retirement benefits	60,357	66,483
Contribution to National Insurance	129,028	150,841
Childcare Voucher Scheme	728	2,915
Staff Welfare Expenses	81,161	36,391
<b>Total</b>	<b>1,370,170</b>	<b>1,432,402</b>

Remuneration (including employer's pension contributions) paid to key management personnel during the year amounted to £429,749 (2018: £419,787)

Average number of employees employed during the year -

<b>Department</b>	<b>2019 Numbers</b>	<b>2018 Numbers</b>
General Management	1	1
Sales and Business development	3	5
Regulatory	4	4
Supply Chain	1	2
HR and Finance	3	3
	<u>12</u>	<u>15</u>

## Lupin Healthcare (UK) Limited

4	Taxation	Year ended March 31 2019 £	Year ended March 31 2018 £
	UK Corporation tax charge for the (Loss)/Profit for the year ended March 31 2019	-	-
	UK Corporation tax charge for the prior period	-	-
		<u>-</u>	<u>-</u>

Factors affecting tax charge for the period -

The tax assessed for the period is higher than ( 2018: is higher than) the standard rate of corporation tax in the UK at 19% ( 2018: 19%). The differences are explained below -

	Year ended March 31 2019 £	Year ended March 31 2018 £
(Loss)/Profit on ordinary activities before tax	<u>(1,429,598)</u>	<u>(231,386)</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(271,624)	(43,963)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	250,091	150,597
Current year losses for which no deferred tax asset was recognised	21,532	(106,635)
Overprovided in prior years	-	-
<b>Current tax charge for the period</b> (see note above)	<u>-</u>	<u>-</u>

### 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.

## Lupin Healthcare (UK) Limited

### 5 PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £	Furniture and Fixtures £	Other Equipment £	Total £
<b>Cost</b>				
Balance as at 1st April 2018	44,603	206,375	22,086	273,064
Acquisitions	6,417	-	-	6,417
Disposals	-	-	-	-
Balance as at 31st March 2019	<u>51,020</u>	<u>206,375</u>	<u>22,086</u>	<u>279,481</u>
<b>Depreciation and impairment</b>				
Balance as at 1st April 2018	34,696	29,223	7,406	71,325
Depreciation charge for the year	6,874	20,638	5,521	33,033
Disposals	-	-	-	-
Balance as at 31st March 2019	<u>41,570</u>	<u>49,861</u>	<u>12,927</u>	<u>104,358</u>
<b>Net Book Value</b>				
Balance as at 31st March 2018	<u>9,907</u>	<u>177,152</u>	<u>14,680</u>	<u>201,739</u>
Balance as at 31st March 2019	<u>9,450</u>	<u>156,514</u>	<u>9,159</u>	<u>175,123</u>

	As At March 31 2019 £	As At March 31 2018 £
<b>6 INVENTORIES</b>		
The amount attributable to the different categories are as follows:		
Finished Goods	<u>1,867,002</u>	<u>1,162,220</u>
<b>Total</b>	<u><b>1,867,002</b></u>	<u><b>1,162,220</b></u>

At the year end, the provision for obsolete stock and net realisable value adjustments amounts to £391,626 (2018: £196,413) and this amount was recognised as an expense. Inventory is obsolete and written off due to the goods being damaged or expired. Net realisable value adjustments occur if the selling price is below the cost of goods sold.

## Lupin Healthcare (UK) Limited

	As At March 31 2019 £	As At March 31 2018 £
<b>7</b>	<b>TRADE AND OTHER RECEIVABLES</b>	
7.1	<u>61,965</u>	<u>61,965</u>
7.2	<u>719,730</u>	<u>556,635</u>
7.3	8,373,598	4,700,688
	86,064	190,472
	<u>8,459,662</u>	<u>4,891,160</u>
	<u>9,241,357</u>	<u>5,509,760</u>
	<b>Total Trade &amp; Other Receivables</b>	
	As At March 31 2019 £	As At March 31 2018 £
<b>8</b>	<b>CASH AND CASH EQUIVALENTS</b>	
	1,212	1,000
	2,145,054	2,501,210
	<u>2,146,266</u>	<u>2,502,210</u>
	As At March 31 2019 £	As At March 31 2018 £
<b>9</b>	<b>SHARE CAPITAL</b>	
	3,251,000	3,251,000
	<u>3,251,000</u>	<u>3,251,000</u>

## Lupin Healthcare (UK) Limited

	As At March 31 2019 £	As At March 31 2018 £
<b>10</b>	<b>TRADE AND OTHER PAYABLES</b>	
	2,819,678	1,677,949
	7,041,344	3,697,731
	543,672	47,888
	<u>10,404,694</u>	<u>5,423,568</u>

	As At March 31 2019 £	As At March 31 2018 £
<b>11.1</b>	<b>AMOUNTS OWED TO GROUP UNDERTAKINGS</b>	
	<b>Less than one year</b>	
	2,826,158	2,654,876
	<u>2,826,158</u>	<u>2,654,876</u>

	As At March 31 2019 £	As At March 31 2018 £
<b>11.2</b>	<b>OTHER LOANS AND BORROWINGS</b>	
	4,607,163	4,276,154
	<u>4,607,163</u>	<u>4,276,154</u>

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



## Lupin Healthcare (UK) Limited

### 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 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 Properties Pvt. Ltd. LLC, USA
Lupin Atlantis Holding SA, Switzerland	Zyma Properties Private Limited, India
Lupin Philippines, Inc., Philippines	Lupin Investments Pvt. Ltd.
Generic Health Sdn. Bhd., Malaysia	Kyowa CritiCare Co. Limited, Japan
Crop Tech Chemicals (India) Pvt. Ltd.	Synchem Properties Pvt. Ltd.
Mediquimica Industria Farmaceutica LTDA, Brazil	Lupin Europe GmbH, Germany
Multicare Pharmaceuticals Philippines Inc., Philippines	Lupin Middle East FZ-LLC, Dubai
Pharma Dynamics (Proprietary) Limited, South Africa	Nanomi BV, Netherlands
Lupin Healthcare Limited, India	Hormosan Pharma GmbH, Germany
Laboratorios Grin, S.A. de C.V., Mexico	

The company entered into the following transactions with related parties:

	Lupin Limited	Lupin Atlantis Holdings SA	Others
	£	£	£
Purchase of Traded Goods	6,886,200	412,959	
Sales of Goods			
Marketing/ Management services provided and reimbursed	881,139	829,446	
Services received Hormosan Pharma GmbH			
Services received from Lupin Atlantis Holdings SA		225,098	
Services received from Lupin Ltd	48,643		
Amount paid on behalf of and reimbursed by Hormosan Pharma GmbH			7,229
Amount paid on behalf of and reimbursed by Lupin Ltd	13,227		-
Amount paid on behalf of and reimbursed by Lupin Atlantis Holdings SA		9,225	
Interest on Long Term Loan			142,085
Amount owing to related party	2,374,386	451,772	-
Amount due from related party	284,845	434,885	-

Note 11.2 details intercompany loans.

## Lupin Healthcare (UK) Limited

### 13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 13.1(i) 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:

<b>Assets</b>	<b>At amortised cost £</b>	<b>Total £</b>
Trade and other receivables	9,155,293	9,155,293
Cash and cash equivalents	2,146,266	2,146,266
<b>Total</b>	<b>11,301,559</b>	<b>11,301,559</b>

<b>Liabilities</b>	<b>At amortised cost £</b>	<b>Total £</b>
Trade and other payables	12,687,180	12,687,180
<b>Total</b>	<b>12,687,180</b>	<b>12,687,180</b>

#### 13.1(ii) FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Financial instruments not measured at fair value include, cash and cash equivalents, trade and other receivables and trade and other payables. Due to the short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value. There are no financial instruments measured at fair value.

## Lupin Healthcare (UK) Limited

### 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.

Credit risk is managed by pro-active debt management. Credit limits are applied to each customer per the Experian credit limit. Any deviations to the Experian credit limit are approved by senior management and do not exceed 6 months of forecasted sales.

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Less than 90 Days	8,370,438	-	4,616,666	-
90 - 180 Days	-	-	84,022	-
Greater than 180 Days	18,942	(18,942)	39,723	(39,723)
	<b>8,389,380</b>	<b>(18,942)</b>	<b>4,740,411</b>	<b>(39,723)</b>

### MOVEMENT IN IMPAIRMENT

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	(39,723)	-
Impairment loss recognised	-	(39,723)
Reversals during the year	20,781	-
Balance at 31 March	<b>(18,942)</b>	<b>(39,723)</b>

## Lupin Healthcare (UK) Limited

### 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.

Liquidity risk is managed through ongoing reviews of cash flow forecasts.

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 £
<b>At 31 March 2019</b>					
Non-interest bearing liabilities:					
- trade and other payables	5,645,836	100,210	-	2,589,934	2,955,692
Interest bearing liabilities:					
- loans and other borrowings	4,607,163				4,607,163
	<b>10,252,999</b>	<b>8,608,979</b>	<b>-</b>	<b>2,589,934</b>	<b>7,562,855</b>
<b>At 31 March 2018</b>					
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
	<b>8,608,979</b>	<b>2,916,831</b>	<b>181,155</b>	<b>605,685</b>	<b>4,905,308</b>

## Lupin Healthcare (UK) Limited

### 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%. The interest rate risk is deemed to be a low risk.

#### 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. Transactions in foreign currencies include United States Dollar (USD) & Euro (EUR).

#### Foreign currency exposure at year end

	March 31 2019	March 31 2019	March 31 2018	March 31 2018
	EUR	USD	EUR	USD
Included in trade receivables	-	(11,139)	36,640	15,514
Included in trade payables	(1,850)	-	(109,449)	-
Included in amount due from group undertakings	43,200	-	235	-
Included in amount due to group undertakings	-	(44,140)	(8,915)	(12,557)
<b>Total</b>	<b>41,350</b>	<b>(55,279)</b>	<b>(81,489)</b>	<b>2,957</b>

Exchange rates applied to balances at 31 March 2019  
USD:GBP 1.301 (2018: 1.301) and EUR:GBP 1.134 (2018: 1.134)

Transactions in foreign currencies are typically settled within 3 months and so there is minimal exposure of foreign currency movements.

### 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.

## Lupin Healthcare (UK) Limited

### 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:

	<b>March 31 2019</b>	<b>March 31 2018</b>
	<b>£</b>	<b>£</b>
Within one -year	144,343	145,017
After one-year but not more than five years	556,976	574,459
After five years	294,733	421,594
<b>Total</b>	<b><u>996,052</u></b>	<b><u>1,141,070</u></b>

## Lupin Healthcare (UK) Limited

### 15 NOTES TO THE CASH FLOW STATEMENTS

	Year Ended March 31 2019 £	Year Ended March 31 2018 £
Cash generated from Operations		
Reconciliation of (Loss) / Profit before taxation to cash generated from operations		
(Loss) / Profit before taxation	(1,429,598)	(231,386)
Adjusted for :		
Depreciation	33,033	33,422
Amortisation	-	-
Disposals	-	-
Revaluation of long term loan	331,009	(523,849)
Interest Paid	142,085	144,060
Taxation Charge	-	-
<b>Operating (Loss) / Profit before working capital changes</b>	<b><u>(923,471)</u></b>	<b><u>(577,753)</u></b>

	Year ended March 31 2019 £	Year ended March 31 2018 £
<b>16 DIRECTOR'S REMUNERATION</b>		
Gross Salary and allowances	219,236	212,450
Contribution to pensions and other funds	10,444	10,140
Perquisites	1,573	1,331
<b>Total</b>	<b><u>231,253</u></b>	<b><u>223,921</u></b>

The above remuneration related to one director (2018: 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 (2018: one).