WOCKHARDT BIO AG LIFE WINS

RELEASE – AUDITED CONSOLIDATED & STATUTORY FINANCIAL STATEMENTS

Zug, 8th June 2017

The audited consolidated and statutory financial statements for the full year ended 31st March 2017 were approved by the Board of Directors at their meeting held on June 7th 2017.

Audited consolidated financial statements for the full year ended 31st March 2017

The presentation currency for the consolidated financial statements is USD.

Audited consolidated income statement

Total Revenue

Consolidated Revenues for the Financial Year 2016-17 were at USD 337.74 million, a decrease of 19.5% over the same period in the previous year.

Gross Margin

The Gross Margins were at 52.4% during the Financial Year 2016-17, compared to 63.0% over the same period in the previous year.

Operating Result

The Operating Result for the Financial Year 2016-17 had a loss of USD 40.38 million, compared to a positive result of USD 42.07 million over the same period in the previous year. The Research & Development expenses stood at 8.8% of Total Revenue in the Financial Year 2016-17 at USD 29.72 million.

Profit/(Loss)

The Loss for the Financial Year 2016-17 was USD 44.88 million, compared to a positive result of USD 26.82 million over the same period in the previous year. In absolute terms, the Total Revenue dropped by USD 81.75 million compared to the same period in the previous year, while Total expenses are stable compared to the same period in the previous year.

Audited consolidated balance sheet

Balance sheet as at 31st March 2017

The Net Debt to Equity ratio as at 31st March 2017 stands at 0.29 compared to 0.05 as at 31st March 2016.

On 31st March 2017, Current and Non-current financial liabilities increased to USD 323.53 million from USD 123.02 million on 31st March 2016.

On 31st March 2017, Cash & cash equivalents and Securities totaled USD 234.50 million compared to USD 104.09 million as on 31st March 2016.

This press release, about the audited consolidated and statutory financial statements for the full year ended 31st March 2017 is also available in electronic form at www.wockhardtbio.com

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Stock Listing

The registered shares of Wockhardt Bio AG are traded at the BX Bern eXchange.

Ticker Symbols:

WBIO (Telekurs)
Securities nummer 19304250
ISIN CH 019 304 250 1

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BDO Ltd
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8031 Zurich

To the General Meeting of

Wockhardt Bio LTD
Grafenauweg 6
6300 Zug

Report of the Statutory Auditor on the Consolidated Financial Statements for the year 2016/17 in accordance with Swiss GAAP FER

(for the year ended 31 March 2017)

31 May 2017
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REPORT OF THE STATUTORY AUDITOR

To the General Meeting of Wockhardt Bio LTD, Zug

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Wockhardt Bio LTD, which comprise the consolidated balance sheet as at 31 March 2017, and the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2017 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Emphasis of Matter

We draw attention to Note 24 to the consolidated financial statements for the year ended 31 March 2017, which describes the uncertainty related to the outcome of a lawsuit, relating to a commercial dispute, where the Group is the defendant. The case has been heard in court, however judgement is currently pending. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the consolidated financial statements. Our opinion is not qualified in respect of this matter.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Chargebacks	
Sale of goods to independent pharmaceutical wholesalers is the major revenue stream. This revenue includes estimated price reductions (allowance for chargebacks) at the time of the initial sale. However, the final amount of the chargeback is determined later, at the time the wholesaler sells the product to the end-user. Due to the significant portion of management judgement involved, this is considered as a key audit matter. The provision reported as of 31 March 2017 for provision for commission/rebate amounts to USD 10.1 million. We refer to note 22 to the consolidated financial statements for further information regarding provision for commission/rebate.	We tested the internal controls surrounding revenue recognition amongst which, segregation of duties and authorization of sales and sales prices. We evaluated and challenged management's assumptions in regard to chargebacks. We compared the effective chargebacks with the estimate to verify the judgement applied. We tested the appropriate allocation of revenue to the correct period (cut off testing). We requested accounts receivables confirmations and tested manual journal entries. Furthermore, we have assessed the adequacy of the disclosures relating to chargebacks in the notes.
Capitalisation of development cost	
The group has external and internal development cost of USD 42.8 million capitalised as intangible assets - licenses in progress. The main part of it relates to five New Chemical Entities (NCE's), which received Qualified Infectious Disease Product (QIDP) status from the US Food and Drug Administration (US FDA), in various stages of development. There is an inherent level of uncertainty with respect to the recoverability of such capitalised costs, until the new drug discovery programmes are successfully completed. Due to the size of capitalized development costs and the level of uncertainty involved making management's assessment highly judgmental; specifically regarding the expected future sales we consider this to be a key audit matter. We refer to note 16 to the consolidated financial statements for further information on the capitalisation of development costs.	We tested whether the capitalised costs met all the criteria for capitalization set out in accounting standards. Therefore, we reconciled on a sample basis the additional capitalised costs for the period to the underlying invoices and supporting documents. We tested the exchange differences for reasonableness. We challenged management's assessment of the future sales related to the NCE's to assess the reasonableness of management's estimation of recoverability of the capitalised costs. Furthermore, we have assessed the adequacy of the disclosures relating to capitalisation of development costs in the notes.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 31 May 2017

BDO Ltd

René Füglister	Christoph Schmidt
Auditor in Charge Licensed Audit Expert	Licensed Audit Expert

Enclosures
Consolidated financial statements

Consolidated income statement

in USD Mn	Note	1.4.2016 - 31.3.2017	1.4.2015 - 31.3.2016 restated*
Net sales from goods and services	4	331.11	417.95
Other operating income	5	6.63	1.54
Total revenue		337.74	419.49
Change in inventory of finished and unfinished goods		2.68	1.79
Material expense		(163.47)	(156.92)
Personnel expense	6	(74.03)	(72.44)
Other operating expense	7	(133.99)	(140.57)
Depreciation on tangible fixed assets	15	(4.70)	(4.60)
Amortisation on intangible assets	16	(4.61)	(4.68)
Total expenses		(378.12)	(377.42)
Operating result		(40.38)	42.07
Financial income / (expenses)	8	(11.71)	(4.84)
Ordinary result		(52.08)	37.23
Extraordinary income / (loss)		4.02	-
Profit/(loss) before income taxes		(48.07)	37.23
Income taxes	9	3.19	(10.41)
Profit/(loss)		(44.88)	26.82
Basic and also diluted earnings per share (in USD):			
Earnings per share		(0.86)	0.54

* Certain amounts shown here do not correspond to the consolidated financial statements 2015/16 and reflect adjustments made. We refer to Note 18 on page 16.

The notes from 1 to 28 form an integral part of the consolidated financial statements.

Consolidated balance sheet

in USD Mn	Note	31.3.2017	31.3.2016 *restated
Assets			
Cash and cash equivalents		147.83	104.09
Securities		86.67	-
Receivables from goods and services	12	120.01	144.52
Other short-term receivables	13	11.47	6.96
Advance receivable - related party	26	113.71	147.04
Inventories	14	90.42	87.92
Current assets		570.11	490.53
Tangible assets	15	94.56	85.99
Intangible assets	16	61.51	41.33
Deferred income tax assets	18	19.97	17.97
Non-current assets		176.04	145.29
Total assets		746.15	635.82
Liabilities and equity			
Short-term financial liabilities	17	24.79	49.64
Payables from goods and services	19	52.87	57.92
Other short-term liabilities	20	31.76	22.89
Short-term provisions	22	12.81	31.24
Accrued liabilities and deferred income	21	0.79	0.75
Current liabilities		123.01	162.44
Long-term financial liabilities	17	298.74	73.38
Long-term provisions	22	9.45	0.07
Deferred income tax liabilities	18	3.13	2.16
Non-current liabilities		311.32	75.61
Share capital		56.21	56.21
Legal reserves		26.76	50.22
Capital reserve		60.54	60.54
Currency translation adjustments		(85.12)	(74.91)
Retained earnings		253.43	305.72
Total equity	23	311.82	397.77
Total liabilities and equity		746.15	635.82

* Certain amounts shown here do not correspond to the consolidated financial statements 2015/16 and reflect adjustments made. We refer to Note 18 on page 16.

The notes from 1 to 28 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

in USD Mn		Note	1.4.2016 - 31.3.2017	1.4.2015 - 31.3.2016 *restated
Profit/(loss) for the year			(44.88)	26.82
+/–	depreciation/amortisation of tangible/intangible assets	15, 16	9.30	9.28
+/–	increase / decrease in value of securities		(5.97)	(0.91)
+/–	increase / decrease of provisions (including deferred income taxes) that do not affect the fund	18, 22	(10.08)	5.59
+/–	decrease / increase of inventories		(2.51)	(2.97)
+/–	decrease / increase of other receivables		28.83	86.47
+/–	increase / decrease of receivables from deliveries and services		24.50	(40.22)
+/–	increase / decrease of payables from goods and services		(5.05)	(3.80)
+/–	increase / decrease of other short-term liabilities and accrued liabilities and deferred income		8.90	(21.11)
Net cash flow from operating activities			3.05	59.15
+/-	inflows/outflows for investment (purchase) of tangible fixed assets	15	(13.26)	(15.10)
+/-	inflows/outflows from disposal (selling)/purchase of financial assets (securities)		(80.70)	60.90
+/-	outflows for investment (purchase) of intangible assets	16	(24.79)	(16.79)
Net cash flow from investing activities			(118.75)	29.01
+/-	issuance / repayment of short-term financial liabilities		(24.85)	(59.47)
+/-	issuance / repayment of long-term financial liabilities		225.36	(22.68)
+/-	inflows from capital increase (including agio)		-	12.83
+/-	acquisition of subsidiary, net of cash acquired		-	15.76
+/-	distribution to shareholders	11	(30.86)	-
Net cash flow from financing activities			169.65	(53.56)
Net change in cash and cash equivalents			53.95	34.60
Cash and cash equivalents at the beginning of the period			104.09	74.75
Net change in cash and cash equivalents			53.95	34.60
Exchange (losses) / gains on cash			(10.21)	(5.26)
Cash and cash equivalents at the end of the period			147.83	104.09

* Certain amounts shown here do not correspond to the consolidated financial statements 2015/16 and reflect adjustments made. We refer to Note 18 on page 16.

The notes from 1 to 28 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

in USD Mn

	Share capital	Legal Reserves	Capital reserve	Currency translation adjustments	Retained earnings	Total equity
Balance at April 1, 2015	51.03	42.57	1.84	(69.65)	269.94	295.73
Change in Accounting Policy					8.95	8.95
Balance at April 1, 2015 (*restated)	51.03	42.57	1.84	(69.65)	278.89	304.68
Capital Increase	5.18	-				5.18
Share Premium		7.65				7.65
Acquisition of CP Pharmaceuticals Ltd.		-	58.70		-	58.70
Profit/(loss)					26.82	26.82
Currency translation adjustments				(5.26)		(5.26)
Balance at March 31, 2016	56.21	50.22	60.54	(74.91)	305.71	397.77
Share Premium (note 23)		-				-
Distribution to shareholders (note 12)		(23.46)	-		(7.40)	(30.86)
Profit/(loss)					(44.88)	(44.88)
Currency translation adjustments				(10.21)		(10.21)
Balance at March 31, 2017	56.21	26.76	60.54	(85.12)	253.43	311.82

* Certain amounts shown here do not correspond to the consolidated financial statements 2015/16 and reflect adjustments made. We refer to Note 18 on page 16.

The notes from 1 to 28 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Wockhardt Bio AG ('WBIO' or 'Company') is a subsidiary of Wockhardt Ltd, Mumbai (India). The Company together with its subsidiaries (collectively, 'the Group'; see note 28) is primarily engaged in the business of manufacturing and marketing of pharmaceutical products. The Group has two manufacturing plants.

The bearer shares of Wockhardt Bio AG are listed on BX Berne eXchange since December 19, 2013.

The consolidated financial statements of the Group for the year ended 31 March 2017 were authorized for issue in accordance with a resolution of the directors on 31st May 2017.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Wockhardt Bio AG have been prepared in accordance with the complete set of Swiss GAAP FER. They comply with the complementary recommendation for listed companies (Swiss GAAP FER 31) and the requirements of the BX Berne eXchange. These consolidated financial statements have been prepared under the historical cost convention. All financial information included in the consolidated financial statements and notes to the consolidated financial statements are presented in US dollar (USD) and rounded to the nearest ten thousand unless otherwise stated.
With effect of 1 April 2016, the Group has adopted the changes in Swiss GAAP FER Framework, FER 3 and FER 6 in regards to revenue recognition, revenue measurement and disclosure. The amendments had no impact on the Group`s consolidated financial statements in respect to revenue recognition and measurement.

2.2 Consolidation

2.2.1 Changes in the scope of consolidation

Wockhardt Bio AG has incorporated a new company named Wockhardt Bio Pty. Ltd. in Australia. Wockhardt Bio Pty. Ltd. has a registered share capital of AUD 10,000 made up of 10,000 shares of AUD 1 each. The activity of Wockhardt Bio Pty. Ltd. is the trading and sale of pharmaceutical products. The company started business towards the end of this Financial Year and reported a revenue of AUD 0.5 Mn (USD 0.40 Mn).

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The net assets taken over in an acquisition are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the newly valued net assets taken over is designated as goodwill. At the date of the acquisition, the acquired goodwill is offset with equity. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is also offset in equity. Subsequent adjustments to any contingent purchase consideration are recorded as an adjustment to the acquisition's cost and to goodwill. Adjustments to the fair values of the acquired net assets are recorded in the income statement in subsequent periods.

Intercompany transactions, balances, and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Investments in associates

Investments in associates are accounted for using the equity method of accounting. These are entities in which Wockhardt Bio AG has significant influence and which are neither subsidiaries nor joint ventures of Wockhardt. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these decisions (usually 20-50% of voting rights). Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize Wockhardt's share of profit or loss of the investee after the acquisition date.

2.2.3 Securities

The company excess cash is invested into regulated financial market (equity and bond), as part of the current assets, are valued at actual values. If there is no actual value at hand they are valued at acquisition cost less impairment, if any.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US dollars, which is the the Group's presentation currency.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.3.3 Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. For purposes of the disclosure of the effects of a theoretical capitalization, goodwill is treated as an asset of Wockhardt Bio AG and is carried in the Company's functional currency.

The principal exchange rates versus the US dollar were as follows:

		Ø 2016/17	March 31, 2017	Ø 2015/16	March 31, 2016
1	EUR	1.0936	1.0684	1.1038	1.1392
1	GBP	1.3017	1.2463	1.5029	1.4399
1	CHF	1.0091	0.9994	1.0257	1.0413
1	AUD	0.7600	0.7600	-	-
1	RUB	0.0160	0.0177	-	-

2.4 Revenue recognition and chargebacks

Revenue is recognized at the time product is shipped by the Group, which is when title passes. Allowances for discounts, chargebacks, and rebates are recognized in the same period as the related sales. A significant portion of products is distributed by independent pharmaceutical wholesalers; when a sale is initially recorded to a wholesaler, the sale and resulting receivable are recorded at list price. However, experience indicates that most of these selling prices will eventually be reduced to a lower, end-user contract price.

Chargebacks are difference in value between Wockhardt established WAC (Wholesale Acquisition Cost) and the negotiated contract price extended to certain customers/distributors. Therefore, at the time of the sale, an allowance is recorded for, and revenue is reduced by, the difference between the list price and the estimated average end-user contract price. When the wholesaler ultimately sells the product, the wholesaler charges the Group (chargeback) for the difference between the list price and the end-user contract price, and such chargeback is offset against the initial estimated allowance.

Additionally, the Group also issues rebates to its customers based on the amount of purchases a customer has made or the amount of product that has been sold by its customer. Estimated rebates are accrued as an allowance and reduce revenues at the time of the initial sale, and are generally paid on a monthly basis. Accounts receivable are presented net of such allowances.

To control credit exposure, the Group routinely monitors the creditworthiness of its customers, reviews outstanding customer balances on a regular basis, and records allowances for bad debts as necessary. Additionally, the Group evaluates the collectability of its accounts receivable based on the length of time the receivable is past due and the anticipated future uncollectible amounts based on historical experience. Accounts receivable are charged off against the allowance account when they are deemed uncollectible. The Group does not require customers to maintain collateral.

2.4.1 Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to customers. Revenues are recorded at invoice value, net of value added tax (VAT)/duties, returns and trade discounts.

2.4.2 Sale of Services

Revenues from services are recognized on completion of rendering of services.

2.4.3 Royalties

Royalties are recognized on an accrual basis in accordance with the terms of the relevant agreement.

2.4.4 Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.5 Employee benefits

2.5.1 Pension obligations

The obligations of all Group companies in respect of retirement, death and disability are based on local rules and regulations in the respective countries. The obligation in respect of the pension plans of all Group companies is with the pension institution and not with the Group companies except for Wockhardt France Holding where the Pension Fund is maintained by the Group.

2.6 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Wockhardt Bio AG does not recognize deferred income tax assets on unused tax losses.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and current accounts with banks.

2.8 Receivables from goods and services

Receivables from goods and services are valued at par value less impairment, if any. A provision for impairment of receivables from goods and services is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable from goods and services is impaired. The carrying amount of the asset is reduced through the use of provision against the doubtful debts allowance account, and the amount of the loss is recognized in the income statement within "other operating expenses." When a receivable from goods and services is uncollectible, it is written off against the bad debts allowance account for receivables from goods and services. Subsequent recoveries of amounts previously written off are credited against "other operating expenses" in the income statement.

2.9 Inventories

All inventories are valued at moving weighted average price other than finished goods and work in progress, which are valued on quarterly moving average price. Finished goods and work in progress is computed based on respective moving weighted average price of procured materials and appropriate share of labour and other manufacturing overheads.

Inventories are stated at the lower of average cost and net realizable value. Cost also comprises all charges incurred for bringing the inventories to their present location and condition. Duties accrued on production or import of goods, as applicable, is included in the valuation of finished goods.

Inventories of stores and spare parts are valued at cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

2.10 Fixed assets

The carrying amounts of fixed assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount.

2.10.1 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. The Group capitalises all costs relating to the acquisition and installation of fixed assets.

Depreciation is provided, using the straight line method, pro rata to the period of use of assets, at the rates mentioned below or essentially based on the useful lives of the assets estimated by the management, whichever is higher. The rates used by the Group are as follows:

Assets	Rates
Leasehold land	Over the period of lease
Buildings	1.63 - 3.34 %
Plant and machinery	4.75 - 6.67 %
Furniture & fixtures	6%
Office equipment	25%
Information technology equipment	20 - 33.33 %
Vehicles	20 - 33.33 %

2.10.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.
The cost relating to Intangible assets, which are acquired, are capitalized and amortised on a straight line basis up to the period of three to ten years, which is based on their estimated useful life.

Generally the intangible assets (Intellectual property rights, market authorisations etc.) are amortised over a period of 10 years. However, there are instances where the useful life is considered less than 10 years by Group companies. As such useful life period is based on various factors such as the life cycle of the product, competitive environment, forecast on market of the product, manufacturing plans of the Group etc. Wherever the foregoing factors strongly justify a useful life of less than 10 years, a lesser period is considered for amortising the intangible assets.

2.10.3 Research and development (R&D)

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services prior to the commencement of commercial production or us.

2.11 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that suffered an impairment are reviewed for a possible reversal of the impairment at each reporting date.

2.12 Borrowings

Borrowings are initially recognized at par value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.13 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 are charged (net of any incentives received from the lessor) to the income statement on a straightline basis over the period of the lease.

Finance lease assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases and hire purchase contracts. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful life of equivalent owned assets.

2.14 Payables from goods and services

Payables from goods and services and other payables are recognized at par value.

2.15 Provisions

Provisions for contingent purchase considerations, restructuring costs, legal cases, warranties, and others are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.16 Equity

2.16.1 Share capital

Bearer shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16.2 Goodwill offset in equity

Goodwill represents the excess of the cost of an acquisition of a subsidiary over the Group's share of the newly valued net assets taken over. At the date of the acquisition, the acquired goodwill is offset against equity.

For purposes of the disclosure of the effects of a theoretical capitalization, acquired goodwill is amortized over five years and carried at cost less accumulated amortization and impairment losses. Impairment losses on goodwill are not reversed.

In case of a disposal, acquired goodwill offset against equity at an earlier date is considered at original cost to determine the profit or loss recognized in the income statement.

2.17 Government grants

Capital grants (eg for research and development, capital purchase of equipment and buildings, technology and innovation) are credited to a deferred income account and depreciated over the useful life of the asset by equal annual installments. Revenue grants are credited to income in the period to which they relate.

3 Use of estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4 Net sales from goods and services

4.1 Information about Primary Segments

The Group is primarily engaged in the pharmaceutical business which is considered as the only reportable business segment.

4.2 Information about Secondary Segments

Net sales by regions of destination

in USD Mn	2016/17	2015/16
USA	112.93	143.88
Europe	195.97	245.41
Rest of the world	22.21	28.66
Total net sales by regions of destination	331.11	417.95

In August, 2016, the Company`s parent Wockhardt Limited, received Import Alert 66-40 on it's API facility (Active Pharmaceuticals Ingredients) located at Ankleshwar, Gujarat. However, in October, 2016, US FDA excluded product 'Ceftriazone Sodium' from import alert from the same plant enabling the Company to continue to manufacture and sell the same (both API and formulation) in the US market.

During the year, on a significant positive, the parent Wockhardt Limited received approvals of UK MHRA for its manufacturing facility at L-1, Chikalthana, Aurangabad and reduced the inspection frequency to 2 years from existing frequency of 1 year. UK MHRA also has confirmed compliance with the principles and guidelines of GMP for the Company's manufacturing facility at Kadaiya, Daman. HPRA (Health Products Regulatory Authority), Ireland inspected the manufacturing facility at Shendra, Aurangabad during the year.

5 Other operating income

in USD Mn	2016/17	2015/16
Foreign exchange variance	0.15	0.19
Profit on sale of investments (net)	0.41	0.05
Profit on sale of assets (net)	-	0.07
Gain on investments	5.97	0.91
Miscellaneous income	0.11	0.32
Total other operating income	6.63	1.54

6 Personnel expense

in USD Mn	2016/17	2015/16
Salaries and wages	59.90	61.92
Pension Expense	0.12	3.55
Staff welfare & training expenses	1.56	1.92
Other Personnel Expenses	12.45	5.05
Total personnel expense	74.03	72.44

The pension expense is summarized as follows:

in USD Mn	Nominal value	Renounce of use	Balance sheet	Accumulation	Balance sheet	Result from ECR within personnel expense	
	31.3.2017	31.3.2017	31.3.2017	2016/17	31.3.2016	2016/17	2015/16
Employer contribution reserves (ECR)							
Patronage funds / pension institutions	0.12	-	0.12	-	0.08	-	-
Pension institutions	-	-	-	-	-	-	-
Total	0.12	-	0.12	-	0.08	-	-

in USD Mn	Surplus/ deficit	Economical share of the group		Change to previous year	Contributions accrued	Pension benefit expenses within personnel expense	
	31.3.2017	31.3.2017	31.3.2016			2016/17	2015/16
Economical benefit / obligation and pension expenses							
Patronage funds / pension institutions	-	-	-	-	-	-	-
Pension institutions without surplus/deficit	-	-	-	-	-	0.12	0.11
Pension institutions with surplus	-	-	-	-	-	-	-
Pension institutions with deficit	-	-	-	-	-	-	-
Pension institutions without own assets	-	-	-	-	-	-	-
Pension Funds foreign country	(10.15)	(10.15)	(8.16)	(1.99)	-	3.16	3.44
Total	-	-	-	-	-	3.28	3.55

7 Other operating expense

in USD Mn	2016/17	2015/16
Clinical trial expenses	3.12	3.41
Consultancy charges	38.93	20.05
Distribution cost on domestic sales	0.13	6.10
General expenses	3.49	5.49
Research & development expenses	26.59	56.84
Insurance	2.39	2.57
Travelling expenses	1.80	2.17
Rent, rates and taxes	2.65	2.61
Commission on sales	0.86	2.19
Provision for doubtful debts	11.10	3.78
Others	42.91	35.36
Total other operating expense	133.99	140.57

8 Financial income / (expenses)

in USD Mn	2016/17	2015/16
Interest expense on term loans	(7.94)	(1.73)
Interest received	0.47	(0.03)
Financial expenses and bank charges	(0.50)	(1.60)
Exchange loss	(3.73)	(1.48)
Total financial income / (expenses)	(11.71)	(4.84)

9 Income tax (credit)/expense

in USD Mn	2016/17	2015/16
Deferred income tax (credit)/expense (note 18)	(1.02)	6.10
Current income tax expense	(2.16)	4.31
Total income tax (credit)/expense	(3.19)	10.41

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

	2016/17	2015/16
Accounting Profit/(Loss) before Income tax	(48.07)	37.23
Average applied income tax rate of 14.5% (18 %)	(6.94)	6.71
Adjustment of tax charge in respect of prior periods	(0.77)	(3.41)
Effect of higher tax rates	(1.84)	1.06
Effect of lower tax rates	2.42	-
Effect of expenses not deductible for tax purposes	-	0.58
Effect of capital allowances & depreciation	-	0.40
Not recognised tax losses in the current year	4.17	2.39
Utilisation of previously unrecognised tax losses	(0.23)	(0.17)
Other adjustments	-	2.85
At the effective income tax rate of 6.6% (27.9%)	(3.19)	10.41
Income tax expense reported in the income statement	(3.19)	10.41

10 Earnings per share

Basic and diluted earnings per share are calculated on the basis of the profit for the year and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares. The Company does not have any categories of dilutive potential ordinary shares.

	2016/17	2015/16
Profit for the year (in USD Mn):	(44.88)	26.82
Weighted average number of shares in issue during the year:		
Bearer shares	51'948'000	49'448'000
Basic and also diluted earnings per share (in USD):		
Earnings per share	(0.86)	0.54

11 Distribution to shareholders

	Shares outstanding		Payment per share		USD Mn	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Dividend paid out of retained earnings	51'948'000	51'948'000	(0.14)	-	(7.40)	-
Dividend paid out of capital contribution reserves	51'948'000	51'948'000	(0.45)	-	(23.46)	-

12 Receivables from goods and services

in USD Mn	31.3.2017	31.3.2016
Receivables from goods and services		
Third party	126.76	146.23
Related party	6.58	0.45
Total	133.34	146.68
Provision for doubtful debts	(13.33)	(2.16)
Total receivables from goods and services	120.01	144.52

13 Other short-term receivables

in USD Mn	31.3.2017	31.3.2016
Advances recoverable in cash or in kind or for value to be received		
Related party	-	-
Other	11.47	6.96
Total other short-term receivables	11.47	6.96

14 Inventories

in USD Mn	31.3.2017	31.3.2016
Raw materials	25.67	27.03
Packing materials & Spares	7.07	5.89
Work-in-progress	1.23	2.15
Finished goods	79.64	78.22
Total inventories	113.60	113.29
Less: Inventory provision	(23.18)	(25.37)
Total inventories - net	90.42	87.92

15 Tangible assets

in USD Mn	Plant and equipment	Land and buildings	Equipment under construction	Other tangible assets	Total tangible assets
Cost					
Balance at April 1, 2015	36.97	30.70	19.49	0.06	87.22
Acquisition of CP Pharmaceuticals Ltd.	41.79	5.50	10.59	0.01	57.89
Additions	6.75	0.44	12.42	-	19.61
Disposals	-	-	(4.37)	(0.01)	(4.38)
Exchange differences	(0.21)	0.51	(0.49)	-	(0.19)
Balance at March 31, 2016	85.30	37.15	37.64	0.06	160.16
Additions	3.16	0.15	15.76	-	19.07
Disposals	(1.94)	-	(1.34)	(0.01)	(3.28)
Exchange differences	(6.95)	(1.45)	(2.09)	-	(10.50)
Balance at March 31, 2017	79.57	35.85	49.98	0.05	165.45
Accumulated depreciation					
Balance at April 1, 2015	28.02	6.68	-	0.05	34.75
Acquisition of CP Pharmaceuticals Ltd.	29.78	5.08	-	0.01	34.87
Depreciation	3.98	0.62	-	-	4.60
Disposals	-	-	-	-	-
Exchange differences	(0.11)	0.06	-	-	(0.05)
Balance at March 31, 2016	61.67	12.44	-	0.06	74.17
Depreciation	4.06	0.63	-	-	4.70
Disposals	(1.93)	-	-	(0.01)	(1.94)
Exchange differences	(5.15)	(0.87)	-	-	(6.02)
Balance at March 31, 2017	58.66	12.19	-	0.05	70.90
Net book values					
Balance at April 1, 2015	8.95	24.02	19.49	0.01	52.47
Balance at March 31, 2016	23.63	24.72	37.64	(0.00)	85.99
Balance at March 31, 2017	20.91	23.66	49.98	-	94.56

Equipment under construction essentially represents the expenses incurred on setting up a new Manufacturing facility for supply of pharmaceutical products to Group`s markets in US, Europe & Emerging Markets. The plant is expected to be operational in the FY 2020-21.

16 Intangible assets

in USD Mn	Licences and trademarks	Computer software	Licences in progress	Total intangible assets
Cost				
Balance at April 1, 2015	55.97	7.03	49.24	112.24
Additions	0.48	0.41	16.54	17.44
Disposals	-	-	(0.63)	(0.63)
Exchange differences	0.46	-	-	0.46
Balance at March 31, 2016	56.91	7.44	65.16	129.51
Additions	0.45	-	25.09	25.55
Disposals	(0.07)	-	(0.65)	(0.72)
Exchange differences	(0.50)	(0.03)	(0.07)	(0.60)
Balance at March 31, 2017	56.79	7.41	89.53	153.73
Accumulated amortisation				
Balance at April 1, 2015	30.64	5.63	46.75	83.02
Amortisation	4.25	0.43	-	4.68
Disposals	-	-	-	-
Exchange differences	0.46	-	0.02	0.48
Balance at March 31, 2016	35.35	6.06	46.77	88.18
Amortisation	4.33	0.28	-	4.61
Disposals	(0.07)	-	-	(0.07)
Exchange differences	(0.50)	-		(0.50)
Balance at March 31, 2017	39.11	6.34	46.77	92.22
Net book values				
Balance at April 1, 2015	25.33	1.40	2.49	29.22
Balance at March 31, 2016	21.56	1.38	18.39	41.33
Balance at March 31, 2017	17.68	1.07	42.76	61.51

Development Expenses on QIDP status products

The Group's New Chemical Entity ('NCE') research and development programme continued to get major boost during the Financial Year 2016-17 with the US Food and Drugs Administration ('US FDA') granting abridged clinical trial for Phase III for Wockhardt's Superdrug antibiotic WCK 5222. Till previous year 2015-16, the Group had received Qualified Infectious Disease Product (QIDP) status by US FDA for five of its breakthrough drug discovery programme in anti-infective. The Development Expenses for the year amounting to USD 19.83 Mn (CHF 19.84 Mn) prior year USD 13.4 Mn (CHF 13.07 Mn) pertaining to Group's five new breakthrough drug discovery programme in the anti-infective space duly approved under QIDP by US FDA has been capitalised during the year and included under 'Intangible Assets -Licenses in progress' as at March 31, 2017.

17 Borrowings

in USD Mn	31.3.2017	31.3.2016
Current		
Bank overdrafts	3.30	17.30
Bank loans	20.30	30.78
Related party	1.18	1.37
Others	-	0.19
Total current borrowings	24.79	49.64
Non-current		
Bank loans	298.74	73.38
Total non-current borrowings	298.74	73.38
Total borrowings	323.53	123.02

Bank loans mature until 2020 and bear an average interest rate of 2.9% annually.

Assets pledged

1 Term loan of EUR 54.56 Mn [Previous Year - 68.2 Mn] availed by Wockhardt France (Holdings) S.A.S. is secured by pledge of shares of Negma Group of companies. The loan with interest of 6 months EUR LIBOR plus 1.75% p.a. is repayable in 12 half yearly instalments by November 2020.

2 Term loan of Euro 10.0 Mn (Previous Year – Euro 15 Mn) availed by Wockpharma Ireland Limited is secured by pledge of shares of Pinewood Laboratories Limited, all movable and immovable properties of Pinewood Laboratories Limited situated at Unit at M50, Business Park, Ballymount, Dublin 12 and Deerpark, Ballymacarbry, Co. Waterford by way of first fixed charge. Further this term loan is also secured by fixed and floating charges on all other assets of Wockpharma Ireland Limited &Pinewood Laboratories Limited.
The loan carries an interest of 3 months EURIBOR plus 3.25% p.a. and is repayable in 6 half yearly instalments commencing from July 2016.

3 Wockhardt Bio AG has repaid an outstanding loan of USD 9.37 Mn (CHF 9.00 Mn) during the year. During the current Financial Year Wockhardt Bio AG has obtained a secured loan from of USD 250 Mn (CHF 250 Mn). The loan carries an interest rate of six months LIBOR plus a margin of 2.75% and is repayable in 8 equal half yearly installments. The repayment schedule of the said loan is going to commence from July 2018.
Loan availed by Wockhardt Bio AG of USD 250 million (March 31,2016 - USD Nil)] is secured as under:
- First ranking charge on fixed assets (excluding Intangible assets) and current assets of Wockhardt Bio AG and its subsidiaries (except Wockpharma Ireland Ltd. and its Subsidiaries and Wockhardt France (Holdings) S.A.S. and its Subsidiaries)
- First ranking charge on fixed assets of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh and on Fixed Deposits of INR 450 Mn (USD 6.94 Mn) in India.
- This term loan is also secured by Corproate Guarantee of USD 300 million from Wockhardt Limited.

4 Bank overdraft position includes the overdraft of Wockhardt UK Ltd. amounting at GBP 2.65 Mn (USD 3.31 Mn) [(Previous year GBP 12 Mn) (USD 17.3 Mn)]. The same is secured by a fixed and floating charge over the assets of the undertaking. Wockhardt UK Ltd., together with Pinewood Heathcare Ltd., Wockhardt UK (Holdings) Ltd., CP Pharmaceuticals Ltd. and Wallis Group Ltd. and its subsidiaries, have provided an unlimited cross-charge to secure the group borrowings.

5 As per financial year-end there were open guarantees and bid-/performance bonds by Credit Suisse to third parties secured by a general deed of pledge in the amount of USD 0.32 Mn (Previous Year USD 0.90 Mn).

6 During the year Morton Grove Pharmaceuticals Limited, indirect subsidiary of the Company, acquired some equipment through Capital lease USD 0.07 Mn (Previous year USD 0.08 Mn) and will be re payable by 5 monthly instalments by August 2017.

18 Deferred income tax

in USD Mn	31.3.2017	31.3.2016
Deferred income tax assets	19.97	17.97
Deferred income tax liabilities	(3.13)	(2.16)
Deferred income tax assets/(liabilities), net	16.84	15.81

The movement on the deferred income tax account is as follows:

in USD Mn	31.3.2017	31.3.2016
Balance at April 1,	15.81	21.91
Deferred income tax credit/(expense) (note 9)	1.02	(6.10)
Balance at March 31,	16.84	15.81

Deferred income tax assets and liabilities arise from temporary differences between the tax bases and their carrying amounts in the Group's financial statements in the following balance sheet items:

in USD Mn	31.3.2017	31.3.2016
Inventories	6.44	6.81
Provisions	7.97	7.94
Receivables from goods and services & others	5.56	3.22
Tangible assets	(3.13)	(2.16)
Total balance March 31,	16.84	15.81

Deferred tax assets in the amount of USD 2 Mn (Previous year USD 1.3 Mn) on current losses of Wockhardt Bio AG stand alone financials have not been considered above.
The tax rates applied for the calculation of the deferred income taxes are US 38%, UK 20%, France 33.33% and Ireland 12.5%.

Deferred tax assets and liablities on the stock reserves have been reconsidered retroactively, i.e. from financial year 2014-15. This change in accounting policy has resulted in an impact of USD 6.81 Mn on the Deferred Tax Assets and Retained Earnings as of 31 March 2016, USD 8.95 Mn on Deferred Tax Assets and Retained Earnings as of 1st April 2015 as well as USD 2.14 Mn on income taxes for the period from 1st April 2015 to 31 March 2016. All pertinent positions in the income statement, balance sheet, cash flow and notes have been restated accordingly to reflect these changes.

19 Payables from goods and services

in USD Mn	31.3.2017	31.3.2016
Payables from goods and services		
Third party	39.53	41.29
Related party	13.34	16.63
Total payables from goods and services	52.87	57.92

20 Other short-term liabilities

in USD Mn	31.3.2017	31.3.2016
VAT, social tax & other similar payables to government	1.68	2.72
Other liabilities	30.08	20.17
Total other short-term liabilities	31.76	22.89

21 Accrued liabilities and deferred income

in USD Mn	31.3.2017	31.3.2016
Interest accrued & due on security deposit	-	-
Interest accrued but not due	0.79	0.75
Total accrued liabilities and deferred income	0.79	0.75

22 Provisions

in USD Mn	Provision for taxes	Provision for commission/ rebate	Provision for benefit obligations	Restructuring provisions	Other provisions	Total
Carrying amount as per April 1, 2015	5.07	15.54	3.75	0.27	2.00	26.62
Creation/Addition	6.31	37.92	7.64	0.04	-	51.92
Utilisation	(2.25)	(35.88)	(3.22)	(0.06)	(2.00)	(43.41)
Release	(3.56)	-	-	(0.25)	-	(3.81)
Exchange Differences	-	-	-	-	-	-
Carrying amount as per March 31, 2016	5.56	17.58	8.16	-	-	31.31
Creation/Addition	1.57	18.82	5.85	0.08	-	26.32
Utilisation	(4.52)	(26.28)	(3.00)	(0.07)	-	(33.88)
Release	-	-	-	(0.01)	-	(0.01)
Exchange Differences	(0.60)	(0.03)	(0.87)	-	-	(1.49)
Carrying amount as per March 31, 2017	2.01	10.09	10.15	-	-	22.25
Whereof at April 1, 2015						
Current Portion	5.07	15.54	3.68	-	-	24.29
Non-Current Portion	-	-	0.07	0.27	2.00	2.33
Whereof at March 31, 2016						
Current Portion	5.57	17.58	8.09	-	-	31.24
Non-Current Portion	-	-	0.07	-	-	0.07
Whereof at March 31, 2017						
Current Portion	(0.76)	10.09	3.48	-	-	12.81
Non-Current Portion	2.78	-	6.67	-	-	9.45

23 Equity

The issued share capital of the Company consists of 51'948'000 (Previous year 51'948'000) bearer shares with a par value of CHF 1 each. All issued shares are fully paid. The Company has no conditional capital.

The Company's statutory or legal reserves that may not be distributed amounted to USD 24.86 (Previous year USD 24.86 Mn) at March 31, 2017.

23.1 Goodwill from acquisitions

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

in USD Mn	Cost	Accumulated amortization	Theoretical net book value
Cost			
Balance at April 1, 2015	195.56	195.51	0.05
Additions	-	-	-
Amortization charge	-	0.05	(0.05)
Balance at March 31, 2016	195.56	195.56	(0.00)
Additions	-	-	-
Amortization charge	-	-	-
Balance at March 31, 2017	195.56	195.56	(0.00)

Impact on income statement:

in USD Mn	2016/17	2015/16
Profit for the year according to the consolidated income statement	(44.88)	26.82
Amortization of goodwill	-	(0.05)
Theoretical profit for the year including amortization of goodwill	(44.88)	26.77

Impact on balance sheet:

in USD Mn	31.3.2017	31.3.2016
Equity according to the balance sheet	311.82	397.77
Theoretical capitalization of goodwill (net book value)	-	0.05
Amortization of goodwill	-	(0.05)
Theoretical equity including net book value of goodwill	311.82	397.77
Equity according to balance sheet	311.82	397.77
Equity as % of total assets	42%	63%
Theoretical equity including net book value of goodwill as % of total assets	311.82	397.77
Theoretical equity including net book value of goodwill as % of total assets	42%	63%

24 Contingent liabilities

Legal proceedings

On 15th September 2015 a customer brought a claim against one of the Group's company relating to a commercial dispute over a contract. The Group does not believe that the information about the amount sought by plaintiffs would be meaningful.

The case has now been heard in court but no judgement is expected until later this year. The case has been rigorously defended, however the range of possible outcomes meant that it is not possible for the company's directors to determine any liability will fall on the Group's company with any reasonable certainty. As the amount of the obligation cannot be determined reliably, no amount is recognized in the financial statements for the potential liability.

Legal expenses incurred relating to legal claims are charged to other operating expenses.

The Group's company is owed £ 20 Mn (USD 25 Mn) by the customer. The settlement of this trade debtor is pending on the outcome of the case.

25 Commitments

Capital expenditures for the purchase of property, plant and equipment contracted for at the balance sheet date but not yet incurred amount to USD 42.14 Mn.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

in USD Mn	31.3.2017	31.3.2016
No later than 1 year	1.16	0.31
Later than 1 year, no later than 5 years	2.46	0.55
Total commitments	3.62	0.86

26 Related party transactions

a) Related party relationships where transactions have taken place during the year

Wockhardt Bio AG is a 86% (Previous year: 86%) owned subsidiary of Wockhardt Ltd, India (`Holding company').
In Wockhardt Limited, more than 5% of total shares are held by – "Themisto Trustee Company Private Limited which holds these shares in its capacity as the trustee of Habil Khorakhiwala Trust which inturn holds these shares in its capacity as the partner of the partnership firm Humuza Consultants – 59.63%"

Affiliated Companies
- Wockhardt UK Holdings Ltd., United Kindgdom
- Wockhardt Europe Limited, British Virgin Islands

Key Managerial personnel:
- Mr. Adrian John Ashurst
- Mr. Ajay Sahni
- Dr. Habil F. Khorakiwala
- Dr. Murtaza Khorakiwala

b) Transactions with related parties during the year

in USD Mn	2016/17	2015/16
Holding company		
Outlicensing fees paid for NCEs (capitalised)	18.81	21.65
R & D Services	5.08	11.16
Purchase of finished goods	58.82	43.45
Management fee paid	0.62	0.68
Reimbursement of expenses	7.77	2.40
Recovery of expenses	3.31	2.38
Cross charges for Capital Expenditure	-	4.90
Loans & advance paid	-	-
Guarantee fees expense	1.61	0.32
Advances paid against supplies & services	8.89	7.01
Dividends paid	6.35	-
Distribution through the capital contribution reserves/legal reserves	20.14	-
Key managerial personnel		
Remuneration paid	5.98	3.74

c) Related party balances

in USD Mn	31.3.2017	31.3.2016
Related party balances		
Amount receivable from Wockhardt Limited-advances	113.71	147.04
Amount receivable from Wockhardt Limited-debtors	6.58	0.45
Payable to Wockhardt Ltd. - Creditors	(13.34)	(16.63)
Payable to Wockhardt Ltd. - Loan	-	-
Loan payable to fellow subsidiary [Wockhardt Europe Limited]	(1.18)	(1.37)

27 Subsequent events

No significant events occurred between balance sheet date and May 31, 2017, the date when the financial statements were signed off by the Board of Directors for publication.

28 Subsidiaries

Company	Activity		Registered Capital	Group ownership and voting rights 31.3.2017	31.3.2016
Australia					
Wockhardt Bio Pty. Ltd.	T	AUD	10'000	100%	0%
Belgium					
Negma Benelux S.A.	T	EUR	74'400	100%	100%
England & Wales					
Wockhardt UK Limited	S	GBP	50'000	100%	100%
CP Pharmaceuticals Limited *	PS	GBP	2'432'549	100%	100%
Pinewood Healthcare Limited	S	GBP	100'000	100%	100%
France					
Wockhardt France (Holdings) S.A.S.	H	EUR	60'100'000	100%	100%
Niverpharma S.A.S.	T	EUR	160'000	100%	100%
Laboratoires Pharma 2000 S.A.S.	S	EUR	182'400	100%	100%
Laboratoires Negma S.A.S.	S	EUR	74'400	100%	100%
Phytex S.A.S.	D	EUR	1'071'000	100%	100%
Germany					
Z & Z Service GmbH	D	EUR	3'625'000	100%	100%
Ireland					
Wockpharma Ireland Limited	H	EUR	10'001'000	100%	100%
Pinewood Laboratories Limited	PS	EUR	373'291	100%	100%
Mexico					
Wockhardt Farmaceutica S.A. DE C.V.	S	MXN	36'867'236	100%	100%
Wockhardt Services S.A. DE C.V.	C	MXN	50'000	100%	100%

Russia					
Wockhardt Bio (R)	S	RUB	5'150'000	100%	100%
Switzerland					
CP Pharma (Schweiz) AG	S	CHF	250'000	100%	100%
USA					
Wockhardt Holding Corp.	H	USD	1'100	100%	100%
Morton Grove Pharmaceuticals Inc.	PS	USD	1	100%	100%
MGP Inc.	R	USD	1	100%	100%
Wockhardt USA LLC.	S	USD	2'000'000	100%	100%

Activity Codes

H = Holding
T = Trading
S = Sales
P = Production
C = Services / Consultancy
R = Research / Clinical trial
D = Dormant

Besides the above Wockhardt Bio Ltd. has been incorporated in New Zealand with an objective of trading, manufacturing, selling, marketing, R&D of Pharmaceutical products as 100% owned subsidiaries on 11th November, 2015. Wockhardt Bio Ltd., New Zealand is yet to commence the business.

* Shareholding split into 1'862'549 Ordinary A shares of GBP 1.00 each and 570'000 Ordinary shares of GBP 1.00 each.

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BDO Ltd
Fabrikstrasse 50
8031 Zurich

To the General Meeting of

Wockhardt Bio LTD
Grafenauweg 6
6300 Zug

Report of the Statutory Auditor on the Financial Statements for the year 2016/17

(for the year ended 31 March 2017)

31 May 2017
2111 6123/5+1/RFU

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REPORT OF THE STATUTORY AUDITOR

To the General Meeting of Wockhardt Bio LTD, Zug

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Wockhardt Bio LTD, which comprise the balance sheet as at 31 March 2017, and the income statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2017 comply with Swiss law and the company's articles of incorporation.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How our audit addressed the key audit matter
Capitalisation of development costs The company has external and internal development cost of CHF 41.3 million capitalised as intangible assets under development. The main part of it relates to five New Chemical Entities (NCE's), which received Qualified Infectious Disease Product (QIDP) status from the US Food and Drug Administration (US FDA), in various stages of development. There is an inherent level of uncertainty with respect to the recoverability of such capitalised costs, until the new drug discovery programmes are successfully completed. Due to the size of capitalized development costs and the level of uncertainty involved making management's assessment highly judgmental; specifically regarding the expected future sales we consider this to be a key audit matter. We refer to note 3 to the financial statements for further information on the capitalisation of development costs.	We tested whether the capitalised costs met all the criteria for capitalization set out in accounting standards. Therefore, we reconciled on a sample basis the additional capitalised costs for the period to the underlying invoices and supporting documents. We tested the exchange differences for reasonableness. We challenged management's assessment of the future sales related to the NCE's to assess the reasonableness of management's estimation of recoverability of the capitalised costs. Furthermore, we have assessed the adequacy of the disclosures relating to capitalisation of development costs in the notes.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 31 May 2017

BDO Ltd

René Füglister

Auditor in Charge
Licensed Audit Expert

Christoph Schmidt

Licensed Audit Expert

Enclosures
Financial statements
Proposed appropriation of available earnings

Balance Sheet as per March 31,	**2017**	**2016**
	CHF	CHF
Current assets		
Cash and bank balances	17'721'182	37'592'421
Short term assets with market value	86'721'896	0
Short term deposits with banks	75'408'603	0
Prepayments - third parties	7'707'196	1'158'490
Advances - shareholders	113'776'942	141'206'767
Advances - subsidiaries	11'538'267	10'105'832
Accounts receivable - third parties	7'447'057	12'095'788
Accounts receivable - shareholders	18'486	436'308
Accounts receivable - subsidiaries	147'736'679	122'302'601
Other receivables	141'294	91'991
Inventories	6'113'397	6'584'934
Total current assets	474'330'999	331'575'132
Fixed assets		
Investments	143'710'505	146'374'316
	143'710'505	146'374'316
Tangible assets	100'879	90'699
Accumulated depreciation	-81'970	-63'699
Tangile assets net	18'909	27'000
Capitalized Work in Progress	14'614'830	2'521'882
Licences and trade marks	49'266'518	46'905'540
Accumulated amortisation	-31'684'680	-26'264'679
Licences and trade marks net	17'581'838	20'640'861
Intangible assets under development	41'290'265	17'206'091
Total fixed assets	217'216'347	186'770'150
Total assets	691'547'346	518'345'282
Liabilities		
Accounts payable - third parties	10'894'069	13'459'787
Accounts payable - shareholders	9'340'812	15'969'421
Accounts payable - subsidiaries	42'801'608	40'409'257
Advances from customers	356'399	481'808
Payable VAT	167'783	286'010
Loan - third party - interest bearing	0	9'002'848
Loans - group companies	1'184'697	1'313'604
Accrued expenses	53'560'705	37'960'167
Accrued taxes	178'464	70'082
Total short term liabilities	118'484'537	118'952'984
Loan - third party - interest bearing	250'150'379	0
Total long term liabilities	250'150'379	0
Total liabilities	368'634'917	118'952'984
Share capital	51'948'000	51'948'000
Statutory capital reserves		
Capital contribution reserve	1'696'502	23'514'662
Other capital reserves	1'691'757	1'691'757
	3'388'259	25'206'419
Statutory retained earnings		
General reserves	23'474'000	23'474'000
Profit carried forward	291'491'160	318'105'335
Profit/(loss) of the year	-47'388'990	-19'341'454
Retained earnings	244'102'170	298'763'880
Total shareholder's equity	322'912'429	399'392'299
Total liabilities and shareholder's equity	691'547'346	518'345'282

Income statement	**2016/17**	**2015/16**
	CHF	CHF
Revenues		
Sales export	222'254'740	246'515'917
Fee for service/royalty paid	-1'102'593	-951'695
Bad debts	-14'085'109	-2'146'410
Total revenues	207'067'038	243'417'812
Operating expenses		
Cost of goods, materials and freight sold	173'213'540	169'525'579
Selling and distribution expenses	2'292'382	3'876'402
Export costs	195'664	139'353
Employee costs	7'436'407	5'048'656
Repairs and maintenance	5'770	1'905
Insurance	681'151	784'693
Research and development costs	35'477'420	54'909'636
Legal and consultancy costs	21'783'455	14'221'938
Trade mark costs	146'391	290'912
Management fees	396'131	402'820
Travel expenses	233'984	262'960
Impaired Investments	2'702'421	0
Other operating expenses	7'323'698	10'099'600
Depreciation	4'291'786	4'152'777
Total operating expenses	256'180'200	263'717'231
Net profit/(loss) from operations	-49'113'162	-20'299'419
Financial income/expenses		
Financial income		
Interest income - third party	592'024	21'771
Interest income - intercompany	143'909	107'345
Exchange gains	657'735	0
Gain on investments	6'313'955	88'918
Total financial income	7'707'623	218'034
Financial expenses		
Interest charges - third party	6'515'998	1'141'111
Interest and guarantee charges - intercompany	1'598'335	316'381
Bank charges	554'535	302'300
Exchange losses	1'608'669	770'436
Total financial expenses	10'277'537	2'530'228
Total financial result	-2'569'915	-2'312'194
Net Profit/(loss) for the year before extraordinary items and tax	-51'683'077	-22'611'612
Extraordinary income	3'979'762	0
Net Profit/(loss) before tax	-47'703'315	-22'611'612
Direct taxes	314'325	3'270'158
Profit/(loss) of the year	-47'388'990	-19'341'454

Notes to the financial statements for the year ended March 31,	2017	2016
	CHF	CHF

1 General Information

These financial statements of Wockhardt Bio AG, Grafenauweg 6, CH-6300 Zug were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2 Functional currency

Wockhardt Bio AG accounting currency is USD. The Income Statement has been translated into CHF at the annual average rate. The Balance Sheet has been translated into CHF at year end rate with the exception of investments and shareholders' equity, which are translated at historical rates. Currency conversion differences resulting from the translation of the financial statements are recognized in the income statement (loss) or are deferred (gain). Accordingly in the current year currency conversion gain of CHF 35.72 Mn (Prior year CHF 26.18 Mn) has been considered under the position Accrued Expenses in the Balance Sheet.

Company used the following exchange rates for translating financials in CHF from USD
Average rate - CHF/USD : 1.01
Closing rate - CHF/USD : 0.99

3 Development Expenses on QIDP status products

The Company's New Chemical Entity ('NCE') research and development programme continued to get major boost during the Financial Year 2016-17 with the US Food and Drugs Administration ('US FDA') granting abridged clinical trial for Phase III for Wockhardt's Superdrug antibiotic WCK 5222. Till previous year 2015-16, the Company had received Qualified Infectious Disease Product (QIDP) status by US FDA for five of its breakthrough drug discovery programme in anti-infective. The Development Expenses for the year amounting to USD 19.83 Mn (CHF 19.84 Mn) prior year USD 13.4 Mn (CHF 13.07 Mn) pertaining to Company's five new breakthrough drug discovery programme in the anti-infective space duly approved under QIDP by US FDA has been capitalised during the year and included under 'Intangible Assets under Development' as at March 31, 2017.

4 Research and development (R&D)

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services prior to the commencement of commercial production or us.

Some examples of development expenses capitalised: Registration of the product fee, bio studies legal charges & related clinical trials.

Some examples of research expenses: stores & consumables, fuel & gas, calibration expenses for research & development activities, quality samples costs, etc.

5 Fixed assets, depreciation / amortization and impairment

Tangible assets:
Fixed assets are stated at cost less accumulated depreciation/amortization and impairment loss if any. The Company capitalizes all costs relating to the acquisition and installation of fixed assets.

The carrying amounts of fixed assets and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount.

Intangible assets:
Intangible assets are amortized over a period of 3 - 15 years, which are based on their useful lives.

The intellectual property rights, brands and product licenses are generally depreciated over a period of 10 years; however wherever the useful life is less than 10 years the depreciation period is reduced accordingly.

Notes to the financial statements for the year ended March 31,	2017	2016
	CHF	CHF

6 Inventories

All inventories are valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. Finished goods and work in progress is computed based on respective moving weighted average price of procured materials and appropriate share of labour and other manufacturing overheads.

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Duties accrued on production or import of goods, as applicable, is included in the valuation of finished goods.

Inventories of stores and spare parts are valued at cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to customers. Revenues are recorded at invoice value, net of value added tax (VAT)/duties, returns and trade discounts.

Sale of services

Revenues from services are recognized on completion of rendering of services.

Royalties

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

8 Leases

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the lease term are classified as operating lease. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Finance lease

The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases and hire purchase contracts. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

9 Head Count

The number of full time positions in the company on an annual average has been less than 50.

10 Investments

	2017	2016
CP Pharma (Schweiz) AG Incorporated in Switzerland 250 Registered shares of CHF 1'000.00 100% share in capital and voting rights	250'000	250'000
Wockhardt Bio (R) LLC. Incorporated in Russia on 25th August 2015 5`150'000 Registered shares of Russian Roubles 1.00 each 100% share in capital and voting rights	83'491	83'491
Wockhardt Farmaceutica SA DE CV Incorporated in Mexico 36'867'236 Ordinary shares of MXN 1.00 100% share in capital and voting rights	1	2'666'865
Wockhardt Services S.A. DE C.V. Incorporated in Mexico 50'000 Ordinary shares of MXN 1.00 100% share in capital and voting rights	1	3'668
Wockhardt France (Holding) S.A.S. Incorporated in France 601'000 Registered shares of EUR 100 100% share in capital and voting rights	1'836'445	1'836'445
Wockhardt Holding Corp. Incorporated in Delaware, USA 1'100 shares of Common Stock of USD 1.00 100% share in capital and voting rights	30'295'509	30'295'509

Notes to the financial statements for the year ended March 31,	2017	2016
	CHF	CHF
Wockhardt UK Limited Incorporated in the United Kingdom 50'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	123'508	123'508
Pinewood Healthcare Limited Incorporated in the United Kingdom 100'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	146'101	146'838
CP Pharmaceuticals Limited Incorporated in the United Kingdom		
1'862'549 Ordinary A shares of GBP 1.00	11'013'787	11'013'787
570'000 Ordinary shares of GBP 1.00	3'370'574	3'370'574
100% share in capital and voting rights		
Wockpharma Ireland Limited Incorporated in the Republic of Ireland		
10'001'000 Ordinary shares of EUR 1.00	16'098'630	16'098'630
50'000'000 Cumulative Redeemable Preference shares of EUR 1.00 each	80'485'000	80'485'000
100% share in capital and voting rights		
Z & Z Service GmbH Incorporated in Germany Nominal capital EUR 25'000.00 100% share in capital and voting rights	1	1
Wockhardt Bio Pty. Ltd. Incorporated in Australia Nominal Capital AUD 10`000 100% share in capital and voting rights	7'459	0

Besides the above Wockhardt Bio Ltd. has been incorporated in New Zealand with an objective of trading, manufacturing, selling, marketing, R&D of Pharmaceutical products as 100% owned subsidiary on 11th November, 2015. Wockhardt Bio Ltd., New Zealand is yet to commence the business.

Further, investments in subsidiaries Wockhardt Farmaceutica SA DE CV and Wockhardt Services S.A. DE C.V. have been provided for in view of their consistent below par financial performance since their inception (Financial impact on Income Statement CHF 2,702,421). Also, inter-company Accounts Receivable as well as outstanding loan positions against these companies have been provided for which has resulted in to a net impact of CHF 14,085,109.

11 Assets pledged

	2017	2016
As per financial year end there were open guarantees and bid-/performance bonds by Credit Suisse to third parties secured by a general deed of pledge in the amount of	321'623	871'313

12 Loan

Wockhardt Bio AG has repaid an outstanding loan of USD 9.37 Mn (CHF 9.00 Mn) during the year. During the current Financial Year Wockhardt Bio AG has obtained a secured loan from of USD 250 Mn (CHF 250 Mn). The loan carries an interest rate of six months LIBOR plus a margin of 2.75% and is repayable in 8 equal half yearly installments. The repayment schedule of the said loan is going to commence from July 2018.

Loan availed by Wockhardt Bio AG of USD 250 million (March 31,2016 - USD Nil)] is secured as under:

- First ranking charge on fixed assets (excluding Intangible assets) and current assets of Wockhardt Bio AG and its subsidiaries (except Wockpharma Ireland Ltd. and its Subsidiaries and Wockhardt France (Holdings) S.A.S. and its Subsidiaries).
- First ranking charge on fixed assets of Wockhardt Limited situated at Kadaiya in Daman and Baddi in Himachal Pradesh and on Fixed Deposits of INR 450 Mn (USD 6.94 Mn) in India.
- This term loan is also secured by Corproate Guarantee of USD 300 million from Wockhardt Limited.

13 Board of Directors and executive management shareholdings

As of 31 March members of the non-executive and executive boards held the following shares. No Wockhardt Bio AG share options were held.

		Shares	Shares
Ajay Sahni	Member of the Board and Managing Director	25'008	23'030
Dr. Habil F.Khorakiwala	Member of the Board and Chairman	5'000'000	5'000'000

14 Significant shareholders

Wockhardt Ltd, Mumbai	Number of shares	44'600'000	44'600'000
	Capital and vote share	86%	86%

15 Capitalisation of Borrowing Costs

Borrowing costs directly attributable to acquisition of qualifying assets have been capitalized. Borrowing costs amounting to USD 0.82 Mn (CHF 0.82 Mn) have been capitalized, of which USD 0.66 Mn (CHF 0.66 Mn) is included under ‘Intangible assets under development’ and USD 0.16 Mn (CHF 0.16 Mn) is included under ‘Capitalized work in progress’ as at March 31, 2017.

16 Capitalized Work in Progress

Capitalized Work in Progress essentially represent the expenses incurred on setting up a new Manufacturing facility for supply of pharmaceutical products to company`s markets in US, Europe & Emerging Markets. The plant is expected to be operational in the FY 2020-21.

17 Subsequent events

No significant events occurred between balance sheet date and May 31, 2017, the date when the financial statements were signed off by the Board of Directors for publication.

Proposed appropriation of available earnings and capital contribution reserve	2017	2016
	CHF	CHF
Proposed appropriation of available earnings		
Profit carried forward	291'491'160	318'105'335
Profit / (Loss) of the year	-47'388'990	-19'341'454
Available earnings	**244'102'170**	**298'763'880**
The Board of Directors proposes to the shareholders at the Annual General Meeting, to carry forward retained earnings as shown in the table below.		
Dividend	-	7'272'720
Allocation to Legal reserves	-	-
Balance to be carried forward	244'102'170	291'491'160
Total	**244'102'170**	**298'763'880**
Proposed appropriation of capital contribution reserve		
Capital contribution reserve as of March 31,	**1'696'502**	**23'514'662**
The Board of Directors proposes to the Annual General Meeting to carry forward the capital contribution reserve as shown in the table below.		
Dividend payment out of capital contribution reserve	-	21'818'160
Balance to be carried forward	1'696'502	1'696'502
Total	**1'696'502**	**23'514'662**