

Osteologix Holdings Plc

Reports and
Consolidated Financial Statements
for the year ended
31 December 2013

OSTEOLOGIX HOLDINGS PLC

**REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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OSTEOLOGIX HOLDINGS PLC

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Klaus Eldrup-Jorgensen (Denmark)
Jakob Mosegaard Larsen (Denmark)
Imelda Shine

SECRETARY

Intertrust Management Ireland Limited

REGISTERED OFFICE

3rd Floor, Europe House
The Harcourt Centre
Harcourt Street
Dublin 2

INDEPENDENT AUDITORS

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

SOLICITORS

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

PRINCIPAL BANKERS

Ulster Bank
Dun Laoghaire Centre Branch
Dun Laoghaire
Co. Dublin

COMPANY NUMBER

483714

OSTEOLOGIX HOLDINGS PLC

DIRECTORS' REPORT

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES, REVIEW OF THE YEAR AND FUTURE DEVELOPMENTS

The company's key activity is to perform the role of a holding company. Its wholly owned subsidiaries Osteologix Limited and Osteologix ApS are involved in the development of pharmaceuticals related to bone and tissue diseases.

Since the year end, the partnership between Osteologix Limited and Les Laboratoires Servier has terminated. Osteologix regains all rights to continue the development and commercialization of its improved formulation once a day tablet of Strontium Succinate either independently or in collaboration with third parties. The company is currently assessing the most favorable way to move forward and will evaluate all options. The group has written down the carrying valuation of its associated Intellectual Property to nil, at the current year end date.

RESULTS AND DIVIDENDS

The consolidated profit and loss account and balance sheet for the year ended 31 December 2013 are set out on pages 10 and 11, respectively. The directors paid an interim dividend totalling €2,732,950 (2012: two interim dividends totalling €5,064,281) during the year. The directors do not recommend the payment of a final dividend (2012: €Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The following risks and uncertainties could have an impact on the group's future performance:

Commercial

- The group will need to seek additional financing in the future, which could be dilutive to current stockholders.
- Raising additional funds may not be possible and may require the group to relinquish valuable rights.

Technical and regulatory

- The group relies on one product that is currently being evaluated for commercial development, and even if the group's continued development of this product is successful, it will be several years before it can reach the market.
- Obtaining the necessary regulatory approvals for the product candidates will be time consuming, difficult and costly. If the group fails to do so, it will be unable to commercialise the group's product candidates.
- Clinical trials are time-consuming, difficult and costly to design and implement.
- The results of clinical trials may not support the group's product and may result in the discovery of adverse side effects.
- Delays in patient enrolment for clinical trials could increase costs and delay regulatory approvals.

Structural

- Developments by competitors may render the group's products or technologies obsolete or non-competitive.

Intellectual Property

Failure to protect the group's intellectual property rights, or to secure rights to patents of others, could harm the company's competitive position.

OSTEOLOGIX HOLDINGS PLC

DIRECTORS' REPORT (CONTINUED)

POST BALANCE SHEET EVENTS

Since the year end, the partnership between Osteologix Limited and Les Laboratoires Servier has terminated. Osteologix regains all rights to continue the development and commercialization of its improved formulation once a day tablet of Strontium Succinate either independently or in collaboration with third parties. The company is currently assessing the most favorable way to move forward and will evaluate all options.

DIRECTORS AND SECRETARY

The current directors and secretary are set out on page 2.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The interests of the directors and secretary, who held office at 31 December 2013, their spouses and minor children, in the share capital of the company as at 31 December 2013 and 1 January 2013 (or date of appointment if later), are as follows:

	Ordinary Shares of €0.002 each	
	31/12/2013 Number	01/01/2013 Number
Klaus Eldrup-Jorgensen	467,953	267,953
Jakob Mosegaard Larsen	200,000	-
Imelda Shine	-	-

BOOKS OF ACCOUNT

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed suitably qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's registered office.


SUBSIDIARIES

Details of the group's subsidiaries are contained within note 8 of the financial statements.

AUDITORS

The auditor, Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 160(2) of the Companies Act, 1963.

Signed on behalf of the Board:


Director


Director

Date: 13.6.14

OSTEOLOGIX HOLDINGS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Parent Company and the Group Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2013. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSTEOLOGIX HOLDINGS PLC

We have audited the financial statements of Osteologix Holdings Plc for the year ended 31 December 2013 which comprise the Group Financial Statements, the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Company Balance Sheet and the Statement of Accounting Policies and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements for the year ended 31 December 2013 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the group and company's affairs as at 31 December 2013 and of the group's and parent company's loss for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of accounts have been kept by the parent company.
- The company balance sheet is in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the company, as stated in the company balance sheet are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSTEOLOGIX HOLDINGS PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.



Daniel Murray
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

13 June 2014

OSTEOLOGIX HOLDINGS PLC

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the group and company are as follows:

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings for the year ended 31 December 2013.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view, are those published by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council.

The group's principal activity is the development of innovative pharmaceuticals for the treatment and prevention of diseases of bone and joint tissues. The group's key revenue stream is derived through the exploitation of its intellectual property, in accordance with contractual terms.

Since the year end, the partnership between Osteologix Limited and Les Laboratoires Servier has terminated. Osteologix regains all rights to continue the development and commercialization of its improved formulation once a day tablet of Strontium Succinate either independently or in collaboration with third parties. The company is currently assessing the most favourable way to move forward and will evaluate all options.

The directors have reviewed the financial projections for a period of twelve months from the date of approval of these financial statements and assessed the company's required facilities. The directors believe that appropriate funding will be available to the company to meet its obligations for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

TURNOVER

Revenue recognised represents the fair value of the exploitation of intellectual property in accordance with contractual terms, excluding value added tax.

TAXATION

Corporation tax is provided on taxable profits at current rates.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

OSTEOLOGIX HOLDINGS PLC

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies during the period are translated at the rate of exchange ruling on the dates of the transactions. The resulting profits and losses are dealt with through the profit and loss account.

DIVIDENDS

Dividends are accounted for when approved by the board of directors through the retained earnings reserve. Dividends proposed do not meet the definition of a liability until such time as they have been approved.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The useful asset lives are as follows:

Intellectual Property	Term of the related contract – 13.5 years
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The carrying value of intangible fixed assets is reviewed annually for impairment, if events or changes in circumstances indicate that the carrying value may not be recoverable.

At the year end, the value of the intangible assets was reviewed and was written off to nil due to the termination of the contract between Osteologix Limited and Les Laboratoires Servier.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Office equipment:	2 years
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FINANCIAL ASSETS

All financial assets are stated at cost less provision for impairment.

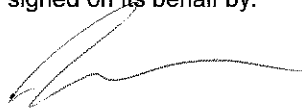
OSTEOLOGIX HOLDINGS PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Notes</i>	2013 €	2012 €
TURNOVER	2	3,029,630	3,031,140
Administrative expenses		(1,318,123)	(1,640,111)
OPERATING PROFIT		<u>1,711,507</u>	<u>1,391,029</u>
Impairment of Intellectual Property	6	(9,242,236)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>(7,530,729)</u>	<u>1,391,029</u>
Taxation charge	5	(342,012)	(141,202)
(LOSS)/PROFIT FOR THE YEAR	13	<u><u>(7,872,741)</u></u>	<u><u>1,249,827</u></u>

The group has no recognised gains or losses other than the loss for the current year and profit for the prior year. All results derive from continuing activities.

The financial statements were approved by the Board of Directors on 13.6.14 and signed on its behalf by:



Director



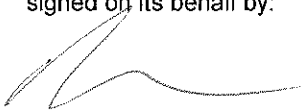
Director

OSTEOLOGIX HOLDINGS PLC

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 €	2012 €
FIXED ASSETS			
Intangible assets	6	-	10,166,460
Tangible assets	7	-	18
		<u>-</u>	<u>10,166,478</u>
CURRENT ASSETS			
Cash at bank and in hand		475,251	971,357
Debtors	9	176,138	170,530
		<u>651,389</u>	<u>1,141,887</u>
CREDITORS: (Amounts falling due within one year)	11	(323,172)	(375,257)
NET CURRENT ASSETS		<u>328,217</u>	<u>766,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>328,217</u>	<u>10,933,108</u>
NET ASSETS		<u>328,217</u>	<u>10,933,108</u>
CAPITAL AND RESERVES			
Called-up share capital	12	68,324	67,524
Profit and loss account	13	44,222	2,907,305
Capital reserve	14	213,088	7,955,696
Capital redemption reserve fund	15	2,583	2,583
SHAREHOLDERS' FUNDS	16	<u>328,217</u>	<u>10,933,108</u>

The financial statements were approved by the Board of Directors on 13.6.14 and signed on its behalf by:


Director

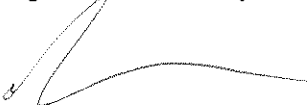

Director

OSTEOLOGIX HOLDINGS PLC

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 €	2012 €
FIXED ASSETS			
Financial assets	8	-	8,687,942
CURRENT ASSETS			
Cash at bank and in hand		254,171	73,562
Debtors	9	56,720	5,777,809
		<u>310,891</u>	<u>5,851,371</u>
CREDITORS: (Amounts falling due within one year)	11	(26,896)	(6,568,085)
NET CURRENT ASSETS/(LIABILITIES)		<u>283,995</u>	<u>(716,714)</u>
NET ASSETS		<u><u>283,995</u></u>	<u><u>7,971,228</u></u>
CAPITAL AND RESERVES			
Called-up share capital	12	68,324	67,524
Capital reserve	14	213,088	7,955,696
Capital redemption reserve fund	15	2,583	2,583
Profit and loss account - deficit	16	-	(54,575)
SHAREHOLDERS' FUNDS	16	<u><u>283,995</u></u>	<u><u>7,971,228</u></u>

The financial statements were approved by the Board of Directors on 13.6.14 and signed on its behalf by:


Director


Director

OSTEOLOGIX HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Notes</i>	2013 €	2012 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	2,435,763	2,469,764
CORPORATION TAXATION (PAID)/REFUNDED		(199,719)	112,422
EQUITY DIVIDENDS PAID	17	(2,732,950)	(5,064,281)
NET CASH OUTFLOW BEFORE FINANCING		(496,906)	(2,482,095)
FINANCING			
Issuance of Ordinary Shares	12	800	-
NET CASH INFLOW FROM FINANCING		800	-
DECREASE IN CASH	19	(496,106)	(2,482,095)

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. GOING CONCERN

The group's principal activity is the development of innovative pharmaceuticals for the treatment and prevention of diseases of bone and joint tissues. The company's revenue stream is derived through the exploitation of its intellectual property, in accordance with contractual terms.

Since the year end, the partnership between Osteologix Limited and Les Laboratoires Servier has terminated. Osteologix regains all rights to continue the development and commercialisation of its improved formulation once a day tablet of Strontium Succinate either independently or in collaboration with third parties. The group is currently assessing the most favourable way to move forward and will evaluate all options.

The directors have reviewed the financial projections for a period of twelve months from the date of approval of these financial statements and assessed the company's required facilities. The directors believe that appropriate funding will be available to the company to meet its obligations for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

2. TURNOVER

Turnover is stated exclusive of value added tax.

3. STAFF NUMBERS AND COSTS

	2013 Number	2012 Number
Management	-	1
Directors	3	3
	<u>3</u>	<u>4</u>
	<u>3</u>	<u>4</u>
The aggregate payroll for these people as follows:	€	€
Wages and salaries	70,000	189,633
Social welfare costs	425	10,572
	<u>70,425</u>	<u>200,205</u>
	<u>70,425</u>	<u>200,205</u>

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2013 €	2012 €
The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Directors' remuneration	70,425	200,205
Amortisation of intangible fixed assets (Note 6)	924,224	924,223
Impairment of intangible assets (Note 6)	9,242,236	-
Depreciation (Note 7)	18	346
Foreign exchange loss	1,041	-
Operating lease rentals	-	3,250
Auditors' remuneration:		
Audit	12,000	17,000
Other assurance services	-	-
Tax advisory services	5,000	5,000
Other non-audit services	-	-
	<u>17,000</u>	<u>22,000</u>

5. TAX CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2013 €	2012 €
<i>Current tax:</i>		
Irish corporation tax on (loss)/profit for the year	313,764	121,521
<i>Deferred tax:</i>		
Origination and reversal of timing differences (Note 10)	28,248	19,681
	<u>342,012</u>	<u>141,202</u>

The current tax charge for the year is different from the current charge that would result from applying the standard rate of Irish corporation tax to the (loss)/profit on ordinary activities.

The differences are explained below.

	2013 €	2012 €
(Loss)/profit on ordinary activities before taxation	(7,530,729)	1,391,029
(Loss)/profit on ordinary activities multiplied by the rate of Irish corporation tax for the year of 12.5% (2012: 12.5%)	(941,341)	173,878
<i>Effects of:</i>		
Expenses not allowable for tax purposes	1,065,464	53,420
Depreciation and amortisation in excess of capital allowances	40,632	39,798
Under provision in prior year	-	5,189
Losses utilised	-	(299,530)
Effects of foreign taxation	139,191	149,765
Income taxed at higher rates	9,818	2,001
Current corporation tax charge for the year	<u>313,764</u>	<u>124,521</u>

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

6. INTANGIBLE FIXED ASSETS	Intellectual Property €	Total €
GROUP		
Cost:		
At beginning and end of year	12,400,000	12,400,000
Amortisation:		
At 1 January 2013	2,233,540	2,233,540
Amortisation for the year	924,224	924,224
Impairment charge	9,242,236	9,242,236
At 31 December 2013	12,400,000	12,400,000
Net Book Value:		
At 31 December 2013	-	-
At 31 December 2012	10,166,460	10,166,460

The intellectual property acquired was previously amortised over the term of a development contract in place with the group's key customer, which was scheduled to run to 31 December 2023. However, subsequent to the year end, the partnership between Osteologix Limited and Les Laboratoires Servier was terminated. Accordingly, the directors have impaired the carrying value of the intellectual property in the year which results in a value of nil at the year end.

7. TANGIBLE FIXED ASSETS	Office Equipment €
GROUP	
Cost:	
At beginning and end of year	691
Accumulated depreciation:	
At 1 January 2013	673
Charge for the year	18
At 31 December 2013	691
Net Book Value:	
At 31 December 2013	-
Net Book Value:	
At 31 December 2012	18

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

8.	FINANCIAL FIXED ASSETS	Investment in Subsidiary Undertakings €
	COMPANY	
	At beginning of year	8,687,942
	Impairment charge	(8,687,942)
	At 31 December 2013	<u><u>-</u></u>

Subsidiary companies:

Name	Business	Holding	Registered office
Osteologix Limited	Development of innovative pharmaceuticals	100%	3 rd Floor, Europa House The Harcourt Centre Harcourt Street Dublin 2
Osteologix ApS	Development of innovative pharmaceuticals	100%	Osteologix ApS c/o NB Capital ApS Ostergrade 24A 1tv DK-1100 Copenhagen K

Based on the termination of the development contract with Les Laboratoires Servier, as detailed within note 6, the directors have impaired the carrying value of interest held in its subsidiary companies to nil at the year end date.

9.	DEBTORS	2013	2012
		€	€
	GROUP		
	Trade debtors	117,896	134,689
	Deferred tax asset (Note 10)	-	28,248
	Corporation tax recoverable	55,857	-
	VAT recoverable	2,385	7,593
		<u><u>176,138</u></u>	<u><u>170,530</u></u>
	COMPANY		
	Amounts due from subsidiary undertakings	-	5,777,809
	Corporation tax recoverable	55,857	-
	PAYE/PRSI	863	-
		<u><u>56,720</u></u>	<u><u>5,777,809</u></u>

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

10. DEFERRED TAXATION	2013	2012
	€	€
GROUP		
At beginning of year	28,248	47,929
Charge to the profit and loss account	(28,248)	(19,681)
At end of year	<u>-</u>	<u>28,248</u>

The deferred tax asset previously related primarily to accelerated amortisation on intellectual property assets held. At the year end date, there was an unprovided deferred tax asset of €830,578 primarily with respect to accelerated amortisation. The directors are currently of the view that this asset is not deemed to be recoverable in the foreseeable future and thus have not provided for this asset accordingly.

11. CREDITORS: (Amounts falling due within one year)	2013	2012
	€	€
GROUP		
Trade creditors	16,655	219,332
Accruals and other creditors	49,880	72,286
Corporation tax payable	253,541	83,639
PAYE/PRSI	3,096	-
	<u>323,172</u>	<u>375,257</u>

COMPANY

Amounts due to subsidiary undertaking	-	6,480,817
Other creditors	26,896	12,927
Corporation tax payable	-	74,341
	<u>26,896</u>	<u>6,568,085</u>

12. CALLED-UP SHARE CAPITAL	2013	2012
	€	€
GROUP AND COMPANY		
Authorised equity:		
100,000 Ordinary Shares of €1 each	100,000	100,000
4,950,000,000 Ordinary Shares of €0.002 each	9,900,000	9,900,000
	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called-up and fully paid:		
34,161,871 (2012: 33,761,871) Ordinary Shares of €0.002 each	68,324	67,524

During the year, the company issued 400,000 Ordinary Shares of €0.002 each at par value.

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

13. PROFIT AND LOSS ACCOUNT	2013 €	2012 €
GROUP		
At beginning of year	2,907,305	1,657,478
Transfer from Capital Reserve (Note 14)	7,742,608	5,064,281
(Loss)/profit for the year	(7,872,741)	1,249,827
Dividends paid (Note 17)	(2,732,950)	(5,064,281)
At end of year	<u>44,222</u>	<u>2,907,305</u>
14. CAPITAL RESERVE	2013 €	2012 €
GROUP AND COMPANY		
At beginning of the year	7,955,696	13,019,977
Transfer to Profit and Loss Reserves (Note 16)	(7,742,608)	(5,064,281)
At end of year	<u>213,088</u>	<u>7,955,696</u>
15. CAPITAL REDEMPTION RESERVE FUND	2013 €	2012 €
GROUP AND COMPANY		
At beginning and end of year	<u>2,583</u>	<u>2,583</u>

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

16. RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS' FUNDS

GROUP

	Called-up Share Capital €	Capital Reserve €	Capital Redemption Reserve €	Profit and Loss Account €	Total €
At beginning of the year	67,524	7,955,696	2,583	2,907,305	10,933,108
Share capital issued	800	-	-	-	800
Loss for year (Note 13)	-	-	-	(7,872,741)	(7,872,741)
Transfer	-	(7,742,608)	-	7,742,608	-
Dividends paid in year (Note 17)	-	-	-	(2,732,950)	(2,732,950)
At the end of the year	68,324	213,088	2,583	44,222	328,217

COMPANY

	Called-up Share Capital €	Capital Reserve €	Capital Redemption Reserve €	Profit and Loss Account €	Total €
At beginning of the year	67,524	7,955,696	2,583	(54,575)	7,971,228
Share capital issued	800	-	-	-	800
Loss for year	-	-	-	(4,955,083)	(4,955,083)
Transfer	-	(7,742,608)	-	7,742,608	-
Dividends paid in year (Note 17)	-	-	-	(2,732,950)	(2,732,950)
At the end of the year	68,324	213,088	2,583	-	283,995

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

17. DIVIDENDS PAID		2013	2012
		€	€
A dividend of €0.08 (2012: €0.15) per Ordinary Share of €0.002 paid during the year		2,732,950	5,064,281
18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		2013	2012
		€	€
Operating profit		1,711,507	1,391,029
Depreciation		18	346
Amortisation of intangible assets		924,224	924,223
Decrease in debtors		22,001	28,466
(Decrease)/increase in creditors		(221,987)	125,700
Net cash inflow from operating activities		2,435,763	2,469,764
19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH		2013	2012
		€	€
Decrease in cash in the year		(496,106)	(2,482,095)
Change in net cash resulting from cash flows		(496,106)	(2,482,095)
Net cash at beginning of year		971,357	3,453,452
Net cash at end of year		475,251	971,357
20. ANALYSIS OF CHANGES IN NET CASH			
	At 01/01/2013	Cash flows	At 31/12/2013
	€	€	€
Cash at bank and in hand	971,357	(496,106)	475,251
Net cash	<u>971,357</u>	<u>(496,106)</u>	<u>475,251</u>

OSTEOLOGIX HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with other wholly owned group undertakings.

22. POST BALANCE SHEET EVENTS

Since the year end, the partnership between Osteologix Limited, Osteologix ApS and Les Laboratoires Servier has terminated. Osteologix regains all rights to continue the development and commercialization of its improved formulation once a day tablet of Strontium Succinate either independently or in collaboration with third parties. The company is currently assessing the most favorable way to move forward and will evaluate all options. Accordingly, the company has written down the carrying valuation of its Intellectual Property to nil at the year end date.

23. ULTIMATE OWNERSHIP

The company is controlled by a consortium of investors, the majority shareholders being Nordic Biotech K/S and Nordic Biotech Opportunity Fund K/S.

24. COMPARATIVE AMOUNTS

Comparative amounts have been regrouped, where necessary, on the same basis as those for the current year.

25. LOSS ATTRIBUTABLE TO OSTEOLOGIX HOLDINGS PLC

In accordance with Section 148 (8) of the Companies Act, 1963 and Section 7 (1A) of the Companies (Amendment) Act, 1986, the company is availing of the exemption from presenting its individual profit & loss account to the annual general meeting and from filing it with the Registrar of Companies. The loss after taxation for the parent company amounted to €4,955,083 (2012: €54,575).