

## Audit Certificate

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

**Subject: Financial statements as of 31 December 2015 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 2015, consolidated Statement of Income, consolidated Statement of Income and 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 14 March 2016.

*Saba & Co.*

Saba & Co.  
Ramallah – Palestine

7 March 2017



**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Financial Position**  
**As of 31 December 2015**  
(Amounts are Expressed in US Dollars)

	<u>2015</u>	<u>2104</u>
<b>Current Assets</b>		
Cash and deposits with banks	3,872,249	5,567,906
Accounts receivable, net	17,048,011	19,975,069
Inventory	9,649,995	8,145,657
Financial assets through profit and loss	9,071,159	6,470,772
Other assets	132,402	141,946
<b>Total Current Assets</b>	<b><u>39,773,816</u></b>	<b><u>40,301,350</u></b>
<b>Non Current Assets</b>		
Deferred tax assets	444,422	559,690
Financial assets through other comprehensive income	7,525,450	6,509,979
Investment in subsidiaries and associated companies	3,149,622	4,198,661
Investments property	3,226,200	3,152,000
Property, plants and equipment , Net	15,004,200	15,042,172
<b>Total Non Current Assets</b>	<b><u>29,349,894</u></b>	<b><u>29,462,502</u></b>
<b>Total Assets</b>	<b><u>69,123,710</u></b>	<b><u>69,763,852</u></b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals	5,993,803	9,152,500
Income tax payable	492,988	1,431,220
<b>Total Current Liabilities</b>	<b><u>6,486,791</u></b>	<b><u>10,583,720</u></b>
Reserve for severance pay	6,118,155	5,925,624
<b>Total Liabilities</b>	<b><u>12,604,946</u></b>	<b><u>16,509,344</u></b>
<b>Shareholders' Equity :</b>		
Paid in capital	18,502,825	18,502,825
Compulsory reserve	4,625,706	4,622,544
Optional reserve	5,158,810	4,665,553
Special reserve	14,913,914	14,913,914
Retained earnings	11,789,398	10,498,731
Translation difference, subsidiaries	149,589	11,817
Cumulative change in fair value through OCI	1,062,280	(230,153)
<b>Equity Attributable to the Owners of the Company</b>	<b><u>56,202,522</u></b>	<b><u>52,985,231</u></b>
Non- controlling interest	316,242	269,277
<b>Total Equity</b>	<b><u>56,518,764</u></b>	<b><u>53,254,508</u></b>
	( Statement - C )	
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>69,123,710</u></b>	<b><u>69,763,852</u></b>



## Statement - B

**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Income**  
**For the Year Ended 31 December 2015**  
(Amounts are Expressed in US Dollars)

	<u>2015</u>	<u>2014</u>
Sales	26,475,495	24,938,216
Cost of Goods Sold	<u>(14,115,009)</u>	<u>(14,471,848)</u>
<b>Gross Profit</b>	<b>12,360,486</b>	<b>10,466,368</b>
<b>Expenses</b>		
Selling expenses	(1,651,031)	(1,549,406)
Advertising expenses	(862,906)	(1,306,846)
General and administrative expenses	(2,001,867)	(2,161,369)
Allowance for bad debt	<u>(500,000)</u>	<u>-</u>
<b>Net Profit before other Revenues and Income Tax</b>	<b><u>7,344,682</u></b>	<b><u>5,448,747</u></b>
(Loss) gain from investments in financial assets	(831,679)	304,268
Reevaluation revenue from investments property	74,200	-
Financing ( expense ) revenues	(701,855)	(1,037,661)
Other revenues	<u>101,102</u>	<u>(9,210)</u>
<b>Net Income before Income Tax</b>	<b><u>5,986,450</u></b>	<b><u>4,706,144</u></b>
Income tax for the current year	(550,000)	(550,000)
Income Tax prior years	(388,616)	-
Deferred tax benefit	<u>(115,268)</u>	<u>53,331</u>
<b>Net income for the Year after Income Tax</b>	<b><u>4,932,566</u></b>	<b><u>4,209,475</u></b>
	( Statement - C )	
<b>Appropriation of Profits</b>		
Company's Shareholders	4,885,601	4,139,611
Non-controlling Interest	46,965	69,864
<b>Net Income</b>	<b><u>4,932,566</u></b>	<b><u>4,209,475</u></b>
<b>Earning Per Share</b>	<b><u>0.264</u></b>	<b><u>0.224</u></b>



## Statement - C

**Birzeit Pharmaceutical Company Ltd.**  
**Statement of Income and Comprehensive Income**  
**For the Year Ended 31 December 2015**  
 ( Amounts are Expressed in US Dollars)

	<u>2015</u>	<u>2014</u>
<b>Net Income for the Year</b>	4,932,566	4,209,475
<b>Comprehensive Income Items</b>		
Translation difference, subsidiaries	137,772	(189,847)
Change in fair value of investments	1,292,433	15,670
	<u>6,362,771</u>	<u>4,035,298</u>
<b>Comprehensive Income Allocation</b>		
Shareholders	6,315,806	3,965,434
Non-controlling interest	46,965	69,864
<b>Total Comprehensive Income</b>	<u>6,362,771</u>	<u>4,035,298</u>



## Birzeit Pharmaceutical Company Ltd.

Statement of Changes in Stockholders' Equity  
For the Year Ended 31 December 2015

( Amounts are Expressed in US Dollars )

	Paid in Capital		Compulsory Reserve		Optional Reserve		Special Reserve		Retained Earnings		Cumulative Change in Fair Value Through OCI		Translation Difference, Subsidiaries		Equity Attributable to the Owners of the Company		Non-controlling Interest		Total Equity		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Balances as of 1 January 2014	18,502,825	4,622,544	4,204,605	14,913,914	9,525,628	201,664	(245,823)	51,725,357	199,413	51,924,770											
Net Profit for 2014	-	-	-	-	4,209,475	-	-	4,209,475	69,864	4,279,339											
Change in Fair Values	-	-	-	-	-	-	15,670	-	-	15,670											
Translation Difference, Subsidiaries	-	-	-	-	-	(189,847)	-	-	-	(189,847)											
Total Comprehensive income for the year	-	-	-	-	4,209,475	(189,847)	15,670	4,209,475	69,864	4,035,298											
Dividends Distribution	-	-	-	-	(2,775,424)	-	-	-	-	(2,775,424)											
Transfers to Capital	-	-	-	-	-	-	-	-	-	-											
Transfer to optional reserve	-	-	460,948	-	(460,948)	-	-	-	-	-											
<b>Balances as of 31 December 2014</b>	<b>18,502,825</b>	<b>4,622,544</b>	<b>4,665,553</b>	<b>14,913,914</b>	<b>10,498,731</b>	<b>11,817</b>	<b>(230,153)</b>	<b>52,985,231</b>	<b>269,277</b>	<b>53,254,508</b>											
Balances as of 1 January 2015	18,502,825	4,622,544	4,665,553	14,913,914	10,498,731	11,817	(230,153)	52,985,231	269,277	53,254,508											
Net Profit for 2015	-	-	-	-	4,932,566	-	-	4,932,566	46,965	4,979,531											
Change in Fair Values	-	-	-	-	-	-	1,292,433	-	-	1,292,433											
Translation Difference, Subsidiaries	-	-	-	-	-	137,772	-	-	-	137,772											
Total Comprehensive income for the year	-	-	-	-	4,932,566	137,772	1,292,433	4,932,566	46,965	6,409,736											
Dividends Distribution	-	-	-	-	(3,145,480)	-	-	-	-	(3,145,480)											
Transfer to reserves	-	3,162	493,257	-	(496,419)	-	-	-	-	-											
<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>11,789,398</b>	<b>149,589</b>	<b>1,062,280</b>	<b>56,202,522</b>	<b>316,242</b>	<b>56,518,764</b>											





**Birzeit Pharmaceutical Company Ltd.**  
**Consolidated Statement of Cash Flow**  
**For the Year Ended 31 December 2015**  
 ( Amounts are Expressed in US Dollars )

	<u>2015</u>	<u>2014</u>
<b>Cash flow from operating activities</b>		
<b>Net Income for the year before tax</b>	<b>5,986,450</b>	<b>4,706,144</b>
<b>Non Cash Transactions :</b>		
Depreciation	1,602,704	1,554,945
Provision for bad debt	500,000	-
Gain from property investments reevaluation	(74,200)	-
Loss ( Profit ) from trading of securities	831,679	(304,268)
Provision for severance pay	325,552	560,740
<b>Cash Flow Generated by Operating Activities before Changes in Assets and Liabilities</b>	<b>9,172,185</b>	<b>6,517,561</b>
Net decrease ( Increase ) in other current assets	932,264	(2,198,440)
Net ( Decrease ) increase in other current liabilities	(3,158,697)	2,636,213
Income tax payments	(1,876,848)	-
Indemnities paid for employees	(133,021)	(65,939)
<b>Net Cash Flows from Operating Activities</b>	<b>4,935,883</b>	<b>6,889,395</b>
<b>Cash Flows from Investing Activities:</b>		
Net Purchase of financial assets	(2,106,065)	(913,931)
Procurement of fixed assets and projects in progress	(1,564,732)	(794,716)
	<b>(3,670,797)</b>	<b>(1,708,647)</b>
<b>Cash Flows from Financing Activities</b>		
Change in non-controlling interest	46,965	69,864
Dividends paid	(3,145,480)	(2,775,424)
	<b>(3,098,515)</b>	<b>(2,705,560)</b>
<b>( Decrease ) Increase in cash and banks for the year</b>	<b>(1,833,429)</b>	<b>2,475,188</b>
Translation Differences, Subsidiaries	137,772	(189,847)
Cash and banks at beginning of year	5,567,906	3,282,565
<b>Cash and banks at the end of the year</b>	<b>3,872,249</b>	<b>5,567,906</b>

