Pharmacare Premium Limited

Company Registration Number: C 45245

Annual Report and Financial Statements

For the Year Ended 31 December 2015

Pharmacare Premium Limited

For the Year Ended 31 December 2015

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Pharmacare Premium Limited

Reporting by Directors

31 December 2015

The Board presents its report and the audited financial statements for the year ended 31 December 2015.

Principal Activities

The Company's principal activity is that of manufacturing and trading in pharmaceutical products and developing new related products.

Review of Business Development and State of Affairs

During the year under review the Company generated a turnover of €317,319 (2014: €1,061,609). This activity included trading of finished products in addition to contract testing and releasing services for the Company's customers in various EU markets.

Following the official authorisation by the Maltese Medicines Authorities to start producing highly potent oncology products (December 2014), the Company immediately started the R&D activities required prior to commercialising each of its products.

These R&D trials were successfully performed for 4 products in 2015 and the resulting approvals for commercialisation are expected in 2016.

The above activities required a significant increase in expenses and investment related to the procurement of raw materials for the production runs, analytical validations at the labs and the ongoing stability studies.

As a result, the value of the Company's stock was increased to €405,538 (2014:€67,842) and the resulting R&D activities were valued at €334,616.

Milestones

- Successful R&D activities on 3 of Pharmacare's products
- Successful R&D activities for a Customer's product. A supply agreement was signed and the first export shipment was delivered in March 2016
- A supply agreement was signed for 4 Central American markets.

Share Premium and Valuation

As Pharmacare Premium managed to achieve the above milestones, all shareholders increased their investment and paid a premium for their shares. As a result, the total premium is €4,650,937 (2014: €3,092,073).

Losses for the year 2015 were €1,925,438 (2014: €1,724,476), making the accumulated losses incurred by the Company €7,840,944.

The accumulated losses are actually set-up costs that were needed to bring the facility to its current position. The fact that these losses were covered by the Company's shareholders reflects their continued commitment and confidence in the Company's plans and vision.

Events after balance sheet date

There are no particular important events affecting the Company which occurred since the end of the accounting period other than those disclosed in note 21. to the financial statements.

Pharmacare Premium Limited

Reporting by Directors

31 December 2015

Reserves and Dividends

The profit or loss for the year is set out on page 5. The Board of Directors does not recommend the payment of a dividend.

Directors

The directors of the Company who held office during the year were:

Mr. Bassim Subhi Khoury Nasr

Ms. Sandra Issa Tawfiq Habesch

Mr. Amin Farah

Mr. Hani Hubert Sarraf

Mr. (Mohammad Tahseen) Salim Said Sabbagh

Mr. Paul Michael Wirtz

Mr. Yousef Issa Tawfiq Habesch

Auditors

ECOVIS Malta, Certified Public Accountants and Registered Auditors, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

Approved by the Board on 09 June 2016 and signed on its behalf by:

Mr. Bassim Subhi Khoury Nasr
Director

Mr. Hani ~~Hubert Sarraf~~
Director

Registered Address:
HHF 003
Hal Far Industrial Estate
Birzebbugia
BBG 3000

Pharmacare Premium Limited

Statement by Directors

31 December 2015

The Directors of the Company are required by the Companies Act, 1995 to prepare the annual financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial period and of its profit or loss for that period. In preparation of the annual financial statements, the directors are required to:

- Select and apply appropriate accounting policies;
- Make judgments and estimates that are reasonable and prudent;
- Comply with International Financial Reporting Standards as adopted by the EU; and
- Prepare the annual financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1995. The directors are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are being properly safeguarded and that fraud and other irregularities will be prevented or detected.

Independent Auditors' Report

To the members of Pharmacare Premium Limited

We have audited the accompanying financial statements of Pharmacare Premium Limited set out on pages 5 - 28 which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 give a true and fair view of the financial position of Pharmacare Premium Limited as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and comply with the Companies Act, 1995.

Karl Bonanno (Partner)
for and on behalf of
ECOVIS Malta
Certified Public Accountants and Registered Auditors

09 June 2016

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Pharmacare Premium Limited

Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 €	2014 €
Revenue	4.	317,319	1,061,609
Cost of sales		(334,452)	(803,287)
Gross profit (loss)		(17,133)	258,322
Administrative expenses		(1,848,625)	(1,902,313)
Finance costs	5.	(65,290)	(81,462)
Loss from operations		(1,931,048)	(1,725,453)
Finance income	5.	638	1,158
Other income		5,000	-
Loss before tax		(1,925,410)	(1,724,295)
Taxation	7.	(28)	(181)
Loss for the year	8.	(1,925,438)	(1,724,476)
Loss for the year and total comprehensive income		(1,925,438)	(1,724,476)

The notes on pages 9 to 28 form an integral part of these financial statements.

Pharmacare Premium Limited

Statement of Financial Position

As At 31 December 2015

	Note	2015 €	2014 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	10.	9,258,330	9,259,640
Intangible assets	11.	589,564	45,168
Investments in subsidiaries	12.	600,000	600,000
Total non-current assets		10,447,894	9,904,808
Current Assets			
Inventories	13.	405,538	67,842
Loans to shareholders		76,014	-
Loans to related parties		22,996	-
Trade and other receivables	14.	1,032,587	1,000,109
Cash and cash equivalents	15.	228,229	252,416
Total current assets		1,765,364	1,320,367
TOTAL ASSETS		12,213,258	11,225,175
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16.	12,333,897	10,754,578
Share premium	17.	4,650,937	3,092,073
Retained Earnings		(7,840,944)	(5,915,506)
TOTAL EQUITY		9,143,890	7,931,145
Liabilities			
Non-Current Liabilities			
Other financial liabilities	18.	833,255	1,200,791
Current Liabilities			
Loans from shareholders		-	143,529
Other financial liabilities	18.	433,956	493,056
Trade and other payables	19.	1,794,604	1,419,083
Bank borrowings	15.	7,553	37,571
Total current liabilities		2,236,113	2,093,239
TOTAL LIABILITIES		3,069,368	3,294,030
TOTAL EQUITY AND LIABILITIES		12,213,258	11,225,175

The notes on pages 9 to 28 are an integral part of these financial statements.

These financial statements on pages 5 to 28 were approved by the Board of Directors on 09 June 2016 and were signed on its behalf by:

Mr. Bassim Subhi Khoury Nasr
Director

Mr. Hani Hubert Sarraf
Director

Pharmacare Premium Limited

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Share capital	Share Premium	Retained Earnings	Total Equity
	€	€	€	€
Balance as at 01 January 2015	10,754,578	3,092,073	(5,915,506)	7,931,145
Comprehensive income				
Loss for the year - total comprehensive income	-	-	(1,925,438)	(1,925,438)
Transactions with the owners				
Issuance of share capital	1,579,319	1,558,864	-	3,138,183
Balance as at 31 December 2015	12,333,897	4,650,937	(7,840,944)	9,143,890

	Share capital	Share Premium	Retained Earnings	Total Equity
	€	€	€	€
Balance as at 01 January 2014	9,369,613	2,078,506	(4,191,030)	7,257,089
Comprehensive income				
Loss for the year - total comprehensive income	-	-	(1,724,476)	(1,724,476)
Transactions with the owners				
Issuance of share capital	1,384,965	1,013,567	-	2,398,532
Balance as at 31 December 2014	10,754,578	3,092,073	(5,915,506)	7,931,145

The notes on pages 9 to 28 form an integral part of these financial statements.

Pharmacare Premium Limited

Statement of Cash Flows

For the Year Ended 31 December 2015

	Note	2015 €	2014 €
Cash from operating activities:			
Profit (loss) from operations		(1,925,438)	(1,724,476)
Income tax expense (income)		28	181
Interest expense to reconcile to profit (loss) from operations		65,290	81,462
Interest income to reconcile to profit (loss) from operations		(638)	(1,158)
Depreciation		406,750	409,459
Profit (loss) from operations		(1,454,008)	(1,234,532)
(Increase) decrease in inventories		(337,696)	(11,611)
(Increase) decrease in trade and other receivables		(32,478)	(560,112)
Increase (decrease) in trade and other payables		375,521	391,494
Proceeds from interest received classified as operating		638	1,158
Payments of interest classified as operating		(65,135)	(80,758)
Payments of income taxes		(28)	(181)
Net cash flows from (used in) operating activities		(1,513,186)	(1,494,542)
Cash flows from investing activities:			
Payments to acquire property, plant and equipment		(339,467)	(884,783)
Payments to acquire intangible assets		(610,369)	-
Net cash flows from (used in) investing activities		(949,836)	(884,783)
Cash flows from financing activities:			
Proceeds from issuance of equity instruments		3,138,183	2,398,531
Payments of interest classified as financing		(155)	(704)
Advances from shareholders		-	300,965
Advances to shareholders		(219,543)	-
Advances to related parties		(22,996)	-
Repayment of bank loan		(426,636)	(172,391)
Net cash flows from (used in) financing activities		2,468,853	2,526,401
Net cash increase (decreases) in cash and cash equivalents		5,831	147,076
Cash and cash equivalents at beginning of year		214,845	67,769
Cash and cash equivalents at end of year	15.	220,676	214,845

1. Basis of preparation

a. Statement of compliance

The financial statements have been prepared and presented in accordance with the requirements of the International Financial Reporting Standards as adopted by the EU and Companies Act, 1995, enacted in Malta.

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by EU and the provisions of the Companies Act, 1995 enacted in Malta. Consolidated Financial Statements as required by IFRS 10 have not been drawn up, since the company has taken advantage of the exemption from so doing conferred on it by Article 173 of the Companies Act (Chap. 386), on the grounds that it is a parent of a small group. Accordingly, these financial statements present information about the company as an individual and not about its group.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

The financial statements are presented in euro (€), which is the Company's functional currency.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

d. Use of estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Changes in accounting policies and disclosues

a. New and amended standards adopted

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that would be expected to have a material impact on the Company.

2. Changes in accounting policies and disclosues (continued)

b. New standards and interpretations endorsed by the EU but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorization for issue of these financial statements but are mandatory for the company's accounting periods beginning on or after 1 January 2016. The company has not early adopted these revisions to the requirements of IFRS's as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

c. New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

3. Significant Accounting Policies

a. Property, plant and equipment

i. Value Method

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

ii. Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components are accounted for separately. Land is not depreciated. The estimated useful lives are as follows:

Lab equipment	5 - 12 years
Leasehold property	12 - 15 years
Equipment and Machinery	5 - 12 years
Furniture and fixtures	10 years
Computer software and hardware	4 years

Medical equipment (with the exception of laboratory equipment), electro mechanical equipment and water and waste treatment were still not in operational use. Depreciation will start to be charged when they are ready for use.

Gains and losses on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount at the date of disposal. The gains or losses are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

3. Significant Accounting Policies (continued)

b. Intangible assets

i. Externally acquired intangible assets

Externally acquired intangible rights, such as product and marketing rights, are recognised in the statement of financial position. For a product under development, the cost bases are assessed. The costs of payments for research and development work undertaken that has not yet generated an intangible right recognisable in the statement of financial position are recognised as research and development costs. Amortisations of marketing authorisations included in the intangible rights are disclosed under selling and marketing expenses, and recording of an amortisation expense will commence when an authority has issued authorisation for marketing of the product and selling of it commences.

The license agreements are measured at their historical cost less accumulated amortisation and impairment. Intangible assets are amortised on a straight-line basis over the expected economic lives of the licenses. The license agreements are being amortised over 10 years.

ii. Internally generated intangible assets

An internally-generated intangible asset arising from development is recognised if and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

c. Investments in subsidiaries

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiary is carried under the cost method, that is at cost less any accumulated impairment losses.

3. **Significant Accounting Policies (continued)**

d. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises direct materials and the net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

e. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due to the original terms of the receivables.

f. Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

g. Trade payables

Trade and other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities.

h. Revenue recognition

i. Rendering of services

Revenue from the provision of pharmaceutical services is recognised in proportion to the stage of completion of the transaction at the balance sheet date.

ii. Interest Income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

i. Impairment

i. Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk circumstances.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-

3. Significant Accounting Policies (continued)

i. Impairment (continued)

i. Financial Assets (continued)

sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

ii. Non-financial Assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant Accounting Policies (continued)

k. Financial instruments

i. Non-derivative financial instrument

Non-derivative financial instruments comprise in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

l. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance .

i. Market Risk

Foreign Exchange Risk

The Company undertakes transactions denominated in euro and as such is not exposed to price risk due to fluctuations in foreign exchange rates. The company does not use derivative instruments to reduce exposure to foreign exchange risk.

Price Risk

The Company is not exposed to equity securities price risk and to commodity price risk.

3. Significant Accounting Policies (continued)

I. Financial Risk Management (continued)

ii. Credit Risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables. The Company's exposures to credit risk are analysed as follows:

	2015	2014
	€	€
Loans and receivables category		
Loans to shareholders	76,014	-
Loans to related parties	22,996	-
Cash and cash equivalents	228,229	252,416
Trade and other receivables	1,032,587	1,000,109
Total	1,359,826	1,252,525

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements. The Company banks only with financial institutions with high quality standing or rating. The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. The Company monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Company's receivables taking into account historical experience in collection of accounts receivable.

iii. Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The Company's trade and other payables are entirely repayable within one year from the end of the reporting period.

3. Significant Accounting Policies (continued)

I. Financial Risk Management (continued)

iii. Liquidity Risk (continued)

Management monitors liquidity risk by reviewing expected cash flows, and ensures that sufficient financing facilities are available over the coming year from committed funding activities.

	Weighted average effective interest rate	Less than 1 month €	1-3 months €	3 months to 1 year €	1-5 years €	5+ years €	Total €	Carrying amount €
Other financial liabilities	5.00 %	36,163	72,326	325,467	833,255	-	1,267,211	1,267,211
Trade and other payables	- %	-	455,887	1,338,717	-	-	1,794,604	1,794,604
Bank borrowings	7.50 %	-	7,553	-	-	-	7,553	7,553
		36,163	535,766	1,664,184	833,255	-	3,069,368	3,069,368
31 December 2014								
Other financial liabilities	5.00 %	41,088	82,176	369,792	1,200,791	-	1,693,847	1,693,847
Loans from shareholders	- %	-	-	143,529	-	-	143,529	143,529
Trade and other payables	- %	-	249,469	1,169,614	-	-	1,419,083	1,419,083
Bank borrowings	7.50 %	-	37,571	-	-	-	37,571	37,571
		41,088	369,216	1,682,935	1,200,791	-	3,294,030	3,294,030

3. Significant Accounting Policies (continued)

I. Financial Risk Management (continued)

iv. Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

4. Revenue

	2015	2014
	€	€
Rendering of services	317,319	1,061,609

5. Finance income

	2015	2014
	€	€
Financing cost:		
Bank interest payable	65,135	80,758
Other Interest	155	704
Total	65,290	81,462
Financing income:		
Bank interest receivable	638	1,158

6. Deferred Taxation

No charge for current tax on operating income has been provided for due to the fact that tax losses have been incurred by the Company. Unabsorbed trading losses and capital allowances carried forward which are available for set-off against future taxable profits amounted to €6,323,388 (2014: €4,813,160) and €1,393,353 (2014: €1,034,140) respectively. The deferred tax benefits arising from the unaborbed trading losses and capital allowances have not been recognised in these financial statements.

7. Taxation

a. Income tax expense

	2015	2014
	€	€
Current tax expense	28	181

b. Tax reconciliation

	2015	2014
	€	€
Loss for the year	(1,925,410)	(1,724,295)
Tax at 35%	(673,894)	(603,503)
Tax effect of:		
Depreciation charges not deductible by way of capital allowances in determining taxable income	142,362	143,311
Trading losses unabsorbed	528,580	459,704
Different tax rates charged on investment income	(38)	(225)
Expenses disallowed for tax purposes	3,018	894
	28	181

8. Loss for the year

a. Loss before tax

Loss before tax is charged after charging the following:

	2015	2014
	€	€
Director's remuneration	72,185	72,039
Depreciation and amortisation	406,748	409,459

b. Auditors Remuneration

Total remuneration paid to the Company's auditors during the year amounted to:

	2015	2014
	€	€
Audit Fees	2,750	3,425
Other non-audit services	12,800	10,799
Total	15,550	14,224

9. Wages and salaries

a. Wages and salaries

Payroll costs for the year comprise of the following:

	2015	2014
	€	€
Salaries and wages	1,071,778	865,423
Employer's Share of Social Security Contributions	78,618	59,369
Total	1,150,396	924,792

b. Average number of employees

The average number of persons employed by the Company during the year was 42 (2014: 34).

Pharmacare Premium Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

10. Property, plant and equipment

a. Detailed table

	Lab equipment	Leasehold property	Equipment & machinery	Furniture and fixtures	Computer software & hardware	Total
	€	€	€	€	€	€
Cost						
Opening balance	707,428	3,485,974	5,744,738	126,411	220,413	10,284,964
Additions	116,252	37,739	138,342	15,360	31,774	339,467
Balance at 31 December 2015	823,680	3,523,713	5,883,080	141,771	252,187	10,624,431
Depreciation						
Opening balance	(275,602)	(589,904)	(19,443)	(36,303)	(104,072)	(1,025,324)
Depreciation	(164,736)	(77,726)	(30,440)	(14,177)	(53,698)	(340,777)
Balance at 31 December 2015	(440,338)	(667,630)	(49,883)	(50,480)	(157,770)	(1,366,101)
Carrying amount						
At 01 January 2015	431,826	2,896,070	5,725,295	90,108	116,341	9,259,640
At 31 December 2015	383,342	2,856,083	5,833,197	91,291	94,417	9,258,330

10. Property, plant and equipment (continued)

a. Detailed table (continued)

	Lab equipment	Leasehold property	Equipment & machinery	Furniture and fixtures	Computer software & hardware	Total
	€	€	€	€	€	€
Cost						
Opening balance	673,836	3,307,695	4,971,420	121,990	88,706	9,163,647
Additions	33,592	61,571	773,318	4,421	10,443	883,345
Transfers	-	116,708	-	-	121,264	237,972
Balance at 31 December 2014	707,428	3,485,974	5,744,738	126,411	220,413	10,284,964
Depreciation and impairment losses						
Opening balance	(134,116)	(401,642)	(19,443)	(23,662)	71,011	(507,852)
Transfers	-	1	7,943	-	(121,264)	(113,320)
Depreciation	(141,486)	(188,263)	(7,943)	(12,641)	(53,819)	(404,152)
Balance at 31 December 2014	(275,602)	(589,904)	(19,443)	(36,303)	(104,072)	(1,025,324)
Carrying amount						
At 01 January 2014	539,720	2,906,053	4,951,977	98,328	159,717	8,655,795
At 31 December 2014	431,826	2,896,070	5,725,295	90,108	116,341	9,259,640

10. Property, plant and equipment (continued)

b. Change in accounting estimate

During 2015 the directors decided that they will take up the option to extend the lease agreement by a further 15 years. As a result the Company has changed its depreciation accounting estimate and from the current year the buildings are being depreciation over 24 years (remianing years from the extended 30 year lease). During 2014 the buildings were being depreciated over 15 years using the straight line method. This change has been applied prospectively and the effect of these changes on actual and expected depreciation expenses is as follows:

	2015	2016	2017	2018	2019	Later
	€	€	€	€	€	€
(Decrease) increase in depreciation expense	(187,418)	(187,418)	(187,418)	(187,418)	(187,418)	937,090
	(187,418)	(187,418)	(187,418)	(187,418)	(187,418)	937,090

11. Intangible assets

	Licenses	Intellectual property	Total
	€	€	€
Cost			
Opening balance	46,100	-	46,100
Additions	275,753	334,616	610,369
Balance at 31 December 2015	321,853	334,616	656,469
Opening balance			
Opening balance	(932)	-	(932)
Amortisation	(32,511)	(33,462)	(65,973)
Balance at 31 December 2015	(33,443)	(33,462)	(66,905)
At 01 January 2015	45,168	-	45,168
At 31 December 2015	288,410	301,154	589,564

11. Intangible assets (continued)

	Licenses	Intellectual Property	Total
	€	€	€
Cost			
Opening balance	46,100	-	46,100
Balance at 31 December 2014	46,100	-	46,100
Opening balance			
Opening balance	(466)	-	(466)
Amortisation	(466)	-	(466)
Balance at 31 December 2014	(932)	-	(932)
At 01 January 2014	45,634	-	45,634
At 31 December 2014	45,168	-	45,168

12. Investments in subsidiaries

	Registered Address	%	2015 €	2014 €
RI Pharma Limited	1st Floor, 6 St. John's Court, Upper Forest Way, Swansea Enterprise Park, Swansea, Wales SA6 8QQ, United Kingdom	100	600,000	600,000

	2015	2014
	€	€
Opening balance	600,000	600,000
Closing balance	600,000	600,000

RI Pharma Limited's principal activity is the ownership and development of marketing authorisations for pharmaceutical products. The latest available unaudited financial statements of RI Pharma Limited are for the year ended 31 December 2014 show a loss for the year of GBP 27,521 (2013: GBP 3,927) and a net liability of GBP 32,278 (2013: GBP 4,757).

RI Pharma Limited holds the ownership of marketing authorisations which eventually will be used in the marketing of products manufactured by Pharmacare Premium Limited. The value of these marketing authorisations may increase or decrease in value depending on the success of the products. No adjustment has been made in these financial statements to account for any impairment as the investment was sold at cost after the year end as explained in note 21.

13. Inventories

	2015	2014
	€	€
Raw materials	405,538	67,842

14. Trade and other receivables

	2015	2014
	€	€
Trade receivables	738,669	782,719
Accrued income	64	155
Prepayments	136,427	89,102
Indirect taxation	123,945	100,334
Payments on account	33,482	27,799
Total	1,032,587	1,000,109

15. Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement are as follows:

	2015	2014
	€	€
Cash on hand	565	1,233
Bank balances	227,664	251,183
Total cash and cash equivalents	228,229	252,416
Bank borrowings	(7,553)	(37,571)
Total cash and cash equivalents in the statement of cash flows	220,676	214,845

16. Share Capital

	2015 €	2014 €
Authorised		
11,300,000 Ordinary 'A' Shares of €1 each	11,300,000	11,300,000
1,630,000 Ordinary 'B' Shares of €1 each	1,630,000	1,630,000
1,670,000 Ordinary 'C' Shares of €1 each	1,670,000	1,670,000
919,560 (2014: 820,000) Ordinary 'D' Shares of €1 each	919,560	820,000
3,330,000 Ordinary 'E' Shares of €1 each	3,330,000	3,330,000
4,950,440 (2014: 5,050,000) Ordinary 'F' Shares of €1 each	4,950,440	5,050,000
200,000 Ordinary 'G' Shares of €1 each	200,000	200,000
	24,000,000	24,000,000
Issued and fully paid up		
7,711,749 (2014: 6,907,378) Ordinary 'A' Shares of €1 each	7,711,749	6,907,378
1,120,227 (2014: 1,035,000) Ordinary 'B' Shares of €1 each	1,120,227	1,035,000
1,454,082 (2014: 1,354,083) Ordinary 'C' Shares of €1 each	1,454,082	1,354,083
919,560 (2014: 576,117) Ordinary 'D' Shares of €1 each	919,560	576,117
1,128,279 (2014: 882,000) Ordinary 'E' Shares of €1 each	1,128,279	882,000
	12,333,897	10,754,578

17. Share Premium

	2015 €	2014 €
Share premium	4,650,937	3,092,073

18. Other financial liabilities

a. Non-current

	2015 €	2014 €
Bank loans - interest bearing, secured	833,255	1,200,791

18. Other financial liabilities (continued)

b. Current

	2015	2014
	€	€
Bank loan - interest bearing, secured	433,956	493,056

Bank borrowings mature until March 2019 and bear interests ranging from 3.5% to 5.5% per annum. The Company was granted a moratorium period of 12 months on capital repayments till August 2014.

19. Trade and other payables

	2015	2014
	€	€
Trade payables	1,627,032	1,382,219
Accruals and deferred income	166,629	34,174
Other payables	943	2,690
Total	1,794,604	1,419,083

20. Related parties

a. Ultimate controlling party

The company is controlled by Pharmacare Europe Limited (incorporated in Malta), which owned 63% (2014: 68%) of the company's shares. The ultimate parent of the group is Dar Al Shifa Company plc (incorporated in Palestine).

b. Related party transactions

	2015 €	2014 €
Purchases of goods and services		
Company within the Group	-	410,912
Receivables from related parties:		
Company within the Group	99,010	53,131
Payables to related parties:		
Company within the Group	460,905	460,630
Loans to shareholders:		
Opening balance	-	159,160
Repayments made during period	-	(159,160)
Advances made during the period	76,014	-
Total	76,014	-
Loans from shareholders:		
Opening balance	143,529	1,722
Advances made during the period	-	141,807
Repayments made during the year	(143,529)	-
Total	-	143,529

c. Interest free loans

The loans from related parties are interest-free, unsecured and have no fixed date of repayment.

21. Subsequent events

Following the balance sheet date, the company sold 100% of the investment in RI Pharma Limited for € 600,000. This investment holds a book value of € 600,000 as at 31 December 2015.

22. Contingent liabilities

Contingent liability - debt and guarantees

The company has submitted a bank guarantee equivalent to €28,200 in warranty of the full and faithful performance of all the obligations arising out of the lease agreement of the factory. It remains effective for the full duration of the lease agreement.

23. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.