Annual Report

For the period

January 1 until December 31, 2017

Pharmathen Global Holding B.V.

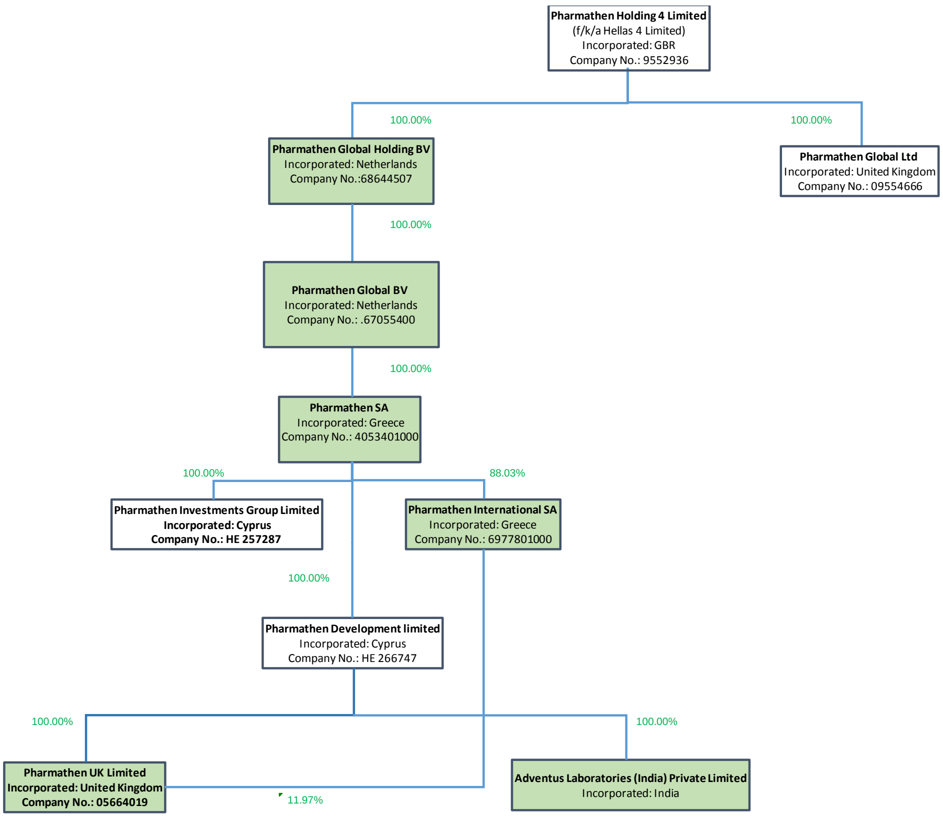
Amstelveen, Netherlands

CONTENTS

Directors' Report

1. Company Overview

<u>Group Organizational Chart (December 31, 2017)</u>



A summary of the business activity of the major Group entities is set out as follows:

Pharmathen Holding 4 Ltd. & Pharmathen Global Ltd.:

Both are UK based holding entities, part of the investment structure that was set up and used as an investment vehicle by Funds advised by BC Partners to acquire an effective interest of 80% in the share capital of Pharmathen SA in August 2015. Following the Group reorganization in June 2017, the Group Management Board has decided to strike off Pharmathen Global Ltd. within the first half of 2018.

Pharmathen Global BV:

In the context of the New Operating Model adopted by the Pharmathen Group in August 2017, Pharmathen Global BV became the B2B sales and marketing and business development hub of Pharmathen Group for international B2B customers. The Company is also leading all the strategic decisions making of the Group with respect to Research and Development of new products, commercial terms and policies and Group investing and financing.

The Company engages with Pharmathen SA for:

a. the supply of products and R&D services as well as
b. the provision of administration services.

The Company also engages with Pharmathen UK Ltd. for the provision of sales support services. In the context of its marketing and distribution operations, the Company rents a third party logistics warehouse in Maarssen, Netherlands.

The headquarters of the Company are located in Amstelveen, at Van Heuven Goedhartlaan 9 and its total number of employees as of December 31, 2017 stood at 5 people.

Pharmathen SA:

Founded in 1969 by Nicolaos Katsos, It has become a leading European complex Generics Company with a R&D focused and a vertically integrated B2B model.

Pharmathen SA has a strong historical financial track record; revenue has been growing with a CAGR (%) in excess of 7% for the last 5 years.

Its business portfolio is well diversified by geography, customer and technology.

Its peer universe is characterised by high technological diversification and niche championship, large number of highly successful smaller players (<€50m annual sales) with high growth potential as well as blue chip customer base.

Market fragmentation provides unique potential for a company to function as consolidator in the market in order to further broaden and diversify technology offering.

Following the adoption of the New Operating Model, Pharmathen SA has been gradually assigning its commercial contracts with international B2B customers to Pharmathen Global BV. Pharmathen SA continues to hold all the IP rights of existing and new products and provide R&D services under instructions from the Pharmathen Global BV.

Its business activities also include:

- Manufacturing of products at the Pallini, Athens plant

- Selling products to Pharmathen Global BV as well as Greek B2B market and small size international B2B customers

- Provision of back office services under Service Level Agreement to Pharmathen Global BV (customer services, QA, QC, regulatory, accounting, reporting, legal, IT, HR etc.)

The headquarters of Pharmathen SA are located in Athens at 6 Dervenakion Street, Pallini and its average number of employees for 2017 stood at 822 people (793 in 2016).

Pharmathen International SA:

It owns and operates production facilities in Sapes, Northern Greece. It manufactures products for Pharmathen SA under a CMO contract. In October 2017, the production lines of the plant for solid form (tablets & capsules) and injectable medicines, passed the US Food and Drug Administration (FDA) inspection. Its average number of employees during 2017 amounted to 560 people.

Pharmathen UK Ltd.:

It is a UK based entity that mainly employs the sales and business development staff supporting the international B2B business of the Group. It offers sales support services to Pharmathen Global BV and Pharmathen SA with respect to international B2B customers. The average number of employees for 2017 stood at 7 people.

Adventus India:

It is an India based entity offering R&D services to Pharmathen SA. Group management has decided in 2018 to dispose the operations of Adventus India (either by selling its shares as a going concern or by shutting down the operations). Adventus India is included in discontinued operations

The headquarters of the company are located in Vadodara, India and its total number of employees as of December 31, 2017 stood at 11 people.

2. Operational highlights of 2017

Following the acquisition of a majority stake in Pharmathen SA in 2015 by Funds advised by BC Partners, a strategic plan was put in place for the Group to become a leader focused on the development of innovative and complex pharmaceuticals, dedicated to international markets.

The strategic plan mainly aimed at providing the Group with an international structure for its international B2B segment in order to facilitate its global business growth and gain access to international capital markets.

2.1 Group Reorganization

i) By the end of the first half of the year the following reorganization steps were completed:

- ❖ Separation of the B2C activities from the B2B operations so that the Group focuses on the growth of its international B2B business portfolio.
- ❖ Set up the new B2B group under the newly formed entities Pharmathen Global Holding BV and Pharmathen Global BV in Netherlands:

The economic rationale for the cross border structure is summarized as follows:

- ✓ Dutch location facilitates Business Development activities.
- ✓ Dutch presence allows the Group to receive international financing at more favourable terms.
- ✓ Dutch facilities provide better servicing to our customers.
- ✓ Product development and manufacturing is unaffected.

- ❖ Transfer the shares of Pharmathen SA and the deferred consideration related to the acquisition of its shares from Pharmathen Global Ltd. to Pharmathen Global BV: Pharmathen Global BV became so the parent entity of Pharmathen SA and its subsidiaries.
- ❖ Gradual assignment of the supply and PIP contracts of more than 80% of international B2B clients from Pharmathen SA to Pharmathen Global BV.

ii) By the end of the year the Group Management carried out also the following reorganization steps:

- ❖ The Group reached an agreement with a reputable group of investors to sell the B2C activities, in order to follow our long term strategy to become a leader focused on the development of innovative and complex pharmaceuticals, dedicated to international markets. The agreement does not include the sale of the trade name of Pharmathen SA in Greece.
- ❖ The closing of the sale of B2C activities was on February 14, 2018. Following the divestiture, Group's revenue exposure to Greek customers stands at € 5.4m p.a. (c. 3% of total B2B revenue in 2018 Budget).

2.2 Group Refinancing

By the end of July 2017, in line with its strategic plan, the Group Management had also completed a realignment of its capital structure with the participation of international financial institutions as well as Greek Banks as follows:

- ❖ New Group capital structure consists of:
  - ➢ An International Facility Agreement (the "IFA") of € 170m to Pharmathen Global BV with International financial institutions analyzed as follows: i) A funded syndicated loan of € 120m, with a bullet payment after 6 years ii) An unfunded Revolving Credit Facility of €50m.
  - ➢ Two Greek Bond Loans lent to Pharmathen SA and Pharmathen International SA of total € 50m, with a 6-year maturity and a 30% amortization schedule.
  - ➢ Pharmathen Global BV along with Pharmathen Global Holding BV granted an Intragroup loan of € 55.9m in the form of bond loan to Pharmathen SA in three tranches; the proceeds were mainly used by the latter to pay off the outstanding balance of the loan to EIB of € 22.5m and to finance its working capital requirements.
- ❖ The proceeds of € 170m were used as follows: i) repayment of existing credit facilities of the Greek Group entities, ii) payment of the balance of deferred consideration by Pharmathen Global BV to the Vendor, and iii) provide funding for future expansion capex plans of the Group.

It is noted that although the terms of the two Greek Bond Loans mirror those agreed under the IFA, they additionally allow for a different amortization schedule over the life of the Bond Loans and therefore a lower margin over the reference rate of 6-month Euribor (4.25% for the IFA and 3.75% for the Greek Bond Loans).

Guarantees have been granted by each material company in accordance with the agreed security principles and an Intercreditor agreement has been in place to provide for:

- ❖ The principal claims under the International Facility Agreement(IFA) be ranked pari passu with the principal claims under the Greek Bond Loan Documentation.
- ❖ Security granted under the IFA be ranked pari passu with security granted under the Greek Bond Loan Documentation.
- ❖ The Senior lenders voting procedure for company requested consents.

The key covenants that are set out in both the IFA and Greek bond loan mainly relate to::

- ❖ Financial Covenant: Adjusted leverage ratio with a first testing period on July 31, 2018 and quarterly onwards.
- ❖ Cash management: The Obligors (being Pharmathen Holding Global BV, Pharmathen Global BV, Pharmathen SA, Pharmathen International SA and Pharmathen UK Ltd.) will use reasonable endeavors to ensure to the fullest extent practicable and in accordance with applicable law and regulation that they their cash is maintained in bank accounts outside of Greece and only cash required to satisfy short term capital requirements of the Greek Group entities be transferred to the Greek bank accounts occasionally.

- ❖ Material contracts: Pharmathen Global BV shall use reasonable endeavors to ensure that at all times that it has legal and beneficial ownership of customers' contracts that represent at least 80% of international B2B revenue and 70% of total Group B2B revenue respectively.
- ❖ By February 2, 2018 the Group has committed to the lenders that international B2B customers' contracts with 2016 based sales accounting for more than 80% of total annual Group B2B revenue will have been assigned from Pharmathen SA to the Company. In case the Company fails to reach that threshold a step up of the Margin of 25bps will be effected and will revert to the applicable level only when the Company confirms that the threshold has been reached.
- ❖ While every effort has been made in order to conclude in a short time frame the on-going discussions with the Company's customers to invoice them out of Netherlands, some challenges, mostly beyond the Company's control, has obstructed the Company from reaching the above threshold in such a short timeline.
- ❖ The Company has recently obtained an all lender consent on its request for certain amendments with respect to clause 27.36b of the IFA (and 25.36b of the Greek Bond Loans as follows: a) the downward adjustment of the threshold from 80% to 70% b) replacement of the historic (2016) sales calculation basis with the preceding quarterly sales and c) the shift of initial deadline for the first test and a subsequent Margin step up if the test fails from February 2, 2018 to December 31, 2018.

2.3 FDA audit of Sapes facility

In October 2017 the production lines of Pharmathen International SA at Sapes for solid form (tablets & capsules) and injectable medicines, passed the US Food and Drug Administration (FDA) inspection.

3. Summary of Group Financial Performance for the period from January 1 until December 31, 2017

Overall, Group financial performance during 2017 has been better than prior year.

Net Revenue total €178m, increasing +18% (€28m) vs. 2016 (€150m); the volume of Selling Units sold for Products increased by 25% vs. 2016; the corresponding average prices decreased by 8% vs 2016.

The Group invested €32m in R&D, primarily channelled towards the completion of the development of the new generation products (€33.8m in 2016). Part of the R&D budget of 2017 was deferred for the following years as the R&D team focused some of its resources (particularly in the second half of the year) on the preparation for the FDA audit.

Selling and distribution expenses are lower than 2016 by (-8%) (excluding depreciation and amortization) despite the increased commissions linked to sales via agents mainly due to the lower provision for bad debts. The Group managed to decrease the sundry expenses by (-36%) despite the increased operating activity of the year.

Administration expenses reached €16.1m (excluding depreciation and amortization), being 46% above the prior year (€11m). This is mainly due to the exceptional provision of €2.8m which relates to the doubtful collection of a subsidy from the Greek state. The management of the company believes that this balance is probable that it will not be recovered and it decided to make a provision for the non-collectability of this amount (for additional information please see note 14). Excluding this, the increase of 21% vs 2016 is mainly attributed to the incremental costs of running the Dutch operations (c. €1m).

As a result, EBITDA totalled €46.5m, increasing +6% (€2.5) vs. 2016. Adjusting the EBITDA of 2017 with the provision amount of €2.8m for the subsidy from the Greek state, the adjusted EBITDA amounts to €49.3m and thus the increase vs 2016 is 12% (€5.3m).

The Group financial strength was further improved during the year; Free Cash Flow closed at €18.8m (€14.7m in 2016), resulting to a Net Debt of €125m. This favourable result was mainly attributed to: i) improved operating cash flow after tax due to working capital management, including a refund of input VAT of €7.5m and ii) deferral of c. €2m of R&D spending and €6m of plant expansion capex that were budgeted to be invested in 2017 to 2018 due to the strategic decision of the management to focus the effort of all key personnel on the preparation of the Sapes plant for the FDA audit.

4. 2018 Outlook

In 2018 the Group aims to achieve a double digit growth at both Net revenue and EBITDA (after adjusting for one off items) level.

The Group financial strength will remain solid along the lines of the five year Group Business Plan and aligned with the Group commitment to continue its R&D spend plan for the development of new products as well as its capital expenditure plan aiming at the enhancement of the production capacity of its production facilities and the achievement of further production cost efficiencies.

During the year headcount is expected to increase by c.70 Headcount; these additions are required for regulatory & labor legislation reasons, to replace 2017 attrition and to service the increased capacity levels of the plants (mostly for the new products expected to be launched). Various initiatives are planned in order to reduce overtime costs.

Major strategic goals of the Group in 2018 are highlighted as follows:

- ❖ Successful registration and launch of new products in EU and potentially US.
- ❖ Completion of the development programs of other key molecules.
- ❖ New agreements in new territories, careful selection of partners with focused - branded approach in the market.
- ❖ Maintain high level of service to our customers (focus on On Time in Full KPIs).
- ❖ Maintain competitiveness on key products (new tenders, new markets)

❖ Continue the successful assignment of international B2B commercial contracts from Pharmathen SA to Pharmathen Global BV; by December 2018 more than 70% of Group B2B revenue is expected to be invoiced by the Pharmathen Global BV.

5. Strategy of the Group

The Group is operating via a B2B model in pharma generics markets and has a client's portfolio in more than 80 countries worldwide.

Generics (Gx) market is expected to grow c. 5% p.a. 2015-2020 as the push for affordable healthcare and the strong patent expiry pipeline drives generic penetration from 20% to 24% from 2015-2020.

Within the pharma market, the Group target markets that are large, highly defensible, specialty niches. In each of the segments, the Group has established a leading development position offering the most advanced and extensive product list in the industry, with the majority of the projects under development already been signed up by key customers in the form of exclusive development agreements whose milestone payments are funding significant portion of the development costs.

The specialty generics market is expected to experience faster growth of c. 10-15% due to strong pipeline of product patent reaching their expiry.

In parallel, the market of Contracted Development and Manufacturing Organizations (CDMOs) is expected to grow faster – at a CAGR c.5% for the period 2014 - 2019 compared to overall pharma, with 55% of companies looking to increase outsourcing vs last year.

As a generic developer and active in CDMO business, the Group stands at the crosshairs of the generic market and CDMO market growth.

The Group's strategic vision to become a leading long acting specialty developer is based upon five pillars:

1. Focus on B2B	• Separation of B2B and B2C businesses • Focus on core B2B business
2. Current Pipeline	• Successful US and EU launch of new class of Long Acting Injectable (LAI) molecules and Preservative Free (PF) Ophthalmics • Development of other high potential sustained release
3. Future Pipeline	• Long Acting Therapeutic Technologies o New: ANDAs; Paediatrics o Further: LAIs, branded ophthalmics
4. Apply Technology to New Areas	• Life cycle management using existing technology and know-how • Actively partner with "at risk" originators
5. M&A	• Selective integration of high potential long acting technology platforms

6. Risk management and control systems

In order to manage the main risks faced by the Group and to offer reasonable assurance that the Group's objectives can be realized, that the financial information is reliable and that applicable laws and regulations are observed that the Group complies with, the Management has the responsibility to develop, implement and operate adequate risk management and internal control systems. Based on internal evaluations carried out by the Management Board and departmental senior managers and audits from external parties, those systems are reviewed, updated and optimized as an ongoing process within the Group.

In the context of the Group reorganization completed last June and the commencement of the operations of Pharmathen Global BV in the context of which both sales support as well as administration services are offered to Pharmathen Global BV by Pharmathen UK Ltd. and Pharmathen SA on the basis of Service Level Agreements, additional procedures and controls were implemented to safeguard the economic and tax substance of the Company and its operations in the Netherlands.

During the first quarter of 2018, the Management concluded the appointment of a recognized Audit service firm as the outsourced Group Internal Audit Service provider that will report directly to the Audit Committee of the Group which will be established within 2018.

The Group has already in effect a Remuneration committee at Pharmathen Holding 4 level to ensure that remuneration arrangements support the strategic aims of a business and enable the recruitment, motivation and retention of senior executives.

With respect to the financial reporting process, the risk management and internal control system is designed to provide reasonable assurance that the books and records of the Group properly reflect transactions necessary to permit the preparation of management reports and financial statements and that the financial reporting is consistent and in compliance with legal regulations and International Financial Reporting Standards, and that their published financial data don't contain any material misstatements. The system also provides reasonable assurance that receipts and expenditures of the Group entities are only made by persons authorized to do so and that assets are safeguarded. As part of this system, various control procedures have been set such as spot checks, reconciliations and signatory rules.

Every month there is a Management Committee meeting where Group performance is presented to the shareholders, analysing the monthly Group financial and risk performance and developments. Regular Board of Directors meetings are taken place to provide strategic guidance and approve recommendations mainly related to B2B Business development and critical Group operational matters, R&D investments, Financing and M&A activity.

The risks and uncertainties set out below given the relevant risk appetite of the Group at each risk area are managed in the context of the Group risk policy whose procedures are summarized as follows:

❖ Evaluation of risks related to the Group's activities.

❖ Methodology planning and selection of any suitable actions for risk reduction/insurance or avoidance based on Group's risk appetite by type of risk.

❖ Execute risk management action plan in accordance with the procedure approved by Group Management.

6.1 Environmental matters

The Group responds with responsibility to issues related to the protection of the environment and the saving of natural resources. The environment and its protection is one of the highest priority for the management of the Group. There may be further opportunities to achieve cost-savings through implementing activities that also have a positive environmental impact e.g. reducing energy and water use. As a Group whose activities involve handling and being in close proximity to chemicals and hazardous substances, health and safety is an issue which is essential to manage. Community engagement is included as a key issue, as senior management stated that community engagement is an important part of Pharmathen's business. Although the Group is a non-polluting industry and does not significantly affect the environment, it continues to improve its methods so as to be more environmentally friendly. Its efforts to become even more environmentally friendly include the energy efficient design of its buildings and facilities, the recycling of materials and paper, and the recycling of all ink cartridges and electrical equipment. Finally, there is a cooperation with the company Polyeko SA, which is responsible for the management of industrial waste.

6.2 Strategic Risk

This risk might cause an ineffective implementation of Group's strategy and business plan. It might be due to a number of unfavourable developments in areas that have a direct or indirect impact to the realization of projected financial results and position of the Group such as: adverse regulatory changes, significant delays in the timeline of new molecules development, spikes in the costs of raw materials, senior management turnover or any number of other large-scale changes that might have an adverse impact on the timely realization of strategic goals and on expected economic benefits.

In order to mitigate the strategic risk, the Group has developed a system of internal control procedures along the following lines:

❖ It has developed a well-defined business strategy framework and objectives with risk areas integrated in it.

❖ Determine the Group risk appetite as being moderate to high with respect to strategic risk, aiming to create a right balance between risk and long term reward; leveraging on its long term development of hard skills and competencies of its R&D team to focus on specialised, difficult to produce technologies such as LAIs and PF Ophthalmics with significant growth potential and limited competition.

❖ Establish key performance indicators and tight monitoring for all critical product and business development stages.

❖ Identify major risks that could cause the variability from strategic goals and measure them on a forward looking basis by studying and implementing when necessary alternative scenarios.

❖ Maintain integrated reporting and monitoring vs. budget and forecast; every month there is a Management Committee meeting that analyses the monthly Group performance and developments followed by an Operational Review meeting where Group performance is presented to the shareholders. Regular Board of Directors meetings are taken place to provide strategic guidance and approve recommendations mainly related to B2B Business development and critical Group operational matters, R&D investments, Financing and M&A activity.

In addition to the above mentioned risk management process, it should be noted that the Group's business strategy throughout its lifetime has been targeting the development of a vertically integrated operational B2B model protected by IP and long term supply contracts with a well-diversified portfolio of big pharma players, creating so high switching costs and barriers to entry in the targeted markets and thus reducing the strategic risk with respect to market demand and competition.
In parallel the Group has heavily and consistently invested in developing its R&D technical expertise and competencies throughout its lifetime; this investment has resulted in a well-established R&D organisation with a long track-record in successful development of finished dosage forms and APIs; given that pivotal Bioequivalent studies is the most critical and costly step in generic development process, the Group can demonstrate a track record of average success rate (1st attempt) of 86.8%, while historically no project has ever been discontinued due to technical failure with 100% of all dossiers that have been submitted received approval.
With respect to compliance and regulatory risk management the Group has a prudent approach aiming at minimizing these risks. Regulatory and Compliance departments have put in place robust enterprise-wide compliance management control systems and procedures designed to reduce risk, enhance management controls, and ensure compliance.

6.3 Financial Risk

The Group has a low appetite for financial risks that mainly relate to the Group's borrowings, purchases and trade receivables as follows:

6.3.1 Interest rate

In the context of the Group refinancing in August 2017 the interest rate of the borrowing has been set with reference to the 6-month Euribor.

The Group Management has a prudent approach on the exposure to interest rate risk, by assessing the level of risk and proceeding with a hedging arrangement if necessary.

In this context the Group Management assessed that the short to medium term outlook of negative interest rates in EU will be maintained in the following months. So, the Group decided in November 2017 to hedge that portion of its borrowings that has been provided for in the minimum hedge undertaking agreed with the IFA lenders i.e. hedged 50% of its debt principal (€ 170m) with a series of caplets for the next 1.5 year Pharmathen Global BV has entered into. The financial effect of the hedging arrangement was a loss of € 20,599 and it is disclosed in the sundry administrative expenses.

The Group Management is constantly monitoring the market consensus and developments in the underlying economics of EU zone to conclude if additional hedging of its interest rate exposure is required in the future.

6.3.2 Foreign Exchange

The Group makes payments mainly US dollar for certain API purchases and operating expenses, on average $ 40-45m per annum.

Given the downtrend of the FX rate of USD vs. Euro, the Group Management has decided to leave the exposure unhedged in 2017 and occasionally lock in the profits by entering into forward contracts. As at December 31, 2017 no contracts were outstanding..

The Group Management is constantly monitoring its receivables and payables exposure to foreign currencies and following the analysts' reports with respect to major foreign currency transactions it is entering into. Given the available cash balance of the Group, the Management reserves the option to follow natural hedging practices for any unusually high temporary or permanent exposure to foreign currencies in order to hedge against adverse FX rate fluctuation.

6.3.3 Credit Risk

Credit risk is the risk of financial loss to the Group if counterparty fails to meet its contractual obligations.

Maximum exposure to credit risk at the reporting date to which the Group are exposed is the carrying value of financial assets.

Trade accounts receivable could potentially adversely affect the liquidity of the Group. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables.

The Group has established specific credit policies under which customers are analysed for creditworthiness and there is an effective management of receivables in place both before and after

they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each reporting date for the estimated loss that is expected and an appropriate impairment allowance is established.
In addition to the above the Group assigns to financial institutions a proportion of c. 30-35% approximately of foreign receivables invoices which are deemed as factoring without recourse. Apart from this, a significant amount of the rest foreign receivables (in excess of 80%) is already insured with credit insurance organizations.

6.4 Diversity Male / Female Partitioning of Board Members

As per January 1, 2013 a new law on management and supervision ("Wet Bestuur en Toezicht") became effective in the Netherlands. The purpose of this law is to reach a balance (at least 30% of each gender) between men and women in the Board of Directors of large entities. The Company aims to have an adequate and balanced composition of its Management Board. Thereto, annually, it plans to assess the composition of the Management Board. In the context of such assessment, the Company aims to have a gender balance by having at least 30% men and at least 30% women amongst its Management Board members. However, because of the fact that the Company needs to balance several other relevant selection criteria when composing its Management Board, the composition of the Management Board did not meet the abovementioned gender balance in 2017. The Company will continue to strive for an adequate and balanced composition of its Management Board in future appointments, by taking into account all relevant selection criteria including but not limited to gender balance, executive experience, experience in corporate governance and experience in the political and social environment.

Amstelveen, August 24, 2018

Board of Directors

N. Stathopoulos

M.P. Hersee

S. Ilia

M.H. Kastka

V. Katsos

E. Katsou

Consolidated Statement of Profit and Loss for the year ended December 31, 2017

	Notes	31.12.2017	31.12.2016
Revenue	11	178.105.574	150.564.441
Cost of sales	12	(103.444.814)	(83.808.268)
Gross profit		**74.660.760**	**66.756.172**
Other income	13	2.218.173	2.167.894
Administrative expenses	14	(16.761.568)	(12.310.270)
Selling and distribution expenses	15	(13.589.051)	(14.541.244)
Research and development expenses	16	(20.241.824)	(17.418.267)
Operating profit		**26.286.491**	**24.654.286**
Financial income	18	1.740.945	1.973.934
Financial expenses	19	(13.563.166)	(11.095.531)
Profit before income taxes		**14.464.270**	**15.532.689**
Income tax	20	(4.716.506)	(6.138.559)
Profit for the period from continuing operations		**9.747.765**	**9.394.130**
Profit for the period from discontinued operations	21	7.164.784	683.398
Profit for the year		**16.912.548**	**10.077.527**
Attributable to:			
Owners of the parent		16.913.342	10.069.624
Non-controlling interests		(794)	7.903
		16.912.548	**10.077.527**

The above Consolidated statement of Profit and Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Other Comprehensive Income for the year ended December 31, 2017

	31.12.2017	31.12.2016
Profit for the year	**16,912,548**	**10,077,527**
Other comprehensive income / (loss):		
Exchange differences on translations of foreign operations	(473,745)	(1,171,809)
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods:	**(473,745)**	**(1,171,809)**
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:		
Re-measurement (losses) on defined benefit plans	(18,397)	(418,936)
Income tax effect	5,335	121,492
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods:	**(13,062)**	**(297,445)**
Other comprehensive loss for the year, net of tax	**(486,807)**	**(1,469,254)**
Total comprehensive income for the year, net of tax	**16,425,741**	**8,608,273**
Attributable to:		
Equity holders of the parent	16,425,741	8,872,198
Non-controlling interests	-	(263,925)
Total	**16,425,741**	**8,608,273**

The above Consolidated statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of Financial Position as at December 31, 2017

	Notes	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Property plant and equipment	24	69.921.727	63.898.667
Intangible assets	25	212.447.843	200.752.552
Goodwill	26	212.142.362	212.142.362
Other non-current assets	27	1.476.287	320.609
Total non-current assets		**495.988.219**	**477.114.190**
Current assets			
Inventories	28	32.664.153	32.224.701
Trade accounts receivable	29	39.832.547	24.113.589
Other receivables	29	18.043.018	26.800.556
Cash and cash equivalents	30	37.622.899	27.967.027
		128.162.618	**111.105.873**
Assets held for distribution	21	901.329	33.031.389
Total current assets		**129.063.947**	**144.137.262**
TOTAL ASSETS		**625.052.166**	**621.251.452**
EQUITY & LIABILITIES			
Equity attributable to shareholders of the Company	31		
Issued capital		32.181.967	32.181.967
Share premium		271.457.706	288.829.720
Other reserves		6.173.261	5.459.618
Result for the period		16.912.548	10.077.527
Retained earnings		18.724.679	10.744.612
Other components of equity		(1.379.266)	(905.521)
Equity attributable to the equity holders of the parent		**344.070.895**	**346.387.923**
Non-controlling interests		7.834	81.369
Total equity		**344.078.729**	**346.469.292**
Non-current liabilities			
LT Interest - bearing loans and borrowings	32	162.749.955	30.336.137
Provision for staff retirement indemnities	33	1.898.097	1.790.635
Deferred tax liabilities	34	58.333.127	54.795.822
Total non-current liabilities		**222.981.179**	**86.922.594**
Current liabilities			
Trade accounts payable	35	36.169.650	23.906.042
Short-term loans	32	-	26.353.333
ST Interest - bearing loans and borrowings	32	-	16.733.256
Income tax payable		441.641	2.041.941
Accrued and other current liabilities	36	20.953.718	96.495.582
		57.565.010	**165.530.155**
Liabilities directly associated with assets Held for Distribution	21	427.247	22.329.412
Total current liabilities		**57.992.257**	**187.859.567**
TOTAL LIABILITIES		**280.973.437**	**274.782.161**
TOTAL EQUITY AND LIABILITIES		**625.052.166**	**621.251.452**

The above Consolidated statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated statement of Changes in Equity for the year ended December 31, 2017

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Balance January 1, 2016	**32,181,967**	**288,829,719**	**-**	**17,611,024**	**266,288**	**338,888,998**	**366,071**	**339,255,070**
Profit for the year	-	-	-	10,362,231	-	**10,362,231**	(284,703)	**10,077,528**
Other comprehensive income	-	-	-	(297,445)	(1,171,809)	**(1,469,254)**	-	**(1,469,254)**
Total comprehensive income	**-**	**-**	**-**	**10,064,786**	**(1,171,809)**	**8,892,977**	**(284,703)**	**8,608,275**
Profit distribution (note 39)	-	-	-	(1,394,053)	-	**(1,394,053)**	-	**(1,394,053)**
Transfer from retained earnings to other reserves	-	-	5,459,618	(5,459,618)	-	**-**	-	**-**
Balance December 31, 2016	**32,181,967**	**288,829,719**	**5,459,618**	**20,822,139**	**(905,521)**	**346,387,922**	**81,369**	**346,469,292**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Balance January 1, 2017	**32,181,967**	**288,829,719**	**5,459,618**	**20,822,139**	**(905,521)**	**346,387,922**	**81,369**	**346,469,291**
Profit for the year	-	-	-	16,986,083	-	**16,986,083**	(73,535)	**16,912,548**
Other comprehensive income	-	-	-	(18,397)	(473,745)	**(492,143)**	-	**(492,143)**
Total comprehensive income	**-**	**-**	**-**	**16,967,686**	**(473,745)**	**16,493,941**	**(73,535)**	**16,420,406**
Share Capital Increase	**-**	627,986	-	-	-	**627,986**	-	**627,986**
Share Capital Decrease	-	(18,000,000)	-	-	-	**(18,000,000)**	-	**(18,000,000)**
Profit distribution (note 39)	-	-	-	(1,444,290)	-	**(1,444,290)**	-	**(1,444,290)**
Taxes directly attributable to equity	-	-	-	5,335	-	**5,335**	-	**5,335**
Transfer from retained earnings to other reserves	-	-	713,643	(713,643)	-	**-**	-	**-**
Balance December 31, 2017	**32,181,967**	**271,457,706**	**6,173,261**	**35,637,227**	**(1,379,266)**	**344,070,894**	**7,834**	**344,078,729**

The above Consolidated statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated statement of Cash Flows for the year ended December 31, 2017

	Notes	31.12.2017	31.12.2016
Operating activities			
Profit before income taxes from Continuing operations		**14,982,187**	**15,532,689**
(Loss) before income taxes from Discontinuing operations		**(182,651)**	**1,159,541**
Non - cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	24	3,775,842	4,386,144
Amortisation of intangibles	25	15,973,272	15,038,788
Impairment of receivables	27, 29	2,940,591	580,306
Impairment of tangible and intangibles assets	25	82,748	443,259
Finance income	18	(1,751,023)	(1,972,434)
Finance costs	19	13,595,101	11,706,315
Provision for obsolete inventory	28	(254,636)	277,881
Provision for staff retirement indemnities	33	281,141	685,759
Operating profit before working capital changes		**49,442,573**	**47,838,248**
(Increase)/Decrease in:			
Inventories		(401,441)	(2,463,275)
Trade accounts receivable and other receivables		(11,679,493)	(1,579,836)
Increase/(Decrease) in:			
Trade and other accounts payable		20,350,202	7,040,106
Income tax paid		(2,268,630)	(1,498,715)
Net cash flows from operating activities		**55,443,210**	**49,336,529**
Investing Activities			
Purchase of property, plant and equipment	24	(9,700,990)	(5,049,369)
Purchase / development of intangible assets	25	(26,921,243)	(29,600,407)
Sale / (participation in share capital increase) of subsidiaries, net of cash		13,700,000	-
Net cash flows used in investing activities		**(22,922,233)**	**(34,649,776)**
Financing activities			
Factoring with recourse (decrease)/increase		673,872	-
Payment of deferred consideration		(89,543,978)	-
Repayment of borrowings		(74,641,389)	(13,246,348)
Proceeds from borrowings from financial institutions		164,628,675	3,521,983
Payment of finance costs		(3,203,591)	(4,440,754)
Factoring expenses paid		(295,877)	-
Profit distribution (note 39)		(1,444,290)	(1,394,053)
Increase / (decrease) of share capital		(18,000,000)	-
Issue of shares		120,000	-
Net cash flows from/(used in) financing activities		**(21,706,578)**	**(15,559,173)**
Net increase / (decrease) in cash and cash equivalents		**10,814,398**	**(872,419)**
Opening Cash and cash equivalents balance of Continued operations:		27,967,027	30,842,543
Opening Cash and cash equivalents balance of Discontinued operations:		2,003,096	-
Closing Cash and cash equivalents balance:		**40,784,521**	**29,970,124**
Attributable to Continuing Operations:		**37,622,900**	**27,967,027**
Attributable to Discontinued Operations:		**3,121,567**	**2,003,096**
Attributable to Disposed Operations:		**40,053**	-

The above Consolidated statement of Cash Flows should be read in conjunction with the accompanying notes.

1. General information

Activities:

Pharmathen Holding Global BV (the "Company") was founded by Pharmathen Holding 4 Ltd. on April 26, 2017 in Amstelveen, Netherlands with an initial issued and paid up capital of €20K.

Upon the completion of the Group Reorganization Plan in June 2017, the Company became the sole shareholder of Pharmathen Global BV, a pharmaceutical company active in the marketing of generics with international B2B customers. Pharmathen Global BV was established on October 13, 2016 as a subsidiary of Pharmathen Global Ltd. with an initial issued and paid up capital of € 100K. In the context of the Group Reorganization plan concluded in June 2017, the Pharmathen Global BV became the sole owner of Pharmathen SA.

Pharmathen Global Holding BV has its registered office at 9 Van Heuven Goedhartlaan, 1181LE, Amstelveen. The registration number at the Chamber of Commerce is 68644507.

The parent of the Group is the company Pharmathen Holding 4 Ltd. and the ultimate parent company of the Group is BC Partners with a participation of 80% to the Group.

Right after the acquisition of Pharmathen SA by funds managed by BC Partners the new Board of Directors of the Group decided to expand the Group internationally and increase the presence of its trading operations outside Greece as well as provide adequate financing to support the future growth of the Group and refinance its borrowing facilities with more favourable terms.

To achieve this the Board of Directors initially decided to reorganize the business model of the Group in such a way that its subsidiaries in Greece would be responsible to develop and manufacture the products while their parent company (at that time Pharmathen Global LTD, UK) would be responsible to market and sell these products to B2B customers internationally. Under this business model, Pharmathen Global LTD would employ all B2B sales personnel of the Group, expand its sales force with new personnel, negotiate and finance all new sales contracts with international B2B customers and by assigned all previously existing B2B trading contracts with international customers of Pharmathen SA for finished products.

However, in June 2016, following the decision of the UK to exit the EU, the Board of Directors decided to implement the abovementioned reorganization via an entity domiciled elsewhere in the EU and not in the UK. Specifically two new subsidiaries under Pharmathen Holding 4 Ltd. were incorporated in Netherlands, the first one in 2016 under the name Pharmathen Global BV and then after, in 2017, the second one under the name Pharmathen Global Holding BV. In June 2017, following a series of transactions all trading assets and liabilities of Pharmathen Global LTD have been transferred (sold at their book value) to Pharmathen Global BV, which in effect became the successor of Pharmathen Global Ltd. and the parent company of the Pharmathen SA Group. In the absence of specific IFRS guidance on business combinations under common control the Group decided to apply the abovementioned accounting policy in order to reflect in a true and fair manner the substance on these transactions, i.e to use the pooling of interest method and treat Pharmathen Global BV as if it was the entity that initially acquired Pharmathen SA Group in 2015.

The consolidated financial statements of PGH and its subsidiaries (collectively, the Group) for the year ended December 31, 2017 were approved by the Board of Directors on July 4, 2018.

Going concern assumption:

The financial statements disclose all matters relevant to the company's ability to continue as a going concern, including all significant conditions and events. The company has the intent and ability to take actions necessary to continue as a going concern.

2. Basis of preparation and adoption of IFRS

The consolidated financial statements have been prepared in accordance with IFRS as endorsed by the EU and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code.

The consolidated financial statements have been prepared on the historical cost basis and they are presented in euros (EUR) which is the Company's operating and reporting currency. All the subsidiaries of the Group present their financial statements in euros, except for Pharmathen UK Ltd. (GBP) and Adventus India (Indian Rupee, INR).

The preparation of financial statements in accordance with IFRS requires the use of accounting estimates and assumptions. Additionally, it requires management's judgments during the implementation process of the Group's accounting policies. The estimates and assumptions are based on management's best knowledge in relation to the current circumstances. The consolidated financial statements are presented in euro and all values are rounded to the nearest EUR except when otherwise indicated.

Areas which require the greatest level of judgment or are of great complexity or where those estimates and assumptions have the most significant effect on the amounts recognized in the financial statements are analysed in Note 7.

3. Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee

-The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. In the consolidated financial statements the foreign exchange gains and losses arising from the translation of the subsidiaries financial statements into euro are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Transactions between entities under common control

Transactions between entities under common control in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory are excluded from the scope of IFRS 3. Therefore, the Group accounts for such transactions using a method akin to the “pooling of interests”.

Regarding Business Combinations Under Common Control (“BCUCC”), in the absence of specific guidance in Financial Reporting standards and guidance, the directors and management of the Group have applied the following accounting principles and framework in order to define the accounting policy of the Group for BCUCC:

· The resulting financial statements must reflect the substance of the transaction and the true and fair view of what happened;

· The acquiring entity (“Acquiror”) will be reflected as the continuation of the selling entity (“Vendor”);

· No gain or loss or additional Goodwill will be recognised from intragroup BCUCC transactions, including the sale / transfer of any entities (“Subsidiaries”) from an intragroup Vendor to an intragroup Acquiror;

· No changes to pre-existing Goodwill will be recognised from intragroup BCUCC transactions, including the sale / transfer of any Subsidiaries from an intragroup Vendor to an intragroup Acquiror;

· The assets and liabilities of the Subsidiaries as well as their historical, current and future financial performance will be reflected as if the Subsidiaries were an investment of the Acquiror from the beginning of their time in the Group.

In implementation of the above accounting principles and framework the Group applies the following accounting policies:

· The assets and liabilities of the Vendor are taken over by the Acquiror at their book value; these include the Cost of Investment in any Subsidiaries and any deferred liabilities;

· The Cost of Investment in Subsidiaries shown in the consolidated books of the Acquiror is the same as the respective Cost of Investment in the books of the Vendor; any difference with the actual Cost of Investment in the stand alone books of the Acquiror is recognised as a non-distributable Equity Reserve in the consolidated books of the Acquiror;

· The consolidated books of the Acquiror eliminate the Cost of Investment in the Subsidiaries and reflect the fair value of the assets and liabilities of the Subsidiaries and any resulting Goodwill at the time of their initial acquisition by the Vendor, combined with the effect of any post initial acquisition share of profits and business transactions net of any consolidation elimination entries;

· The brought forward balances, current period balances and comparable period balances in the consolidated books of the Acquiror are restated in order to reflect the Subsidiaries as if they were part of the Acquirer's Group from the beginning;

4. Basis of measurement

The financial statements have been prepared on a historical cost convention, unless stated otherwise. All amounts in the notes to the financial statements are stated in Euros, unless otherwise stated.

Foreign currency translation

i. Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euros, which is the functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

5. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the annual consolidated financial statements of the Group/the interim condensed consolidated financial statements of the Group.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealised Losses, effective January 1, 2017
- Annual Improvements Cycle - 2014-2016[1], effective January 1, 2017

Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period

Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.]

Annual Improvements Cycle - 2014-2016[1]

The IASB issued the 2014-2016 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- Amendments to IFRS 12 *Disclosure of Interests in Other Entities* – Clarification of the scope of disclosure requirements in IFRS 12: The amendments are applied retrospectively and clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in disposal group that is classified) as held for sale.

As at December 31, 2017 the amendment had no effect on its consolidated financial statements.

[1] Not yet endorsed by the EU as at December 15, 2017.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 2 *Share-based Payment* - Classification and Measurement of Share-based Payment Transactions[1], effective 1 January 2018
- Amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial instruments* with IFRS 4 *Insurance Contracts*, effective 1 January 2018
- IFRS 9 *Financial Instruments*, effective 1 January 2018
- Amendments to IFRS 9 *Financial Instruments* - Prepayment Features with Negative Compensation[1], effective 1 January 2019
- IFRS 15 *Revenue from Contracts with Customers*, including amendments to IFRS 15: *Effective date of IFRS 15* and Clarifications to IFRS 15 *Revenue from Contracts with Customers*, effective 1 January 2018
- IFRS 16 *Leases*, effective 1 January 2019
- IFRS 17 *Insurance Contracts*[1], effective 1 January 2021
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* - Long-term Interests on Associates and Joint Ventures[1], effective 1 January 2019
- Amendments to IAS 40 *Investment Property* – Transfers of Investment Property[1], effective 1 January 2018
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*[1], effective 1 January 2018
- IFRIC 23 *Uncertainty over Income Tax Treatments*[1], effective 1 January 2019
- Annual Improvements Cycle - 2014-2016[1], effective 1 January 2018
- Annual Improvements Cycle – 2015-2017[1], effective 1 January 2019

Amendments to IFRS 2 *Share-based Payment* - Classification and Measurement of Share-based Payment Transactions

The amendments address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018. The amendment has no effect in the Group's consolidated financial statements.

Amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 *Insurance Contracts*, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9; and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments are not applicable to the Group.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group will adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss. The AFS reserve of € xx related to those securities in amount, which is currently presented as accumulated OCI, will be reclassified to retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Group will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis.

(c) Hedge accounting

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. The Group has chosen not to retrospectively apply IFRS 9 on transition to the hedges where the Group excluded the forward points from the hedge designation under IAS 39. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

Amendments to IFRS 9 *Financial Instruments* - Prepayment Features with Negative Compensation

The amendment to IFRS 9 allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted. In the Basis for Conclusions to the amendment, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability when a modification (or exchange) does not result in de-recognition are consistent with those applied to the modification of a financial asset that does not result in de-recognition. This amendment is effectively effective for annual periods beginning on or after 1 January 2018. Both amendments are required to be applied retrospectively. The amendments will not have any impact on the Group.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The Group will adopt the new standard on the required effective date. The Group is in the process of carrying out a detailed breakdown of revenue differences between the new standard and existing accounting policies.

Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. Also, extended disclosures are expected as a result of the significant judgement made when assessing the contracts where the

IFRS 16 *Leases*

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

IFRS 17 Insurance contracts

IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, will replace IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 28 *Investments in Associates and Joint Ventures* - Long-term Interests on Associates and Joint Ventures

The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. These amendments are applied retrospectively and are effective for annual periods beginning on or after 1 January 2019. Exceptions could be applied. Earlier application is permitted. The amendments will not have any impact on the Group.

Amendments to IAS 40 *Investment Property* – Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. The amendments are effective for annual periods beginning on or after 1 January 2018. Early application is permitted and must be disclosed. The Group will apply amendments when they become effective. However, since Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

IFRIC 23 *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes* and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.
The Interpretation specifically addresses:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Annual Improvements Cycle - 2014-2016

The IASB issued the 2014-2016 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- IAS 28 *Investments in Associates and Joint Ventures* - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice: The amendments clarify that:
  - An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
  - If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018. These amendments are not applicable to the Group.

Annual Improvements Cycle - 2015-2017

The IASB issued the 2014-2016 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements* - Previously held interest in a joint operation: The amendments clarify whether the previously held interest in a joint operation (that is a business as defined in IFRS 3) should be remeasured to fair value.
  - When a party to a joint operation obtains control over the joint operation, it must remeasure to fair value the interest it previously held in that joint operation (IFRS 3). An entity should apply the amendments to business combinations with acquisition dates on or after 1 January 2019. Earlier application is permitted and should be disclosed.
  - When a party that participates in (but does not have joint control over) a joint operation obtains joint control over the joint operation, it must not remeasure the interest it previously held in that joint operation (IFRS 11). An entity must apply the amendments to transactions in which it obtains joint control on or after 1 January 2019. Earlier application is permitted and should be disclosed.
- IAS 12 *Income Taxes* – Income tax consequences of payments on financial instruments classified as equity: The amendments clarify that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend. The amendments must be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted and must be disclosed. The amendments must first be applied to income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.
- IAS 23 *Borrowing Costs* – Borrowing costs eligible for capitalisation: The amendments clarify that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally. The amendments must be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted and should be disclosed.

These amendments do not have any impact on the Group.

6. Summary of significant accounting policies

6.1 Property, plant and equipment

Land held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated. Buildings, IT equipment and other equipment (comprising furniture and fixtures) are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment. There are no assets under lease hold.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings: 32 years
- IT equipment: 5 years
- Other equipment: 9 years.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the income statement within "other income" or the relative expense function.

6.2 Internally generated drugs.

Internally generated drugs

Expenditure on research is expensed as incurred.

Internally generated drugs arising from development are recognized if, and only if, an entity can demonstrate all of the following:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) Its intention to complete the intangible asset and use or sell it;
(c) Its ability to use or sell the intangible asset;
(d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated drugs and patents are stated at historical cost less subsequent amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over the useful economic lives, to a period of 10 - 15 years. Costs that are directly associated with identifiable and unique drug products controlled by the Group are recognized as part of intangible assets. Direct costs include materials, staff costs of the drug development team and other specific and direct expenses. Amortization of the assets begins when development is completed and the asset is available for use.

Costs incurred after regulatory approval are insignificant. In addition to the Group's own research and development, Pharmathen Group is also a partner in collaborations aimed at developing marketable products. These collaborations typically involve payments for the achievements of certain milestones. With respect to this, an assessment is required as to whether these upfront or milestone payments represent compensation for services performed (research and development expense) or whether the payments represent the acquisition of a right which has to be capitalized. However, until completion of the development project, the assets are subject to impairment testing. The impairment or the write off of the assets is recognized in the income statement within "research and development expenses". The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the income statement within "other income" or "research and development expenses".

Software Acquired
Software acquired is stated at historical cost less subsequent amortization and any impairment. Amortization is calculated using the straight-line method over the useful economic lives, not exceeding a period of 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Other intangible fixed assets.
Other intangible fixed assets, which includes Property rights, patents , software and brand names, are stated at historical cost less subsequent amortization which is calculated using the straight line method over their useful economic lives, not exceeding a period of 15 years. Amortization on other intangibles is charged through cost of sales.

6.3 Goodwill

The acquisition of subsidiaries is accounted for using the acquisition method of accounting that measures the acquiree's assets and liabilities and contingent liabilities at their fair value at the date of acquisition. For business combinations occurring subsequent to the date of transition to IFRS, goodwill is the excess of the purchase price over the fair value of the net identifiable assets acquired. Goodwill is not amortized but is tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount for each cash generating unit to which goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount an impairment loss is recognized. Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill is not reversed in a subsequent period. Goodwill on acquisition of subsidiaries is presented as an intangible asset. Negative goodwill on acquisition of subsidiaries is recorded directly in the income statement. Goodwill recognized on acquisition of associates is included in the carrying amount of the investment. The difference between the cost of acquisition and the non-controlling interest acquired, arising on the acquisition of non-controlling interests in a subsidiary where control already exists, is recorded directly in equity. When non-controlling interests are disposed of, but control is retained, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

6.4 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Borrowing costs are not taken into consideration. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Any decrease in the carrying value of inventory to the net realizable value is recognized in the income statement in the "cost of sales". The Group values its raw materials and consumables based on first in first out method.

6.5 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). For assets excluding goodwill an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

Subsequent all assets are revalued for any indication of an impairment loss recognized in the past and may no longer exist or be impaired. Impairment loss is reversed if the recoverable amount of the asset or cash generating unit exceeds the carrying amount and the reversal is credited to the income statement. The reversal is limited in such a way that the carrying amount of the asset does not exceed its recoverable amount nor exceed the amount that could have been determined net of depreciation had no impairment loss been recognized for the assets in the previous years.

6.6 Financial assets and liabilities

Financial assets and liabilities are recognised when the a company of the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Initial recognition is at cost plus transaction costs. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Group classifies its financial instruments in the following categories:

i. Financial assets at fair value through profit or loss - held for trading

ii. Loans and receivables

iii. Available-for-sale financial assets

iv. Financial liabilities measured at amortised cost

v. Held-to-maturity investments

The Group only has loans and receivables (ii) and financial liabilities measured at amortised cost.

Financial Assets at Fair Value through Profit or Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management during its initial recognition. Derivatives are also categorised as ‘held for trading’ unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve (12) months of the balance sheet date. Such assets are carried at fair value, with any gains or losses from fair value changes being recognized in the income statement. For this purpose, fair value of the financial asset is market value (current bid prices) if listed or a value arrived at by using appropriate valuation models if unlisted. Fair value can also be estimated by using a recent arm’s length transaction, a reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer’s specific circumstances.

In compliance with the terms of the IFA the Company hedged 50% of its debt principal (€ 85m) against increases in Euribor above 0% with a series of interest rate caplets for the next 1.5 year and a strike rate of 0%. The cost of the interest rate cap amounted to € 43,300. The management designated the specific derivative upon its initial recognition as a financial asset at fair value through profit and loss. The fair value change between the recognition date and December 31, 2017 resulted in a loss of € 20,599 and was booked in the administration expenses.

As of December 31, 2016 the Group did not report any derivatives designated as held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables and receivables are classified as 'loans and receivables', and are included in current assets due to their short-term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method less a provision for impairment.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and long-term debt. Trade and other payables and long-term debt are initially recognised at fair value equalling the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables and long-term debt are measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities due to their short-term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Derivatives

The Group uses derivative financial instruments (forward contracts) to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss.

6.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group does not have any legally enforceable right to offset the recognised amounts in the statement of financial position.

6.8 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the financial asset's original effective interest rate (EIR) determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation, and;
- default or delinquency in payments.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in the statement of profit or loss within the relative expense function. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses.

6.9 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement immediately and therefore all classified as current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost less a provision for impairment. Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in statement of profit or loss within selling and distribution expenses.

6.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities or non-current liabilities. The Group considers investments in instruments purchased with an original maturity of 90 days or less to be cash equivalents. The Group also classifies amounts in transit from payment processors for customer credit card and debit card transactions as cash equivalents.

6.11 Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.12 Other reserves & retained earnings

The fair value reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the translation reserve. Special reserves established under various laws for entrepreneurship and competitiveness are also included in equity. Retained earnings include all current and prior period retained profits.

6.13 Long-term debt

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

6.14 Employee benefits

The Group provides post-employment benefits through defined benefit plans as well as various defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent state-owned entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several state plans and insurances for individual employees that are considered defined contribution plans. Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plans sponsored by the Group defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Management estimates the DBO annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases.

Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Re-measurement gains or losses are not reclassified in statement of profit and loss in subsequent periods.

Past service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period. Interest expenses related to pension obligations are included in “financial expenses” in the income statement. Return on plan assets is included in other “finance income”. All other post-employment benefit expenses are included in the relative functions. Short-term employee benefits, including holiday entitlement, are current liabilities included in “provision for staff retirement indemnities”, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

6.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 100 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

6.16 Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution/sale if their carrying amounts will be recovered principally through a distribution/sale rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution/sale are measured at the lower of their carrying amount and fair value less costs to sell or to distribute/sale. Costs to distribute/sale are the incremental costs directly attributable to the distribution/sale, excluding the finance costs and income tax expense.

The criteria for held for distribution/sale classification is regarded as met only when the distribution/sale is highly probable and the asset or disposal group is available for immediate distribution/sale in its present condition. Actions required to complete the distribution/sale should indicate that it is unlikely that significant changes to the distribution/sale will be made or that the decision to distribute/sale will be withdrawn. Management must be committed to the distribution/sale expected within one year from the date of the classification.

Assets and liabilities classified as held for distribution/sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Comparative figures in the statement of financial position for the previous financial period are not classified between “Continuing Operations” and “Assets Held for Sale”. In the Statement of Income comparative figures are classified between “Continuing Operations” and “Assets Held for Sale” for purposes of performance comparability.

Additional disclosures are provided in Note 21. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

6.17 Provisions, Contingent Liabilities and Contingent assets

Provisions are recognized when present obligations (legal or constructive) as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization. Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets. They are described along with the Group's contingent liabilities in note 40.

6.18 Revenue

Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. It is measured by reference to the fair value of the consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. The Group often enters into sales transactions involving a range of the Group's products and services for example for the sale of drug dossier and related after-sales services. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component. Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Rendering of services

Revenue from sale of service is recognized by reference to the stage of completion. Stage of completion is measured by reference to milestones achieved for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. Sale of services may include drug dossiers and costs for the approval of drug in a country that the Group may incur on behalf of the client.

Sale of goods (Generic drugs)
Sale of goods comprise the sale of merchandise, semi-finished products and raw materials and is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied.

Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

The Group does not enter into any contracts that need to be recognised using the percentage of completion method as defined regarding the sale of goods. Discounts are subtracted from the consideration originally recognised.

Measurement of price reconciliations

Measurement basis for price reconciliation adjustment is in line with the matching principle, by matching reporting revenue with the related expenses in each year. The Group's management implements a policy based on the quantities sold by the Group to its customers rather than on the quantities sold by the customers to third parties previously in place. It is the Group's belief that this policy is more consistent with industry practice.

6.19 Expenses

Expenses arising from the Group's business operations are accounted for in the year incurred. They are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

6.20 Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs are recognized as expenses as incurred, unless these costs are capitalized in accordance with IAS 23 "Borrowing costs". Borrowing costs, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. This cost is capitalized only if it is probable that future economic benefits will flow to the Group and can be reliably measured.

All other borrowing costs are expensed as incurred and included in "Financial expenses" in the income statement by using the effective interest rate method. Effective interest rate method is a method of estimating the amortized cost of a financial asset or liability and allocation of interest income or interest expenses during the relevant period. The effective interest rate is the rate which is used to discount future payments or receipts in cash accurately, during the expected useful life of the financial instrument or, if required, for shorter period, in the net carrying value of the financial asset or liability.

While calculating the effective interest rate, the Group estimates the cash flows by taking into account the contractual terms behind the financial instrument (for example, prepayments) but not the future losses. The estimation includes all expenses and items paid or received among counterparties which are considered part of the effective interest rate, any issuance fees and additional charges or discounts.

6.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

6.22 Finance income and expenses

Finance income and expenses are recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Interest income on impaired loan and receivables is recognised using the original effective interest rate. Dividend is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

6.23 Corporate income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. However deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

6.24 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

1. When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
2. When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

6.25 Statement of Cash flows

The cash flow statement has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest received and paid, dividend received and profits tax are included under cash flow from operating activities. Divided paid is stated under net cash flow from financing activities.

7. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make assumptions, estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. On an ongoing basis management evaluates its estimates including those related to impairment of property, plant and equipment, impairment of intangible assets, useful lives of depreciable assets, deferred income tax assets, development costs, provision for income taxes, provision for doubtful debts, provision for staff retirement indemnities, provision for inventories and price reconciliations. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

7.1 Impairment of Property Plant and Equipment

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount is typically determined using a discounted cash flow method. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

7.2 Impairment of Intangible assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The Group bases its impairment calculation on detailed budgets, which are prepared separately. These budgets cover a period of five years.

7.3 Useful Lives of Depreciable Assets

The Group and the Company must estimate the useful life of property, plant and equipment and intangible assets recognized at acquisition or as a result of a business combination. These estimates are revisited at least on an annual basis taking into account new developments and market conditions.

7.4 Deferred Income Tax Assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused losses can be utilized. The Group and the Company have considered future taxable income and followed ongoing feasible and prudent tax planning strategy in the assessment of the recoverability of deferred tax assets. The accounting estimate related to deferred income tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities.

7.5 Development costs

Development costs are capitalized according to the accounting policy as described under the respective paragraph above ”Intangible Assets”. In order for the Group to account for the amounts to be capitalized, management proceeds in certain assumptions in relation to expected future cash inflows generated from the asset, discount rates and expected future periods in which benefits will inflow to the Group.

7.6 Provision for Income Taxes

The provision for income taxes in accordance with IAS 12 “Income taxes”, are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in various jurisdictions and significant management judgment is required in determining the provision for income taxes. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which the Company and the Group operate, or unpredicted results from the final determination of each year’s liability by the tax authorities. These changes could have a significant impact on the Company’s and the Group’s financial position. Where the actual additional income taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred income tax provisions in the period in which such a determination is made.

7.7 Provision for Doubtful Debts

The management reconsiders the recoverability of items included in accounts receivables on an annual basis, taking into consideration any external information (data basis presenting the credibility of clients, communication with lawyers for development on legal cases) in order to decide for the recoverability of those amounts included in accounts receivable. All delayed or doubtful accounts receivable are reviewed at each reporting date in order to decide whether there is a need for a provision. The balance of the provision is adjusted appropriately in order to reflect relative possible exposure. As soon as it is known that a specific account undergoes an unusual credit risk (e.g. low credibility of the client, arguments regarding the existence or the amount of receivable etc.), this account is analyzed further and is recorded as a doubtful debt since the circumstances indicate that the recoverability is not probable.

7.8 Provision for Staff Retirement Indemnities

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

7.9 Provision for Inventories

The Group periodically evaluates the adequacy of the provision for slow-moving and obsolete inventories. The relative provision is calculated based on ageing and according to prior experience; for inventories which have recorded no movement for a period of more than one year. The amount provided for in such cases amounts to 100% of carrying value.

7.10 Price Reconciliation

The provision for price reconciliations is measured based on the quantities sold by the Group to its customers for whom formal price reconciliations have not been performed yet. The respective price used for the estimate derives from historical data for prices in the market.

The provision relating to price reconciliations that are expected to be issued in less than 12 months is classified as accrued expenses, whereas the respective provision relating to price reconciliations that are expected to be issued in more than 12 months is classified as other non-current liabilities. The respective effect in the statement of income is included in revenue.

7.11 Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

7.12 Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell or to sale. Costs to sale are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Comparative figures in the statement of financial position for the previous financial period are not classified between “Continuing Operations” and “Assets Held for Sale”. In the Statement of Income comparative figures are classified between “Continuing Operations” and “Assets Held for Sale” for purposes of performance comparability.

Additional disclosures are provided in Note 21. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned

8. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management is of the opinion that the Group's exposure to financial risk is limited.

The risk management policy is executed by the management of the Group. The procedure followed is the following:

- Evaluation of risks related to the Group's activities.
- Methodology planning and selection of any suitable actions for risk reduction.
- Execute risk management in accordance to the procedure approved by management.

Credit risk

Credit risk is the risk of financial loss to the Group if counterparty fails to meet its contractual obligations.

Maximum exposure to credit risk at the reporting date to which the Company and the Group are exposed is the carrying value of financial assets.

Trade accounts receivable could potentially adversely affect the liquidity of the Group. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables.

The Group has established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each reporting date for the estimated loss that is expected and an appropriate impairment allowance is established.

In addition to the above the Group assigns to financial institutions a proportion of c. 30-35% approximately of foreign receivables invoices which are deemed as factoring without recourse. Apart from this, a significant amount of the rest foreign receivables (in excess of 80%) is already insured with credit insurance organizations.

No credit limits were exceeded by trade debtors during the reporting period, and management does not expect any losses from non – performance by these counterparties.

Financial assets for Continued and Discontinued operations exposed to credit risk at year end were as follows:

	31.12.2017	31.12.2016
< 90 days	36,026,635	20,199,366
90 - 180 days	7,526,548	5,476,501
180 - 360 days	14,713,247	25,456,372
> year	1,480,811	325,117
TOTAL:	**59,747,241**	**51,457,356**

From the above, total receivables related to the Discontinued Operations amount €435.442 (2016: €3.770.601) and the range of these receivables is 90 – 180 days.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 the Group's reputation. The Group monitors its liquidity risk on an ongoing basis. The liquidity planning considers the maturity of the financial assets (e.g accounts receivable and other financial assets) and projected cash flows from operations.

The tables below analyze the Group’s financial liabilities for Continued and Discontinued Operations into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows:

	31.12.2016				
	Short-Term		Long-Term		
	Within 6 months	6 to 12 months	1-5 years	5 years or longer	Total
Interest - bearing loans and borrowings	7,322,049	11,633,752	30,197,000	-	**49,152,801**
Trade payables	23,304,761	-	-	-	**23,304,761**
Short-term loans	7,191,675	23,554,895	3,370,304	-	**34,116,874**
Accrued and other current liabilities	13,070,211	82,962,678	-	-	**96,032,889**
Total	**50,888,696**	**118,151,324**	**33,567,304**	-	**202,607,325**

	31.12.2017				
	Short-Term		Long-Term		
	Within 6 months	6 to 12 months	1-5 years	5 years or longer	Total
Interest - bearing loans and borrowings	3,011,912	4,332,928	131,410,445	58,728,675	**197,483,960**
Trade payables	36,175,545	75,353	-	-	**36,250,898**
Accrued and other current liabilities	16,050,346	1,498,502	-	-	**17,548,848**
Total	**55,237,802**	**5,906,783**	**131,410,445**	**58,728,675**	**251,283,706**

From the above, total payables related to the Discontinued Operations amount €406.412 (2016: €21.635.935).

Foreign exchange risk

The group makes payments mainly US dollar for certain API purchases and operating expenses, on average $ 40-45m per annum. Given the downtrend of the FX rate of USD vs. Euro, the Group Management has decided to leave the exposure unhedged in 2017 and occasionally lock in the profits by entering into forward contracts.

The Group Management is constantly monitoring its receivables and payables exposure to foreign currencies and following the analysts' reports with respect to major foreign currency transactions it is entering into. Given the available cash balance of the Group, the Management reserves the option to follow natural hedging practices for any unusually high temporary or permanent exposure to foreign currencies in order to hedge against adverse FX rate fluctuation.

The group does not hedge foreign exchange fluctuations.

The following table demonstrates the sensitivity to a reasonable possible change of +/- 1% in all the related currencies affecting the Group:

	Deviation on average rate	
Currency	**1%**	**-1%**
USD	306.296	(312.484)
AUD	1.164	(1.187)
BGN	18	(19)
CAD	3.139	(3.202)
CHF	22	(22)
CZK	64	(65)
DKK	4.194	(4.279)
GBP	23.207	(23.676)
HRK	1	(1)
HUF	78	(79)
INR	2.816	(2.873)
JPY	118	(120)
NOK	9	(10)
PLN	565	1.321
RMB	2	(2)
SEK	547	(558)
SGD	7	(8)
TRY	1	(1)

Interest rate risk and cash flow risk

Following the Group refinancing in August 2017,the interest rate has been set with reference to the 6-month Euribor, the Group has been exposed to changes in market interest rates mainly through its bank borrowings.

The Group Management has a prudent approach on the exposure to interest rate risk, by assessing the level of risk and proceeding with a hedging arrangement if necessary.

In this context the Group Management assessed that the short to medium term outlook of negative interest rates in EU will be maintained in the following months. So, the group decided to hedge that portion of its borrowings that has been provided for in the minimum hedge undertaking agreed with the IFA lenders i.e. hedged 50% of its debt principal (€ 170m) with a series of caplets for the next 1.5 year the Group has entered into. The financial effect of the hedging arrangement was a loss of € 20,599 and itis disclosed in the sundry administrative expenses of Global BV.

The Group Management is constantly monitoring the market consensus and developments in the underlying economics of EU zone to conclude if additional hedging of its interest rate exposure is required in the future.

The following table demonstrates the sensitivity to a reasonable change of +/- 5% in interest rates:

	31.12.2017		**31.12.2016**	
Interest rate	5.00%	-5.00%	5.00%	-5.00%
Income Statement	(265,933)	265,933	182,943	(182,943)
Other comprehensive income	(265,933)	265,933	182,943	(182,943)

Price risk

At year end, the Group is not exposed to equity or commodity price risk, as it does not hold any open positions in the market. Further, since the Group is not involved in any kind of trading activities therefore it is not exposed to commodity price risk.

Cash Flow

Liabilities arising from finance activities which have been classified as cash flows from financing activities relate mainly to payment of deferred consideration of € 89,5 million, repayment of Greek banks borrowings as part of the New operating model of € 74,6 million, proceeds from borrowing of € 164,6 million net of capitalized expenses and a decrease of share capital of € 18 million.

9. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 2017 and 2016 respectively were as follows:

	31.12.2017	31.12.2016
Gross Debt	162,749,955	73,422,727
Cash and cash equivalents	(37,622,899)	(27,967,027)
Net Debt	**125,127,056**	**45,455,700**
Total Equity	344,078,729	346,469,292
Total capital (net debt and equity)	**469,205,785**	**391,924,992**
Gearing ratio	**27%**	**12%**

10. Fair value information

All assets and liabilities for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair values, including valuation methods and assumptions
- At December 31, 2017 and December 31, 2016, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables and inter-group receivables approximated their fair values due to the short-term maturities of these assets and liabilities.

- At December 31, 2017 and December 31, 2016, the fair values of the long-term intercompany payables are not materially different from the carrying amounts.

11. Revenue

The revenue information below is based on the locations of the customers

	31.12.2017	31.12.2016
Greece	17,174,885	13,628,331
Rest of Europe	132,821,392	111,904,642
Rest of the Word	28,109,297	25,031,468
Total	**178,105,574**	**150,564,441**

The Group has the following types of revenue:

	31.12.2017	31.12.2016
Sale of goods	147,722,290	127,274,353
Raw materials	4,566,675	5,412,171
Rendering of services	25,816,609	17,877,918
Total	**178,105,574**	**150,564,441**

The sales of goods include a provision for price reconciliations of €6.994.506 and €6.209.741 for 2017 and 2016 respectively.

12. Cost of sales

	31.12.2017	31.12.2016
Change in inventories	74,309,515	52,378,632
Employee wages and salaries and other benefits	13,668,186	12,115,521
Third party remuneration and expenses	7,698,272	12,259,808
Third party benefits	1,988,226	1,870,704
Taxes & duties	72,917	46,704
Depreciation (note 24)	2,300,146	2,216,365
Amortisation (note 25)	319,941	399,087
Provision / (release) for obsolete inventory (note 28)	(254,636)	252,881
Sundry expenses	3,342,247	2,268,567
Total	**103,444,814**	**83,808,268**

The increase in the cost from the change in inventories is due to the increased financial activity of the Group.

13. Other income

	31.12.2017	31.12.2016
Subsidies received	-	7,098
Various revenues from sales	6,959	-
Revenue from services to third parties	94,524	211,879
Income from rent	180,343	216,593
Other income	1,936,347	1,732,323
Total	**2,218,173**	**2,167,893**

Revenue from services to third parties mainly relates to invoicing of clients for undertaking the licensing of drugs in various areas. Other income in the comparable figures of 2016 relates mainly to the release of provisions for inventories and doubtfull receivables. Other income in 2017 includes income from back office services and release of provision.

14. Administrative expenses

	31.12.2017	31.12.2016
Employee wages and salaries and other benefits	6,571,415	6,092,755
Third party remuneration and expenses	2,604,233	1,119,232
Third party benefits	1,415,491	1,536,514
Taxes & duties	308,166	278,609
Depreciation (note 24)	492,757	652,802
Amortisation (note 25)	113,785	561,340
Provisions (note 27)	2,789,691	-
Sundry expenses	2,466,030	2,069,018
Total	**16,761,568**	**12,310,270**

During 2017 the Management of Pharmathen International SA decided to recognize a provision of € 2.789.691 against an equivalent receivable from Greek Labor Office. That receivable relates to a payroll cost subsidy Pharmathen International SA had recognized in the past by making use of the Greek law 1767/1988 according to which the companies whose premises are located in areas near to Greek borders are eligible to a payroll subsidy of up to 12% of their annual payroll cost.

As of today the Greek Labour Office has never paid any amount to Pharmathen International SA against that receivable. In addition to this, following latest proceedings/decisions of the European Commission, the relevant Greek law has been concluded to contradict with applicable EU directives.

The costs of the Group for the firm of EY for the year ended 2017 and 2016 are set below.

	31.12.2017	31.12.2016
Audit of the financial statements	142.500	-
Other audit procedures	-	-
Total	**142.500**	**-**

The amounts for the audit of the financial statements relate to the firm Ernst & Young.

These fees relate to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year and they are included in the function of "Third pary remuneration and expenses"

15. Selling and distribution expenses

	31.12.2017	31.12.2016
Employee wages and salaries and other benefits	3,448,844	3,412,679
Third party remuneration and expenses	4,271,230	3,904,856
Third party benefits	746,890	718,217
Taxes & duties	40,529	645,855
Depreciation (note 24)	283,649	249,914
Amortisation (note 25)	2,188,943	2,209,596
Transportation expenses	815,196	821,274
Travelling expenses	216,679	244,474
Rebate & clawback	465,673	448,060
Provisions for trade receivables (note 29)	150,900	396,695
Sundry expenses	960,518	1,489,623
Total	**13,589,051**	**14,541,244**

16. Research and development expenses

	31.12.2017	31.12.2016
Employee wages and salaries and other benefits	1.205.158	1.161.043
Third party remuneration and expenses	874.185	457.242
Third party benefits	759.880	587.601
Taxes & duties	72.856	73.173
Depreciation (note 24)	531.535	510.832
Amortisation (note 25)	13.763.665	11.595.032
Regulatory fees	1.599.943	2.027.240
Intangible assets write off (note 25)	82.748	443.259
Sundry expenses	1.351.855	562.846
Total	**20.241.824**	**17.418.267**

During 2017 and based on the internal procedures of the Group, the management decided to stop the development of two R&D projects under the assumption that the market share of the relevant molecules is limited and the relative sales from these would be very low (not expect to realize future economic benefits). The write off amount of these two projects was € 82.748

17. Average number of employees

During the year 2017, the average number of employees calculated on a full-time equivalent basis was 1.107. Of these employees, 1.102 were employed outside Netherlands. The total number of employees broken down per structure of the entity is the following:

The full time equivalent (FTE) number of personnel during the period was employed in the world as follows:

	2017	2016
Netherlands	5	-
Rest of Europe	791	756
Rest of world	26	37
Disposed operations	285	289
Discontinued operations	11	21
Total	**1,118**	**1,103**

The analysis of personnel per department for the continued operations is as follows:

Department	**2017**	**2016**
Production	432	397
R&D	150	159
Finance	36	42
Logistics management	33	28
Corporate QA	31	23
Regulatory	28	30
Administration	17	22
Business Development	15	11
Information Technology	14	15
Human resources	13	11
Customer Service	12	14
Pharmacovigilance	10	9
Legal	8	5
Intellectual Property	8	8
Planning	8	7
Purchasing	3	6
Properties management	3	3
Operational excellence	2	2
Public Relations	1	1
Total	**824**	**793**

18. Financial income

	31.12.2017	31.12.2016
Bank deposit receipts	1,088	1,089
Foreign exchange gains	1,172,204	1,530,017
Other financial income	567,654	442,828
Total	**1,740,945**	**1,973,934**

19. Finance expenses

	31.12.2017	31.12.2016
Interest on long-term loans	4,488,411	2,237,545
Interest on short-term loans	772,562	1,421,307
Factoring Costs	628,479	651,706
Foreign exchange losses	647,188	772,045
Interest cost on deferred Consideration	6,581,300	5,440,919
Other finance expenses	445,226	572,008
Total	**13,563,166**	**11,095,531**

Other finance expenses relate mostly to imports bank charges and bank commissions.
For further information regarding the deferred consideration please see note 36.

20. Income tax

The income tax expense has been calculated based on the profit before income tax in conjunction with the nominal tax rate applicable. The nominal income tax rate applicable to the Group for its Greek operations is 29% for the years 2017 and 2016.

Tax returns of group companies are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the local tax authorities, in which the entities operate, examine the returns and the records of the taxpayer and a final assessment is issued or the statute of limitation has expired.

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law. Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

The Group’s subsidiaries have not been audited by the tax authorities for the years presented in note 40 “Contingent Liabilities - Assets” and, therefore, the tax liabilities for the open years have not been finalized.

From the fiscal year 2011 onwards, all Greek Societe Anonyme and limited liability companies that are required to prepare audited statutory financial statements must in addition obtain a “Tax Certificate” as provided by Article 82 of Law 2238/1994. Pharmathen S.A, Pharmathen Hellas and Pharmathen International are subject to the tax audit based on the provisions of the law as described above.

As at December 31, 2017, the parent company Holding BV has fiscal losses to be offset against future profits for corporate tax purposes. The period in which these fiscal losses can be settled with future profitable activities is restricted to 9 years. However, no deferred tax assets claim on that amount is recorded for the sake of prudence.

Income tax for the group for the years ended December 31, 2017 and 2016, are analysed as follows:

Major components of the income tax expense

	31.12.2017	31.12.2016
Current income tax	1,173,866	1,813,976
Deferred income taxes	3,542,640	4,324,583
Total	**4,716,506**	**6,138,559**

Reconciliation of the income tax expense	**31.12.2017**	**31.12.2016**
Profit before tax	14,982,187	15,532,689
Tax rate	**25%**	**25%**
Attributable tax	3,745,547	3,883,172
Tax allowances on research and development	(2,452,801)	(2,877,926)
Income tax effect from fair value adjustments	1,518,597	1,685,171
Derecognition of previously recognized deductible temporary differences	81,919	-
Deductible temporary differences for which no DT was recognized	(30,024)	-
Income not recognised for tax purposes	(1,852,240)	-
Expenses not recognised for tax purposes	981,814	1,633,473
Additional taxes	51,523	1,565,892
Release of provision for unaudited periods	(80,876)	-
Difference in tax rates	672,720	474,036
Other movement	2,080,327	(225,259)
Tax Expense	**4,716,506**	**6,138,559**
Effective tax rate	**31%**	**40%**

Additional taxes refer mainly to additional amount of tax for year 2014 which has been determined by the Greek tax authorities after the tax inspection during 2017.

According to corporate tax law 4172/2013, companies that perform research and development are entitled to a tax allowance relating to the research expenses that have been audited and confirmed by the General Secretariat for research and Technology. The amount of the tax allowance is 30% of the total research and development expenses incurred during the year by the Group and is subtracted from the taxable profit of the financial year.

21. Discontinued operations

The Group Management decided to streamline its B2C and B2B businesses in the context of a strategic Group Reorganization plan whereby as separate business units they will be able to leverage their unique core strengths and competencies to manage the business and growth challenges in a more efficient and effective manner and on the basis of an independent financial and risk management strategy.

Several actions and decisions have been taken regarding the reorganization of the Group of companies such as all B2C Companies of the Group and specifically those of Pharmathen Hellas S.A., Libytec S.A. and Expermed S.A. have been sold.

Specifically:

a) The manufacturing, R&D and all International sales shall remain under the affiliated company Pharmathen S.A., wholly owned by Pharmathen Global Holding BV.
b) Pharmathen Investments Group Ltd., affiliated company of Pharmathen S.A. and, as of early 2017, parent company of Pharmathen Hellas S.A., Libytec S.A. sold all its shares to the aformentioned two companies to a Cypriot limited company. The amount of the sale of the participation in the two companies was € 13.700.000. The result from the transfer of shares amounted to € 7.466.760. This amount is included in the Profit for the period from discontinued operations

In addition to the above, the Group management has decided to dispose the operations of Adventus India either by selling its shares or shutting down the operations. As a result the results of Adventus India are included in the Profit / (loss) for the period from discontinued operations.

The results of the discontinued operations as at December 31, 2017 and 2016 were the following:

	31.12.2017	31.12.2016
Revenue	5,913,597	47,256,826
Cost of sales	(2,378,308)	(23,559,839)
Gross profit	**3,535,289**	**23,696,987**
Other income	346,372	(61,029)
Administrative expenses	(436,918)	(554,340)
Selling and distribution expenses	(3,595,226)	(21,290,798)
Research and development expenses	(10,310)	(22,229)
Operating profit	**(160,792)**	**1,768,591**
Financial income	10,077	1,735
Financial expenses	(31,936)	(610,784)
Profit before income taxes from discontinued operations	**(182,651)**	**1,159,541**
Income taxes	(119,325)	(476,144)
Profit for the year	**(301,976)**	**683,398**

The statement of Financial Position of the discontinued operations as at December 31, 2017 was the following:

	31.12.2017	31.12.2016
Non-current assets		
Property plant and equipment	462,411	1,100,500
Investment in associates	-	4,104,953
Other non-current assets	4,524	15,224
Deferred tax asset	-	887,485
Total non-current assets	**466,935**	**6,108,162**
Current assets		
Inventories	3,475	6,724,817
Trade accounts receivable	-	16,446,550
Other receivables	390,864	1,748,765
Cash and cash equivalents	40,054	2,003,096
Total current assets	**434,393**	**26,923,227**
Total assets held for sale	**901,329**	**33,031,389**
Non-current liabilities		
Provision for staff retirement indemnities	-	700,508
Deferred tax liabilities	20,835	-
Total non-current liabilities	**20,835**	**700,508**
Current liabilities		
Trade accounts payable	81,247	14,039,960
Short-term loans	-	3,010,761
Income tax payable	-	877,664
Accrued and other current liabilities	325,165	3,700,519
Total current liabilities	**406,412**	**21,628,904**
Total liabilities held for sale	**427,247**	**22,329,412**
Net assets held for sale	**474,081**	**10,701,977**

The statement of cash flow of the discontinued operations as at December 31, 2017 was the following:

Statement of Cash Flow (extract)	**31.12.2017**	**31.12.2016**
Net cash flows from operating activities	1,931,158	9,839,638
Net cash flows used in investing activities	(150,912)	(4,655,921)
Net cash flows used in financing activities	(609,854)	(5,165,400)
Net cash (outflow) / inflow	**1,170,392**	**18,317**

22. Key management compensation

Key management includes directors, having authority and responsibility for planning, directing and controlling the activities of the entity.

The compensation paid or payable to key management for employee services is shown below:

	31.12.2017	31.12.2016
Short-term employee benefits	1,680,218	1,701,567
Termination benefits	447,082	124,085
Total	**2,127,300**	**1,825,652**

23. Directors remuneration

	31.12.2017	31.12.2016
Group Board Members Compensation	**1,545,152**	**1,182,487**

No loans, advance payments or guarantees have been provided to the directors of the Group.

24. Property, plant and equipment

	Land	Buildings	Machinery & Equipment	Motor Vehicles	Furniture & Fittings	Construction in Progress	Total
Cost as at January 1, 2016	**1,469,484**	**20,276,381**	**22,235,816**	**208,000**	**8,369,677**	**13,190,372**	**65,749,729**
Additions	-	117,826	1,428,083	16,202	2,259,630	1,227,629	**5,049,369**
Write-offs	-	-	(83,248)	-	(39,178)	-	**(122,426)**
Cost as at December 31, 2016	**1,469,484**	**20,394,207**	**23,580,651**	**224,202**	**10,590,128**	**14,418,000**	**70,676,672**
Accumulated Depreciation as at January 1, 2016	**-**	**142,381**	**374,930**	**9,271**	**770,249**	**-**	**1,296,832**
Additions (notes 12,14,15,16)	-	518,095	1,257,606	28,920	2,581,523	-	**4,386,144**
Write-offs	-	-	-	-	(5,469)	-	**(5,469)**
Accumulated Depreciation as at December 31, 2016	**-**	**660,476**	**1,632,536**	**38,191**	**3,346,303**	**-**	**5,677,507**
Net Book Value as at December 31, 2016	**1,469,484**	**19,733,731**	**21,948,115**	**186,011**	**7,243,825**	**14,418,000**	**64,999,166**
Net Book Value of Discontinued Operations (note 21)	(156,306)	(459,666)	(257,642)	(268)	(226,617)	-	**(1,100,498)**
Net Book Value as at December 31, 2016 of Continuing operations	**1,313,178**	**19,274,065**	**21,690,473**	**185,742**	**7,017,208**	**14,418,000**	**63,898,667**

	Land	Buildings	Machinery & Equipment	Motor Vehicles	Furniture & Fittings	Construction in Progress	Total
Cost as at January 1, 2017	**1,469,484**	**20,394,207**	**23,580,651**	**224,202**	**10,590,128**	**14,418,000**	**70,676,672**
Additions	533,802	499,785	3,231,148	4,098	1,535,151	3,897,006	**9,700,990**
Exchange differences	(10,226)	(117,892)	(67,984)	-	45,026	-	**(151,076)**
Write-offs	-	-	(46,673)	(8,450)	(62,386)	-	**(117,509)**
Assets Classified as Discontinued Operations	(146,080)	(211,157)	(339,319)	-	(131,181)	-	**(827,736)**
Assets Disposed	-	(4,696)	(19,708)	(2,868)	(1,404,048)	-	**(1,431,320)**
Cost as at December 31, 2017	**1,846,980**	**20,560,247**	**26,338,115**	**216,982**	**10,572,691**	**18,315,006**	**77,850,021**
Accumulated Depreciation as at January 1, 2017	**-**	**660,476**	**1,632,536**	**38,191**	**3,346,303**	**-**	**5,677,507**
Additions (notes 12,14,15,16)	-	522,598	1,447,397	30,175	1,775,672	-	**3,775,842**
Exchange differences	-	(103,578)	23,800	-	2,700	-	**(77,078)**
Write-offs	-	-	(32,882)	(7,204)	(59,412)	-	**(99,498)**
Assets Classified as Discontinued Operations	-	(57,940)	(226,787)	-	(80,599)	-	**(365,326)**
Assets Disposed	-	(523)	(2,354)	(2,608)	(977,669)	-	**(983,154)**
Accumulated Depreciation as at December 31, 2017	**-**	**1,021,032**	**2,841,710**	**58,555**	**4,006,996**	**-**	**7,928,293**
Net Book Value as at December 31, 2017	**1,846,980**	**19,539,214**	**23,496,405**	**158,427**	**6,565,695**	**18,315,006**	**69,921,727**

The tangible assets classified as discontinued operations relate to assets of Adventus India and the tangible assets disposed relate to Pharmathen Hellas SA and Libytec Pharmaceuticals SA.

Pharmathen International operates the main plant of the Group in Sapes region, Greece. This subsidiary has mainly one client, the parent Company of the Group and its sales are made solely to Pharmathen S.A. Based on five year term business plan, Pharmathen International is expected to have significant cash flows and due to this the recoverable amount of the plant is considered to be much greater than the carrying value as at December 31, 2017 whereas no other indicators of impairment exist.

25. Intangible assets

	Internally Generated Drugs under Development	Software	Internally Generated Drugs Developed	Property Rights & Patents	Brand Name	Total
Cost as at January 1, 2016	**79,721,862**	**4,943,631**	**86,948,479**	**4,900,603**	**21,530,000**	**198,044,575**
Additions	10,263,734	611,662	18,270,615	454,396	-	**29,600,407**
Transfers	(31,776,059)	-	31,776,059	-	-	**-**
Write-offs	(443,259)	-	-	-	-	**(443,259)**
Cost as at December 31, 2016	**57,766,278**	**5,555,292**	**136,995,153**	**5,354,999**	**21,530,000**	**227,201,723**
Accumulated Depreciation as at January 1, 2016	**-**	**3,863,743**	**2,748,414**	**211,318**	**478,444**	**7,301,919**
Additions (notes 12,14,15,16)	-	501,162	12,031,293	1,071,000	1,435,333	**15,038,788**
Accumulated Depreciation as at December 31, 2016	**-**	**4,364,905**	**14,779,707**	**1,282,318**	**1,913,777**	**22,340,707**
Net Book Value as at December 31, 2016	**57,766,278**	**1,190,387**	**122,215,446**	**4,072,681**	**19,616,223**	**204,861,015**
Net Book Value of Discontinued Operations (note 21)	-	(176,496)	(63,772)	(3,868,195)	-	**(4,108,463)**
Net Book Value as at December 31, 2016 of Continuing operations	**57,766,278**	**1,013,891**	**122,151,674**	**204,486**	**19,616,223**	**200,752,552**

	Internally Generated Drugs under Development	Software	Internally Generated Drugs Developed	Property Rights & Patents	Brand Name	Total
Cost as at January 1, 2017	**57.766.278**	**5.555.292**	**136.995.153**	**5.354.999**	**21.530.000**	**227.201.723**
Additions	15.909.226	553.949	10.458.068	-	-	**26.921.243**
Transfers	(16.201.211)	-	16.201.211	-	-	**-**
Write-offs	(82.748)	-	-	(5)	-	**(82.753)**
Assets Disposed	-	(407.840)	(318.863)	(4.369.539)	-	**(5.096.241)**
Cost as at December 31, 2017	**57.391.545**	**5.701.401**	**163.335.572**	**985.455**	**21.530.000**	**248.943.974**
Accumulated Depreciation as at January 1, 2017	**-**	**4.364.905**	**14.779.707**	**1.282.318**	**1.913.777**	**22.340.707**
Additions (notes 12,14,15,16)	-	419.480	13.648.256	988.121	1.435.333	**16.491.189**
Assets Disposed	-	(250.781)	(271.034)	(1.813.949)	-	**(2.335.764)**
Accumulated Depreciation as at September 30, 2017	**-**	**4.533.603**	**28.156.929**	**456.489**	**3.349.111**	**36.496.132**
Net Book Value as at December 31, 2017	**57.391.545**	**1.167.798**	**135.178.643**	**528.966**	**18.180.889**	**212.447.843**

"Internally Generated Drugs Under Development" may include drug development that fulfil the "IAS 38 Intangible Assets" criteria for recognition but have not been amortized, due to the fact that are either not available for use yet or they are awaiting for licenses to be provided from the respective regulatory authorities.

During the year, the group assessed that internally generated assets under development of total value € 82.748 will generate no substantial profit in the future and therefore has written-off their value.
There are no intangible assets with indefinite useful life as of December 31, 2017 and 2016.

26. Goodwill

On 1st September 2015 Pharmathen Global Ltd. acquired 100% of the ordinary share capital of Pharmathen S.A.

The fair value of consideration transferred on the acquisition date was as follows:

	€
Cash	245,000,000
Loan note consideration	90,000,000
Contingent consideration	75,749,440
Side deed	(1,793,405)
Total	**408,956,035**

The fair values of the identifiable assets and liabilities of Pharmathen S.A. at the date of acquisition were as follows:

		Total Consideration paid:	**408,956,035**
		NCI:	**277,592**

Asset / Liability	**Original book values**	**Fair value adjustments**	**Fair value**
Intangible fixed assets	52,136,381	130,392,573	182,528,954
Tangible fixed assets	43,991,644	15,705,564	59,697,208
Investments	30,000		30,000
Other non-current assets	347,200		347,200
Inventories	35,378,437	2,381,591	37,760,028
Receivables	65,108,124		65,108,124
Cash and cash equivalents	34,824,082		34,824,082
Payables	(43,340,356)		(43,340,356)
Provisions	(8,220,860)	(43,430,686)	(51,651,546)
Borrowings	(88,212,429)		(88,212,429)
Total	**92,042,223**	**105,049,042**	**197,091,265**
		Goodwill:	**212,142,362**

Impairment of goodwill

Measuring goodwill on the acquisition of the subsidiary is to compare the fair value of the whole of the subsidiary (as represented by the fair value of the consideration given by the parent and the fair value of the non- controlling interest) with all of the fair value of the net assets of the subsidiary acquired.
An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount of its asset, management estimates its value in use which is the expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset or cash-generating unit and reflect their respective risk profiles as assessed by management. Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. An impairment charge is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount and the reversal is credited to the income statement. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that could have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years.

The impairment review of goodwill therefore takes place at the level of a cash-generating unit, that is to say a collection of assets that together create a stream of cash independent from the cash flows from other assets. The Group operates as one cash generating unit (CGT) and therefore all assets and liabilities, including goodwill have been allocated in this CGT.

The recoverable amount of Pharmathen SA as at December 31, 2017, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period.

The calculation of value in use is most sensitive to the following assumptions:

• Discount rates

• Growth rates used to extrapolate cash flows beyond the forecast period

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates - Rates are based on published industry research. Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts.

In estimating the recoverable amount of the CGT the Group has made the following key assumptions:

- Revenues until 2020: as per order book submitted by customers
- Revenues after 2021: For existing business: volume increase (+2% year on year) and price drop (-8% year on year) as per historical price trends. For new products based on IMS data base, market Growth, market penetration and management expectations.
- Cost of sales: 4% year on year as adjusted by economies of scale & inflation
- Other costs: Selling & Distribution avg +7% and Administration expenses 3% year on year reflecting estimated inflation rate of 2%.Avg capitalization rate 82%
- These results have been discounted at a WACC of 13% being the same rate used in 2015 PPA analysis

Contingent consideration is payable when the Sales Contingent Consideration Conditions have been satisfied, as according to the Sale and Purchase agreement (SPA) dated 18th May 2015, which is based on the consolidated audited year end revenue of Pharmathen S.A. (the target company) for December 31, 2016 not being materially less than the average annual revenue for the preceding three financial years. The Contingent consideration at the date of acquisition amounted to € 75,749,440 in accordance with SPA. The difference with the amount paid during 2017 of € 89.5 million (note 36) concerns the accrued interest expense.

In the context of the Group Restructuring in June 30, 2017, the ordinary shares of Pharmathen SA along with the outstanding amount of the deferred consideration increased by accrued interest were transferred to Pharmathen Global BV at a fair value that corresponded to the carrying values of the respective transferred assets and liabilities in the consolidated statements of the ultimate parent entity (Pharmathen Holding 4 Ltd.) in exchange for new ordinary shares in the share capital of the latter.

27. Other non – current assets

	31.12.2017	31.12.2016
Guarantees	420,287	320,609
Other non-current receivable	3,845,691	-
Provision against non-current receivable	(2,789,691)	-
Total	**1,476,287**	**320,609**

During 2017 the Management of Pharmathen International SA decided to reclassify an outstanding receivable from the Greek Labour Office of € 2.789.691 from other trade receivables to non-current assets and recognize an equivalent provision against that (please refer to Note 14).

Amount of €1.056k refers to a trade receivable which based on a contractual agreement will be collectable during 2019.

28. Inventories

	31.12.2017	31.12.2016
Merchandise-Drugs	682,458	372,677
Finished and semi finished products	6,637,805	7,318,371
Work in progress	1,491,245	2,052,956
Raw materials spare parts and auxiliary materials	22,611,120	22,021,659
Purchased goods in transit	2,346,358	1,818,507
Provision for obsolete inventory	(1,104,832)	(1,359,468)
Total	**32,664,153**	**32,224,701**

The movement of the provision for obsolete inventories is as follows for 2017 and 2016:

	31.12.2017	31.12.2016
Opening provision balance	1,359,468	1,192,707
Transfer to discontinued operations	-	(86,120)
Additional provision for the year (note 12)	309,003	282,881
Release of provision for the year (note 12)	(563,640)	(30,000)
Closing provision balance	**1,104,832**	**1,359,468**

29. Trade and other receivables

In the statement of financial position there are two categories of receivables which are analysed as follows:

	31.12.2017	31.12.2016
Trade accounts receivable	39,832,547	24,113,587
Other accounts receivable	18,043,018	26,800,558
Total	**57,875,566**	**50,914,145**

Trade accounts receivable are analysed as follows:

	31.12.2017	31.12.2016
Trade accounts receivable	42,723,645	27,877,653
Provision for doubtful debts	(4,291,606)	(4,140,707)
Accrued income	1,125,000	-
Notes receivable	31,190	31,190
Post-dated cheques receivable	244,319	345,451
Total	**39,832,547**	**24,113,587**

The increase in trade receivables is mainly attributed to the increased sales. The average credit terms of trade receivables is approximately 30 – 60 days. Trade accounts receivable are not interest bearing.

The movement of the provision for doubtful debts for the years 2017 and 2016 is as follows:

	31.12.2017	31.12.2016
Opening provision balance	4,140,707	4,766,226
Transfer to discontinued operations	-	(1,022,215)
Additional provision for the year (note 15)	150,900	396,695
Closing provision balance	**4,291,606**	**4,140,707**

Other accounts receivable are analysed as follows:

	31.12.2017	31.12.2016
V.A.T. and other receivable from Public Sector	4,860,726	14,678,270
Accruals	1,394,833	1,075,476
Other short-term receivables	11,787,460	11,046,812
Total	**18,043,018**	**26,800,558**

The decrease in the VAT and other receivables from Public Sector is mainly due to the collection of (cumulative) VAT amount of € 7.657k. Of this amount, € 4.860k refers to Pharmathen SA and € 2.797k amount refers to Pharmathen International.

The fair value of the receivables approximates the book value. No breakdown of the fair values of trade and other receivables as been included as the differences between the book values and the fair values are insignificant.

The carrying amount of trade and other receivables are denominated in the following currencies.

	31.12.2017	31.12.2016
PLN	84,160	586,327
USD	2,087,783	518,813
EUR	55,703,623	49,809,005
Total	**57,875,566**	**50,914,145**

30. Cash and cash equivalents

All cash and cash equivalents are at the Group’s free disposal.

	31.12.2017	31.12.2016
Cash in hand	11,677	10,099
Cash at banks	37,611,222	27,932,364
Time deposits	-	24,564
Total	**37,622,899**	**27,967,027**

The Group’s bank deposits as at December 31, 2017 and 2016, do not include any restricted balances. Cash and cash equivalents are categorized in level 1 within the fair value hierarchy. The Group had as at December 31, 2017 an undrawn revolving credit facitliy of € 50 million.

31. Share capital and other reserves

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Balance January 1, 2016	**32,181,967**	**288,829,719**	**-**	**17,611,024**	**266,288**	**338,888,998**	**366,071**	**339,255,070**
Profit for the year	-	-	-	10,362,231	-	**10,362,231**	(284,703)	**10,077,528**
Other comprehensive income	-	-	-	(297,445)	(1,171,809)	**(1,469,254)**	-	**(1,469,254)**
Total comprehensive income	**-**	**-**	**-**	**10,064,786**	**(1,171,809)**	**8,892,977**	**(284,703)**	**8,608,275**
Profit distribution (note 39)	-	-	-	(1,394,053)	-	**(1,394,053)**	-	**(1,394,053)**
Transfer from retained earnings to other reserves	-	-	5,459,618	(5,459,618)	-	**-**	-	**-**
Balance December 31, 2016	**32,181,967**	**288,829,719**	**5,459,618**	**20,822,139**	**- 905,521**	**346,387,922**	**81,369**	**346,469,292**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Balance January 1, 2017	**32,181,967**	**288,829,719**	**5,459,618**	**20,822,139**	**(905,521)**	**346,387,922**	**81,369**	**346,469,291**
Profit for the year	-	-	-	16,986,083	-	**16,986,083**	(73,535)	**16,912,548**
Other comprehensive income	-	-	-	(18,397)	(473,745)	**(492,143)**	-	**(492,143)**
Total comprehensive income	**-**	**-**	**-**	**16,967,686**	**(473,745)**	**16,493,941**	**(73,535)**	**16,420,406**
Share Capital Increase	**-**	627,986	-	-	-	**627,986**	-	**627,986**
Share Capital Decrease	-	(18,000,000)	-	-	-	**(18,000,000)**	-	**(18,000,000)**
Profit distribution (note 39)	-	-	-	(1,444,290)	-	**(1,444,290)**	-	**(1,444,290)**
Taxes directly attributable to equity	-	-	-	5,335	-	**5,335**	-	**5,335**
Transfer from retained earnings to other reserves	-	-	713,643	(713,643)	-	**-**	-	**-**
Balance December 31, 2017	**32,181,967**	**271,457,706**	**6,173,261**	**35,637,227**	**(1,379,266)**	**344,070,894**	**7,834**	**344,078,729**

Share capital

The authorised share capital of Pharmathen Global Holding B.V. of EUR 32,181,967 is divided into 32,181,967 ordinary shares with a par value of EUR 1 each. In August 2017 there was a contribution in kind by Pharmathen Holding 4 Ltd. to the share capital increase of Pharmathen Holding BV, where the former contributed the investment of Pharmathen Global BV to Pharmathen Holding BV in exchange for an issue of new shares. The amount of contribution was €321.639.673 out of which €32,181,967 was the share capital.

Share premium

The share premium reserve comprises the excess received on shares issued above their nominal value. In August 2017 there was a contribution in kind by Pharmathen Holding 4 Ltd. To the share capital increase of Pharmathen Holding BV, where the former contributed the investment of Pharmathen Global BV to Pharmathen Holding BV in exchange for an issue of new shares. The amount of contribution was €321.639.673 out of which €289.457.706 was the share premium.

In August 2017 there was a share capital decrease of 18 million Euro which reduced the share premium.

Other reserves

Other reserves consists mainly of the statutory reserve and the special reserves formed by the Greek subsidiaries Pharmathen SA and Pharmathen International which are analysed as per below.

Statutory Reserve

Under Greek Corporate Law 2190/1920, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such a reserve equals one third of the outstanding share capital and then this transfer becomes optional. The reserve cannot be distributed during the corporation's existence. The amount of statutory reserve as at December 31, 2017 amounted to €5,439,593.89 (2016: €4,985,244) for the Group.

Special Reserve

According to corporate tax law 3842 companies that have patents in specific drugs in two countries of the OECD (Organisation for Economic Co-operation and Development, e.g Greece and one more) shall be provided with a subtraction from the taxable profit. The subtracted amount is calculated according to profit arising from sales of these particular drugs. This tax benefit exists for the first three years from the giving patent of drugs. The amount of this reserve for the group as at December 31, 2016, amounted to €9.291.257, 36 (2016: €9,229,237).

Other Components of Equity

In the other Components of Equity is included the effect from the translation of the net assets of the Companies of the Group which operate in different currency than euro. Foreign operations with a different currency than the reporting entity are translated into the presentation currency of the reporting entity. The resulting foreign currency translations differences on the net investment in such operations are included in a reserve.

32. Interest – bearing loans and borrowings

By the end of July 2017, in line with its strategic plan, the Group Management had also completed a realignment of its capital structure with the participation of international financial institutions as well as Greek Banks as follows:

	31.12.2017	31.12.2016
ST Interest - bearing loans and borrowings	-	26,353,333
LT Interest - bearing loans and borrowings	162,749,955	47,069,393
Total	**162,749,955**	**73,422,726**

Summary of long – term loans

	Contract value	Maturity Date	31.12.2017	31.12.2016
Bondholders				
Bank of Ireland			20,000,000	-
EAF comPlan II private Debt			1,275,000	-
Mizuho Bank			10,750,000	-
Natixis			4,750,000	-
HSBC			4,500,000	-
Partners Group			56,225,000	-
RBC Europe Limited			12,250,000	-
Royal Bank of Scotland			10,250,000	-
Less: Bonds' Capitalized transaction costs			(5,371,325)	-
Bonds Net Balance			**114,628,675**	**-**
Greek Banks and EIB	**Contract value**	**Maturity Date**		
Piraeus Bank	-	02/08/2023	40,000,000	-
Eurobank Ergasias	-	02/08/2023	10,000,000	-
Alpha Bank (Emporiki Bank)	4,000,000	12/07/2018	-	2,400,000
Alpha Bank	3,000,000	31/07/2019	-	2,200,000
Piraeus Bank	6,500,000	24/12/2017	-	5,375,000
Eurobank Ergasias	7,500,000	31/12/2018	-	3,800,000
National Bank of Greece	2,700,000	19/06/2017	-	2,700,000
Eurobank Ergasias (Proton Bank)	3,000,000	31/05/2018	-	3,000,000
National Bank of Greece	-	31/07/2018	-	3,705,256
European Investment Bank	25,000,000	18/02/2020	-	23,750,000
Banks' Capitalized transaction costs			(2,007,318)	-
Amortized transaction costs			128,598	139,137
Banks Net Balance			**48,121,280**	**47,069,393**
Total LT interest - bearing loans and borrowings			**162,749,955**	**47,069,393**

The above summary at December 31, 2016 includes the short term part of the loans of EUR 16,733, 256 which is shown as part of ST Interest – bearing loans and borrowings in the consolidated statement of Financial Position.

Summary of short – term loans

	31.12.2017	31.12.2016
Greek Banks		
Alpha Bank	-	1,762,000
Piraeus Bank	-	11,500,000
Eurobank Ergasias	-	2,000,000
National Bank of Greece	-	10,800,000
Promisory notes	-	291,333
Total short - term loans	**-**	**26,353,333**

The maturity of long – term borrowings is as follows:

	31.12.2017	31.12.2016
Between 1 and 2 years	1,000,000	13,970,693
Between 3 and 5 years	161,749,955	16,365,444
Total	**162,749,955**	**30,336,137**

The capital structure of the Group consists of:

- An International Credit Facility of € 170m to the Company with International financial institutions analysed as follows: i) A funded syndicated loan of € 120m, with a bullet payment after 6 years ii) An unfunded Revolving Credit Facility of €50m which as at December 31, 2017 was unused.
- Two Greek Bond Loans lent to Pharmathen SA and Pharmathen International SA of total €50m, with a 6-year maturity and a 30% amortization schedule.

It is noted that although the terms of the two Greek Bond Loans mirror those agreed under the IFA, they additionally allow for a different amortization schedule over the life of the Bond Loans and a lower margin (4.25% for the IFA and 3.75% for the Greek Bond Loans).

Guarantees have been granted by each material Company in accordance with the agreed security principles and an Intercreditor agreement has been in place to provide for:

- the principal claims under the International Facility Agreement be ranked pari passu with the principal claims under the Greek Bond Loan Documentation.
- security granted under the International Facility Agreement be ranked pari passu with security granted under the Greek Bond Loan Documentation.

- the voting arrangements across the International Facility Agreement and Greek Bond Loan Documentation.

Guarantees mainly include:

- Pledge on the shares of the Greek and Dutch entities
- Pledge on cash bank accounts
- Floating charges on trade receivables and inventory
- Fixed charges on tangible assets

The key covenants that underline both the IFA and Greek Bond Loans mainly relate to:

- Financial Covenant: Adjusted leverage ratio with a first testing period on July 31, 2018 and quarterly onwards.
- Cash management: The Obligors (being the Company, Pharmathen Global BV, Pharmathen SA, Pharmathen International SA and Pharmathen UK Ltd.) will use reasonable endeavors to ensure to the fullest extent practicable and in accordance with applicable law and regulation that they their cash in bank accounts outside of Greece
- Material contracts: Pharmathen Holding Global BV shall use reasonable endeavors to ensure that at all times that it has legal and beneficial ownership of customer's contracts that represent at least 80% of international B2B revenue and 70% of total Group B2B revenue respectively.

33. Provision for staff retirement indemnities

Provision for staff retirement indemnities concerns the Greek subsidiaries Pharmathen SA and Pharmathen International. Under Greek labour law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to employees or workers compensation, length of service and manner of termination (dismissed or retired). Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. The local practice in Greece is that pension plans are not funded. In accordance with this practice the Group does not fund these plans. The Company and Group charge operations for benefits earned in each period with a corresponding increase in pension liability. Benefits payment made each period to retirees are charged against this liability.

Benefit liability	**31.12.2017**	**31.12.2016**
Present value of unfunded obligations	1,898,097	1,755,374
Unrecognised actuarial gain/(Loss)	-	35,260
Net Liability in Statement of Financial Position	**1,898,097**	**1,790,634**

Income Statement	**31.12.2017**	**31.12.2016**
Service cost	55,795	(106,808)
Interest cost	25,398	23,999
Past years service cost	-	237,562
Total charge to operations	**81,192**	**154,753**

Reconciliation of benefit obligation	**31.12.2017**	**31.12.2016**
Present Value of benefit obligation at the start of the period	1,790,634	1,951,566
Transfer to discontinued operations	-	(599,182)
Service cost	247,870	236,064
Interest cost	25,398	23,999
Past years' service cost	-	237,562
(Movement)/absorption of staff	7,873	713
Actuarial changes arising from changes in financial assumptions	47,640	53,855
Experience adjustments	(29,242)	228,930
Benefits paid	(192,076)	(342,873)
Present Value of benefit obligation at the end of the period	**1,898,097**	**1,790,634**

The principal assumptions that have been used are as follows:

Principal Assumptions:	**31.12.2017**	**31.12.2016**
Discount Rate:	1.60%	1.85%
Rate of compensation increase:	0%	0%
Increase in consumer price index:	2%	2%

A quantitative sensitivity analysis as at December 31, 2017 and December 31, 2016 is as shown below:

	31.12.2017	**31.12.2016**
Present Value of benefit obligation at the end of the period	1,898,097	1,790,634
Discount rate 0,5% increase	1,804,873	1,703,884
Discount rate 0,5% decrease	2,000,022	1,885,465
Future salaries increase 0,5%	1,989,326	1,877,458
Future dismissals 0,5% increase	2,149,340	2,037,336
Future dismissals 0,5% decrease	1,626,720	1,524,411

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The defined benefit obligation is in line with the expected development of contribution which is expected to increase as the length of service of employees is expected to increase.

34. Deferred income taxes

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	31.12.2017	31.12.2016
Opening balance	(53,908,337)	(49,818,206)
Tax (expense) / income	(3,539,825)	(3,968,638)
Tax recognized in equity	5,335	(121,492)
Transferred to discontinued operations	(890,301)	-
Closing balance, December 31	**(58,333,127)**	**(53,908,337)**
Closing balance of Discontinuing operations (note 21)	-	(887,485)
Closing balance of Continued operations	**(58,333,127)**	**(54,795,822)**

	01.01.2016	Recognised in Other Comprehensive Income	Recognised in Profit and Loss	31.12.2016
Revaluations of land and buildings to fair value	(1,144,671)	-	-	(1,144,671)
Decelerated depreciation	(40,776,153)	-	(1,598,990)	(42,375,142)
Derecognition of intangible assets	742,041	-	(450,578)	291,463
Impairment of receivables	892,004	-	15,445	907,449
Provision for staff Indemnities	460,351	(121,492)	273,859	612,718
Provision for bad debts	1,042,874	-	343,072	1,385,946
Provision for obsolete inventory	161,393	-	82,978	244,372
Reversal of tax land revaluation	33,693	-	-	33,693
Difference in amortised cost	9,835	-	21,052	30,886
Deferred tax arising on development expenses	(11,358,754)	-	(3,299,159)	(14,657,913)
Provision for Price Reconciliation	-	-	640,519	640,519
Other	119,181	-	3,165	122,346
Total	**(49,818,206)**	**(121,492)**	**(3,968,638)**	**(53,908,335)**

The deferred tax amount of decelerated deprecation relates to the taxable temporary differences arising from different depreciation rates between accounting base and tax base on tangible and intangible assets. These temporary differences have arisen to a large extent as a result of the carrying values related to the purchase accounting applied when the investment vehicle of Funds advised by BC Partners to acquire an effective interest of 80% in the share capital of Pharmathen SA in August 2015.

	01.01.2017	Recognised in Other Comprehensive Income	Recognised in Profit and Loss	31.12.2017
Revaluations of land and buildings to fair value	(1,144,671)	-	30,147	(1,114,524)
Decelerated depreciation	(42,375,142)	-	(3,603,559)	(45,978,702)
Derecognition of intangible assets	291,463	-	(105,436)	186,026
Impairment of receivables	907,449	-	-	907,449
Provision for staff Indemnities	612,718	5,335	32,387	650,440
Provision for bad debts	1,385,946	-	852,771	2,238,718
Provision for obsolete inventory	244,372	-	88,942	333,314
Reversal of tax land revaluation	33,693	-	-	33,693
Deferred tax arising on tax carrying forward losses	-	-	1,003,905	1,003,905
Difference in amortised cost	30,886	-	(32,310)	(1,424)
Deferred tax arising on development expenses	(14,657,913)	-	(2,899,235)	(17,557,148)
Provision for Price Reconciliation	640,519	-	1,227,040	1,867,558
Other	122,346	-	(134,476)	(12,131)
Transferred to discontinued operations	-	-	-	(890,302)
Total	**(53,908,335)**	**5,335**	**(3,539,825)**	**(58,333,127)**

35. Trade and other payables

	31.12.2017	31.12.2016
Trade payables	36,058,172	23,828,724
Post dated cheques payable	111,479	77,318
Total	**36,169,650**	**23,906,042**

Trade payables are non-interest bearing and are normally settled on approximately 85-day terms.
Bank notes payable and post-date cheques payable are non-interest bearing and have an average term of 90-days.

36. Accrued and other current liabilities

	31.12.2017	31.12.2016
Staff payments due	3,067	-
Sundry creditors	145,574	147,559
Sales and other taxes due	1,132,892	933,391
Finance costs accrued	4,171,677	655,586
Accrual for price reconciliations	10,000,994	7,854,585
Accruals	4,048,309	2,774,567
Deferred Consideration	-	82,962,678
Other current liabilities	1,451,206	1,167,216
Total	**20,953,718**	**96,495,582**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

Deferred consideration relates to the outstanding balance of contingent consideration (including accrued interest).

Interest is charged on contingent consideration at 7% per annum, rising to 15% per annum on the 'Step up date', being February 28, 2017.

In the context of the Group Refinancing in August 2017, the total outstanding balance of the deferred consideration (incl. accrued interest) of €89.5m was paid off. The payment was financed by cash available and proceeds from the IFA loan.

37. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	31.12.2017	**31.12.2016**
Non current assets	1,480,811	325,117
Financial assets at amortized cost		
Trade accounts receivable	39,832,547	24,113,589
Other receivables	18,433,882	27,018,650
Total:	**59,747,241**	**51,457,356**

The tables above include amounts for both Continued and Discontinued operations.

38. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	31.12.2017	**31.12.2016**
Financial liabilities at fair value through profit and loss	20,599	-
Other financial liabilities at amortized cost		
Trade payables	36,250,898	23,304,761
Accrued and other current liabilities	17,528,249	96,032,889
Total	**53,779,147**	**119,337,650**

The tables above include amounts for both Continued and Discontinued operations.

39. Profit distribution

The proposal of Profit distribution in Pharmathen SA to employees for 2018 will be decided at the annual general meeting of the Board of Directors. Please find below table referring to profit distribution paid by the Group in the prior years.

Financial year:	**2017**	**2016**	**2015**
Profit distribution:	1,444,290	1,394,053	1,786,062

40. Contingencies and commitments

For corporate income tax purposes, Pharmathen Global B.V and Pharmathen Global Holding BV are a fiscal unity as of 1 January 2018. Pursuant to the collection corporate income tax, the Group and its Group are both severally and jointly liable for the tax payable by the combination.

Commitments	**Within 1 year**	**2 to 5 years**	**More than 5 years**	**Total**
Cars	252,198	758,843	5,685	**1,016,727**
Buildings	1,029,462	3,806,204	2,363,960	**7,199,626**
Total	**1,281,661**	**4,565,047**	**2,369,645**	**8,216,353**

Unaudited tax years for the Group as at December 31, 2017 are analysed as follows:

Company	**Unaudited Financial Periods**
Pharmathen International	2010

The Group has no other contingent liabilities as at December 31, 2017, while guarantees relate to public sector utilities used by the group for the amount of € 112,978 and € 212,139 for rental agreements. In addition to these, the Group has issued letters of guarantee for an amount of approximately € 13,2 million million approximately out of which € 8.6 million concerns a letter of guarantee regarding the exemption from withholding tax for intra-group payments and the remaining amount relates to bank guarantees provided to customs for importation of ethyl alcohol. For 2016 the Group had issued letter of guarantees of € 2.8 million.

The Group has undertaken the following commitments for future payments under operating leases:

Commitments	**Within 1 year**	**2 to 5 years**	**More than 5 years**	**Total**
Cars	252.198 €	758.843 €	5.685 €	**1.016.727 €**
Buildings	1.029.462 €	3.806.204 €	2.363.960 €	**7.199.626 €**
Total:	**1.281.661 €**	**4.565.047 €**	**2.369.645 €**	**8.216.353 €**

41. Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Group are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end will be settled in cash. For the period ended December 31, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following transactions were carried out with related parties during the period:

- 'Key management compensation (refer to note 23).
- Intercompany sales and purchases with group companies that have been eliminated on consolidation are as follows:

	2017								
	Sales								
	Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Pharmathen Holding BV	-	-	-	-	-	-	-	-	**-**
Pharmathen Global BV	-	-	20.559.383	-	-	138.791	-	-	**20.698.174**
Pharmathen S.A	-	1.628.091	-	29.117.373	935.731	1.761.838	1.461.722	1.126	**34.905.882**
Pharmathen International S.A	-	-	70.331	-	-	-	-	-	**70.331**
Adventus India	-	-	-	-	-	-	-	-	**-**
Pharmathen UK	-	-	-	-	-	-	-	-	**-**
Pharmathen Hellas (up to disposal date)	-	-	2.364.127	-	-	-	-	-	**2.364.127**
Libytec (up to disposal date)	-	-	51.762	-	-	-	8.469	-	**60.231**
Total		**1.628.091**	**23.045.603**	**29.117.373**	**935.731**	**1.900.630**	**1.470.192**	**1.126**	**58.098.746**

	2016								
	Sales								
	Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Pharmathen Holding BV	-	-	-	-	-	-	-	-	**-**
Pharmathen Global BV	-	-	-	-	-	-	-	-	**-**
Pharmathen S.A	-	-	-	45.099.994	2.228.778	2.253.233	1.383.676	13.884	**50.979.565**
Pharmathen International S.A	-	-	5.972.059	-	-	-	-	-	**5.972.059**
Adventus India	-	-	-	-	-	-	-	-	**-**
Pharmathen UK	-	-	-	-	-	-	-	-	**-**
Pharmathen Hellas	-	-	14.628.527	-	-	-	-	108.789	**14.737.316**
Libytec	-	-	317.478	-	-	-	59.476	-	**376.954**
Total		**-**	**20.918.064**	**45.099.994**	**2.228.778**	**2.253.233**	**1.443.152**	**122.673**	**72.065.894**

- Intercompany trade payables and trade receivables between group companies that have been eliminated on consolidation are as follows:

Receivables / (Payables)	31.12.2017								
	Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Pharmathen Global BV	-	-	13,630,907	(123,031)	-	-	-	-	**13,507,876**
Pharmathen S.A	-	(13,630,907)	-	10,104,635	914,959	-	-	-	**(2,611,312)**
Pharmathen International S.A	-	123,031	(10,104,635)	-	15,567	-	-	-	**(9,966,037)**
Adventus India	-	-	(914,595)	(15,932)	-	-	-	-	**(930,527)**
Total		**(13,507,876)**	**2,611,677**	**9,965,672**	**930,526**	**-**	**-**	**-**	**-**

Receivables / (Payables)	31.12.2016								
	Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Pharmathen S.A	-	-	-	(717,449)	760,336	-	(4,291,466)	(721,307)	**(4,969,886)**
Pharmathen International S.A	-	-	717,449	-	-	-	(44,055)	-	**673,394**
Adventus India	-	-	(760,336)	-	-	-	-	-	**(760,336)**
Pharmathen Hellas	-	-	4,291,466	44,055	-	-	-	(42,262)	**4,293,259**
Libytec	-	-	721,307	-	-	-	42,262	-	**763,569**
Total	**-**	**-**	**4,969,886**	**(673,394)**	**760,336**	**-**	**(4,293,259)**	**(763,569)**	**-**

- Other sales and purchases to related parties not eliminated on consolidation are as follows: Separate template with sales/purchases to PHT Hellas/Hellas Cyprus/Holding1-4, Global Ltd for the period after disposal

		2017 Sales								
		Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	Pharmathen International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Purchases	Pharmathen Holding BV	-	-	-	-	-	-	-	-	-
	Pharmathen Global BV	-	-	-	-	-	-	-	-	-
	Pharmathen S.A	-	-	-	-	-	-	1.446.762	-	**1.446.762**
	Pharmathen International S.A	-	-	-	-	-	-	-	-	-
	Adventus India	-	-	-	-	-	-	-	-	-
	Pharmathen UK	-	-	-	-	-	-	-	-	-
	Pharmathen Hellas (after disposal date)	-	-	9.974.159	-	-	-	-	-	**9.974.159**
	Libytec (up to disposal date)	-	-	-	-	-	-	-	-	-
		-	**-**	**9.974.159**	**-**	**-**	**-**	**1.446.762**	**-**	**11.420.921**

- Other trade payables and trade receivables between related parties not eliminated on consolidation are as follows:

For December 31, 2017 the trade receivable of the Group from PHT Hellas after disposal date amounted to € 1,737,338.

Pharmathen Holding 4 Ltd. & Pharmathen Global Ltd.:

Both are UK based holding entities, part of the investment structure that was set up and used as an investment vehicle by Funds advised by BC Partners to acquire an effective interest of 80% in the share capital of Pharmathen SA in August 2015. Following the Group reorganization in June 2017, the Group Management Board has decided to strike off Pharmathen Global Ltd. Within the first half of 2018.

Pharmathen Global BV:

In the context of the New Operating Model adopted by the Pharmathen Group in August 2017, Pharmathen Global BV became the B2B sales and marketing and business development hub of Pharmathen Group for international B2B customers. The Company is also leading all the strategic decision making of the Group with respect to Research and Development of new products, commercial terms and policies and Group investing and financing.

The Company engages with Pharmathen SA for:

a. the supply of products and R&D services as well as
b. the provision of administration services.

The Company also engages with Pharmathen UK Ltd. For the provision of sales support services. In the context of its marketing and distribution operations, the Company rents a third party logistics warehouse in Maarssen, Netherlands.

The headquarters of the Company are located in Amstelveen, at Van Heuven Goedhartlaan 9 and its total number of employees as of December 31, 2017 stood at 5 people.

Pharmathen SA:

Founded in 1969 by Nicolaos Katsos, It has become a leading European complex Generics Company with a R&D focused and a vertically integrated B2B model.

Its business portfolio is well diversified by geography, customer and technology

Following the adoption of the New Operating Model, Pharmathen SA has been gradually assigning its commercial contracts with international B2B customers to Pharmathen Global BV. Pharmathen SA continues to hold all the IP rights of existing and new products and provide R&D services under instructions from the Pharmathen Global BV.

Its business activities also include:

- Manufacturing of products at the Pallini, Athens plant

- Selling products to Pharmathen Global BV as well as Greek B2B market and small size international B2B customers

- ❖ Provision of back office services under Service Level Agreement to the Pharmathen Global BV (customer services, QA, QC, regulatory, accounting, reporting, legal, IT, HR etc.)

Pharmathen International SA:

It owns and operates production facilities in Sapes, Northern Greece. It manufactures products for Pharmathen SA under a CMO contract. In October 2017, the production lines of the plant for solid form (tablets & capsules) and injectable medicines, passed the US Food and Drug Administration (FDA) inspection.

Pharmathen UK Ltd.:

It is a UK based entity that mainly employs the sales and business development staff supporting the international B2B business of the Group. It offers sales support services to Pharmathen Global BV and Pharmathen SA with respect to international B2B customers.

Adventus India:

It is an India based entity offering R&D services to Pharmathen SA. Group management has decided in 2018 to dispose the operations of Adventus India (either by selling its shares as a going concern or by shutting down the operations). Adventus India is included in discontinued operations

The headquarters of the company are located in Vadodara, India.

Pharmathen Hellas S.A. (Incorporated in Greece)

It used to be the trading arm of Pharmathen SA and a Group subsidiary till the first quarter of 2017.

In the context of the Group Restructuring and Refinancing that took place during 2017, the following transactions have been carried out with a) the Group entities and so were eliminated on a consolidation basis b) with other related parties:

- Shares of Pharmathen Hellas SA were sold from Pharmathen Investments Group (a subsidiary of Pharmathen SA) to Pharmathen Hellas Cyprus, a newly established Cypriot Holding company, 100% owned by Pharmathen Holding 4 Ltd at a consideration of € 13.7m. The receivable was settled with funds raised at the Group Refinancing
- B2C marketing authorizations were sold from Pharmathen SA to Pharmathen Hellas SA, at a consideration of € 4.3 million. The receivable was settled with funds raised at the Group Refinancing
- Net assets of estimated fair value of € 321 million were transferred from Pharmathen Global Ltd to Pharmathen Global BV in exchange of an issue of new shares in the latter. Net assets mainly included the shares of Pharmathen SA (€ 409 million) and the deferred consideration to the Vendor (€ 87.5m).

- Pharmathen Holding 4 Ltd. transferred its shares in Pharmathen Global BV (these were acquired by Pharmathen Global Ltd. at € 321 million to Pharmathen Holding BV in exchange for an issue of new shares (€ 321 m).
- Pharmathen SA assigned certain third party trade receivables to Pharmathen Global BV at a nominal value of € 9.5m under a non-recourse factoring agreement. Relevant fees charged to Pharmathen SA for the period ended December 31, 2017 amounted to € 75k.
- Pharmathen Global BV made a return of capital to Pharmathen Holding BV of € 18.5m, which in turn made a return of capital to Pharmathen Holding 4 Ltd. of € 18m.
- Pharmathen SA undertook a share capital reduction of € 6.5m.
- Pharmathen SA paid a dividend to Pharmathen Global BV of € 48.3m
- Pharmathen SA issued an intragroup bond loan of € 55.9m to Pharmathen Global BV (€ 55.4M) and Pharmathen Holding Global BV (€ 0.5m). Interest costs for the period ended December 31, 2017 amounted to € 938k and € 9.2k respectively

42. Events after the reporting period

Following the decisions of the Board of Directors on the Management's proposals in relation to the structured plan for the Group activities, the following events took place during the first quarter of 2018:

• Sale of the shares of Pharmathen Hellas SA to third-party investors
• Reorganize the activities of Pharmathen UK's subsidiary, transferring its activities to a newly established UK based company and a shareholder of Pharmathen Global BV.
• Decision to discontinue the activity of the subsidiary "Adventus India" by liquidating the company's assets.

Except the above, the directors are not aware of any material event which occurred after the reporting date and up to the date of signature of this report.

Company statement of Profit and Loss for the period ended December 31, 2017

	Notes	27-04-2017 to 31-12-2017
Administrative expenses		(100,000)
Operating loss		**(100,000)**
Financial income		9,244
Financial expenses		(36,339)
Loss before income taxes		**(127,095)**
Loss for the period		**(127,095)**

Company statement of Other Comprehensive Income for the period ended December 31, 2017

	27-04-2017 to 31-12-2017
(Loss) for the year	**(127.095)**
Net other comprehensive (loss) to be reclassified to profit or loss in subsequent periods:	-
Net other comprehensive (loss) not to be reclassified to profit or loss in subsequent periods:	-
Other comprehensive (loss) for the year, net of tax	-
Total comprehensive (loss) for the year, net of tax	**(127.095)**
Attributable to:	
Equity holders of the parent	**(127.095)**

Company statement of Financial Position for the period ended December 31, 2017

	Notes	31.12.2017
<u>ASSETS</u>		
Non-current assets		
Investments in subsidiaries	6	303,119,673
Long term Intragroup Loans Receivable	7	500,000
Total non-current assets		**303,619,673**
Current assets		
Other receivables		9,244
Cash and cash equivalents	8	19,828
		29,071
TOTAL ASSETS		**303,648,744**
<u>EQUITY & LIABILITIES</u>		
Equity attributable to shareholders of the Company		
Issued capital	9	32,181,967
Share premium	9	271,457,706
Retained earnings	9	(127,095)
Equity attributable to the equity holders of the parent		**303,512,578**
Total equity		**303,512,578**
Current liabilities		
Accrued and other current liabilities	10	136,167
TOTAL LIABILITIES		**136,167**
TOTAL EQUITY AND LIABILITIES		**303,648,744**

Company statement of Cash Flows for the period ended December 31, 2017

	31.12.2017
Operating activities	
Profit before income taxes	**(127.095)**
Non - cash adjustments to reconcile profit before tax to net cash flows:	
Finance income	(9.244)
Finance costs	36.339
Operating profit before working capital changes	**(100.000)**
Increase/(Decrease) in:	
Trade and other accounts payable	100.000
Net cash flows from operating activities	-
Investing Activities	
Share capital decrease of subsidiary (Global BV)	18.500.000
Net cash flows used in investing activities	**18.500.000**
Financing activities	
Proceeds from borrowings from (loans provided to) Intra Group parties	(500.000)
Payment of finance costs	(173)
(Decrease) of share capital	(18.000.000)
Issue of shares	20.000
Net cash flows from/(used in) financing activities	**(18.480.173)**
Net increase / (decrease) in cash and cash equivalents	**19.827**
Opening Cash and cash equivalents balance:	-
Closing Cash and cash equivalents balance:	**19.827**

NOTES TO THE CORPORATE FINANCIAL STATEMENTS

1. General Information

The company financial statements are part of the financial statements of Pharmathen Global Holding B.V. (hereafter: the company).

These are the company's first standalone financial statements. The first financial year covers the period April 27, 2017 to December 31, 2017. Subsequent years cover the period January 1 to December 31.

All amounts in the notes to the financial statements are stated in Euros, unless otherwise stated

Principles for the measurement of assets and liabilities and the determination of the result

The company financial statements of Pharmathen Global Holding B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union. In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Pharmathen Global Holding B.V. should be read in conjunction with the consolidated financial statements.

2. Summary of significant accounting policies

Investments in subsidiaries

Financial fixed assets refer to investments in consolidated subsidiaries. Investments in consolidated subsidiaries are entities over which the company has control, i.e. the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

Investments in consolidated subsidiaries are measured at cost.

Profit distribution

Profit distribution is recognized when the Company's right to receive payments is established, which is generally when the shareholders approve the dividends.

Investments in subsidiaries

The carrying value of investments is tested for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Whenever a carrying value of an investment exceeds its recoverable amount of an impairment loss is recognised in the income statement. The recoverable amount is measured as the higher or fair value less cost to sell and the value in use of the investment. Fair value less cost to sell is the price that would be received to sell the investment in an orderly transaction between market participants, after deducting any direct incremental costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use the investment.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make assumptions, estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. On an ongoing basis management evaluates its estimates including those related to impairment of property, plant and equipment, impairment of intangible assets, useful lives of depreciable assets, deferred income tax assets, development costs, provision for income taxes, provision for doubtful debts, provision for staff retirement indemnities, provision for inventories and price reconciliations. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of subsidiaries carried at cost

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset.

3. Audit fees

For more detailed information about the audit fees, reference is made to Audit fees in the consolidated financial statements.

4. Average number of employees

During the year 2017, the average number of employees calculated on a full – time equivalent basis was nil.

5. Directors' remuneration

During the year the company paid no directors' remuneration.

6. Investment in subsidiary

Name of the Company	**Country of incorporation**	**% holding 2017**	**Carrying amount 2017**
Pharmathen Global BV	Netherlands	100%	303,119,673

At 27 April	**Investment in subsidiary**
Investment in subsidiary	-
Movements in book value 2017	
Investment in Pharmathen Global B.V.	303,119,673
At 31 December 2017	
Investment in subsidiary	303,119,673

Pharmathen Global BV, on their turn, have investments in the following companies:

Company Name	Principal place of business	% of direct & indirect interest	Shareholders' equity according to the latest adopted financial statements:	Profit or loss for the year according to the latest adopted financial statements:
Pharmathen SA	Greece	100.00%	63.092.926 €	13,693,483 €
Pharmathen International SA	Greece	99.99%	32.586.070 €	-1.072.515 €
Pharmathen Development Ltd	Cyprus	99,50%	14.500.981 €	-7.464 €
Pharmathen Investments Group Ltd	Cyprus	100%	-2.979 €	-1.269.735 €
Adventus India Ltd	India	100%	1.404.608 €	130.312 €
Pharmathen UK Ltd	UK	100%	13.670.894 €	1.095.505 €

For transactions between entities under common control please refer to Note 3 Basis of Consolidation in the Consolidated Financial Statements of Holding BV.

7. Loan receivable from group companies

	31.12.2017
Long - term inter - group loans receivable	500,000
Interest Receivable on inter - group loans receivable	9,244
Total	**509,244**

Of which

Current (< 1 year)

Non current (> 1 year)

Non - current assets	500,000
Current assets	9,244
	509,244

All inter-group receivables, with exemption of an amount of EUR 500,000, fall due in less than one year. The fair value approximates the book value.

8. Cash and cash equivalents

All cash and cash equivalents are at the company's free disposal.

	31.12.2017
Cash at banks	19,828
Total	**19,828**

9. Equity

Share capital

The authorised share capital of Pharmathen Global Holding B.V. of EUR 32,181,967 is divided into 32,181,967 ordinary shares, fully paid-up, with a par value of EUR 1 each.

Share premium

The share premium reserve comprises the excess received on shares issued above their nominal value.

The movements in the shareholders' equity are as follows:

	Share Capital	Share Premium	Retained Earnings	Total	Total Equity
Balance April 27, 2017	-	-	-	-	-
Loss for the period	-	-	(127,095)	**(127,095)**	**(127,095)**
Incorporation of Global BV and Holding BV to the Group	32,181,967	289,457,706	-	**321,639,673**	**321,639,673**
Share Capital Decrease	-	(18,000,000)	-	**(18,000,000)**	**(18,000,000)**
Balance December 31, 2017	**32,181,967**	**271,457,706**	**(127,095)**	**303,512,578**	**303,512,578**

The difference between equity in the consolidated statement of financial position and the corporate statement of financial position is presented below:

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Equity in the Corporate financial statement of Global B.V	**32,181,967**	**271,457,706**	**-**	**(127,095)**	**-**	**303,512,578**	**-**	**303,512,578**
Post acquisition Group Earnings	-	-	-	44,775,926	(1,379,266)	**43,396,661**	7,834	**43,404,495**
Transfer to Other Reserves	-	-	6,173,261	(6,173,261)	-	**-**	-	**-**
Post acquisition dividends paid	-	-	-	(2,838,343)	-	**(2,838,343)**	-	**(2,838,343)**
Equity in the Consolidated financial statement of Global B.V	**32,181,967**	**271,457,706**	**6,173,261**	**35,637,227**	**(1,379,266)**	**344,070,895**	**7,834**	**344,078,729**

10. Accrued and other current liabilities

	31.12.2017
Finance costs accrued	36,167
Accruals	100,000
Total	**136,167**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

11. Commitments and contingencies

For corporate income tax purposes, Pharmathen Global B.V and Pharmathen Global Holding BV are a fiscal unity as of 1 January 2018. Pursuant to the collection corporate income tax, the Group and its Group are both severally and jointly liable for the tax payable by the combination.

As at December 31, 2017, the company has fiscal losses to be offset against future profits for corporate tax purposes. The period in which these fiscal losses can be settled with future profitable activities is restricted to 9 years. However, no deferred tax assets claim on that amount is recorded for the sake of prudence.

12. Events after the reporting period

Following the decisions of the Board of Directors on the Management's proposals in relation to the structured plan for the Group activities, the following events took place during the first quarter of 2018:

• Sale of the shares of Pharmathen Hellas SA to third-party investors
• Reorganize the activities of Pharmathen UK's subsidiary, transferring its activities to a newly established UK based company and a shareholder of Pharmathen Global BV.
• Decision to discontinue the activity of the subsidiary "Adventus India" by liquidating the company's assets.

Except the above, the directors are not aware of any material event which occurred after the reporting date and up to the date of signature of this report.

Authorization of the financial statements

Amsterdam, August 24, 2018

Pharmathen Global Holding B.V.

Board of Directors

N. Stathopoulos

M.P. Hersee

S. Ilia

M.H. Kastka

V. Katsos

E. Katsou

Other information

Provisions in the articles of association relating to profit appropriation

The General Meeting shall have the right to appropriate the profits reported in the adopted financial statements and to deciare distributions to the extent that the shareholders' equity exceeds the reserves that must be maintained by law. When calculating the amount which will be paid on each Share, only the mandatory payments on the nominal amount of the Shares are eligible. From the provision as mentioned in the last sentence can be deviated with the consent of all Shareholders. A resolution to make a distribution shall not take effect until it has been approved by the Board. The Board may withhold its approval only if it knows or should reasonably foresee that the Company will not be able to continue paying its due debts after such distribution. No dividend or other moneys payable in respect of a Share shall bear interest against the Company. Any dividend which has remained unclaimed for five years from the date when it became due for payment shall be forfeited.

Independent auditor's report