



**FIRST ANNUAL REPORT
2015**

MESSAGE FROM THE PRESIDENT

Dear Shareholders :

On behalf of the Board of Directors of AlliancePharma, I am pleased to present the annual report for the fiscal year ended July 31, 2015. As you all know, January 8, 2015 coincides with the first day of our journey as a publicly-traded company and I had the honor to serve as President, Chairman of the Board and CFO at first glance, and as CEO since September 2015. It was a pleasure working with staff and directors of AlliancePharma and getting to know a large number of shareholders of the Company.

Profile

AlliancePharma is a company dedicated to the development of professional services and replacement staff for pharmacies in Quebec. Working with the largest group of pharmacists and laboratory technical assistants, AlliancePharma distinguishes itself on the market by its high-level expertise and experience in the industry.

Vision

AlliancePharma Inc. strives to enhance the value of its privileged position in the area of pharmacy replacement services, while diversifying its activities in high value added areas linked to health care, mainly through strategic acquisitions.

Our strength lies in the expertise, competence and the innovative spirit of our team. We are committed to demonstrate good corporate ethics and provide sustained financial performance for our shareholders and partners.

Mission

Through the excellence of its management team, enriched from experience in various large organizations, AlliancePharma is committed to provide flawless services. AlliancePharma has experience and a clear understanding of the pharmacy sector. The company is presently implementing a strategic business acquisition program. We aim to become an important services-supplier to Quebec pharmacies.

Values

Respect, Listening, Integrity, Professionalism and Performance are the values that guide the allocation of services, as well as all corporate activities and management's guidance for AlliancePharma.

2015 Acquisition

Elitis Pharma Inc.

With this strategic acquisition, AlliancePharma added over 600 replacement pharmacists, and consolidated this service throughout Quebec, with more than 70% market share. The acquisition provided our management team with opportunities that will support the growth objective of the company while ensuring continuous excellence services to pharmacists.

APA - TSXV Performance – from January to November 2015



Future Plans

Going forward, we are focussed on adding specific services to pharmacies either organically or through acquisitions. Raising additional funds to execute such plan will most likely be required. These actions will always be taken with the objective of growing the value of AlliancePharma for the benefit of our shareholders. Our talented team of staff and advisors is focused on accomplishing such task.

Finally, I would like to thank my fellow Board Members for their tireless and, often thankless work, over the last year.

Sincerely,

Marc Lemieux
President & CEO

December 3, 2015



Consolidated Financial Statements of

AlliancePharma Inc.
(formerly Rodocanachi Capital Inc.)

Years ended July 31, 2015 and 2014

AlliancePharma Inc.

(formerly Rodocanachi Capital Inc.)

Consolidated Financial Statements
Years ended July 31, 2015 and 2014

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Management's Report

July 31, 2015 and 2014

Management's Statement of Responsibility for Financial Information

The consolidated financial statements contained in this Annual Report are the responsibility of Management, and have been prepared in accordance with International Financial Reporting Standards. Where necessary, Management has made judgments and estimates of the outcome of events and transactions, with due consideration given to materiality. Management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent, where appropriate, with the information and data included in the consolidated financial statements.

The consolidated financial statements have been examined by the Company's independent auditors, Guimond Lavallée Inc., and they have issued their report thereon.

The Board of Directors is responsible for overseeing Management in the performance of its responsibilities for financial reporting. The Board of Directors exercises its responsibilities through the Audit Committee, which is comprised of three independent directors. The Audit Committee meets from time to time with Management and the Company's independent auditors to review the financial statements and matters relating to the audit. The Company's independent auditors have full and free access to the Audit Committee. The consolidated financial statements have been reviewed by the Audit Committee, who recommended their approval by the Board of Directors.

(signed)
Marc Lemieux
President and Chief Executive Officer

(signed)
Bruno Dumais, CPA, CA
Chief Financial Officer

Thetford Mines,
November 30, 2015

INDEPENDENT AUDITORS ' REPORT

To the shareholders of ALLIANCEPHARMA INC. ,

We have audited the accompanying consolidated financial statements of ALLIANCEPHARMA INC. , which comprise the consolidated statements of financial position as at July 31, 2015 and July 31, 2014, and the consolidated statements of income and comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors ' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor 's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity 's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ALLIANCEPHARMA INC. as at July 31, 2015 and July 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Guimond Lavallée Inc.¹

Chartered Professional Accountants Corporation

Brossard (Quebec)
November 30, 2015

¹CPA auditor, CA permit No. A128615

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)
Consolidated statements of financial position

<i>(in Canadian dollars)</i>	Note	As at July 31, 2015	As at July 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		510,003	243,683
Trade and other receivables	6	1,275,646	336,427
Income taxes receivable		118,353	-
Prepaid expenses		28,136	807
Advance to a non-related company, without interest and repayment terms		-	126,800
Loans receivable	7	108,870	70,757
TOTAL CURRENT ASSETS		2,041,008	778,474
Non-Current assets			
Property, plant and equipment	8	51,486	14,906
Intangible assets	9	2,416,612	6,510
Goodwill	9	1,697,153	-
Deferred tax assets	14	298,561	-
TOTAL NON-CURRENT ASSETS		4,463,812	21,416
TOTAL ASSETS		6,504,820	799,890
LIABILITIES			
Current liabilities			
Bank indebtedness	10	493,610	-
Trade and other payables	11	1,047,495	315,072
Current income tax liabilities		37,139	116,946
Deferred revenues		-	18,994
Retractable class "E" shares		-	1,621,500
Current portion of long-term debt	12	766,272	-
TOTAL CURRENT LIABILITIES		2,344,516	2,072,512
Long-term debt	12	3,468,207	-
Note payable without interest	13	138,696	132,605
Deferred tax liabilities	14	307,920	-
		3,914,823	132,605
TOTAL LIABILITIES		6,259,339	2,205,117
EQUITY (DEFICIENCY)			
Equity (Deficiency) attributable to shareholders		197,978	(1,408,227)
Equity attributable to non-controlling interests		47,503	3,000
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		245,481	(1,405,227)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,504,820	799,890
Commitments	23		
Subsequent event	12,22		

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

(signed) _____
 Marc Lemieux, Director

(signed) _____
 Michael W. Kinley, Director

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)
Consolidated statements of comprehensive income
Years ended July 31, 2015 and 2014

<i>(In Canadian dollars, except per share amounts)</i>	Note	2015	2014
Revenue	18	5,516,834	3,797,201
Cost of revenue		4,341,228	2,776,679
		1,175,606	1,020,522
Administrative expenses	19	1,173,714	293,937
Cost of public listing	2	662,840	-
Share-based compensation		379,160	-
		2,215,714	293,937
Income (loss) before the following:		(1,040,108)	726,585
Depreciation of property and equipment	8	5,056	4,102
Amortization of intangible assets	9	69,080	3,523
Gain on sale of property and equipment	8	-	(170,609)
Income (loss) from operating activities		(1,114,244)	889,569
Accreted interest	13	6,091	(7,395)
Finance costs	20	50,424	4,220
Net finance costs		56,515	(3,175)
Income (loss) before income tax		(1,170,759)	892,744
Income tax expense	14,21	98,883	207,307
Net income (loss) and comprehensive income (loss) for the year		(1,269,642)	685,437
Net income (loss) attributable to:			
Equity holders of AlliancePharma Inc.		(1,282,895)	685,437
Non-controlling interest		13,253	-
		(1,269,642)	685,437
Earnings per share			
Basic earnings per share	16	(0.10)	3,393
Diluted earnings per share	16	(0.09)	3,393

The accompanying notes are an integral part of the consolidated financial statements

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)
Consolidated statements of changes in equity
Years ended July 31, 2015 and 2014

<u>(in Canadian dollars, except number of shares)</u>	Note	Total equity (deficiency) attributable to shareholders							Non-Controlling Interest	
		Number of shares	Share capital	Contributed surplus	Convertible Debenture in shares	Warrants reserve	Premium on convertible shares	Equity (Deficiency)		Total
BALANCE AS AT JULY 31, 2014		106	106	-	-	-	-	(1,408,333)	(1,408,227)	3,000
Dividends		-	-	-	-	-	-	(75,000)	(75,000)	-
Company's balance prior RTO	2	6,400,000	399,738	155,107	-	-	-	(878,142)	(323,297)	-
Shares issued for debt settlement	2	1,200,000	60,000	-	-	-	-	-	60,000	-
Share consolidation on 3 to 1 basis	2	(5,066,666)	-	-	-	-	-	-	-	-
RTO Adjustments			(459,738)	(155,107)	-	-	-	878,142	263,297	-
Shares of Alliance exchanged on RTO		(106)	(106)	-	-	-	-	-	(106)	-
Shares issued in exchange for retractable shares	2	10,810,000	1,621,500	-	-	-	-	-	1,621,500	-
Share of Company issued for RTO	2	7,190,000	380,063	-	-	-	-	-	380,063	-
Debenture issued for RTO	2	-	-	-	43	-	-	-	43	-
Shares issued in concurrent financing, net of financing charges	2	2,031,600	162,293	-	-	134,947	-	-	297,240	-
Premium on convertible shares		-	-	-	-	-	(1,621,406)	1,621,406	-	-
Shares issued under a financing agreement		650,000	97,500	-	-	-	-	-	97,500	-
Issuance of options - Sponsor compensation		-	-	34,040	-	-	-	-	34,040	-
Shares issued under a sponsorship agreement		124,500	29,258	(10,583)	-	-	-	-	18,675	-
Stock options exercised		100,000	27,300	(12,300)	-	-	-	-	15,000	-
Fair value of options issued		-	-	345,120	-	-	-	-	345,120	-
Shares issued under a consulting agreement		950,000	142,500	-	-	-	-	-	142,500	-
Shares to be issued		83,500	19,623	(7,098)	-	-	-	-	12,525	-
Business combination	5	-	-	-	-	-	-	-	-	31,250
Net income (loss) and comprehensive income		-	-	-	-	-	-	(1,282,895)	(1,282,895)	13,253
BALANCE AS AT JULY 31, 2015		24,472,934	2,480,037	349,179	43	134,947	(1,621,406)	(1,144,822)	197,978	47,503
BALANCE AS AT JULY 31, 2013		231	231	-	-	-	-	354,312	354,543	-
Shares Redemption		(31)	(31)	-	-	-	-	-	(31)	-
Shares Conversion		(94)	(94)	-	-	-	-	-	(94)	-
Issuance of SENCRL units		-	-	-	-	-	-	-	-	3,000
Premium on conversion of shares		-	-	-	-	-	-	(1,621,406)	(1,621,406)	-
Dividends		-	-	-	-	-	-	(826,676)	(826,676)	-
Refundable dividend tax on hand		-	-	-	-	-	-	22,748	22,748	-
Devidend refund		-	-	-	-	-	-	(22,748)	(22,748)	-
Net income and comprehensive income		-	-	-	-	-	-	685,437	685,437	-
BALANCE AS AT JULY 31, 2014		106	106	-	-	-	-	(1,408,333)	(1,408,227)	3,000

The accompanying notes are an integral part of these consolidated financial statements.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Consolidated statements of cash flows

Years ended July 31, 2015 and 2014

<i>(In Canadian dollars)</i>	Note	2015	2014
Cash flows from operating activities			
Net income (loss) for the year		(1,269,642)	685,437
Adjustments for:			
Depreciation of property and equipment	8	5,056	4,103
Amortization of intangibles	9	69,080	3,523
Share-based payment transactions	15	379,160	-
Deferred Income Tax	20	9,359	-
Gain on sale of property and equipment		-	(170,609)
Cost of public listing		662,840	-
Financing fees		6,454	(7,395)
		(137,693)	515,059
Changes in non-cash working capital items (i)		(523,399)	(48,552)
		(661,092)	465,507
Cash flows from investing activities			
Additions to property and equipment	8	(899)	(464,610)
Proceeds from the sale of property and equipment		-	633,416
Additions to intangible assets	9	(23,324)	(3,740)
Business combination, net of cash acquired (ii)	5	(2,820,688)	-
Increase in loan receivable		(38,113)	(527,331)
		(2,883,024)	(362,265)
Cash flows from financing activities			
Cash acquired on reverse transaction		3,975	-
Proceeds from long-term debt (ii)		3,050,000	-
Repayment of long-term debt		(80,589)	-
Proceeds from issuance of units (iii)		297,240	3,000
Proceeds from exercise of share options		27,525	-
Bank indebtedness acquired from a business combination	5	344,124	-
Increase in the bank indebtedness		149,486	-
Proceeds from issuance of shares under a sponsorship agreement		18,675	-
Redemption of shares		-	(31)
		3,810,436	2,969
Net decrease in cash and cash equivalents		266,320	107,211
Cash and cash equivalents, beginning of the period		243,683	136,472
Cash and cash equivalents, end of year		510,003	243,683
Supplemental information			
Interest paid		(27,987)	-
Non-cash items:			
(i) Dividend declared		(75,000)	-
(ii) Long-term debt	5	1,247,667	-
(iii) Retractable class "E" shares	2	(1,621,500)	-
(iii) Premium on convertible shares	2	(1,621,406)	1,621,406
(iii) Cost of public listing		(662,840)	-

The accompanying notes are an integral part of the consolidated financial statements.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

1. Reporting entity

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.) (the "Company") is incorporated under the Business Corporations Act (Québec). The Company is a publicly traded company listed on the TSX Venture Exchange ("TSX-V") under the symbol "APA". The Company's head office is 300-1197 Notre-Dame East, Thetford Mines, Québec, G6G 2V2.

The consolidated financial statements of the Company as at and for the years ended July 31, 2015 and July 31, 2014 comprise the Company and its subsidiaries. The Company is a provider of pharmacy personnel replacement and vocational training services.

2. Reverse acquisition (RTO)

On January 8, 2015, the Company closed its qualifying transaction (the "Transaction") with AlliancePharma Inc. ("Alliance Operations"), a Quebec-based, health industry personal placement company. Following the completion of the Transaction, Alliance Operations became a wholly-owned subsidiary of the Company.

Prior to the Transaction, the Company was a capital pool company as defined in the policies of the TSX-V and had not commenced commercial operations and had no assets other than cash and other receivables. The Transaction constituted its "Qualifying Transaction", as defined by the policies of the TSX-V. As part of the Transaction, the Company completed a shares-for-debt transaction pursuant to which \$60,000 of debt was converted into 1,200,000 pre-consolidation common shares. The Company also consolidated its common shares on the basis of three (3) to one (1) and changed its name to AlliancePharma Inc.

AlliancePharma also amalgamated with a wholly-owned subsidiary of the Company, with all outstanding shares of AlliancePharma being exchanged for 18,000,000 common shares of the Company and a debenture convertible into 5,000,000 additional shares of the Company valued at \$43. Following the completion of the Transaction, the Company has an aggregate of 22,564,934 common shares outstanding, including 18,000,000 common shares issued to former holders of AlliancePharma shares, or a 79.77% interest in the Company at that time.

The Company also completed a concurrent private placement of 2,031,600 units at a price of \$0.15 per unit, each unit being comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one additional common share at a price of \$0.25 until January 8, 2017.

Although the Transaction resulted in AlliancePharma becoming a wholly-owned subsidiary of the Company, the Transaction constitutes a reverse acquisition of the Company in-as-much as the former shareholders of AlliancePharma own a substantial majority of the issued and outstanding common shares of the resulting corporation. For accounting purposes, AlliancePharma is considered the accounting acquirer and the Company the accounting acquire.

As the Company did not meet the definition of a business under guidance from IFRS 3, the reverse acquisition does not constitute a business combination and accordingly, the reverse acquisition has been accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment". As Alliance Operations is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation are included in the condensed interim consolidated financial statements at their historical carrying value. The Company's results of operations are included from the date of the transaction onwards.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

The value of the consideration paid was determined based on the fair value of the net assets of the Company acquired on January 8, 2015, which was computed as \$380,000 as follows:

Net assets acquired:

Cash and cash equivalents	3,975
Trade and other receivables	28,420
Trade and accrued liabilities	(188,435)
Advance from a non-related company	(126,800)
Cost of public listing	662,840

Total Net assets acquired **380,000**

Consideration:

Fair value of the 2,533,334 common shares of the Company at \$0.15 (i) **380,000**

- (i) The fair value of the common shares was estimated to be \$380,000 based on 2,533,334 common shares (to consider the effect of the three-for-one common share consolidation) of the Company at a fair value of \$0.15 per share, based on the fair value of shares issued in the concurrent private placement completed as part of the reverse acquisition.

3. Basis of preparation

a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 30, 2015.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- certain financial instruments and contingent considerations are measured at fair value;
- assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("C\$"), which is the Company's functional currency.

d) Use of estimates and judgments

The preparation of the accompanying consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Establishing the fair value of assets and liabilities, intangible assets and goodwill related to business acquisition;
- Note 9 – Determining estimates and assumptions related to impairment tests for long-lived assets and goodwill;
- Note 18 – Assessing whether deliverables in a customer arrangement should be included or excluded from a unit of account to which contract accounting is applied to recognize revenue;
- Note 14 – Assessing recoverability of future tax assets using forecast of future profits depends on many factors including the Company's ability to generate such profits and the implementation of effective tax planning strategies;
- Note 15 & 17 – Establishing the estimates and assumptions related to the characteristic included in valuation model (Black & Scholes) for estimating fair value for warrants and shares-based payments transactions.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

a) Basis of consolidation

i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the fair value of liabilities resulting from contingent consideration arrangements, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at fair value as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in income or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. 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 accounting policies of subsidiaries are aligned with the policies adopted by the Company.

The Corporations subsidiaries, as at July 31, 2015, are:

Name	Nature of services	2015	2014	Type of arrangements	Accounting method
Campus Elitis Pharma Inc.	Training	80%	-	Subsidiary	Consolidation
Elitis Pharma Inc.	Pharmacists Services	100%	-	Subsidiary	Consolidation
Alliance Pharma Operations Inc.	Pharmacists Services	100%	-	Subsidiary	Consolidation
9277396 Canada inc	Pharmacists Services	100%	-	Subsidiary	Consolidation
9321-5317 Quebec inc	Pharmacists Services	100%	-	Subsidiary	Consolidation
Alliance Pharma SENCRL	Pharmacists Services	99%	-	Subsidiary	Consolidation

iii) Transactions eliminated on consolidation

Intra-Company balances and transactions, and any unrealized income and expenses arising from intra-Company transactions, are eliminated in preparing the consolidated financial statements.

iv) Non-controlling interest

Non-controlling interests represent equity interests in the subsidiary owned by outside parties. The share of net assets of the subsidiary attributable to non-controlling interests is presented as a component of equity. Their share

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

of net income and comprehensive income is recognized directly in equity.

All significant intercompany transactions and balances have been eliminated.

b) Financial instruments

i) Non-derivative financial assets and liabilities

The Company initially recognizes loans and receivables, investment in equity securities, debt issued, and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets designated at fair value through income or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has classified non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, advance to a non-related company and loans receivable.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an available-for-sale financial asset is derecognized, the gain or loss accumulated in the fair value reserve is reclassified to income or loss. The Company has not recorded any available-for-sale financial assets.

The Company has the following non-derivative financial liabilities: bank indebtedness, trade and other payables (excluding sales tax payable), long-term debt and note payable. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

ii) Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

All transactions with owners are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

to the reporting date.

iii) Compound financial instrument

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in income or loss. On conversion, the financial liability is reclassified to equity with no gain or loss recognized in income or loss..

c) Property and equipment

Property and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net income or loss.

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The depreciation method and useful lives are as follows:

Categories	Basis	Useful lives
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	5 years
Leasehold improvements	Straight-line	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment in accordance with IAS 36 *Impairment of Assets* when there are indicators that the carrying value may not be recoverable.

d) Intangible assets

i) Goodwill

Goodwill that arises upon business combinations is included in intangible assets. Goodwill is not amortized and is measured at cost less accumulated impairment losses.

ii) Indefinite life intangible assets

The Company's indefinite life intangible asset consists of customer relationship which is measured at cost less accumulated impairment losses. The indefinite life intangible assets are not amortized but are tested for impairment annually or more often if there are indicators of impairment.

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Customer relationships

The carrying amount of the customer relationships is \$1,186,000 (\$nil in 2014). The customer relationships recognized as part of business acquisition is not amortized since it is deemed to have an indefinite useful life.

iii) Other finite life intangible assets

Other intangible assets consist of training courses, software and web site.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the following estimated useful lives:

Categories	Useful lives
Training courses	5 years
Software	5 years
Web site	3 years

Useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Customer relationships are tested for impairment yearly on July 31. Tests are also carried out when events or circumstances indicate a possible impairment. Any impairment loss is charged to earnings (loss) in the period it arises.

e) Impairment

i) Financial assets

A financial asset not carried at fair value through income or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income or loss.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventoried supplies and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated on July 31 of each year.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs (usually a Group's operating segment), that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or group of assets.

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The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses and impairment reversals are recognized in income or loss.

f) Share-based payment transactions

The grant date fair value of equity share-based payment awards granted to employees or consultants is recognized as an administrative expense, with a corresponding increase in contributed surplus, over the period that the employees or the consultants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

g) Revenue recognition

The Company's normal business operations consist of the provision of pharmacist replacements and training services. All income relating to normal business operations is recognized as services are rendered, when the amount of revenue and income can be reliably measured and in all probability the economic benefits from the transactions will flow to the Company, excluding sales taxes. Consideration received prior to the services being rendered is deferred as a liability under "Deferred revenues" in the consolidated statement of financial position.

h) Finance income and finance costs

Finance income comprises interest income on funds invested, available-for-sale financial assets, dividend income, and bargain purchase gains on business acquisitions. Interest income is recognized as it accrues in income or loss, using the effective interest method.

Finance costs comprise interest expense on bank indebtedness and long-term debt, unwinding of the discount on provisions and impairment losses recognized on financial assets (other than trade receivables).

Fair value gains or losses on derivative financial instruments and on contingent considerations, and foreign currency gains and losses are reported on a net basis as either finance income or cost.

i) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and

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differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible debentures in shares, warrants and stock options granted to employees and consultants.

k) Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences, and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or capitalized if the service rendered is in connection with the creation of a tangible or intangible asset.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

The Company contributes to state-run defined contribution pension plans for employees in which the Company pays fixed contributions for eligible employees. The costs of benefits for defined contribution plans are expensed as they are incurred. The Company has no legal or constructive obligation to pay any further amounts.

The pension plan expense during the year amounts to the following:

	2015	2014
Total presented under cost of revenue	5,174	-
Total presented under administrative expenses	373	-
	5,577	-

i) New standards and interpretations adopted during the year

The Company has adopted the following new standards, and amendments to standards and interpretations, with a date of initial application of August 1, 2014 and have been applied in preparing these consolidated financial statements:

IFRS 2 – Share-based Payment

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The amendments to IFRS 2 clarify the definition of vesting conditions and apply to share-based payment transactions for which the grant date is on or after July 1, 2014. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

IFRS 3 – Business Combinations

Amendments to IFRS 3, Business Combinations, ("IFRS 3") clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date for business combinations for which the acquisition date is on or after July 1, 2014, irrespective of whether the contingent consideration is a financial instrument or a non-financial asset or liability.

IFRS 8 - Operating Segments

IFRS 8, Operating Segments ("IFRS 8") - The amendments are applied retrospectively and clarifies that: An entity must disclose the judgements made by management in applying the aggregation criteria, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Company has assessed and determined that the amendments to IFRS 8 did not result in any change in the accounting or disclosures.

IFRS 13 – Fair Value Measurement

IFRS 13, "Fair Value Measurement" (IFRS 13) was amended by the IASB on December 12, 2013. The amendments clarify that the portfolio exception applies to all contracts within the scope of IAS 39, "Financial Instruments: Recognition and Measurement" or IFRS 9, "Financial Instruments", regardless of whether they are financial assets or financial liabilities. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the consolidated financial statements.

IAS 24 – Related Party Disclosures

IAS 24, "Related Party Disclosures" (IAS 24) was amended by the IASB on December 12, 2013. The amendments clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have an impact on the consolidated financial statements.

IAS 32 – Offsetting Financial Assets and Liabilities

Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*, clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. Adoption of amendments to IAS 32 did not have a material impact on the Company's consolidated financial statements.

IFRIC 21 - Levies

IFRIC *Interpretation 21 - Levies* ("IFRIC 21") provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes within the scope of IAS 12, Income Taxes and fines or other penalties imposed for breaches of the legislation. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 adoption did not have a material impact on the Company's consolidated financial statements.

m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

IFRS 7, Financial Instruments

IFRS 7, Financial Instruments: Disclosures, clarifies that the additional disclosure required by the amendments to IFRS 7, Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34. The amendment is effective January 1, 2016 with early adoption permitted. The Company has not yet adopted this standard and management has not yet determined the impact of this standard.

IFRS 9 - Financial Instruments

In November 2009 the IASB issued IFRS 9, Financial Instruments ("IFRS 9 (2009)"), and in October 2010, the IASB published amendments to IFRS 9 ("IFRS 9 (2010)"). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, Financial Instruments (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized. The mandatory effective date is not yet determined, however, early adoption of the new standard is still permitted. The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) in its consolidated financial statements for the annual period beginning on August 1, 2014.

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, and will become effective for annual periods beginning on or after January 1, 2018 and is available for early adoption. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning August 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IAS 1 – Presentation of Financial Statements ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statements of net income or loss and comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on July 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It also clarifies that revenue is not an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendments are effective from January 1, 2016.

IAS 19 – Employee Benefits

IAS 19, "Employee Benefits" ("IAS 19") was amended by the IASB on November 13, 2013. The amendments

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provide additional guidance to IAS 19 Employee Benefits on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the Company's results of operations, financial position or disclosures.

IAS 19 was further amended on July 30, 2014. The amendments to IAS 19 clarify the application of the requirements of IAS 19 on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have an impact on the Company's results of operations, financial position or disclosures.

5. Business acquisition

Effective June 1, 2015, the Company completed the acquisition of 100% of the shares of Elitis Pharma Inc. ("Elitis") for a total consideration of \$3,842,996. The acquisition was in line with the Company's growth strategy and to be a leading company in the pharmacist replacement industry in Quebec. The acquisition was accounted for under the purchase method and its operating results have been included in these consolidated financial statements since the date of acquisition. The allocation of the purchase price was initially based on the Corporation's best estimates, subject to the completion of a third party valuation. The cash component of \$2,800,000 on the closing of the transaction was financed by a new Credit facility. The Company will also make deferred payments totaling \$1,247,667, payable as follows: \$97,667 after 6 months, \$200,000 after 12 months, \$250,000 after 18 and 24 months and \$225,000 after 30 and 36 months. These payments are subject to interest payment using an annual rate of 3% during the first year, 5% during the second year and 8% during the last year.

As stipulated in the purchase agreement, the total consideration has been reduced by \$307,004 to consider the working capital reduction after 60 days. The Company recorded \$204,671 as other receivable and reduced the deferred payments to consider the impacts of the reduction.

As part of the Transaction, the Company has paid a finder's fee of 950,000 common shares for the acquisition and 650,000 common shares and \$24,000 for the Credit Facility. All shares issued pursuant to the Transaction were subject to a hold period of four months and one day, according to Canadian securities law.

During the fourth quarter of 2015, the Corporation finalized the purchase price allocation for the acquisition. The following is a summary of the net assets acquired at fair value:

Net assets acquired:	
Working capital	(269,502)
Property and equipment	40,737
Software	1,166,271
Training courses	90,711
Web site	12,876
Customer relationships	1,186,000
Goodwill ⁽¹⁾	1,697,153
Assumed long-term debt	(50,000)
Non-controlling interest	(31,250)
Total Net assets acquired	3,842,996
Consideration:	
Cash	2,800,000
Deferred payments	1,350,000
Working capital adjustment	(307,004)
Total	3,842,996

(1) The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining two industry leaders to create a premier provider of pharmacy personnel replacement and vocational training services.

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The Company recorded \$377,073 as professional fees in conjunction with the acquisition.

The impact of the acquisition on revenues and the gross margin is presented below:

	2015
Revenues	1,205,149
Net loss	(235,511)

The table below shows the Company's share of revenues and net profit for the year ended July 31, 2015 as if the acquisition of Elitis had taken place on August 1, 2014.

	2015
Revenues	7,562,243
Net loss	(437,986)

The actual and pro forma net profit (loss) includes the additional amortization of intangible assets, financing costs and additional charges arising from the acquisitions, net of related tax effects.

The supplementary pro forma information is based on estimates and assumptions that are deemed reasonable. This supplementary pro forma information is not necessarily representative of the Company's future consolidated financial results or results that would have been achieved if the business acquisition had taken place on August 1, 2014.

6. Trade and other receivables

	2015	2014
Trade receivables	1,059,352	336,427
Other receivables	216,294	-
	1,275,646	336,427

The Company's exposure to credit related to trade and other receivables is disclosed in note 22.

7. Loans receivables

	2015	2014
Loans, without interest		
Company under common control	108,817	69,930
Directors	53	827
	108,870	70,757

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8. Property and equipment

	Note	Leasehold improvements	Computer equipment	Furniture and fixtures	Building	Total
Cost						
Balance at July 31, 2013		5,634	1,653	13,135	-	20,422
Other additions		-	-	1,802	462,809	464,611
Disposals		-	-	-	(462,809)	(462,809)
Balance at July 31, 2014		5,634	1,653	14,937	-	22,224
Additions through business combination	5	-	40,737	-	-	40,737
Other additions		-	899	-	-	899
Balance at July 31, 2015		5,634	43,289	14,937	-	63,860
Depreciation						
Balance at July 31, 2013		1,582	-	1,634	-	3,216
Depreciation for the year		1,126	496	2,480	-	4,102
Balance at July 31, 2014		2,708	496	4,114	-	7,318
Additions through business combination	5	-	-	-	-	-
Depreciation for the year		845	2,588	1,623	-	5,056
Balance at July 31, 2015		3,553	3,084	5,737	-	12,374
Net carrying amounts						
At July 31, 2014		2,926	1,157	10,823	-	14,906
At July 31, 2015		2,081	40,205	9,200	-	51,486

There were no impairment during 2015 and 2014.

9. Intangible assets

	Note	Training courses	Software	Web site	Customer relationships	Total	Goodwill
Cost							
Balance at July 31, 2013		-	-	8,700	-	8,700	-
Other additions		-	-	3,740	-	3,740	-
Balance at July 31, 2014		-	-	12,440	-	12,440	-
Additions through business combination	5	90,711	1,166,271	12,876	1,186,000	2,455,858	1,697,153
Other additions		525	16,399	6,400	-	23,324	-
Balance at July 31, 2015		91,236	1,182,670	31,716	1,186,000	2,491,622	1,697,153
Amortization							
Balance at July 31, 2013		-	-	3,523	-	3,523	-
Amortization for the year		-	-	2,407	-	2,407	-
Balance at July 31, 2014		-	-	5,930	-	5,930	-
Amortization for the year		10,867	53,376	4,837	-	69,080	-
Balance at July 31, 2015		10,867	53,376	10,767	-	75,010	-
Net carrying amounts							
At July 31, 2014		-	-	6,510	-	6,510	-
At July 31, 2015		80,369	1,129,294	20,949	1,186,000	2,416,612	1,697,153

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Goodwill impairment test

For the purpose of impairment testing, goodwill is allocated to the Company's operating segments which represent the lowest level within the Company at which the goodwill is monitored for internal management purposes. The Company has one significant CGU: Pharmacist Services. The Company performed its goodwill impairment tests as at July 31, 2015 and 2014. The aggregate carrying amount of goodwill is as follows:

Pharmacist Services

As a result of the impairment test, the Company concluded that no impairment charge was required. The recoverable amount of the CGU was determined based on the value-in-use approach using a discounted cash flow model. The significant key assumptions are based on the forecasted cash flows based on a period of 5 years. For the first year of the model, the budgeted revenue and expenses for 2016 were used. Revenue and expense growth rate were as follows year 1 – 1.0%, years 2, 3, 4 and 5 – 2.0%. The growth rate of the projections reflects management expectation that the sales will grow at least at the pace of inflation and the expenses reflects no significant growth and a provision for increased cost resulting from inflation. The discounted cash flow model was established using a discount rate of 16.40%, which was based on the weighted average cost of capital before tax which assumes a cost of equity between 16.0% and 16.75% and a cost of debt of 3.0%. A terminal value based on the Gordon growth model was used at the end of year 5.

As part of the impairment testing, management performed a sensitivity analysis using various discount rates as well as a sensitivity analysis for changes in each of the following assumptions: revenue growth and operating costs. As at July 31, 2015, using the key assumptions described above, a discount rate of approximately 17% would be required in order for the Pharmacist Services CGU's recoverable amount to be equal to its carrying amount. Also, using the key assumptions described above, a growth rate of approximately 1.75% would be required starting in year 2 in order for the Pharmacist Services CGU's recoverable amount to be equal to its carrying amount. Individually, a 0.6% unfavorable change in year 1 in operating expenses would result in a FVLCTS marginally below the carrying amount of the Pharmacist services CGU. Based on the estimated FVLCD and sensitivity analysis performed, management concluded that the Pharmacist Services was not impaired as at July 31, 2015.

10. Bank indebtedness

The Company has authorized operating credits totaling \$1,500,000, bearing interest at the Canadian prime rate plus 1.20%, and renewable annually. The loan is secured by a first mortgage on the Company's present and future accounts receivable and on the Company's current and future tangible and intangible properties. As at July 31, 2014, a balance of \$1,500,000 was available on such bank loan facility.

11. Trade and other payables

	2015	2014
Trade payables and accrued expenses	425,377	253,434
Salaries and vacations payable	377,927	291
Other accruals	82,747	1,830
Sales tax payable	86,444	59,517
Dividend payable	75,000	-
	1,047,495	315,072

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

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12. Long-term debt

This note provides information about the contractual terms of the Company's interest-bearing long-term debt, which are measured at amortized cost. For more information about the Company's exposure to interest rate, and liquidity, see note 22.

	2015	2014
Long-term debt bearing interest at prime rate plus 1%, repayable monthly by installments of \$3,125 and maturing in September 2016	43,750	-
Loan, bearing interest at prime rate plus 1.95%, repayable by monthly installments of \$36,310, and maturing in June 2022 ⁽ⁱ⁾	2,943,062	-
Deferred payments bearing interest between 3% and 8%, repayable by 36 months, and maturing in May 2018 ⁽ⁱⁱ⁾	1,247,667	-
	4,234,479	-
Less: current portion of long-term debt	766,272	-
	3,468,207	-

⁽ⁱ⁾ On June 27, 2015, the Company entered into an agreement with a bank for a \$ 3,050,000 term loan, less transaction fees of \$33,325. The loan is secured by a first charge on all assets of the Company and a \$1,000,000 personal guarantee from two directors. The loan is subject to certain covenants regarding the maintenance of financial ratios starting in July 2016.

⁽ⁱⁱ⁾ Effective June 1, 2015, the Company completed the acquisition of 100% of the shares of Elitis. The acquisition includes deferred payments totaling \$1,350,000, adjusted subsequently by \$102,333 with regards to the non-compliance with the agreed working capital amount, payable as follows: \$97,667 after 6 months, \$200,000 after 12 months, \$250,000 after 18 and 24 months and \$225,000 after 30 and 36 months. These payments are subject to interest payments using an annual rate of 3% during the first year, 5% during the second year and 8% during the last year.

The payable amounts for the next five years, as of July 31, are as follows:

	2015	2014
Less than 1 year	766,272	-
Between 1 and 5 years	3,111,775	-
More than 5 years	356,432	-
	4,234,479	-

13. Note Payable

The changes in the carrying value of the note payable as at July 31 are as follows:

	2015	2014
Beginning balance	132,605	131,123
Accreted interest	6,091	1,481
	138,698	132,605

The Company classifies his note payable as a non-current liability, because at the end of the reporting year, the Company has an unconditional right to defer its settlement for at least (12) twelve months after that date.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

14. Deferred tax assets and liabilities

The income tax expense reported differs from the amount computed by applying Canadian income tax rates to income before income taxes. The reasons for the difference and the related tax effects are as follows:

	2015	2014
Net income (loss) before income taxes	(1,170,759)	892,744
Statutory income tax rate	26.9%	26.3%
Expected income tax recovery	(314,934)	234,479
Adjustments		
Tax effect of non-deductible stock option compensation	101,994	-
Tax effect of non-deductible costs to becoming a public company	178,304	-
Tax effect of non-deductible professional fees	53,157	-
Tax effect on permanent differences	2,006	11,429
Tax effect of other temporary differences	81,815	-
Gain on disposal of building	-	(38,779)
Income tax reduction arising from loss carry forward from a prior year	(3,459)	-
Other	-	178
Income tax expense	98,883	207,307

The tax effects of temporary differences and net operating losses that give rise to future income tax assets and liabilities are as follows:

	2015	2014
Future income tax assets		
Net operating losses carried forward	244,064	-
Tax basis of capital assets in excess of carrying value	193,179	-
	437,243	-
Less: valuation allowance	(138,682)	-
	298,561	-
Future income tax liabilities		
Net operating losses carried forward	307,600	-
Financial expenses	320	-
	307,920	-

The Company has accumulated non-capital losses for income tax purposes related to its continuing operations that expire as follows:

Year of expiry	
2028	3,795
2029	51,749
2030	38,391
2031	124,492
2032	47,925
2033	167,777
2034	94,278
Total	528,407

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)**Notes to the consolidated financial statements***(Tabular amounts in Canadian dollars, unless otherwise noted)***Years ended July 31, 2015 and 2014****15. Share capital and other component of equity****Share capital**

The Company is authorized to issue an unlimited number of shares without par value as described below:

- Class "A" commons shares, voting and participating;
- Class "B" shares, 6% non cumulative dividend, redeemable or retractable at the paid-up capital amount; and
- Class "C" shares, non cumulative dividend, redeemable or retractable at the paid-up capital amount.

All issued shares are fully paid. There are no class "B" or "class C" shares issued and outstanding.

The common shares entitle the holders thereof to one vote per share. The holders of the common shares are entitled to receive dividends as declared from time to time. Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Company, the holders of the common shares are entitled to receive the remaining property of the Company upon its dissolution, liquidation or winding-up.

Contributed surplus

The contributed surplus account is used to record amounts arising on the issue of share-based payment awards (see note 17) and the value of the warrants issued in relation to various financings.

Escrowed shares

At July 31, 2015, a total of 16,550,003 outstanding common shares are held under an escrow agreement and are to be released on a staged basis, with 10% to be released on the date of regulatory approval of a Qualifying Transaction of the Company, and 15% to be released every six months thereafter.

Warrants

On January 7, 2015, the Company issued 2,031,600 warrants. The fair value of these warrants was calculated using Black-Scholes pricing model using a share price of \$0.15, exercise price of \$0.25, risk free rate of 0.97%, volatility of 110%, vesting immediately, and life of 2 years from date of grant resulting in a fair value of \$138,352, less transaction fees of \$3,405. Each Warrant will entitle its holder to purchase one common Share at a price of \$0.25 at any time until the two year anniversary of the date of their issuance.

The following is a continuity of the warrants outstanding at July 31, 2015:

	Number of warrants	Weighted average exercisable price
Beginning balance	-	-
Granted	2,031,600	\$0.25
	2,031,600	\$0.25

During the period, 2,031,600 warrants were issued.

The following table presents the details of the issued and outstanding warrants as at:

Exercise price	Expiry date	As at July 31, 2015		As at July 31, 2014	
		Number		Expiry date	Number
\$0.25	January 7, 2017	2,031,600		-	-
		2,031,600			-

Dividends

In 2015, prior to the RTO, the Company declared dividend for a total of \$75,000 (2014 - \$nil). After the RTO, no dividends were declared by the Board of Directors.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

16. Earnings per share

Basic earnings per share

The calculation of basic net income per share was based on the income (loss) attributable to common shareholders of (\$1,282,895) (2014 – \$685,437) and a weighted average number of common shares of 12,897,930 (2014 - 202).

Diluted earnings per share

The calculation of diluted earnings per share was based on the income (loss) attributable to common shareholders of (\$1,282,895) (July 31, 2014 – \$685,437) and a weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares calculated as follows:

	2015	2014
Weighted average number of common shares	12,897,930	202
Dilutive effect:		
Stock options and warrants	1,210,280	-
Weighted average number of diluted common shares	14,108,210	202

17. Share-based payment arrangements

Stock option plan

The Company offers a stock option plan for the benefit of certain of its directors, employees and consultants. The maximum number of shares which may be issued under this plan may not exceed ten percent (10%) of the number of issued and outstanding shares of the Company from time to time. Each stock option entitles its holder to receive one common share upon exercise. The exercise price payable for each option is determined by the Board of Directors at the date of grant, and may not be less than the market price of the common share at the closing price of the TSX-V the day preceding the grant date for a minimum amount of \$0.15 per option. The vesting period is immediate at each grant. The plan must receive shareholder and Stock Exchange approval annually at the Company's annual general meeting of shareholders. The table below summarizes the changes in the outstanding stock options:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	-	-	-	-
Granted	2,675,000	0.15	-	-
Exercised	(100,000)	0.15	-	-
Balance, end of year	2,575,000	0.15	-	-
Options exercisable, end of year	2,575,000	0.15	-	-

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

The following table summarizes information about stock options outstanding and exercisable at July 31, 2015:

Exercise prices	Options outstanding		Options exercisable
	Number of options	Weighted average remaining contractual life	Number of options
0.15	2,325,000	4.6	2,325,000
0.20	250,000	4.8	250,000
	2,575,000	4.6	2,575,000

Of the options outstanding at July 31, 2015, a total of 900,000 (2014 – nil) are held by key management personnel. The weighted average share price at the date of exercise for stock options exercised in the year was \$0.55 (2014 – nil).

The fair value of the stock options granted during the year was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2015	2014
Average expected option life	5 years	-
Risk-free interest rate	1.10%	-
Expected stock price volatility	122%	-
Average dividend yield	0%	-
Weighted average fair value of options granted	\$0.13	-

The weighted average share price at the date of exercise of these options was 0.32\$.

Broker's options units

The table below summarizes the changes in the outstanding broker's options units:

	2015		2014	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance, beginning of year	-	-	-	-
Granted	400,000	0.15	-	-
Exercised	(208,000)	0.15	-	-
Balance, end of year	192,000	0.15	-	-
Units exercisable, end of year	192,000	0.15	-	-

The weighted average share price at the date of exercise of these units was 0.40\$.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)

Notes to the consolidated financial statements

(Tabular amounts in Canadian dollars, unless otherwise noted)

Years ended July 31, 2015 and 2014

The following table summarizes information about broker's units options outstanding and exercisable at July 31, 2015:

Exercise price	Options outstanding		Options exercisable
	Number of units	Weighted average remaining contractual life	Number of units
0.15	192,000	1.5	192,000
	192,000	1.5	192,000

The fair value of the broker's units options granted during the year was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2015	2014
Average expected units life	2 years	-
Risk-free interest rate	0.97%	-
Expected stock price volatility	110%	-
Average dividend yield	0%	-
Weighted average fair value of options granted	\$0.09	-

18. Revenue

	2015	2014
Replacement pharmacists	5,148,138	3,492,258
Sponsorship	169,726	247,326
Training	165,570	52,080
Other	33,400	5,537
	5,516,834	3,797,201

19. Administrative expenses

	2015	2014
Salaries and fringe benefits	373,774	75,826
Repairs and maintenance	11,417	6,164
Rental fees	28,435	19,576
Travel	16,869	17,704
Meals and entertainment	17,188	7,607
Advertising	10,521	40,985
Supplies and office expenses	42,681	28,071
Telecommunications	8,851	5,257
Professional fees	654,716	92,741
Brokerage and listing fees	9,262	-
	1,173,714	293,937

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)**Notes to the consolidated financial statements***(Tabular amounts in Canadian dollars, unless otherwise noted)***Years ended July 31, 2015 and 2014****20. Finance costs**

	2015	2014
Interest expenses	38,571	-
Bank charges	11,853	4,220
	50,424	4,220

21. Income tax expense

	2015	2014
Current	89,524	207,307
Deferred	9,359	-
	98,883	203,30

22. Financial instruments and financial risk management***Risks***

In the normal course of its operations and through its financial assets and liabilities, the Company is exposed to the following risks:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives and processes for managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Company's management identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits. Risk management is reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors has overall responsibility of the Company's risk management framework. The Board of Directors monitors the Company's risks through its audit committee. The audit committee reports regularly to the Board of Directors on its activities. The Company's audit committee oversees how management monitors and manages the Company's risks.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's trade receivables. The Company grants credit to its customers in the ordinary course of business. Management believes that the credit risk of trade receivables is limited due to the following reasons:

- No single customer accounts for more than 10% of the Company's revenue;
- Approximately 89.5% (2014 – 100%) of the Company's trade receivables are not past due or 30 days or less past due.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)**Notes to the consolidated financial statements***(Tabular amounts in Canadian dollars, unless otherwise noted)***Years ended July 31, 2015 and 2014****Impairment losses**

The aging of trade receivables at the reporting date was:

	Total	Impairment	Total	Impairment
	2015	2015	2014	2014
Not past due	833,158	-	336,427	-
Past due 1 – 30 days	115,164	-	13,633	-
Past due 31 – 60 days	87,037	-	10,032	-
Past due more than 60 days	23,993	-	388	-
	1,059,352	-	336,427	-

The impaired trade receivables are mostly due from customers that are experiencing financial difficulties. Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of past due trade receivables.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash inflows and cash outflows requirements from Company's entities are monitored closely and separately to ensure the Company optimizes its cash return on investment. Typically, the Company ensures that it has sufficient cash to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Company monitors its short and medium-term liquidity needs on an ongoing basis using forecasting tools. In addition, the Company maintains a credit facility, which has \$1,500,000 availability at July 31, 2015 (2014 - \$nil).

The following are the contractual maturities of the financial liabilities, including estimated interest payment:

	Less than 1 year	Between 1 and 5 years	More than 5 years
Bank indebtedness	493,610	-	-
Trade and other payables	1,047,495	-	-
Long-term debt	903,443	3,085,278	835,555
Note payable	-	-	138,696
	2,444,548	3,085,278	974,251

c) Capital management

For the purposes of capital management, capital consists of share capital and retained earnings of the Company. The Company's objectives when managing capital are:

- To ensure proper capital investment in order to provide stability and competitiveness to its operations;
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions;
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital; and
- To maintain investors, creditors and market confidence.

The Company seeks to maintain a balance between the highest returns that might be possible with higher level of borrowings and the advantages and security by a sound capital position.

AlliancePharma Inc. (formerly Rodocanachi Capital Inc.)**Notes to the consolidated financial statements***(Tabular amounts in Canadian dollars, unless otherwise noted)***Years ended July 31, 2015 and 2014**

The Company's loan agreement requires monitoring two ratios on a quarterly basis, starting July 31, 2016. The first is a ratio of total debt to earnings before interest, income taxes, depreciation, amortization and other extraordinary items ("adjusted EBITDA"). The second is a ratio of adjusted EBITDA and capital and interest installments required over the course of a 12-month period. These ratios are measured on a consolidated last twelve-month basis and must be kept below a certain threshold so as not to breach a covenant in the Company's syndicated bank. At July 31, 2015, the Company would not have been in compliance with its financial covenants

	Requirement	As at July 31, 2015
Debt service coverage ratio [ratio of EBITDA adjusted EBITDA from acquisitions and extraordinary items to interest and capital payments payable over 12 months]	>1.25:1	0.83
Funded debt-to-equity ratio [ratio of total debt plus letters of credit and some other long-term liabilities to EBITDA, including last twelve months adjusted EBITDA from acquisitions]	< 3.25:1	6.22

⁽ⁱ⁾ Effective as of July 31, 2016.

The Company has sufficient liquidity to continue both its operations but will require additional financing to support its acquisition strategy.

Upon maturity of the Company's long-term debt, the Company's management and its Board of Directors will assess if the long-term debt should be renewed at its original value, increased or decreased based on the then required capital need, credit availability and future interest rates.

There were no changes in the Company's approach to capital management during the year and 2014.

23. Commitments

The Company entered into operating leases expiring on various dates through December 2019, with respect to rolling stock, real estate and other. The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
Less than 1 year	81,653	34,598
Between 1 and 5 years	256,633	97,562
More than 5 years	-	-
	347,286	132,160

The Company also rents part of the office which is under operating leases expiring on April 30, 2018 and which represent minimum lease revenues under a non-cancellable operating lease are as follows:

	2015	2014
Less than 1 year	4,705	4,613
Between 1 and 5 years	8,452	13,158
More than 5 years	-	-
	13,157	17,771

In 2015, an amount of \$38,547 was recognized as an expense in income or loss in respect of operating leases (2014 – \$31,297).

24. Related parties

The Company's related parties include companies under common control as well as key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The transactions are measured at value of the consideration given or received, which has been established and agreed by the parties. Outstanding balances are usually settled in cash.

All balances of advances receivable and due are measured at fair value and occurred in the normal course of business.

Transactions with key management personnel

The Company's key management personnel consists of the directors and executives. The key management personnel received a total remuneration of \$214,760 (\$nil – 2014).



Management Discussion and Analysis of

AlliancePharma Inc.

(formerly Rodocanachi Capital Inc.)

For the three-month period and the twelve-month periods ended July 31, 2015 and 2014

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of ALLIANCEPHARMA Inc. ("Alliance" or the "Company"), formerly Rodocanachi Capital Inc., and the highlights of its consolidated financial situation. It explains the consolidated situation and the results for the fourth quarter and the year ended July 31, 2015 and the comparison of the Company's consolidated statement of financial position as at July 31, 2015 and July 31, 2014.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal year ended July 31, 2015 and the related notes thereto.

The audited consolidated financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on November 30, 2015. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars. The consolidated financial statements for the year ended July 31, 2015 have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The context otherwise required, all references to "AlliancePharma" , "Company", "our", "us", "we" refers to AlliancePharma Inc. as consolidated with its subsidiaries. Further information about the Company, its properties, projects, annual and quarterly reports are available for consultation on the website of SEDAR at the following address: www.sedar.com.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A, specially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of the Company that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The real results for the Company could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Company does not intend to update these prospective statements to reflect, in particular, new information or future events, and it is by no means committed doing so.

REPORTING ENTITY, NATURE OF OPERATIONS AND SCOPE OF ACTIVITIES

The Company is domiciled in Canada, incorporated under the *Canada Business Corporations Act*. Its shares are listed for trading on the TSX Venture Stock Exchange under the symbol APA.

Alliance is a provider of pharmacy personnel replacement and vocational training services. It has developed a strong and growing base of active clients with the direct involvement of replacement pharmacists and technical assistants, and focuses on delivering a tier-one placement platform making it possible to target and connect the right providers, in the right places, at the right times and for the right price. The Company is currently among the leaders in job placement service in the health industry in the Province of Quebec.

The Company's placement platform was developed in-house by the Company's management through the ongoing availability and direct involvement of approximately 600 pharmacists and 200 technical assistants. These professionals provide the Company with their availabilities for replacement and formation, giving the Company access to their skills and knowledge on an as needed basis. The Company believes that the experience of its management team and their extensive network provide it with a distinct competitive advantage.

Currently, the Company is specialized in recruitment of three different types of employees which are:

- Pharmacists, representing more than 90% of the firm recruitment revenues
- Laboratory technicians, a fast-growing sector
- Professional services and training staff.

In addition to recruitment, the Company also provides trainings for pharmacists and pharmacy owners on various topics.

Those specialized trainings are provided to improve efficiencies across every services provided by pharmacists. These activities are all similar in terms of customers, geographical representation, services provided, or required workforce, and since Management oversees these activities as a whole entity, and were all accounted for into one operating segment.

The consolidated financial statements for the year ended July 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

HIGHLIGHTS FOR THE YEAR ENDED JULY 31, 2015

Reverse acquisition (RTO)

On January 8, 2015, the Company closed its qualifying transaction (the “Transaction”) with AlliancePharma Inc. (“Alliance Operations”), a Quebec-based, health industry personal placement company. Following the completion of the Transaction, Alliance Operations became a wholly-owned subsidiary of the Company.

Prior to the Transaction, the Company was a capital pool company as defined in the policies of the TSX-V and had not commenced commercial operations and had no assets other than cash. The Transaction constituted its “Qualifying Transaction”, as defined by the policies of the TSX-V. As part of the Transaction, the Company completed a shares-for-debt transaction pursuant to which \$60,000 of debt was converted into 1,200,000 pre-consolidation common shares. The Company also consolidated its common shares on the basis of three (3) to one (1) and changed its name to AlliancePharma Inc.

AlliancePharma also amalgamated with a wholly-owned subsidiary of the Company, with all outstanding shares of AlliancePharma being exchanged for 18,000,000 common shares of the Company and a debenture convertible into 5,000,000 additional shares of the Company valued at \$43. Following the completion of the Transaction, the Company has an aggregate of 22,564,934 common shares outstanding, including 18,000,000 common shares issued to former holders of AlliancePharma shares, or a 79.77% interest in the Company at that time

The Company also completed a concurrent private placement of 2,031,600 units at a price of \$0.15 per unit, each unit being comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one additional common share at a price of \$0.25 until January 8, 2017.

Although the Transaction resulted in AlliancePharma becoming a wholly-owned subsidiary of the Company, the Transaction constituted a reverse acquisition of the Company in-as-much as the former shareholders of AlliancePharma own a substantial majority of the issued and outstanding common shares of the resulting corporation. For accounting purposes, AlliancePharma is considered the accounting acquirer and the Company the accounting acquiree.

As the Company did not meet the definition of a business under guidance from IFRS 3, the reverse acquisition did not constitute a business combination and accordingly, the reverse acquisition has been accounted for in accordance with guidance provided in IFRS 2, “Share-Based Payment”. As Alliance Operations is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation are included in the condensed interim consolidated financial statements at their historical carrying value. The Company’s results of operations are included from the date of the transaction onwards.

The value of the consideration paid was determined based on the fair value of the net assets of the Company acquired on January 8, 2015, which was computed as \$380,000 as follows:

Net assets acquired:	
Cash and cash equivalents	3,975
Trade and other receivables	28,420
Trade and accrued liabilities	(188,435)
Advance from a non-related company	(126,800)
Cost of public listing	662,840
Total Net assets acquired	380,000
Consideration:	
Fair value of the 2,533,334 common shares of the Company at \$0.15 (i)	380,000

- (i) The fair value of the common shares was estimated to be \$380,000 based on 2,533,334 common shares (to consider the effect of the three-for-one common share consolidation) of the Company at a fair value of \$0.15 per share, based on the fair value of shares issued in the concurrent private placement completed as part of the reverse acquisition.

Board of Directors changes

Following the transaction described in the overview of reverse acquisition, on January 8, 2015, all the board members were replaced and the board of directors is now composed of the following:

- Isabelle Bégin, President, CEO and Director
- Marc Lemieux, CFO, Secretary and Chairman
- Michael W. Kinley, Director
- Patrick Fernet, Director
- Sami B. Chaouch Director (starting June 18, 2015).

Business acquisition

Effective June 1, 2015, the Company completed the acquisition of 100% of the shares of Elitis Pharma Inc. ("Elitis") for a total consideration of \$3,842,996. The acquisition was in line with the Company's growth strategy and to be a leading company in the pharmacist replacement industry in Quebec. The acquisition was accounted for under the purchase method and its operating results have been included in these consolidated financial statements since the date of acquisition. The allocation of the purchase price was initially based on the Corporation's best estimates, subject to the completion of a third party valuation. The cash component of \$2,800,000 on the closing of the transaction was financed by a new Credit facility. The Company will also make deferred payments totaling \$1,247,667, payable as follows: \$97,667 after 6 months, \$200,000 after 12 months, \$250,000 after 18 and 24 months and \$225,000 after 30 and 36 months. These payments are subject to interest payment using an annual rate of 3% during the first year, 5% during the second year and 8% during the last year.

As stipulated in the purchase agreement, the total consideration has been reduced by \$307,004 to consider the working capital reduction after 60 days. The Company recorded \$204,671 as other receivable and reduced the deferred payments to consider the impacts of the reduction.

As part of the Transaction, the Company has paid a finder's fee of 950,000 common shares for the acquisition and 650,000 common shares and \$24,000 for the Credit Facility. All shares issued pursuant to the Transaction were subject to a hold period of four months and one day, according to Canadian securities law.

During the fourth quarter of 2015, the Corporation finalized the purchase price allocation for the acquisition. The following is a summary of the net assets acquired at fair value:

Net assets acquired:	
Working capital	(269,502)
Property and equipment	40,737
Software	1,166,271
Training courses	90,711
Web site	12,876
Customer relationship	1,186,000
Specialized workforce	523,200
Goodwill ⁽¹⁾	1,173,953
Assumed long-term debt	(50,000)
Non controlling interest	(31,250)
Total Net assets acquired	3,842,996
Consideration:	
Cash	2,800,000
Deferred payments	1,350,000
Working capital adjustment	(307,004)
Total	3,842,995

- ⁽¹⁾ The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining two industry leaders to create a premier provider of pharmacy personnel replacement and vocational training services.

The Company recorded \$377,073 as professional fees in conjunction with the acquisition.

THE INDUSTRY

The market for replacement pharmacists and technical assistants has been in existence for more than twenty years and the

demand being limited. Over the last ten years, the combination of an aging population, the availability of various new medications, the increase in the number of prescriptions, and the extension of the opening hours led to an increase in the demand for replacement pharmacists.

Since Bill n 41, an act to amend the Pharmacy Act, was approved in June 2015, the industry now has to react and insure Quebec Pharmacists will remain qualified to perform a number of services that were traditionally reserved to physicians. Under Bill n 41 in its current version, pharmacists with the relevant trainings would be permitted to extend prescriptions, subject to certain limitations, prescribe medications when no diagnosis is required in certain circumstances, and prescribe and interpret certain laboratory tests. Bill n 41 was originally sponsored by Yves Bolduc, the Minister of Health and Social Services at the time it was introduced and was adopted by the National Assembly of Quebec on December 8, 2011. The Bill n 41 and related regulations were to come into force September 3, 2013, but given the ongoing negotiation regarding certain issues, its implementation has been postponed. An order in council was issued on August 22, 2013 to defer the coming into force of the Bill which was finally approved in June 2015.

Although Bill n 41 expands the field of contribution of pharmacists, it could give rise to major implementation issues. One of the issues that is still in debate and could greatly affect the company business relates to the remuneration of pharmacists for the new services they would provide. Negotiations between the provincial government and the Quebec Association of Pharmacy Owners are still ongoing on this point. While pharmacists believe that they should be remunerated for the provision of additional services due to the higher operating costs incurred by having to perform additional services, the provincial government has taken the position that only certain new services should be remunerated (namely, the prescription of medications for conditions that have already been diagnosed or that do not require a diagnosis, and the adjustment of prescriptions) and that the other services should be provided for free. Currently, when the same services are performed by physicians, the latter are remunerated by the Régie de l'assurance maladie du Québec.

The industry will also have to manage the consequences of recently announced Bill n 28 which could allow the government of Quebec to unilaterally reduce pharmacists' fees by an estimated \$177,000,000. Reducing fees by this amount could make it difficult for pharmacists to provide additional services like the ones provided under Bill n 41 should it come into force. Even existing services may have to be scaled back. The announced cuts may result in reduced pharmacy opening hours and demand for pharmacists and technicians as well as reduced investments by pharmacies.

At this point, management of the Company can't predict nor assess the actual consequences to the industry and the change which could occur as a result of the recently approved Bill n 41 and possibly Bill n 28.

In addition to the general factors above, management of the Company believes that the industry faces several challenges, including:

- Growth in the number of pharmacies
- Establishment of the two-pharmacist work mode
- Extension of the opening hours
- Rapidly changing and highly-fragmented environment
- The increase of the Graduated Pharmacists.

Q4 AND YEARLY FINANCIAL PERFORMANCE

The Company is a leader in the recruitment field of pharmacists in the Province of Quebec. The management evaluated that the Company owns approximately 75 % of the recruitment market of this region. The Company has increased its presence in the Montreal area further to the acquisition of Elitis. The Company does not conduct business outside of the Province of Quebec since the legislation is different in each province of Canada, although penetration of those markets is being considered by the Company.

The pharmacy staffing market is in continuous expansion. The Company estimates that around 100 new pharmacies opened in the Province of Quebec in the last few years and this tendency should remain the same for a few more years. Therefore, the market for the recruitment and the needs of pharmacy owners for temporary pharmacists staffing will be in progression. In addition to the increased number of pharmacies, many pharmacies now offer prolonged opening hours. As discussed in the industry section, these prolonged hours create a demand for the services of the Company.

For the year period ended July 31, 2015 the Company has generated \$5,516,834 of sales with a contribution margin of 21%. Revenue increased by \$1,719,633, or 45%, as compared to the year ended on July 31, 2014; the increase was mainly driven by the recently completed acquisition (starting June 1, 2015). Revenues were also impacted by a larger availability of graduated pharmacists in spring 2015 following the graduation of two classes this year as compared to none in spring 2014. The contribution margin increased \$155,084 as compared to the year ended on July 31, 2014 but decreased as a percentage as a consequence of the integration costs related with the Elitis acquisition and higher replacement costs in some specific

functions such as consulting for conferences and higher travel costs. The Company delivered strong fourth quarter results in terms of growth. Total revenue for the three month period ended July 31 2015 was \$2,129,270 an increase of \$1,023,689 as compared with the same period from the previous year. This also represented an increase of \$956,699 as compared with the previous quarter, an important portion of which was attributable to the Elitis acquisition.

Administrative costs reached \$1,173,714, an increase of \$879,777 as compared with the previous fiscal year while the Company was still operating as a private Company with limited overhead costs. Main component of the administrative costs was professional fees of \$654,716 which were mainly related with the Elitis acquisition, and fees required to ensure compliance with various regulations for publicly-traded companies. The professional fees included \$377,000 relating to the Elitis acquisition; these fees are not expected to recur in the normal course of business. The stock-based compensation expense of \$379,160 was incurred during the year as all options vested at the date of the grant. Following the RTO transaction, cost of our public listing of \$662,840 has been recorded. Those costs are not considered as usual costs for the Company and they should not be considered as a recurring expense. Finance costs increased by \$59,690 as compared with the same period from the previous year mainly driven by the interest fees related with the long-term debt contracted at the time of the acquisition.

The net loss and the comprehensive loss for the year ended on July 31, 2015 was \$ 1,269,642 or \$ 0.10 per share, compared to an income of \$685,437 or \$ 3,393 per share at the time the Company was private. For the three-month period ended July 31, 2015, the net loss and the comprehensive loss was \$ 650,933, or \$0.03 per share, compared to a profit of \$ 115,039, or \$ 967 per share, for the same period in 2014.

SELECTED FINANCIAL INFORMATION

The following table presents selected non-audited information for the period ended July 31 30, 2015 and 2014 derived from the audited consolidated financial statements and the condensed interim consolidated financial statements of the Company. The following information has been prepared in accordance with IFRS and all values are in Canadian dollars.

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the statements of loss for the periods ended July 31, 2015 and 2014 as well as the consolidated statement of financial position as at July 31, 2015, and July 31, 2014.

<i>(unaudited)</i> <i>(in \$)</i>	For the three-month periods		For the years	
	ended July 31,		ended July 31	
	2015	2014	2015	2014
Revenues	2,129,270	1,105,581	5,516,834	3,797,201
Cost of revenue	1,851,194	844,668	4,341,228	2,776,679
Administrative expenses	553,122	109,005	1,173,714	293,937
Cost of public listing	19,543	-	662,840	-
Depreciation of property plant and equipment	2,326	1,273	5,056	3,523
Amortization of intangibles assets	65,303	881	69,080	81,174
Gain on sale of property and equipment	-	-	-	(170,609)
Share-based compensation	160,040	-	379,160	-
Net finance costs	47,159	(3,175)	56,515	(3,175)
Net income (loss)	(650,933)	115,039	(1,269,642)	685,437
Net income (loss) per share	(0.03)	115	(0.10)	3,393

<i>(unaudited)</i> <i>(in \$)</i>	As at July 31	
	2015	2014
Net cash and cash equivalents	16,393	243,683
Working capital, excluding net cash (i)	(319,608)	83,779
Total assets	6,504,820	799,890
Total liabilities	6,259,046	2,205,117
Net equity (deficiency)	245,774	(1,405,227)

(i) Net of the retractable class "E" shares in 2014.

Statement of financial position as at July 31, 2015

As at July 31, 2015, total assets of the Company were at \$6,504,820, an increase of \$5,704,930 when compared to July 31, 2014. The increase in the total assets during the years ended July 31, 2015 is mostly related to: i) the RTO transaction and the related issuance of units ii) the Elitis acquisition.

Management estimates that the working capital deficiency at the end of the year, combined with a potential additional financing and the improvements from the operating expenses will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts in order to grow the business.

Financing activities for the year ended July 31, 2015

During the year ended July 31, 2015, the Company completed 2 financings. The issuance of units composed of 2,031,600 common shares and 2,031,600 warrants further to a private placement generated net proceeds of \$ 297,000 and was completed at the time of the RTO. The Company, in order to complete the Elitis acquisition, raised \$3,050,000. At the same time, the Company agreed on the terms of a \$1,050,000 credit line from a major Chartered Bank. Also, during year, 208,000 options under a sponsorship agreement and 100,000 stock options were exercised by consultants at an average exercise price of \$0.15, and the Company received an aggregate amount of \$46,200 and issued a total of 224,500 common shares of the Company, net of 83,500 shares to be issued as of July 31, 2015.

Investing activities for the year ended July 31, 2015

During the year ended July 31, 2015, a net amount of \$2,883,024 was used in the investing activities mainly driven by funds used for the Elitis acquisition which totaled \$2,828,688. The Company also invested \$23,324 in the additions to software.

Selected quarterly data

Operating results for each of the last 8 quarters are presented in the table below. The data related to these quarters were prepared in the same manner as that of the audited financial statements for the fiscal year ended July 31, 2015.

(in \$)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Statement of Income								
(loss)	2,129,270	1,172,571	1,123,512	1,091,481	1,105,581	1,046,661	668,129	976,830
Revenues								
Net Income (loss)	(650,933)	75,049	(754,290)	60,532	115,039	216,123	166,234	188,041
Net Income (loss) per share	(0.03)	0.00	(0.03)	571	967	1,024	720	940

Related Party Transactions and Commercial Objectives

The Company's related parties include companies under common control as well as key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The transactions are measured at value of the consideration given or received, which has been established and agreed by the parties. Outstanding balances are usually settled in cash.

All balances of advances receivable and due are measured at fair value and occurred in the normal course of business.

Transactions with key management personnel

The Company's key management personal consists of the directors and executives. The key management personal received a total remuneration of \$214,760 (\$nil – 2014).

Off Balance sheet agreements

The Company has not concluded any off balance sheet agreements.

Obligations and contractual commitments

The Company entered into operating leases expiring on various dates through December 2019, with respect to rolling stock, real estate and other. The total future minimum lease payments under non-cancellable operating leases are as follows:

Less than 1 year	81,653
Between 1 and 5 years	256,633
More than 5 years	-
	347,286

The Company also rents part of the office which is under operating leases expiring on April 30, 2018 and which represent minimum lease revenues under a non-cancellable operating lease are as follows:

Less than 1 year	4,705
Between 1 and 5 years	8,452
More than 5 years	-
	13,157

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of preparation

a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 30, 2015.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- certain financial instruments and contingent considerations are measured at fair value;
- assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("C\$"), which is the Company's functional currency.

d) Use of estimates and judgments

The preparation of the accompanying consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Establishing the fair value of assets and liabilities, intangible assets and goodwill related to business acquisition;
- Note 9 – Determining estimates and assumptions related to impairment tests for long-lived assets and goodwill;
- Note 18 – Assessing whether deliverables in a customer arrangement should be included or excluded from a unit of account to which contract accounting is applied to recognize revenue;
- Note 14 – Assessing recoverability of future tax assets using forecast of future profits depends on many factors including the Company's ability to generate such profits and the implementation of effective tax planning strategies;
- Note 15 & 17 – Establishing the estimates and assumptions related to the characteristic included in valuation model

(Black & Scholes) for estimating fair value for warrants and shares-based payments transactions.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

a) Basis of consolidation

i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the fair value of liabilities resulting from contingent consideration arrangements, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at fair value as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in income or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. 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 accounting policies of subsidiaries are aligned with the policies adopted by the Company.

The Corporations subsidiaries, as at July 31, 2015, are:

Name	Nature of services	2015	2014	Type of arrangements	Accounting method
Campus Elitis Pharma Inc.	Training	80%	-	Subsidiary	Consolidation
Elitis Pharma Inc.	Pharmacists Services	100%	-	Subsidiary	Consolidation
Alliance Pharma Operations Inc.	Pharmacists Services	100%	-	Subsidiary	Consolidation
9277396 Canada inc	Pharmacists Services	100%	-	Subsidiary	Consolidation
9321-5317 Quebec inc	Pharmacists Services	100%	-	Subsidiary	Consolidation
Alliance Pharma SENCRL	Pharmacists Services	99%	-	Subsidiary	Consolidation

iii) Transactions eliminated on consolidation

Intra-Company balances and transactions, and any unrealized income and expenses arising from intra-Company transactions, are eliminated in preparing the consolidated financial statements.

iv) Non-controlling interest

Non-controlling interests represent equity interests in the subsidiary owned by outside parties. The share of net assets of the subsidiary attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity.

All significant intercompany transactions and balances have been eliminated.

b) Financial instruments

i) Non-derivative financial assets and liabilities

The Company initially recognizes loans and receivables, investment in equity securities, debt issued, and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets designated at fair value through income or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has classified non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, advance to a non-related company and loans receivable.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an available-for-sale financial asset is derecognized, the gain or loss accumulated in the fair value reserve is reclassified to income or loss. The Company has not recorded any available-for-sale financial assets.

The Company has the following non-derivative financial liabilities: bank indebtedness, trade and other payables (excluding sales tax payable), long-term debt and note payable. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

ii) **Share capital**

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

All transactions with owners are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

iii) **Compound financial instrument**

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in income or loss. On conversion, the financial liability is reclassified to equity with no gain or loss recognized in income or loss..

c) **Property and equipment**

Property and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net income or loss.

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease

term.

The depreciation method and useful lives are as follows:

Categories	Basis	Useful lives
Furniture and fixtures	Straight-line	5 years
Computer equipment	Straight-line	5 years
Leasehold improvements	Straight-line	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment in accordance with IAS 36 *Impairment of Assets* when there are indicators that the carrying value may not be recoverable.

d) Intangible assets

i) Goodwill

Goodwill that arises upon business combinations is included in intangible assets. Goodwill is not amortized and is measured at cost less accumulated impairment losses.

ii) Indefinite life intangible assets

The Company's indefinite life intangible asset consists of customer relationships which are measured at cost less accumulated impairment losses. The indefinite life intangible assets are not amortized but are tested for impairment annually or more often if there are indicators of impairment.

Customer relationships

The carrying amount of the customer relationships is \$1,186,000 (\$nil in 2014). The customer relationships recognized as part of business acquisition is not amortized since it is deemed to have an indefinite useful life.

iii) Other finite life intangible assets

Other intangible assets consist of training courses, software and web site.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the following estimated useful lives:

Categories	Useful lives
Training courses	5 years
Software	5 years
Web site	3 years

Useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Customer relationships are tested for impairment yearly on July 31. Tests are also carried out when events or circumstances indicate a possible impairment. Any impairment loss is charged to earnings (loss) in the period it arises.

e) Impairment

i) Financial assets

A financial asset not carried at fair value through income or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income or loss.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventoried supplies and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated on July 31 of each year.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs (usually a Group's operating segment), that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or group of assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses and impairment reversals are recognized in income or loss.

f) Share-based payment transactions

The grant date fair value of equity share-based payment awards granted to employees or consultants is recognized as an administrative expense, with a corresponding increase in contributed surplus, over the period that the employees or the consultants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

g) Revenue recognition

The Company's normal business operations consist of the provision of pharmacist replacements and training services. All income relating to normal business operations is recognized as services are rendered, when the amount of revenue and income can be reliably measured and in all probability the economic benefits from the transactions will flow to the Company, excluding sales taxes. Consideration received prior to the services being rendered is deferred as a liability under "Deferred revenues" in the consolidated statement of financial position.

h) Finance income and finance costs

Finance income comprises interest income on funds invested, available-for-sale financial assets, dividend income, and bargain purchase gains on business acquisitions. Interest income is recognized as it accrues in income or loss, using the effective interest method.

Finance costs comprise interest expense on bank indebtedness and long-term debt, unwinding of the discount on provisions and impairment losses recognized on financial assets (other than trade receivables).

Fair value gains or losses on derivative financial instruments and on contingent considerations, and foreign currency gains and losses are reported on a net basis as either finance income or cost.

i) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Earnings per share

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible debentures in shares, warrants and stock options granted to employees and consultants.

k) Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences, and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or capitalized if the service rendered is in connection with the creation of a tangible or intangible asset.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

The Company contributes to state-run defined contribution pension plans for employees in which the Company pays fixed contributions for eligible employees. The costs of benefits for defined contribution plans are expensed as they are incurred. The Company has no legal or constructive obligation to pay any further amounts.

The pension plan expense during the year amounts to the following:

	2015	2014
Total presented under cost of revenue	5,174	-
Total presented under administrative expenses	373	-
	<u>5,577</u>	<u>-</u>

l) New standards and interpretations adopted during the year

The Company has adopted the following new standards, and amendments to standards and interpretations, with a date of initial application of August 1, 2014 and have been applied in preparing these consolidated financial statements:
IFRS 2 – Share-based Payment

The amendments to IFRS 2 clarify the definition of vesting conditions and apply to share-based payment transactions for which the grant date is on or after July 1, 2014. The adoption of these amendments did not have a significant impact on the Company’s consolidated financial statements.

IFRS 3 – Business Combinations

Amendments to IFRS 3, Business Combinations, (“IFRS 3”) clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date for business combinations for which the acquisition date is on or after July 1, 2014, irrespective of whether the contingent consideration is a financial instrument or a non-financial asset or liability.

IFRS 8 - Operating Segments

IFRS 8, Operating Segments (“IFRS 8”) - The amendments are applied retrospectively and clarifies that: An entity must disclose the judgements made by management in applying the aggregation criteria, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Company has assessed and determined that the amendments to IFRS 8 did not result in any change in the accounting or disclosures.

IFRS 13 – Fair Value Measurement

IFRS 13, “Fair Value Measurement” (IFRS 13) was amended by the IASB on December 12, 2013. The amendments clarify that the portfolio exception applies to all contracts within the scope of IAS 39, “Financial Instruments: Recognition and Measurement” or IFRS 9, “Financial Instruments”, regardless of whether they are financial assets or financial liabilities. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the consolidated financial statements.

IAS 24 – Related Party Disclosures

IAS 24, “Related Party Disclosures” (IAS 24) was amended by the IASB on December 12, 2013. The amendments clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have an impact on the consolidated financial statements.

IAS 32 – Offsetting Financial Assets and Liabilities

Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*, clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. Adoption of amendments to IAS 32 did not have a material impact on the Company’s consolidated financial statements.

IFRIC 21 - Levies

IFRIC *Interpretation 21 - Levies* (“IFRIC 21”) provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes within the scope of IAS 12, Income Taxes and fines or other penalties imposed for breaches of the legislation. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 adoption did not have a material impact on the Company’s consolidated financial statements.

m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

IFRS 7, Financial Instruments

IFRS 7, Financial Instruments: Disclosures, clarifies that the additional disclosure required by the amendments to IFRS 7, Disclosure – offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by IAS 34. The amendment is effective January 1, 2016 with early adoption permitted. The Company has not yet adopted this standard and management has not yet determined the impact of this standard.

IFRS 9 - Financial Instruments

In November 2009 the IASB issued IFRS 9, Financial Instruments (“IFRS 9 (2009)”), and in October 2010, the IASB published amendments to IFRS 9 (“IFRS 9 (2010)”). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, Financial Instruments (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized. The mandatory effective date is not yet determined, however, early adoption of the new standard is still permitted. The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) in its consolidated financial statements for the annual period beginning on August 1, 2014.

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, and will become effective for annual periods beginning on or after January 1, 2018 and is available for early adoption. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning August 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IAS 1 – Presentation of Financial Statements (“IAS 1”)

In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statements of net income or loss and comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on July 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets

Amendment to IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’ This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It also clarifies that revenue is not an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendments are effective from January 1, 2016.

IAS 19 – Employee Benefits

IAS 19, “Employee Benefits” (“IAS 19”) was amended by the IASB on November 13, 2013. The amendments provide additional guidance to IAS 19 Employee Benefits on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the Company’s results of operations, financial position or disclosures.

IAS 19 was further amended on July 30, 2014. The amendments to IAS 19 clarify the application of the requirements of IAS 19 on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have an impact on the Company’s results of operations, financial position or disclosures.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

Risks

In the normal course of its operations and through its financial assets and liabilities, the Company is exposed to the following risks:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives and processes for managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Company's management identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits. Risk management is reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors has overall responsibility of the Company's risk management framework. The Board of Directors monitors the Company's risks through its audit committee. The audit committee reports regularly to the Board of Directors on its activities. The Company's audit committee oversees how management monitors and manages the Company's risks.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's trade receivables. The Company grants credit to its customers in the ordinary course of business. Management believes that the credit risk of trade receivables is limited due to the following reasons:

- No single customer accounts for more than 10% of the Company's revenue;
- Approximately 89.5% (2014 – 100%) of the Company's trade receivables are not past due or 30 days or less past due.

Impairment losses

The aging of trade receivables at the reporting date was:

	Total	Impairment	Total	Impairment
	2015	2015	2014	2014
Not past due	833,158	-	336,427	-
Past due 1 – 30 days	115,164	-	13,633	-
Past due 31 – 60 days	87,037	-	10,032	-
Past due more than 60 days	23,993	-	388	-
	1,059,352	-	336,427	-

The impaired trade receivables are mostly due from customers that are experiencing financial difficulties. Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of past due trade receivables.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash inflows and cash outflows requirements from Company's entities are monitored closely and separately to ensure the Company optimizes its cash return on investment. Typically, the Company ensures that it has sufficient cash to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Company monitors its short and medium-term liquidity needs on an ongoing basis using forecasting tools. In addition, the Company maintains a credit facility, which has \$1,500,000 availability at July 31, 2014 (2014 - \$nil).

The following are the contractual maturities of the financial liabilities, including estimated interest payment:

	Less than 1	Between 1 and 5	More than 5
	year	years	years
Bank indebtedness	493,610	-	-
Trade and other payables	1,047,495	-	-
Long-term debt	903,443	3,085,278	835,555
Note payable	-	-	138,696
	2,444,548	3,085,278	974,251

OTHER RISKS AND UNCERTAINTIES

The following are other risk factors facing the Company.

Competition - The pharmacist's replacement industry has grown rapidly over last 10 years and so did number of competitors. Because companies can enter such industry with very little capital or technical expertise, there are a large number of regional and local collection companies in the industry. The Company faces competition from these businesses in the markets and regions it currently serves.

Legislation - The industry is trying to adapt to recent changes and obligations under Bill n 41 and n 28. These bills do impact day-to-day operations of pharmacists but will also impact significantly their overall compensation.

Operating Environment - The Company is subject to changes in its general operating environment. The Company is exposed to the following elements affecting its operating environment: the availability of pharmacists, sufficient qualified personnel to provide specialized training, the average compensation offered on the market.

General Economic Conditions - Demand for replacement pharmacists is closely linked to the state of the health industry and overall economy. Consequently, a decline in general economic growth could adversely affect the Company's performance.

Interest Rate Fluctuations - Changes in interest rates may result in fluctuations in the Company's future cash flows related to interest payment of its long-term debt.

Acquisitions and Integration Risks- Historically, acquisitions have been a part of the Company's growth strategy. This year has shown a major acquisition for the Company. Acquisitions involve numerous risks, including potential loss of customers, key employees, and service providers of the acquired company.

Key Personnel - The future success of the Company will be based in large part on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current personnel or, in the event of their departure, to attract new personnel of equal quality.

Loan Default - The Company's current credit facilities and financing agreements impose certain covenant requirements. There is a risk that such loans may go into default if there is a breach in complying with such covenants and obligations which could result in the Company being unable to pay dividends to shareholders, and in lenders realizing on their security and causing the Company to lose some or all of its assets. As at July 31, 2015, the Company was not in compliance with all of its debt covenants and obligations but received a waiver from its lender.

Credit Facilities - The Company's credit facilities and financing agreement mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favorable terms to the Company.

Credit Risks - The Company provides services to clients primarily in Quebec. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. Furthermore, no client accounted for more than 10% of the Company's total accounts receivable for the period ended on July 31, 2015.

Availability of Capital - The Company's future growth may be dependent on the Company's ability to fund a portion of its capital expenditures and working capital with the current credit facilities and financing agreement. The Company may be required to reduce dividends or sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Company for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

CAPITAL MANAGEMENT

For the purposes of capital management, capital consists of share capital and retained earnings of the Company. The Company's objectives when managing capital are:

- To ensure proper capital investment in order to provide stability and competitiveness to its operations;
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions;
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital; and
- To maintain investors, creditors and market confidence.

The Company seeks to maintain a balance between the highest returns that might be possible with higher level of borrowings and the advantages and security by a sound capital position.

The Company's loan agreement requires monitoring two ratios on a quarterly basis. The first is a ratio of total debt to earnings

before interest, income taxes, depreciation, amortization and other extraordinary items (“adjusted EBITDA”). The second is a ratio of adjusted EBITDA and capital and interest installments required over the course of a 12-month period. These ratios are measured on a consolidated last twelve-month basis and must be kept below a certain threshold so as not to breach a covenant in the Company’s syndicated bank. At July 31, 2015, the Company was not in compliance with its financial covenants and received from its lender a confirmation about its acceptance not to exercise its right to request the reimbursement of the loan and its termination except if an important unfavorable event were to occur.

	Requirement (i) As at July 31, 2015	
Debt service coverage ratio [ratio of EBITDA adjusted from acquisitions and extraordinary items to interest and capital payments payable over 12 months]	>1.25:1	0.83
Funded debt-to-equity ratio [ratio of total debt plus letters of credit and some other long-term liabilities to EBITDA, including last twelve months adjusted EBITDA from acquisitions]	< 3.25:1	6.22

(i) Effective as of July 31, 2016.

The Company has sufficient liquidity to continue both its operations but will require additional financing to support its acquisition strategy.

Upon maturity of the Company’s long-term debt, the Company’s management and its Board of Directors will assess if the long-term debt should be renewed at its original value, increased or decreased based on the then required capital need, credit availability and future interest rates.

There were no changes in the Company’s approach to capital management during the year.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of the date shown in the header of this document. Additional information relating to the Company, including the technical reports mentioned herein and the Company’s Annual Information Form can be found on the website www.sedar.com and on our website www.alliancepharmainc.ca.

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