

## Audit Certificate

**Messrs Birzeit Pharmaceutical Company Ltd.  
Public Shareholding Company – Ltd.  
Ramallah – Palestine**

**Subject: Financial statements as of 31 December 2016 in English**

We hereby certify that the attached financial statements of Birzeit Pharmaceutical Company; Which comprise the consolidated Statement of Financial Position as of 31 December 2016, consolidated Statement of Income, consolidated Statement of Income and Other Comprehensive Income, consolidated Statement of Changes in Owners' Equity and consolidated Statement of Cash Flows for the year then ended, were extracted and translated into English from the Arabic audited financial statements of the Company upon which we had issued our unqualified audit opinion dated 20 March 2017.

**Deloitte & Touche (M.E.)  
Ramallah – Palestine**

**11 October 2017**



**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Financial Position**  
**As of 31 December 2016**

( Amounts are Expressed in US Dollars)

	<b>2016</b>	<b>2015</b>
<b>Current Assets</b>		
Cash and Cash Equivalent	2,098,942	3,872,249
Accounts receivable, net	21,645,420	17,048,011
Inventory	9,372,135	9,649,995
Financial Investments through profit and loss	10,745,673	9,071,159
Other Debit Balances	449,423	132,402
<b>Total Current Assets</b>	<b>44,311,593</b>	<b>39,773,816</b>
<b>Non Current Assets</b>		
Deferred tax assets	713,577	444,422
Financial assets through other comprehensive income	8,966,898	7,525,450
Investment in associates	1,853,661	3,149,622
Investments property	3,355,792	3,226,200
Property, plants and equipment, Net	14,861,177	15,004,200
<b>Total Non Current Assets</b>	<b>29,751,105</b>	<b>29,349,894</b>
<b>Total Assets</b>	<b>74,062,698</b>	<b>69,123,710</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals	4,381,535	5,993,803
Income tax payable	749,826	492,988
<b>Total Current Liabilities</b>	<b>5,131,361</b>	<b>6,486,791</b>
Reserve for severance pay	7,246,362	6,118,155
<b>Total Liabilities</b>	<b>12,377,723</b>	<b>12,604,946</b>
<b>Shareholders' Equity</b>		
Capital	18,502,825	18,502,825
Legal reserve	4,625,706	4,625,706
Optional reserve	5,158,810	5,158,810
Special reserve	17,000,000	14,913,914
Retained earnings	13,931,816	11,742,433
Cumulative change in fair value through OCI	1,988,078	1,062,280
Currency Translation difference	50,351	149,589
<b>Equity Attributable to the Owners of the Company</b>	<b>61,257,586</b>	<b>56,155,557</b>
Non- controlling interest	427,389	363,207
<b>Total Equity</b>	<b>61,684,975</b>	<b>56,518,764</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>74,062,698</b>	<b>69,123,710</b>



**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Income**  
**For the Year Ended 31 December 2016**  
(Amounts are Expressed in US Dollars)

	<u>2016</u>	<u>2015</u>
Sales	32,392,201	26,475,495
Cost of Goods Sold	<u>(18,654,651)</u>	<u>(14,115,009)</u>
<b>Gross Profit</b>	<b>13,737,550</b>	<b>12,360,486</b>
<b>Expenses</b>		
Selling expenses	(1,715,983)	(1,651,031)
Advertising expenses	(880,509)	(862,906)
General and administrative expenses	(2,228,648)	(2,001,867)
Allowance for bad debt provision	<u>(650,000)</u>	<u>(500,000)</u>
<b>Net Profit before other Revenues and Income Tax</b>	<b>8,262,410</b>	<b>7,344,682</b>
Gain (Loss) from investments in financial assets	100,501	(831,679)
Reevaluation revenue from investments property	-	74,200
(Loss) from currency exchange	(406,814)	(701,855)
Other revenues	<u>151,715</u>	<u>101,102</u>
<b>Net Income before Income Tax</b>	<b>8,107,812</b>	<b>5,986,450</b>
Income Tax, prior years	(8,236)	(388,616)
Income tax for the current year	(800,552)	(550,000)
Deferred tax benefit (amortization)	<u>269,155</u>	<u>(115,268)</u>
<b>Net income for the Year after Income Tax</b>	<b>7,568,179</b>	<b>4,932,566</b>
<b>Attributed To:</b>		
Parent's Company Shareholders	7,503,997	4,885,601
Non-controlling Interest	<u>64,182</u>	<u>46,965</u>
<b>Net Income</b>	<b>7,568,179</b>	<b>4,932,566</b>
<b>Earning Per Share for Parent's company Shareholders</b>	<b>0.410</b>	<b>0.264</b>



**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Income and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**  
**( Amounts are Expressed in US Dollars)**

	<u>2016</u>	<u>2015</u>
<b>Net Income for the Year</b>	<b>7,568,179</b>	<b>4,932,566</b>
<b>Other Comprehensive Income Items</b>		
Change in fair value of financial Assets	1,397,835	1,292,433
Currency Translation difference for subsidiaries Financial Statements	(99,238)	137,772
<b>Net Other Comprehensive Income</b>	<b><u>8,866,776</u></b>	<b><u>6,362,771</u></b>
<b>Attributed To:</b>		
Parent's Company Shareholders	8,802,594	6,315,806
Non-controlling interest	64,182	46,965
	<b><u>8,866,776</u></b>	<b><u>6,362,771</u></b>



Birzeit Pharmaceutical Company Ltd.  
Consolidated Statement of Changes in Stockholders' Equity  
For the Year Ended 31 December 2016  
(Amounts are Expressed in US Dollars)

	Capital		Legal Reserve	Optional Reserve		Special Reserve	Retained Earnings	Cumulative Change in Fair Value Through OCI		Currency Translation Difference	Equity Attributable to the Owners of the Company		Non-controlling Interest	Total Equity
	USD	USD		USD	USD			USD	USD		USD	USD		
Balance as of 31 December 2014	18,502,825	4,625,544	4,665,553	14,913,914	10,498,731	(230,153)	11,817	52,985,231	269,277	53,254,508				
Net Profit for 2015	-	-	-	-	4,885,601	-	-	4,885,601	46,965	4,932,566				
Change in Fair Values	-	-	-	-	1,292,433	-	-	1,292,433	-	1,292,433				
Currency Translation Difference	-	-	-	-	137,772	-	-	137,772	-	137,772				
<b>Total Comprehensive income for the year</b>	-	-	-	-	<b>4,885,601</b>	<b>1,292,433</b>	<b>137,772</b>	<b>6,315,806</b>	<b>46,965</b>	<b>6,362,771</b>				
Dividends Distribution	-	-	-	-	(3,145,480)	-	-	(3,145,480)	-	(3,145,480)				
Changes in capital - Non controlling	-	-	-	-	(496,419)	-	-	(496,419)	-	(496,419)				
Transfer to optional reserve	-	3,162	493,257	-	-	-	-	-	-	-				
<b>Balances as of 31 December 2015</b>	<b>18,502,825</b>	<b>4,625,706</b>	<b>5,158,810</b>	<b>14,913,914</b>	<b>11,742,433</b>	<b>1,062,280</b>	<b>149,589</b>	<b>56,155,557</b>	<b>363,207</b>	<b>56,518,764</b>				
Balance as of 31 December 2015	18,502,825	4,625,706	5,158,810	14,913,914	11,742,433	1,062,280	149,589	56,155,557	363,207	56,518,764				
Net Profit for 2016	-	-	-	-	7,503,997	-	-	7,503,997	64,182	7,568,179				
Change in Fair Values	-	-	-	-	1,397,835	-	-	1,397,835	-	1,397,835				
Currency Translation Difference	-	-	-	-	-	-	-	(99,238)	-	(99,238)				
Transferred from investments through OCI	-	-	-	-	472,037	(472,037)	-	-	-	-				
<b>Total Comprehensive income for the year</b>	-	-	-	-	<b>7,976,034</b>	<b>925,798</b>	<b>(99,238)</b>	<b>8,802,594</b>	<b>64,182</b>	<b>8,866,776</b>				
Dividends Distribution	-	-	-	-	(3,700,565)	-	-	(3,700,565)	-	(3,700,565)				
Transfer to reserves	-	-	-	2,086,086	(2,086,086)	-	-	-	-	-				
<b>Balances as of 31 December 2016</b>	<b>18,502,825</b>	<b>4,625,706</b>	<b>5,158,810</b>	<b>17,000,000</b>	<b>13,931,816</b>	<b>1,988,078</b>	<b>50,351</b>	<b>61,257,586</b>	<b>427,389</b>	<b>61,684,975</b>				





**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Cash Flow**  
**For the Year Ended 31 December 2016**  
**(Amounts are Expressed in US Dollars)**

	<u>2016</u>	<u>2015</u>
<b>Cash flow from operating activities</b>		
<b>Net Income for the year before tax</b>	<b>8,107,812</b>	<b>5,986,450</b>
<b>Non Cash Transactions :</b>		
Depreciation	1,623,216	1,602,704
Provision for bad debt	650,000	500,000
(Gain) from property investments revaluation	-	(74,200)
Loss from trading of financial Assets	452,283	831,679
Provision for end of service indemnity	1,241,774	325,552
<b>Cash Flow Provided by Operating Activities before Changes in Assets and Liabilities</b>	<b>12,075,085</b>	<b>9,172,185</b>
(Increase) Decrease in Receivables	(5,247,409)	2,427,058
Decrease (Increase) in inventory	277,860	(1,504,338)
(Increase) Decrease in Other Debit Balances	(317,021)	9,544
(Decrease) in Other Credit Balances	(1,612,268)	(3,158,697)
<b>Net Cash Flows Provided by Operating Activities before Tax and employees benefits</b>	<b>5,176,247</b>	<b>6,945,752</b>
Paid income Tax	(551,950)	(1,876,848)
Paid End of service indemnities	(113,567)	(133,021)
<b>Net Cash Flows Provided By Operating Activities</b>	<b>4,510,730</b>	<b>4,935,883</b>
<b>Cash Flows from Investing Activities:</b>		
Net Increase in financial assets	(874,449)	(2,106,065)
Procurement of Investment Property	(129,592)	-
Procurement of Property Plant and equipment	(1,480,193)	(1,564,732)
<b>Net Cash Flows (Used In) Investment Activities</b>	<b>(2,484,234)</b>	<b>(3,670,797)</b>
<b>Cash Flows from Financing Activities</b>		
Change in non-controlling interest	-	46,965
Dividends paid	(3,700,565)	(3,145,480)
<b>Net Cash Flows (Used In) Financing Activities</b>	<b>(3,700,565)</b>	<b>(3,098,515)</b>
<b>Net (Decrease) in cash and Cash Equivalent</b>	<b>(1,674,069)</b>	<b>(1,833,429)</b>
Translation Differences	(99,238)	137,772
Cash and Cash Equivalent at beginning of year	3,872,249	5,567,906
<b>Cash and Cash Equivalent at the end of the year</b>	<b>2,098,942</b>	<b>3,872,249</b>

