**History and Background**

Euro-Med Laboratories Phil., Inc. (Euro-Med) was incorporated and registered with the Securities and Exchange Commission (SEC) on January 29, 1988. Upon receipt of the licenses and product registration approvals from the Food and Drug Administration Philippines (FDA). Euro-Med began commercial production in 1991. The parent Company (Euro-Med) is engaged in the manufacture of pharmaceutical products such as large and small volume parenterals and other solutions. Large volume parenterals (LVP) are more commonly known as intravenous fluids. Intravenous fluids are defined as any fluid applied directly into the vein. LVP are packaged in containers of more than 100 mL while small volume parenterals (SVP) are injections that are packaged in containers of 100 mL or less. SVP may also be used as a solvent for other drugs. The Company also manufactures sterile water for injection, and other solutions such as ophthalmic, inhalation, irrigation and dialysis. The Company is the largest manufacturer of high quality intravenous fluids in the Philippines. Euro-Med is the parent company of the following two (2) subsidiaries:

1. Hemotek Renal Center, Inc. (Hemotek /the Subsidiary), a 100% owned firm which was incorporated in June 2008 and is engaged as a dialysis center.

2. CafeFrance Corp. (CafeFrance / the Subsidiary), a 100% owned firm which was newly incorporated in August 2010 and is engaged to operate restaurants, bakeries, food services, catering, food production and other related services incidental thereto.

Previously, Euro-Med has a subsidiary entity 102 E. Delos Santos Realty Co., Inc. (102 EDSA), a 100% owned firm acquired in May 2000 which is engaged in the rental of property. 102 EDSA's only real property, a 10,936 square meter lot located at the corner of E. Delos Santos Ave. and Madison Street, Mandaluyong City is being rented to Euro-Med that expired on June 30, 2013 and was renewed for another one (1) year period ending on June 30, 2014.

On May 9, 2012, Euro-Med entered into a Share Purchase Agreement and sold all its shares of stock in 102 E. De Los Santos Realty Co.Inc. to SM Development Corporation (SMDC) for a total selling price of P1.25 billion. A 50% downpayment of the total selling price, equivalent to P625.0 million, was received on May 9, 2012 and the remaining balance of P625.0 million will be paid at the end of the thirty-sixth (36th) month from the signing of the Agreement or any other date as the parties may agree in writing.

Transfer of the shares to SMDC is expected to occur at the agreed closing date and turnover of 102 EDSA's land devoid of any improvements thereon.

The sale of all the shares of 102 EDSA to SMDC was authorized, approved and ratified by the stockholders during the annual shareholders' meeting held on June 20, 2012.

The Company is 58.41% owned by its ultimate parent company, U.S.Automotive Co. Inc., which is also incorporated in the Philippines.

The Company has not at anytime been involved in any cases of bankruptcy, receivership or other similar proceedings.
PRODUCTS

Presently, the company manufactures and distributes a wide range of parenteral products in various sizes ranging from 1mL to 1000mL. Parenteral products are considered unique because they are administered by injection through the skin or mucous membrane into internal body compartments. Parenteral products must be free from microbial contamination and toxic components, and an exceptionally high level of purity of the dosage form must be achieved. For this reason, the preparations of parenteral products have become a highly specialized area in pharmaceutical manufacturing.

The parenteral solutions manufactured by Euro-Med in plastic containers are all in parenteral-grade low-density polyethylene (LDPE) containers. The plastic containers are unbreakable and lightweight. Euro-Med’s plastic container does not require air introduction in order to be dispensed which prevents particle contamination of the solution. Gravity and atmospheric pressure pressing on the container allows the fluid to flow out of the container.

Euro-Med also manufactures parenteral solutions in glass packaging. The glass container enables the solution to be seen at its clearest, facilitating inspection of content. Graduations can be read quite easily because of its rigidity.

All Euro-Med products are duly registered with the Food and Drug Administration (FDA) formerly BFAD prior to its release in the market. More products in various stages of development will be introduced in the market to broaden the Company’s product line.

Large Volume Parenterals

LVP apply to single dose injections intended for intravenous use and are packaged in containers labeled as containing more than 100 mL. Euro-Med manufactures LVP in plastic containers in 500mL and 1000mL sizes. Euro-Med also manufactures LVP in glass bottles in 250mL, 500mL and 1000mL sizes. In many cases, patients are given LVP shortly after they have been admitted to the hospital to provide the necessary fluids and caloric or electrolyte requirements. Ready access to the venous system also becomes available in case additional medication is required. An intravenous injection is made when immediate physiological action is needed from a drug.

Small Volume Parenterals

SVP apply to injections that are packaged in containers labeled as containing 100mL or less. Euro-Med presently markets products in 20mL, 25mL and 50mL multiple dose plastic vials and 1 mL, 2 mL, 2.5 mL, 3 mL, 4 mL, 10 mL, and 20 mL plastic ampoules. Euro-Med’s container of plastic vials has a rubber stopper which permits the insertion of a needle from a hypodermic syringe and the withdrawal of part of the solution.

Specialty Fluids

These fluids may or may not be intravenous products used for surgical and non-surgical procedures. Dialysis Solutions are used in the management of renal failure and poisoning. They allow the selective removal of toxic substances, electrolytes and excessive body fluids from the blood. In peritoneal dialysis, the exchange of ions between the solution and the patient’s blood is made across the membranes of the
peritoneal cavity. Peritoneal Dialysis Solutions may be used for the treatment of acute or chronic renal failure and are not to be used intravenously. Haemodialysis Solution is a concentrated solution of electrolytes in Water for Injection. It is formulated such that when the concentrated solution is diluted in the prescribed manner, the electrolyte content will be similar to that of extracellular fluid or plasma. It is used in the management of renal failure and poisoning by allowing the selective removal of toxic substances, electrolytes, excess body fluids and metabolites such as urea, creatinine and uric acid. The Irrigation Solutions are sterile solutions intended to bathe and flush open wounds or body cavities. They are used topically and not parenterally. The Mannitol Injection is an osmotic diuretic that promotes the excretion of water. It may be used in the treatment of patients to reduce raised intraocular pressure, to reduce or prevent cerebral edema or for the treatment of acute renal failure.

**Other Drug Preparation**

Euro-Med has launched several new oral drug preparations in syrup and suspension form. Euro-Med has also introduced new products for Nebulization and injection packaged in plastic ampoules.

**Medical Devices**

In April 2006, Hospira Philippines Inc. appointed Euro-Med as its exclusive distributor of Hospira Venisystem products such as Venipuncture sets, IV Administration sets, and IV Equipment in the Philippines. Hospira will transition their Venisystem gravity sets to Lifeshield Non-DEHP gravity sets. It will also launch new line extension to their gravity Venisystem range which will also be made of non-DEHP materials. The distribution agreement is valid until the end of March 2008 and is being renewed automatically for one(1) year period.

The Products that are now available in the market are:

1. Lifeshield Macro dip Non-DEHP
2. Lifeshield Macro dip with Clave
3. Lifeshield Burette with Valve PP site Micro dip 198 CM of Lifeshield Soluset Non-DEHP
4. Lifeshield Primary IV 10 inch with Clave Micro dip of Lifeshield Micro dip with Clave
5. Lifeshield Primary Set Micro dip PP Y Site 801N NDEHP or Lifeshield Micro dip set Non-DEHP.

**Limulus Amebocyte Lysate (LAL) Test**

The LAL test is an endotoxin test derived from the blood of the Horseshoe Crab (Limulus Polyphemus). Endotoxins are lipopolysaccharide fractions of the cell wall of gram-negative bacteria, which have been found to be pyrogenic, or substances which cause fever, chills and body aches.

The LAL test is a sensitive and fast method for detection of endotoxins. It is routinely used to determine if the intravenous solutions are free from pyrogens. Prior to the availability of the LAL test in the Philippines, the only acceptable means of measuring pyrogenicity was through the rabbit pyrogen test. However, the rabbit pyrogen test cannot quantify the amount of pyrogens present in the test solution. Through the
pioneering efforts of Euro-Med, the BFAD has accepted and accredited the LAL test as an alternate to the rabbit pyrogen test.

Since 1991, the Company has been the exclusive distributor of the LAL test in the Philippines for Associates of Cape Cod Incorporated of Massachusetts, U.S.A. The exclusive distributorship is valid until the end of 2003 and is automatically renewed every two (2) years.

**Bottled Water**

Euro-Med has launched its own brand of distilled drinking water in various sizes ranging from 350 mL to 4000 mL. These products are manufactured from its plant in Cavite and Mandaluyong to ensure high quality bottled water.

**Toll Manufacturing**

Euro-Med is engaged in the toll manufacturing of pharmaceutical products in solid and liquid form. These products are manufactured from its Cavite and Mandaluyong plants.

Euro-Med’s Cavite plant has equipment to manufacture liquid and semi-liquid cosmetic and healthcare products in 3 mL to 50mL plastic blister packs. The Cosmetic and Healthcare Division of the Company offers toll-manufacturing services to both local and multinational companies.