Annual Report

For the period

January 1 until December 31, 2018

Pharmathen Global Holding B.V.

Amstelveen, Netherlands

CONTENTS

Directors' Report

1. Group Overview

Founded in 1969 by Nikolaos Katsos, Pharmathen soon outgrew its origins in Athens, Greece to become one of the leading European pharmaceutical groups in the field of complex generics and innovative technologies. With a core of very successful research and development operations, Pharmathen has evolved into a vertically integrated group with worldwide presence and operations.

Following the acquisition of Pharmathen in 2015 by funds advised by B.C. Partners the strategy of the Group focused on expanding further its international Business to Business (B2B) operations. With this target the Group in 2017 divested its Business to Consumer (B2C) operations and applied a Netherlands based B2B operating model and structure based on strong relationships with its marketing partners.

As a result Pharmathen Global B.V. became the leading operating company of the Group, being responsible for setting the strategic targets, deciding on the allocation of the R&D resources of the Group and its commercial policy. It also exploits commercially the products developed by the Group in the international markets by forming long lasting business relationships with leading marketing partners that distribute the products of the Group worldwide. The development of the international business is supported by experienced staff which is employed by Pharmathen Global B.V. and its subsidiary Pharmathen UK Ltd (based in Hertfordshire, UK).

The research and development operations of the Group are carried out by Pharmathen SA which is also the commercial arm of the Group for sales in Greece and to some niche international marketing partners. Having its place of business in Greece Pharmathen SA provides administration services to all the entities of the Group and supplies Pharmathen Global B.V. with products and research services.

The main manufacturing sites of the Group are located in Northern Greece (the plant is owned by Pharmathen International SA and has successfully passed in 2017 an FDA audit of its oral solids and injectables facility) and in the greater Athens area (the plant is owned by Pharmathen SA). In addition to these facilities the Group has long standing business contracts with reputable Contract Manufacturing Organisations which manufacture some of the products offered by the Group.

The Group applies vigorously best practice GMP and GTP procedures in order to ensure its products are of the highest quality and are delivered safely to markets. These procedures are constantly monitored by the Corporate QA department of the Group, which is also responsible for inspecting the quality and manufacturing facilities of the pharmaceuticals related suppliers of the Group.

2. Operational highlights of 2018

During 2018 the Group expanded its customers and products base securing at the same time new strategic agreements with world-class marketing partners for the commercialisation (in the future) of various of its new generation products currently under development.

The Group, committed to its strategy towards research on new technologies and products, completed within 2018 the development of 9 new products and continued with the development of its products pipeline as planned.

In preparation for the new EU directive on Pharmaceuticals the Group installed serialisation equipment in its manufacturing facilities (including CMOs) ahead of the Feb. 9, 2019 deadline. To ensure the timely manufacturing of its products and to address potential shortages and delays in the international KSM and API supply markets the Group increased stock levels of raw materials, which had a temporary impact on its working capital. Stock levels are regularly monitored and expected to be reduced in 2019 once supply market conditions improve.

Further to the above the Group signed the sale agreement for the Adventus API operations in India and outsourced the Internal Audit function to a reputable external audit firm.

2.1 Financing facilities

In July 2017 the Group entered into an International Facility Agreement for €170m with international financial institutions, comprising a syndicated loan of €120m (with a bullet payment after 6 years) and a Revolving Credit Facility of €50m, and two Bond Loans with Greek financial institutions for the total amount of €50m (with a 6-year maturity and a 30% amortization schedule).

The proceeds were used to repay previously existing credit facilities, pay the balance of deferred consideration owed by Pharmathen Global BV to the Vendor (Katsos family) and provide funding for the expansion of the manufacturing facilities of the Group.

3. Summary of Group Financial Performance for the period 1st of January 2018 to 31 December 2018.

Consistently with previous years the Group in 2018 achieved its budget targets and significantly improved its performance versus the previous year, both in terms of growth and profitability. In particular:

- The volume of product SUs sold increased by 40% y-o-y, even though the average price per unit decreased by 16% y-o-y.
- Net Revenue increased c.7% y-o-y to €191m

- The gross profit margin of products (excluding API) increased to 42% from 41% in 2017, despite the fact it was adversely affected by the increased production costs linked to the expanded manufacturing capacity of the plants owned by the Group.
- Investment in Research & Development projects increased to €37m from €31m in the previous year, reflecting the Group's continued focus to enrich its products pipeline.
- Selling and distribution expenses dropped by 16% y-o-y to €11.5m, mainly on the back of lower commissions linked to 3rd party sales, while administrative expenses remained broadly flat y-o-y at €18.5m, demonstrating the operating leverage in the business.

As a result, EBITDA increased +19% y-o-y to €52.3m compared to €43.8m in the previous year.

2019 Outlook

In the context of the Group Strategic Plan for the period 2018-2023, the Group's Board has set the business and financial directions and objectives for 2019 Budget to the Group subsidiaries.
In this context, the Group aims to achieve a double-digit growth at both Net revenue and EBITDA (after adjusting for one off items) levels.

The Group financial performance is expected to remain solid, consistent with the five year Business Plan. The Group will continue to implement its R&D spend plan for the development of new products as well as its capital expenditure plan aiming at the enhancement of capacity in its production facilities and the achievement of further production cost efficiencies.
During the year headcount is expected to increase by c.35 employees (net); these additions are required for regulatory & labor legislation reasons and to service the increased capacity levels of the plants (mostly for the new products expected to be launched).

Major strategic goals of the Group in 2019 are as follows:

- To continue the successful development of new products
- To accelerate the new LAI plant capex
- To launch new products in EU and US
- To continue to provide regulatory and logistical support to our customers so that they are able to receive goods and invoicing from PHT BV
- To celebrate the 50th anniversary of Pharmathen since its incorporation!

In line with the Group's undertakings in the context of the International Facility Agreement, the assignment of the international B2B customers' contracts will continue to grow during 2019.

4. Group strategy

The Group's Management is setting the pace for the Group strategy planning and implementation. The Group is operating via a B2B model in pharmaceuticals generics markets and has a global presence in more than 80 countries.

The Generics (Gx) market is expected to grow by c. 5% p.a. over the 2015-2020 period as the pressure for affordable healthcare and the strong patent expiry pipeline drives generic penetration from 20% to 24% over the same period. Within the pharmaceuticals market, the Group target markets that are large, highly defensible, specialty niches. In each of the segments, the Group has established a leading development position offering the most advanced and extensive product list in the industry, with the majority of the projects already partnered. The specialty generics market is expected to experience faster growth of c. 10-15%+ due to strong pipeline of product patent reaching their expiry.

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

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

5. Risk management and control systems

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

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

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

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

With respect to the financial reporting process, the risk management and internal control system is designed to provide reasonable assurance that the books and records of the Group properly reflect transactions necessary to permit the preparation of management reports and financial statements that are consistent and in compliance with legal regulations and International Financial Reporting Standards, and free of any material misstatements. The system also provides reasonable assurance that receipts and expenditures of the Group entities are only made by persons authorized to do so and that assets are safeguarded. As part of this system, various control procedures have been set such as, application of four eyes principle, chart of authority, reconciliations and other ad hoc checks.

Every month, a Management Committee meeting takes place that reviews the monthly Group financial results, risk performance and developments. This is followed by an Operational Review meeting where Group performance is presented to the shareholders. Regular BoD meetings take place to provide strategic guidance and approve recommendations mainly related to B2B Business development and critical Group operational matters, R&D investments, Financing and M&A activity.

On the basis of the relevant risk appetite of the Group at each designated risk area, the Group's risks and uncertainties set out below are managed in the context of the Group risk management process and policies whose procedures are summarized as follows:

- Evaluation of risks related to the Group's activities.
- Methodology planning and selection of any suitable actions for risk reduction/insurance or avoidance based on Group's risk appetite by type of risk.
- Execute risk management action plan in accordance with the procedure approved by Group Management.

6.1 Environmental matters

The Group responds with responsibility to issues related to the protection of the environment and the saving of natural resources. The environment and its protection is one of the highest priority for the management of the Group. There may be further opportunities to achieve cost-savings through implementing activities that also have a positive environmental impact e.g. reducing energy and water use. As a Group whose activities involve handling and being in close proximity to chemicals and hazardous substances, health and safety is an issue, which is essential to manage. Community engagement is important in environmental matters as it is across all of Pharmathen's business. Its efforts to become even more environmentally friendly include the energy efficient design of its buildings and facilities, the recycling of materials and paper, and the recycling of all ink cartridges and electrical equipment. Finally, there is a cooperation with the company Polyeko SA, which is responsible for the management of industrial waste.

6.2 Strategic Risk

We are exposed to a number of strategic risks including the ineffective implementation of Group's strategy and business plan that may result in unfavorable developments in areas that have a direct or indirect impact to the realization of projected financial results and position of the Group such as: adverse regulatory changes, delays in the timeline of new molecules development, spikes in the costs of raw materials, senior management turnover or any number of other large-scale changes that might have an adverse impact on the timely realization of strategic goals and on expected economic benefits.

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

- It has developed a well-defined business strategy framework and objectives with risk areas integrated in it.
- Determine the Group risk appetite as being moderate to high with respect to strategic risk, aiming creating a right balance between risk and long term reward; leveraging on its long term developing hard skills and competencies of its R&D team to focus on specialised, difficult to produce

technologies such as LAIs and PF Ophthalmics with significant growth potential and limited competition

- ❖ Establish key performance indicators and tight monitoring for all critical product and business development stages
- ❖ Identify major risks that could cause the variability from strategic goals and measure them on a forward looking basis by studying and implementing when necessary alternative scenarios.
- ❖ Maintain integrated reporting and monitoring vs. budget and forecast; every month there is a Management Committee meeting that analyses the monthly Group performance and developments followed by an Operational Review meeting where Group performance is presented to the shareholders. Regular BoD meetings are taken place to provide strategic guidance and approve recommendations mainly related to B2B Business development and critical Group operational matters, R&D investments, Financing and M&A activity.

In addition to the above mentioned risk management process, it should be noted that the Group's business strategy throughout its lifetime has been targeting the development of a vertically integrated operational B2B model. This model based on robust IP and long term supply contracts with a well-diversified portfolio of big pharma players, creating high switching costs and barriers to entry in the targeted markets and thus reducing the strategic risk with respect to market demand and competition.

In parallel, the Group has heavily and consistently invested in developing its R&D technical expertise and competencies throughout its lifetime. This investment has resulted in a well-established R&D organisation with a long track-record in successful development of finished dosage forms and APIs. Given that pivotal BE studies are the most critical and costly step in generic development process, the Group can demonstrate a track record of average success rate (1st attempt) of 86.8% over the years, while historically no project has ever been discontinued due to technical failure, with 100% of all dossiers that have been submitted receiving approval.

With respect to compliance and regulatory risk management the Group has a prudent approach aiming at minimizing these risks. Regulatory and Compliance departments have put in place robust enterprise-wide compliance management control systems and procedures designed to reduce risk, enhance management controls, and ensure compliance.

6.3 Financial Risk

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

6.3.1 Interest rate

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

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

6.3.2 Foreign Exchange

The group makes payments mainly in US dollar for certain API purchases and operating expenses, on average $ 40-45m per annum. Group Management has decided to leave the exposure unhedged in 2018 and occasionally lock in the profits by entering into forward contracts.

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

The group does not hedge foreign exchange fluctuations.

6.3.3 Credit Risk

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

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

All of group cash is retained in high credit quality financial institutions. A significant portion of total cash is held outside Greece, the majority of which is deposited in ABN Ambro Bank in Netherlands which been affirmed with an A+ rating. Most of cash is denominated in Euro. For 2019 Group is planning to diversify its deposit base further by opening new bank accounts with international banks.

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

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

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

6.4 Diversity Male / Female Partitioning of Board Members

As per January 1, 2013 a new law on management and supervision ("Wet Bestuur en Toezicht") became effective in the Netherlands. The purpose of this law is to reach a balance (at least 30% of each gender) between men and women in the Board of Directors of large entities. The Company aims to have an adequate and balanced composition of its Management Board. Thereto, annually, it plans to assess the composition of the Management Board. In the context of such assessment, the Company aims to have a gender balance by having at least 30% men and at least 30% women amongst its Management Board members. However, because of the fact that the Company needs to balance several other relevant selection criteria when composing its Management Board, the composition of the Management Board did not meet the abovementioned gender balance in 2018 (currently 14% of women in Board of Directors). The Company will continue to strive for an adequate and balanced composition of its Management Board in future appointments, by taking into account all relevant selection criteria including but not limited to gender balance, executive experience, experience in corporate governance and experience in the political and social environment.

Amstelveen, May 30, 2019

Board of Directors

N. Stathopoulos

M.P. Hersee

S. Ilia

M.H. Kastka

V. Katsos

E. Katsou

M.G. Evans

Consolidated Statement of Profit and Loss for the year ended December 31, 2018

		Amounts in €	
		31.12.2018	**31.12.2017**
Revenue	11	191,230,284	178,105,574
Cost of sales	12	(110,535,358)	(103,717,664)
Gross profit		**80,694,926**	**74,387,910**
Other income / expenses	13	2,704,363	2,218,173
Administrative expenses	14	(18,492,557)	(18,464,523)
Selling and distribution expenses	15	(11,510,034)	(13,682,901)
Research and development expenses	16	(24,791,233)	(20,585,654)
Operating profit		**28,605,466**	**23,873,006**
Financial income	18	1,774,143	1,740,945
Financial expenses	19	(11,534,735)	(13,563,166)
Profit before income taxes		**18,844,874**	**12,050,785**
Income tax	20,34	(659,696)	(4,716,506)
Profit for the year from continuing operations		**18,185,178**	**7,334,280**
Profit/ (loss) for the year from discontinued operations		(247,517)	7,164,784
Profit for the year		**17,937,661**	**14,499,063**
Attributable to:			
Owners of the parent		17,937,661	14,499,857
Non-controlling interests		-	(794)
		17,937,661	**14,499,063**

The Group has applied IFRS 15 using the modified retrospective method of adoption. Under this method comparative figures of 2017 have not been restated, see note 42.

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

Note: Comparative figures have been adjusted. Please refer to note 6.24.

Consolidated Statement of Other Comprehensive Income for the year ended December 31, 2018

	Amounts in €	
	31.12.2018	**31.12.2017**
Profit for the year	**17,937,661**	**14,499,063**
Other comprehensive income / (loss):		
Exchange differences on translations of foreign operations	(363,993)	(473,745)
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods:	**(363,993)**	**(473,745)**
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:		
Re-measurement (losses) on defined benefit plans (note 33)	(163,770)	(18,397)
Income tax effect (note 34)	47,493	5,335
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods:	**(116,276)**	**(13,062)**
Other comprehensive loss for the year, net of tax	**(480,270)**	**(486,807)**
Total comprehensive income for the year, net of tax	**17,457,391**	**14,012,256**
Attributable to:		
Equity holders of the parent	17,457,391	14,012,256
Non-controlling interests	-	-
Total	**17,457,391**	**14,012,256**

The Group has applied IFRS 15 using the modified retrospective method of adoption. Under this method comparative figures of 2017 have not been restated, see note 42.

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

Note: Comparative figures have been adjusted. Please refer to note 6.24.

Consolidated statement of Financial Position as at December 31, 2018

		Amounts in €	
ASSETS	**Notes**	**31.12.2018**	**31.12.2017**
Non-current assets			
Property plant and equipment	24	79,047,711	69,921,727
Intangible assets	25	230,279,747	212,447,843
Goodwill	26	212,142,360	212,142,362
Other non-current assets	27	1,918,606	1,476,287
Deferred tax assets		1,920,128	1,003,905
Total non-current assets		**525,308,552**	**496,992,124**
Current assets			
Inventories	28	56,810,924	32,664,153
Trade accounts receivable	29	36,013,827	39,832,547
Other receivables	29	29,193,035	17,371,722
Cash and cash equivalents	30	18,589,060	37,622,899
		140,606,846	**127,491,322**
Assets held for sale	21	767,300	901,329
Total current assets		**141,374,146**	**128,392,651**
TOTAL ASSETS		**666,682,698**	**625,384,774**
EQUITY & LIABILITIES			
Equity attributable to shareholders of the Company	31		
Issued capital		32,181,967	32,181,967
Share premium		271,457,706	271,457,706
Other reserves		6,943,823	6,173,261
Other components of equity		(1,743,259)	(1,379,266)
Retained earnings		46,856,168	33,151,001
Equity attributable to the equity holders of the parent		**355,696,405**	**341,584,670**
Non-controlling interests		80,575	80,575
Total equity		**355,776,980**	**341,665,244**
Non-current liabilities			
LT Interest - bearing loans and borrowings	32	163,000,409	162,749,955
Provision for staff retirement indemnities	33	2,128,174	1,898,097
Deferred tax liabilities	34	58,999,105	59,337,032
Total non-current liabilities		**224,127,688**	**223,985,084**
Current liabilities			
Trade accounts payable	35	49,267,715	35,498,354
Contract Liabilities		4,497,216	-
ST Interest - bearing loans and borrowings	32	1,000,000	-
Income tax payable		448,113	441,641
Accrued and other current liabilities	36	31,271,845	23,367,203
		86,484,889	**59,307,199**
Liabilities directly associated with assets Held for Sale	21	293,142	427,247
Total current liabilities		**86,778,031**	**59,734,446**
TOTAL LIABILITIES		**310,905,718**	**283,719,530**
TOTAL EQUITY AND LIABILITIES		**666,682,698**	**625,384,774**

The Group has applied IFRS 15 using the modified retrospective method of adoption. Under this method comparative figures of 2017 have not been restated, see note 42.

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

Note: Comparative figures have been adjusted. Please refer to note 6.24.

Consolidated statement of Changes in Equity for the year ended December 31, 2018

Amounts in €	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Balance January 1, 2017 before profit distribution adjustment	**32,181,967**	**288,829,719**	**5,459,618**	**20,822,139**	**(905,521)**	**346,387,922**	**81,369**	**346,469,291**
Adjustment for profit distribution to employees (note 6.24)	-	-	-	(1,444,290)	-	**(1,444,290)**	-	**(1,444,290)**
Adjusted Balance January 1, 2017	**32,181,967**	**288,829,719**	**5,459,618**	**19,377,849**	**(905,521)**	**344,943,632**	**81,369**	**345,025,001**
Profit for the year	-	-	-	14,499,857	-	**14,499,857**	(794)	**14,499,063**
Other comprehensive income	-	-	-	(18,397)	(473,745)	**(492,142)**	-	**(492,142)**
Taxes on other comprehensive income directly attributable to equity	-	-	-	5,335	-	**5,335**	-	**5,335**
Total comprehensive income	**-**	**-**	**-**	**14,486,796**	**(473,745)**	**14,013,051**	**(794)**	**14,012,257**
Share capital increase	-	627,986	-	-	-	**627,986**	-	**627,986**
Share capital decrease	-	(18,000,000)	-	-	-	**(18,000,000)**	-	**(18,000,000)**
Transfer from retained earnings to other reserves	-	-	713,643	(713,643)	-	-	-	-
Balance December 31, 2017	**32,181,967**	**271,457,706**	**6,173,261**	**33,151,002**	**(1,379,266)**	**341,584,670**	**80,575**	**341,665,244**
Balance December 31, 2017 before IFRS 15 impact	**32,181,967**	**271,457,706**	**6,173,261**	**33,151,002**	**(1,379,266)**	**341,584,670**	**80,575**	**341,665,244**
Change in accounting policy (note 42)	-	-	-	(3,449,656)	-	(3,449,656)	-	(3,449,656)
Restated Balance January 1, 2018	**32,181,967**	**271,457,706**	**6,173,261**	**29,701,346**	**(1,379,266)**	**338,135,014**	**80,575**	**338,215,588**
Profit for the year	-	-	-	17,937,661	-	17,937,661	-	17,937,661
Other comprehensive income	-	-	-	(163,770)	(363,993)	(527,763)	-	(527,763)
Taxes on other comprehensive income directly attributable to equity	-	-	-	47,493	-	47,493	-	47,493
Total comprehensive income	**-**	**-**	**-**	**17,821,385**	**(363,993)**	**17,457,391**	**-**	**17,457,391**
Subidies Received	-	-	104,000	-	-	104,000	-	104,000
Transfer from share capital to distributable reserves	-	-	666,561	(666,561)	-	-	-	-
Balance December 31, 2018	**32,181,967**	**271,457,706**	**6,943,823**	**46,856,168**	**(1,743,259)**	**355,696,405**	**80,575**	**355,776,980**

The Group has applied IFRS 15 using the modified retrospective method of adoption. Under this method comparative figures of 2017 have not been restated, see note 42.

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

Note: Comparative figures have been adjusted. Please refer to note 6.24.

Consolidated statement of Cash Flows for the year ended December 31, 2018

	Notes	31.12.2018	31.12.2017
		Amounts in €	
Operating activities			
Profit before income taxes from Continuing operations		**18,844,874**	**12,050,785**
(Loss) before income taxes from Discontinuing operations		**(224,407)**	**(182,651)**
Non - cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	24	4,792,076	3,775,842
Amortisation of intangibles	25	18,973,523	16,491,187
Impairment of receivables	27, 29	26	2,940,591
Impairment of tangible and intangibles assets	25	650,612	82,748
Finance income	18	(1,868,948)	(1,751,023)
Finance costs	19	11,533,832	13,595,101
Provision for obsolete inventory	28	203,931	(254,636)
Provision for staff retirement indemnities	33	66,307	281,141
Operating profit before working capital changes		**52,971,826**	**47,029,087**
(Increase)/Decrease in:			
Inventories		(24,347,227)	(401,441)
Trade accounts receivable and other receivables		(7,655,100)	(11,679,493)
Increase/(Decrease) in:			
Trade and other accounts payable		21,939,032	21,319,398
Income tax paid		(1,258,404)	(2,268,630)
Net cash flows from operating activities		**41,650,127**	**53,998,920**
Investing Activities			
Purchase of property, plant and equipment	24	(13,914,042)	(9,700,990)
Purchase / development of intangible assets	25	(37,456,037)	(26,921,243)
Sale / (participation in share capital increase) of subsidiaries, net of cash		-	13,700,000
Net cash flows used in investing activities		**(51,370,079)**	**(22,922,233)**
Financing activities			
Subsidies received		104,000	-
Factoring with recourse (decrease)/increase		-	673,872
Payment of deferred consideration		-	(89,543,978)
Repayment of borrowings		-	(74,641,389)
Proceeds from borrowings from financial institutions		-	164,628,675
Payment of finance costs		(9,378,425)	(3,499,468)
Increase / (decrease) of share capital		-	(18,000,000)
Issue of shares		-	120,000
Net cash flows from/(used in) financing activities		**(9,274,425)**	**(20,262,288)**
Net increase / (decrease) in cash and cash equivalents		**(18,994,377)**	**10,814,397**
Opening Cash and cash equivalents balance of Continued operations:		37,622,899	27,967,027
Opening Cash and cash equivalents balance of Discontinued operations:		40,054	2,003,096
Closing Cash and cash equivalents balance:		**18,668,577**	**40,784,521**
Attributable to Continuing Operations:		**18,589,060**	**37,622,900**
Attributable to Discontinued Operations:		**79,518**	**40,053**
Attributable to Disposed Operations:		**-**	**3,121,567**

The Group has applied IFRS 15 using the modified retrospective method of adoption. Under this method comparative figures of 2017 have not been restated, see note 42.

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

Note: Comparative figures have been adjusted. Please refer to note 6.24.

1. General information

Activities:

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

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

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

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

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

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

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

The consolidated financial statements of PGH and its subsidiaries (collectively, the Group) for the year ended December 31, 2018 were approved by the Directors on May 30, 2019.

Going concern assumption:

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

2. Basis of preparation and adoption of IFRS

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

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

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

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

3. Basis of Consolidation

Subsidiaries

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

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

The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Transactions between entities under common control

Transactions between entities under common control in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory are excluded from the scope of IFRS 3. Therefore, the Group accounts for such transactions using a method akin to the “pooling of interests”.
Regarding Business Combinations Under Common Control (“BCUCC”), in the absence of specific guidance in Financial Reporting standards and guidance, the directors and management of the Group have applied the following accounting principles and framework in order to define the accounting policy of the Group for BCUCC:

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

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

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

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

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

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

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

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

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

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

4. Basis of measurement

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

Foreign currency translation

i. Functional and presentational currency

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

ii. Transactions and balances

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

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

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

iii. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in the income statement.

5. Changes in accounting policies and disclosures

New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2018. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39.

The Group applied the Standard from 1 January 2018 retrospectively, without revising comparative information from previous years. During 2017, the Group completed their study of the requirements of IFRS 9 on Classification and Measurement (including impairment), concluding that their financial instruments will be accounted for in a manner similar to IAS 39. In particular, the examination of the business model and cash flow characteristics does not affect the classification and measurement of trade and other receivables of the Group that will continue to be measured at amortized cost. The effect of the new impairment model was also examined. The Group have determined that their trade receivables and other financial assets generally have a low credit risk. The effect of applying the new model of expected loss to the Group and the company does not affect the financial statements. An analysis of the methodology applied for trade and other receivables is described in note 6.9.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity recognises revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The effect from applying the standard to the Group is described in note 42.

IFRIC 22 “Foreign currency transactions and advance consideration”

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Standards and Interpretations effective for subsequent periods

IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Standard is applicable to the Group and it will apply IFRS 16 when it becomes effective. The Group is in the process of estimating the impact of the application of IFRS 16 on its financial statements. The Group's lease arrangements relate mainly to the lease of cars and buildings. Given that the undiscounted minimum lease commitments as at 31 December 2018 as presented in note 40 are for a total of €5.8 million, the impact of IFRS 16 is not expected to be material to the Group's financial statements.

IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IAS 19 (Amendments) “Plan amendment, curtailment or settlement” (effective for annual periods beginning on or after 1 January 2019)

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

IFRS 3 (Amendments) “Definition of a business” (effective for annual periods beginning on or after 1 January 2020)

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) “Definition of a material” (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

These amendments do not have any impact on the Group.

6. Summary of significant accounting policies

6.1 Property, plant and equipment

Land held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated. All other property, plant and equipment are carried at acquisition cost or manufacturing cost less subsequent depreciation and impairment losses.
Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

- Buildings: 32 years
- IT equipment: 5 years
- Machinery and equipment: 15-30 years
- Motor vehicles: 9 years
- Furniture and fittings: 7 years
- Other equipment: 8 years.

The asset's residual values and useful lives are reviewed at each financial year end and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 6.5).

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the income statement within "other income" or the relative expense function.

6.2 Internally generated drugs

Expenditure on research is expensed as incurred.

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

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

Internally generated drugs and patents are stated at historical cost less subsequent amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over the useful economic lives, to a period of 10 - 15 years. Costs that are directly attributable to identifiable and unique drug products controlled by the Group are recognized as part of intangible assets. Directly attributable costs include materials, staff costs of the drug development team and other specific, direct expenses and overheads necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Amortization of the assets begins when development is completed and the asset is available for use. Costs incurred after regulatory approval are insignificant.

Where no internally generated intangible asset can be recognized, development expenditure is recognized in the income statement in the period in which it is incurred.

Software Acquired

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

Other intangible fixed assets

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

6.3 Business combinations and goodwill

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

6.4 Inventories

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

6.5 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Non-financial assets, other than goodwill, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

6.6 Financial assets and liabilities

Financial assets can be divided into the following categories in accordance with IFRS 9: Measurement at amortised cost ("AC"), financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI"). Financial assets are accounted for and measured in accordance with IFRS 9. This involves classifying a financial asset (debt instrument) on the basis of its contractual cash flow characteristics and business model. Under IFRS 9, a financial asset is carried at cost if the underlying business model is to hold the assets in order to collect contractual cash flows (business model condition). In addition, the cash flow condition must be satisfied. This is the case when the contractual features of the financial asset at specified times only provide for interest and principal payments on the outstanding principal amount. The Group does not have any financial assets at FVPL or FVOCI.

Financial liabilities are measured on initial recognition at fair value plus transaction costs directly attributable to the acquisition. For financial liabilities that subsequently continue to be measured at fair value, any transaction costs are recognized as an expense in the period in which they occur. Financial liabilities at amortised cost include trade and other payables and long-term debt. Trade and other payables and long-term debt are initially recognised at fair value equalling the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables and long-term debt are measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities due to their short-term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

6.7 Offsetting financial instruments

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

6.8 Impairment of financial assets

The Group financial assets that are subject to the expected credit loss model consist of trade receivables for sales of inventory and from the provision of services. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2018 or 1 January respectively and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For all other financial assets at amortised cost the general approach is applied. These assets are considered to have a low credit risk.

6.9 Trade and other receivables

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

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

The Company and the Group apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. For the computation of the expected credit loss related to trade receivables, an expected credit loss (ECL) matrix is used based on balances ageing, historical credit losses as well as macroeconomic factors related to customers profile and economic environment.

6.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6.11 Issued capital

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

6.12 Long-term debt

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

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

6.13 Employee benefits

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

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries using the projected unit credit method. The estimate of its post-retirement benefit obligations is based on standard rates of inflation and mortality. It also takes into account the Group's specific anticipation of future salary increases.

The discount rate is 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.

Actuarial gains or losses are not reclassified in statement of profit and loss in subsequent periods.

Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest expenses related to pension obligations are included in “financial expenses” in the income statement. Return on plan assets is included in other “finance income”. All other post-employment benefit expenses are included in the relative functions. Short-term employee benefits, including holiday entitlement, are current liabilities included in “provision for staff retirement indemnities”, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

6.14 Trade and other payables

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

6.15 Assets held for sale and discontinued operations

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

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

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

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

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

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

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

6.16 Provisions, Contingent Liabilities and Contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation 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 when the Group has a constructive obligation which is when:

i. there is a detailed formal plan; and
ii. the employees affected have been notified of the plan's main features.

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets. They are described along with the Group's contingent liabilities in note 40.

6.17 Revenue

Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services based on the following five step approach:

Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Group has concluded that it is the generally principal in all of its revenue arrangements because it controls the goods and services before transferring them to the customers.

Sale of goods (Generic drugs)

Sale of goods comprise the sale of merchandise, semi-finished products and raw materials and is recognized when the Group has transferred to the customer control of the goods supplied, generally upon undisputed delivery of the goods. Revenue from the sale of goods is generally recognized at a point in time.

Revenue from these sales is recognized based on the price specified in the contract, net of estimated price adjustments such as deduction for discounts, returns and price reconciliation adjustments. The products are often sold with retrospective price adjustments based on actual selling prices made by its customers in specific market(s). Price adjustments are estimated primarily on the basis of historical experience, specific contractual terms and future expectations of sales development.

Rendering of services

The Group recognizes revenue from licensing fees, development, regulatory and approval milestone fees, royalties and other services. Agreements generally include a non-refundable upfront fee, milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones, as well as royalties on product sales of licensed products.

Licensing Agreements

The Group enters into licensing that provide for commercialization rights to its developed or in development product candidates to third party customers to exploit commercially for an agreed upon term and within a specified market(s). The Group considers whether the promise to grant a license is the only performance obligation and, if not, whether it is distinct from the other performance obligations included in the license contract.

For licensing of developed compounds, where the promise to grant a license is the only performance obligation, revenue is recognized at a point in time when control transfers to the customer or licensee and the license period begins. The transaction price in these agreements includes upfront payments, regulatory milestone payments, sales milestones and sales-based royalties. At the inception of each such arrangement, the Group estimates the transaction price. Milestone payments are included in the transaction price only when it becomes highly probable that a significant reversal in the amount of cumulative recognized revenue will not occur. The Group reassesses this estimate throughout the contract period at each reporting date.

For licensing of compounds that are under development, there is one combined performance obligation in relation to the license granted and the research and development services. In these types of licensing arrangements, the Group typically also promises to provide research and development services, prepare the registration dossier and/or assist the licensee in obtaining market authorization. Revenue is recognized as the Group satisfies the combined performance obligation, over time, using an output method based on time elapsed. This reflects both the increase in value of the license and the progression of the research and development activities over the development period towards potential commercialization of the product. The transaction price in these agreements typically includes upfront payments, development and regulatory milestone payments, sales milestones and sales-based royalties. At the inception of each such agreement, the Group estimates the transaction price. Milestone payments are included in the transaction price only when it becomes highly probable that a significant reversal in the amount of cumulative recognized revenue will not occur. The Group reassesses this estimate throughout the contract period at each reporting date and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recognized on a cumulative catch-up basis, affecting revenue and earnings in the period of adjustment.

Customers are invoiced based on the agreed upon payment schedule and consideration is payable when invoiced. Where the timing of invoicing differs from the timing of satisfying the performance obligation, the Group recognizes contract assets and liabilities.

Contract assets relate to the Group’s rights to a consideration for services transferred but not invoiced at the reporting date. The contract assets are transferred to the receivables when invoiced and the rights become unconditional. Contract liabilities relate to advance payments, the right to an amount of consideration that is unconditional, before the Group has transferred the services to the customer. Contract liabilities are recognized as revenue when the Group performs under the contract.

In previous reporting periods, revenue from licenses involving upfront and milestone payments were recognized based on the underlying substance of the specific agreement. Under IFRS 15, revenue from licenses is recognised when the respective performance obligation is satisfied and control transfers to the customer. As a consequence, the Group recognized a contract liability € 4.8 million on 1 January 2018, related to milestone payments or the right to an amount of consideration that is unconditional, before the Group had transferred the services to the customer. In addition, as at 1 January 2018, deferred tax assets increased by € 1.4 million and retained earnings was adjusted with € 3.4 million (refer to note 42).

Royalties

License include sales-based royalties, including commercial milestone payments based on the level of sales, and the license has been deemed to be the predominant item to which the royalties relate. Related revenue is recognized as the subsequent underlying sales occur.

Measurement of price reconciliations

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

6.18 Expenses

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

6.19 Borrowing costs

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

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

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

6.20 Leases

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

6.21 Interest income and expenses

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

Interest income on impaired loan and receivables is recognised using the original effective interest rate.

6.22 Corporate income tax

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

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

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

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

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

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

6.23 Sales tax

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

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

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

6.24 Comparison with previous year

During 2018, the Group decided to reflect the profit distribution to employees as an expense rather than as a dividend recognised on cash basis directly through equity. For comparability and consistency reasons the relevant financial statement line items for the prior period have been adjusted to reflect this distribution as an expense as well. More specifically, payroll expense for the year 2017 and accruals as at 31 December 2017 have increased by €2.413.485, whereas retained earnings as at 1 January 2017 and 31 December 2017, have decreased by €1.444.290 and €2.413.485 respectively.

6.25 Profit distribution to employees

At the Annual General Meeting of the shareholders of Pharmathen S.A and Pharmathen International S.A, the shareholders may consider and approve an ex-gratia distribution of retained profits to the employees of each company, in accordance with law 4548/2018 and law 4172/2013, in recognition of their contribution to the performance of the Group in the respective year. Under the local tax laws this distribution is treated as a dividend from retained earnings in the hands of the employees.

Under IAS 19 this distribution is reported as an employee benefit. The Group recognises an expense in the income statement and a provision for the profit distribution to employees within current liabilities at year-end, when a reliable estimate can be made in accordance with IAS 19. The Group recognises a provision when its management has reason to expect that the annual financial targets of the Group will be achieved and its shareholders intend to approve a distribution of profits to the employees.

7. Significant accounting judgements, estimates and assumptions

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

7.1 Revenue recognition

The Group recognises revenue from licensing fees, development, regulatory and approval milestone fees, sales milestones and royalties. Agreements generally include an up-front fee, milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones, as well as royalties on product sales of licensed products. For these agreements, the Group is required to apply judgment in the identification of the number of performance obligations within a contract, determination of the transaction price, taking into account the variable consideration components and the timing of revenue recognition. The Group applied the five-step model detailed in IFRS 15 to determine when, how and at what amount revenue is to be recognised depending on whether certain criteria are met. Refer Note 6.17 “Revenue”.

7.2 Impairment of Property Plant and Equipment

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount is typically determined using a discounted cash flow method. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.
Pharmathen International operates the main plant of the Group in Sapes region, Greece. This subsidiary has mainly one client, the parent Company of the Group and its sales are made solely to Pharmathen S.A. Based on five year term business plan, Pharmathen International is expected to have significant cash flows and due to this the recoverable amount of the plant is considered to be much greater than the carrying value as at December 31, 2018 whereas no other indicators of impairment exist.

7.3 Impairment of Intangible assets

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

7.4 Useful Lives of Depreciable Assets

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

7.5 Deferred Income Tax Assets

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

7.6 Development costs

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

7.7 Provision for Income Taxes

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

7.8 Provision for Staff Retirement Indemnities

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

7.9 Provision for Inventories

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

7.10 Price Reconciliation

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

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

7.11 Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Impairment of Goodwill is described in note 26.

8. Financial risk management

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

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

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

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

Credit risk

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

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

All of group cash is retained in high credit quality financial institutions. A significant portion of total cash is held outside Greece, the majority of which is deposited in ABN Ambro Bank in Netherlands which been affirmed with an A+ rating. Most of cash is denominated in Euro. For 2019 Group is planning to diversify its deposit base further by opening new bank accounts with international banks.

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

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

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

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

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

	31.12.2018	31.12.2017
< 90 days	31,996,857	36,026,635
90 - 180 days	18,220,628	7,526,548
180 - 360 days	15,380,004	14,041,950
> year	1,928,830	1,480,811
TOTAL:	**67,526,319**	**59,075,945**

From the above, total receivables related to the Discontinued Operations amount €400.851 (2017: €395.388) and the range of these receivables is 90 – 180 days.

Comparative figures have been adjusted by an amount of €671.296 netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

The company and the group applied the simplified approach as per paragraph 5.5.15 of IFRS 9, according to which the expected credit losses, in relation to customer receivables, is determined by the amount resulting from the total maturity of the receivables. For the computation of the expected credit loss related to trade and other receivables, an expected credit loss (ECL) matrix is used based on balances ageing, historical credit losses as well as macroeconomic factors related to customers profile and economic environment.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its liquidity risk on an ongoing basis. The liquidity planning considers the maturity of the financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations.

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

	31.12.2017				
	Short-Term		Long-Term		
	Within 6 months	6 to 12 months	1-5 years	5 years or longer	Total
Interest - bearing loans and borrowings	3,011,912	4,332,928	131,410,445	58,728,675	**197,483,960**
Trade payables	35,504,248	75,353	-	-	**35,579,601**
Accrued and other current liabilities	16,050,346	1,498,502	-	-	**17,548,848**
Total	**54,566,506**	**5,906,783**	**131,410,445**	**58,728,675**	**250,612,409**

	31.12.2018				
	Short-Term		Long-Term		
	Within 6 months	6 to 12 months	1-5 years	5 years or longer	Total
Interest - bearing loans and borrowings	4,317,469	4,622,122	200,635,284	-	**209,574,875**
Trade payables	49,226,866	41,087	-	-	**49,267,953**
Accrued and other current liabilities	12,718,725	8,058,780	7,627,598	-	**28,405,103**
Total	**66,263,060**	**12,721,989**	**208,262,881**	**-**	**287,247,931**

Foreign exchange risk

The group makes payments mainly in US dollar for certain API purchases and operating expenses, on average $ 40-45m per annum. Group Management has decided to leave the exposure unhedged in 2018 and occasionally lock in the profits by entering into forward contracts.

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

The group does not hedge foreign exchange fluctuations.

The following table demonstrates the sensitivity to the income statement from a reasonable possible change of +/- 1% in all the related currencies for the foreign currency denominated purchases and expenses affecting the Group:

	Deviation on average rate	
Currency	**1%**	**-1%**
USD	147,368.22	-150,345.36
AUD	10,796.77	-11,014.88
Other	35,180.40	-35,891.12

Interest rate risk and cash flow risk

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

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

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

	31.12.2018		31.12.2017	
Interest Rate	5.00%	-5.00%	5.00%	-5.00%
Income Statement	348,750	(348,750)	(265,933)	265,933

Price risk

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

9. Capital management

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

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

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

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

The gearing ratios at 2018 and 2017 respectively were as follows:

	31.12.2018	31.12.2017
Reported Debt	164,000,409	162,749,955
Refinancing expenses capitalized	5,999,591	7,250,045
Gross Debt	**170,000,000**	**170,000,000**
Cash and cash equivalents	(18,589,060)	(37,622,899)
Net Debt	**151,410,940**	**132,377,101**
Reported equity	355,776,980	341,665,244
IFRS 15 effect	-	(3,449,656)
Total equity	355,776,980	338,215,588
Total capital (net debt and equity)	**507,187,920**	**470,592,689**
Gearing ratio	**30%**	**28%**

10. Fair value information

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

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

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

Fair values, including valuation methods and assumptions

- At December 31, 2018 and December 31, 2017, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables and inter-group receivables approximated their fair values due to the short-term maturities of these assets and liabilities.

- At December 31, 2018 and December 31, 2017, the fair values of the long-term intercompany payables and borrowings are not materially different from the carrying amounts.

11. Revenue

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

	31.12.2018	31.12.2017
Greece	8,724,685	17,174,885
Rest of Europe	143,524,820	132,821,392
Rest of the World	38,980,780	28,109,297
Total	**191,230,284**	**178,105,574**

The Group has the following types of revenue:

	31.12.2018	31.12.2017
Sale of goods	164,458,173	147,722,290
Raw materials	6,946,574	4,566,675
Rendering of services	19,825,538	25,816,610
Total	**191,230,284**	**178,105,574**

The sales of goods include a provision for price reconciliations of €12.466.327 and €6.994.506 for 2018 and 2017 respectively.

The following table shows how much of the revenue recognized in the current period related to brought-forward contract liabilities and how much relates to contract liabilities for the current year:

	31.12.2018
Balance December 31, 2017	-
Opening balance January 1,2018	4,790,596
Additions	2,000,107
Reversal	(2,293,487)
Balance December 31, 2018	**4,497,216**

The balance of €4.497.216 is expected to be released into the income statement by € 2.5 million in 2019, € 1.3 million in 2020, € 0.5 million in 2021 and € 0.2 million in 2022.

12. Cost of sales

	31.12.2018	31.12.2017
Change in inventories	75,151,120	74,309,515
Employee wages and salaries and other benefits	16,434,078	13,941,036
Third party remuneration and expenses	9,416,601	7,698,272
Third party benefits	2,337,144	1,988,226
Taxes & duties	59,800	72,917
Depreciation	3,349,254	2,300,146
Amortisation	334,339	319,941
Provisions for obsolete inventory	203,931	(254,636)
Sundry expenses	3,249,092	3,342,247
Total	**110,535,358**	**103,717,664**

The increase in the employee expenses and third-party remuneration is due to the increased financial activity of the Group.

Note: Comparative figures have been adjusted. Please refer to note 6.24.

13. Other income / expenses

	31.12.2018	31.12.2017
Subsidies received	74,578	-
Unused provisions	706,374	-
Various revenues from sales	26,205	6,959
Revenue from services to third parties	174,619	94,524
Income from rent	118,179	180,343
Other income / expenses	1,604,408	1,936,347
Total	**2,704,363**	**2,218,173**

Revenue from services to third parties mainly relates to invoicing of clients for undertaking the licensing of drugs in various areas. Other income in 2018 is mainly related to provision for collection of litigation fees awarded. Unused provision is mainly related to release of provision for Price Reconciliations. Other income in the comparable figures of 2017 includes income from back office services and release of provision.

14. Administrative expenses

	31.12.2018	31.12.2017
Employee wages and salaries and other benefits	10,268,618	8,274,370
Third party remuneration and expenses	3,996,743	2,604,233
Third party benefits	1,277,699	1,415,491
Taxes & duties	255,821	308,166
Depreciation (note 24)	322,758	492,757
Amortisation (note 25)	118,218	113,785
Provisions	-	2,789,691
Sundry expenses	2,252,701	2,466,030
Total	**18,492,557**	**18,464,523**

The increase in the employee wages, salaries and other benefits in 2018 is due to the indemnities amount of € 1.497.512.

During 2017 the Management of Pharmathen International SA decided to recognize a provision of € 2.789.691 against an equivalent receivable from Greek Labor Office. That receivable relates to a payroll cost subsidy Pharmathen International SA had recognized in the past by making use of the Greek law 1767/1988 according to which the companies whose premises are located in areas near to Greek borders are eligible to a payroll subsidy of up to 12% of their annual payroll cost. As of today, the Greek Labour Office has never paid any amount to Pharmathen International SA against that receivable. In addition to this, following latest proceedings/decisions of the European Commission, the relevant Greek law has been concluded to contradict with applicable EU directives.

Note: Comparative figures have been adjusted. Please refer to note 6.24.

The following audit fees were expensed in the income statement in the reporting period:

2017	PricewaterhouseCoopers Accountants N.V.	Other PwC network	Total PwC network
	€	€	€
Audit of the financial statements	-	-	-
Other audit services	-	-	-
Tax services	-	117,703	117,703
Other non-audit services	-	883,763	883,763
	-	**1,001,466**	**1,001,466**

2018	PricewaterhouseCoopers Accountants N.V.	Other PwC network	Total PwC network
	€	€	€
Audit of the financial statements	167,000	-	167,000
Other audit services	-	61,000	61,000
Tax services	-	171,998	171,998
Other non-audit services	-	179,496	179,496
	167,000	**412,494**	**579,494**

The amounts for the audit of the financial statements relate to the firm PricewaterhouseCoopers Accountants N.V. PricewaterhouseCoopers Accountants N.V. were appointed as auditors for the first time in the current financial period and therefore no audit fees have been included in the comparative period.

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2018 financial statements, regardless of whether the work was performed during the financial year.

15. Selling and distribution expenses

	31.12.2018	31.12.2017
Employee wages and salaries and other benefits	4,049,878	3,542,694
Third party remuneration and expenses	1,818,438	4,271,230
Third party benefits	889,829	746,890
Taxes & duties	258,500	40,529
Depreciation (note 24)	296,449	283,649
Amortisation (note 25)	1,593,961	2,188,943
Transportation expenses	1,354,436	815,196
Travelling expenses	242,999	216,679
Rebate & clawback	-	465,673
Provisions for trade receivables (note 29)	26	150,900
Sundry expenses	1,005,519	960,518
Total	**11,510,034**	**13,682,901**

Third party remuneration and expenses relate to commissions to 3rd parties. In the current financial year, the amount is decreased because previous year figures include the commission from B2C operations which have been disposed during 2017.

Note: Comparative figures have been adjusted. Please refer to note 6.24.

16. Research and development expenses

	31.12.2018	31.12.2017
Employee wages and salaries and other benefits	2,130,572	1,548,988
Third party remuneration and expenses	791,497	874,185
Third party benefits	924,563	759,880
Taxes & duties	64,472	72,856
Depreciation (note 24)	791,915	531,535
Amortisation (note 25)	16,927,006	13,763,665
Regulatory fees	1,288,492	1,599,943
Intangible Assets write off (note 25)	650,612	82,748
Sundry expenses	1,222,103	1,351,855
Total	**24,791,233**	**20,585,654**

During 2018 and based on the internal procedures of the Group, the management decided to stop the development of R&D projects under the assumption that the market share of the relevant molecules is limited and the relative sales from these would be very low (not expect to realize future economic benefits). The write off amount of these two projects was € 650.612.

Note: Comparative figures have been adjusted. Please refer to note 6.24.

17. Number and cost of employees

During the year 2018, the average number of employees calculated on a full-time equivalent basis was 922. Of these employees, 913 were employed outside Netherlands (2017: 1.102). The total number of employees broken down per structure of the entity is the following:

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

	31.12.2018	31.12.2017
Netherlands	9	5
Rest of Europe	898	791
Rest of world	13	26
Disposed operations	0	285
Discontinued operations	2	11
Total	**922**	**1,118**

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

Department	31.12.2018	31.12.2017
Production	517	432
R&D	154	150
Finance	38	36
Logistics management	34	33
Corporate QA	33	31
Regulatory	27	28
Administration	19	17
Business Development	15	15
Information Technology	16	14
Human resources	13	13
Customer Service	13	12
Pharmacovigilance	10	10
Legal	7	8
Intellectual Property	8	8
Planning	8	8
Purchasing	3	3
Properties management	3	3
Operational excellence	2	2
Public Relations	0	1
Total	**920**	**824**

Employee wages and salaries and other benefits included in the respective notes of expenses are further analyzed as follows:

Year 2017	Cost of sales	Administrative	Selling & Distr.	Research & D.	Total
Wages & Salaries	12,975,292	6,241,251	3,074,069	999,887	23,290,499
Bonus	0	0	291,498	0	291,498
Profit distribution	272,850	1,702,955	93,850	343,830	2,413,485
Indemnities	178,967	143,521	11,618	523	334,628
Other benefits	513,927	186,643	71,659	204,748	976,977
Total	**13,941,036**	**8,274,370**	**3,542,694**	**1,548,988**	**27,307,087**
	Employees cost (excluding Indemnities) as a percentage of Revenue				*15.1%*

Year 2018	Cost of sales	Administrative	Selling & Distr.	Research & D.	Total
Wages & Salaries	15,413,721	6,722,327	3,383,093	1,483,259	27,002,401
Bonus	0	0	488,801	0	488,801
Profit distribution	295,990	1,819,400	94,410	342,200	2,552,000
Indemnities	62,422	1,497,512	7,228	43,972	1,611,134
Other benefits	661,945	229,379	76,345	261,141	1,228,810
Total	**16,434,078**	**10,268,618**	**4,049,878**	**2,130,572**	**32,883,146**
	Employees cost (excluding Indemnities) as a percentage of Revenue				*16.4%*

18. Financial income

	31.12.2018	31.12.2017
Bank deposit receipts	1,926	1,088
Unwinding of discount	69,000	-
Foreign exchange gains	1,158,876	1,172,204
Other financial income	544,341	567,654
Total	**1,774,143**	**1,740,945**

19. Finance expenses

	31.12.2018	31.12.2017
Interest on long-term loans	9,170,042	4,488,411
Interest on short-term loans	-	772,562
Factoring Costs	401,134	628,479
Foreign exchange losses	1,556,333	647,188
Interest cost on deferred Consideration	-	6,581,300
Other finance expenses	407,226	445,226
Total	**11,534,735**	**13,563,166**

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

20. Income tax

The income tax expense has been calculated based on the profit before income tax in conjunction with the nominal tax rate applicable. The nominal income tax rate applicable to the Group for its Greek operations is 29% for the years 2018 and 2017 and it will gradually decrease by 1% every year up to 2022.

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

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

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

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

As at December 31, 2018, the parent company Holding BV has fiscal losses to be offset against future profits for corporate tax purposes. The period in which these fiscal losses can be settled with future profitable activities is restricted to 9 years. However, no deferred tax assets claim on that amount is recorded for the sake of prudence.

Income tax for the group for the years ended December 31, 2018 and December 31, 2017, are analysed as follows:

Major components of the income tax expense

	31.12.2018	31.12.2017
Current income tax	525,413	1,173,866
Deferred income taxes	134,283	3,542,640
Total	**659,696**	**4,716,506**

Tax Reconciliation	**31.12.2018**	**31.12.2017**
Profit before tax	18,844,874	12,050,785
Tax rate	**25%**	**25%**
Attributable tax	4,711,218	3,012,696
Adjustments for nominal tax rate changes	(6,358,899)	-
Tax allowances on research and development	(2,608,416)	(2,452,801)
Derecognition of previously recognized deductible temporary differences	740,567	2,300,426
Deductible temporary differences for which no DT was recognized	(48,996)	(30,024)
Income not recognised for tax purposes	-	(1,852,240)
Expenses not recognised for tax purposes	2,465,685	981,814
Release of provision for unaudited periods	-	(80,876)
Difference in tax rates	772,783	672,720
Other movement	985,753	2,164,790
Tax Expense	**659,696**	**4,716,505**
Effective tax rate	**4%**	**39%**

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

21. Discontinued operations

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

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

Specifically:

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

In addition to the above, the Group management has decided to dispose the operations of Adventus India by selling its shares. As a result, the results of Adventus India are included in the Profit / (loss) for the period from discontinued operations. The expected date for the completion of the sale is June 2019.

The results of the discontinued operations as at December 31, 2018 and 2017 were the following:

	31.12.2018	31.12.2017
Revenue	70,666	5,913,597
Cost of sales	(115,402)	(2,378,308)
Gross profit	**(44,736)**	**3,535,289**
Other income	59,256	346,372
Administrative expenses	(1,168)	(436,918)
Selling and distribution expenses	-	(3,595,226)
Research and development expenses	(332,564)	(10,310)
Operating profit	**(319,212)**	**(160,792)**
Financial income	94,805	10,077
Financial expenses	-	(31,936)
Profit before income taxes from discontinued operations	**(224,407)**	**(182,651)**
Income taxes	(23,110)	(119,325)
Profit for the year	**(247,517)**	**(301,976)**

2017 results include Pharmathen Hellas and Libytec up to day of disposal in Q1 2017.

The statement of Financial Position of the discontinued operations as at December 31, 2018 was the following:

	31.12.2018	31.12.2017
Non-current assets		
Property plant and equipment	286,932	462,411
Other non-current assets	10,224	4,524
Total non-current assets	**297,155**	**466,935**
Current assets		
Inventories	-	3,475
Other receivables	390,627	390,864
Cash and cash equivalents	79,518	40,054
Total current assets	**470,144**	**434,393**
Total assets held for sale	**767,300**	**901,329**
Non-current liabilities		
Deferred tax liabilities	-	20,835
Total non-current liabilities	**-**	**20,835**
Current liabilities		
Trade accounts payable	238	81,247
Accrued and other current liabilities	292,904	325,165
Total current liabilities	**293,142**	**406,412**
Total liabilities (B2C) held for sale	**293,142**	**427,247**
Net assets held for sale	**474,158**	**474,081**

The statement of cash flow of the discontinued operations as at December 31, 2018 was the following:

Statement of Cash Flow (extract)	**31.12.2018**	**31.12.2017**
Net cash flows from operating activities	39,463	1,931,158
Net cash flows used in investing activities	-	(150,912)
Net cash flows used in financing activities	-	(609,854)
Net cash (outflow) / inflow	**39,463**	**1,170,392**

22. Key management compensation

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

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

	31.12.2018	31.12.2017
Short-term employee benefits	2,342,059	1,680,218
Termination benefits	1,103,258	447,082
Total	**3,445,317**	**2,127,300**

23. Directors remuneration

	31.12.2018	31.12.2017
Group Board Members Compensation	**2,749,498**	**1,545,152**

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

24. Property, plant and equipment

	Land	Buildings	Machinery & Equipment	Motor Vehicles	Furniture & Fittings	Construction in Progress	Total
Cost as at January 1, 2017	**1,469,484**	**20,394,207**	**23,580,651**	**224,202**	**10,590,128**	**14,418,000**	**70,676,672**
Additions	533,802	499,785	3,231,148	4,098	1,535,151	3,897,006	**9,700,990**
Exchange differences	(10,226)	(117,892)	(67,984)	-	45,026	-	**(151,076)**
Write-offs	-	-	(46,673)	(8,450)	(62,386)	-	**(117,509)**
Disposed Operations	-	(4,696)	(19,708)	(2,868)	(1,404,048)	-	**(1,431,320)**
Cost as at December 31, 2017	**1,993,060**	**20,771,404**	**26,677,434**	**216,982**	**10,703,872**	**18,315,006**	**78,677,757**
Accumulated Depreciation as at January 1, 2017	-	**660,476**	**1,632,536**	**38,191**	**3,346,303**	-	**5,677,507**
Additions	-	522,598	1,447,397	30,175	1,775,672	-	**3,775,842**
Exchange differences	-	(103,578)	23,800	-	2,700	-	**(77,078)**
Write-offs	-	-	(32,882)	(7,204)	(59,412)	-	**(99,498)**
Disposed Operations	-	(523)	(2,354)	(2,608)	(977,669)	-	**(983,154)**
Accumulated Depreciation as at December 31, 2017	-	**1,078,973**	**3,068,497**	**58,555**	**4,087,595**	-	**8,293,619**
Net Book Value as at December 31, 2017	**1,993,060**	**19,692,431**	**23,608,937**	**158,427**	**6,616,277**	**18,315,006**	**70,384,139**
Net Book Value of Assets Classified as Discontinued Operations	(146,080)	(153,216)	(112,532)	-	(50,583)	-	(462,411)
Net Book Value as at December 31, 2017 of Continuing operations	**1,846,980**	**19,539,214**	**23,496,405**	**158,427**	**6,565,695**	**18,315,006**	**69,921,728**

	Land	Buildings	Machinery & Equipment	Motor Vehicles	Furniture & Fittings	Construction in Progress	Total
Cost as at January 1, 2018	**1,993,060**	**20,771,404**	**26,677,434**	**216,982**	**10,703,872**	**18,315,006**	**78,677,757**
Additions	-	998,718	7,394,589	53,882	2,011,667	3,455,185	**13,914,042**
Transfers	-	6,689,057	5,214,180	-	5,056,333	(16,959,569)	**-**
Exchange differences	(5,724)	(6,167)	(61,032)	-	(9,288)	-	**(82,210)**
Sales	-	-	(98,436)	(196,875)	-	-	**(295,311)**
Write-offs	-	(3,596)	(18,376)	-	(19,360)	-	**(41,333)**
Assets Classified as Discontinued Operations	(140,355)	(201,467)	(259,911)	-	(102,304)	20,080	**(683,958)**
Cost as at December 31, 2018	**1,846,980**	**28,247,949**	**38,848,448**	**73,989**	**17,640,919**	**4,830,702**	**91,488,987**
Accumulated Depreciation as at January 1, 2018	**-**	**1,078,973**	**3,068,497**	**58,555**	**4,087,595**	**-**	**8,293,619**
Additions (notes 23-26)	-	550,788	2,195,329	33,717	2,012,242	-	**4,792,076**
Exchange differences	-	-	-	-	-	-	**-**
Sales	-	-	(62,975)	(184,415)		-	**(247,390)**
Write-offs	-	-	-	-	-	-	**-**
Assets Classified as Discontinued Operations	-	(65,150)	(242,717)	-	(89,159)	-	**(397,026)**
Accumulated Depreciation as at December 31, 2018	**-**	**1,564,611**	**4,958,133**	**(92,144)**	**6,010,678**	**-**	**12,441,278**
Net Book Value as at December 31, 2018	**1,846,980**	**26,683,338**	**33,890,315**	**166,133**	**11,630,241**	**4,830,702**	**79,047,709**

The tangible assets classified as discontinued operations relate to assets of Adventus India and the tangible assets disposed in 2017 relate to Pharmathen Hellas SA and Libytec Pharmaceuticals SA.

25. Intangible assets

	Internally Generated Drugs under Development	Software	Internally Generated Drugs Developed	Property Rights & Patents	Brand Name	Total
Cost as at January 1, 2017	**57,766,278**	**1,839,927**	**136,995,153**	**5,354,999**	**21,530,000**	**223,486,358**
Additions	15,909,226	553,949	10,458,068	-	-	**26,921,243**
Transfers	(16,201,211)	-	16,201,211	-	-	**-**
Write-offs	(82,748)	1	-	(2)	-	**(82,749)**
Assets Disposed	-	(407,840)	(318,863)	(4,369,539)	-	**(5,096,241)**
Cost as at December 31, 2017	**57,391,545**	**1,986,037**	**163,335,572**	**985,458**	**21,530,000**	**245,228,613**
Accumulated Depreciation as at January 1, 2017	**-**	**649,540**	**14,779,707**	**1,282,318**	**1,913,777**	**18,625,342**
Additions	-	419,480	13,648,256	988,121	1,435,333	**16,491,189**
Assets Disposed	-	(250,781)	(271,034)	(1,813,949)	-	**(2,335,764)**
Accumulated Depreciation as at December 31, 2017	**-**	**818,238**	**28,156,929**	**456,489**	**3,349,111**	**32,780,767**
Net Book Value as at December 31, 2017	**57,391,545**	**1,167,799**	**135,178,643**	**528,969**	**18,180,889**	**212,447,845**

	Internally Generated Drugs under Development	Software	Internally Generated Drugs Developed	Property Rights & Patents	Brand Name	Total
Cost as at January 1, 2018	**57,391,545**	**1,986,037**	**163,335,572**	**985,458**	**21,530,000**	**245,228,613**
Additions	21,102,401	1,509,105	14,712,572	131,959	-	**37,456,037**
Transfers	(33,298,089)	-	33,298,089	-	-	**-**
Write-offs	(650,612)	-	-	-	-	**(650,612)**
Cost as at December 31, 2018	**44,545,245**	**3,495,142**	**211,346,233**	**1,117,418**	**21,530,000**	**282,034,038**
Accumulated Depreciation as at January 1, 2018	**-**	**818,238**	**28,156,929**	**456,489**	**3,349,111**	**32,780,767**
Additions	-	493,772	16,842,303	202,115	1,435,333	**18,973,523**
Accumulated Depreciation as at December 30, 2017	**-**	**1,312,010**	**44,999,232**	**658,605**	**4,784,444**	**51,754,291**
Net Book Value as at December 31, 2018	**44,545,245**	**2,183,132**	**166,347,001**	**458,813**	**16,745,556**	**230,279,747**

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

During the year, the group has estimated that the recoverable amount of internally generated assets under development of total value € 650.612 is expected to be nil and therefore has written-off their value.

There are no intangible assets with indefinite useful life as of December 31, 2018 and December 31, 2017.

26. Goodwill

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

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

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

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

		Total Consideration paid:	**408,956,035**
		NCI:	**277,592**
Asset / Liability	**Original book values**	**Fair value adjustments**	**Fair value**
Intangible fixed assets	52,136,381	130,392,573	182,528,954
Tangible fixed assets	43,991,644	15,705,564	59,697,208
Investments	30,000		30,000
Other non-current assets	347,200		347,200
Inventories	35,378,437	2,381,591	37,760,028
Receivables	65,108,124		65,108,124
Cash and cash equivalents	34,824,082		34,824,082
Payables	(43,340,356)		(43,340,356)
Provisions	(8,220,860)	(43,430,686)	(51,651,546)
Borrowings	(88,212,429)		(88,212,429)
Total	**92,042,223**	**105,049,042**	**197,091,265**
		Goodwill:	**212,142,362**

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

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

Impairment of goodwill

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

The recoverable amount of the CGU as at December 31, 2018, has been determined based on a "value-in-use" (NPV) calculation using five-year cash flow projections from financial budgets approved by senior management.

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

• Discount rates

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

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

Growth rate estimates - Rates are based on published industry research. Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions.

The management of the Group has made the following key assumptions:

- Revenues until 2020: as per order book submitted by customers
- Revenues after 2021: For existing business: volume increase (+4% y-o-y) and price drop (-8% y-o-y) as per historical price trends. For new products based on IMS data base, market growth, market penetration and management expectations.
- Cost of sales: 5% y-o-y increase as adjusted by economies of scale & inflation
- Other costs: Selling & Distribution avg +1% and Administration expenses 2% y-o-y reflecting estimated inflation rate of 2%. Avg capitalization rate 83%
- These results have been discounted at a WACC of 13% being the same rate used in 2015 PPA analysis

Based on the results of the impairment test as of 31 December, 2018 no impairment losses were identified. Any reasonable changes to the basic assumptions presented above would still indicate that adequate headroom exists.

27. Other non – current assets

	31.12.2018	31.12.2017
Guarantees	427,447	420,287
Advances for CAPEX	1,491,159	-
Other non-current receivable	2,789,691	3,845,691
Provision against non-current receivable	(2,789,691)	(2,789,691)
Total	**1,918,606**	**1,476,287**

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

Amount of €1.056k in the comparative figures refers to a trade receivable which based on a contractual agreement will be collectable during 2019 and is classified under current assets in 2018. Advances of € 1.491.159 for CAPEX have been classified as other non-current assets.

28. Inventories

	31.12.2018	31.12.2017
Merchandise-Drugs	681,871	682,458
Finished and semi finished products	11,171,068	6,637,805
Work in progress	1,454,868	1,491,245
Raw materials spare parts and auxiliary materials	39,874,926	22,611,120
Purchased goods in transit	4,936,954	2,346,358
Provision for obsolete inventory	(1,308,763)	(1,104,832)
Total	**56,810,924**	**32,664,153**

The movement of the provision for obsolete inventories is as follows for 2018 and 2017:

	31.12.2018	31.12.2017
Opening provision balance	1,104,832	1,359,468
Additional provision for the year (note 12)	311,109	309,003
Release of provision for the year (note 12)	(107,178)	(563,640)
Closing provision balance	**1,308,763**	**1,104,832**

29. Trade and other receivables

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

	31.12.2018	31.12.2017
Trade accounts receivable	36,013,827	39,832,547
Other accounts receivable	29,193,035	17,371,722
Total	**65,206,862**	**57,204,269**

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

Trade accounts receivable are analysed as follows:

	31.12.2018	31.12.2017
Trade accounts receivable	39,884,416	42,723,645
Provision for doubtful debts	(4,291,632)	(4,291,606)
Accrued Income	-	1,125,000
Notes receivable	31,190	31,190
Post-dated cheques receivable	389,854	244,319
Total	**36,013,827**	**39,832,547**

The average credit terms of trade receivables is approximately 30 – 60 days. Trade accounts receivable are not interest bearing.

The movement of the provision for doubtful debts for the years 2018 and 2017 is as follows:

	31.12.2018	31.12.2017
Opening provision balance	4,291,606	4,140,707
Additional provision for the year (note 23)	57,283	150,900
Release of provision for the year (note 23)	(57,257)	-
Closing provision balance	**4,291,632**	**4,291,606**

Other accounts receivables are analysed as follows:

	31.12.2018	31.12.2017
V.A.T. and other receivable from Public Sector	15,118,604	4,860,726
Finance Cost prepaid and receivable	73,967	-
Accruals	2,711,512	1,394,833
Other Loans provided	699,087	-
Other short-term receivables	10,589,865	11,116,164
Total	**29,193,035**	**17,371,722**

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

In 2017 the group collected € 7.657k of VAT (€ 4.860k collected by Pharmathen SA and € 2.797k by Pharmathen International). In 2018 no VAT was collected leading to an increase of € 9.285k in VAT receivable. The majority of VAT receivable is set to be collected within the second quarter 2019.

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

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

	31.12.2018	31.12.2017
PLN	94,820	84,160
GBP	3,354	-
USD	1,269,836	2,087,783
EUR	63,838,853	55,032,327
Total	**65,206,862**	**57,204,269**

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

30. Cash and cash equivalents

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

	31.12.2018	31.12.2017
Cash in hand	5,905	11,677
Cash at banks	18,583,155	37,611,222
Total	**18,589,060**	37,622,899

The Group's bank deposits as at December 31, 2018 and 2017, do not include any restricted balances. Cash and cash equivalents are categorized in level 1 within the fair value hierarchy. The Group had as at December 31, 2018 an undrawn revolving credit facility of € 50 million.

31. Share capital and other reserves

Amounts in €	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Balance January 1, 2017 before profit distribution adjustment	**32,181,967**	**288,829,719**	**5,459,618**	**20,822,139**	**(905,521)**	**346,387,922**	**81,369**	**346,469,291**
Adjustment for profit distribution to employees (note 6.24)	-	-	-	(1,444,290)	-	**(1,444,290)**	-	**(1,444,290)**
Adjusted Balance January 1, 2017	**32,181,967**	**288,829,719**	**5,459,618**	**19,377,849**	**(905,521)**	**344,943,632**	**81,369**	**345,025,001**
Profit for the year	-	-	-	14,499,857	-	**14,499,857**	(794)	**14,499,063**
Other comprehensive income	-	-	-	(18,397)	(473,745)	**(492,142)**	-	**(492,142)**
Taxes on other comprehensive income directly attributable to equity	-	-	-	5,335	-	**5,335**	-	**5,335**
Total comprehensive income	**-**	**-**	**-**	**14,486,796**	**(473,745)**	**14,013,051**	**(794)**	**14,012,257**
Share capital increase	-	627,986	-	-	-	**627,986**	-	**627,986**
Share capital decrease	-	(18,000,000)	-	-	-	**(18,000,000)**	-	**(18,000,000)**
Transfer from retained earnings to other reserves	-	-	713,643	(713,643)	-	-	-	-
Balance December 31, 2017	**32,181,967**	**271,457,706**	**6,173,261**	**33,151,002**	**(1,379,266)**	**341,584,670**	**80,575**	**341,665,244**
Balance December 31, 2017 before IFRS 15 impact	**32,181,967**	**271,457,706**	**6,173,261**	**33,151,002**	**(1,379,266)**	**341,584,670**	**80,575**	**341,665,244**
Change in accounting policy (note 42)	-	-	-	(3,449,656)	-	(3,449,656)	-	(3,449,656)
Restated Balance January 1, 2018	**32,181,967**	**271,457,706**	**6,173,261**	**29,701,346**	**(1,379,266)**	**338,135,014**	**80,575**	**338,215,588**
Profit for the year	-	-	-	17,937,661	-	17,937,661	-	17,937,661
Other comprehensive income	-	-	-	(163,770)	(363,993)	(527,763)	-	(527,763)
Taxes on other comprehensive income directly attributable to equity	-	-	-	47,493	-	47,493	-	47,493
Total comprehensive income	**-**	**-**	**-**	**17,821,385**	**(363,993)**	**17,457,391**	**-**	**17,457,391**
Subidies Received	-	-	104,000	-	-	104,000	-	104,000
Transfer from share capital to distributable reserves	-	-	666,561	(666,561)	-	-	-	-
Balance December 31, 2018	**32,181,967**	**271,457,706**	**6,943,823**	**46,856,168**	**(1,743,259)**	**355,696,405**	**80,575**	**355,776,980**

Share capital

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

Share premium

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

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

Other reserves

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

Statutory Reserve

Under Greek Corporate Law 2190/1920, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a statutory reserve until such a reserve equals one third of the outstanding share capital and then this transfer becomes optional. The reserve cannot be distributed during the corporation’s existence. The amount of statutory reserve for the Group companies on a stand-alone basis as at December 31, 2018 amounted to €5,439,593.89 (2017: €5,439,593.89).

Special Reserve

According to corporate tax law 3842 companies that have patents in specific drugs in two countries of the OECD (Organisation for Economic Co-operation and Development, e.g Greece and one more) shall be provided with a subtraction from the taxable profit. The subtracted amount is calculated according to profit arising from sales of these particular drugs. This tax benefit exists for the first three years from the giving patent of drugs. The amount of this reserve for the Group companies on a stand-alone basis as at December 31, 2018, amounted to €9.291.257, 36 (2017: €9.291.257,36).

Other Components of Equity

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

Note: Comparative figures have been adjusted. Please refer to note 6.24.

32. Interest – bearing loans and borrowings

By the end of July 2017, in line with its strategic plan, the Group Management had also completed a realignment of its capital structure with the participation of international financial institutions as well as Greek Banks. The analysis of interest-bearing loans and borrowing is as follows:

	31.12.2018	31.12.2017
ST Interest - bearing loans and borrowings	1,000,000	-
LT Interest - bearing loans and borrowings	163,000,409	162,749,955
Total	**164,000,409**	**162,749,955**

Summary of long – term loans

	Contract value	Maturity Date	31.12.2018	31.12.2017
Bondholders				
Bank of Ireland			20,000,000	20,000,000
EAF comPlan II private Debt			1,275,000	1,275,000
Mizuho Bank			10,750,000	10,750,000
Natixis			4,750,000	4,750,000
HSBC			4,500,000	4,500,000
Partners Group			56,225,000	56,225,000
RBC Europe Limited			12,250,000	12,250,000
Royal Bank of Scotland			10,250,000	10,250,000
Bonds' Capitalized transaction costs			(5,701,849)	(5,701,849)
Amortized bonds' transaction costs			1,231,219	330,524
Bonds Net Balance			**115,529,371**	**114,628,675**
Greek Banks and EIB	**Contract value**	**Maturity Date**		
Piraeus Bank		02/08/2023	39,200,000	40,000,000
Eurobank Ergasias		02/08/2023	9,800,000	10,000,000
Banks' Capitalized transaction costs			(2,007,318)	(2,007,318)
Amortized banks' transaction costs			478,356	128,598
Banks Net Balance			**47,471,038**	**48,121,280**
Total LT interest-bearing loans and borrowings			**163,000,409**	**162,749,955**

The maturity of long – term borrowings is as follows:

	31.12.2018	31.12.2017
Between 1 and 2 years	1,500,000	1,000,000
Between 3 and 5 years	161,500,409	161,749,955
Total:	**163,000,409**	**162,749,955**

The capital structure of the Group consists of:

- ➢ An International Credit Facility of € 170m to the Company with International financial institutions analysed as follows: i) A funded syndicated loan of € 120m, with a bullet payment after 6 years ii) An unfunded Revolving Credit Facility of €50m which as at December 31, 2018 was unused.

- ➢ Two Greek Bond Loans lent to Pharmathen SA and Pharmathen International SA of total €50m, with a 6-year maturity and a 30% amortization schedule.

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

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

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

Guarantees mainly include:

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

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

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

As at December 31, 2018, the Group fully complies with the abovementioned key covenants.

33. Provision for staff retirement indemnities

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

Benefit liability	31.12.2018	31.12.2017
Present value of unfunded obligations	2,128,174	1,898,097
Net Liability in Statement of Financial Position	**2,128,174**	**1,898,097**

Income Statement	31.12.2018	31.12.2017
Service cost	38,104	55,795
Interest cost	28,204	25,398
Total charge to operations	**66,307**	**81,192**

	31.12.2018	31.12.2017
Present Value of benefit obligation at the start of the period	1,898,097	1,790,634
Service cost	313,404	247,870
Interest cost	28,204	25,398
(Movement)/absorption of staff	-	7,873
Actuarial changes arising from changes in financial assumptions	-	47,640
Experience adjustments	163,770	(29,242)
Benefits paid	(275,301)	(192,076)
Present Value of benefit obligation at the end of the period	**2,128,174**	**1,898,097**

The principal assumptions that have been used are as follows:

Principal Assumptions:	31.12.2018	31.12.2017
Discount Rate	1.60%	1.60%
Rate of compensation increase	0%	0%
Increase in consumer price index	2%	2%

A quantitative sensitivity analysis as at December 31, 2018 and December 31, 2017 is as shown below:

	31.12.2018	31.12.2017
Present Value of benefit obligation at the end of the period	2,128,174	1,898,097
Discount rate 0,5% increase	2,024,292	1,804,873
Discount rate 0,5% decrease	2,241,643	2,000,022
Future salaries increase 0,5%	2,231,009	1,989,326
Future dismissals 0,5% increase	2,408,266	2,149,340
Future dismissals 0,5% decrease	1,825,953	1,626,720

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The defined benefit obligation is in line with the expected development of contribution which is expected to increase as the length of service of employees is expected to increase. The weighted average duration of the defined benefit obligation is 27.16 years.

34. Deferred income taxes

The deferred tax assets and the deferred tax liability in the statement of financial position as follows:

	31.12.2018	31.12.2017
Opening balance	(58,353,963)	(53,908,336)
Effect from application of IFRS 15	1,340,940	-
Tax (expense) / income	(113,448)	(3,539,825)
Tax recognized in equity	47,493	5,335
Disposed Operations	-	(911,137)
	(57,078,977)	**(58,353,963)**
Classified as Discontinued Operations	-	(20,835)
Closing balance, December 31	**(57,078,977)**	**(58,333,128)**

	01.01.2017	Effect from application of IFRS 15	Net Opening Balance	Recognised in Other Comprehensive Income	Recognised in Profit and Loss	Disposed Operations	31.12.2017
Revaluations of land and buildings to fair value	(1,144,671)	-	(1,144,671)	-	30,147	-	(1,114,524)
Decelerated depreciation	(42,375,142)	-	(42,375,142)	-	(3,603,559)	(119,290)	(46,097,991)
Derecognition of intangible assets	291,463	-	291,463	-	(105,436)	162,235	348,261
Impairment of receivables	907,449	-	907,449	-	-	(361,615)	545,834
Provision for staff Indemnities	612,718	-	612,718	5,335	32,387	(204,597)	445,843
Provision for bad debts	1,385,946	-	1,385,946	-	852,771	(323,891)	1,914,827
Provision for obsolete inventory	244,372	-	244,372	-	88,942	(32,225)	301,088
Reversal of tax land revaluation	33,693	-	33,693	-	-	-	33,693
Deferred tax arising on tax carrying forward losses	-	-	-	-	1,003,905	-	1,003,905
Difference in amortised cost	30,886	-	30,886	-	(32,310)	1,424	-
Deferred tax arising on development expenses	(14,657,913)	-	(14,657,913)	-	(2,899,235)	(1,942)	(17,559,090)
Provision for Price Reconciliation	640,519	-	640,519	-	1,227,040	(0)	1,867,558
Other	122,346	-	122,346	-	(134,476)	(31,236)	(43,367)
Total	**(53,908,335)**	**-**	**(53,908,335)**	**5,335**	**(3,539,825)**	**(911,137)**	**(58,353,962)**
Classified as Discontinued Operations:	887,485		887,485				(20,835)
Classified as Continuing Operations:	(54,795,820)		(54,795,820)				(58,333,128)

	01.01.2018	Effect from application of IFRS 15	Net Opening Balance	Recognised in Other Comprehensive Income	Recognised in Profit and Loss	Disposed Operations	31.12.2018
Revaluations of land and buildings to fair value	(1,114,524)	-	(1,114,524)	-	148,795	-	(965,729)
Decelerated depreciation	(46,097,991)	-	(46,097,991)	-	2,803,501	-	(43,294,490)
Derecognition of intangible assets	348,261	-	348,261	-	(0)	-	348,261
Impairment of receivables	545,834	-	545,834	-	(56,150)	-	489,685
Provision for staff Indemnities	445,843	-	445,843	47,493	(65,943)	-	427,393
Provision for bad debts	1,914,827	-	1,914,827	-	(297,566)	-	1,617,261
Provision for obsolete inventory	301,088	-	301,088	-	(50,303)	-	250,785
Reversal of tax land revaluation	33,693	-	33,693	-	(4,647)	-	29,045
Deferred tax arising on tax carrying forward losses	1,003,905	-	1,003,905	-	2,528,601	-	3,532,506
Deferred tax due to deferred revenue	-	1,340,940	1,340,940	-	(211,006)	-	1,129,934
Deferred tax arising on development expenses	(17,559,090)	-	(17,559,090)	-	(3,200,150)	-	(20,759,240)
Provision for Price Reconciliation	1,867,558	-	1,867,558	-	(953,141)	-	914,418
Other	(43,367)	-	(43,367)	-	(755,438)	-	(798,805)
Total	**(58,353,962)**	**1,340,940**	**(57,013,022)**	**47,493**	**(113,448)**	**-**	**(57,078,977)**
Classified as Discontinued Operations:	(20,835)		887,485				-
Classified as Continuing Operations:	(58,333,128)		(57,900,507)				(57,078,977)

The deferred tax includes an amount of €3.532.506 which relates to carried forward tax losses of Pharmathen SA and Pharmathen Global BV. The deferred tax of €2.165.536 relates to Pharmathen SA based on tax losses they have incurred in 2018. The Group has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plan and budget for the subsidiary. The subsidiary is expected to generate taxable profits from 2019 and onwards. The losses in Greece can be carried forward up to 5 years. The remaining deferred tax of €1.366.970 relates to Pharmathen Global BV based on tax losses they have incurred in 2017 and 2018 which are expected to be recoverable after 2021. Tax losses can be carried forward in Netherlands for nine years.

35. Trade and other payables

	31.12.2018	31.12.2017
Trade payables	49,244,628	35,386,876
Post dated cheques payable	23,087	111,479
Total	**49,267,715**	**35,498,354**

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

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

36. Accrued and other current liabilities

	31.12.2018	31.12.2017
Staff payments due	783,000	3,067
Sundry creditors	162,986	145,574
Sales and other taxes due	1,238,328	1,132,892
Dividends due	2,552,000	2,413,485
Finance costs accrued	3,159,647	4,171,677
Provision for price reconciliations	18,254,425	10,000,994
Accruals	3,545,490	4,048,309
Other current liabilities	1,575,969	1,451,206
Total	**31,271,845**	**23,367,203**

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

<u>Note:</u> Comparative figures have been adjusted. Please refer to note 6.24.

37. Financial assets by category

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

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

	31.12.2018	31.12.2017
Non current financial assets at amortized cost		
Guarantees	427,447	420,287
Advances for CAPEX	1,491,159	-
Other non current receivable	-	1,056,000
	1,918,606	**1,476,287**
Current financial assets at amortized cost		
Trade accounts receivable	36,013,827	39,832,547
Finance Cost prepaid and receivable	73,967	-
Accruals	2,711,512	1,394,833
Other loans provided	699,087	-
Other short term receivables	10,589,865	11,116,164
	50,088,258	**52,343,544**
Total:	**52,006,864**	**53,819,831**

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

38. Financial liabilities by category

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

	31.12.2018	31.12.2017
Financial liabilities at amortized cost		
Trade payables	49,267,715	35,498,354
Dividends due	2,552,000	2,413,485
Finance costs accrued	3,159,647	4,171,677
Provision for price reconciliations	18,254,425	10,000,994
Accruals	3,545,490	4,048,309
Other current liabilities	1,575,969	1,451,206
ST Interest - bearing loans and borrowings	1,000,000	1,000,000
LT Interest - bearing loans and borrowings	163,000,409	161,749,955
Total	**242,355,654**	**220,333,980**

Comparative figures have been adjusted netting off a trade partner's balances in Other Receivables and Trade Accounts Payable for comparability purposes with current year.

39. Contingencies and commitments

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

Unaudited tax years for the Group as at December 31, 2018 are analysed as follows:

Company	Unaudited Financial Periods
Pharmathen International SA	2010

The Group has no other contingent liabilities as at December 31, 2018, while guarantees relate to public sector utilities used by the group for the amount of € 155,803 and € 198,358 for rental agreements. In addition to these, the Group has issued letters of guarantee for an amount of approximately € 12,6 million out of which € 9.0 million concerns letters of guarantee regarding the exemption from withholding tax for intra-group payments and the remaining amount relates to bank guarantees provided to customs for importation of ethyl alcohol. For 2017 the Group had issued letter of guarantees of € 13.2 million.

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

Commitments	Within 1 year	2 to 5 years	More than 5 years	Total
Cars	420,698	1,196,184	19,942	**1,636,824**
Buildings	1,028,754	3,211,283	1,089,952	**5,329,989**
Total	**1,449,452**	**4,407,467**	**1,109,894**	**6,966,813**

40. Related parties

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

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end will be settled in cash. For the period ended December 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

- Key management compensation (refer to note 22).
- Intercompany sales and purchases with group companies that have been eliminated on consolidation are as follows:

2018

Purchases	Sales: Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	Pharmathen International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Pharmathen Global BV	-	-	89,268,776	-	-	995,132	-	-	**90,263,908**
Pharmathen S.A	-	-	-	33,515,137	187,097	999,113	-	-	**34,701,347**
Pharmathen International S.A	-	-	328,127	-	20,080	-	-	-	**348,207**
		-	**89,596,903**	**33,515,137**	**207,176**	**1,994,246**	**-**	**-**	**125,313,461**

2017

Purchases	Sales: Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	Pharmathen International S.A	Adventus India	Pharmathen UK	Pharmathen Hellas	Libytec	Total
Pharmathen Global BV	-	-	20,559,383	-	-	138,791	-	-	**20,698,174**
Pharmathen S.A	-	1,628,091	-	29,117,373	935,731	1,761,838	1,461,722	1,126	**34,905,882**
Pharmathen International S.A	-	-	70,331	-	-	-	-	-	**70,331**
Pharmathen Hellas (up to disposal date)	-	-	2,364,127	-	-	-	-	-	**2,364,127**
Libytec (up to disposal date)	-	-	51,762	-	-	-	8,469	-	**60,231**
		1,628,091	**23,045,603**	**29,117,373**	**935,731**	**1,900,630**	**1,470,192**	**1,126**	**58,098,746**

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

31.12.2018

Receivables/(Payables)	Pharmathen Holding BV	Pharmathen Global BV	Pharmathen S.A	Pharmathen International S.A	Adventus India	Pharmathen UK	Total
Pharmathen Global BV	-	-	8,457,196	(123,031)	-	-	**8,334,165**
Pharmathen S.A	-	(8,457,196)	-	2,559,560	574,254	-	**(5,323,382)**
Pharmathen International S.A	-	123,031	(2,559,560)	-	20,199	-	**(2,416,330)**
Adventus India	-	-	(574,254)	(20,199)	-	-	**(594,453)**
		(8,334,165)	**5,323,382**	**2,416,330**	**594,452**	**-**	**-**

31.12.2017

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

Pharmathen Holding 4 Ltd. & Pharmathen Global Ltd.:

Both are UK based holding entities, part of the investment structure that was set up and used as an investment vehicle by Funds advised by BC Partners to acquire an effective interest of 80% in the share capital of Pharmathen SA in August 2015. Following the Group reorganization in June 2017, the Group Management Board has decided to strike off Pharmathen Global Ltd. Which took place on January 6, 2019.

Pharmathen Global BV:

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

The Company engages with Pharmathen SA for:

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

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

The headquarters of the Company are located in Amstelveen, at Van Heuven Goedhartlaan 9 and its total number of employees as of December 31, 2018 stood at 8 people.

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

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

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

Its business activities also include:

❖ Manufacturing of products at the Pallini, Athens plant
❖ Selling products to Pharmathen Global BV as well as Greek B2B market and small size international B2B customers
❖ Provision of back office services under Service Level Agreement to the Pharmathen Global BV (customer services, QA, QC, regulatory, accounting, reporting, legal, IT, HR etc.)

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

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

Adventus India:
It is an India based entity offering R&D services to Pharmathen SA. Group management has decided in 2018 to dispose the operations of Adventus India by selling its shares. Adventus India is included in discontinued operations. The headquarters of the company are located in Vadodara, India.

41. Events after the reporting period

The following events took place during the first quarter of 2019:

• Establishment of new UK company, subsidiary 100% owned by Pharmathen Global BV with a share capital of GBP 1.

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

42. Changes in Accounting Policies

This note explains the impact of the adoption of *IFRS 15 Revenue from Contracts with Customers* on the Group's financial statements.

The Group has closely assessed the impact of IFRS 15 on its consolidated financial statements and has adopted this standard from 1 January 2018. The Group has applied this standard retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the 2018 annual reporting period. As permitted under this transition method, the Group has elected to apply this standard retrospectively only to contracts that are not completed contracts at 1 January 2018. The Group has also used the practical expedient regarding contract modifications. A result of applying this standard retrospectively is that prior year consolidated financial statements have not been restated. Resulting from the adoption of IFRS 15, the Group has changed its accounting policy for revenue recognition as described in note 6.17.

Impact on the financial statements

In summary, the following tables show the amount by which each financial statement line item is affected in the current reporting period by the application of this standard. Line items that were not affected by the changes have not been included.

Impact IFRS 15 on consolidated statement of profit or loss for the financial line items affected:

	31.12.2018 (Post IFRS 15)	Impact IFRS 15	31.12.2018 (Pre IFRS 15)	31.12.2017 (Published)
Revenue	191,230,284	293,380	190,936,904	178,105,574
Gross profit	**80,694,926**	**293,380**	**80,401,546**	**74,387,910**
Profit before income taxes	**18,844,874**	**293,380**	**18,551,494**	**12,050,785**
Income tax (Deferred tax)	(659,696)	(211,006)	(448,690)	(4,716,506)
Profit for the year from continuing operations	**18,185,178**	**82,374**	**18,102,804**	**7,334,280**
Profit for the year	**17,937,661**	**82,374**	**17,855,287**	**14,499,063**

Impact IFRS 15 on consolidated statement of financial position for the financial line items affected:

	31.12.2018 (Post IFRS 15)	Impact IFRS 15	31.12.2018 (Pre IFRS 15)	31.12.2017 (Published)
Assets				
Deferred tax assets	1,920,128	1,129,934	790,195	1,003,905
Total assets	**666,682,698**	**1,129,934**	**665,552,764**	**625,384,774**
Equity and liabilities				
Retained earnings	46,856,168	(3,367,282)	50,223,451	33,223,742
Contract Liabilities	4,497,216	4,497,216	-	-
Total equity and liabilities	**666,682,698**	**1,129,934**	**665,552,764**	**625,384,774**

Impact IFRS 15 on retained earnings:

Balance 31 December 2017 (Published)	**341,665,244**
Recognition of contract liabilities	(4,790,596)
Increase in deferred tax assets	1,340,940
Adjustment to retained earnings from adoption of IFRS 15	**(3,449,656)**
Balance 01 January 2018 (Restated)	**338,215,588**

Company statement of Profit and Loss for the period ended December 31, 2018

	Amounts in €	
	31.12.2018	**27-04-2017 to 31-12-2017**
Administrative expenses	(120,380)	(100,000)
Operating loss	**(120,380)**	**(100,000)**
Financial income	30,792	9,244
Financial expenses	(808)	(36,339)
Loss before income taxes	**(90,396)**	**(127,095)**
Loss for the period	**(90,396)**	**(127,095)**

Company statement of Other Comprehensive Income for the period ended December 31, 2018

	Amounts in €	
	31.12.2018	**27-04-2017 to 31-12-2017**
Loss for the year	**(90,396)**	**(127,095)**
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods:	-	-
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods:	-	-
Other comprehensive loss for the year, net of tax	-	-
Total comprehensive loss for the year, net of tax	**(90,396)**	**(127,095)**
Attributable to:		
Equity holders of the parent	**29,984**	**(27,095)**

Company statement of Financial Position for the period ended December 31, 2018

(After appropriation of net result)

	Amounts in €	
	31.12.2018	**31.12.2017**
ASSETS		
Non-current assets		
Investments in subsidiaries	303,119,673	303,119,673
Long term Intragroup Loans Receivable	500,000	500,000
Total non-current assets	**303,619,673**	**303,619,673**
Current assets		
Other receivables	59,877	9,244
Cash and cash equivalents	49,853	19,828
	109,730	**29,071**
Assets held for distribution		
Total current assets	**109,730**	**29,071**
TOTAL ASSETS	**303,729,403**	**303,648,744**
EQUITY & LIABILITIES		
Equity attributable to shareholders of the Company		
Issued capital	32,181,967	32,181,967
Share premium	271,457,706	271,457,706
Retained earnings	(217,492)	(127,095)
Equity attributable to the equity holders of the parent	**303,422,181**	**303,512,578**
Total equity	**303,422,181**	**303,512,578**
Current liabilities		
Trade accounts payable	307,180	-
Accrued and other current liabilities	41	136,167
Total current liabilities	**307,222**	**136,167**
TOTAL LIABILITIES	**307,222**	**136,167**
TOTAL EQUITY AND LIABILITIES	**303,729,403**	**303,648,744**

Company statement of Cash Flows for the period ended December 31, 2018

	Amounts in €	
	31.12.2018	**31.12.2017**
Operating activities		
Profit before income taxes	**(90,396)**	***(127,095)***
Non - cash adjustments to reconcile profit before tax to net cash flows:		
Finance income	(30,792)	(9,244)
Finance costs	808	36,339
Operating profit before working capital changes	**(120,380)**	**(100,000)**
Increase/(Decrease) in:		
Trade and other accounts receivable	(50,633)	
Trade and other accounts payable	171,014	100,000
Net cash flows from operating activities	-	-
Investing Activities		
Share capital decrease of subsidiary (Global BV)	-	18,500,000
Net cash flows used in investing activities	**-**	**18,500,000**
Financing activities		
Proceeds from borrowings from (loans provided to) Intra Group parties	-	(500,000)
Payment of finance costs	30,025	(173)
(Decrease) of share capital	-	(18,000,000)
Issue of shares	-	20,000
Net cash flows from/(used in) financing activities	**30,025**	**(18,480,173)**
Net increase / (decrease) in cash and cash equivalents	**30,025**	**19,827**
Opening Cash and cash equivalents balance:	19,827	-
Closing Cash and cash equivalents balance:	**49,853**	**19,827**

NOTES TO THE CORPORATE FINANCIAL STATEMENTS

1. General Information

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

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

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

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

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

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

2. Summary of significant accounting policies

Investments in subsidiaries

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

Investments in consolidated subsidiaries are measured at cost.

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

Significant accounting judgements, estimates and assumptions

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

Impairment of subsidiaries carried at cost

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

3. Audit fees

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

4. Average number of employees

During the year 2018, the average number of employees calculated on a full – time equivalent basis was nil (2017: nil).

5. Directors' remuneration

	31.12.2018	31.12.2017
Board Members Compensation	**2,003,259**	-

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment, profit sharing, transitional benefits in so far as related to directors, bonus payments and granted shares, to the extent that these items were charged to the Company and all subsidiaries of the Company. No loans, advance payments or guarantees have been provided to the directors of the company.

6. Investment in subsidiary

		% of Direct & Indirect interest in Subsidiary		Carrying amount	
Name of the Company	**Country of incorporation**	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Pharmathen Global BV	Netherlands	100.0%	100.0%	303,119,673	303,119,673

	Investment in subsidiary
Balance April 27, 2017	-
Movement in books value 2017	
Investment in Pharmathen Global B.V.	303,119,673
Balance December 31, 2017	**303,119,673**

	Investment in subsidiary
Balance January 1, 2018	**303,119,673**
Movement in books value 2018	
Movement	-
Balance December 31, 2018	**303,119,673**

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

Company Name	Country of domicile	Country of Incorporation	Principal place of business	% of direct & indirect interest	Shareholders' equity according to the latest adopted financial statements:	Profit or loss for the year according to the latest adopted financial statements:
Pharmathen SA	Greece	Greece	Greece	100.00%	69,554,364 €	12,152,985 €
Pharmathen International SA	Greece	Greece	Greece	99.99%	34,800,804 €	2,328,503 €
Pharmathen Development Ltd	Cyprus	Cyprus	Cyprus	99.50%	14,791,745 €	-9,236 €
Pharmathen Investments Group Ltd	Cyprus	Cyprus	Cyprus	100.00%	428,196 €	-8,823 €
Adventus India Ltd	India	India	India	100.00%	1,088,690 €	-207,358 €
Pharmathen UK Ltd	UK	UK	UK	100.00%	14,401,790 €	686,330 €

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

7. Loan receivable from group companies

	31.12.2018	31.12.2017
Long - term inter - group loans receivable	500,000	500,000
Interest Receivable on inter - group loans receivable	9,244	9,244
Total	**509,244**	**509,244**

Of which		
Non - current assets	500,000	500,000
Current assets	9,244	9,244
	509,244	**509,244**

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

Following the completion of the Group refinancing, the Company along with Pharmathen Global BV granted an I/G loan of € 55.9m in the form of bond loan to Pharmathen SA in three tranches under the following terms:

- Total loan granted at € 55.9m (€ 55.4m from Pharmathen Global BV and € 0.5m from the Company)
- The rate of interest on each Bond for each of the interest periods shall be the aggregate of the Company's borrowings Cost plus a fixed spread of 90bps. (i.e. 6.07%).
- 12 – month interest period
- 6 years duration Repayment as bullet after year 6 (2023)

8. Cash and cash equivalents

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

	31.12.2018	31.12.2017
Cash at banks	49,853	19,828
Total	**49,853**	**19,828**

9. Equity

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

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

The movements in the shareholders' equity are as follows:

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

	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance January 1, 2018	**32,181,967**	**271,457,706**	**(127,095)**	**303,512,578**
Profit for the year	-	-	(90,396)	**(90,396)**
Balance December 31, 2018	**32,181,967**	**271,457,706**	**(217,492)**	**303,422,181**

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

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Other Components of Equity	Total	Non Controlling Interests	Total Equity
Parent Equity	**32,181,967**	**271,457,706**	**-**	**(217,492)**	**-**	**303,422,181**	**-**	**303,422,181**
Post acquisition Group Earnings	-	-	-	53,913,481	(1,743,259)	52,170,222	80,575	52,250,797
Transfer to Other Reserves	-	-	6,839,822	(6,839,822)	-	-	-	-
Post Acquisition Subsidies Received	-	-	104,000	-	-	104,000	-	104,000
Group Equity	**32,181,967**	**271,457,706**	**6,943,822**	**46,856,168**	**(1,743,259)**	**355,696,403**	**80,575**	**355,776,978**

Proposed appropriation of result

Following the appropriation of result proposed by the board of directors and pursuant to article 24.1 of the articles of association. The proposal for the profit is to add the entire profit to the retained earnings.

10. Accrued and other current liabilities

	31.12.2018	31.12.2017
Finance costs accrued	-	36,167
Accruals	41	100,000
Total	**41**	**136,167**

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

11. Commitments and contingencies

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

In the financial statements of Pharmathen Global B.V. tax expenses are calculated on the basis of the commercial result realised by Pharmathen Global B.V. Pharmathen Global Holding B.V. and Pharmathen Global B.V. settle these expenses through their intercompany (current) accounts.

As at December 31, 2018, the company has fiscal losses to be offset against future profits for corporate tax purposes. The period in which these fiscal losses can be settled with future profitable activities is restricted to 9 years. However, no deferred tax assets claim on that amount is recorded for the sake of prudence.

12. Events after the reporting period

The following events took place during the first quarter of 2019:

• Establishment of new UK company, subsidiary 100% owned by Pharmathen Global B.V. with a share capital of GBP 1.

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

Authorization of the financial statements
Amsterdam, May 30, 2019

Pharmathen Global Holding B.V.
Board of Directors

N. Stathopoulos

M.P. Hersee

S. Ilia

M.H. Kastka

V. Katsos

E. Katsou

M.G. Evans

Other information

Articles of association governing profit appropriation

Article 12.3 of the articles of association of the company mentions that the general meeting annualy appropiates the profits. Subject to article 24.1, the general meeting is authorized to appropiate the profits, which are determined by adoption of the annual accounts and to determine distribution, in as far as the shareholders' equity of the company exceeds the reserves which must be maintained pursuant to the law.

Independent auditor's report

Independent auditor's report

To: the general meeting of Pharmathen Global Holding B.V.

Report on the financial statements 2018

Our opinion

In our opinion:

- Pharmathen Global Holding B.V.'s consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- Pharmathen Global Holding B.V.'s company financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018 of Pharmathen Global Holding B.V., Amstelveen ('the Company'). The financial statements include the consolidated financial statements of Pharmathen Global Holding B.V. together with its subsidiaries ('the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of profit and loss for the year ended 31 December 2018;
- the consolidated statement of other comprehensive income for the year ended 31 December 2018;
- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of changes in equity for the year ended 31 December 2018;
- the consolidated statement of cash flows for the year then ended 31 December 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

The company financial statements comprise:

- the company statement of profit and loss for the period ended 31 December 2018;
- the company statement of other comprehensive income for the year ended 31 December 2018;
- the company statement of financial position for the period ended 31 December 2018;
- the company statement of cash flows for the period ended 31 December 2018; and
- the notes to the company financial statements, which include a summary of significant accounting policies.

PricewaterhouseCoopers Accountants N.V., Boschdijktunnel 10, 5611 AG Eindhoven, P.O. Box 6365, 5600 HJ Eindhoven, the Netherlands
T: +31 (0) 88 792 00 40, F: +31 (0) 88 792 94 13, www.pwc.nl

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Pharmathen Global Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Eindhoven, 31 May 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.M.N. Admiraal RA

Appendix to our auditor's report on the financial statements 2018 of Pharmathen Global Holding B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, 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.