REGISTERED NUMBER: 08910692 (England and Wales)

Group Strategic Report,

Report of the Directors and

Consolidated Financial Statements

for the Year Ended 29 February 2016

for

Fulhold Pharma Plc

Fulhold Pharma Plc (Registered number: 08910692)

Contents of the Consolidated Financial Statements for the Year Ended 29 February 2016

Company Information
for the Year Ended 29 February 2016

DIRECTORS:	S W Leivers D N Squire H J P Wedermann
SECRETARY:	B D James
REGISTERED OFFICE:	Kemp House 152 City Road London EC1V 2NX
REGISTERED NUMBER:	08910692 (England and Wales)
AUDITORS:	Elliotts Shah Statutory Auditor Chartered Accountants Ground Floor, Bury House 31 Bury Street London EC3A 5AR

Group Strategic Report
for the Year Ended 29 February 2016

The directors present their strategic report of the company and the group for the year ended 29 February 2016.

REVIEW OF BUSINESS

Trading in South African market was down on the previous year but remained profitable. However, the deterioration of the value of the Rand against the Pound has resulted in the Group as a whole declaring a loss for the financial year.

Nevertheless, in our opinion, the underlying value of the Group has grown due to the advances in our R & D, regulatory planning and opportunity pipeline and product formulation innovations.

PRINCIPAL RISKS AND UNCERTAINTIES

Exchange rate fluctuations will continue to present a risk to the Group as will political uncertainties in South Africa. The Directors are actively engaged in addressing these concerns and will define and implement a set of actions aimed at reducing these risks and uncertainties which centre around our current exposure to trading mainly in the South African market.

GOING CONCERN

The group has sufficient liquid resource and on-going trading activities generating positive cash flows. The directors are confident that the company and the group will continue to meet its liabilities as the fall due for the foreseeable future and therefore prepare the financial statements on the going concern basis.

KEY PERFORMANCE INDICATORS

The key performance indicator of the group is the turnover and gross profit arising from trading activities. The expenses are controlled at each company level.

ON BEHALF OF THE BOARD:

....

H J P Wedermann - Director

Date: ....13/08/2016.......

Report of the Directors
for the Year Ended 29 February 2016

The directors present their report with the financial statements of the company and the group for the year ended 29 February 2016.

DIVIDENDS
No dividends will be distributed for the year ended 29 February 2016.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 March 2015 to the date of this report.

S W Leivers
D N Squire
H J P Wedermann

Other changes in directors holding office are as follows:

D D Cosgrove - resigned 18 March 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Report of the Directors
for the Year Ended 29 February 2016

AUDITORS
Business Financial Consult of Mauritius resigned as Auditors and Elliotts Shah were appointed in their place.

The auditors, Elliotts Shah, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

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H J P Wedermann - Director

Date: 13/08/2016

Report of the Independent Auditors to the Members of
Fulhold Pharma Plc (Registered number: 08910692)

We were engaged to audit the accompanying financial statements of Fulhold Pharma Plc for the year ended 29 February 2016 set out on pages seven to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. However, because of the matters described in the Basis of Disclaimer of Opinion paragraph, and as a consequence, limitations in the scope of work we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

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

Basis for disclaimer of Opinion
We were not appointed as auditors until after 29 February 2016. Our scope of the audit was limited to aggregation of data for the parent company and its subsidiaries; none of the subsidiary companies' financial statements have been audited, nor were we able under our scope of instructions to carry out any audit with regards to any of the subsidiaries all of which are based overseas. The UK parent company, other than holding investments in subsidiary companies shows goodwill of £4,999,500 in its statement of financial position and does not trade. All trading is undertaken via the offshore subsidiaries. Tests of impairment as to the carrying value of goodwill in the Consolidated Statement of Financial Position and the Parent Company's Statement of Financial Position have not been carried out.

Disclaimer of Opinion
Given the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Fulhold Pharma Plc (Registered number: 08910692)

Matters on which we are required to report by exception

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

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

Nilesh Shah

Nilesh Shah (Senior Statutory Auditor)
for and on behalf of Elliotts Shah
Statutory Auditor
Chartered Accountants
Ground Floor, Bury House
31 Bury Street
London
EC3A 5AR

Date: 23 August 2016

Fulhold Pharma Plc (Registered number: 08910692)

Consolidated Statement of Profit or Loss
for the Year Ended 29 February 2016

	Notes	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
CONTINUING OPERATIONS			
Revenue		802,474	873,297
Cost of sales		(471,470)	(628,168)
GROSS PROFIT		331,004	245,129
Other operating income		56,209	83,181
Administrative expenses		(675,097)	134,068
OPERATING (LOSS)/PROFIT		(287,884)	462,378
Finance costs	4	(15,774)	(30,526)
Finance income	4	72,982	38,036
(LOSS)/PROFIT BEFORE INCOME TAX	5	(230,676)	469,888
Income tax	6	-	-
(LOSS)/PROFIT FOR THE YEAR		(230,676)	469,888
(Loss)/profit attributable to:			
Owners of the parent		(230,676)	469,888

The notes form part of these financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 29 February 2016

	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
(LOSS)/PROFIT FOR THE YEAR	(230,676)	469,888
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Translation reserve movement	(47,916)	-
Income tax relating to item of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(47,916)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(278,592)	469,888
Total comprehensive income attributable to:		
Owners of the parent	(278,592)	469,888

Fulhold Pharma Plc (Registered number: 08910692)

Consolidated Statement of Financial Position
29 February 2016

	Notes	2016 £	2015 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	6,144,302	6,437,768
Intangible assets	9	442,626	438,307
Property, plant and equipment	10	88,232	51,775
Investments	11	75,972	111,840
		6,751,132	7,039,690
CURRENT ASSETS			
Inventories	12	98,153	174,640
Trade and other receivables	13	1,017,813	483,529
Cash and cash equivalents	14	240,699	167,423
		1,356,665	825,592
TOTAL ASSETS		8,107,797	7,865,282
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	5,147,292	5,060,000
Share premium	16	1,020,485	130,000
Other reserves	16	93,136	141,052
Retained earnings	16	239,212	469,888
TOTAL EQUITY		6,500,125	5,800,940
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	1,335,452	1,157,988
CURRENT LIABILITIES			
Trade and other payables	17	273,139	908,522
Tax payable		(919)	(2,168)
		272,220	906,354
TOTAL LIABILITIES		1,607,672	2,064,342
TOTAL EQUITY AND LIABILITIES		8,107,797	7,865,282

The financial statements were approved by the Board of Directors on 13 AUGUST 2016 and were signed on its behalf by:

....
H J P Wedermann - Director

S.W. LEIVERS - DIRECTOR

The notes form part of these financial statements

Fulhold Pharma Plc (Registered number: 08910692)

Company Statement of Financial Position
29 February 2016

	Notes	2016 £	2015 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	4,999,500	4,999,500
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Investments	11	500	500
		5,000,000	5,000,000
CURRENT ASSETS			
Trade and other receivables	13	898,344	861,990
Cash and cash equivalents	14	172,078	3,617
		1,070,422	865,607
TOTAL ASSETS		6,070,422	5,865,607
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	5,147,292	5,060,000
Share premium	16	1,020,485	130,000
Retained earnings	16	(130,234)	(20,184)
TOTAL EQUITY		6,037,543	5,169,816
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	8,879	674,298
CURRENT LIABILITIES			
Trade and other payables	17	24,000	21,493
TOTAL LIABILITIES		32,879	695,791
TOTAL EQUITY AND LIABILITIES		6,070,422	5,865,607

The financial statements were approved by the Board of Directors on 13 AUGUST 2016 and were signed on its behalf by:

....
H J P Wedermann - Director

S.W. LEIVERS - DIRECTOR

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the Year Ended 29 February 2016

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 25 February 2014	-	-	-	141,052	141,052
Changes in equity					
Issue of share capital	5,060,000	-	130,000	-	5,190,000
Total comprehensive income	-	469,888	-	-	469,888
Balance at 28 February 2015	5,060,000	469,888	130,000	141,052	5,800,940
Changes in equity					
Issue of share capital	87,292	-	890,485	-	977,777
Total comprehensive income	-	(230,676)	-	(47,916)	(278,592)
Balance at 29 February 2016	5,147,292	239,212	1,020,485	93,136	6,500,125

The notes form part of these financial statements

Fulhold Pharma Plc (Registered number: 08910692)

Company Statement of Changes in Equity
for the Year Ended 29 February 2016

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	5,060,000	-	130,000	5,190,000
Total comprehensive income	-	(20,184)	-	(20,184)
Balance at 28 February 2015	5,060,000	(20,184)	130,000	5,169,816
Changes in equity				
Issue of share capital	87,292	-	890,485	977,777
Total comprehensive income	-	(110,050)	-	(110,050)
Balance at 29 February 2016	5,147,292	(130,234)	1,020,485	6,037,543

Fulhold Pharma Plc (Registered number: 08910692)

Consolidated Statement of Cash Flows
for the Year Ended 29 February 2016

	Notes	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
Cash flows from operating activities			
Cash generated from operations	1	(1,094,366)	723,161
Interest paid		(15,774)	(30,526)
Tax paid		1,249	(2,168)
Net cash from operating activities		(1,108,891)	690,467
Cash flows from investing activities			
Purchase of goodwill		-	(6,437,768)
Purchase of intangible fixed assets		(14,077)	(343,247)
Purchase of tangible fixed assets		(67,847)	(157,265)
Purchase of fixed asset investments		-	(111,840)
Sale of fixed asset investments		35,868	-
Interest received		72,982	38,036
Net cash from investing activities		26,926	(7,012,084)
Cash flows from financing activities			
New loans in year		177,464	1,299,040
Share issue		977,777	5,190,000
Net cash from financing activities		1,155,241	6,489,040
Increase in cash and cash equivalents		73,276	167,423
Cash and cash equivalents at beginning of year	2	167,423	-
Cash and cash equivalents at end of year	2	240,699	167,423

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 29 February 2016

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
(Loss)/profit before income tax	(230,676)	469,888
Depreciation charges	28,067	10,430
Translation adjustment	258,631	-
Finance costs	15,774	30,526
Finance income	(72,982)	(38,036)
	(1,186)	472,808
Decrease/(increase) in inventories	76,487	(174,640)
Increase in trade and other receivables	(534,284)	(483,529)
(Decrease)/increase in trade and other payables	(635,383)	908,522
Cash generated from operations	(1,094,366)	723,161

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 29 February 2016

	29.2.16 £	1.3.15 £
Cash and cash equivalents	240,699	167,423

Period ended 28 February 2015

	28.2.15 £	25.2.14 £
Cash and cash equivalents	167,423	-

1. LEGAL STATUS AND BUSINESS ACTIVITY

The Company was incorporated as a public limited company in the United Kingdom on 25th February 2014.

The principal activity of the Company and the group is manufacture and use of CHD-FA as an Active Pharmaceutical (API).

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company prepared its first consolidated financial statements for the period 25th February 2014 (date of incorporation) to 28th February 2015.

Basis of consolidation
The consolidation financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statement of subsidiary to bring its accounting policies into line with those used by other member of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately form the Group's equity therein.

The principal subsidiaries included in the consolidated financial statements are:

Subsidiary company	**Country of incorporation**	**%age holding**
Fulhold Limited	BVI	100
Fulhold Limited owns the following subsidiaries:		
Pfeinsmith Limited	BVI	100
Natracine Limited*	England	100
Dentracine Limited*	England	100
Seprex Limited	BVI	100
Medicon Limited	Mauritius	100
Medivic Limited	Mauritius	100
Pfeinsmith S.A. Proprietary Limited	South Africa	100
Ithemba Le Sizwe Health Products Proprietary Limited	South Africa	100
Fulvimed S.A. Proprietary Limited**	South Africa	100
Fulvicare Proprietary Limited**	South Africa	100
Vihoton Proprietary Limited**	South Africa	100

The financial statements of all of the above-listed subsidiaries have not been subject to an audit and have been prepared in accordance with the reporting requirements of the jurisdiction of the country of incorporation.

* Dormant
** Held by Ithemba Le Sizwe Health Products Proprietary Limited

continued...

2. **ACCOUNTING POLICIES - continued**

Changes in accounting policies
a) New standards, interpretations and amendments, effective from 1 January 2015

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2015, have had a material effect on the financial statements.

b) New Standards, interpretations and amendments not yet effective

The IASB and IFRIC have issued the following standards and interpretations with effective dates that are subsequent to 1 January 2015; Consequently these pronouncements will or may have an effect of the group's financial statements in future periods:

IFRS 9 Financial Instruments: Classification and Measurement - effective date 1 January 2018 as tentatively proposed by the IASB*
IFRS 15 Revenue from Contracts with Customers - effective 1 January 2017*
*Still to be endorsed by the EU.

The directors anticipate that the adoption of these standards and interpretations on their effective dates will not have a material impact of the Group's presentation of financial statements in the period of initial application.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for good and services provided in the normal course of business, net of trade discounts and volume discounts and value added tax.

Goodwill
Goodwill on acquisition is recognised in accordance with IFRS3 as an asset measured at cost initially, then at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually.

Impairment on non-financial assets
The Company assesses at each reporting date whether there is an indication that asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those other asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss expense categories consistent with the function of the impairment asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

Property, plant and equipment
Property plant and equipment comprises of plant & equipment, motor vehicles, computers and office furniture. Property plant and equipment are stated at historical cost less depreciation. Depreciation is calculated in a straight line basis to write off the cost of each asset to their residual value over their estimated useful life as follows:

Property, Plant and Equipment - 20%

continued...

2. **ACCOUNTING POLICIES - continued**

Financial instruments

Financial assets and financial liabilities are recognised on the Group's or Company's statement of financial position when the Group or Company becomes a party to the contractual provisions of the instrument. The Group and Company shall offset financial assets and financial liabilities if the Group or Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(i) Financial assets

The Group's and Company's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group and Company have not classified any of its financial assets as held to maturity or as available for sale.

Unless otherwise indicated, the carrying amounts of the Group's and Company's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

They comprise principally of amounts outstanding from clients through providing investment management services (trade receivables), but also incorporate other types of contractual monetary assets such as loans receivable from shareholders.

The effect of discounting on these financial instruments is not considered to be material.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group or Company will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in the statement of comprehensive income.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

when the Group or Company has transferred substantially all the risks and rewards of ownership; or
when it has transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
when the contractual right to receive cash flow has expired.

(ii) Financial liabilities

The Group and Company classifies its financial liabilities into the categories below, depending on the purpose for which the liability was issued and its characteristics.

Unless otherwise indicated, the carrying amounts of the Group's and Company's financial liabilities are a reasonable approximation of their fair values.

continued...

2. **ACCOUNTING POLICIES - continued**

Financial liabilities measured at amortised cost

Financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Loans and borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

The effect of discounting on these financial instruments is not considered to be material.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group or Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

(iii) Share Capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in Note 16 the Company considers all its share capital, share premium and all other reserves as equity. The Company is not subject to any externally imposed capital requirements.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

continued...

2. **ACCOUNTING POLICIES - continued**

Foreign currencies
(i) 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 Pounds Sterling (£) which is the Company's functional and Group's presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies
The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
b) income and expenses for each statement of comprehensive income are translated at the average exchange rate prevailing in the period (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 recognised as a separate component of equity.

Cash and cash equivalents
Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which subject to an insignificant risk of change in value.

Other accounting policies

Expense recognition

All expenses are accounted for in profit or loss on the accrual basis.

Related parties

Related parties are individuals and companies where the individual or the Company has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Provisions

Provisions are recognised when the Company has legal or constructive obligation as a result of pass events. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

continued...

2. ACCOUNTING POLICIES - continued

Significant accounting judgements, estimates and assumptions
In preparing the annual financial statements, management is required to make judgements, estimated and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

3. EMPLOYEES AND DIRECTORS

	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
Wages and salaries	266,537	181,741

The average monthly number of employees during the year was as follows:

	Year Ended 29.2.16	Period 25.2.14 to 28.2.15
Administration	26	24

	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
Directors' remuneration	33,100	-

4. NET FINANCE INCOME

	Year Ended 29.2.16 £	Period 25.2.14 to 28.2.15 £
Finance income:		
Interest received	72,982	38,036
Finance costs:		
Interest paid	15,774	30,526
Net finance income	57,208	7,510

continued...

5. (LOSS)/PROFIT BEFORE INCOME TAX

The loss before income tax (2015 - profit before income tax) is stated after charging/(crediting):

	Year Ended 29.2.16	Period 25.2.14 to 28.2.15
	£	£
Cost of inventories recognised as expense	471,470	628,168
Depreciation - owned assets	24,260	124,150
Patents and licences amortisation	3,807	18,660
Auditors' remuneration	12,000	1,376
Foreign exchange differences	(27,669)	(497,314)

6. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose on ordinary activities for the year ended 29 February 2016 nor for the period ended 28 February 2015.

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(110,050) (2015 - £(20,184)).

8. GOODWILL

Group

	£
COST	
At 1 March 2015	6,437,768
Exchange differences	(293,466)
At 29 February 2016	6,144,302
NET BOOK VALUE	
At 29 February 2016	6,144,302
At 28 February 2015	6,437,768

Company

	£
COST	
At 1 March 2015 and 29 February 2016	4,999,500
NET BOOK VALUE	
At 29 February 2016	4,999,500
At 28 February 2015	4,999,500

continued...

9. INTANGIBLE ASSETS

Group

	Patents and licences £
COST	
At 1 March 2015	456,967
Additions	14,077
Exchange differences	(9,759)
At 29 February 2016	461,285
AMORTISATION	
At 1 March 2015	18,660
Amortisation for year	3,807
Exchange differences	(3,808)
At 29 February 2016	18,659
NET BOOK VALUE	
At 29 February 2016	442,626
At 28 February 2015	438,307

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery £
COST	
At 1 March 2015	175,925
Additions	67,847
Exchange differences	(24,231)
At 29 February 2016	219,541
DEPRECIATION	
At 1 March 2015	124,150
Charge for year	24,260
Exchange differences	(17,101)
At 29 February 2016	131,309
NET BOOK VALUE	
At 29 February 2016	88,232
At 28 February 2015	51,775

continued...

11. INVESTMENTS

Group

	Listed investments £
COST	
At 1 March 2015	111,840
Disposals	(35,868)
At 29 February 2016	75,972
NET BOOK VALUE	
At 29 February 2016	75,972
At 28 February 2015	111,840

Company

	Shares in group undertakings £
COST	
At 1 March 2015 and 29 February 2016	500
NET BOOK VALUE	
At 29 February 2016	500
At 28 February 2015	500

12. INVENTORIES

	Group	
	2016 £	2015 £
Finished goods	98,153	174,640

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Current:				
Trade debtors	199,594	266,466	-	-
Amounts owed by group undertakings	-	-	898,344	861,990
Other debtors	818,219	217,063	-	-
	1,017,813	483,529	898,344	861,990

continued...

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank accounts	240,699	167,423	172,078	3,617

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
51,472,916	Ordinary shares	£0.10	5,147,292	5,060,000

872,920 Ordinary shares shares of £0.10 each were allotted as fully paid at a premium of £1.0201222 per share during the year.

16. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 March 2015	469,888	130,000	141,052	740,940
Deficit for the year	(230,676)			(230,676)
Cash share issue	-	890,485	-	890,485
Foreign exchange translation	-	-	(47,916)	(47,916)
At 29 February 2016	239,212	1,020,485	93,136	1,352,833

Company

	Retained earnings £	Share premium £	Totals £
At 1 March 2015	(20,184)	130,000	109,816
Deficit for the year	(110,050)		(110,050)
Cash share issue	-	890,485	890,485
At 29 February 2016	(130,234)	1,020,485	890,251

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Current:				
Trade creditors	160,489	553,514	12,000	-
Other creditors	99,399	355,008	-	21,493
Accrued expenses	13,251	-	12,000	-
	273,139	908,522	24,000	21,493

continued...

18. FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Non-current:				
Other loans - 1-2 years	1,335,452	1,157,988	8,879	674,298

The above loans are from:

Lender	**Loan**
The Omar Trust	298,270
Dual Star 2	8,880
Metabolite Investment	215,272
Four Elements	813,030
	1,335,452

The loan from The Omar Trust bears 6% interest and is repayable on demand.
The loan from The Dual Star 2 bears 6% interest and is repayable in 6 months from the date of issue.
The loan from Metabolite Investment is non-repayable.
The loan from Four Elements is interest free.

continued...

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has trade and other receivables and cash and cash equivalents that arise directly from its operations.

The Group and Company is exposed to market risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. The Company monitors those risk through a process known as 'sensitivity analysis'. This involves estimating the effect on profit before tax over various periods of a range of possible changes in interest rates and exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans.

continued...

Financial risk management objectives and policies (continued)

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's and the Company's financial instruments that are carried in the financial statements.

The fair value of the financial assets and liabilities are included as an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	The Group 2016 £	**The Group 2015 £**
	Carryingamou nt	Fairvalue
Financial Assets		
Investments	75,972	111,840
Trade and other receivables	1,291,343	483,529
Financial Liabilities		
Borrowings	1,468,982	1,157,988
Trade and other payables	273,139	908,522

20. EVENTS AFTER THE REPORTING PERIOD

In the opinion of the directors no events have occurred since the balance sheet date that and the date of approval of these financial statements which would require disclosure.

21. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no single controlling party.