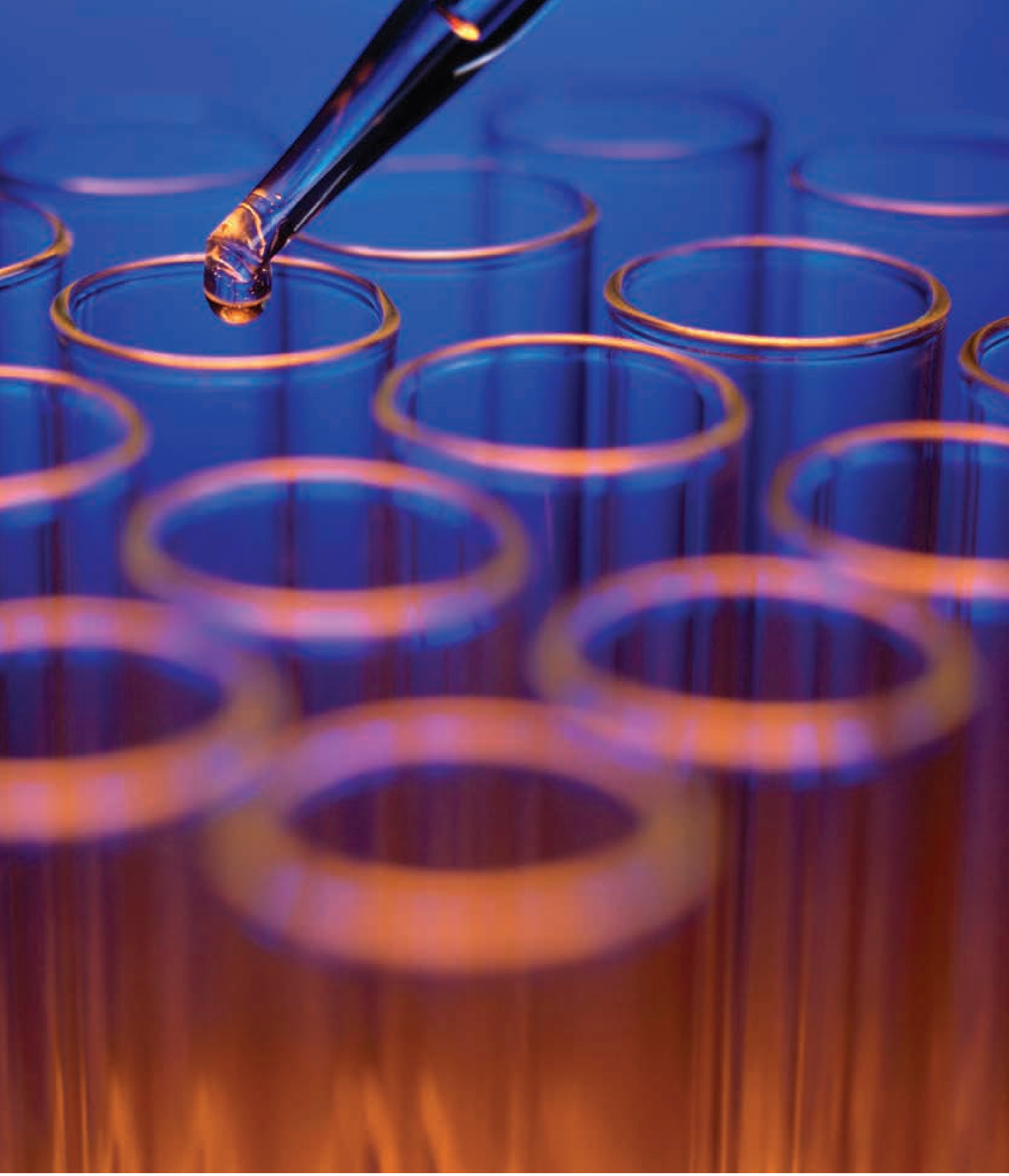

PuriCore
Pure Science. Pure Life.

2015 Annual Report

PuriCore today

Dedicated to protecting and improving the health of adults and children

PuriCore is a biopharmaceutical company passionately committed to leveraging its proprietary immunomodulatory technology to protect and improve the health of adults and children. In 2016, the Group began development of small molecule therapies in inflammatory diseases with potential application in Dermatology, Ophthalmology and rare diseases, and the potential for broad applicability across a number of other diseases. PuriCore currently serves the Supermarket Retail and Wound Care markets with different technologies and formulations.

Our established markets

Supermarket Retail

In Supermarket Retail, our products are used by leading supermarket retailers across the United States and Canada to enhance freshness of fruits, vegetables and flower displays.

Health Sciences

In Health Sciences, we offer a Wound Care solution for cleansing, debriding and moisturizing chronic and acute wounds, including diabetic ulcers and burns.

STRATEGIC REPORT
Highlights

FINANCIAL HIGHLIGHTS

- Group revenue increased 36.5% to $23.4 million (2014: $17.1m)
  - Supermarket revenue increased by 42.0% to $22.2 million (2014: $15.6m)
    - Generator related revenue grew 42.6%; Concentrate revenue grew by 40.6%
  - Health Sciences' revenue declined, as expected, to $0.6 million (2014: $1.5m) given termination of the dermatology partnership following a change in control of the Group's partner
  - Other revenue increased to $0.6 million (2014: nil) representing fees paid by third parties to gain letters of access to the Group's Active Chlorine Biocidal Products Regulation (BPR) dossier
- Gross margin of 28.4% (2014: 28.0%)
- Operating expenses increased to $16.3 million (2014: $12.2m) due primarily to planned R&D spend including the support of drug development, regulatory investments and costs and certain one-time fixed asset and intangible write-offs
- Loss from Operations was $9.4 million (2014: loss of $7.0m)
- Cash and cash equivalents were $15.5 million as at 31 December 2015 (as at 31 December 2014: $20.7m, net of $0.2m debt)

OPERATIONAL HIGHLIGHTS

- Supermarket Retail delivered strong top-line performance
  - Continued growth in concentrate placements and usage of ProduceFresh® and FloraFresh®
  - Sterilox® Fresh agreement with a top-three US supermarket retailer worth approximately $17.8 million over six years
- Advanced the Group's comprehensive analysis of potential healthcare applications of new formulations and high concentrations of proprietary hypochlorous acid platform technology
- Alex Martin appointed as Chief Executive Officer and Executive Director following Michael Ashton's retirement in June 2015

PuriCore plc (the Company) is incorporated in the United Kingdom. The Group represents the Company and all its subsidiaries including PuriCore, Inc., PuriCore Europe Limited and PuriCore Scientific Limited.

POST BALANCE SHEET EVENTS

- Completion of strategic review now positions PuriCore as an emerging specialty biopharmaceutical company, announced February 2016
  - Confirmation of new drug development focus
  - Development of novel, prescription, topical treatments for inflammatory diseases
    - to include Dermatology, Ophthalmology and potential rare disease indications
    - pre-clinical study results suggest a differentiated mechanism of action
  - First Investigational New Drug (IND) applications planned for Q1 2017
- Board evaluating strategic alternatives for Supermarket Retail as announced February 2016
- In March 2016, the Company announced the appointment of Dr. Balkrishan (Simba) Gill as a Non-Executive Director of the Board

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Chief Executive Officer's Report

In June 2015, I joined PuriCore as Chief Executive Officer and Executive Director. This is a very exciting time to be a part of PuriCore. Since joining, my key priority has been to formalise the business strategy and guide the Group through the significant change in direction to a new and potentially very rewarding drug development focus.

Building a Specialty Biopharmaceutical Company

2015 has been an important and decisive year for PuriCore. As announced in February 2016, a comprehensive and thoughtful review led to a new strategic focus for the business – to develop novel immunomodulatory therapies. We will initially focus on the development of novel, prescription, topical treatments for inflammatory diseases with a differentiated mechanism of action.

Drug development does come with uncertainty, but I believe that we are well positioned to embark on this journey as we have the expertise, strong intellectual property, and a validated, de-risked technology for which there is already a significant body of clinical evidence in humans. We will be supplementing our team in 2016 with the addition of a Chief Medical Officer, for which a search is advanced.

Building upon previous clinical experience with the Group's medical devices in Wound Care and Dermatology, we have developed proprietary formulations using high concentrations of our hypochlorous acid technology that are immunomodulatory and exhibit anti-inflammatory activity. Our preclinical study results suggest that these formulations have a differentiated mechanism of action. In animal models of disease, our formulations had a significant impact on allergen-induced itch and inflammation associated with atopic dermatitis by neutralizing and/or inhibiting key cytokines. Moreover, we believe our technology could offer an advantageous safety profile for use in infants and children.

During the year, we worked with a leading pharmaceutical consulting firm and influential key opinion leaders to complete a comprehensive drug development strategic review to assess unmet medical needs with considerable commercial value suitable for the development of a product pipeline based on our proprietary immunomodulatory technology. Our initial target indications include inflammatory diseases in Dermatology, Ophthalmology and potentially certain rare diseases.

In 2016, the Company will continue formulation development and conduct a series of additional preclinical and toxicology studies in support of two planned Investigational New Drug filings with the Food and Drug Administration (FDA), anticipated in Q1 2017. Clinical testing will commence, if and when, FDA approval is received.

Supermarket Retail

Our Supermarket Retail business has delivered strong revenue growth, up 42%. With new concentrate placements and consumable product sales coupled with significant capital equipment sales during the year, we have achieved significant penetration in both the produce and floral markets.

Given the re-focus of the Group, we are considering strategic options available for our Supermarket Retail business. Whilst this business delivered considerable top-line growth and impressive market penetration, it addresses a very different market segment to the new strategic direction of the business. The Board is evaluating strategic options such as spinning out the business into a stand-alone and separately funded entity, selling the business, establishing a joint venture or other arrangements that could further drive growth and deliver value to our shareholders.

Health Sciences

Revenues in Health Sciences primarily represent royalty income from the Group's distribution arrangement for our medical device Wound Care product and historically our Dermatology product. In 2015, revenues decreased, as expected, due to the termination of the Onset Dermatologics partnership as announced in December 2014 following their acquisition by Valeant Pharmaceuticals.

Thank You

I want to thank our employees for all their hard work and dedication through this period of change. Thank you also to our shareholders and Board for their support of our new strategic direction. We appreciate everyone's efforts in helping to build a bright future for PuriCore.

Alex Martin
Chief Executive Officer

24 March 2016

Chief Financial Officer’s Report

PuriCore plc (the Company) is incorporated in the United Kingdom. The Group represents the Company and all its subsidiaries, including PuriCore, Inc., Puricore Europe Limited and PuriCore Scientific Limited.

Income Statement

Group revenue increased 36.5% to $23.4 million for the period (2014: $17.1m), reflecting the previously announced capital equipment sale order and an increase in concentrate sales in the Supermarket Retail business. Health Sciences' revenue declined, as expected, to $0.6 million (2014: $1.5m) given termination of the dermatology partnership following a change in control of the Group's partner. Group revenue also includes $0.6 million of fees paid by third parties to gain letters of access to the Group’s Biocidal Products Regulation dossier.

Gross profit margin for the Group increased slightly to 28.4% (2014: 28.0%) through increased sales of higher margin consumable products in Supermarket Retail partially offset by the Group’s continued investment in upgrading generators and rolling-out a simpler replacement concentrate delivery system.

Operating expenses increased to $16.3 million (2014: $12.2m) primarily due to: Research & Development investments specifically related to our new drug development strategy; regulatory investments and provisions; and the write off of certain fixed assets (concentrate delivery systems that were replaced by capital equipment). In September 2015, the Group reached a settlement with the California Department of Pesticide Regulation in connection with the sale and promotion of the Group’s concentrate products in California. The Group is cooperating with the Environmental Protection Agency (EPA) related to their on-going investigation of concentrate products and has recorded an associated provision in the accounts as at 31 December 2015. The regulatory costs and fixed asset write-off are included in General & Administrative expenses.

For 2015, PuriCore reported an EBITDA* loss of $6.8 million (2014: loss $4.9m), and a net loss from Continuing Operations of $9.4 million (2014: loss $7.0m).

Cash Flow

Cash and cash equivalents as at 31 December 2015 were $15.5 million (as at 31 December 2014: $20.9m before debt). PuriCore used $3.4 million of cash in operating activities and spent $1.7 million to fund the purchase of fixed assets (primarily concentrate delivery systems placed in supermarkets) during 2015. The Group used $0.2 million to repay its line of credit.

Debt

The Group had no outstanding debt as at 31 December 2015 having paid off the expiring line of credit.

Marella Thorell
Chief Financial Officer and Chief Operating Officer

24 March 2016

* Earnings before interest, tax, depreciation, fixed asset write-off, amortisation and non-cash equity-related charges.

Strategic Review and Key Performance Indicators

Business Organisation

PuriCore currently serves the Supermarket Retail and Health Sciences markets with technologies and formulations based on its unique, patented hypochlorous acid technology.

In Supermarket Retail, the Group's products are used by leading supermarket retailers across the United States and Canada to enhance freshness of fruits, vegetables and flower displays.

In Health Sciences, the Group offers a Wound Care solution for cleansing, debriding and moisturising chronic and acute wounds, including diabetic ulcers and burns. This business is commercialised through a distribution relationship.

Future Strategy

Following the Group's strategic review results announced in February 2016, PuriCore has confirmed a new strategic vision for its business – to become an emerging biopharmaceutical company, passionately committed to leveraging its proprietary immunomodulatory technology to protect and improve the health of adults and children. In addition, the Board is currently evaluating strategic alternatives for the Group's Supermarket Retail business such as spinning out the business into a stand-alone and separately funded entity, selling the business, establishing a joint venture or other arrangements that could further drive growth and deliver value to our shareholders.

In 2016, the Group has begun development of small molecule therapies in inflammatory diseases with potential application in Dermatology, Ophthalmology and rare diseases, and the potential for broad applicability across a number of other diseases. On current timelines, the Group expects to file two IND applications with the FDA in Q1 2017. Clinical testing will commence, if and when, FDA approval is received.

With this change in strategic focus for the Group, once the strategic evaluation of options for the Supermarket Retail business is completed, key performance indicators (KPIs) currently in use are expected to change.

KPI: Increase Recurring Revenue

PuriCore recognised a mix of revenue between recurring revenue, which comprises bottled concentrate and service contracts in the Supermarket Retail segment and ready-to-use bottled products and royalties in the Health Sciences segment, and non-recurring revenues, primarily capital equipment sales. This strategy of balance reduces the potential impact of capital spending variability by large customers, including supermarket retailers.

In 2015, 51.3% of PuriCore's revenue, or $12.0 million, was recurring (2014: 72.8% or $12.5m). Supermarket Retail recurring revenue from concentrate was up 40.6% with recurring revenue from operating leases declining as leases expire. Health Sciences recurring revenue was $0.9 million lower in 2015 due to the termination of the Group's Dermatology partnership following a change in control of the Group's partner. In addition, capital sales of generators increased 42.6% in 2015 due to the previously announced large capital equipment sales order.

KPI: Drive Higher Margins

The Group has slightly improved gross margins to 28.4% (2014: 28.0%) through increased sales of its higher margin consumable products in Supermarket Retail partially offset by additional investments and costs associated with upgrading and servicing equipment, including concentrate delivery systems.

Risks and Uncertainties

The risks included here are not exhaustive. The Group operates in a competitive and rapidly changing environment and has embarked on a new strategic direction. New risks emerge periodically, and it is not possible to predict all such risk factors for the Group's business or the extent to which any factor or combination of factors might cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Risk management is seen as an important element of internal controls and is used to mitigate the Group's exposure to such risks to the extent possible.

RISKS RELATING TO THE GROUP'S BUSINESS AND FUTURE STRATEGY

The new strategic focus is subject to the uncertainties of drug development and the availability of financing.

PuriCore is embarking on a new strategic direction focused on developing its platform technology at high concentrations for drug applications. Such a strategy involves inherent risks associated with demonstrating safety and efficacy of compounds, ensuring stable formulations, demonstrating clinical efficacy, achieving regulatory approval and then delivering commercial success.

Failure to implement a successful research and development strategy could result in an inability to deliver new products and indications, which would have a material detrimental effect on the sustainability of the business. Failure of programmes could result from lack of organisational resource or capability deficiencies, inadequate planning or anticipation of obstacles, poorly designed testing protocols, changes in the regulatory landscape, failure to achieve clinical results or regulatory approvals, or from the formulations not having the clinical benefits or safety profiles that were anticipated. Even if regulatory approvals are obtained, adoption of the Group's products could prove slow or difficult, depending upon other products or available therapies for the indications. Other drug companies could develop safer or more effective products for the same indications and secure a significant portion of the available market. Macro-economic factors could impact the pricing or payors' willingness to reimburse patients for the Group's product. There are many uncertainties and variables which could impact the timing and likelihood of the Group successfully delivering a new drug. Additionally, given the significant investment required, the Group may not be able to fund on-going development costs without additional financing from one or more sources.

The Group's products are subject to various legislative and regulatory requirements.

The Group's products are subject to various legislative and regulatory requirements. If the Group or its third party manufacturers or distributors fail to satisfy legislative and regulatory requirements, this could result in the imposition of sanctions on the Group, including fines, injunctions such as 'stop sale orders', civil penalties, import bans, delays, suspension or withdrawal of approvals, license revocation, seizures or recall of products, operating restrictions, and criminal prosecutions, any of which could materially harm the Group's product development and commercialisation efforts as well as have a material effect on the business or results of operations.

Related to the Supermarket Retail business, the Environmental Protection Agency (EPA) has been reviewing the Group's concentrate products as part of an ongoing investigation. The Group has been asked to provide additional information related to previous sales and promotion of these products, and is fully cooperating with the EPA. PuriCore has processes and procedures intended to drive regulatory compliance. However, no assurance can be provided regarding the ability of those processes and procedures to totally mitigate compliance risk.

The medical device sector is highly regulated and the Group and its distribution, manufacturing and other partners must comply with many regulations relating to the marketing of its products. The Group could suffer significant negative effects if either it or partners do not comply.

There are a broad range of regulations relating to the development, testing approval and manufacturing of drugs which the Group must successfully navigate and comply with in order to commercialise new drugs. Even if regulatory clearance is granted, it is subject to continual review and any approval may be withdrawn or restricted.

Any one or a combination of these risk factors could have a material adverse effect on the Group's business, financial condition and results of operations. While the Group endeavors to manage these risks internally and through contractual arrangements and monitoring for those that are the responsibility of a third party, there

are inherent risks particularly in arrangements that are not completely under the Group's control.

Legislative changes or regulatory reform of the healthcare systems in the countries in which the Group operates may also affect the Group's ability to develop or sell its products profitably or at all.

The Group has a history of operating losses and significant investment will be required to support the new business strategy which will not be provided by the Group's current operations.

The Group has experienced operating losses in each year since its inception and, as at 31 December 2015, had an accumulated deficit of approximately $174 million. The Group has a cash position of $15.5 million as at 31 December 2015. However, the Group will need a source of funding in the future to support its new drug development strategy and to reach a value inflection point for the new strategy. The Board is evaluating strategic alternatives for the Supermarket Retail business which could provide a source of cash; however, the costs associated with developing, testing and obtaining regulatory approval are significant. In addition, the timeline for obtaining regulatory approval for a drug is lengthy and the Group does not have positive cash flow from operating businesses to cover the costs of developing new drug products, so additional funding will be necessary. Failure to obtain funding could have a material adverse effect on the Group's business, financial condition and results of operations and ability to execute the strategy.

The Company may need to raise additional capital. If it is unable to raise additional capital in the future, product development could be limited, constraints could be placed on the operations of the business and long-term viability may be at risk. If the Company raises additional capital, existing shareholders' interests in the Company may be diluted. The Company may seek to obtain additional funds through equity or debt financings, or strategic alliances with third parties either alone or in combination with equity or debt financing investments.

There are factors that may cause the Group's future capital requirements to be greater than anticipated or could accelerate the need for funds including but without limitation:

- unforeseen developments during pre-clinical and/or clinical trials;
- delays in the timing of receipt of required regulatory approval or clearances;
- unanticipated expenses in research and development for the drug development business;
- unanticipated expenses in defense of intellectual property rights;
- lack of financial resources to adequately support operations;
- the need to respond to technological changes and competition;
- unforeseen problems in attracting and retaining qualified personnel;
- claims that might be brought in excess of the Group's insurance coverage; or,
- imposition of penalties for failure to comply with regulatory guidelines.

All or any of these factors may utilise the Group's cash resources and increase the amount, and accelerate the timing of, an equity or debt financing. An equity raise or even a debt raise (which could include a convertible feature or warrants) may dilute existing shareholders' ownership stakes.

The Group's new business strategy exposes it to a higher level of risk associated with pre-clinical and clinical studies.

As the Group is embarking upon a new business strategy in developing drug formulations in targeted therapeutic areas, there is an increased risk associated with the necessary pre-clinical (animal) and clinical (human) studies that need to be conducted. The clinical testing could result in harm to humans for which the Group could be held responsible. If humans and/or animals were harmed as a consequence of the Group's actions, it could have a material negative effect on the Group's financial results and cash flow as well as its reputation and consequently its access to potential financing. The Group will seek to mitigate these risks with management oversight and liability insurance.

The Group is reliant on core technology and development.

The Group is reliant on its core platform technology and is potentially subject to competition from other companies that might have products in development or commercially available which are more advanced and/or less expensive. In relation to future products, competitors may precede the Group in developing, receiving regulatory approval and commercialising their products and competitors may also succeed in developing products that are even safer, more effective,

or more economically viable than products developed by the Group.

As a result, the Group's products may not be competitive or available in the market in a timely manner therefore eroding the Group's market share and/or potential for growth or creating pricing pressure in the market. The Group seeks to mitigate these risks through strengthening the science and technology of its products, diversifying its product portfolio, endeavouring to rapidly increase market share and remaining vigilant and pro-active in regard to competitive threats, to the extent possible.

The Group has a significant concentration of revenue derived from a few customers.

A significant proportion of the Group's sales contracts are with a limited number of customers such as certain large retail supermarket chains. Failure to deliver products and/or services to these customers, termination by any of these customers of their agreements with the Group, and/or a reduction in spending by these customers could have a material adverse effect on the Group's business, financial condition, and results of operations in the form of reduced revenues and cash flow. The Group is endeavouring to diversify its customer base through additional product offerings and new customers to mitigate this risk.

As the Group seeks to grow recurring, consumables-based revenue, consumption levels may not be as high as forecast whilst investments are necessary to establish the consumable platform at customers.

The Group derives revenue from a mixture of capital equipment, leased equipment, service contracts, concentrate sales and royalty income. With a stated intent to transition the Supermarket Retail business to a more consumables-based revenue model, future revenues are to a greater extent dependent upon on-going consumption levels from customers. If usage levels in future years do not achieve expectations and if appropriate measures are not taken to reduce costs in line with reduced sales, this could have a material adverse effect on the Group's business, financial condition, and results of operations. Further for Supermarket Retail customers the Group must make initial investments in installing the concentrate delivery system for the consumable products at customer locations and may not re-coup the cost of this investment if consumption levels do not meet expectations. The Group seeks to mitigate this risk by closely monitoring and reporting to the customer on consumption, by maintaining close customer relationships to ensure usage of consumables and by expanding the use and application of the consumables throughout the customers operations.

The Group is dependent on a limited number of sub-contract manufacturers to assemble many of its products and to produce certain components within these products.

The Group is dependent on a limited number of sub-contract manufacturers to produce its range of products. Although the Group considers additional sub-contract manufacturers, there can be no guarantee that the Group will be able to access additional sources to manufacture its integral products. The Group believes that appropriate supply chain systems will continue to be applied, but there is no guarantee that its sub-contractors will continue to devote adequate resources to the production of the Group's products or deliver sufficient quantities of finished products on a timely basis or at an acceptable cost or to enable the Group to maintain sufficient inventory to meet customer demand, which may delay or reduce revenues.

PuriCore's business and the advancement of the new strategy could suffer if it cannot attract and retain the services of key employees.

The Group depends upon the continued service and performance of existing executive officers, and relies on key personnel in formulating and implementing product research and development strategies and other activities related to the Group's drug development strategy. The Group's success depends in large part on its ability to attract and retain highly skilled employees with the right expertise who are able to advance the new strategy. The Group competes for such personnel with other companies and may not be successful in hiring or retaining qualified personnel, particularly if financing the strategy becomes a bigger challenge.

RISKS RELATING TO THE MARKETPLACE IN WHICH THE GROUP OPERATES

The sectors in which the Group operates are subject to macroeconomic pressures that may result in tighter spending practices.

PuriCore's customers are primarily in the retail supermarket and healthcare sectors. These sectors are subject to spending policy changes as a consequence of any downturn in the economy. These pressures are present in the US healthcare sector and the retail supermarket sector has been impacted by decreases in consumer spending arising from the economic

downturns. These macroeconomic pressures may result in lower revenue being realised by the Group, pricing pressures for its products or lower consumption, and/or lower than expected market size or prices associated with the drug business.

RISKS RELATING TO THE ORDINARY SHARES

The share price of the Company may fluctuate significantly.

The share price may, in addition to being affected by the Group's actual or forecasted operating results and market reception to the new business strategy, fluctuate significantly as a result of factors beyond the Company's control and may not always reflect the underlying asset value or the prospects of the Group. The factors that may affect the Company's share price include:

- liquidity of the Ordinary Shares and willingness of shareholders to sell when there are demand or supply imbalances;
- fluctuations in stock market prices and volumes, and sector or general market volatility;
- changes in laws, rules and regulations applicable to the Company, its operations and involvement in actual or threatened litigation;
- general economic and political conditions, including in the regions in which the Group operates; and
- changes in the structure of the European Union and financial implications of the sovereign debt crisis.

There can be no assurance that an active or liquid trading market for the Company's Ordinary Shares will be developed or, if developed, that it will be maintained.

The Company's shares were admitted to trading on AIM following delisting on 23 December 2014. There can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained following admission to AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies and may not provide the liquidity normally associated with the premium segment of the Official List. The Ordinary Shares may, therefore, be difficult to sell compared to the shares of companies listed on the premium segment of the Official List and their market prices may be subject to greater fluctuations than might otherwise be the case.

Further, a quotation on AIM affords shareholders a lower level of regulatory protection than that afforded to shareholders in a company with its shares listed on the premium segment of the Official List. The future success of AIM and liquidity in the market for the Company's shares cannot be guaranteed. Potential investors and shareholders should be aware that the value and any income from the Ordinary Shares can go down as well as up and that investment in securities which are traded on AIM might be less realisable and might carry a higher risk than a security listed on the Official List. Liquidity on AIM is currently provided by market makers who are member firms of the London Stock Exchange and are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on a business day.

RISKS RELATING TO INTELLECTUAL PROPERTY

The Group may be unable to adequately protect its intellectual property.

The Group is the owner of intellectual property rights, comprising patents, trademarks, designs, copyright, trade secrets, and confidential information. While it may apply from time to time to register additional patents, trademarks, designs and copyright and take reasonable steps to protect its trade secrets and confidential information, there can be no assurance that any of its registered intellectual property rights will not be successfully challenged or that third parties will not misappropriate such secrets and information. The Group relies to a great extent on its patents and whilst no validity challenges have previously been made, there is no guarantee that they will not be made in the future. Other companies may obtain intellectual property rights based on developments in technology used by the Group. Without obtaining a license to utilise such intellectual property rights, the Group would be restricted from utilising such new developments.

As the Group executes its new drug development strategy and promotes this strategy to the current and/or prospective investors and others, its intellectual property portfolio may be scrutinised by competitors and others in the market place, which could lead to intellectual property challenges and potential incremental costs. Any misappropriation, or challenge to its intellectual property rights, or failure to obtain protection for a license in relation to such intellectual property could have a material adverse effect on the

Group's business, financial condition, and results of operations or ability to execute its strategy and may require the Group to engage in costly litigation. The Group seeks to mitigate this risk by increasing investment in new patents and by having a robust process to monitor and/or defend existing patents.

Intellectual property litigation and/or infringement actions may be brought against the Group or may need to be brought by the Group.

There can be no assurance that the Group will not receive a notification that any products or systems infringe any third-party intellectual property rights in the future. Any litigation to determine the validity of third-party infringement claims, whether or not determined in the Group's favour or settled by the Group, would be costly and could divert the efforts and attention of the management and technical personnel from productive tasks, which could have a material adverse effect on the Group's business, financial condition and results of operations and/or its ability to advance the new drug development strategy.

The Directors cannot guarantee that infringement claims by third parties or claims by customers or end users of the Group's products resulting from infringement claims will not be asserted in the future or that such assertions, if proven to be true, will not materially adversely affect the Group's business, financial condition, and results of operations and/or compromise the timing, costs and reliability of its new drug development strategy. In the event of an adverse ruling in any such matter, the Group could be required to pay substantial damages; cease the manufacture, use, and sale of infringing products; discontinue the use of certain processes; or obtain a license under the intellectual property rights of the third-party claiming infringement. A license may not be available on reasonable terms or at all. Any limitations on the Group's ability to develop or market its products, or delays and costs associated with redesigning its products or payments of license fees to third parties, or any failure by the Group to develop or license a substitute technology on commercially reasonable terms could have a material adverse effect on the Group's business, financial condition and results of operations or advancement of the new strategy. There can be no assurance that the Group will not need to bring (or otherwise participate in) claims against third parties for infringement of intellectual property owned by the Group.

RISKS RELATING TO PRODUCT LIABILITY

The business of the Group exposes its products to potential product liability risks. If the Group was sued in a product liability action, it could be forced to pay substantial damages and the attention of the management team may be diverted from operating the business or advancing the strategy.

The fact that the Group is in the healthcare and retail supermarket sectors may expose it to potential product liability risks associated with the research, development, manufacture, marketing, sale, installation, training and use of its products. In addition, a product liability claim would be time-consuming and expensive to defend and could result in the diversion of management's attention from the core business and new strategy.

The Group has product liability insurance in place. Whilst the Directors believe that the current levels of coverage are sufficient for its current products, there can be no assurance that the level of insurance carried now or in the future will be adequate to cover the financial damages resulting from a product liability claim or judgment. Any product liability claim or judgment that exceeds the Group's insurance coverage limits could have a material adverse effect on the Group. The Group seeks to mitigate this risk by maintaining levels of liability insurance, which the Directors believe is sufficient to address this risk.

Strategic Report Approval

The Strategic Report outlined on pages 1 to 9 incorporates the Operational and Financial Highlights, the Chief Executive Officer's Report, the Chief Financial Officer's Report, the Strategic Review (including Key Performance Indicators) and the Risks and Uncertainties and is approved by the Board of Directors.

By order of the Board

Marella Thorell
Company Secretary

24 March 2016

DIRECTORS' REPORT
Board of Directors

Charles Spicer

Non-Executive Chairman

Appointed 26 June 2013

Charles Spicer, 51, joined PuriCore in June 2013 as an Independent Non-Executive Director and was named Non-Executive Chairman in June 2014. He has 20 years of experience working within the healthcare sector and specifically medtech and life sciences segments. Mr. Spicer is a Non-Executive Director of IXICO plc (LSE: IXI), and Stanmore Implants. He is chair of the UK Department of Health's Invention for Innovation (i4i) Funding Panel and a member of the techMARK Advisory Group at the London Stock Exchange. Previously, Mr. Spicer served as Chief Executive of MDY Healthcare plc, an AIM-quoted strategic investment company focused on medtech and prior to that as head of healthcare at Numis Securities and Nomura International. Mr. Spicer serves as Chairman of the Remuneration and Nomination Committees.

Alex Martin

Chief Executive Officer and Executive Director

Appointed 12 June 2015

Mr. Martin, 48, joined PuriCore in June 2015 as CEO and Executive Director. He brings more than 25 years of experience as a senior executive in private and public biopharmaceutical companies. He previously served as a CEO of Affectis Pharmaceuticals AG, Chief Operating Officer of Intercept Pharmaceuticals (NASD: ICPT), and Chief Financial Officer at Bioxell S.p.A, which was acquired by Cosmo Pharmaceuticals S.A. Mr. Martin began his career at SmithKline Beecham Pharmaceuticals before joining Novartis as Vice President, Global Business Development & Licensing. Most recently, Mr. Martin served as President at moksha8 Pharmaceuticals, Inc, a leading Latin American specialty pharmaceutical company. Mr. Martin holds a BA from Cornell University and an MBA from The Harvard Business School. Mr. Martin serves on the Nomination and Audit Committees.

Joseph William Birkett

Senior Independent Non-Executive Director

Re-appointed 19 June 2014

Mr. Birkett, 68, joined PuriCore in 1999 as an Independent Non-Executive Director and currently serves as Senior Independent Non-Executive Director. Mr. Birkett is an independent consultant and investor. He is former Chairman of Chelford Group plc and former Non-Executive Director of Monument Securities Ltd. Following a BSc in Economics from Sheffield University, he qualified as an FCA with Touche Ross (now Deloitte & Touche LLP) before pursuing a career in finance, global investment banking, and private equity. Mr. Birkett serves as Chairman of the Audit Committee and is a member of the Nomination Committee.

Matthew Hammond

Non-Executive Director

Re-appointed 19 June 2014

Mr. Hammond, 41, joined PuriCore in 2010 as a Non-Executive Director and brings more than 15 years of banking and finance industry experience to the PuriCore Board. He is currently the Group Managing director of Mail.Ru Group Limited, a significant internet company based in Russia. Before that he was Group Strategist for Metalloinvest Holdings where he had broad-ranging responsibilities including equity forecasting, modelling, marketing, asset origination, portfolio management, and M&A. He started his career at Credit Suisse where he was an analyst for 11 years. He is also a Non-Executive Director of Nautilus Minerals and Strike Resources, and he serves on the audit committees of Nautilus Minerals, Inc., and Strike Resources Limited. Mr. Hammond earned a BA (Hons) in history and economics from Bristol University in 1997. Mr. Hammond serves on the Remuneration Committee. Mr. Hammond represents the Kanton Group, which is a major shareholder in the Company (through Timberland Group Ltd. which is wholly owned by Kanton Services (Belize) Limited, part of Kanton Group).

Daniel Hegglin

Non-Executive Director

Re-appointed 26 June 2013

Mr. Hegglin, 54, joined PuriCore in January 2013 as a Non-Executive Director. Mr. Hegglin was a partner at TT International, a Hong Kong based investment management fund, where he was responsible for TT's hedge fund and Asian businesses from 2009 to 2013. Prior to joining TT, he worked at Morgan Stanley in Europe and in Asia for 24 years. He began his career in London, moving to Switzerland and Germany to build their local equity businesses in the late 1980s; ran equity trading in London during the 1990s; and was on the boards in various industry groups. In 2004, Mr. Hegglin moved to Hong Kong as Head of Pan Regional Equity, and later ran the combined equity and fixed income businesses. In 2007, he was elected to Morgan Stanley's global operating committee. Mr. Hegglin serves on the Audit Committee. Mr. Hegglin is a major shareholder of the Company.

Balkrishan (Simba) Gill

Independent Non-Executive Director

Appointed 1 March 2016

Dr. Gill, 51, joined PuriCore in 2016 as an Independent Non-Executive Director. Dr. Gill is currently CEO of Evelo Biosciences, a biotech company pioneering the development of microbiome-based therapies for cancer, and Executive Chairman of Blackfynn Inc., a company focused on complex data management and analytics in neurology. Previously, Dr. Gill has been a founder or senior executive at private and public companies including moksha8 Pharmaceuticals, Inc., Epirus Biopharmaceuticals, Inc., Maxygen, Inc., Verdia, Inc., Avidia, Inc., Codexis Inc., Systemix, Inc. and Megabios Corp. In addition, Dr. Gill served as a Venture Partner at TPG Capital LP, a leading global private equity firm, focused on investments in life sciences and emerging markets. Dr. Gill has an MBA from INSEAD and completed his Ph.D., with a focus on developing humanised antibodies to treat cancer, at King's College, London.

Peter Larkin

Independent Non-Executive Director

Re-appointed 26 June 2013

Peter Larkin, 62, joined PuriCore in April 2013 as an Independent Non-Executive Director. Mr. Larkin has more than 30 years of experience in the US supermarket retail industry. He is currently the President and CEO of the National Grocers Association, the US national trade association representing independent retail and wholesale grocers of the food distribution industry. Prior to establishing his own government relations consulting firm in 2008, Mr. Larkin was the President and CEO of the California Grocers Association and Vice President of State Government Relations and Environmental Affairs for the Food Marketing Institute in Washington, DC. Previously, he managed government and media relations programs for The Kroger Co., the Tobacco Institute, and Philip Morris U.S.A. After earning a bachelor's degree in political science from the University of Vermont in 1976, he served as legislative assistant to U.S. Representative Donald Mitchell (R-NY). Mr. Larkin serves on the Remuneration Committee.

Marella Thorell

Chief Financial Officer and Chief Operating Officer, Executive Director and Company Secretary

Re-appointed 26 June 2013

Ms. Thorell, 49, joined PuriCore in 2008 and currently serves as Chief Financial and Operating Officer and Executive Director. In her current roles, she has oversight for Finance/IT, Legal, Human Resources and Operations functions. Prior to joining the Company, she was the President of Thorell Consulting, a business consulting firm. Ms. Thorell was previously with Campbell Soup Company (NYSE: CPB), where she held a number of financial and management roles. She began her career and earned her CPA accounting qualification with Ernst & Young LLP where she served a number of industries including healthcare companies, hospitals, technology and financial services. Ms. Thorell holds a BS in Business from Lehigh University.

Committee Membership	
Audit Committee	Mr. Birkett (Chairman), Mr. Hegglin and Mr. Martin
Remuneration Committee	Mr. Spicer (Chairman), Mr. Hammond and Mr. Larkin
Nomination Committee	Mr. Spicer (Chairman), Mr. Birkett and Mr. Martin

Details of the Directors' Interests can be found on pages 19 to 20 within the Directors' Remuneration Report.

Two Directors are up for re-appointment and four Directors are up for re-election at the Company's Annual General Meeting to be held in June 2016.

Review of Business

A review of the business for the year ended 31 December 2015 is included within the Chief Executive Officer's Report, the Chief Financial Officer's Report and the Strategic Review and Key Performance Indicators set out on pages 2 to 4.

Results

The Group's trading loss from Continuing Operations for the year ended 31 December 2015 was $9.4 million (2014: loss of $7.0m). The financial results are shown in the financial statements on pages 23 to 60.

Dividends

The Directors do not recommend the payment of a dividend (2014: $nil) at this time.

Substantial Shareholdings

The Directors are aware of the following who were interested in 3% or more of the Group's Issued Share Capital (ISC) as at 10 March 2016.

Registered Holding	Type	As at 10 March 2016	
		No. of Shares	% of ISC
Invesco Asset Management, as agent for and on behalf of its discretionary managed clients*	Fund Manager	14,747,027	29.41%
Daniel Hegglin	Owner	5,909,091	11.79%
Sussex Trading Company Limited	Owner	4,946,294	9.87%
Kanton Services Limited **	Owner	4,629,196	9.23%
Oracle Management Limited	Fund Manager	2,585,884	5.16%

* Includes the holdings of Perpetual Income & Growth Investment Trust plc (8,442,046; 16.84%); Invesco Institutional Income & Growth Fund (2,986,769; 5.96%), Keystone Investment Trust (2,720,919 shares; 5.43%), and Invesco Perpetual UK Equity Fund (597,293 shares; 1.19%).

** The Kanton shares are held by Timberland Group Ltd. which is wholly owned by Kanton Services (Belize) Limited which is part of the Kanton Group.

Share Capital

The share capital of PuriCore plc comprises ordinary shares of 10 pence each; each share carries one vote per share and is entitled to dividends at the discretion of the Directors. The issued share capital of PuriCore plc, together with the movements in PuriCore plc's issued share capital during the year, are shown in Note 12.

Statutory Disclosures

Regulations made pursuant to the Companies Act 2006 require the Company to disclose certain information. Some of these disclosures are dealt with elsewhere in the Annual Report, however, the following additional disclosures are set out below.

The Company's Articles of Association (Articles) give power to the Board to appoint Directors but require Directors to submit themselves for election at the first Annual General Meeting following their appointment. In addition, any Director not appointed or reappointed at either of the previous two Annual General Meetings must retire by rotation. The Articles may be amended by special resolution of the shareholders.

The Board of Directors is responsible for the management of the business of PuriCore plc and may exercise all the powers of PuriCore plc subject to the provisions of the relevant statutes, the Articles, and any directions given by special resolution of the Company. The Articles contain specific provisions and restrictions regarding PuriCore plc's power to borrow money. Powers relating to the issuing and buying back of shares are also included in the Articles. The authority to issue shares is renewed by shareholders each year at the Annual General Meeting.

Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, corporate representatives, and to exercise voting rights. Holders of ordinary shares may receive a dividend and on liquidation may share in the assets of the Company. Holders of ordinary shares are entitled to receive the Company's annual report and accounts. Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or may propose resolutions at Annual General Meetings.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy and entitled to vote has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws);
- pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval of the Company to deal in the Company's shares; and
- where a person with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

The Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of ordinary shares and on voting rights.

The rights and obligations attaching to the ordinary shares are set out in the Company's Articles, which are posted on the Group's website at www.puricore.com.

Research and Development

The Directors believe that maintaining strong research and development is essential to successful innovation in order to advance the Group's platform technology. The Group is focused on the development of novel immunomodulatory therapies for anti-inflammatory diseases in line with the new strategic direction.

Directors' Indemnity and Insurance

The Group maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors and Officers liability insurance policy against liabilities which may be incurred by them while carrying out their duties.

Policy and Practise on Payment of Creditors

The Group recognises the importance of good relationships with its suppliers and subcontractors. Although the Group does not follow any particular code or standard on payment practise, its established payment policy is to agree payment terms in advance of any commitment being entered into and to seek to abide by these agreed terms provided that the supplier or subcontractor has also complied with them.

Financial Instruments

Financial instruments, including financial risk management objectives and policies and exposure to market risk, credit risk, interest rate risk, foreign exchange risk and liquidity risk are disclosed in Note 22.

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through its cash balances. Cash and cash equivalents were $15.5 million at 31 December 2015 and $14.3 million at 29 February 2016.

The Directors have prepared cash flow forecasts to 31 March 2017. These forecasts make a number of assumptions, the most significant of which relate to the level of revenue, gross profit, and operating expenses including significant research and development investments related to drug development. The base case cash flow forecasts show the Group will not have available cash throughout the period to 31 March 2017 at planned investment levels; however,

the Directors have prepared a reasonably possible downside sensitivity to the base case forecasts which reflects that the Group will be able to operate within its available cash throughout the period to 31 March 2017, albeit with reduced headroom and lower research and development expenses.

The Directors consider the Group will continue to operate with sufficient funding for at least 12 months from the date of approval of these financial statements.

The Directors have concluded the assumptions discussed above do not cast significant doubt on the Group's and the Company's ability to continue to operate as a going concern and therefore they continued to prepare the financial statements on a going concern basis. The financial statements do not contain any adjustments that would result from the basis of preparation being inappropriate.

Post Balance Sheet Events

In February 2016, the Company announced the results of its Strategic Review leading to a change in focus to drug development and ultimately transforming the business into a specialty biopharmaceutical company, developing novel immunomodulatory therapies for anti-inflammatory diseases. It was also announced that the Board is evaluating strategic options for the Supermarket Retail business. In March 2016, the Company announced the appointment of Dr. Balkrishan (Simba) Gill as a Non-Executive Director of the Board.

Annual General Meeting

The Annual General Meeting of the Group will be held at 10.00 am BST on Thursday, 16 June 2016, at the offices of CMS Cameron McKenna LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF. The Notice of Annual General Meeting is expected to be mailed in April 2016 and its distribution will be notified.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

The Board of Directors re-appointed KPMG LLP as auditor at the Annual General Meeting held in June 2015. Subsequently, following a tender process, the Board appointed Grant Thornton UK LLP as auditor to undertake the 2015 audit in place of KPMG LLP. A resolution to re-appoint Grant Thornton UK LLP as auditor for 2016 will be proposed at the Company's next Annual General Meeting.

On behalf of the Board

Charles Spicer
Non-Executive Chairman

24 March 2016

Corporate Governance Statement

Principles of Corporate Governance

The Group is firmly committed to business integrity, high ethical values, and professionalism in its activities and operations. As an essential part of this commitment, the Board endorses a high standard of corporate governance and is accountable to the Company's shareholders.

The role of the Board is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives, and reviews the Executive Directors' performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Statement by the Directors on Compliance with the Provisions of the UK Corporate Governance Code

The Company was admitted to AIM on 23 December 2014 and is no longer required to adopt the provisions of the UK Corporate Governance Code. The Company does not comply with the UK Corporate Governance Code. However, the Company has reported on its Corporate Governance arrangements by drawing upon best practices available including those aspects of the UK Corporate Governance Code considered to be relevant to the Company. The Directors review the Company's corporate governance procedures on an on-going basis, having regard to the size, nature and resources of the Company, to ensure such procedures are appropriate and implemented or to make changes, as deemed appropriate.

Board Structure

The Group is currently led and controlled by a Board comprising eight Directors: the Non-Executive Chairman, two Executive Directors, the Senior Independent Director, two Non-Executive Directors, and two Independent Non-Executive Directors. All Directors are subject to re-election once every three years. The Board has a formal schedule of matters reserved to it and usually meets bi-monthly, with 5 Board meetings occurring in and from 1 January 2015 through 31 December 2015, not including the Annual General Meeting.

The Board is responsible to shareholders for the proper management of the Group. The differing roles of Executive Directors and Non-Executive Directors are clearly delineated, with both having fiduciary duties towards the Company. The Executive Directors are responsible for the operation of the business, whilst the Non-Executive Directors bring objective judgment to bear on Board decisions by constructively challenging management and ensuring that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Company. All Board members have access to advice of the Company Secretary.

The Board is responsible for overall Group strategy, approval of major expenditures and consideration of significant financing matters. The roles of the Non-Executive Chairman and Senior Independent Director are separate. The Non-Executive Chairman, Mr. Spicer, is responsible for ensuring the efficient and effective working of the Board as well as for implementing the strategy of the Group and ensuring the effectiveness of executive functions. He leads the Board in the determination of the Group's long-term strategy and the achievement of its objectives. The Senior Independent Director, Mr. Birkett, is responsible for assisting the Chairman with Board meeting processes, setting agendas, as needed; presiding at meetings of the Non-Executive Directors at least once per year and meeting with shareholders and understanding their issues and concerns, as needed.

Performance Evaluation

The performance of Executive Directors was evaluated by the Remuneration Committee.

Internal Control

The Directors are responsible for the Group's system of internal control and reviewing its effectiveness and confirm that the Board has acknowledged this responsibility. The Directors further confirm that there is an ongoing process for evaluating internal controls and effectiveness as well as identifying, evaluating, and managing the significant risks facing the Group and its subsidiaries. This process was in place during the period from 1 January 2015 to 31 December 2015 and up to the date of approval of the annual report and accounts.

The Group's system of internal control is designed to provide the Directors with reasonable assurance that the Group's assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would

be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the internal control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority. The Board receives periodic reports from all Committees.
- Management is responsible for the identification and evaluation of significant risks and for the design, implementation and monitoring of appropriate internal controls, including financial and computer systems, business operations, and compliance. Management regularly reports to the Board on the key risks inherent in the business and on the way in which these risks are managed.
- There are established procedures for planning, approving, and monitoring of capital expenditure as well as information systems for monitoring the Group's financial performance against approved budgets and forecasts.

During 2015, the Audit Committee has reviewed the effectiveness of the system of internal control as described above. There are no significant issues disclosed in the annual report and accounts for the period ended 31 December 2015 and up to the date of approval of the annual report and accounts that have required the Board to deal with any related material internal control issues.

Relations with Shareholders

The Group values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors, and analysts is actively pursued and this encompasses issues such as performance, policy and strategy.

This Annual Report contains a strategic review and key performance indicators set out on page 4. Further, an interim business review is released to the public market and published on the Group's website. With these documents, as well as the Group's press releases, the Board seeks to present a balanced and understandable assessment of the Group's position and prospects. The Group's website at www.puricore.com also provides extensive information about the Group.

The Company maintains regular contact with institutional shareholders through one-to-one visits and briefings. Contact with major shareholders is principally maintained by the Chief Executive Officer, Chief Financial Officer, Non-Executive Chairman and Senior Independent Director who ensure that shareholder views are communicated to the Board as a whole.

Private investors are encouraged to participate in the Annual General Meeting. The Non-Executive Chairman, Chief Executive Officer and Chief Financial Officer will be available to review the results and comment on current business activity. The Chairmen of the Audit, Remuneration, and Nomination Committees will be available at the Annual General Meeting to answer shareholder questions.

The Board believes that appropriate steps have been taken during the year to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the issues and concerns of major shareholders about the Company. The Board is provided regularly with brokers/financial advisors feedback from shareholder meetings. The Board believes that these methods are a practical and efficient way both to keep the Non-Executive Chairman and Senior Independent Director in touch with major shareholder opinion on governance and strategy and for the Senior Independent Director to learn the views of major shareholders and to develop a balanced understanding of their issues and concerns. The Senior Independent Director is available to attend meetings with major shareholders if requested.

Board Committees

Nomination Committee Statement

Membership

From 1 January 2015 through 31 December 2015, the Nomination Committee comprised Mr. Spicer (Chairman), Mr. Ashton (until his retirement in June 2015), Mr. Martin (upon his appointment in June 2015), and Mr. Birkett, with Mr. Birkett and Mr. Spicer being independent. The Board believes the Committee composition is appropriate for the size of the Group and the members exercise independence in their duties.

Committee Meetings

The Committee held one meeting during 2015.

Responsibilities

The Committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. If deemed appropriate, recruitment consultants are used to assist the process and shareholder views are incorporated. Terms of reference are available on the Group's website at www.puricore.com or on request from the Company Secretary. The Committee undertakes a review of proposed candidate's background, conducts reference checks and holds formal interviews to assess the knowledge and experience that he or she can contribute, particularly in relation to complementing the skill sets of existing Board members. The Committee strives to bring diversity to the Board. The Company is committed to equal opportunities and the creation of an entirely non-discriminatory working environment. The aim of the Company's diversity policy is to ensure that no job applicant or employee receives less favourable treatment because of, amongst other matters, gender, marital status, race, age, sexual preference, relation, belief or disability. All decisions are based on the merits of the individual concerned.

Audit Committee Statement

Membership

From 1 January 2015 through 31 December 2015, the Audit Committee comprised Mr. Birkett (Chairman), Mr. Ashton (until his retirement in June 2015), Mr. Martin (upon his appointment in June 2015), and Mr. Hegglin. The Board believes the Committee composition is appropriate for the size of the Group, the members are well-qualified for their roles on the Committee and exercise independence in their duties. Mr. Birkett qualified with Deloitte and Touche as an auditor early in his career and has also served as chairman of the Audit Committee of an AIM listed company. Mr. Hegglin offers more than 30 years of experience in international finance. He is currently a partner at TT International, a Hong Kong investment management fund, where he is responsible for its hedge fund and Asia businesses. Mr. Hegglin was previously with Morgan Stanley in Europe and Asia for 24 years. Mr. Martin has served as a CFO and has more than 25 years experience in finance and a MBA from the Harvard Business School.

Committee Meetings

The Audit Committee held four meetings during 2015.

Responsibilities

The Audit Committee undertakes its activities in line with an annual pre-determined programme of business based on its terms of reference. Terms of reference are available on the Group's website at www.puricore.com or on request from the Company Secretary. The Audit Committee received reports from the Group's external auditors (Grant Thornton UK LLP) and reviewed the half-yearly and annual results presented to the Board, focusing in particular on accounting policies and areas of management judgement, and estimation. The Audit Committee is responsible for monitoring the controls that are in force to ensure the integrity of the information reported to the shareholders. The Audit Committee acts as a forum for discussion of internal control issues, including review of the enterprise risk management programme and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes.

The Committee advises the Board on the appointment of external auditors and their remuneration for both audit and non-audit work. The Committee meets with the auditor, with and without the presence of management, and discusses the nature and scope of the audit. The Committee is responsible for overseeing the performance, as well as the independence and objectivity of the auditor.

KPMG had been the Group's auditor since prior to the initial public offering in 2006. Grant Thornton UK LLP was appointed the Group's auditor as of September 2015, following a tender process involving the incumbent audit firm as well as others. Selection criteria included general and sector knowledge, firm capabilities and fees. The Committee evaluates independence by considering the tenure of the audit firm and assigned partner and by requiring reports from the auditor, by pre-approving scope and fees for non-audit work, and by ensuring that fees for non-audit work remain appropriate and reasonable in relation to fees for audit work. The Committee is satisfied that the auditor remains independent and objective in the performance of the external audit function. The Committee has recommended to the Board that Grant Thornton UK LLP, be recommended to shareholders for re-appointment as the external auditor for the year ended 31 December 2016.

The Committee also advises the Board on the need for an internal audit function. The Committee has concluded that an internal audit function is not appropriate at this time given the current scale and structure of its operations.

Remuneration Committee Statement

Membership

From 1 January 2015 through 31 December 2015, the Remuneration Committee comprised Mr. Spicer (Chairman), Mr. Hammond and Mr. Larkin.

Committee Meetings

The Committee held three meetings during 2015.

Responsibilities

The Remuneration Committee undertakes it activities in line with an annual pre-determined programme of business based on its terms of reference. Terms of reference are available on the Group's website at www.puricore.com or on request from the Company Secretary. The Committee is responsible for making recommendations to the Board on the Group's framework of Executive remuneration. The Committee determines the contract terms, remuneration, and other benefits for Executive Directors including performance related cash and equity incentive schemes, retirement plan rights, and other compensation. The Board determines the remuneration of the Non-Executive Directors.

Directors' Remuneration Report

Principles of Remuneration Policy

The Company's remuneration policy is to compensate Executive Directors in line with those in comparable businesses, adjusting for experiences, scope of role, geography, and importantly the Company's results. The policy is structured to balance base salary and benefits with short and long-term performance-related remuneration. This should align Executive Directors' rewards with both shareholder interests and the Company's strategy and therefore a significant portion of pay is variable. Performance targets are set to drive behaviour in support of both near and long-term Company goals.

2015

This year was one of transition within the Group with the retirement of the prior CEO, Michael Ashton, and the appointment of a new CEO, Alex Martin. Significant progress was made during the period in advancing the strategic direction of PuriCore and positioning the Company for an exciting new direction. Based upon achievements in strategy and operations, the Executive Directors were awarded bonuses for 2015 as noted below.

Executive Directors' Remuneration

$'000	Salary		Benefits		Annual and One-time Bonus[5]		Pension benefits[3]		VCP[4]		Share options[6]		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Mr. Martin[1]	**221**	–	**19**	–	**158**	–	**8**	–	**–**	–	**–**	–	**406**	–
Mr. Ashton[2]	**271**	425	**17**	33	**–**	–	**8**	8	**–**	–	**–**	–	**296**	466
Ms. Thorell	**300**	250	**15**	26	**100**	73	**8**	8	**–**	–	**–**	–	**423**	357
Total	**792**	675	**51**	59	**258**	73	**24**	16	**–**	–	**–**	–	**1,125**	823

1 Mr. Martin joined the Group in June 2015 as CEO and Executive Director.

2 Mr. Ashton retired as CEO and Executive Director in June 2015. 2015 salary included transition pay.

3 The Executive Directors each received a Company contribution to their 401(k) (retirement) plans. This contribution amount is in accordance with U.S. Internal Revenue Service limits for the plans.

4 In September 2013, Mr. Ashton and Ms. Thorell were granted performance units under the PuriCore plc 2013 Value Creation Plan. Performance units create the opportunity for future conditional share awards based upon the achievement of performance criteria, which was not met at the first two measurement dates. No payment or award of shares was made under the VCP in 2015 or 2014. See further details of the VCP below.

5 2015 amounts represent payments under the Group's annual bonus plan. 2014 amount represents a one-time bonus related to the successful sale of the UK Endoscopy business.

6 The intrinsic values for share options in the table are zero as all grants awarded to Executive Directors as at the date of grant had exercise prices equal to or in excess of the market price on that date.

Value Creation Plan Awards

In September 2013, Mr. Ashton and Ms. Thorell were granted awards under the PuriCore plc 2013 Value Creation Plan (the VCP). Performance units create the opportunity for future conditional share awards based upon the achievement of share price performance criteria, including minimum levels of shareholder return measured by reference to share price growth. The following proportions of total performance units granted were allocated to the Executive Directors:

- Mr. Ashton – 30%
- Ms. Thorell – 15%

The next measurement date for VCP is the date 30 days following the release of the Group's Annual Report and accounts. The share price requirement was not met for the first two measurement dates (following the release of the Group's 2013 and 2014 results); therefore, no value was realised by participants. No payments or award of shares were made under the VCP in 2013, 2014 or 2015.

Share Options

Mr. Martin was granted 1,000,000 share options in June 2015 upon his appointment as CEO and Executive Director at an exercise price of 29.75 pence. The share options vest in equal one-third increments on each of the three anniversaries of the date of grant

based on the achievement of performance conditions. These performance conditions are key performance indicators that are not market conditions.

Ms. Thorell was granted share options in respect of her service as an employee of the Company prior to her appointment as an Executive Director, all of which are fully vested as at 31 December 2015. Vested share options are comprised of 80,000 options at an exercise price of 24.5 pence and 7,500 options at an exercise price of £3.05. Ms. Thorell had 20,000 options at an exercise price of 55.50 pence that expired during 2015.

Non-Executive Directors' Fees

Fees paid to Non-Executive Directors who served during 2015 are set out in the table below. Fees include basic fees, fees paid to Committee Chairmen and fees paid to the Non-Executive Chairman. Non-Executive Directors' fees are paid in pounds sterling and the amounts below represented in US dollars are impacted by currency fluctuations. The intrinsic values for share options in the table below are zero as all grants awarded to Non-Executive Directors as at the date of grant had exercise prices equal to or in excess of the market price on that date.

	Fees		**Share options**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Mr. Birkett	**41,264**	44,485	**–**	–	**41,264**	44,485
Mr. Hammond	**34,387**	37,071	**–**	–	**34,387**	37,071
Mr. Hegglin[1]	**–**	–	**–**	–	**–**	–
Mr. Larkin	**34,387**	37,071	**–**	–	**34,387**	37,071
Mr. Spicer	**76,415**	67,881	**–**	–	**76,415**	67,881
Total	**186,453**	186,508	**–**	–	**186,453**	186,508

1 Mr. Hegglin waived fees at his request.

Statement of Directors' Shareholdings

The interests in shares of the Directors as at 31 December 2015 are set out below.

	Shares owned outright	**Unvested share options**	**Vested but unexercised share options**	**Total interest in shares**	**Share options exercised during 2015**
Mr. Martin[1]	–	1,000,000	-	1,000,000	–
Mr. Birkett[2]	92,686	–	75,000	167,686	–
Mr. Hammond[3]	–	–	35,000	35,000	–
Mr. Hegglin[4]	5,909,091	–	35,000	5,944,091	–
Mr. Larkin[5]	–	–	35,000	35,000	–
Mr. Spicer[6]	152,922	–	35,000	187,922	–
Ms. Thorell[1]	–	–	87,500	87,500	

1 See Share Options on pages 19 and 20 for details of Executive Director options.

2 Mr. Birkett holds 70,000 vested options at an exercise price of 61.43 pence and 5,000 vested options at an exercise price of £3.05 per share.

3 Mr. Hammond holds 35,000 vested options at an exercise price of 61.43 pence.

4 Mr. Hegglin holds 35,000 vested options at an exercise price of 40 pence.

5 Mr. Larkin holds 35,000 vested options, at an exercise price of 47.5 pence.

6 Mr. Spicer holds 35,000 vested options, at an exercise price of 41 pence.

Charles Spicer
Chairman of the Remuneration Committee

24 March 2016

Directors' Responsibilities in the Preparation of Financial Statements

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report 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 are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRS 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 and profit or loss of the Company and 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 whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Joseph William Birkett
Chairman of the Audit Committee

24 March 2016

Independent Auditor's Report to the Members of PuriCore plc

We have audited the financial statements of PuriCore plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Changes in Equity, the Company Statement of Financial Position, the Company Statement of Cash Flows and the related notes. 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 an auditor's report 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 21, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Alison Seekings Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

24 March 2016

Consolidated Statement of Comprehensive Income

For the Years Ended 31 December

	Note	2015 $	2014 $
CONTINUING OPERATIONS *			
Revenue	3	**23,405,869**	17,145,386
Cost of sales		**(16,757,058)**	(12,349,354)
Gross Profit		**6,648,811**	4,796,032
Sales and marketing expenses		**(4,388,713)**	(3,596,582)
General and administrative expenses		**(7,678,547)**	(6,092,082)
Research and development expenses		**(4,224,624)**	(2,484,378)
Total operating expenses		**(16,291,884)**	(12,173,042)
Loss before Interest and Tax		**(9,643,073)**	(7,377,010)
Finance income	8	**315,718**	399,843
Finance costs	8	**(12,089)**	(44,431)
Net Finance Income		**303,629**	355,412
Loss before Taxation	1, 3-5, 10	**(9,339,444)**	(7,021,598)
Taxation expense on Continuing Operations	9	**(34,004)**	–
Loss from Continuing Operations		**(9,373,448)**	(7,021,598)
DISCONTINUED OPERATIONS			
Profit from Discontinued Operations, net of tax	2	**–**	21,727,755
Recycled translation reserve	2	**–**	(2,400,000)
(Loss) / Profit for the Year Attributable to Equity Holders of the Parent		**(9,373,448)**	12,306,157
Other Comprehensive (Loss) / Income:			
Items that Are or May Be Reclassified to Profit and Loss:			
Foreign currency translation differences for foreign operations		**(26,895)**	38,373
Total Comprehensive (Loss) / Income for the Period Attributable to Equity Holders of the Parent		**(9,400,343)**	12,344,530
(Loss) / Earnings per Share, Basic and Diluted	11	**(0.19)**	0.25
Loss per Share, Continuing Operations, Basic and Diluted	11	**(0.19)**	(0.14)

Continuing Operations comprise the Group's Supermarket Retail and Health Sciences businesses.

Consolidated Statement of Changes in Equity

For the Years Ended 31 December

	Share capital $	Share premium $	Other reserves (Notes 12 and 13) $	Retained earnings $	Cumulative translation adjustment $	Total $
At 31 December 2013 (as restated)	8,515,641	81,414,651	107,428,191	(181,674,963)	(2,403,436)	13,280,084
Profit for the year	–	–	–	12,306,157	–	12,306,157
Recycled translation reserve	–	–	–	–	2,400,000	2,400,000
Other comprehensive income	–	–	–	–	38,373	38,373
Total comprehensive income	–	–	–	12,306,157	2,438,373	14,744,530
Share-based payment movement	–	–	336,784	–	–	336,784
Transactions with owners	–	–	336,784	–	–	336,784
At 31 December 2014 (as restated)	**8,515,641**	**81,414,651**	**107,764,975**	**(169,368,806)**	**34,937**	**28,361,398**
Loss for the year	**–**	**–**	**–**	**(9,373,448)**	**–**	**(9,373,448)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(26,895)**	**(26,895)**
Total comprehensive income	**–**	**–**	**–**	**(9,373,448)**	**(26,895)**	**(9,400,343)**
Reclassification following lapse of share options and warrants	**–**	**–**	**(4,446,250)**	**4,446,250**	**–**	**–**
Share-based payment movement	**–**	**–**	**374,166**	**–**	**–**	**374,166**
Transactions with owners	**–**	**–**	**(4,072,084)**	**4,446,250**	**–**	**374,166**
At 31 December 2015	**8,515,641**	**81,414,651**	**103,692,891**	**(174,296,004)**	**8,042**	**19,335,221**

The share premium is restated to reflect the equity structure of the legal parent with the difference being the sum arising from the reverse acquisition in 2006 included in other reserves. $98,694,664 has been transferred from share premium to other reserves as at 31 December 2013 and 31 December 2014.

Other reserves also includes share-based payments and warrant expense. Reclassification of Other Reserves to Retained Earnings in 2015 relate to costs associated with prior share-based payment and warrant expense for share options and warrants which lapsed.

The cumulative translation adjustment is restated to reflect the recycle of foreign currency translation differences to the income statement on the disposal of the UK Endoscopy subsidiary in 2014. $2,400,000 has been adjusted through the 2014 Consolidated Statement of Comprehensive Income and to the cumulative translation reserve as at 31 December 2014. This also resulted in a reduction in the 2014 basic and diluted earnings per share from $0.29 to $0.25.

Consolidated Statement of Financial Position

As at 31 December

	Note	2015 $	2014 $
ASSETS			
Non-Current Assets			
Intangible assets	14	**589,468**	1,183,708
Property, plant, and equipment	15	**2,631,507**	3,147,640
Non-current lease and other receivables	18	**1,308,640**	2,372,119
Total Non-Current Assets		**4,529,615**	6,703,467
Current Assets			
Inventories	17	**1,643,465**	1,034,150
Trade and other receivables	18	**3,149,147**	2,954,266
Cash and cash equivalents	19	**15,456,624**	20,887,379
Total Current Assets		**20,249,236**	24,875,795
Total Assets		**24,778,851**	31,579,262
LIABILITIES			
Current Liabilities			
Trade payables and other accruals	20	**(5,443,630)**	(2,994,541)
Loans and borrowings	21	**–**	(223,323)
Total Current Liabilities		**(5,443,630)**	(3,217,864)
Total Liabilities		**(5,443,630)**	(3,217,864)
Net Assets		**19,335,221**	28,361,398
EQUITY			
Share capital	12	**8,515,641**	8,515,641
Share premium		**81,414,651**	81,414,651
Other reserves	13	**103,692,891**	107,764,975
Retained earnings		**(174,296,004)**	(169,368,806)
Cumulative translation adjustment		**8,042**	34,937
Issued Capital and Reserves Attributable to Equity Holders of the Parent		**19,335,221**	28,361,398
Total Equity		**19,335,221**	28,361,398

The consolidated financial statements and related notes on pages 23 to 60 were approved by the Board of Directors and authorised for issue on 24 March 2016 and were signed on its behalf by:

Marella Thorell
Chief Financial Officer
Company no: 05789798

Consolidated Statement of Cash Flows

For the Years Ended 31 December

	2015 $	2014* $
Cash Flows from Operating Activities		
(Loss) / Profit for the year	**(9,373,448)**	12,306,157
Adjustments for non-cash:		
Finance costs	**12,089**	35,528
Finance income	**(315,718)**	(399,843)
Gain on sale of UK Endoscopy business	**–**	(18,586,260)
Depreciation and amortisation	**1,744,229**	2,495,566
Share-based payment expense	**374,166**	336,784
Write off of property, plant, and equipment	**1,020,240**	52,182
Operating Loss before Movement in Working Capital	**(6,538,442)**	(3,759,886)
Decrease in trade and other receivables	**866,193**	1,067,130
Increase in inventories	**(534,317)**	(505,443)
Increase in trade payables and other accruals	**2,534,018**	501,222
Decrease in taxes payable	**(75,000)**	–
Cash Used in Operations	**(3,747,548)**	(2,696,977)
Finance income	**315,718**	399,843
Net Cash Flows from Operating Activities	**(3,431,830)**	(2,297,134)
Cash Flows from Investing Activities		
Purchases of property, plant, and equipment	**(1,704,676)**	(2,644,504)
Purchases of intangible assets	**(24,418)**	(810,880)
Proceeds from sale of UK Endoscopy business	**–**	25,634,924
Cash disposed of from sale of UK Endoscopy business	**–**	(2,606,432)
Net Cash Flows from Investing Activities	**(1,729,094)**	19,573,108
Cash Flows from Financing Activities		
Repayment of line of credit / borrowings	**(223,323)**	(2,012,205)
Proceeds from line of credit	**–**	2,235,528
Interest paid on borrowings	**(12,089)**	(35,528)
Net Cash Flows from Financing Activities	**(235,412)**	187,795
Net (Decrease) / Increase in Cash and Cash Equivalents	**(5,396,336)**	17,463,768
Cash and Cash Equivalents at Beginning of Year	**20,887,379**	3,438,868
Effect of Foreign Exchange Rate Changes on Cash Held	**(34,419)**	(15,257)
Total Cash and Cash Equivalents Held at End of Year	**15,456,624**	20,887,379

**Includes Continuing and Discontinued Operations (see Note 2)*

Company Statement of Changes in Equity

For the Years Ended 31 December

	Share capital $	Share premium $	Other reserves (Notes 12 and 13) $	Retained earnings $	Cumulative translation adjustment $	Total $
At 31 December 2013	8,515,641	81,414,651	4,379,479	(65,617,027)	3,878,836	32,571,580
Profit for the year	–	–	–	4,584,067	–	4,584,067
Other comprehensive income	–	–	–	–	5,834,446	5,834,446
Total comprehensive income	–	–	–	4,584,067	5,834,446	10,418,513
Share-based payment movement	–	–	336,784	–	–	336,784
Transactions with owners	–	–	336,784	–	–	336,784
At 31 December 2014	**8,515,641**	**81,414,651**	**4,716,263**	**(61,032,960)**	**9,713,282**	**43,326,877**
Loss for the year	**–**	**–**	**–**	**(21,718,077)**	**–**	**(21,718,077)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(2,012,834)**	**(2,012,834)**
Total comprehensive income	**–**	**–**	**–**	**(21,718,077)**	**(2,012,834)**	**(23,730,911)**
Reclassification following lapse of share options and warrants	**–**	**–**	**(92,202)**	**92,202**	**–**	**–**
Share-based payment movement	**–**	**–**	**374,166**	**–**	**–**	**374,166**
Transactions with owners	**–**	**–**	**281,964**	**92,202**	**–**	**374,166**
At 31 December 2015	**8,515,641**	**81,414,651**	**4,998,227**	**(82,658,835)**	**7,700,448**	**19,970,132**

Other reserves relate to share-based payments and warrant expense. Reclassification of Other Reserves to Retained Earnings in 2015 relate to costs associated with prior share-based payment and warrant expense for share options and warrants which lapsed.

Company Statement of Financial Position

At 31 December

	Note	2015 $	2014 $
ASSETS			
Non-Current Assets			
Investments in subsidiaries	16, 26	**13,000,723**	34,814,846
Total Non-Current Assets		**13,000,723**	34,814,846
Current Assets			
Other receivables and other current assets	18	**44,325**	60,234
Amounts owed from group undertakings	18	**7,008,624**	8,639,719
Cash and cash equivalents	19	**374,714**	111,178
Total Current Assets		**7,427,663**	8,811,131
Total Assets		**20,428,386**	43,625,977
LIABILITIES			
Current Liabilities			
Trade payables and other accruals	20	**(157,940)**	(299,100)
Amounts owed to group undertakings	20	**(300,314)**	–
Total Current Liabilities		**(458,254)**	(299,100)
Total Liabilities		**(458,254)**	(299,100)
Net Assets		**19,970,132**	43,326,877
EQUITY			
Share capital		**8,515,641**	8,515,641
Share premium		**81,414,651**	81,414,651
Other reserves		**4,998,227**	4,716,263
Retained earnings		**(82,658,835)**	(61,032,960)
Cumulative translation adjustment		**7,700,448**	9,713,282
Total Equity Attributable to Equity Holders of the Parent		**19,970,132**	43,326,877

The financial statements and related notes on pages 23 to 60 were approved by the Board of Directors and authorised for issue on 24 March 2016 and were signed on its behalf by:

Marella Thorell
Chief Financial Officer
Company no: 05789798

Company Statement of Cash Flows

For the Years Ended 31 December

	2015 $	2014 $
Cash Flows from Operating Activities		
(Loss) / Profit for the year	**(21,718,077)**	4,584,067
Adjustments for:		
Loss on impairment of Investment in Subsidiary	**20,552,000**	–
Gain on intercompany forgiveness of debt related to sale of UK Endoscopy business	**–**	(6,951,763)
Share-based payment expense[1]	**–**	336,784
Operating Loss before Movement in Working Capital	**(1,166,077)**	(2,030,912)
Decrease in other receivables and other current assets	**13,504**	338
Decrease in trade payables and other accruals	**(131,232)**	(88,760)
Cash Used in Operations	**(1,283,805)**	(2,119,334)
Net Cash Flows from Operating Activities	**(1,283,805)**	(2,119,334)
Cash Flows from Investing Activities		
Increase in amounts owed to group undertakings	**1,727,680**	4,241,320
Repayments to group undertakings	**(166,379)**	(2,066,736)
Net Cash Flows from Investing Activities	**1,561,301**	2,174,584
Net Cash Flows from Financing Activities	**–**	–
Net Increase in Cash and Cash Equivalents	**277,496**	55,250
Cash and Cash Equivalents at Beginning of Year	**111,178**	62,734
Effect of Foreign Exchange Rate Changes on Cash Held	**(13,960)**	(6,806)
Total Cash and Cash Equivalents Held at End of Year	**374,714**	111,178

1 Share-based payment expense reflected on subsidiary in 2015.

Accounting Policies

BASIS OF PREPARATION

PuriCore plc (the Company) is incorporated in the United Kingdom (UK). PuriCore, Inc. (a United States (US) subsidiary), is incorporated under the laws of Delaware in the US. The Group represents the Company and all its subsidiaries including PuriCore, Inc., PuriCore Europe Limited and PuriCore Scientific Limited. The Group consolidated financial statements were authorised for issue by the Board of Directors on 24 March 2016. European Union law (EULAW) (IAS Regulation EC 1606/2002) requires the financial statements of the Group be prepared in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs). The financial statements have been prepared on the basis of the recognition and measurement requirements of Adopted IFRSs that are endorsed by the EU and effective as at 31 December 2015.

On 30 June 2014, the Group sold the entire issued share capital of PuriCore International Limited (PIL), the Group's UK Endoscopy business. Accordingly, PIL's operational results have been included as a discontinued operation for the year ended 31 December 2014. A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed. Classification as a discontinued operation occurred upon disposal (see Note 2).

Continuing Operations comprise the Group's Supermarket Retail and Health Sciences businesses. PIL's results for the year ended 31 December 2014 presented in the Consolidated Statement of Comprehensive Income are reflected as Discontinued Operations. The Consolidated Statement of Cash Flows for the period ended 31 December 2014 reflects PIL results and the sale within operating and investing activities.

The Company has chosen to present its own results under Adopted IFRSs and by publishing the Company financial statements here with the Group financial statements the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statements of comprehensive income and related notes.

The financial statements are presented in US dollars (USD), rounded to the nearest dollar. The USD has been chosen as the presentational currency as a significant portion of the Group's revenue and expenses are denominated in USD. The accounting policies set out below have, unless otherwise stated, been applied consistently throughout the year.

Some asset and liability amounts reported in the accounts are based on management estimates and assumptions that affect the reported amounts. There is therefore a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year. Management regularly reviews the estimates and assumptions that drive key financial calculations and disclosures. Key risks are considered in these calculations, where necessary.

BASIS OF CONSOLIDATION

The PuriCore plc consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries (the Group) made up to 31 December each year. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiary undertakings acquired or disposed of in the year are included in the Group statement of comprehensive income from the effective date of acquisition or disposal. Accounting policies are consistently applied throughout the Group. Intergroup balances and any unrealised gains and losses or income and expense arising from intergroup transactions are eliminated in preparing the consolidated financial statements.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through its cash balances. Cash and cash equivalents were $15.5 million at 31 December 2015 and $14.3 million at 29 February 2016. The Company's bank revolving line of credit expired and was repaid in December 2015. The Group had $0.2 million outstanding loans and borrowings as at 31 December 2014.

The Directors have prepared cash flow forecasts to 31 March 2017. These forecasts make a number of assumptions, the most significant of which relate to the level of revenue, gross profit, and operating expenses, including significant research and development investments related to drug development. The base case cash flow forecasts show the

Group will not have available cash throughout the period to 31 March 2017 at planned investment levels; however, the Directors have prepared a reasonably possible downside sensitivity to the base case forecasts which reflects that the Group will be able to operate within its available cash throughout the period to 31 March 2017, albeit with reduced headroom and lower research and development expenses.

The Directors consider the Group will continue to operate with sufficient funding for at least 12 months from the date of approval of these financial statements.

The Directors have concluded the assumptions discussed above do not cast significant doubt on the Group's and the Company's ability to continue to operate as a going concern and therefore they continued to prepare the financial statements on a going concern basis. The financial statements do not contain any adjustments that would result from the basis of preparation being inappropriate.

MEASUREMENT CONVENTION

The Group and Company financial statements are prepared on the historical cost basis as modified to include share-based payments estimated at fair value.

SEGMENTAL ANALYSIS AND PRESENTATION

In 2015, Company and Other include costs associated with operating PuriCore plc and revenue and costs associated with the Group's Active Chlorine Biocidal Products Regulation (BPR) dossier.

In 2015, the Group operated the following business segments:

- Supermarket Retail:
  - including US and Canadian Supermarket Retail
- Health Sciences:
  - including Drug development programs, and
  - Wound Care and other business development activities

In 2014, Company includes costs associated with operating PuriCore plc. In 2014, the Group operated the following business segments:

- Supermarket Retail:
  - including US and Canadian Supermarket Retail
- Health Sciences:
  - including Wound Care, Dermatology and other business development activities
- Discontinued Operations which included UK Endoscopy (including Surgical and Scientific) for the period through 30 June 2014.

The primary reporting format is business segments and the secondary reporting format is geographic. All directly attributable revenues, expenses, assets, and liabilities are allocated to these segments. All Company income, expenses, assets, and liabilities are disclosed separately. Operating segment results are reported in a manner consistent with internal reporting provided to Executive Management and the Board to make decisions about resources to be allocated to the segment and assess performance, and for which discrete financial information is available.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into the functional currency of the respective group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised within profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of operations with a functional currency other than US Dollars (primarily the Company and PuriCore Europe Limited), including fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of operations with a functional currency other than US Dollars are translated at an average rate for the period since this rate approximates the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are charged/credited to other comprehensive income and recognised in the cumulative translation adjustment within Equity, and are released into profit or loss on disposal and recognised as part of gain/loss on disposal or as recycled translation reserve.

The presentational currency adopted by the Group and Parent Company is the US Dollar ($). The share capital of the Parent Company is denominated in Sterling (£) and translated at the historical rate ruling at the date of issue for the purpose of the financial statements.

The functional currencies of the principal companies in the Group are as follows:

PuriCore plc	Sterling (£)
PuriCore, Inc.	US Dollar ($)
PuriCore Europe Limited	Sterling (£)
PuriCore International Limited (Discontinued Operation)	Sterling (£)

The exchange rates used to translate the Sterling (£) financial statements into US Dollar ($) financial statements are as follows:

Closing Rate as at 31 December		Average Rate for year ended 31 December	
2015	2014	**2015**	2014
1.4802	1.5532	**1.5283**	1.6476

REVENUE

Revenue includes the sale of inventories (capital equipment and consumables), the sale of capital equipment under capital lease arrangements, the leasing of equipment under operating lease arrangements, and service (including spare parts and extended warranty) income. The Group earns royalty income related to its partnership distribution arrangement for its Wound Care business and in addition, earned fees paid by third parties to gain letters of access to the Group's Biocidal Products Regulation (BPR) dossier. Revenue recognition practices are as follows:

- Revenue from the sale of inventories is recognised by the Group when the risks and rewards associated with the transaction have been transferred to the purchaser, which is usually demonstrated when all the following conditions are met: evidence of a binding arrangement exists (generally purchase orders), products have been delivered or services have been rendered, and amounts are deemed collectable under normal payment terms.
- Revenue from capital lease arrangements (which transfer substantially all the risks and rewards of ownership, and give rise to a receivable by the lessor) is recognised when products have been delivered and installed.
- Lease income received on operating lease arrangements is recognised on a straight-line basis over the term of the lease.
- Revenue from non-warranty repair services rendered is recognised when the service has been completed.
- Warranty revenue is recognized over the warranty or service coverage period.
- Royalty income is based upon partnership sales of licensed products and is recorded in accordance with contract terms when partnership results are reliably measurable.
- Biocidal Products Regulation revenue is recognized when cash payment is received and access has been granted to the Group's dossier.

Revenue represents the net amounts charged or chargeable in respect of services rendered and goods supplied, excluding intercompany sales, and excluding any taxes. Revenue is recognised net of any discounts given to the customer.

RESEARCH AND DEVELOPMENT

Expenditure on development and improvement of new and existing products that do not meet the recognition criteria of an intangible asset are expensed as incurred. Research costs are expensed as incurred.

Development activities involve a plan of design for the production of new or substantially improved products and processes. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, and employee benefit costs that are directly attributable to preparing the asset for its intended use. If physical assets, such as tooling, exist these are capitalised as property, plant, and equipment. Other development costs are expensed as incurred.

Capitalised development expenditures are measured at cost less accumulated amortisation and accumulated impairment losses, if applicable. Amortisation is recorded on a straight-line basis over the product's life up to a maximum of five years, starting from capitalisation.

EMPLOYEE BENEFITS

401(k) Retirement Income Plan

Obligations for contributions to the US 401(k) retirement income plan are recognised as an expense in profit or loss as incurred.

Equity-Based and Share-Based Payment Transactions

The Company's share option programme allows employees to acquire shares of PuriCore plc to be settled in equity. The fair value of options granted is recognised as an employee expense by the subsidiary employing the grantee with a corresponding increase in equity on Company accounts. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is due only to underlying market performance conditions not being met.

The Value Creation Plan (VCP), a long-term incentive plan approved by the Company's shareholders in 2013, provides certain Executive Directors and certain members of senior management an award of performance units. Performance units create the opportunity for future conditional share awards based upon the achievement of performance criteria, including minimum level of shareholder return measured by reference to share price growth. No payment or award of shares was made under the VCP since inception. The fair value of performance units are recognised as an employee expense with a corresponding increase in equity. The fair value was measured at grant date and the expense spread over the three year performance period.

The Company has outstanding warrants to purchase its shares. Warrants are valued at fair value based upon the Company's share price on date of grant.

FINANCE INCOME

Finance income is accrued on a time basis, by reference to the receivable outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Imputed interest income earned on capital leases is recognised as finance income.

FINANCE COSTS

Finance costs comprise interest payable on debt. Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

TAXATION

Tax on the profit or loss for the year comprises current tax. Tax 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 estimated tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

LEASED ASSETS – RECEIVABLES, CURRENT AND LONG-TERM

In line with IAS 17, receipts under operating leases are recognised in revenue on a straight–line basis over the term of the lease. Assets under an operating lease are held on the balance sheet of the Group in property, plant, and equipment and are amortised over the useful life of the underlying asset which is generally three to four years.

Revenue and related expenses from capital lease arrangements are recognised in profit or loss when products have been delivered and installed. Revenue represents the present value of minimum lease payments computed at a market rate of interest. Finance income is recognized over the lease term on an effective interest rate basis. There are no guaranteed residual values accruing to the Group. Cash receipts from capital lease arrangements are received monthly over the lease term. Amounts due within twelve months are reflected as current assets and amounts due beyond twelve months are reflected as long-term assets.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and certain employee benefit costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling, and distribution.

INVESTMENTS

Investments in subsidiaries recorded in the Company financial statements are carried at cost less impairment, if applicable. The fair value of share options granted to employees of subsidiaries is included in investments as a capital contribution.

INTANGIBLE ASSETS

Intangible Assets

Intangible assets, which currently represent development costs, are amortised on a straight-line basis to profit or loss over the intangible asset's expected useful life of 5 years.

During the year ended 31 December 2015, the Group determined intangible assets related to the Health Sciences segment were no longer useful and were impaired and amortised to nil.

Other Intangible Assets

Other intangible assets are stated at their cost less amortisation and any provision for impairment. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use.

Expenditure on internally generated brands is recognised as expense in profit or loss.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are stated at cost plus any related costs of installation and readying the asset for use less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Residual values and useful economic lives of assets are assessed at each year-end.

The estimated original useful lives are as follows:

Leasehold improvements	1-6 years (life of lease)
Furniture & fixtures	5 years
Machinery & equipment including Sterilox Systems (generators) and concentrate delivery systems	3-5 years

IMPAIRMENT

The carrying amounts of the Group's long-lived assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Amortised intangible assets are assessed for impairment annually or when there is an indicator of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (business segment) exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro rata basis.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

Receivables with a short duration are not discounted, unless there is objective evidence of impairment. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Operating Lease Payments

Payments made under operating leases are recognised as expense in profit or loss on a straight-line basis over the term of the lease.

FINANCIAL INSTRUMENTS

Recognition and Valuation of Financial Instruments

Financial assets or liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Borrowings are measured initially at fair value and subsequently measured at their amortised cost under the effective interest method.

Cash and cash equivalents comprise cash in hand and on-demand deposits less overdrafts (see Note 19). Cash equivalents are held in a U.S. Treasury-backed money market fund. Unless an enforceable right of set-off exists, the components of cash and cash equivalents are reflected on a gross basis in the statement of financial position. The carrying value of other financial assets, including short-term receivables, are stated at amortised cost less any impairment provision. The carrying value of other financial liabilities, including short-term payables, are stated at amortised cost.

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- trade payables and other accruals

NEW STANDARDS AND INTERPRETATIONS

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 January 2015 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2010-2012 Cycle (effective date 1 February 2015)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)

- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016)
- IFRS 16 Leases (IASB effective date 1 January 2019)

Based on its current business and accounting policies, the Group does not expect these standards, amendments or interpretations to have a material impact on the consolidated financial statements when they become effective. The impact of IFRS 16 is currently being evaluated. The Group does not intend to apply any of these pronouncements early.

Notes to the Financial Statements

For the Years Ended 31 December 2015 and 2014

1 SEGMENTAL ANALYSIS

PuriCore currently serves the Supermarket Retail sector and Wound Care market (as a medical device within the Health Sciences segment) utilizing unique formulations.

Segmental information is provided having regard to the nature of the goods and services provided and the markets served. During the year ended 31 December 2015, the Health Sciences segment included costs related to the Company's drug development programs. Discontinued Operations represents the Group's UK Endoscopy business which was sold as at 30 June 2014.

During the year ended 31 December 2015, three US Supermarket Retail customers individually represented 10.0% or more of Group revenue and collectively represented 69.1% or $16.1 million of Group revenue.

An analysis of the Group's business segments for the years ended 31 December is as follows.

	2015			
	Supermarket Retail $	Health Sciences $	Company & Other (1) $	Total $
Revenue	22,173,276	611,076	621,517	23,405,869
Gross Profit	5,656,947	370,347	621,517	6,648,811
Loss before Interest, Tax, Depreciation & Amortisation, Fixed Asset Write-off, and Share-Based Payment Expense	(2,524,642)	(3,345,216)	(914,933)	(6,784,791)
Interest income / (expense)	315,718	–	(12,089)	303,629
Depreciation and amortisation (2)	(1,186,028)	(461,225)	(96,976)	(1,744,229)
Write-off of capital assets (3)	(739,887)	–	–	(739,887)
Share-based payment expense	–	–	(374,166)	(374,166)
Loss before Tax	(4,134,839)	(3,806,441)	(1,398,164)	(9,339,444)
Segment Assets				
Non-current assets	4,354,191	46,563	128,861	4,529,615
Current assets	4,779,841	12,771	–	4,792,612
Total assets excluding cash and cash equivalents	9,134,032	59,334	128,861	9,322,227
Segment Liabilities				
Current liabilities	(4,155,564)	(387,889)	(900,177)	(5,443,630)
Total liabilities	(4,155,564)	(387,889)	(900,177)	(5,443,630)
Other Segment Items				
Capital expenditure: property, plant, and equipment	1,457,140	114,077	58,461	1,629,678
Capital expenditure: intangible assets	24,418	–	–	24,418

	2014				
	Supermarket Retail $	Health Sciences $	Company(4) $	Total $	Discontinued Operations: UK Endoscopy $
Revenue	15,616,251	1,529,135	–	17,145,386	11,236,694
Gross Profit	3,928,702	867,330	–	4,796,032	4,110,257
Profit / (Loss) before Interest, Tax, Depreciation & Amortisation, and Share-Based Payment Expense	(1,153,841)	(1,811,887)	(2,030,912)	(4,996,640)	19,779,234
Interest income / (expense)	399,843	–	(44,431)	355,412	–
Depreciation and amortisation	(1,474,803)	(474,204)	(94,579)	(2,043,586)	(451,479)
Share-based payment expense	–	–	(336,784)	(336,784)	–
Profit / (Loss) before Tax	(2,228,801)	(2,286,091)	(2,506,706)	(7,021,598)	19,327,755
Segment Assets					
Non-current assets	5,892,316	736,152	–	6,628,468	–
Current assets	3,330,511	507,608	225,296	4,063,415	–
Total assets excluding cash and cash equivalents	9,222,827	1,243,760	225,296	10,691,883	–
Segment Liabilities					
Current liabilities	(1,619,991)	(133,863)	(1,464,010)	(3,217,864)	–
Total liabilities	(1,619,991)	(133,863)	(1,464,010)	(3,217,864)	–
Other Segment Items					
Capital expenditure: property, plant, and equipment	2,574,440	51,824	–	2,626,264	192,496
Capital expenditure: intangible assets	345,999	191,798	–	537,797	273,083

(1) In 2015, Company and Other includes BPR revenue and costs associated with operating PuriCore plc.

(2) Includes amortisation of medical device-related intangible asset no longer in use (see Note 14).

(3) Represents the write off of certain concentrate delivery system assets, as customers purchased alternate capital equipment (generators), no longer in use (see Note 15).

(4) In 2014, Company includes costs associated with operating PuriCore plc.

Information about Geographical Areas

An analysis of the Group's revenue by geographic location of its customers, segment assets and capital and intangible expenditures are as follows.

	Revenue For the Years Ended 31 December		Segment Assets At 31 December		Capital and Intangible Expenditures For the Years Ended 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
North America	**23,329,654**	16,948,850	**9,277,902**	10,631,649	**1,654,096**	3,164,060
United Kingdom	**42,545**	–	**44,325**	60,234	**–**	–
Other	**33,670**	196,536	**–**	–	**–**	–
Continuing Operations	**23,405,869**	17,145,386	**9,322,227**	10,691,883	**1,654,096**	3,164,060
Discontinued Operations, United Kingdom		11,236,694		–		465,579

2 DISCONTINUED OPERATIONS

PuriCore's Discontinued Operations represent its UK Endoscopy business (including Surgical and Scientific). Management sold the entire Endoscopy segment in June 2014; therefore, the 2014 results are for six months ended 30 June 2014. The 2014 Statement of Comprehensive Income, Summary Statement of Cash Flows, and Statement of Financial Position for the Endoscopy segment are as follows:

	For the six months ended 30 June 2014
	$
Results of Discontinued Operations	
Revenue	11,236,694
Cost of sales	(7,126,437)
Gross Profit	4,110,257
Operating Expenses	(3,270,437)
Results from Operating Activities	839,820
Taxation (expense) / benefit	(98,325)
Results from Operating Activities, net of tax	741,495
Gain on Sale of Discontinued Operations	21,061,260
Tax on gain from sale	(75,000)
Profit from Discontinued Operations	21,727,755
Recycled translation reserve	(2,400,000)
Profit from Discontinued Operations, net of recycled translation reserve	19,327,755
Basic and diluted Earnings per Share from Discontinued Operations	0.39

	For the twelve months ended 31 December 2014 $
Net Cash Flow from Operating Activities	(699,989)
Net Cash Flow from Investing Activities	(464,633)
Net Cash (Used in) /Generated by Discontinued Operations	(1,164,622)

Effect of Disposal on the Financial Position of the Group	30 June 2014 (Date of Disposal) $
ASSETS	
Non-Current Assets	
Intangible assets	3,366,359
Property, plant, and equipment	603,672
Deferred tax asset	2,014,753
Total Non-Current Assets	5,984,784
Current Assets	
Inventories	2,595,198
Trade and other receivables	3,680,096
Cash and cash equivalents	2,606,432
Total Current Assets	8,881,726
Total Assets	14,866,510
LIABILITIES	
Current Liabilities	
Trade, other payables and net intercompany amounts	(10,292,846)
Total Current Liabilities	(10,292,846)
Net Assets	4,573,664
Gross proceeds	28,011,992
Less: disposal costs	(2,377,068)
Consideration received, net of expenses, satisfied in cash	25,634,924
Cash disposed of	(2,606,432)
Net cash inflow	23,028,492
Net assets disposed of excluding cash	1,967,232
Gain on Sale of Discontinued Operations	21,061,260
Recycled translation reserve	(2,400,000)
Gain on Sale of Discontinued Operations, net of recycled translation reserve	18,661,260

3 REVENUE

An analysis of the Group's revenue for the years ended 31 December is as follows.

	2015 $	2014 $
Sale of inventories (including capital equipment and consumables)	**15,998,967**	9,753,364
Sale of spare parts, servicing of machines and extended warranty income	**5,278,521**	4,891,643
Revenue from equipment under capital and operating leases	**1,106,901**	2,004,700
BPR access rights	**621,517**	–
Royalty income	**399,963**	495,679
Group Revenue	**23,405,869**	17,145,386
Revenue, Discontinued Operations		11,236,694

4 OPERATING LEASES

An analysis of the Group's operating lease for the years ended 31 December is as follows.

	2015 $	2014 $
Minimum lease payments under operating leases recognised as income in the year	**606,401**	1,365,700
Minimum lease payments under operating leases recognised as income in the year, Discontinued Operations		871,344

An analysis of the Group's outstanding operating lease receivables as at 31 December is a follows.

	2015 $	2014 $
Due within one year	**20,485**	766,521
Due in the second to fifth years inclusive	**1,666**	235,901
Due after five years	**–**	–
	22,151	1,002,422

Operating lease receipts represent rentals receivable from customers for the use of certain property, plant, and equipment. Leases have varying terms and renewal rights.

The Group's outstanding receivables under capital leases are included in Trade and Other Receivables (current) and Non-current Lease Receivable and Other Receivables on the Statement of Financial Position as at 31 December 2015 and 2014 (see Note 18).

5 STAFF COSTS

An analysis of the average number of persons employed by the Group (including Executive Directors) during the years ended 31 December is as follows.

	2015	2014
Research and development	**10**	10
Sales and marketing	**14**	13
Field service	**10**	15
Production	**5**	4
Head office and administration	**12**	12
Average total persons employed	**51**	54
Discontinued Operations (included for 6 months in 2014)		120

The aggregate remuneration of persons employed by the Group (including Executive Directors) during the years ended 31 December is as follows.

	2015 $	2014 $
Wages and salaries (1)	**6,348,296**	5,621,782
Social Security costs	**455,033**	414,386
Retirement plan costs	**181,185**	168,526
Share based compensation costs	**374,166**	336,784
Total remuneration	**7,358,680**	6,541,478
Total remuneration, Discontinued Operations		2,519,868

Key Management

The key management of the Group comprises the Executive Directors of the Company together with senior members of the management team. The aggregate remuneration of key management for the years ended 31 December is as follows.

	2015 $	2014 $
Wages and salaries (1)	**1,925,320**	1,520,455
Retirement plan costs	**44,182**	38,460
Share based compensation costs	**251,298**	273,383
Total Key Management remuneration	**2,220,800**	1,832,298
Total remuneration, Discontinued Operations		416,592

(1) Includes Chief Executive Officer transition costs.

Total Remuneration, Discontinued Operations for the year ended 31 December 2014 include a bonus paid to PuriCore International Limited management related to the sale of PuriCore International Limited.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was $423,026 (2014: $465,942), including company pension benefits of $7,890 (2014: $7,800).

Disclosures of Directors' remuneration required by the AIM rules and the Companies Act 2006 and details of Executive Directors' remuneration are presented in the Directors' Remuneration Report on pages 19 and 20.

Key management share option activity for the years ended 31 December is as follows.

	2015	2014
Number of share options granted	**1,000,000**	–
Number of share options exercised	**–**	–
Number of share options lapsed	**(165,000)**	(100,000)
Number of share options lapsed, Discontinued Operations	**N/A**	(125,000)

6 EMPLOYEE BENEFITS

401(k) Retirement Income Plan

The Group operates a US 401(k) retirement income plan for its US-based employees. The total expense relating to this plan during the year ended 31 December 2015 was $181,185 (2014: $168,526).

Defined Contribution Plan, Discontinued Operations

For the six months ended 30 June 2014, the Group operated a UK defined contribution pension plan for its UK-based employees. Total expense related to this plan during the year ended 31 December 2014 was $48,992.

7 OPERATING LEASE COMMITMENTS

An analysis of the Group's minimum lease payments under operating leases recognised as an expense for the years ended 31 December is as follows.

	2015 $	2014 $
Minimum lease payments under operating leases recognised as an expense in the period	**504,689**	451,131
Minimum lease payments under operating leases recognised as an expense in the period, Discontinued Operations	**N/A**	170,255

As at 31 December, the Group has outstanding commitments under operating leases, which fall due as follows.

	As at December 31	
	2015 $	2014 $
Land and buildings		
Within one year	**500,548**	496,709
In the second to fifth years inclusive	**–**	345,037
After five years	**–**	–
Plant and machinery		
Within one year	**18,395**	9,518
In the second to fifth years inclusive	**33,953**	23,025
After five years	**–**	–
Outstanding commitments under non-cancellable operating leases	**552,896**	874,289

Operating lease payments represent rentals payable by the Group for certain of its properties, primarily the office lease, and equipment. Leases have varying terms and renewal rights. The above leasing arrangements do not contain any restrictive covenants, contingent rents or purchase options.

8 FINANCE INCOME AND COSTS

An analysis of the Group's finance income and finance costs for the years ended 31 December is as follows.

	2015 $	2014 $
Interest income on capital leases	**315,718**	399,843
Total Finance Income	**315,718**	399,843

	2015 $	2014 $
Interest expense on bank loans	**(12,089)**	(44,431)
Total Finance Costs	**(12,089)**	(44,431)

9 INCOME TAXES

Recognised Deferred Tax Assets and Tax Liabilities

As at 31 December 2015, the Group did not have any recognised deferred tax assets or deferred tax liabilities. A portion of the US tax net operating losses carried forward began to expire in 2013 as they were unused. An analysis of Group's current and deferred tax recognised for the years ended 31 December is as follows.

	2015 $	2014 $
Current tax, Continuing Operations (1)	**34,004**	–
Discontinued Operations:		
UK tax from Discontinued Operations (excluding gain on sale)		98,325
US tax on Sale of Discontinued Operations	**Not applicable**	75,000
Total current tax expense, Discontinued Operations		173,325
Deferred tax:		
Origination and reversal of temporary differences	**–**	–
Total deferred tax, Discontinued Operations	**–**	–
Total tax expense (reported as Discontinued Operations in 2014)	**34,004**	173,325

(1) Current tax expense primarily represents state income taxes paid.

The Group has not recognised deferred tax assets in respect of UK tax losses amounting to $7.3 million (2014: $6.1m) that can be carried forward against future taxable income.

As at 31 December 2015, the Group has generated U.S. net operating loss carry forwards of approximately $99.7 million (2014: $103.1m) which expire from 2020 through 2035.

An analysis of the Group's reconciliation of its effective tax rate for the years ended 31 December is as follows. The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.0% (2014: 21.5%). The differences are explained below.

	2015 $	2014 $
Reconciliation of Effective Tax Rate		
(Loss) / Profit before tax	**(9,339,444)**	12,479,482
Tax using UK corporation tax rate of 20.0% (2014: 21.5%)	**(1,867,889)**	3,199,089
Tax loss carryforwards utilised during the year	**–**	(2,984,164)
Non-deductible expenses	**82,296**	162,027
Other unrecognised temporary differences	**381,015**	(203,626)
Deferred tax asset on current year losses not recognised	**1,404,578**	–
State taxes paid	**34,004**	–
Total tax expense (reported as Discontinued Operations in 2014)	**34,004**	173,325

The UK corporation tax rate will be 19% from 1 April 2017 and is expected to reduce to 17% from 1 April 2020 based on the UK budget.

10 PROFIT / (LOSS) FOR THE YEAR

An analysis of the Group's profit / (loss) from Continuing Operations for the years ended 31 December has been arrived at after charging:

	2015 $	2014 $
Cost of inventories recognised as expense	**10,159,445**	9,060,513
Research and development expenses	**4,224,624**	2,484,378
Depreciation of property, plant, and equipment	**1,125,571**	1,203,077
Loss on disposal of property, plant, and equipment	**1,020,240**	52,182
Amortisation and impairment of intangible assets	**618,658**	1,292,489
Inventories written down or provisioned	**313,769**	–

An analysis of Group auditor's remuneration for the years ended 31 December is as follows.

	2015 $	2014 $
Audit of the Company's financial statements	**35,000**	41,651
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**55,000**	54,733
Taxation compliance services	**66,900**	23,206
All other services	**–**	–
Auditor's remuneration for all services	**156,900**	119,590

Certain taxation compliance services for the year ended 31 December 2014 were provided by outside taxation consultants, rather than the Group's auditors, and therefore are not reported in the table above. These taxation compliance services were performed by the auditors in 2015.

11 EARNINGS / (LOSS) PER SHARE

The Company's issued share capital at 31 December 2015 consisted of 50,135,432, 10 pence ordinary shares.

The calculation of the Group's basic and diluted earnings or loss per share for the years ended 31 December is based on the following data.

	2015 **$**	2014 $
(Loss) / Profit for the Year Attributable to Equity Holders of the Parent	**(9,373,448)**	12,306,157
Profit from Discontinued Operations	**–**	21,727,955
Recycled translation reserve	**–**	(2,400,000)
Profit from Discontinued Operations, net of recycled translation reserve	**–**	19,327,755
Loss from Continuing Operations for the purpose of Adjusted basic and diluted loss per share	**(9,373,448)**	(7,021,598)

	As at 31 December	
Number of Shares	**2015**	2014
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**50,135,432**	50,135,432
Weighted average number of ordinary shares for the purpose of diluted profit per share	**50,135,432**	50,408,481

Earnings Per Share	**2015** **$**	2014 $
Basic and diluted from Continuing Operations (1)	**(0.19)**	(0.14)
Basic and diluted from Discontinued Operations	**N/A**	0.39
Total basic and diluted	**(0.19)**	0.25
Adjusted basic and diluted from Continuing Operations	**(0.19)**	(0.14)

(1) The calculation for diluted loss per share is identical to that used for basic loss per share. The exercise of share options would have the effect of reducing the loss per share and are therefore excluded since not dilutive under the terms of IAS 33 'Earnings per share'.

12 SHARE CAPITAL

An analysis of the issued share capital of the Company as at 31 December is as follows.

	Allotted, called up, and fully paid	
	Ordinary shares of £0.10 each Number	Ordinary shares of £0.10 each £
As at 31 December 2013	50,135,432	5,013,543
Allotments during 2014	–	–
As at 31 December 2014	50,135,432	5,013,543
Allotments during 2015	–	–
As at 31 December 2015	**50,135,432**	**5,013,543**

No shares were held in treasury at 31 December 2015 or 2014. Each of the ordinary shares carries one vote per share and is entitled to dividends at the discretion of the Directors. There are no restrictions on any of the shares.

Capital Management

The Group manages capital to ensure that it has adequate resources to enable it to efficiently operate its principal activities. Management's policies are to invest Group assets in low risk investments that maximise liquidity and preserve capital.

Capital includes share capital, share premium, shares to be issued and retained earnings. There are no externally imposed capital requirements on the Group.

An analysis of the Group's net capital is as follows:

	2015 **$**	2014 $
Cash and cash equivalents	**15,456,624**	20,887,379
Equity attributable to owners of the Parent	**19,335,221**	28,361,398
Net Capital	**(3,878,597)**	(7,474,019)

WARRANTS

An analysis of outstanding warrants as at 31 December is as follows.

Exercise price $	Number of Warrants outstanding	Number Warrants exercisable	Weighted average life in years as at 31 December **2015**	2014
0.80	154,229	154,229	**3.0**	4.0

In December 2013, in conjunction with a secured revolving credit arrangement with a US bank, the Company issued warrants to purchase 154,229 shares of common stock at the market price on the date of the loan closing. The warrants are fully exercisable at 49.43 pence per share for a period of five years from date of issue.

13 SHARE-BASED PAYMENTS

The Company operates an Employee Share Option Scheme. The share options granted under the scheme are not subject to performance conditions (except in the case of awards made to Executive Directors which carry performance, rather than market, conditions) and generally have a term of five years. For grants without performance conditions, the options become vested at various points in time (generally within three years of date of grant). See Directors' Remuneration Report on pages 19 and 20 for Executive Director option grants.

Share options are denominated in pounds sterling and the amounts represented in US dollars are impacted by currency fluctuation.

An analysis of Group option activity for the years ended 31 December is as follows.

	2015		2014	
	Weighted average exercise price $	**Number of options**	Weighted average exercise price $	Number of options
Options outstanding, beginning of year	**0.92**	**1,646,068**	1.01	2,131,402
Options granted during the year	**0.44**	**1,205,000**	0.62	210,000
Options exercised during the year	**–**	**–**	–	–
Options forfeited during the year	**0.69**	**(392,900)**	1.08	(695,334)
Options outstanding, end of the year	**0.67**	**2,458,168**	0.92	1,646,068
Options exercisable, end of the year	**0.91**	**1,179,834**	1.01	1,189,401

An analysis of Group options outstanding as at 31 December is as follows.

2015				2014			
Exercise price	**Options outstanding**	**Options exercisable**	**Weighted average life in years**	Exercise price	Options outstanding	Options exercisable	Weighted average life in years
$0.27 – $0.29	**112,500**	**–**	**4.94**	$0.40 – $0.45	737,500	737,500	1.73
$0.37 – $0.41	**687,500**	**687,500**	**0.73**	$0.50 – $1.02	788,000	331,333	3.67
$0.46	**1,055,000**	**–**	**4.43**	N/A	–	–	–
$0.48 – $ 0.94	**490,000**	**379,166**	**2.62**	$5.03	119,568	119,568	3.14
$4.66 – $ 5.81	**113,168**	**113,168**	**2.14**	$6.26	1,000	1,000	2.93
Total options	**2,458,168**	**1,179,834**		Total options	1,646,068	1,189,401	

The above exercise prices have been translated at the exchange rate at the year-end closing date. The weighted average per share fair value of options granted in 2015 was $0.19 (2014: $0.27), as calculated using the Black Scholes option valuation model.

An analysis of the inputs for the Black Scholes option valuation model granted during the years ended 31 December is as follows.

	2015	2014
Weighted average share price	**$0.44**	$0.62
Weighted average exercise price	**$0.44**	$0.62
Expected volatility	**50%**	50%
Dividend yield	**–**	–
Option life in years	**5**	5
Risk-free interest rate	**1.33% - 1.75%**	1.46% - 1.75%

Expected volatility has been estimated using a weighted average of comparable companies and indices relevant to the Group's operations. Awards are considered to be equity settled under IFRS 2.

Value Creation Plan

In 2013, the Company Shareholders approved a long-term incentive plan, the VCP, to provide Executive Directors and certain members of senior management an award of performance units. Performance units create the opportunity for future conditional share awards based upon the achievement of performance criteria, including minimum level of shareholder return measured by reference to share price growth. No payment or award of shares was made under the VCP since inception. The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value was measured at grant date and the expense spread over the period during which the employees become unconditionally entitled to the performance unit. The new CEO appointed June 2015, Mr. Martin, is not a participant in the VCP.

The inputs for the valuation of the VCP as at the grant date of 26 September 2013 were as follows.

Share price at grant date	$0.63
Expected volatility	50%
Dividend yield	–
Expected life in years	2.7 years
Risk-free interest rate	0.75%

The Group has recognised total expenses of $374,166 (2014: $336,784) related to Director and employee share-based remuneration during the year. The cumulative expense of $4,998,227 included in Other Reserves in the Consolidated Statement of Financial Position reflects total equity share based payments outstanding which have not lapsed or been exercised.

14 INTANGIBLE ASSETS

An analysis of the Group's intangible assets at 31 December is as follows.

	2015		2014			
	Develoment Costs $	**Total $**	Goodwill $	Intellectual Property $	Develoment Costs $	Total $
Cost						
As at 1 January	**5,784,711**	**5,784,711**	7,813,139	5,162,475	9,689,323	22,664,937
Additions-internally developed	**24,418**	**24,418**	–	–	810,880	810,880
Fully amortised, no longer in use	**(1,944,018)**	**(1,944,018)**	–	–	–	–
Discontinued operations	**–**	**–**	(7,813,139)	(5,162,475)	(4,715,492)	(17,691,106)
As at 31 December	**3,865,111**	**3,865,111**	–	–	5,784,711	5,784,711
Accumulated Amortisation						
As at 1 January	**4,601,003**	**4,601,003**	4,770,266	5,097,409	7,718,253	17,585,928
Amortisation for the year	**189,771**	**189,771**	–	65,066	622,212	687,278
Write-off for the year	**428,887**	**428,887**	605,211	–	–	605,211
Fullly amortised, no longer in use	**(1,944,018)**	**(1,944,018)**	–	–	–	–
Effect of movement in foreign exchange	**–**	**–**	79,836	–	19,799	99,635
Discontinued operations	**–**	**–**	(5,455,313)	(5,162,475)	(3,759,261)	(14,377,049)
As at 31 December	**3,275,643**	**3,275,643**	–	–	4,601,003	4,601,003
Net Book Value, end of year	**589,468**	**589,468**	–	–	1,183,708	1,183,708

During the year ended 31 December 2015, the Group determined its medical device-related intangible assets should be fully amortised and written to a $nil value. During the year ended 31 December 2014, the Group determined its Goodwill should be fully amortised and written to a $nil value. See Note 26 for details of impairment testing in the year.

Development cost intangible assets have a remaining useful life of approximately 3 years.

15 PROPERTY, PLANT, AND EQUIPMENT

An analysis of the Group's property, plant, and equipment at 31 December is as follows.

	2015				2014			
	Leasehold improve-ments $	**Furniture & fixtures $**	**Machinery & equipment $**	**Total $**	Leasehold improve-ments $	Furniture & fixtures $	Machinery & equipment $	Total $
Cost								
As at 1 January	**696,181**	**1,283,213**	**4,473,073**	**6,452,467**	1,230,515	1,323,516	7,527,947	10,081,978
Additions	**28,769**	**58,461**	**1,542,448**	**1,629,678**	44,984	76,904	2,522,616	2,644,504
Disposals	**–**	**(227,573)**	**–**	**(227,573)**	(3,633)	(117,207)	(937,514)	(1,058,354)
Write-off for the year	**–**	**–**	**(2,601,838)**	**(2,601,838)**	–	–	–	–
Effect of movement in foreign exchange	**–**	**–**	**–**	**–**	30,197	–	241,694	271,891
Discontinued operations	**–**	**–**	**–**	**–**	(605,882)	–	(4,881,670)	(5,487,552)
As at 31 December	**724,950**	**1,114,101**	**3,413,683**	**5,252,734**	696,181	1,283,213	4,473,073	6,452,467
Accumulated depreciation								
As at 1 January	**677,423**	**1,108,464**	**1,518,940**	**3,304,827**	1,116,730	1,185,975	5,443,171	7,745,876
Depreciation charge for the year	**19,860**	**52,171**	**1,053,540**	**1,125,571**	32,955	39,696	1,130,426	1,203,077
Disposals	**–**	**(225,583)**	**–**	**(225,583)**	(530)	(117,207)	(888,435)	(1,006,172)
Write-off for the year	**–**	**–**	**(1,583,588)**	**(1,583,588)**	–	–	–	–
Effect of movement in foreign exchange	**–**	**–**	**–**	**–**	24,769	–	221,156	245,925
Discontinued operations	**–**	**–**	**–**	**–**	(496,501)	–	(4,387,378)	(4,883,879)
As at 31 December	**697,283**	**935,052**	**988,892**	**2,621,227**	677,423	1,108,464	1,518,940	3,304,827
Net book value, end of year	**27,667**	**179,049**	**2,424,791**	**2,631,507**	18,758	174,749	2,954,133	3,147,640

During the year ended 31 December 2015, the Group determined certain fixed assets related to its Supermarket Retail business should be fully amortised and written to a $nil value. Certain Supermarket Retail customers shifted from purchasing concentrate delivered using a concentrate delivery system (CDS) asset to purchasing capital equipment (generators sold as inventory) therefore the related CDSs were written-off.

Included in cost above are the following items of property, plant, and equipment that are fully depreciated but still in use within the business:

	Original Cost $
Leasehold improvements	660,667
Furniture and fixtures	819,022
Machinery and equipment	107,949
	1,587,638

16 INVESTMENTS IN SUBSIDIARIES

Details of the Group's subsidiaries as at 31 December are as follows.

Name of Subsidiary (class of shares)	Place of incorporation (or registration and operation)	Principal activity	Proportion of ownership held by the Group as at 31 December 2015	2014
PuriCore, Inc. (ordinary)	US	Operating company	**100%**	100%
PuriCore Europe Limited (ordinary) (as a subsidiary of PuriCore, Inc.)	UK	Operating company	**100%**	100%
PuriCore Scientific Limited (ordinary)	UK	Non-trading company	**100%**	100%

An analysis of PuriCore plc's investment in 100% owned subsidiaries is as follows:

	$
At 31 December 2013	36,957,713
Foreign exchange movement	(2,142,867)
At 31 December 2014	34,814,846
Impairment	(20,552,000)
Share-based payment charge	374,166
Foreign exchange movement	(1,636,289)
At 31 December 2015	**13,000,723**

An impairment of $20.6 million was recognised in 2015 in relation to the Group's change in business strategy to focus on drug development activities (see Note 26). The share-based payment charge reflects the fair value of employee awards to employees of the subsidiaries.

17 INVENTORIES

An analysis of the Group's inventories at 31 December is as follows.

	2015 $	2014 $
Raw materials	**11,942**	4,520
Supplies, parts and packaging materials	**1,018,172**	800,124
Finished goods	**613,351**	229,506
Total Inventories	**1,643,465**	1,034,150

All raw materials and supplies and parts are carried at cost. All inventories held at the year-end are expected to be realised. Cost of inventories recognised as expense for 2015 were $10.2 million (2014: $9.1m).

18 TRADE, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The Directors consider the carrying amount of trade and other receivables approximates fair value. An analysis of Group and Company trade and other receivables as at 31 December is as follows.

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Current:				
Trade receivables	**1,396,621**	1,222,576	**–**	–
Less: provision for impairment of receivables	**(10,000)**	(8,949)	**–**	–
	1,386,621	1,213,627	**–**	–
Capital lease receivables (current)	**1,517,301**	1,266,416	**–**	–
Other receivables	**78,436**	241,029	**–**	11,789
Prepayments and accrued income	**166,790**	233,194	**44,325**	48,445
Amounts owed from group undertakings	**–**	–	**7,008,624**	8,639,719
	3,149,147	2,954,266	**7,052,949**	8,699,953
Non-Current:				
Long-term capital lease receivables	**1,269,260**	2,329,447	**–**	–
Non-current prepayments and accrued income	**39,380**	42,672	**–**	–
	1,308,640	2,372,119	**–**	–
Total Trade, Other Receivables and Other Current Assets	**4,457,787**	5,326,385	**7,052,949**	8,699,953

An analysis of the Group's capital lease receivables as at 31 December is as follows.

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$
Due within one year	**1,517,301**	1,266,416	**208,603**	303,291	**1,308,698**	963,125
Due in the second to fifth years inclusive	**1,269,260**	2,329,447	**69,220**	220,238	**1,200,041**	2,109,209
Total Capital Lease Receivables	**2,786,561**	3,595,863	**277,823**	523,529	**2,508,739**	3,072,334

Customer credit terms are generally 30 days from invoice date. The Group has good relations with its customers and minimal historical write-offs. An analysis of the age profile of Group trade receivables as at 31 December is as follows.

		Debt age – Days Past Due					
	Not past due $	**0-30 $**	**31-60 $**	**61-90 $**	**91-120 $**	**Over 120 $**	**Total $**
Value of trade receivables, 31 December 2015	**563,993**	**480,355**	**226,354**	**86,462**	**11,872**	**17,585**	**1,386,621**
	40.7%	34.6%	16.3%	6.2%	0.9%	1.3%	100.0%
Value of trade receivables, 31 December 2014	692,242	390,177	129,280	181	1,318	429	1,213,627
	57.0%	32.1%	10.7%	0.0%	0.1%	0.1%	100.0%

An analysis of Group and Company trade, capital lease, and other receivables (Company amounts also include inter-group receivables) by currency as at 31 December is as follows.

	Group		Company	
Loans and receivables (Note 22)	**2015 $**	2014 $	**2015 $**	2014 $
US Dollar	**4,251,617**	5,038,730	**–**	–
Sterling	**–**	11,789	**7,008,624**	8,651,508
Total Trade, Capital Lease and Other Receivables	**4,251,617**	5,050,519	**7,008,624**	8,651,508

An analysis of the Group's provision for impairment of receivables as at 31 December is as follows.

	2015 $	2014 $
Balance as at 1 January	**(8,949)**	(3,000)
Charges for the year	**(7,795)**	(6,429)
Utilised during the year	**6,744**	480
Balance as at 31 December	**(10,000)**	(8,949)

The Group's provision for impairment of receivables is located within the United States.

19 CASH AND CASH EQUIVALENTS

An analysis of the Group's and Company's cash and cash equivalents as at 31 December is as follows.

	Group		Company	
	2015 $	2014 $	**2015 $**	2014 $
Cash at bank	**896,338**	2,203,020	**374,714**	111,178
Cash equivalents(1)	**14,560,286**	18,684,359	**–**	–
Total Cash and Cash Equivalents	**15,456,624**	20,887,379	**374,714**	111,178

(1) Cash equivalents represent funds held in a money market fund backed by U.S. Treasury securities.

20 TRADE PAYABLES AND OTHER ACCRUALS

The Directors believe the carrying amount of trade payables and other accruals approximates their fair value. An analysis of the Group's and the Company's trade payables and other accruals as at 31 December is as follows.

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Trade payables	**1,336,277**	530,628	**–**	165,176
Other taxes and social security	**18,523**	2,614	**2,035**	2,174
Estimated income taxes payable	**–**	75,000	**–**	–
Deferred income	**181,285**	252,329	**–**	–
Accruals	**3,907,545**	2,133,972	**155,905**	131,750
Total current trade payables and other accruals	**5,443,630**	2,994,541	**157,940**	299,100
Amounts owed to group undertakings	**–**	–	**300,314**	–
Total trade payables and other accruals	**5,443,630**	2,994,541	**458,254**	299,100

Accruals include an estimate associated with a pending regulatory matter.

21 LOANS AND BORROWINGS

An analysis of the Company's and Group's loans and borrowings as at 31 December is as follows.

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Current Liabilities				
Revolving Credit Arrangement	**–**	223,323	**–**	–

	Carrying Amount	Contractual Cash Flows	**Carrying Amount**	Contractual Cash Flows
	2015	2014	**2015**	2014
	$	$	**$**	$
Loan note: revolving credit arrangement; Payable on demand or within one year	**–**	223,323	**–**	–

For more information about the Group's exposure to interest rate and foreign currency risk see Note 22.

Revolving Credit Arrangement

In December 2015, PuriCore, Inc.'s outstanding secured revolving credit arrangement (the "LOC") expired and was repaid in full. In December 2013, PuriCore, Inc. entered into the LOC with a US bank. The LOC limit was the lesser of $5,000,000, or 80% of the Group's eligible accounts receivable domiciled in the US and the UK (see below for amendments). The LOC's interest rate was prime rate plus 1.5% per annum with a minimum rate of 5.5%. The LOC was secured by the Group's accounts receivable, inventory, equipment, general intangibles, intellectual property, and other personal property assets. In addition, the Group was required to maintain certain covenants. In conjunction with the LOC, in December 2013, the Group issued to the bank warrants to purchase 154,229 shares of common stock. The warrants are fully exercisable at 49.43 pence per share and have a term of five years from date of grant.

In June 2014, the Group's LOC was amended due to the sale of the UK Endoscopy business and references to PIL were removed. In addition, a minimum interest charge of $1,000 per month was established. In December 2014, certain covenants of the LOC were modified to allow the Group to maintain accounts outside of the bank for asset management and investment needs.

22 FINANCIAL INSTRUMENTS

All financial instruments held by the Group, as detailed in this note, are classified as "Loans and Receivables" and "Financial Liabilities Measured at Amortised Cost" under IAS 39. See Notes 18, 19 and 21 for the carrying amount of these financial instruments.

An analysis of the Group's and the Company's borrowings and cash and cash equivalents by currency as at 31 December is as follows.

ANALYSIS BY CURRENCY

	Borrowings		Cash and Cash Equivalents	
	2015 $	2014 $	**2015 $**	2014 $
Group				
Sterling	**–**	–	**374,714**	111,178
US Dollar	**–**	223,323	**15,081,910**	20,776,201
Total Group	**–**	223,323	**15,456,624**	20,887,379
Company				
Sterling	**–**	–	**374,714**	111,178

UNDRAWN COMMITTED BORROWING FACILITIES

As at 31 December 2015, undrawn committed borrowing facilities were $nil (31 December 2014: $4,776,677).

INTEREST BEARING ASSETS AND LIABILITIES

An analysis of Group and Company interest rate exposure as at 31 December is as follows.

	Floating rate	
	2015 $	2014 $
Group		
Cash and cash equivalents	**15,456,624**	20,887,379
Borrowings	**–**	(223,323)
Net Cash	**15,456,624**	20,664,056
Company		
Cash	**374,714**	111,178
Net Cash	**374,714**	111,178

The Group had no fixed rate interest rate exposures.

FAIR VALUE OF BORROWINGS AND CASH AND CASH EQUIVALENTS

Fair value for cash at bank, trade and other receivables, trade payables and other accruals, and short-term borrowings (and inter-group amounts for the Company) approximates book value due to their short maturities. An analysis of book values of the Group's and the Company's financial assets and liabilities as at 31 December is as follows.

	Book Value	
	2015	2014
	$	$
Group		
Loans and receivables		
Cash at bank and in hand	**15,456,624**	20,887,379
Trade and other receivables	**4,251,617**	5,050,519
Financial liabilities at amortised cost		
Trade payables and other accruals	**(5,243,822)**	(2,664,600)
Short-term borrowings	**–**	(223,323)
Net Financial Assets and Liabilities	**14,464,419**	23,049,975

	Book Value	
	2015	2014
	$	$
Company		
Loans and receivables		
Cash at bank and in hand	**374,714**	111,178
Trade and other receivables	**–**	11,789
Amounts owed from group undertakings	**7,008,624**	8,639,719
Financial liabilities at amortised cost		
Trade payables and other accruals	**(155,905)**	(296,926)
Amounts owed to group undertakings	**(300,314)**	–
Net Financial Assets and Liabilities	**6,927,119**	8,465,760

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks that include the effects of changes in credit risks, liquidity, interest rates, and foreign exchange rates. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various techniques.

Risk management policies have been set by the Board and applied by the Group.

(a) Credit Risk

The Group's financial assets are bank balances and cash, cash equivalents, trade and other receivables. The carrying value of these assets represents the Group's maximum exposure to credit risk in relation to financial assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies and backed by the US Government treasuries in the case of cash equivalents.

The Group's credit risk is primarily attributable to its trade receivables and leases. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment and subsequent cash collections. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group continually reviews customer credit limits based on market conditions and historical experience.

Note 18 sets out the impairment provision for credit losses on trade receivables and the aging analysis of trade receivables. There are no impairment losses recognised on other financial assets for the Group.

(b) Liquidity Risk
The Group does not currently maintain any borrowing facility, and meets its day-to-day working capital requirements through its cash balances. The Directors have prepared cash flow forecasts to 31 March 2017 and have determined that the Group will be able to continue to operate within its available cash throughout the period to 31 March 2017, albeit with reduced headroom and lower research and development expenses.

(c) Interest Rate Risk
The Group operates an interest rate policy designed to minimise interest costs and minimise risk of invested assets. As at 31 December 2015, $15.5 million for the Group and $0.4 million for the Company (2014: $20.9 million for the Group and $0.1 million for the Company) was on deposit with various banks, and the Group had no borrowings outstanding. A 1% change in interest rates would have a minimal impact on the loss before tax for both the Group and the Company in the current year.

(d) Foreign Exchange Risk
The Group has limited transactional currency exposures arising from sales or purchases by operating subsidiaries in currencies other than the Group's functional currency. The operating subsidiary requires sales be denominated in local currency (US dollars for PuriCore, Inc.) and minimal purchases are made in currency other than the local currency. A 5% change in foreign exchange (US Dollar ($)) would have a minimal impact on the loss before tax for both the Group and the Company in the current year.

23 RELATED PARTY TRANSACTIONS
In 2015, PuriCore, Inc. and PuriCore Europe Limited had limited transactions that took place on an arm's length basis.

For the six months ended 30 June 2014, in the ordinary course of business, a limited amount of sales and purchases of goods took place between Group companies. These transactions took place on an arm's length basis between the Group's former subsidiary, PuriCore International Limited, and PuriCore, Inc., for research and development services performed on behalf of PuriCore, Inc. and the supply of certain parts. For the year ended 31 December 2014, that research and development charge was $99,091.

Payments to key management in the year are disclosed in Note 5 to the financial statements.

24 GROUP COMPANIES
A full list of Group companies is included in Note 16 to these financial statements. The Group comprises the principal trading companies detailed in Note 16. The proportion of voting rights of subsidiaries held by the group is the same as the proportion of shares held.

25 POST BALANCE SHEET EVENTS
In February 2016, the Company announced the results of its Strategic Review leading to a change in focus to drug development and ultimately transforming the business into a specialty biopharmaceutical company, developing novel immunomodulatory therapies for anti-inflammatory diseases. The Company also announced that the Board is evaluating strategic options for the Supermarket Retail business. In March 2016, the Company announced the appointment of Dr. Balkrishan (Simba) Gill as a Non-Executive Director of the Board.

26 ACCOUNTING ESTIMATES AND JUDGEMENTS
Some asset and liability amounts reported in the accounts are based on management estimates and assumptions. There is therefore a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year. Management regularly reviews the estimates and assumptions that drive key financial calculations and disclosures. Key risks are considered in these calculations, where necessary.

Inventory Provision
The Group has provisions for slow moving and obsolete inventory as at 31 December 2015 of $445,304 (2014: $504,593). Provisions for inventory are based on historical experience and forecast usage and are judgmental by their nature.

Classification of Leases
The Group utilises assets subject to operating lease. The classification of leases is based on a number of factors, such as length of use and the fair value of minimum lease payments. Lease classification is made at the inception of the lease.

The Group also leases certain machines to customers. These are currently classified both as capital or operating leases. The classification of these leases is based on the same factors as those noted above. Lease classification is made at the inception of the lease.

Provisions
The Group has a provision related to costs payable to return certain leasehold property to its original condition upon conclusion of the US facility lease. In addition, the Group has a provision related to potential costs payable for pending regulatory matters. Provision amounts are judgmental by their nature and are included in Trade Payables and Other Accruals on the Consolidated Statement of Financial Position.

Share-Based Payment
Charges to profit or loss in relation to options and the VCP are based on valuation techniques (principally the Black-Scholes option pricing model). These valuation techniques require a number of assumptions to be made such as those in relation to volatility, movement in interest rates, and dividend yields as detailed in Note 13. These assumptions are made on the basis of information and conditions that exist at the time of the valuation.

Development Costs
In accordance with IAS 38, the Group capitalised certain development costs associated with projects anticipated to generate future revenues. Management judgment is applied in the determination as to whether or not development costs should be capitalised and whether the definition of allowable expenditure as per IAS 38 is met. The carrying value of these amounts is reviewed against recoverable amounts calculated on a value in use basis. Management believes this forecast period is justified due to the nature of the business.

An analysis of the aggregate carrying amounts of development costs allocated to each cash-generating unit as at 31 December is as follows.

	2015	2014
	$	$
Supermarket Retail	**589,468**	754,820
Health Sciences	**–**	428,888
Total Development Costs	**589,468**	1,183,708

Amounts capitalised in prior years related to medical device products (within the Health Sciences segment) were fully amortised and written-off in 2015 based on a change in the Group's strategy to focus on drug development activities.

Recoverable Amount
For the purposes of assessing impairment, the Group's assets were grouped and reviewed at the segment level. PuriCore currently serves the Supermarket Retail sector and Wound Care market with products that it has developed over several years and recently announced its strategic focus on drug development, focused on Dermatology, Ophthalmology and potential rare disease indications (Each segment was evaluated based upon quantitative and qualitative assumptions and historical experience).

Detailed segment forecasts were prepared for 2016 and 2017 and have been used in the cash flow forecast and revenue inflationary increases of 2.1% have been used for subsequent periods. A risk-adjusted pre-tax discount rate of 10.0% (2014: 10.0%) was applied to the projections. The key assumptions in these forecasts are in respect of discount rates, growth rates, gross margins, and direct costs during the period. Revenue forecasts for 2016 and 2017 are based upon internal expectations and external sources of information, where available.

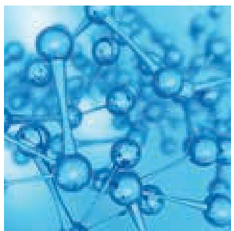
A valuation has not yet been assigned to the Group's drug development business and a de-emphasis on the Group's medical device business has resulted in a lower recoverable amount being computed for the business.

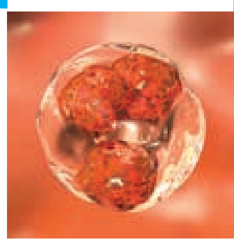
Development Costs Impairment Evaluation
The recoverable amount of tangible and intangible assets assessed by the Directors as outlined on page 59 is $20.6 million (2014: $43.1 million). This recoverable amount is $20.3 million (2014: $41.9 million) which is greater than the carrying amount of total development costs and therefore there is no impairment. Management considers that it is not reasonably possible for the assumptions to change so significantly as to eliminate this excess and therefore have not presented results of sensitivities performed.

Investment in Subsidiary Impairment Evaluation
The Company holds investments in subsidiary companies and amounts due from Group undertakings. The Directors have reviewed the carrying value of investments and intergroup amounts due compared to the recoverable amount computed as outlined on page 59, as well as other qualitative and quantative factors. The recoverable amount was less than the carrying amount of investment in subsidiary companies and amounts due from Group undertakings. This gap was significantly impacted by the change in the Company's business strategy and planned heavy investments, accordingly an impairment of $20.6 million was recognised in 2015. The impairment may be temporary in nature and will be re-evaluated in the future.

PuriCore

Pure Science. Pure Life.





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