Pharmathen
Innovation inspired by life

PHARMATHEN S.A.

ANNUAL FINANCIAL REPORT

for FY from January 1 to December 31, 2017

In compliance with
the International Financial Reporting Standards (IFRS)

PHARMATHEN S.A.
East Attica Region
Regional Units Development Department
East Athens Division
G.E.MI. Num.: 6977801000
Headquarters address:
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It is hereby verified that the accompanying annual Financial Statements are those approved for issue by the Board of Director's of "**PHARMATHEN S.A.**" on July 5th, 2018, and posted on the Company's website.

The President of the Board of Directors of

"PHARMATHEN S.A."

Eleni N. Katsou

TABLE OF CONTENT

ANNUAL REPORT OF THE BOARD OF DIRECTORS 4
INDEPENDENT AUDITORS' REPORT 11
Income Statement for FY ended as at December 31, 2017 14
Statement of Other Comprehensive Income for FY ended as at December 31, 2017 15
Statement of Financial Position as at December 31, 2017 16
Statement of Changes in Equity for FY ended as at December 31, 2017 17
Statement of Cash Flows for FY ended as at December 31, 2017 18
1. CORPORATE INFORMATION 19
2. BASIS FOR PRESENTATION OF FINANCIAL STATEMENTS 19
3. KEY ACCOUNTING POLICIES 23
4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS 32
5. PROPERTY, PLANT AND EQUIPMENT 34
6. INTANGIBLE ASSETS 34
7. INVESTMENTS IN SUBSIDIARIES 35
8. OTHER NON - CURRENT ASSETS 37
9. DEFERRED INCOME TAXES 37
10. INVENTORIES 38
11. TRADE AND OTHER ACCOUNTS RECEIVABLE 39
12. CASH AND CASH EQUIVALENTS 40
13. SHARE CAPITAL AND RESERVES 40
14. BORROWINGS 42
15. PROVISION FOR STAFF RETIREMENT INDEMNITIES 45
16. SUPPLIERS 46
17. ACCRUED AND OTHER CURRENT LIABILITIES 47
18. TURNOVER 47
19. OTHER REVENUE 47
20. COST OF SALES 48
21. ADMINISTRATIVE EXPENSES 48
22. DISTRIBUTION EXPENSES 48
23. RESEARCH AND DEVELOPMENT EXPENSES 49
24. FINANCE INCOME/EXPENSES 49
25. INCOME TAX 50
26. RISK MANAGEMENT 50
27. CONTINGENT ASSETS / LIABILITIES 53
28. RELATED PARTIES 53
29. DISCONTINUED OPERATIONS 56
30. POST REPORTING PERIOD EVENTS 56
31. APPROVAL OF FINANCIAL STATEMENTS 57

ANNUAL REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY UNDER THE TITLE "PHARMATHEN S.A." ON CORPORATE FINANCIAL STATEMENTS ON THE EVENTS THAT TOOK PLACE WITHIN FY 1/1/2017 – 31/12/2017

Dear Shareholders,

It's our honor to present for your approval the Management Report of the Board of Directors and the audited Financial Statements of the Company for FY 2017 in accordance with the Law and the Articles of Association of the Company. We are presenting to your attention, in the Report, analytical description of the events that took place in FY 2017 referring to the financial performance and results of the Company, its objectives, prospects and expectations for 2018, as well as the management of the key risks and uncertainties that arise from its operations.

The Financial Statements for the year ended as at 31 December 2017 – pertaining to the period from 01/01/2017 to 31/12/2017 - were prepared in compliance with the accounting principles and policies adopted by the Board of Directors of the Company in accordance with International Financial Reporting Standards (IFRS).

1. General Information

The Company was established in 1969 and mainly operates in research, development and trading of generics pharmaceutical products. In particular, the Company's operations include as follows:

- Research, development and production in the Company's factory in Pallini,
- Sale of products to the parent company in the Netherlands (Pharmathen Global BV) as well as to B2B clients both in Greece and to small size B2B clients abroad,
- Provision of support services to its parent company in the Netherlands (Pharmathen Global BV).

Pharmaten is one of the leading composite generic medicines manufacturers in Europe. The Company remains committed to the vertically integrated Product Research and Development - Investing in Industrial Infrastructure - Internationalization and Development of B2B Sales model. Pharmaten has succeeded in emerging as one of the largest generic pharmaceutical companies in Europe, developing an average of 10 generic products every year and exporting then to more than 85 countries and approximately 300 clients. The Company's exports account for about 80% of its sales and are constantly increasing.

Pharmathen is the parent company of Pharmathen International SA, in which it directly owns through 88.03% and indirectly – through the remaining 11.97% of Pharmathen Investments Group Limited, in which it holds a 100% investment, and Pharmathen Development Limited, in which it also holds a 100% investment. The registered office of the Company is domiciled in Athens, at No. 6 Dervenakion Street, and the number of headcount in 2017 was 560.

2. The Company's Performance

The Company maintains remarkable performance with regard to its financial data. Indicatively, its annual sales growth rate over the past 5 years exceeds 7%, while EBITDA constitutes approximately 28% of sales. The Company's trading portfolio is well dispersed both geographically and technologically. The scope of operations of Pharmathen is characterized by a strong dispersion in drug manufacturing technology and a large number of rapidly growing successful companies (not particularly large in financial figures, for example, with sales below € 50 million), with a highly recognizable client base.

In FY 2017 the Company's turnover amounted to € 176,163,599 versus € 156,460,711 in FY 2016, i.e. recording an increase of € 19,702,888 or of 13%. Gross profit amounted to € 68,421,428 versus € 62,905,397 in the previous year, recording an increase of € 5,516,031 or of 9%. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € 44,371,455 versus 39,917,962 Euro last year and profit after tax amounted to € 13,693,483 versus € 9,148,208 Euro in the previous year.

3. The Company's Financial Position

The financial position of the Company as at 31/12/2017 is satisfactory. As at 31/12/2017, the Equity amounted to € 63.092.926 versus € 105.624.174 in the previous year; the change in Equity is due to the decrease of the Share Capital by € 6.500.000 and the payment of a dividend of € 49.717.980 in favor of its parent company in the context of reorganization and refinancing of the Group, following a relevant decision of the Extraordinary Meeting of the shareholders of the Company. The net book value of Property, Plant and Equipment and Intangible Assets of the Company amounted to € 80,662,374 versus € 74,901,037 in the previous year, while the total short-term liabilities of the Company amounting to € 54,646,247 versus € 70,713,580 in the previous year.

The key financial ratios of the Company for FYs 2017 and 2016 are as follows:

	2017		2016	
(a) Economic Structure				
Indirect - General Liquidity ratio				
Current assets	97.571.575	1,79	106.225.187	1,50
Short-term liabilities	54.646.247		70.713.578	
Property consolidation ratio				
Current assets	97.571.575	0,45	106.225.187	0,49
Total assets	216.846.469		218.684.921	
Non-current assets	119.274.894	0,55	112.459.735	0,51
Total assets	216.846.469		218.684.921	
Loan charge ratio				
Equity	63.092.926	0,41	105.624.174	0,48
Total debt	153.753.543		113.060.746	
Equity	63.092.926	0,29	105.624.174	0,48
Total liabilities	216.846.469		218.684.921	
Total debt	153.753.543	0,71	113.060.746	0,52
Total liabilities	216.846.469		218.684.921	
Fixed asset ratio				
Equity	63.092.926	0,53	105.624.174	0,94
Non current assets	119.274.894		112.459.735	
Assets financing ratio				
Working capital	42.925.328	0,44	35.511.608	0,33
Current assets	97.571.575		106.225.187	
Return on equity ratio				
Net income before tax (from continuing operations)	18.229.929	0,29	12.755.137	0,12
Equity	63.092.926		105.624.174	
Gross profit ratio				
Gross profit (from continuing operations)	68.421.428	0,39	62.905.397	0,40
Turnover	176.163.599		156.460.711	
Other ratios				
Revenue	176.163.599	2,79	156.460.711	1,48
Equity	63.092.926		105.624.174	
Operating results	21.877.564	0,12	17.942.262	0,11
Turnover	176.163.599		156.460.711	

4. Significant Events in 2017

Following the acquisition of BC Partners' majority shareholding on August 31, 2015, the revised strategic structure of the Board of Directors was implemented, whose objective was to bring the Company to a leading position in the B2B sector of complex generic pharmaceuticals. In this context, the Group proceeded with unbundling B2B operations from B2C operations, by establishing the affiliated company Pharmathen Hellas Cyprus Ltd, which in February 2017 acquired the shares of Pharmathen Hellas SA (from Pharmathen Investments Group Ltd, which is a subsidiary of the Company) for a consideration of 13.7 m. Euro. Subsequently, Pharmathen Investments Group Ltd performed an equal decrease in its share capital. In the second half of 2017, the Company assigned its B2C sales to the domestic market (and related drug marketing authorizations) to Pharmathen Hellas SA. Subsequently, after a period of negotiations with various interested investors, Pharmathen Hellas Cyprus Ltd came to an agreement (MOU) in principle to sell the shares of this company to a third party buyer; the sale of the shares was finalized on 14 February 2018.

At the same time, within 2017, the affiliated company Pharmathen Global B.V. was established in Amstelveen, the Netherlands, to which the shares of the Company from Pharmathen Global Ltd were transferred (intragroup) on 30 June 2017. (UK). Subsequently, in the context of financing the development of the Group's operations, in July 2017 the Company proceeded with refinancing its bank borrowings. During this process, the Company borrowed capitals from the Greek banks amounting to € 28.5 million and € 56 million from its new parent company, Pharmathen Global B.V. and repaid debt to the Greek banks amounting to € 65 million.

5. Prospects – Objectives set for 2018

Regarding the course of the Company’s development in 2018, our Company's results are projected to remain at high levels. At the end of 2018, the Company is optimistic to complete the licensing, in Europe and possibly in America, of the first slow release drug it has developed. It also aims to complete the development of other technologies and formulations that are expected to deliver significant future sales through new market shares and client base, as well as continue to deliver high-quality services to its clients. The restructuring of its borrowing within 2017 at favorable interest rates, which was achieved due to its strong financial position and the favorable foreign market conditions, is expected to yield economic benefits that will emerge from 2018 onwards. In 2018 the Company will continue to grow in terms of competitiveness, extroversion and innovation. At the same time, initiatives to improve production methods and reduce production costs will continue. Through these efforts, we expect the sales and profitability of the Company to grow and we hope that the prospects for 2018 will be even better.

6. Real Estate Property Items

The Company has the following self-owned real estate property items:

N/N	ADDRESS	FUNCTION
1	Dervenakion 6, Pallini	Registered office, offices & factory
2	Dervenakion 4, Pallini	Offices
3	Mavrokordatou 3B, Pallini	Offices

All the above real estate property items are free from liens.

The Company maintains the following facilities:

N/N	ADDRESS	FUNCTION	LEASING PERIOD
1	Thesi Pelkouthi	Warehouse	01/01 - 31/12/2017
2	Dervenakion 4, Pallini	Office	01/01 - 31/12/2017
3	21 Marathonos Avenue, Pallini	Facilities	01/01 - 31/12/2017
4	23 Marathonos Avenue, Pallini	Office	01/01 - 31/12/2017
5	Aspropyrgos	Warehouse	01/01 - 31/12/2017
6	Pikermi	Warehouse	01/01 - 31/12/2017
7	44 Kifissias Avenue, Marousi	Branch	01/01 - 31/12/2017
8	Sapes Komotini	Warehouse	01/01 - 31/12/2017

All the above facilities are domiciled in leased real estate items.

Finally, in order to assist in accommodating its foreign collaborators, the Company leases the following residential property:

N/N	ADDRESS	FUNCTION	LEASING PERIOD
1	Messinias 40, Chalandri	Apartment	01/01 - 31/12/2017
2	Iktinou 17, Alexandroupoli	Apartment	01/01 - 31/12/2017

Research and Development

Scientific and Technological Research & Development

In 2017, the Company continued its drug development, which began in the past years, and started developing new generics, applying its previous research and expertise. The development of these products is expected to be completed within the next two or three years. The expenses for the development stage of these projects within FY 2017 amount to € 21,251,838.

The expenses which were incurred at the development stage of the above applications were recorded as separate Intangible Assets, since both - at the beginning of the development stage of every project and to date - all the following criteria set by International Accounting Standard 38 are met:

- The Company has the intention and ability to complete the intangible assets to sell.
- Future economic benefits from creation of these intangible assets will arise following their disposal to other entities. The market research carried out by the Company demonstrates existence of a market for such products.
- The Company has availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Company is able to measure reliably the expenditure attributable to the intangible asset during its development.

7. Staff – Labor issues

Respect for the human being constitutes the key value of the Company in order to create positive and anthropocentric working environment. The organization has a culture of respect for the rights of the employees. The Company applies an equal opportunity policy respecting the diversity of its employees. It confidentially manages any issue that arises in a fair and sensitive manner and does not support any discriminatory practice or behavior. In addition, employee hygiene and safety issues constitute a significant priority for the Company.

Pharmathen S.A. has well trained young and experienced employees with significant experience in all its operating segments, able to successfully meet the challenges. In order to broaden and improve the quality of rendered services provided, the Company pays particular attention to recruitment, quality, development, training and management of its executives and all its employees. It continues to create jobs and career opportunities and always tries to attract talented people who share its vision. The Company's management is extremely proud of the people working in the Company and recognizes their vital role in the overall success of the Company.

8. Environmental issues

The Company responds with particular responsibility to issues related to the protection of the environment and protecting natural resources. The environment and its protection are significant issues which, in the recent years, have finally received the attention they deserve. Although the Company is a non-polluting industry, it is constantly trying to improve its production methods so as to be as environmentally friendly as possible. These efforts include energy-efficient design of its buildings and facilities, recycling of materials and paper, and recycling of all ink cartridges and electrical equipment. Finally, it is worth mentioning that the Company maintains cooperation with Polyeko S.A., which is responsible for proper management of industrial waste. The Company further contributes to environmental protection through converting industrial waste into alternative fuel.

Corporate social responsibility

Pharmathen S.A. considers it as its duty but also its privilege to return part of its success to the society and its people. For this purpose, it has developed Corporate Social Responsibility Plan, based on the following pillars:

- Pharmathen Academy: The Company has established an internal educational academy offering all its employees and their families the opportunity to further develop their skills and expertise in a variety of topics such as foreign languages, music, chemistry, logistics, finance, human resources management etc. The Pharmathen academy hosts its total staff either as trainers or trainees. Our main objective is to remain an educational organization that constantly develops its human capital and enables people to exchange knowledge and ideas.
- Dimitris Antoniadis Scholarship: In 2016 the scholarship program “Dimitris Antoniadis Scholarship” for excellent candidates in the Pan-Hellenic exams was introduced. The scholarship is an institution whose objective is to honor the memory of an old colleague of ours, combining his loss with his love for lifelong learning and excellence.
- Pharmathen community: Corporate Social Responsibility and charity are not limited to business practices but it is also expanded into personal charities. The Group offers its people the opportunity by encouraging all of them to be part of this activity by taking part in volunteer teams. The people of Pharmathen choose the members of their team and propose to the management ideas about the philanthropic work which shall be implemented by them.
- Corporate Blood Bank: The Company recognizes its social responsibility to its employees and maintains a blood bank for the needs of its staff. The employees are informed by the Human Resources Department about the dates of voluntary blood donation.

9. Significant post Financial Statements date events

Following the decisions of the Board of Directors on the proposals of the Management in relation to the structured plan of the Company’s operations, the following events took place during the first quarter of 2018

- Decision to discontinue the operation of the subsidiary "Adventus India" by capitalizing the assets of the Company.
- Reorganization of Pharmathen UK's subsidiary operations by transferring operations to Pharmathen Global BV.
- Moreover, in February 2018, transfer of shares of “Pharmathen Hellas” from “Pharmathen Hellas Cyprus” to a third party company was completed and the company no longer constitutes an associate.

10. Management Principles and Internal Management Systems

The Company's Board of Directors

The Board of Directors is responsible for the following: a) preparation of the Company's business plans and budgets; b) implementation of the above approved business plans and budgets; c) day-to-day management of the Company; and d) recruitment of key management executives of the Company and preparation of its internal organizational chart.

General Meeting

The General Meeting is the key administrative body of the Company, which has the right to decide on every corporate case. In particular, the General Meeting is the only body authorised to decide among other things on: a) amendments to the Articles of Association which include increases or decreases of share capital, b) approval of the Company's annual financial statements, c) distribution of annual profit, and d) merger, extension of the tern of duration or liquidation of the Company.

The General Meeting is convened, on mandatory basis, at the Company's registered office, or in the region of another municipality, in the prefecture of the registered office or another municipality adjacent to the registered office or in the district of the municipality where the registered office is domiciled, at least once in every corporate year.

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Dear Shareholders,

Following the above, you are kindly requested to approve:

- the report of the Board of Directors and the Independent Auditor's Report for the corporate year 2017,
- the Annual Financial Statements pertaining to the corporate year 2017,
- exemption of the members of the Board of Directors and the Company's Directors as well as the Certified Chartered Accountant from any responsibility for compensation for the events that took place within the corporate year 2017,
- distribution of earnings for corporate year 2017,
- election of the auditing firm for the audit of the corporate year 2018 and defining their fees,
- provision of approval according to Article 23, paragraph of C.L. 2190/1920 to the members of the BoD and Company's Directors to take part in the Board of Directors or management of other associates with similar business objectives according to Article 42, paragraph 5 e' of C.L. 2190/1920,
- various announcements regarding the Company's operations.

Pallini, 5 June 2018

As and on behalf of the Board of Directors

The President of the Board of Directors
Eleni N. Katsou

INDEPENDENT AUDITORS' REPORT

To the Shareholders of "PHARMATHEN S.A."

Report on Financial Statements

Opinion

We have audited the financial statements of **PHARMATHEN S.A.** (the "Company"), which comprise the statement of financial position as at December 31, 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PHARMATHEN S.A.** as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that have been adopted by the European Union and, on case bases, the effective legal and regulatory framework.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information included in the Annual Financial Report includes the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report and Statements of the Members of the Board of Directors but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance. No such issue has arisen.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to procced with liquidating the Company or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as an aggregate, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We disclose to the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, management has the responsibility for the preparation of the Board of Directors' Report, the following is to be noted:

a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 43a, CL 2190/1920, and its content corresponds to the accompanying financial statements for the year ended as at 31/12/2017.

b) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company **PHARMATHEN INTERNATIONAL S.A** and its environment.

Athens, June 6, 2018

The Certified Auditor Accountant

PANAGIOTIS PAPAZOGLOU

SOEL REG. No. 16631

ERNST &YOUNG (HELLAS)

CERTIFIED AUDITORS ACCOUNTANTS S.A.

CHIMARRAS 8B,

151 25 MAROUSI, ATHENS

SOEL REG. No. 107

Income Statement for FY ended as at December 31, 2017

	Notes	31.12.2017	31.12.2016
Turnover	18	176.163.599	156.460.711
Cost of sales	20	(107.742.171)	(93.555.314)
Gross profit		**68.421.428**	**62.905.397**
Other income	19	2.858.591	2.808.515
Administrative expenses	21	(11.317.513)	(10.213.745)
Distribution expenses	22	(10.954.980)	(12.650.578)
Research and development expenses	23	(27.129.962)	(24.907.327)
Operating profit		**21.877.564**	**17.942.262**
Financial income	24	766.018	400.614
Financial expenses	24	(4.413.652)	(5.092.811)
Impairment of subsidiaries		-	(494.928)
Profit/(loss) before tax from continuing operations		**18.229.929**	**12.755.137**
Income tax	25	(4.536.446)	(3.606.929)
Profit for the year from continuing operations		**13.693.483**	**9.148.208**
Profit after tax from discontinued operations	29	-	690.831
Profit / (loss) after tax		**13.693.483**	**9.839.039**

Statement of Other Comprehensive Income for FY ended as at December 31, 2017

	31.12.2017	31.12.2016
Profit for the year after tax	**13.693.483**	**9.839.039**
Other comprehensive income		
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		
Damage to a defined contribution plan (Note 15)	(9.509)	(248.996)
Income tax impact (Note 9)	2.758	72.209
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(6.751)**	**(176.787)**
Other comprehensive losses for the year after tax	**(6.751)**	**(176.787)**
Total comprehensive income for the period after tax	**13.686.731**	**9.662.251**

Statement of Financial Position as at December 31, 2017

ASSETS	Notes	31.12.2017	31.12.2016
Non-current assets			
Property plant and equipment	5	11.850.455	11.668.570
Intangible assets	6	68.811.919	63.232.467
Investments in subsidiaries	7	37.312.902	37.312.902
Other non-current assets	8	1.299.618	245.796
Total non-current assets		**119.274.894**	**112.459.735**
Current assets			
Inventories	10	28.060.191	26.121.213
Trade accounts receivable	11	40.154.137	29.521.584
Other receivables	11	4.713.247	9.068.393
Cash and cash equivalents	12	24.644.001	27.813.996
		97.571.575	**92.525.186**
Assets held for sale	**29**	-	13.700.001
Total current assets		**97.571.575**	**106.225.187**
TOTAL ASSETS		**216.846.469**	**218.684.922**
EQUITY & LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	13	26.557.360	33.057.360
Fair value reserve	13	2.932.388	2.932.388
Other reserves	13	14.478.057	17.729.047
Accumulated earnings (profit)	13	19.125.121	51.905.379
Total equity		**63.092.926**	**105.624.174**
Non-current liabilities			
Bank borrowings	14	27.405.194	29.965.444
Provision of employee benefits due to retirement	15	1.630.193	1.572.661
Intra-comrporate loans	14	55.900.000	-
Deferred tax liabilities	9	14.171.908	10.809.063
Total non-current liabilities		**99.107.295**	**42.347.168**
Current liabilities			
Trade accounts payable	16	41.184.851	19.227.299
Bank borrowings	14	-	21.262.000
L-T bank borrowing carried forward	14	-	13.375.000
Current tax obligation		357.744	2.252.771
Accrued and other current liabilities	17	13.103.653	14.596.510
Total short-term liabilities		**54.646.247**	**70.713.580**
TOTAL LIABILITIES		**153.753.543**	**113.060.748**
TOTAL EQUITY AND LIABILITIES		**216.846.469**	**218.684.922**

Statement of Changes in Equity for FY ended as at December 31, 2017

	Equity	Other Reserves	Accumulated Results	Fair Value Reserves	Total Equity
Balance on 1 January 2016	**33.057.374**	**12.561.072**	**48.744.855**	**2.932.388**	**97.295.688**
Period results	-	-	9.839.040	-	**9.839.040**
Other comprehensive income	-	-	(176.787)	-	**(176.787)**
Total comprehensive income	-	-	**9.662.253**	-	**9.662.253**
Distribution of dividends (Note 13)	-	-	(1.333.753)	-	**(1.333.753)**
Prior periods amendments	(14)	-	-	-	**(14)**
Transfer to other reserves (Note 13)	-	5.167.975	(5.167.975)	-	-
Balance on 31 December 2016	**33.057.360**	**17.729.047**	**51.905.379**	**2.932.388**	**105.624.174**
Balance on 1 January 2017	**33.057.360**	**17.729.047**	**51.905.379**	**2.932.388**	**105.624.174**
Period results	-	-	13.693.483	-	**13.693.483**
Other comprehensive income	-	-	(9.509)	-	**(9.509)**
Total comprehensive income	-	-	**13.683.974**	-	**13.683.974**
Share capital decrease (Note 13)	(6.500.000)	-	-	-	**(6.500.000)**
Distribution of dividends (Note 13)	-	(3.964.633)	(45.753.347)	-	**(49.717.980)**
Taxes directly charged to Equity (Note 9)	-	-	2.758	-	**2.758**
Transfer to other reserves (Note 13)	-	713.643	(713.643)	-	-
Balance on 31 December 2017	**26.557.360**	**14.478.057**	**19.125.121**	**2.932.388**	**63.092.926**

Statement of Cash Flows for FY ended as at December 31, 2017

	NOTE	31.12.2017	31.12.2016
For the period ended:			
Operating activities			
Profit before income taxes	5	**18.229.929**	**13.728.139**
Non - cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	5	1.397.076	1.429.816
Amortisation of intangibles	6	21.070.711	19.572.882
Loss on FV valuation of Investment in subsidiaries		-	494.930
Impairment of receivables	11	150.900	396.695
Impairment of tangible and intangibles assets	6	82.748	-
Finance income	24	(766.018)	(400.614)
Finance costs	24	4.413.652	5.092.811
Provision for obsolete inventory	10	309.003	72.000
Provision for staff retirement indemnities	15	229.685	505.778
Operating profit before working capital changes		**45.117.687**	**40.892.437**
(Increase)/Decrease in:			
Inventories	10	(2.247.981)	(6.976.622)
Trade accounts receivable and other receivables	8,11	(8.144.328)	10.621.936
Increase/(Decrease) in:			
Trade and other accounts payable	16,17	18.385.095	(1.527.474)
Income tax paid		(2.268.630)	(133.375)
Net cash flows from operating activities		**50.841.843**	**42.876.902**
Investing Activities			
Acquisition of property, plant and equipment	5	(1.578.991)	(1.691.979)
Acquisition/development of intangible assets	6	26.732.912	(29.587.542)
Proceeds from disposal of fixed assets		-	3.500.000
Sale / (participation in share capital increase) of subsidiaries		13.700.000	(5.025.000)
Net cash flows used in investing activities		**(14.611.903)**	**(32.804.521)**
Financing activities			
Repayment of borrowings	14	(64.602.444)	(7.582.154)
Proceeds from loans	14	28.500.000	1.600.676
Proceeds from intragroup loans	14	55.900.000	-
Payment of finance costs		(2.979.511)	(3.685.344)
Dividend received (paid)	13	(49.717.980)	(1.333.753)
Decrease in share capital	13	(6.500.000)	-
Net cash flows from/(used in) financing activities		**(39.399.935)**	**(11.000.575)**
Net increase / (decrease) in cash and cash equivalents		**(3.169.995)**	**(928.194)**
Opening cash and cash equivalents balance as at January 1:		27.813.996	28.742.190
Closing Cash and cash equivalents balance as at December 31:		**24.644.001**	**27.813.996**

1. CORPORATE INFORMATION

Pharmathen Pharmaceuticals S.A. is a pharmaceutical company focused on developing and marketing of pharmaceuticals, with a strong position in generics. Founded in 1969 by Nicolaos Katsos, it is one of the fastest growing pharmaceutical companies in Europe. With a long history of development and manufacturing of generic products, the Company has emerged as one of the largest generic development companies in Europe with a development pipeline of approximately ten generic molecules per year and export activities to over 85 countries and to over 300 customers including the largest generics companies worldwide. Exports sales represent a 80% of total sales.

Additionally, Pharmathen S.A. initiated in 2006, its activities in the field of innovative products. The Company is focused on research and development of core technologies such as long acting injectables and sustained release products with a highly experienced in house development team of 192 scientists. There are 8 Long Active Release products (“LAI”) and 10 Preservative Free products (“PF”).

The Company maintains state of the art facilities - GMP (Good Manufacturing Practice) approved. It is a vertically integrated organization with modern manufacturing facilities in Pallini. Additionally the Company operates R&D laboratories in Thessaloniki. The Company’s headquarters are in Athens at 6 Dervenakion Street, 15351 Pallini. The life of the Company according to its Articles of Association is 90 years as of 2010 with a possible extension permitted following a decision of the General Assembly of Shareholders. The Company’s average number of employees for the years ended December 31, 2017 and 2016, amounted to approximately 560 and 550 respectively.

2. BASIS FOR PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of Pharmathen S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant Interpretations, as issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (“EU”) and mandatory effective for FYs ended as at December 31st, 2017. The Company has not proceeded with earlier adoption of any standard or interpretation. 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 Company’s accounting policies. The estimates and assumptions are based on the management’s best knowledge in relation to the current circumstances. The annual financial statements are presented in euro and all values are rounded to the nearest euro except when otherwise indicated. The accompanying annual financial statements have been prepared in accordance with the historical cost and the going concern principle. In respect of the corporate financial statements, investments in subsidiaries and associates are carried at cost, adjusted for potential impairment where appropriate.

New Standards, Interpretations and Amendments to existing Standards

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2017:

- **Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses**

The objective of the amendments is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. For example, the amendments clarify the accounting treatment of deferred tax assets when an entity is not allowed to deduct unrealized losses for tax purposes or when it has the intention and ability to hold debt securities until reversal of unrealized losses. The application of the standard has no impact on the Company's financial statements.

- **Amendments to IAS 7: Statement of Cash Flows: Disclosure Initiative**

The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Management has not applied the above amendments.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments have not been adopted by the European Union yet.

- **IFRS 12 Disclosure of Interests in Other Entities**: The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS. The application of the standard has no impact on the Company's financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLIER ADOPTED

The following new standards, amendments to standards and interpretations have been issued but are not yet effective:

- **Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendment are effective for annual periods starting on or after 01/01/2019 and earlier application is permitted. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The impact on the asset ceiling is recognized in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset. The Company Management is examining the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods starting on or after 01/01/2018 and earlier application is permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Company Management is examining the impact of the above on its Financial Statements, though it is not expected to have any.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 01/01/2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Company Management is examining the impact of the above on its Financial Statements, though it is not expected to be significant.

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The clarifications are effective for annual periods starting on or after 01/01/2018 and earlier application is permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, regarding: a) accounting treatment of identifying performance obligations amending the wording of the "separately identifiable" principle, b) of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and, c) of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Company Management is examining the impact of the above on its Financial Statements, though it is not expected to be significant.

- **IFRS 16:Leases**

The standard is effective for annual periods beginning on or after 01/01/2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Company Management is examining the impact of the above on its Financial Statements.

- **Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The application of the standard is not expected to have any impact on the Company's financial statements.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

The Amendments are effective for annual periods beginning on or after 01/01/2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The application of the standard is not expected to have any impact on the Company's financial statements.

- **IAS 40: Transfers to Investment Property (Amendments)**

The Amendments are effective for annual periods beginning on or after 01/01/2018 with earlier application permitted. 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. The application of the standard is not expected to have any impact on the Company's financial statements.

- **Amendments to IFRS 9: Prepayment Features with Negative Compensation (Amendment)**

The Amendments are effective for annual periods beginning on or after 01/01/2019 with earlier application permitted. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met. The application of the standard is not expected to have any impact on the Company's financial statements.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

The Amendments are effective for annual periods beginning on or after 01/01/2019 with earlier application permitted. The amendments refer to whether measurement (and, in particular, impairment) of long-term interests in associates and joint ventures, which, actually, constitute part of the net investment in the associate or joint venture, is governed by IFRS 9, IAS 28 or a combination of both standards. The amendments clarify that an entity applies IFRS 9 prior to applying IAS 28 in respect of the long-term interests, to which the equity method does not apply. When applying IFRS 9, an entity does not take into account any adjustments to the carrying amount of long-term interests, arising following the application of IAS 28. The amendments have not been adopted by the European Union yet. The application of the standard is not expected to have any impact on the Company's financial statements.

- **IFRIC INTERPRETATION 22: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 01/01/2019 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The application of the interpretation is not expected to have any impact on the Company's financial statements.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures with earlier application permitted. These annual improvements have not yet been adopted by the European Union.

➢ **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters. The application of standard is not expected to have any impact on the Company's financial statements.

➢ **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The application of standard is not expected to have any impact on the Company's financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

The Interpretation is effective for annual periods beginning on or after 01/01/2019 with earlier application permitted. The interpretation provides guidance on accounting treatment of uncertainty over income tax treatment. The interpretation provides additional clarification regarding examination of uncertain tax considerations separately or jointly, of fiscal assessments by the tax authorities, of the appropriate method to reflect the uncertainty of acceptance by the tax authorities and of the consequences of changes in actual events and circumstances. The interpretation has not been adopted by the European Union yet. The application of the interpretation is not expected to have any impact on the Company's financial statements.

- The **IASB has issued the Annual Improvements to IFRSs 2015 – 2015 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been adopted by the European Union.

➢ **IFRS 3 Joint Operations and IFRS 11 Joint Arrangements:** the amendments to IFRS 3 clarify that when an entity acquires control of a venturer that is a joint venture, the entity remeasures the interest previously held in that entity. The amendments to IFRS 11 clarify that when an entity acquires joint control of a joint venture, the entity does not remeasure the interest previously held in that entity. The application of the standard has no impact on the Company's financial statements.

➢ **IAS 12: Income tax:** the amendments clarify that tax consequences of payments for financial instruments classified as equity capital shall be recognized according to whether the past events or events that generated the distributable profits have been recognized. The application of the standard is not expected to have an impact on the Company's financial statements.

➢ **IAS 23 Borrowing costs:** the amendments clarify paragraph 14 of the standard so that when a qualifying asset is ready for the use for which it has been destined or for sale and a part of a loan received specifically for that asset remains as an outstanding balance at that time, such borrowing costs shall be included in the capital arising from general borrowing. The application of the standard is not expected to have an impact on the Company's financial statements.

- **Revision of Conceptual Framework for Financial Reporting**

On March 29, 2018 the International Accounting Standards Board issued a comprehensive set of concepts for financial reporting, the revised Conceptual Framework for Financial Reporting, replacing the previous version of the Conceptual Framework. The revised Conceptual Framework contains a new chapter regarding the measurement, which analyzes the measurement concept, including factors to be taken into account when selecting basis for measurement, issues relating to presentation and disclosures in the Financial Statements and guidance regarding derecognition of assets and liabilities from the Financial Statements. Moreover, the revised Conceptual Framework for Financial Reporting provides improved definitions of assets and liabilities, guidance that assists in implementing these definitions, update of assets and liabilities recognition criteria as well as clarifications regarding significant issues, such as the role of the management, conservatism principle and uncertainty when under measurement of financial information. Regarding those issuing financial statements under the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

3. KEY ACCOUNTING POLICIES

3.1. Revenue

Revenue comprises revenue from the sale of goods and the rendering services. Revenue is measured by reference to the fair value of the consideration received or receivable by the Company for goods supplied and services provided, excluding VAT and trade discounts. The Company often enters into sales transactions involving a range of the Company products and services for example for the sale of drug dossier and related after-sales services. The Company 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 recognized 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 Company's different activities have 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.

Sale of Goods (Generic Drugs)

Sale of goods comprises the sale of merchandise, semi-finished products and raw materials and is recognized when the Company 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 Company does not sell any contracts that need to be recognized using the percentage of completion method as defined. Discounts are subtracted from the consideration originally recognized.

Claw back and Rebate

According to the effective legislation, the following types of sales refunds are applied to Social Insurance Institutions and Public Hospitals:

- Rebate 14% -15% on the producer price for all medicines compensated by the Social Insurance Institutions.
- Rebate 2 to 12% on the producer price based on predetermined quarterly sales of each pharmaceutical product category, if they exceed € 100,000.

- Rebate 50% on the difference between Retail Price and Compensation Price.
- Clawback in the event of an excess in the actual expenditure of Social Security Bodies in relation to the Budget.

The Company's revenue is measured in an amount net of refunds to Social Insurance Institutions (Clawback). Therefore, the respective charges are deducted from the Company's Revenue figure. On the other hand, rebate is classified as "Distribution expenses".

Rendering services
Services may include medicines files and costs for the approval of a drug in a country where the Company may incur costs on behalf of a client.

Measurement of price reconciliations
Measurement basis for price reconciliation adjustments is in line with the matching principle, by matching reported revenue with the related expenses in each year. Since 2015, the Company's Management has been implementing a policy based on the quantities sold by the company to its customers rather than on the quantities sold by the customers to third parties previously in place. The Management estimates that this policy is more consistent with the segment's practice.

3.2. Dividends
Dividends are recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.3. Operating expenses
Operating expenses are recognized in the income statement upon utilization of the service or at the date of their origin.

3.4. Borrowing costs
Borrowing costs primarily comprise interest on the Company'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 Company 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 Company 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.

3.5. Intangible assets

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 5 years. Costs that are directly associated with identifiable and unique drug products controlled by the Company 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.

In addition to the Company's own research and development, Pharmathen 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 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.

Licenses and Trade Marks
Software licenses and trademarks are stated at historical cost less subsequent amortization which is calculated using the straight-line method over the useful economic lives, not exceeding a period of 5 years.

3.6. Property, plant and equipment

Land used for production or management is recorded at acquisition cost. Since land plots have no definite useful life, the relevant accounting amounts are not depreciated.
Buildings, technology and other equipment (including furniture and fixtures) are recorded at acquisition cost or the cost of construction less accumulated depreciation and potential impairment loss.
Such costs include the cost of replacing part of the tangible fixed assets and borrowing costs for long-term construction projects if the recognition criteria are met.
Depreciation is calculated using the straight-line method over the useful life of the assets as follows:

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

Residual values and useful lives of property, plant and equipment are reviewed at every balance sheet date. Residual values of assets, useful lives and depreciation methods are re-estimated at the end of every FY and readjusted in the future if required. Gains or losses arising from disposals of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognized in the income statement in the "other income" item or in the relative expenses.

Impairment of assets
For the purposes of estimating impairment, assets are grouped at the lowest levels for which there are sufficiently independent cash flows (cash-generating units). As a result, some assets are separately tested for impairment and some -are tested at the level of the cash-generating unit. The cash-generating units, where goodwill has been allocated, are tested for impairment at least once a year. All other separate assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the accounting value may not be recoverable.
Impairment loss is recognized for the amount by which an asset - or carrying amount of cash-generating unit -exceeds the recoverable amount. In order to determine the recoverable amount of the asset, the management estimates its value in use, which is the expected future cash flows from every asset or cash-generating unit, and determines the appropriate interest rate to calculate the present value of those cash flows. Data used for audit procedures is directly related to the Group's most recently approved budget, adjusted, when necessary, in order to exclude the effects of potential future reorganization and improvement of assets. Discount factors are determined separately for every asset or cash-generating unit and reflect the respective risk profiles as estimated by the management. Impairment loss for cash-generating units firstly reduces the amount of goodwill allocated to that cash-generating unit. Any residual impairment loss is charged in proportion to the other assets of the cash-generating unit. With the exception of goodwill, all assets are re-examined for evidence of impairment that has been recognized in the past and may no longer exist or has been 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. Reversal is limited in such a way that the carrying amount of the asset does not exceed its recoverable amount and neither does it exceed the amount that could have been determined net of depreciation, if no impairment loss had been recognized for the assets in the previous years.

3.7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets cease to be recognized when the contractual rights to cash flows from financial assets expire or when the financial asset and all the associated risks and rewards are transferred. Financial liabilities cease to be recognized when they are eliminated, cleared, canceled or expire.

Financial assets and financial liabilities are initially measured at fair value plus transaction costs, with the exception of financial assets and financial liabilities carried at fair value through the income statement, which are initially measured at fair value. Subsequently, financial assets and financial liabilities are measured as described below.

3.8. Financial assets

For the purposes of the subsequent measurement, under initial recognition, financial assets, other than those reported and designated as hedging instruments, are classified in the following categories:

- Loans and receivables,
- Financial assets at fair value through profit and loss,
- Financial assets measured at fair value through the statement of other comprehensive income (OCI),
- Held to maturity investments
- Available for sale financial assets.

The category determines the subsequent measurement and whether revenue and expenses that are incurred are recognized in the income statement or other comprehensive income.
All financial assets, except those at fair value through profit and loss, are reviewed for impairment at least on every reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets has been impaired. Different criteria for determining the impairment for each category of financial assets are described below. Total income and expense related to financial assets recognized in the income statement is presented in

the items "financial expenses", "financial income" or "other financial assets" except for the impairment of trade receivables presented in the item "financial expenses".

3.8.1. Loans and receivables

Loans and receivables are non-derivative financial assets with defined or determinable payments that are not traded on an active market. After initial recognition, they are measured at amortized cost using the effective interest method less impairment. Prepayment is omitted where the effect of prepayment is negligible. Impairment of the effective interest rate is included in the investment income in the income statement. Impairment losses are recognized in the income statement in financial borrowing costs. The Company's trade and other receivables fall within this category of financial instruments. Significant receivables are measured in respect of impairment when they are past due or when there are other objective indications that a particular counterparty may be in a state of default. Receivables that are not separately tested for impairment are re-estimated for impairment in groups, which are determined by reference to the counterparty business segment and geographical area and by reference to other available credit risk characteristics. Depreciation rate is based on recent historical default rates of counterparties for every recognized group. Impairment of trade receivables is presented in the item “distribution expenses”.

3.9. Financial liabilities

The Company's financial liabilities include borrowings, trade and other payables. Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for financial liabilities held for trading or recorded at fair value through profit and loss that are subsequently carried at fair value with gains or losses recognized in the statement of comprehensive income. All derivative financial instruments that are not designated and are hedging instruments are measured at fair value in the income statement.

3.10. Derecognition of financial assets

A financial asset (or component of a financial asset or a group of similar financial assets) ceases to be recognized when:

- the rights to collect cash flows from the asset expire
- the Company reserves the right to collect cash flows from the asset but has undertaken am obligation to pay them in full without any substantial delay to a third party under a “stopover” arrangement or
- the Company has transferred the rights to collect cash flows from the asset and either (a) has transferred substantially all the risks and rewards related to the assets, or (b) has not transferred or retained substantially all the risks and rewards but has transferred the control of the asset.

When the Company has transferred the rights to collect cash inflows from that asset but has not transferred substantially all the risks and rewards or control of that asset, then the asset is recognized to the extent of the Company's continuing involvement in the asset. Continued involvement in the form of a guarantee on the transferred asset is valued at the lowest amount between the initial balance of the asset and the maximum amount that the Company may be required to pay. When the continuing involvement is in the form of acquisition and / or disposal of the asset (including cash settled options), the extent of the Company's continuing involvement is the value of the transferred asset that the Company may repurchase, except when there is a put option regarding the asset measured at fair value – when the Company's continuing involvement is limited to the lowest amount between fair value of the transferred asset and the option exercise price.

3.11. Derecognition of financial liabilities

A financial liability ceases to be recognized when an obligation, arising from the liability, is eliminated, canceled or expires. When an existing financial liability is replaced by another one of the same lender under substantially different terms, or the terms of an existing liability are substantially altered, such replacement or modification is treated as derecognition of the initial liability and recognition of a new liability and the difference in the respective liability accounting amounts is recognized in the income statement.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a legally enforceable right to offset the amounts and there is a settlement intention on a net basis in order to have a simultaneous identification of assets and settlement of liabilities.

3.12. Inventory

Inventories are valued at the lowest amount between acquisition cost and net realizable value. The cost includes all costs directly related to the manufacturing process as well as all corresponding percentages of the top products based on the regular operating capability. Borrowing costs are not taken into account. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Writes off are recognized in the statement of comprehensive income for the year when circumstances arise, indicating that there will be no future economic benefits from those inventories. The relative provision is calculated on the basis of inventory maturity, according to which, based on previous experience, for inventories that remain stable for a period exceeding one year, a relative provision, standing at 100% of the acquisition cost, is made.

Capitalization of validation batches

Cost value of validation batches products is reported under Intangible Assets (Internally generated drugs developed). Such values are accounted for as part of the overall drug development cost and hence, they should be capitalized as internally generated drugs (subject to annual amortization). Such costs are directly associated with identifiable and unique drug products controlled by the Company and should be recognized as such. It reflects the Company’s estimate that this policy is consistent with the segment’s practices.

3.13. Income Tax

Income tax expense recognized in the income statement comprises the sum of deferred income tax and current income tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current income tax is payable on taxable profit, which differs from the income statement in the financial statements. Calculation of current income tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred income tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred income tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred income tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred income tax liabilities are always provided for in full. Deferred income tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to be utilized against deferred income tax assets, see note 12. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered. Deferred income tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set-off current income tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Changes in deferred income tax assets or liabilities are recognized as a component of tax income or expense in the income statement, except where they relate to items that are recognized in other comprehensive income (actuarial gain or losses) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Sales tax

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

- 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

- 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.

3.14. Cash and Short-Term Deposits

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15. Share Capital

Share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium (the relative reserves), net of any related income tax benefits. The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment (see Note 13). 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. Dividend distributions payable to equity shareholders are included in “other liabilities” when the dividends have been approved in a general meeting of shareholders prior to the reporting date. All transactions with owners of the parent are recorded separately within equity.

3.16. Employee benefits

The Company 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 Company pays fixed contributions into an independent state-owned entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Company 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 Company 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 Company, 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 Company'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 "administrative expenses". Short-term employee benefits, including holiday entitlement, are current liabilities included in "provision for staff retirement indemnities", measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

3.17. 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 Company 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 Company 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 Company that do not yet meet the recognition criteria of an asset are considered contingent assets. They are described along with the Company's contingent liabilities in note 27.

3.18. Foreign Currency Translation

Pharmathen's functional currency is the euro. Transactions involving other currencies are translated into euro at the exchange rates, ruling on the date of the transactions. At the reporting date, monetary assets and liabilities, which are denominated in foreign currencies, are retranslated at the exchange rates at that date. Gains or losses resulting from foreign currency translation are recognized in the income statement. Non-monetary items denominated in foreign currencies that are measured at historical cost are retranslated at the exchange rate at the date of the initial transaction. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the exchange rates at the date that the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

3.19. Government grants

The Company recognizes government grants, if there is reasonable assurance that the entity will comply with all attached conditions and the grants will be received. Government grants relating to reimbursement of incurred expenses are recognized as income on a systematic basis in the same period that the grant expenses are incurred.

Government grants relating to tangible and intangible assets are recognized on a systematic basis in the income statement over the useful lives of the related tangible and/or intangible assets. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

Since 2012 onwards, the Company deducts the government grants from the carrying amount of the tangible and intangible asset as applicable, in which case the grant is recognized in income as a reduction of depreciation and / or amortization. The Company estimates that this policy is more consistent with that of the business segment.

3.20. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3.21. Leases – the Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rentals are recognized as revenue in the period in which they are earned. The Company leases and releases property to the other companies of the group as office facilities.

3.22. Leases – the Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. The Company leases property to the other companies of the group as office facilities as well as vehicles to cover operational needs of its staff.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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 development costs, deferred income tax assets, provision for income taxes, impairment, useful lives of depreciable assets, provision for inventories, provision for staff retirement indemnities, contingencies and provision for doubtful debt. 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:

4.1 Development Costs (Note 6)

Development costs are capitalized according to the accounting policy as described under the respective paragraph above «Intangible Assets”. In order for the Company 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 Company.

4.2 Deferred Income Tax Assets (Note 12)

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 Company has 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.

4.3 Provision for Income Taxes (Note 25)

Under IAS 12 “Income taxes”, provision for income taxes pertains to 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. The Company is subject to income taxes 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 operates, 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 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.

4.4 Impairment of Property Plant and Equipment (Note 5)

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.

4.5 Impairment of Intangible Assets (Note 6)

The Company 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 Company 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 Company bases its impairment calculation on detailed budgets, which are prepared separately. These budgets cover a period of five years.

4.6 Investments (Note 7)

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 an impairment loss is recognized in the income statement. The recoverable amount is measured as the higher of 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 participant, after deducting any direct incremental disposal cost, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the investment.

4.7 Useful Lives of Depreciable Assets

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.

4.8 Provision for Inventories (Note 10)

The Company regularly assesses 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 amount.

4.9 Provision for Staff Retirement Indemnities (Note 15)

The 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 Company's specific projection for 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.

4.10 Provision for Doubtful Debts (Note 11)

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.

4.11 Price Reconciliations

Provision for price reconciliations is measured based on the quantities sold by the company to its customers for which 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 effect on the income statement is included in the “turnover” item. Additional disclosures are provided in Note 17.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are analyzed as follows:

	Plots	Buildings	Machinery	Means of Transport	Furniture and other Equipment	Total
Acquisition value at 1 January 2016	**2.591.281**	**5.561.891**	**10.672.412**	**441.255**	**13.297.562**	**32.564.401**
Additions	-	107.841	387.522	-	1.188.717	**1.684.080**
Write off	-	-	(23.450)	-	(41.550)	**(65.000)**
Acquisition value at 31 December 2016	**2.591.281**	**5.669.732**	**11.036.484**	**441.255**	**14.444.729**	**34.183.481**
Accumulated depreciation at 1 january 2016	**-**	**1.688.763**	**8.156.464**	**322.452**	**10.954.440**	**21.122.119**
Additions (Notes 20-23)	-	194.783	468.506	18.338	750.534	**1.432.161**
Write off	-	-	(2.345)	-	(37.024)	**(39.369)**
Accumulated depreciation at 31 December 2016	**-**	**1.883.546**	**8.622.625**	**340.790**	**11.667.950**	**22.514.911**
Net book value at 31 December 2016	**2.591.281**	**3.786.186**	**2.413.860**	**100.465**	**2.776.779**	**11.668.570**
Acquisition value at 1 January 2017	**2.591.281**	**5.669.732**	**11.036.484**	**441.255**	**14.444.729**	**34.183.482**
Additions (Notes 20-23)	**-**	99.584	665.611	-	813.796	**1.578.991**
Write off	-	-	(30)	-	(38.831)	**(38.861)**
Acquisition value at 31 December 2017	**2.591.281**	**5.769.317**	**11.702.065**	**441.255**	**15.219.694**	**35.723.612**
Accumulated depreciation at 1 january 2017	**-**	**1.883.546**	**8.622.625**	**340.790**	**11.667.950**	**22.514.911**
Additions	-	177.292	479.523	16.721	723.541	**1.397.976**
Write off	-	-	-	-	(38.831)	**(38.831)**
Accumulated depreciation at 31 December 2017	**-**	**2.060.838**	**9.102.147**	**357.510**	**12.352.660**	**23.873.156**
Net book value at 31 December 2017	**2.591.281**	**3.708.478**	**2.599.917**	**83.745**	**2.867.034**	**11.850.455**

The Company has pledged its property, plant and equipment in order to secure loan liabilities (see Note 14).

6. INTANGIBLE ASSETS

Property, plant and equipment are analyzed as follows:

	Internally Generated Medicines Under Development	Computer Software	Manufactured Medicines Completion of Development	Property Rights & Patents	Total
Acquisition value at 1 January 2016	**21.132.902**	**2.779.002**	**129.451.355**	**6.029.426**	**159.392.685**
Additions	10.263.734	512.926	18.770.883	40.000	**29.587.543**
Transfers	(11.450.136)	-	11.450.136	-	**-**
Sales	-	-	-	(3.500.000)	**(3.500.000)**
Write off	(443.259)	-	-	-	**(443.259)**
Acquisition value at 31 December 2016	**19.503.241**	**3.291.928**	**159.672.374**	**2.569.426**	**185.036.969**
Accumulated depreciation at 1 january 2016	**-**	**2.080.046**	**98.522.365** #	**2.147.126**	**102.749.537**
Additions (Notes 20-23)	-	302.961	18.690.761	579.161	**19.572.882**
Sales	-	-	-	(517.917)	**(517.917)**
Accumulated depreciation at 31 December 2016	**-**	**2.383.007**	**117.213.126**	**2.208.370**	**121.804.502**
Net book value at 31 December 2016	**19.503.241**	**908.922**	**42.459.248**	**361.056**	**63.232.466**
Acquisition value at 1 January 2017	**19.503.241**	**3.291.928**	**159.672.374**	**2.569.426**	**185.036.969**
Additions	16.529.681	306.989	9.896.242	-	**26.732.913**
Transfers	(11.355.596)	-	11.355.596	-	**-**
Write off	(82.748)	-	-	-	**(82.748)**
Acquisition value at 31 December 2017	**24.594.579**	**3.598.918**	**180.924.212**	**2.569.426**	**211.687.134**
Accumulated depreciation at 1 january 2017	-	**2.383.007**	**117.213.126**	**2.208.370**	**121.804.503**
Additions (Notes 20-23)	-	339.265	20.528.610	202.838	**21.070.713**
Accumulated depreciation at 31 December 2017	**-**	**2.722.272**	**137.741.736**	**2.411.208**	**142.875.216**
Net book value at 31 December 2017	**24.594.579**	**876.646**	**43.182.476**	**158.218**	**68.811.919**

“Internally Generated Medicines Under Development” include medicine development that meet IAS 38 “Intangible Assets” recognition criteria 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. In 2017, the Company assessed that Internally generated assets under development of total value € 83 k will generate no substantial profit in the future and therefore impaired their value.

There are no intangible assets with indefinite useful life as of December 31, 2017 and 2016.

7. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are analyzed as follows:

	31.12.2017	**31.12.2016**
Investments in subsidiaries	37.312.902	37.312.902
Total	**37.312.902**	**37.312.902**

Investments in subsidiaries are analyzed as follows:

		Direct & Indirect % investment in Pharmathen S.A.			
Company	**Country of incorporation**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Pharmathen International S.A.	Greece	99,9%	99,9%	22.782.682	22.782.682
Pharmathen Development Ltd	Cyprus	99,5%	99,5%	14.530.220	14.530.220
Total				**37.312.902**	**37.312.902**

	31.12.2017	**31.12.2016**
Balance on 1 January	**37.312.902**	**46.462.831**
Additions due to participation in share capital increase & direct acquisitions	-	5.045.000
Transfer to assets held for sale (Note 29)	-	(13.700.001)
Adjustment to fair value of investement in Pharmathen Investment Group Public Ltd	-	(494.928)
Balance on 31 December	**37.312.902**	**37.312.902**

During the FY, transferring the ownership over shares of subsidiaries "Pharmathen Hellas S.A" and "Libytec Pharmaceuticals S.A." was completed. In the previous period, the aforementioned shares value was estimated as that of 13,7 million Euro, which was the transaction consideration. Therefore, no relative profit or loss has arisen.

In the previous period, the scare capital increase was performed through equal increase in investment in the subsidiaries Pharmathen UK (5 million Euro), Pharmathen Development (25 k Euro) and Pharmathen Investments Group (20 k Euro).

Indirect subsidiaries through Pharmathen Development Ltd are as follows:

		Direct & Indirect % investment in Pharmathen Development Ltd			
Company	**Country of incorporation**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Adventus India Ltd	India	100,0%	100,0%	1.000.000	1.000.000
Pharmathen UK	United Kingdom	100,0%	100,0%	13.500.000	13.500.000
Total				**14.500.000**	**14.500.000**

As mentioned above, during the FY , indirect subsidiaries were disposed, through "Pharmathen Investments Group", "Pharmathen Hellas" and "Libytec" as presented in the tables below:

		Direct & Indirect % investmenet in Pharmathen Investment Group Public Ltd			
Company	**Country of incorporation**	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Pharmathen Hellas S.A.	Greece	-	100,0%	-	13.654.751
Libytec Pharmaceuticals S.A.	Greece	-	100,0%	-	1.302.000
Total				**-**	**14.956.751**

8. OTHER NON - CURRENT ASSETS

Other non-current assets represent receivables that will be collected after the end of the following year and are analyzed as follows:

	31.12.2017	31.12.2016
Provided guarantees	243.618	245.796
Other receivables	1.056.000	-
Total	**1.299.618**	**245.796**

9. DEFERRED INCOME TAXES

The movement of deferred income taxes is as follows:

	2017	2016
Balance on 1 January	**(10.809.063)**	(8.791.519)
Recognized in the income statement	**(3.365.602)**	(1.945.336)
Recognized in the other comprehensive income	**2.758**	(72.209)
Balance on 31 December	**(14.171.908)**	**(10.809.063)**

	01.01.2016	**Recognized in other comprehensive income**	**Recognized in the income statement**	**31.12.2016**
Adjustments of plots and buildings at fair value	(776.071)	-	-	(776.071)
Slow moving depreciation	1.362.819	-	345.403	1.708.222
Derecognition of intangible assets	(17.738)	-	(9.738)	(27.476)
Impairment of receivables	407.085	-	-	407.085
Provisions for staff compensation	362.672	(72.209)	189.076	479.539
Provisions for bad debts	1.054.172	-	146.633	1.200.805
Provision for obsolete inventories	146.481	-	20.880	167.361
Reversal of land revaluation tax	33.693	-	-	33.693
Balance from amortized cost	12.428	-	21.052	33.480
Deferred tax for development expenses	(11.375.345)	-	(3.299.159)	(14.674.504)
Provision for sales clearance	-	-	640.519	640.519
Other	(1.714)	-	-	(1.714)
Total	**(8.791.518)**	**(72.209)**	**(1.945.336)**	**(10.809.063)**

	01.01.2017	**Recognized in other comprehensive income**	**Recognized in the income statement**	**31.12.2017**
Adjustments of plots and buildings at fair value	(776.071)	-	101.205	(674.867)
Slow moving depreciation	1.708.222	-	(1.888.083)	(179.862)
Derecognition of intangible assets	(27.476)	-	113.185	85.708
Impairement of receivables	407.085	-	-	407.085
Provisions for staff compensation	479.539	2.758	(9.541)	472.756
Provisions for bad debts	1.200.805	-	43.761	1.244.566
Provision for obsolete inventories	167.371	-	89.611	256.972
Reversal of land revaluation tax	33.693	-	-	33.693
Balance from amortized cost	33.480	-	(33.480)	-
Deferred tax for development expenses	(14.674.504)	-	(2.894.061)	(17.568.565)
Provission for sales clearance	640.519	-	1.227.040	1.867.558
Other	(1.714)	-	(115.951)	(116.951)
Total	**(10.809.063)**	**2.758**	**(3.365.602)**	**(14.171.908)**

10. INVENTORIES

The Company's inventories are analyzed as follows:

	31.12.2017	**31.12.2016**
Goods (at cost)	682.458	454.390
Finished and semi-finished products (at cost)	5.819.604	5.305.747
Production in progress (at cost)	1.361.898	1.791.520
Raw and packaging materials (at cost)	18.980.241	17.523.790
Prepayments for inventory	2.102.098	1.622.873
Provision for obsolete inventories	(886.109)	(577.106)
Total	**28.060.191**	**26.121.213**

The movement of provision for obsolete inventory is as follows:

	2017	2016
Balance on 1 January	577.106	505.106
Additional provision for the year (Note 20)	309.003	72.000
Balance on 31 December	**886.109**	**577.106**

11. TRADE AND OTHER ACCOUNTS RECEIVABLE

Two categories of receivables are recorded in the statement of financial position, analyzed as follows:

	31.12.2017	31.12.2016
Trade receivables	40.154.137	29.521.584
Other trade receivables	4.713.247	9.068.393
Total	**44.867.384**	**38.589.977**

Trade receivables (not interest bearing) are analyzed as follows:

	31.12.2017	31.12.2016
Trade receivables	44.170.234	33.285.650
Provisions for bad receivables	(4.291.606)	(4.140.707)
Notes receivable	31.190	31.190
Checks receivable post-dated	244.319	345.451
Total	**40.154.137**	**29.521.584**

Other trade receivables are analyzed as follows:

	31.12.2017	31.12.2016
VAT and other receivables from the Greek State	2.952.526	7.504.928
Transitional asset accounts	305.238	572.217
Other short-term receivables	1.455.482	991.248
Total	**4.713.247**	**9.068.393**

Changes in the item “VAT and other receivables from the Greek State” pertain to collecting the VAT accumulated within the previous year.

The movement of the provision for doubtful debts for the years ended December 31, 2017 and 2016, is as follows:

	2017	**2016**
Balance on 1 January	4.140.707	3.744.011
Additional provission for the year (Note 23)	150.900	396.695
Balance on 31 December	**4.291.606**	**4.140.707**

At December 31, 2017 the trade receivables balance which has been factored to banks without recourse was approximately € 10.752 k (2016 € 11.994 k respectively). The corresponding amounts are not included in Accounts Receivable.

Additional information regarding intercompany receivables and transactions is provided in Note 28. The average credit terms of trade receivables is approximately 60 days (60 days in the previous year as well).

Accounts receivables are classified in Level 2 of fair value hierarchy.

The fair value approaches the accounting value.

12. CASH AND CASH EQUIVALENTS

	31.12.2017	**31.12.2016**
Cash	9.006	7.641
Sight Deposits	24.634.995	27.781.791
Time deposits	-	24.564
Total	**24.644.001**	**27.813.996**

The Company's bank deposits as at December 31, 2017 and 2016, do not include any restricted balances.

13. SHARE CAPITAL AND RESERVES

	Share Capital	Other reserves	Accumulated results	Fair value reserves	Total equity
Balance on 1 January 2016	**33.057.374**	**12.561.072**	**48.744.855**	**2.932.388**	**97.295.688**
Earnings for the period	-	-	9.839.040	-	**9.839.040**
Other comprehensive income	-	-	(176.787)	-	**(176.787)**
Total comprehensive income	**-**	**-**	**9.662.253**	**-**	**9.662.253**
Distribution of dividends	-	-	(1.333.753)	-	**(1.333.753)**
	(14)	-	-	-	**(14)**
Transfer to other reserves	-	5.167.975	(5.167.975)	-	**-**
Balance on 31 December 2016	**33.057.360**	**17.729.047**	**51.905.379**	**2.932.388**	**105.624.174**
Balance on 1 January 2017	**33.057.360**	**17.729.047**	**51.905.379**	**2.932.388**	**105.624.174**
Earnings for the period	-	-	13.693.483	-	**13.693.483**
Other comprehensive income	-	-	(9.509)	-	**(9.509)**
Total comprehensive income	**-**	**-**	**13.683.974**	**-**	**13.683.974**
Decrease in share capital	**(6.500.000)**	**-**	**-**	**-**	**(6.500.000)**
Distribution of dividends	-	(3.964.633)	(45.753.347)	-	**(49.717.980)**
Taxes directly charged to equity	-	-	2.758	-	**2.758**
Transfer to other reserves	-	(713.643)	(713.643)	-	**-**
Balance on 31 December 2017	**26.557.360**	**14.478.057**	**19.125.121**	**2.932.388**	**63.092.926**

Share Capital

As at December 31, 2017 share capital of the Company was € 26.557.360. Within the FY, there has been a decrease in share capital of approximately (€6.500.000) following a decision of the extraordinary meeting of Shareholders, based on which 650.000 equity shares of nominal value of € 10 each were cancelled.

Therefore, as at December 31, 2017, the Company's authorised, issued and fully paid share capital comprised 2.655.736 shares of nominal value € 10 each.

Other Reserves

Other reserves consists mainly of the statutory reserve and the special reserves which are analyzed as per below.

Statutory Reserves

Under Greek Corporate Law, 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 stood at 5.169.702 € versus 4.518.079 € recorded last year.

Special Purpose Reserves

Under Corporate Tax Law 384, companies that have patents in specific drugs in two countries of the OECD (Organization for Economic Co-operation and Development, e.g Greece and one more) shall be granted a discount on 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 Company as at December 31, 2017, amounted to € 9.291.257 and € 9.229.237 as at December 31, 2016.

Fair Value Reserves

Land and buildings have been valued as at January 1, 2008, at fair values. As the Group has adopted the IFRS for the first time these fair values have been used as deemed cost in accordance with IFRS. Fair valuation was performed by independent appraisers and the revaluation surplus that resulted from this revaluation as at the conversion date was recorded in a separate account in equity, namely fair value reserve. The amount of the reserve as at December 31, 2017 as well as at December 31, 2016 was € 2.932.388.

The Company has no intention of distributing these reserves and, accordingly, has not provided for deferred income tax liability for any tax that would be come payable in the event these reserves are distributed.

Dividends

Under Greek Corporate law, companies are required each year to declare from their statutory profits, dividends of at least 35% of after-tax statutory profit, after allowing for legal reserve. A dividend of an amount less than 35% of after tax statutory profit and after allowing for legal reserve, can be declared and paid with a 65% affirmative vote of all shareholders only if the difference of the not distributed amount will be transferred to a special reserve account that will be capitalized. However, non distribution of dividends is under the consent of at least 70% of shareholders.

Furthermore, Greek Corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

(a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,

(b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Establishment Expenses," as reflected in the statutory financial statements exceeds the aggregate of distributable reserves plus retained earnings.

Dividends Distribution

During the year, in the context of the Group refinancing, the Company paid dividends of Euro 48.350.000,00 to the parent company "Pharmathen Global BV". As far as the aforementioned amount is concerned, the amount of Euro 44.385.367,69 arises from non-distributed dividends for the FYs till 2015 and the amount of Euro 3.964.633,31 arises from other distribution reserves.

In compliance with the decision of the General Meeting, the Company distributed to the staff dividends amounting to € 1.367.980.

14. BORROWINGS

Within the current year, in July, the Company refinanced its borrowings as part of the Group General Refinancing Plan. In particular, the Company issued a bond loan with two Greek banks amounting to 28,5 million € and a bond loan amounting to 55,9 million € with the parent company Pharmathen Global B.V. and the parent of the latter, Pharmathen Holding Global BV.

The Company used the aforementioned amounts to finance its working capital and investments as well as to repay its effective bank loan standing at 64,6 million €.

As at 31.12.2017, bank borrowings include long-term loans that are analyzed as follows:

	31.12.2017	**31.12.2016**
Short-term borrowing	-	21.262.000
Long-term borrowing	27.405.194	43.340.444
Total	**27.405.194**	**64.602.444**

Long-term bank loans per lending bank are analyzed as follows:

Greek banks and EIB	**Maturity**	**31.12.2017**	**31.12.2016**
Piraeus Bank	2/8/2023	22.800.000	-
Eurobank Ergasias	2/8/2023	5.700.000	-
Alpha Bank (Emporiki Bank)	12/7/2023	-	2.400.000
Alpha Bank	31/072019	-	2.200.000
Piraeus Bank	24/12/2017	-	5.375.000
Eurobank Ergasias	31/12/2018	-	3.800.000
National Bank of Greece	19/6/2017	-	2.700.000
Eurobank Ergasias (Proton Bank)	31/5/2018	-	3.000.000
European Investment Bank	18/2/2020	-	23.750.000
Capitalized bank transaction costs		(1.169.797)	-
Amortized cost - measurement differences		74.992	115.444
Total		**27.405.194**	**43.340.444**

As at 31.12.2017, the Company issued the following loans:

Syndicated Loan with Piraeus Bank & Eurobank Ergasias - € 28.500.000

On July 30, 2017, Pharmathen issued a bond loan of € 28.500,000 with Piraeus Bank and Eurobank Ergasias. Piraeus Bank participation in the loan stands at € 22.800.000 and Eurobank Ergasias - at € 5.700.000. Piraeus Bank is in-charge of the loan management. The loan has a six-year maturity and has a six month Euribor floating rate plus a margin of 3.75% and, according to the repayment plan, shall be repaid as follows:

Repayment plan	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Piraeus Bank	456.000	684.000	1.596.000	1.824.000	18.240.000	22.800.000
Eurobank	114.000	171.000	399.000	456.000	4.560.000	5.700.000
Total	**570.000**	**855.000**	**1.995.000**	**2.280.000**	**22.800.000**	**28.500.000**

As at 31.12.2016, the Company had the following loans, fully repaid in August 2017 in the context of refinancing its borrowings:

Alpha Bank - € 4.000.000

On June 20, 2013, Pharmathen signed a € 4.000.000 bond loan with Alpha Bank. The bond loan consists of 4.000.000 registered bonds, the four have a nominal value of € 1 . The bond loan has a five year term and bears a variable interest of six months Euribor plus margin of 6% and shall be repaid as follows: seven equal semi-annual installments of € 400.000 and one final installment of € 1.200.000 where the first installment was paid eighteen months after the issuance date and the last installment is scheduled to be paid on July 12, 2018.

Alpha Bank & Alpha Bank London LTD - € 3.000.000

On July 30, 2014, Pharmathen signed a € 3.000.000 bond loan with Alpha Bank & Alpha Bank London LTD. The bond loan consists of 3.000.000 registered bonds, with a nominal value of € 1 each .The bond loan has a five year term and bears a variable interest of six months Euribor plus margin of 5% and shall be repaid as follows: nine equal semi-annual installments of € 200.000 and one final installment of € 1.200.000 where the first installment was paid six months after the issuance date and the last installment is scheduled to be paid on July 31, 2019.

Piraeus Bank - € 6.500.000

On December 23, 2014 Pharmathen signed a € 6.500.000 bond loan with Piraeus Bank. The bond loan consists of 6.500.000 registered bonds, with a nominal value of € 1 each. The bond loan has a three year term and bears a variable interest of six months Euribor plus margin of 4,75%. The bond loan shall be repaid as follows: four equal semi-annual installments of € 375.000 and one final installment of € 5.000.000 where the first installment was paid twelve months after the issuance date and the last installment is scheduled to be paid on December 24, 2017.

EFG Eurobank Bank & Eurobank Private Bank Luxemburg: € 7.500.000

On March 12, 2014 Pharmathen signed a € 7.500.000 bond loan with Eurobank Ergasias. The bond loan consists of 7.500.000 registered bonds, with a nominal value of € 1, each. The bond loan has a five year term and bears a variable interest of six months Euribor plus margin of 5,75%. The bond loan shall be repaid as follows: four equal semi-annual installment of € 250.000, four equal semi-annual installment of € 300.000, four equal semi-annual installment of € 375.000, four equal semi-annual installment of € 400.000 and four equal semi-annual installment of € 550.000 where the first installment was paid on March 31, 2014 and the last installment is scheduled to be paid on December 31, 2018.

National Bank of Greece - € 2.700.000

On June 18, 2014, Pharmathen signed a € 2.700.000 loan with National Bank of Greece . The loan has a three year term and bears a variable interest of six months Euribor plus margin of 4,5%. The bond loan is repayable in full on June 19, 2017.

Eurobank Ergasias (Proton Bank): € 3.000.000

On May 15, 2013, Pharmathen SA , signed a € 3.000.000 bond loan with Proton bank. The loan has a five year term and bears a variable interest of three months Euribor plus margin of 6%. The loan shall be repaid at May 31 2018.

European Investment Bank - € 25.000.000

On November 26 2014, Pharmathen signed a € 25.000.000 bond loan with European Investment Bank. The bond loan has a five years term and bears a variable interest of six months Euribor plus margin of 3,269%. The bond loan shall be repaid in eight semi-annual instalments as follows: € 1.250.000 during the year 2016, € 2.500.000 during the year 2017, € 2.500.000 during the year 2018, € 2.500.000 during the year 2019 and the amount of € 16.250.000 during the year 2020.

The weighted average long-term borrowing rate for FY ended as at 31 December 2017 was 4.58%.

The maturity of long-term borrowings is as follows:

	31.12.2017	**31.12.2016**
Between one and 2 years	570.000	13.600.000
Over 2 years	26.835.194	16.365.444
Total	**27.405.194**	**29.965.444**

Short-term bank loans per lending bank are analyzed as follows:

	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	-	6.000.000
Total	**-**	**21.262.000**

INTRAGROUP LOANS PAYABLE

Apart from bank loans, the Company has also received loans form the other companies of the Group, as presented in the following table:

	31.12.2017	31.12.2016
L-T Intragroup loans	55.900.000	-
Total	**55.900.000**	**-**

Intragroup loans have been provided by "Pharmathen Global BV" (55.400.000€) and "Pharmathen Global Holding BV" (500.000 €). The loans mature on August 2, 2023 and the weighted average borrowing rate stands at 6,07%.

The Company measures loans at amortized cost in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". The Company fully complies with the stipulations of its loan commitments.

In the context of general refinancing of the Pharmathen Global BV Group with the participation of foreign financial institutions in a syndicated loan with the parent company (Pharmathen Global BV) and the corresponding Greek financial institutions in the bond loans issued by Pharmathen S.A. & Pharmathen International S.A. - the leading companies of the Group in respect of assets and profitability - including Pharmathen International), the crediting financial institutions receives collaterals mainly pertaining to: pledging companies' shares, floating collaterals on trade receivables and inventory, pledging bank deposits and physical collateral regarding property, plant and equipment.

The following issues have been further defined in the Intercreditors agreement:

- the main stipulations/provisions defined by the international financial institutions participating in the syndicated loan are subject to pari passu treatment as that of the Greek financial institutions participating in the bond loans,
- collateral provided as above to international financial institutions are subject to pari passu treatment as those provided to Greek financial institutions,
- the voting status regarding issues related to the relevant contracts of the international syndicated loan and the Greek bond loans.

Loans are categorized into level 2 within the fair value hierarchy.

15. PROVISION FOR STAFF RETIREMENT INDEMNITIES

Under Greek labor 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 Company does not fund these plans. The Company charges 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.

Employees' retirement benefits obligations

	31.12.2017	31.12.2016
Present value of defined benefit obligation	1.630.193	1.572.662
Net liability in the Statement of Financial Position	**1.630.193**	**1.572.662**

Income Statement (Note 24)

	31.12.2017	31.12.2016
Current service cost	25.729	(106.502)
Financial expense	22.074	20.761
Previous service cost	-	237.562
Total operating expenses	**47.803**	**151.821**

Reconciliation with Defined Benefits Obligation

	31.12.2017	31.12.2016
Opening present value of defined benefit obligation	1.572.662	1.169.672
Current service cost	207.393	199.156
Financial expense	22.074	20.761
Previous service cost	-	237.562
(Transfer) / Absorption of personnel (Note 24)	219	2.173
Actuarial (Surplus) / Deficit from change in financial assumptions	40.653	46.126
Actuarial (Surplus) / Deviation from assumptions & experience deviations	(31.144)	202.870
Benefits paid	(181.664)	(305.658)
Closing present value of defined benefit obligation	**1.630.193**	**1.572.662**

Key estimates used are as follows:

	31.12.2017	31.12.2016
Discount rate	1,60%	1,85%
Increase rate in earnings	0,00%	0,00%
Increase in consumer price index	2,00%	2,00%

A quantitative sensitivity analysis for significant estimates and assumption as at December 31, 2017 is as shown below:

Estimates	**31.12.2017**
Closing present value of defined benefit obligation	1.630.193
Discount rate 0,5% increase	1.550.622
Discount rate 0,5% decrease	1.717.110
Future increase in earnings 0,5%	1.706.713
Probability of future redundancies 0,5% increase	1.843.162
Probability of future redundancies 0,5% decrease	1.400.355

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 estimates and assumptions occurring at the end of the reporting period.

16. SUPPLIERS

Accounts payable are analyzed as follows:

	31.12.2017	31.12.2016
Suppliers	41.073.803	19.150.536
Checks payable post-dated	111.048	76.763
Total	**41.184.851**	**19.227.299**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on approximately 90 – 120 day terms regarding raw materials suppliers and 100 – 120 day terms regarding assets suppliers.
- Bank notes payable and post-dated checks payable are non-interest bearing and have an average term of 90-days.

For explanations on the Company's liquidity risk management processes refer to Note 26.

Accounts payable are categorized in level 2 within the fair value hierarchy.

Fait value of receivables approaches the carrying amount.

17. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities are analyzed as follows:

	31.12.2017	31.12.2016
Other expenses	144.729	146.759
Obligations from taxes and duties	942.632	818.063
Interest accrued	2.030.919	560.345
Provission for sales clearance	7.003.990	7.854.585
Other accrued expenses	1.909.326	4.255.925
Other short-term liabilities	1.072.056	960.833
Total	**13.103.653**	**14.596.510**

Other current liabilities relate to Social Security Organizations.
Changes in the item "Other accrued expenses" is mainly due to the fact that the comparative period amount also includes an amount of 1,5 million Euro for the purposes of invoicing sales promotion of Pharmathen Hellas.

18. TURNOVER

The Company's sales are analyzed as follows:

	31.12.2017	31.12.2016
Sales of goods & products	147.497.418	132.771.561
Clawback	(580.544)	(827.971)
Sales of raw materials	4.684.662	6.651.639
Sales of services	24.562.062	17.865.482
Total	**176.163.599**	**156.460.711**

19. OTHER REVENUE

Other revenue is analyzed as follows:

	31.12.2017	31.12.2016
Government grants	-	7.098
Revenue from services to third parties	830.109	261.177
Rentals	191.143	211.793
Other revenues	1.837.338	2.328.446
Total	**2.858.591**	**2.808.515**

The item “Revenue from services to third parties” mainly pertains to invoicing clients for the purpose of medicines licensing in various regions.

The item “Other revenues” mainly incudes re-invoicing of office support expenses to "Pharmathen Hellas", "Pharmathen International" and "Pharmathen Global BV".

20. COST OF SALES

	31.12.2017	31.12.2016
Cost of raw, direct and indirect materials etc. recognized as an expense	68.547.672	72.685.415
Salaries, wages, employee benefits	6.967.954	6.540.253
Fees and expenses to third parties	29.105.200	12.123.376
Benefits to third parties	627.528	587.043
Taxes - duties	36.107	31.627
Depreciation of tangible assets (Note 5)	511.766	535.722
Amortization of intangible assets (Note 6)	246.281	312.254
Provisions for obsolete inventories	309.003	72.000
Other expenses	1.390.659	667.624
Total	**107.742.171**	**93.555.314**

21. ADMINISTRATIVE EXPENSES

	31.12.2017	31.12.2016
Remuneration and staff expenses	6.176.984	5.612.443
Remuneration and expenses of third parties	1.597.486	979.726
Benefits to third parties	1.154.590	1.295.316
Taxes & Duties	231.717	213.767
Depreciation of tangible assets (Note 5)	100.652	133.405
Amortization of intangible assets (Note 6)	99.921	136.735
Other expenses	1.956.164	1.842.353
Total	**11.317.513**	**10.213.745**

22. DISTRIBUTION EXPENSES

	31.12.2017	31.12.2016
Remuneration and staff expenses	1.923.161	2.028.791
Remuneration and expenses of third parties	5.568.068	5.333.559
Benefits to third parties	705.903	706.467
Taxes & Duties	40.517	645.855
Depreciation of tangible assets (Note 5)	262.082	249.857
Amortization of intangible assets (Note 6)	81.692	423.305
Transportation expenses	765.219	821.274
Travel expenses	75.474	127.753
Rebate	465.673	448.060
Provisions for bad debts (Note 11)	150.900	396.695
Other expenses	916.293	1.468.962
Total	**10.954.980**	**12.650.578**

23. RESEARCH AND DEVELOPMENT EXPENSES

	31.12.2017	31.12.2016
Remuneration and staff expenses	1.205.158	866.376
Remuneration and expenses of third parties	1.012.237	991.089
Benefits to third parties	759.476	615.207
Taxes & Duties	72.435	74.767
Depreciation of tangible assets (Note 5)	531.535	510.832
Amortization of intangible assets (Note 6)	20.659.963	18.700.587
Fees in favour of the National Organization for Medicines	1.464.521	1.892.842
Write off of intangible assets (Note 6)	82.748	443.259
Other expenses	1.341.890	812.368
Total	**27.129.962**	**24.907.327**

24. FINANCE INCOME/EXPENSES

Finance expenses are analyzed as follows:

	31.12.2017	31.12.2016
Interest on long-term borrowings	1.325.790	2.028.190
Interest on short-term borrowings	633.288	1.192.527
Interest on intragroup borrowings	947.305	-
Factoring expenses	626.136	651.706
Expenses from foreign currency translation differences	521.412	692.494
Other financial expenses	359.722	527.895
Total	**4.413.652**	**5.092.811**

Other finance expenses relate mostly to imports bank charges and bank commissions.

Finance income is analyzed as follows:

	31.12.2017	31.12.2016
Deposit interest	1.077	1.086
Revenues from foreign currency translation differences	764.941	399.528
Total	**766.018**	**400.614**

25. 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 Company for its Greek operations is 29% for the years 2017 and 2016.

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. 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.

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 65a of Tax Procedures Code Law 4174/2013. Pharmathen S.A. is subject to tax audit based on the provisions of the law as described above.

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

	31.12.2017	**31.12.2016**
Current income tax	1.170.844	1.589.384
Deferred income tax	3.365.602	2.017.545
Total	**4.536.446**	**3.606.929**

Reconciliation between the income tax expense and the accounting profit multiplied by effective tax rates is as follows:

	31.12.2017	**31.12.2016**
Profit before taxes	18.229.929	12.755.137
Tax rate	**29%**	**29%**
Income tax based on applicable tax rate	5.286.679	3.698.990
Tax allowance on Research and Development	(2.452.801)	(2.877.926)
Tax on non-deductible expenses for tax purposes	881.471	1.375.983
Additional taxes	821.096	1.409.883
Total income tax	**4.536.446**	**3.606.929**
Effective tax rate	**25%**	**28%**

According to corporate tax law 4172/2013, Article 22A, 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 company and is subtracted from the taxable profit of the financial year.
From the total of tax income, an amount of 357.744€ pertinent to income tax, is payable to the taxation authorities on 31.12.2017 and is expected to be paid within the following year, while an amount of 813.100€ has been offset with withholding tax.

26. RISK MANAGEMENT

The Company is exposed to various financial risks such as market risk (variation in foreign exchange rates, interest rates, market prices etc.), credit risk and liquidity risk. Apart from credit risk, the risk exposure is not considered material. The Company's risk management policy aims at limiting the negative impact on its financial results arising from inability to predict financial markets and variation in cost and revenue variable.

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

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

The Company's financial instruments include mainly bank deposits, trade debtors and creditors and loans.

The carrying amounts reflected in the accompanying statement of financial position for trade and other accounts receivable, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Management believes that the fair value of variable rate loans and borrowings approximate the amounts presented in the statements of financial position, mainly due to the variable interest rates.

Fair value of assets and liabilities

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 Company 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.

Interest rate sensitivity

On December 31, 2017, the Company is exposed to changes in market interest rates through its bank borrowings, its cash and cash equivalents which are subject to variable interest rates.

The following table presents the sensitivity of the net profit for the year and equity to a reasonable change in interest rates of +0,5% or -0,5%. These changes are considered to be reasonably possible based on observation of the current market conditions.

	31.12.2017		31.12.2016	
	5,00%	-5,00%	5,00%	-5,00%
Income Statement	147.292	(147.292)	(161.036)	161.036
Statement of Comprehensive Income	147.292	(147.292)	(161.036)	161.036

Liquidity risk

The Company manages its liquidity by carefully monitoring scheduled debt servicing payments for long – term financial liabilities as well as cash – outflows due in day - to - day business. Liquidity needs are monitored in various time bands, on a daily and weekly basis. The Company ensures that sufficient available credit facilitations exist, so that it is capable of covering the short-term enterprising needs, after calculating the cash inputs resulting from its operation as well as its cash in hand and cash equivalent. The capital for the long-term needs of liquidity is ensured additionally by a sufficient sum of lending capital and the possibility to be sold long-term financial assets. The Company uses factoring to avoid greater liquidity risks for specific liable debtors.

Maturity of the financial assets (not impaired, after considering the discounting effect) as of December 31, 2017 and 2016, for Company is analyzed as follows:

	31.12.2017	31.12.2016
< 90 days	37.641.727	25.456.855
90 - 180 days	2.512.410	4.866.049
180 - 360 days	4.713.247	8.267.072
> year	1.299.618	245.796
Total	**46.167.001**	**38.835.773**

Maturity of the financial obligations as of December 31, 2017 and 2016, for Company is analyzed as follows:

			31.12.2016		
	Short-term		Long-term		
	Within 6 months	6 to 12 months	1 - 5 years	5 years or more	Total
Loans	12.799.464	24.540.039	34.596.422	-	**71.935.925**
Suppliers	19.227.299	-	-	-	**19.227.299**
Accrued and other short-term liabilities	14.036.163	-	-	-	**14.036.163**
Total	**46.062.926**	**24.540.039**	**34.596.422**	-	**105.199.387**

			31.12.2017		
	Short-term		Long-term		
	Within 6 months	6 to 12 months	1 - 5 years	5 years or more	Total
Loans	546.250	3.929.803	106.241.123	-	**110.717.176**
Suppliers	41.144.337	40.514	-	-	**41.184.851**
Accrued and other short-term liabilities	11.072.733	-	-	-	**11.072.733**
Total	**52.763.320**	**3.970.317**	**106.241.123**	-	**162.974.760**

Interests for the following years are calculated according to interest rates as per December 31, 2017.

Foreign currency translation losses

Currency risk is the risk that the fair values or the cash flows of a financial instrument fluctuate due to foreign currency changes. The Company makes payments in various currencies such as the Canadian dollar, British pound, and US dollar. However, the Company does not believe that payments in foreign currency are material and that any significant negative result will arise regarding the Company's profit and loss.

Credit risk

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

Maximum exposure to credit risk at the reporting date to which the Company is exposed is the carrying amount of financial assets.

Trade accounts receivable could potentially adversely affect the liquidity of the Company. 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 Company 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 Company assigns to financial institutions a proportion of 45% approximately of foreign receivables invoices which are deemed as factoring without recourse. Apart from this, the rest foreign receivables and a huge proportion of local receivables is already insured with insurance organizations.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to total capital) which is monitored at a Company level. Net debt includes interest bearing loans, less cash and cash equivalents and other financial assets.

The table below shows the gearing ratio evolution for the Company.

	31.12.2017	31.12.2016
Total borrowing	83.305.194	64.602.444
Less : Cash and cash equivalents	(24.644.001)	(27.813.996)
Net borrowing	58.661.194	36.788.448
Total equity	63.092.926	105.624.174
Total capital (Net debt & equity)	**121.754.120**	**142.412.622**
Financial leverage ratio	**48%**	**26%**

27. CONTINGENT ASSETS / LIABILITIES

The Company has no contingent liabilities as at December 31, 2017, while guarantees relate to public sector utilities used by the Company for the amount of € 102,190 and € 244,912 for rental agreements, while the amount of € 77,708 pertains to other guarantees. In addition to these, the Company has issued letters of guarantee for an amount of approximately € 8,6 million in respect of withholding tax exemption for intragroup payments.

28. RELATED PARTIES

Related parties as per IAS 24 ”Related parties” are all subsidiaries and affiliated companies mentioned in note 9 Investments as well as members of the board of Directors presented below.

President of the Board and Chief Executive Officer: Mrs Eleni Katsou
Deputy President: Mr Evangelos Karavas
Member of the Board of Directors: Mr Emanouil Damanakis

There where no board remunerations for the year ended December 31, 2017.
The Company's related parties have been identified based on the requirements of IAS 24 "Related Party Disclosures". Transactions with related parties are the following:

Pharmathen S.A. transactions with related parties are analyzed as follows:
Commercial transactions

01.01.2017 - 31.12.2017

	Sales	Acquisitions
Pharmathen Global BV	20.559.383	(1.628.091)
Pharmathen International S.A.	70.331	(29.117.373)
Adventus India	-	(935.731)
Pharmathen UK	-	(1.761.838)
Pharmathen Hellas (until the date of sale)	12.338.286	(1.461.722)
Libytec (until the date of sale)	51.762	(1.126)
Total	**33.019.762**	**(34.905.882)**

Commercial transactions

01.01.2016 - 31.12.2016

	Sales	Acquisitions
Pharmathen International S.A.	5.972.059	(45.099.994)
Adventus India	-	(2.228.778)
Pharmathen UK	-	(2.253.233)
Pharmathen Hellas	14.628.527	(1.383.676)
Libytec	317.478	(13.884)
Total	**20.918.064**	**(50.979.565)**

Accounts receivable and payable (offset) of Pharmathen S.A. regarding related parties are analyzed as follows:

	31.12.2017	31.12.2016
Pharmathen Global BV	13.630.907	-
Pharmathen International S.A.	(10.104.635)	717.449
Adventus India	(914.594)	(760.336)
Pharmathen Hellas	1.702.192	4.291.466
Libytec	-	721.307
Total	**4.313.870**	**4.969.886**

Whiten the FY, the company Libytec was disposed to third party and, therefore, is no longer regarded as an associate as at 31.12.2017.

The credit limits established by the entity with respect to intragroup receivables and payable amounts are approximately the same as those effective regarding third parties.

The table recording commercial transactions resented below does not include intracorporate loans issued by the Company with "Pharmathen Global BV" – 55.400.000 € and "Pharmathen Holding BV" – 500.000 € as well a the relative interest of 938.061 € and 9.244 € respectively (see Notes 14 and 24 respectively).

The main transactions between the Group companies are described below:

Pharmathen S.A.
Pharmathen S.A. provides contract manufacturing services (facon services) to Pharmathen Hellas S.A. Furthermore Pharmathen S.A. provides generic drugs and raw materials to Pharmathen Hellas and Pharmathen International. Pharmathen S.A. also provides accounting services to Pharmathen International S.A. and warehousing services to Pharmathen Hellas S.A. Moreover, since August 2017, the Company provides the following services and goods to the parent company Pharmathen Global BV: a) sale of finished products; b) provision of Research and Development services; and c) provision of administrative services.

Pharmathen Hellas S.A.
Pharmathen Hellas S.A. provides raw materials and generecic drugs to Pharmathen S.A. and also provides sales services (commission fees) to Pharmathen S.A.

Pharmathen International S.A.
Pharmathen International S.A. provides manufacturing services (facon services), generic drugs and warehousing services to Pharmathen S.A.

Adventus India
Adventus India provides services such as development of chemical compounds (A.P.I development) to Pharmathen S.A.

Pharmathen U.K
Pharmathen U.K provides marketing and promotional services to Pharmathen S.A.

Pharmathen Global BV
Pharmathen Global BV is the exclusive supplier of Pharmaten S.A. from which it purchases manufactured goods and products for the purpose of international sales. Moreover, Pharmathen Global BV purchased a one-off from the Company - as part of the refinancing of the latter - trade receivables totaling € 9.509.446,56 on the non-redeemable factoring basis. Its relative fees amounted to € 74.869,83 and are included in the item of factoring expenses. PHARMATEN S.A. also provides accounting and other supportive services to Pharmathen Global BV.

Terms of conditions of transactions with 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 year ended December 31, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: € Nil). 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.

29. DISCONTINUED OPERATIONS

Discontinued operations

	31.12.2017	31.12.2016
Statement of Financial Position		
Non-current Assets		
Investments in affiliates	-	13.700.001
Total non-current assets	-	**13.700.001**
Assets held for sale	-	**13.700.001**
Net assets held for sale	-	**13.700.001**

Income Statement

	31.12.2017	31.12.2016
Turnover	-	11.952.540
Cost of sales	-	(9.958.818)
Gross profit	-	**1.993.722**
Distribution costs	-	(1.020.720)
Operating results	-	**973.002**
Earnings before tax from discontinued operations	-	**973.002**
Income tax	-	(282.170)
Profit / (losses) after tax	-	**690.832**

Statement of Cash Flows (extract)	**31.12.2017**	**31.12.2016**
Net cash flows from operating activities	-	9.839.638
Net cash flows used in investing activities	-	(4.655.921)
Net cash flows used in financing activities	-	(5.165.400)
Net cash inflows / (outflows)	**-**	**18.317**

In 2016, Pharmathen Group Management (the Company belongs to the Group in question) decided to streamline its B2C and B2B operations 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 each sector and market currently envisage in a more efficient and effective manner and on the basis of an independent financial and risk management strategy. Therefore, in the context of the aforementioned reorganization, in the comparative period, B2C operations segment of the Company was presented as a discontinued operation.

30. POST REPORTING PERIOD EVENTS

Following the BoD decisions on management proposals with respect to the applied plan of the Company's operations, within the first quarter of 2018, the following events took place:

- Disposal of Pharmathen Hellas S.A. shares to third party investors

- Decision to discontinue the operations of "Adventus India" through capitalization of the Company's assets.
- Restructuring of operations of the subsidiary Pharmathen UK through their transfer to a newly established company domiciled in the UK - Pharmathen Global BV being the shareholder.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for FY ended as at December 31st 2017 were approved for issue by the Board of Directors of Pharmathen S.A. on 5/6/2018.

President of the Board of Directors and Chief Executive Officer	Deputy President of the Board of Directors	Chief Financial Officer	Director of Financial Services	Director of Accounts Department
ELENI KATSOU	EVANGELOS KARAVAS	DIOMIDIS VASILIOU	EUSTATHIOS GEORGIOU	VASILEIOS MIZIOS