

Company Registration No. 04353309 (England and Wales)

NICHE GENERICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

NICHE GENERICS LIMITED

COMPANY INFORMATION

Directors	B. K. Sharma G. M. Cole C. Moss
Secretary	C. Moss
Company number	04353309
Registered office	1 The Cam Centre Wilbury Way Hitchin Herts SG4 0TW
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom

NICHE GENERICS LIMITED

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NICHE GENERICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair review of the business

The company made a pre-tax loss of £1,288,139 (2015: £718,844) for the year on a turnover of £8,418,586 (2015: £9,252,679).

After accounting for the accrued preference dividends of £2,009,653, which will only be paid when the company has profit and loss reserves to do so, the shareholders funds as at 31 March 2016 show a deficit of £1,693,051.

The company's parent company, Unichem Laboratories Limited, has confirmed that it will continue to provide financial support for the company's trade for the foreseeable future.

Principal risks and uncertainties

All businesses carry with them a degree of inherent risk. Our philosophy at Niche Generic Limited is to manage risk, rather than be risk averse. Operating within the pharmaceutical sector carries with it rigorous demands from the various regulatory authorities who require 100% compliance over a wide range of regulations. Failure to comply with these regulations can have a significant adverse impact on the ongoing viability of an organisation.

We at Niche Generics Limited take our responsibility extremely seriously in this area and provide adequate human and financial resources to ensure that our quality, production and pharmacovigilance standards are of an acceptable standard to the various regulatory agencies.

In summary the management of Niche Generics Limited take a proactive approach to risk and as a consequence we see no issues which we can't address.

Key performance indicators

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

By order of the board



.....
C. Moss
Secretary

17 MAR 2016

NICHE GENERICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and accounts for the year ended 31 March 2016.

Principal activities

The principal activity of the company continues to be that of selling, manufacturing, developing and sourcing generic medicines.

Directors

The directors who served during the year were:

B. K. Sharma
G. M. Cole
C. Moss

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Preference dividends were accrued amounting to £383,464. The directors do not recommend payment of a final dividend.

Auditors

The auditors, H W Fisher & Company, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



.....
C. Moss
Secretary
17 MAY 2016

NICHE GENERICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICHE GENERICS LIMITED

We have audited the financial statements of Niche Generics Limited for the year ended 31 March 2016 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NICHE GENERICS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

H W Fisher & Co

Navinchandra Thaker (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

17th May 2016

NICHE GENERICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
	Notes	£	£
Turnover	3	8,418,586	9,252,679
Cost of sales		(3,860,090)	(4,557,276)
Gross profit		4,558,496	4,695,403
Administrative expenses		(5,789,497)	(5,348,575)
Operating loss	4	(1,231,001)	(653,172)
Interest receivable and similar income	7	674	1,001
Interest payable and similar charges	8	(55,812)	(66,673)
Loss before taxation		(1,286,139)	(718,844)
Taxation	9	(4,283)	-
Loss for the financial year	21	(1,290,422)	(718,844)
Total comprehensive income for the year		(1,290,422)	(718,844)

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

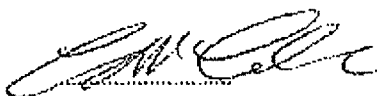
NICHE GENERICS LIMITED

BALANCE SHEET

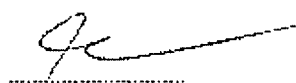
AS AT 31 MARCH 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,525,312		1,682,575
Current assets					
Stocks	13	995,377		1,151,636	
Debtors	14	3,575,364		2,755,021	
Cash at bank and in hand		425,607		196,482	
		4,996,348		4,103,139	
Creditors: amounts falling due within one year	16	(5,847,029)		(3,639,040)	
Net current (liabilities)/assets			(850,681)		464,099
Total assets less current liabilities			674,631		2,146,674
Creditors: amounts falling due after more than one year	17		(2,371,542)		(2,169,699)
Net liabilities			(1,696,911)		(23,025)
Capital and reserves					
Called up share capital	19		2,125,000		2,125,000
Capital redemption reserve	20		1,625,000		1,625,000
Profit and loss reserves	21		(5,446,911)		(3,773,025)
Total equity			(1,696,911)		(23,025)

The financial statements were approved by the board of directors and authorised for issue on 17 MAY 2016 and are signed on its behalf by:



G. M. Cole
Director



C. Moss
Director

Company Registration No. 04353309

NICHE GENERICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 April 2014	2,125,000	1,625,000	(2,687,984)	1,062,016
Period ended 31 March 2015:				
Loss and total comprehensive income for the year	-	-	(718,844)	(718,844)
Dividends	10	-	(366,197)	(366,197)
Balance at 31 March 2015	2,125,000	1,625,000	(3,773,025)	(23,025)
Period ended 31 March 2016:				
Loss and total comprehensive income for the year	-	-	(1,290,422)	(1,290,422)
Dividends	10	-	(383,464)	(383,464)
Balance at 31 March 2016	2,125,000	1,625,000	(5,446,911)	(1,696,911)

NICHE GENERICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

		2016		2015	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		405,489		(605,181)
Interest paid			(55,812)		(66,675)
Corporation tax paid			(4,283)		(282)
			<hr/>		<hr/>
Net cash inflow/(outflow) from operating activities			345,394		(672,136)
Investing activities					
Purchase of tangible fixed assets		(116,943)		(89,922)	
Proceeds on disposal of tangible fixed assets		-		230,498	
Interest received		674		1,001	
		<hr/>		<hr/>	
Net cash (used in)/generated from investing activities			(116,269)		141,577
Financing activities					
Repayment of mortgage		-		(52,025)	
		<hr/>		<hr/>	
Net cash used in financing activities			-		(52,025)
Net increase/(decrease) in cash and cash equivalents			229,125		(582,584)
Cash and cash equivalents at beginning of year			196,482		779,066
			<hr/>		<hr/>
Cash and cash equivalents at end of year			425,607		196,482
			<hr/>		<hr/>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Niche Generics Limited is a limited company incorporated in England and Wales. The registered office is 1 The Cam Centre, Wilbury Way, Hitchin, Herts, SG4 0TW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Niche Generics Limited prepared in accordance with FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

Although the balance sheet shows a net current liabilities position the Company is financially supported by its Parent company and on that basis the directors consider it to be a going concern and have prepared the accounts on that basis.

1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided, together with licence and other income from the exploitation of the company's rights in generic pharmaceuticals, net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	Over the term of the lease
Plant and machinery	10% Straight line
Fixtures, fittings and equipment	20% Straight line
Computer equipment	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies (Continued)

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
Turnover		
Product sales	8,221,954	8,954,343
Service fees	196,632	298,336
	<u>8,418,586</u>	<u>9,252,679</u>

Other significant revenue

Interest income	674	1,001
	<u>674</u>	<u>1,001</u>

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	3,005,242	2,296,377
European Union	3,542,452	4,585,061
Rest of the World	1,870,892	2,371,241
	<u>8,418,586</u>	<u>9,252,679</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

4 Operating loss

	2016	2015
	£	£
Operating loss for the year is stated after charging/(crediting):		
(Exchange losses)/(gains)	341,858	(243,696)
Fees payable to the company's auditors for the audit of the company's financial statements	18,000	18,500
Depreciation of owned tangible fixed assets	273,968	235,533
Loss on disposal of tangible fixed assets	238	6,067
Cost of stocks recognised as an expense	3,860,090	4,557,276
Operating lease charges	209,777	213,716
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016	2015
	Number	Number
Administrative, operational, and regulatory	90	87
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	3,035,230	3,161,597
Social security costs	339,850	336,759
Pension costs	182,693	171,060
	<u> </u>	<u> </u>
	<u>3,557,773</u>	<u>3,669,416</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

6	Directors' remuneration	2016	2015
		£	£
	Remuneration for qualifying services	329,411	367,332
	Company pension contributions to defined contribution schemes	28,932	28,932
		<u>358,343</u>	<u>396,264</u>
	The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).		
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
	Remuneration for qualifying services	171,732	203,549
	Company pension contributions to defined contribution schemes	18,159	10,773
		<u>189,891</u>	<u>214,322</u>
7	Interest receivable and similar income	2016	2015
		£	£
	Interest income		
	Interest on bank deposits	674	1,001
		<u>674</u>	<u>1,001</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	674	1,001
		<u>674</u>	<u>1,001</u>
8	Interest payable and similar charges	2016	2015
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Mortgage interest	-	1,944
	Bank loan interest	55,812	64,729
		<u>55,812</u>	<u>66,673</u>
9	Taxation	2016	2015
		£	£
	Current tax		
	Total UK current tax	-	-
	Foreign current tax on profits for the current period	423	-
	Adjustments in foreign tax in respect of prior periods	3,860	-
		<u>4,283</u>	<u>-</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Taxation (Continued)

Total tax charge	4,283	-
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The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2016	2015
	£	£
Loss before taxation	(1,286,139)	(718,844)
Expected tax charge based on a corporation tax rate of 20.00% (2015 - 21.00%)	(257,228)	(150,957)
Tax effect of expenses that are not deductible in determining taxable profit	1,146	904
Unutilised tax losses carried forward	250,281	141,345
Depreciation add back	54,794	53,662
Capital allowances	(45,625)	(56,132)
Other tax adjustments	915	11,178
Tax expense for the year	4,283	-

The company has trade losses of £7,793,256 (2015: £6,563,265) and unrelieved foreign tax of £4,283 (2015: £nil) available for carry forward against future trading profits.

A net deferred tax asset of £1,327,844 (2015: £1,231,722) calculated at a rate of 18% has not been included in the accounts due to the uncertainty of the period over which it will be recovered.

10 Dividends

	2016	2015
	£	£
Dividends on non-equity shares:		
Preference dividend accrued	383,464	366,197
	383,464	366,197

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

11 Tangible fixed assets

	Short leasehold land and buildings	Plant and Fixtures, fittings machinery and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2015	1,629,123	1,533,022	356,682	3,518,827
Additions	-	50,087	63,398	113,575
Disposals	-	(24,740)	(15,132)	(44,551)
At 31 March 2016	1,629,123	1,558,369	404,948	3,592,440
Depreciation and impairment				
At 1 April 2015	650,023	926,846	263,416	1,840,285
Depreciation charged in the year	87,550	125,696	58,731	271,977
Eliminated in respect of disposals	-	(24,502)	(15,132)	(44,134)
At 31 March 2016	737,573	1,028,040	307,015	2,072,628
Carrying amount				
At 31 March 2016	891,550	530,329	97,933	1,520,812
At 31 March 2015	979,100	606,176	93,266	1,678,542

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,515,945	2,679,228
Carrying amount of financial liabilities		
Measured at amortised cost	7,952,026	5,661,625

13 Stocks

	2016 £	2015 £
Raw materials and consumables	567,181	678,197
Finished goods and goods for resale	428,196	473,439
	995,377	1,151,636

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

14 Debtors	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	2,285,350	1,916,946
Amounts due from fellow group undertaking	702,056	486,251
Other debtors	524,679	276,031
Prepayments and accrued income	63,279	75,793
	<u>3,575,364</u>	<u>2,755,021</u>

15 Loans	2016	2015
	£	£
Bank loan	<u>2,371,542</u>	<u>2,169,699</u>
Payable after one year	<u>2,371,542</u>	<u>2,169,699</u>

The bank loan, denominated in Euros, is secured/guaranteed by a standby letter of credit supported by Unichem Laboratories Limited, the company's parent. Unichem Laboratories Limited has confirmed that it will continue to provide this support for the foreseeable future. The loan bears interest at LIBOR plus 2.75% per annum and is repayable in full at the end of the loan term. Interest is payable on a quarterly basis.

16 Creditors: amounts falling due within one year	2016	2015
	£	£
Trade creditors	404,932	284,701
Amount due to parent undertaking	3,074,276	1,494,009
Other taxation and social security	266,545	147,114
Preference dividends accrued	2,009,653	1,626,189
Other creditors	19,373	19,363
Accruals and deferred income	72,250	67,664
	<u>5,847,029</u>	<u>3,639,040</u>

The accrued preference dividends will only be paid when the company has profit and loss reserves available to enable it to do so.

17 Creditors: amounts falling due after more than one year	2016	2015
	£	£
Bank loan (see note 15)	<u>2,371,542</u>	<u>2,169,699</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £182,693 (2015 - £171,060).

19 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
375,000 Ordinary A shares of £1 each	375,000	375,000
250,000 Ordinary B shares of £1 each	250,000	250,000
	<u>625,000</u>	<u>625,000</u>
Preference share capital		
Issued and fully paid		
1,500,000 Preference shares of £1 each	1,500,000	1,500,000
	<u>2,125,000</u>	<u>2,125,000</u>

1,500,000 12% redeemable preference shares of £1 each are redeemable at the option of the company at any time.

20 Capital redemption reserve

	2016	2015
	£	£
At beginning and end of year	<u>1,625,000</u>	<u>1,625,000</u>

21 Profit and loss reserves

	2016	2015
	£	£
At beginning of year	(3,773,025)	(2,687,984)
Loss for the year	(1,290,422)	(718,844)
Preference dividends accrued	(383,464)	(366,197)
At end of year	<u>(5,446,911)</u>	<u>(3,773,025)</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

22 Financial commitments, guarantees and contingent liabilities

A contingent liability exists in connection with a fine of just under €14m imposed on the Company jointly and severally with its parent company by the European Commission ("EC") in July 2014, contending that the Company and its parent company had acted contrary to the EU competition law as the Company had, in early 2005, agreed to settle a financially crippling patent litigation with a French pharmaceutical company, Laboratories Servier.

The Company profoundly disagrees with the EC's findings and is vigorously challenging the EC decision before the European Courts and have it overturned.

Both the company and its parent Company submitted appeals in September 2014 to the EU General Court. The Company has been advised by its lawyers that although a judgement is anticipated around 2017, the appeal process before EU courts is very slow and as this is a complex matter it is possible that the case may take even longer to be concluded.

The Company has asked that the decision and the fine be annulled in their entirety or, in the alternative, the fine be reduced.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	177,921	159,592
Between two and five years	675,686	650,368
In over five years	729,091	817,716
	<u>1,582,698</u>	<u>1,607,676</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

24 Related party transactions

The company in its normal course of business purchased goods from its parent company, Unichem Laboratories Limited. During the year this amounted to £1,885,032 (2015: £2,101,488).

At 31 March 2016 the company owed an amount of £3,080,156 (2015: £1,499,862) to Unichem Laboratories Limited (equivalent of £2,919,061 prior to retranslation at year-end exchange rates) and was owed £5,880 (2015: £5,853) by Unichem Laboratories Limited.

During the year the company recharged product licence costs to Unichem Laboratories Limited (Ireland), a fellow subsidiary company, for an amount of £51,337 (2015: £51,386). During the year, staff costs and associated expenses were also recharged by the company to Unichem Laboratories Limited (Ireland) amounting to £83,028 (2015: £82,560). During the year the company in the normal course of business sold goods to Unichem Laboratories Limited (Ireland) for an amount of £27,564 (2015: £37,489) (equivalent of €36,807) and purchased licences from Unichem Laboratories Limited (Ireland) for an amount of £23,081 (2015: £9,022) (equivalent of €31,505).

At 31 March 2016 the company was owed an amount of £702,056 (2015: £486,251) by Unichem Laboratories Limited (Ireland) (equivalent of £686,306 prior to retranslation at year-end exchange rates).

25 Controlling party

The directors regard the company's parent company, Unichem Laboratories Limited (a company incorporated in India with a registered office address at Unichem Bhavan, Prabhat Estate, Off. S. V. Road, Jogeshwari (West), Mumbai - 400 102), as the ultimate controlling party of the company.

26 Cash generated from operations

	2016	2015
	£	£
Loss for the year	(1,290,422)	(718,844)
Adjustments for:		
Income tax expense	4,283	-
Finance costs	55,812	66,673
Investment income	(674)	(1,001)
Loss on disposal of tangible fixed assets	238	6,067
Depreciation and impairment of tangible fixed assets	273,968	255,533
Foreign exchange on bank loans	201,843	(309,230)
Movements in working capital:		
Decrease in stocks	156,259	370,932
(Increase) in debtors	(820,343)	(299,072)
Increase in creditors	1,824,525	23,761
Cash generated from/(absorbed by) operations	405,489	(605,181)