GENESIS pharma

Annual financial statements for the year ended 31 December 2018

Contents

(Amounts in € unless otherwise stated)

Statement of comprehensive income

For the year ended 31 December,	Note	2018	2017
Sales		117,239,524.00	108,751,753.53
Cost of sales	23	-65,787,133.23	-61,221,553.21
Gross Profit		**51,452,390.77**	**47,530,200.32**
Distribution costs	23	-25,178,265.67	-22,643,562.79
Administrative expenses	23	-11,812,185.94	-10,081,882.47
Other operating income	21	168,166.71	192,629.12
Other gains/(losses) - net	22	-768,961.65	1,573,357.14
Impairment of financial assets	11	29,272.07	-2,890.78
Operating profit/(loss)		**13,890,416.29**	**16,567,850.54**
Finance income	25	14,016.14	23,169.23
Finance expenses	25	-957,232.79	-2,312,972.82
Finance expenses - net	25	**-943,216.65**	**-2,289,803.59**
Profit before tax		**12,947,199.64**	**14,278,046.95**
Income tax	26	-8,550,431.27	-6,137,712.77
Net profit		**4,396,768.37**	**8,140,334.18**
Actuarial gain after tax		65,121.29	160,180.25
Other comprehensive income for the year, net of tax		**65,121.29**	**160,180.25**
Total comprehensive income for the year, net of tax		**4,461,889.66**	**8,300,514.43**

The financial statements of Genesis Pharma SA for 2018 were approved by the Company's Board of Directors on 21st February 2019.

The Chairman of the Board of Directors	The Chief Executive Officer	The Chief Financial Officer	The Head of Accounting
Alexandros Iakovidis	Konstantinos Evripidis	Alexios Papazafiropoulos	Anastasios Zissis

The notes on pages 8 to 49 are an integral part of these financial statements.

(Amounts in € unless otherwise stated)

Balance sheet

	Note	at 31/12/2018	at 31/12/2017
ASSETS			
Property, plant and equipment	5	4,605,158.94	2,429,804.36
Investment property	6	2,181,021.07	2,031,022.04
Intangible assets	7	515,844.82	845,173.79
Available-for-sale financial assets		0.00	369,548.76
Financial assets at fair value through profit or loss	13	208,176.72	0.00
Deferred tax assets	15	23,733,750.17	28,209,551.06
Other non-current receivables at amortised cost	12	104,472.52	110,801.52
Non-current assets		**31,348,424.24**	**33,995,901.53**
Inventories	8	9,334,477.32	10,682,457.82
Trade receivables	11	46,691,948.69	43,073,625.24
Other receivables at amortised cost	12	815,458.77	13,285,605.15
Current income tax assets		2,511,015.25	6,505,885.45
Financial assets at fair value through profit or loss	13	924,934.29	2,654,226.81
Cash and cash equivalents	14	27,607,165.32	12,929,202.73
Current assets		**87,884,999.64**	**89,131,003.20**
Total assets		**119,233,423.88**	**123,126,904.73**
EQUITY			
Share capital	16	1,500,000.00	1,500,000.00
Reserves	17	2,520,673.78	2,540,777.01
Retained earnings		52,532,808.79	56,107,016.33
Total equity		**56,553,482.57**	**60,147,793.34**
LIABILITIES			
Non-current borrowings	18	8,981,332.84	10,889,534.24
Retirement benefit obligations	19	3,657,624.36	3,542,079.27
Non-current liabilities		**12,638,957.20**	**14,431,613.51**
Trade and other payables	20	47,040,984.11	43,547,497.88
Current borrowings	18	3,000,000.00	5,000,000.00
Current liabilities		**50,040,984.11**	**48,547,497.88**
Total liabilities		**62,679,941.31**	**62,979,111.39**
Total equity and liabilities		**119,233,423.88**	**123,126,904.73**

The notes on pages 8 to 49 are an integral part of these financial statements.

(Amounts in € unless otherwise stated)

Statement of changes in equity

	Note	Share capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2017		**7,500,000.00**	**2,520,673.77**	**61,806,501.90**	**71,827,175.67**
Total comprehensive income for the year					
- Net profit for the year		0.00	0.00	8,140,334.18	8,140,334.18
Other comprehensive income					
- Change in warrants' fair value		0.00	28,314.41	0.00	28,314.41
- Deferred tax on change in warrants' fair value		0.00	-8,211.17	0.00	-8,211.17
- Actuarial gain	19	0.00	0.00	225,606.00	225,606.00
- Deferred tax from actuarial gain		0.00	0.00	-65,425.75	-65,425.75
Total comprehensive income for the year		**0.00**	**20,103.24**	**8,300,514.43**	**8,320,617.67**
Transactions with shareholders					
- Dividends		0.00	0.00	-14,000,000.00	-14,000,000.00
- Return of capital to Shareholders		-6,000,000.00	0.00	0.00	-6,000,000.00
Total transactions with shareholders		**-6,000,000.00**	**0.00**	**-14,000,000.00**	**-20,000,000.00**
Balance at 31 December 2017 - initial presentation		**1,500,000.00**	**2,540,777.01**	**56,107,016.33**	**60,147,793.34**
Changes due to adoption of new standards		0.00	-20,103.24	-36,097.20	-56,200.44
Balance at 1 January 2018 restated		**1,500,000.00**	**2,520,673.77**	**56,070,919.13**	**60,091,592.90**
Total comprehensive income for the year					
- Net profit for the year		0.00	0.00	4,396,768.37	4,396,768.37
Other comprehensive income					
- Actuarial gain	19	0.00	0.00	144,983.01	144,983.01
- Deferred tax from actuarial gain		0.00	0.00	-42,045.07	-42,045.07
- Effect of change in tax rate on deferred tax		0.00	0.00	-37,816.64	-37,816.64
Total comprehensive income for the year		**0.00**	**0.00**	**4,461,889.67**	**4,461,889.67**
Transactions with shareholders					
- Dividends		0.00	0.00	-8,000,000.00	-8,000,000.00
- Return of capital to Shareholders		0.00	0.00	0.00	0.00
Total transactions with shareholders		**0.00**	**0.00**	**-8,000,000.00**	**-8,000,000.00**
Balance at 31 December 2018		**1,500,000.00**	**2,520,673.77**	**52,532,808.80**	**56,553,482.57**

(Amounts in € unless otherwise stated)

Statement of cash flows

For the year ended 31 December,		2018	2017
Cash flows from operating activities	Note		
Profit/(loss) before tax		12,947,199.64	14,278,046.95
Adjustments for:			
Depreciation of PPE	5-6	535,753.76	381,491.97
Amortisation of intangible assets	7	487,185.74	416,964.59
Impairment of investment property		0.00	579,070.77
Fair value loss of financial assets		823,464.56	-140,689.10
Loss/(profit) from sale of PPE, installations and equipment		-22,163.74	-791.96
Loss/(profit) on disposal of subsidiary		0.00	-2,011,738.81
Loss/(profit) from sale of financial assets at fair value through profit or loss		-54,502.91	0.00
Finance income	25	-14,016.14	-23,169.23
Finance expense	25	957,232.79	2,312,977.82
Changes in working capital			
(Increase)/decrease - Inventories	8	1,347,980.50	-1,740,904.29
(Increase)/decrease - Trade and other receivables		8,685,932.33	4,851,192.82
Increase/(decrease) - Trade and other payables		3,633,273.08	17,606,261.24
Cash flows from operating activities		**29,327,339.61**	**36,508,712.77**
Interest paid		-657,957.90	-1,842,876.12
Income taxes paid		-136,666.77	-722,906.58
Net cash flows from operating activities		**28,532,714.94**	**33,942,930.07**
Cash flows from investing activities			
Purchases of PPE		-2,861,112.67	-154,328.57
Purchases of intangible assets	7	-157,856.95	-202,822.98
Proceeds from disposal of PPE		22,169.22	793.17
Proceeds from disposal of subsidiary		0.00	2,100,000.00
Proceeds from sale of financial assets at fair value through profit or loss		1,121,702.91	0.00
Interest received		14,016.14	23,169.23
Decrease - Other non-current receivables	12	6,329.00	620.30
Net cash flows from investing activities		**-1,854,752.35**	**1,767,431.15**
Cash flows from financing activities			
Proceeds from borrowings		15,000,000.00	28,000,000.00
Repayments of borrowings		-19,000,000.00	-80,084,523.00
Dividends		-8,000,000.00	-14,000,000.00
Return of share capital		0.00	-6,000,000.00
Net cash flows from financing activities		**-12,000,000.00**	**-72,084,523.00**
Net increase/(decrease) in cash and cash equivalents		**14,677,962.59**	**-36,374,161.78**
Cash and cash equivalents at beginning of year	**14**	**12,929,202.73**	**49,303,364.51**
Cash and cash equivalents at end of year	**14**	**27,607,165.32**	**12,929,202.73**

The notes on pages 8 to 49 are an integral part of these financial statements.

Notes to the financial statements

1 General information

The main activities of Genesis Pharma SA are the import and trade of pharmaceutical products in Greece.

Genesis Pharma SA was incorporated in Greece as a Société Anonyme according to the provisions of Law 2190/1920. The address of its registered office is in Halandri, Attiki, at 270 Kifissias Avenue, with post code 15232.

The annual financial statements were approved by the Company's Board of Directors at 21st February 2019 and have been posted on the Company's website www.genesispharma.com.

2 Summary of significant accounting policies

The key accounting principles applied for the preparation of these financial statements are presented below. These principles have been applied with consistency in all reporting periods presented, except for changes arising from the adoption of new or amended standards, as described below.

2.1 Basis of preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are adopted by companies preparing financial statements according to IFRS. These annual financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the annual financial statements are disclosed in Note 4.

The annual financial statements have been prepared based on the going concern principle.

The Company is no longer required to present consolidated financial statements for the current period, as on 22 February 2017 the General Meeting of the Company's Shareholders decided to sell the entire interest held in Genesis Pharma (Cyprus) Ltd to Cygen Ltd. As a result, Genesis Pharma (Cyprus) Ltd is an associate company.

New standards, amendments to standards and interpretations

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 and apply to the Company. The Company'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 effect from applying the standard to the Company is described in note 32.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was 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 Company is described in note 32.

IFRS 2 (Amendments) "Classification and measurement of shared-based payment transactions"

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The adoption of the standard did not affect the Company.

IAS 40 (Amendments) "Transfers of Investment Property"

The amendments clarify that to transfer to or from investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendment to the standard did not affect the Company.

Standards and Interpretations effective for subsequent periods

New standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning after 1 January 2018 and have not been applied in the preparation of these financial statements. None of the above is expected to have a significant impact on the financial statements except for the following:

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

IFRS 16 was issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure that 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 their leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard will mainly affect the accounting treatment of the Company's operating leases. As of the date of preparation of these financial statements, the Company has non-cancellable operating lease commitments of EUR 2.1 million. The Company is in the process of assessing the extent to which these commitments will lead to the recognition of an asset and a liability for future payments and how the Company's profit will be affected by this.

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. The Company is currently examining the impact of the application of the above interpretation.

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. These amendments have not yet been endorsed by the EU. The Company is currently examining the impact of the application of the above interpretation.

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. These amendments have not yet been endorsed by the EU. The Company is currently assessing the effect of the amendment to the standard.

2.2 Foreign currency translation

Functional and presentation currency

The items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The annual financial statements are presented in Euro (€), which is the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Property, plant and equipment

All property, plant and equipment ("PPE") is shown at cost less subsequent depreciation and impairment. The acquisition cost includes all the expenses directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the PPE parts replaced is written-off. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Buildings	25
Machinery	6 - 7
Vehicles	6-7
Furniture, fittings and other equipment	5
Facilities in third party properties	Lease period
Computers	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

When the carrying amount of the asset is higher than its recoverable amount, the resulting difference (impairment loss) is recognised immediately as an expense in the statement of comprehensive income.

Upon the sale of PPE, any difference between the consideration received and the asset's carrying amount is recorded as gain or loss in the statement of comprehensive income.

2.4 Investment property

Investment property, mainly comprising land and buildings, is held by the Company for long-term rental yields. Investment property is measured at cost less depreciation. When the carrying amounts of investment property exceed their recoverable amounts, the difference (impairment) is charged directly to profit or loss.

The land classified as investment property is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, which is 25 years.

2.5 Intangible assets

Intangible assets mainly consist of computer software, licences and the fee paid for the right of inclusion in the list of prescription drugs. Computer software is stated at historical cost less subsequent amortisation and impairment. Computer software recognised as intangible assets is amortised using the straight-line method over their useful economic lives, which cannot exceed 5 years. Costs associated with maintaining computer software programs are recognised as an expense when incurred.

The licences recognised as intangible assets refer to licences of exclusive distribution of pharmaceutical products which have been obtained during the development phase of the products. During the period prior to the authorisation of the products by regulatory authorities, the licences are subject to re-evaluation for impairment in every balance sheet, according to the management's judgements concerning the probability of their approval. Licences are amortised with the straight line method, from the date they become available for use and throughout their useful life and are reviewed for impairment on every balance sheet date.

The inclusion fee which is recognised as an intangible asset refers to the amount paid to the regulatory authorities in order for the pharmaceutical products of the Company to be included in the list of prescription drugs from 01/01/2012 onwards. The inclusion fee is amortised according to the straight line method from 01/01/2012 onwards until the termination date of the distribution agreement for each drug, unless the patent expiry date precedes the above date.

2.6 Impairment of non-financial assets

Assets that are amortised are subject to impairment testing when there are indications that their book value is not 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 calculation of impairment losses, assets are grouped at the lowest levels for which there are separately identifiable cash generating units. Impairment losses are recognised as an expense in the statement of comprehensive income as incurred.

2.7 Financial assets

(a) Financial assets

Ranking

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- Financial assets at fair value
- Financial assets at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI).

Investments in equity instruments that are held for trading are measured at fair value through profit or loss. Investments in equity instruments that are not held for trading are measured at fair value through profit or loss, except for investments for which the Company has made an irrevocable election at the time of initial recognition to account for at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Purchases and disposals of financial assets are recognised on the transaction date, which is the date on which the Company commits to purchase or sell the asset. Financial assets in this category are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The financial assets of the Company mainly comprise trade receivables from the sale of goods to customers, classified as financial assets at amortised cost.

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains/(losses)", together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

b) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost are measured at FVPL.

In this category are included investments in warrants. These investments do not meet the criteria for amortised cost as their cash flows do not represent solely payments of principal and interest.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other gains/(losses) – net" in the period in which they arise.

Investments in equity instruments

The Company subsequently measures all equity investments at fair value through profit or loss. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other gains/(losses) – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement within "Other income" when the Company's right to receive payments is established.

The fair values of financial assets that are traded in active markets are defined by their current market prices.

Impairment of financial assets

The Company has two categories of financial assets that are subject to the new model of expected credit losses of IFRS 9:

- trade receivables,
- other financial assets at amortised cost.

According to IFRS 9, the Company is required to adopt the expected credit losses model for each one of the above asset categories.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9. Based on this approach, the Company recognises the expected lifetime credit losses from initial recognition of the receivables.

b) Trade receivables

Trade receivables are recognised initially at fair value, which is the invoiced amount less adjustments such as discounts and levies on sales, and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

In order to determine the expected credit losses for trade receivables, the Company considers historical credit losses adjusted for future factors relating to debtors and the economic environment.

c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash are cash deposits intended for the repayment of loans and as such are not recognised as cash and cash equivalents. As a result these deposits are classified as restricted in current assets.

Accounting policies applied until 31 December 2017

The Company classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, loans and receivables and financial assets available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this classification on every balance sheet date.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also included in this category unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. Purchases and sales of financial assets are recognised on trade date, which is the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised as expenses in the income statement. Financial assets in this category are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other gains/(losses) – net" in the period in which they arise. Dividend income from "Financial assets at fair value through profit or loss" is recognised in the income statement within "Other income" when the Company's right to receive payments is established.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and there is no intention of selling them. They are included in current assets, except for those with maturity greater than 12 months after the balance sheet date. These are classified as non-current assets and they mainly concern operating lease guarantees. The Company's loans and receivables comprise "Trade receivables", "Other receivables at amortised cost" and "Cash and cash equivalents" in the balance sheet (Notes 11, 12 and 14).

iii) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Management intends to dispose of it within 12 months from the end of the reporting period.

Purchases and sales of investments are recognised on trade date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity, excluding any impairment losses and foreign currency translation differences of monetary financial assets which are recognised in the income statement until they are sold. Upon sale, the gains or losses are transferred to the income statement. Impairment losses recognised in the income statement are not reversed through profit or loss.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are recognised in the income statement in the period in which they arise.

The fair values of financial assets that are traded in active markets are defined by their current market prices.

2.8 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished and semi-finished goods, raw materials and other direct costs is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Share capital

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

2.10 Trade payables

Trade payables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest rate method.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has the right to defer the settlement of the obligation for at least 12 months after the balance sheet date.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management regularly evaluates the amounts reported in tax returns as well as the cases where the applicable tax legislation requires interpretation and, where necessary, provisions are made based on the amounts expected to be paid to the tax authorities.

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as presented in the annual financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting nor the taxable gains or losses. Deferred income tax is calculated based on the tax rates (and tax legislation) effective on the balance sheet date and expected to be effective when the deferred tax assets will be realised or deferred tax liabilities will be settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.13 Employee benefits

Current liabilities

The current liabilities resulting from employee benefits either in cash or in kind are recognised as expense when they are accrued.

Pension obligations

The Company contributes to both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligation to pay further contributions if the insurance fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The Company's obligations resulting from the defined benefit plan are stipulated in the Greek Legislation under Law 4093/2012, which representatively defines the minimum level of pension benefits received by employees upon retirement, usually, in conjunction with one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation. The liability of the defined benefit plan is calculated annually by an independent actuary with the use of the projected unit credit method. The discounting rate used is based on the current price of 10+ year iBoxx AA euro Corporate Bond Index and the currency in which the benefits will be paid upon maturity.

Actuarial gains and losses arising from adjustments based on historical data concerning economic and demographic assumptions are recognised in equity in period in which they occur. Past-service costs are recognised immediately in the income statement. Any adjustment resulting from changes in the actuarial assumptions or experience are recognised in the statement of comprehensive income.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance funds on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. Contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employment termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is committed to either terminating the employment of current employees according to a detailed plan without possibility of withdrawal, or providing termination benefits to encourage voluntary redundancy. Termination benefits falling due more than 12 months after balance sheet date are discounted.

Bonus plans

Bonuses are paid to employees after a relevant decision by the Management and their amount is assessed based on Company results and personnel performance. The Company recognises an obligation and an expense for bonuses when these are computed and approved by Management by the end of the reporting period.

2.14 Provisions

Provisions for restructuring expenses and compensations are recognised when: There is a present obligation (legal or constructive) as a result of past events which is highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When there is a group of similar liabilities, the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is determined through the examination of the group of liabilities as a whole. A provision is recognised even if the possibility of an outflow regarding any obligation belonging to the same group of liabilities is small.

Provisions are measured at the present value of the cash outflows expected to be required to settle the obligation using a pre-tax discounting rate that reflects current market conditions, the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

The Company sells prescription drugs to the National Organization for the Provision of Health Services (EOPYY), Public Hospitals, wholesalers and foreign customers. Total sales for financial year 2018 include sales to EOPYY amounting to EUR 83,541,131.98 which represent 71.3% of total sales (2017: EUR 77,450,622.82 and 71.2%), sales to Public Hospitals amounting to EUR 22,653,743.72 which represent 19.3% of total sales (2017: EUR 18,548,071.41 and 17.1%), sales to the private sector amounting to EUR 10.470.857,25 which represent 8.9% of total sales (2017: EUR 10,326,193.68 and

9.5%) and sales to foreign customers amounting to EUR 573,791.05 which represent 0.5% of total sales (2017: €2,426,865.62 and 2.2%).

Revenue is recognised at the time of the delivery of the goods and their acceptance by the customers, when ownership is transferred. The amount of revenue recognised in "Sales" in the income statement is based on the consideration which the Company expects to receive in exchange for the goods sold. The prices of drugs are determined by Price Lists issued by the Minister of Health. There are mandatory discounts on sales which are stipulated in the relevant legislation and are provided to the National Organisation for the Provision of Health Services (EOPYY) and Public Hospitals. More specifically, the relevant legislation provides the following:

- Clawback, that is an automatic refund involving the allocation of the amount exceeding the budgeted pharmaceutical expenditure and is calculated based on the market share held by the Marketing Authorization Holder (MAH) and its growth in relation to the corresponding period of the previous year. Clawback is imposed every six months.
- Rebate, that is an amount of refund for drugs distributed by EOPYY pharmacies, Public Hospitals and private pharmacies the cost of which was covered by social insurance organisations. Rebate is calculated on sales made at ex-factory prices for each drug separately and is imposed every three months.

Provisions for rebates provided to public organisations are recognised as a deduction from revenue upon revenue recognition based on historical data and legislation. A provision for returns is recognised only if the relevant amount is considered material. The Company does not have a history of significant returns nor does it expect significant returns from the sales of the current and previous years. The Company's receivables are expected to be settled in less than 12 months from invoicing, therefore the amount of revenue that the Company recognises has not decreased by the effects of the time value of money at initial recognition.

2.16 Leases

Leases of property, plant and equipment whereby the lessor has substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company in not engaged in leases of property, plant and equipment whereby it has substantially all the risks and rewards of ownership. These leases are recognised as finance leases and are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance expense so as to achieve a constant rate on the financial liability outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment leased under a finance lease are depreciated over the shorter of the lease term and their useful life.

2.17 Dividend distribution

Dividend distribution is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

2.18 Reclassification of items of previous reporting periods

Certain comparative items of the previous reporting period were reclassified in order to be comparable with the corresponding items of the current reporting period.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to financial risk, market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management policy focuses on the unpredictability of the collection of trade receivables from sales to the Greek State and seeks to minimise potential adverse effects on the Company's liquidity and financial performance. The Company does not use derivative financial instruments.

Risk management is carried out by the finance department based on guidance provided by Management.

(a) Market Risk

Foreign exchange risk
The Company operates mainly in Greece and, as a result, it is not exposed to foreign exchange risk, as all transactions are conducted in Euro (€), which is its functional currency.

Price risk
The Company holds equity securities and Greek GDP-linked warrants classified either as available for sale or at fair value through profit or loss. At the reporting date, the maximum exposure to price risk deriving from the above is limited to the fair value of the existing portfolio.

The Company owns investment property. Exposure to price risk is limited to changes in the property's value and leases. Note 6 includes the key assumptions taken into consideration for its determination. A potential change in key assumptions would not affect results significantly.
The Company does not own commodities traded in an organised market.

Cash flow and fair value interest rate risk
Revenue and cash flows generated from the Company's operations are not significantly affected by interest rate changes. The Company does not possess significant interest bearing assets apart from bank deposits.

The Company's interest rate risk arises mainly from bank borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The exposure to cash flow interest rate risk is significantly limited by interest rate repricing at a frequency not exceeding 90 days for the total amount of borrowings. The Company does not use derivative financial instruments to hedge cash flow interest rate risk.

The Company's management monitors the cash flow interest rate risk arising from borrowings on a continuous basis and takes the necessary actions. A potential increase or decrease by 0.1% would result in loss or profit after tax of approximately EUR 8,165.00 (2017: EUR 29,850.01) respectively.

(b) Credit risk

The Company manages credit risk on a continuous basis. Credit risk arises from sales to hospitals, insurance organisations and wholesalers and pertains to outstanding receivables, transactions affecting the Company for more than one reporting period and cash and cash equivalents held at banks.

The Company groups trade receivables based on credit risk concentration. The Company is exposed to significant credit risk arising from sales to Public Hospitals and Insurance Organisations. Sales to Public Hospitals and Insurance Organisations represent 90.6% (2017: 88.3%). The Company's credit risk is concentrated on bank deposits.

The Company implements policies in order to ensure that sales are made to customers with the appropriate credit profile and reputation, while similar policies are also applied for banks.

The Company's Management monitors regularly the aging analysis of outstanding receivables. There are no significant overdue receivables with the exception of outstanding receivables from public hospitals and insurance organisations (Note 11). The credit risk factor is calculated based on the days sales outstanding of the previous 36 months, taking into account historical data regarding impairment of trade receivables for that period.

The provision for impairment as at 31 December 2018 and 1 January 2018 - the date of IFRS 9 adoption - was as follows:

At 31 December 2018	Receivables from the Greek public sector	Receivables from the private sector	Receivables from exports	Total
Impairment rate (%)	**0.5%**	**0.1%**	**1.0%**	
Total receivables - net (excl. clawback and rebates)	10,040,249.46	1,386,984.97	534,715.17	**11,961,949.60**
Provision for impairment	**46,087.68**	**1,109.61**	**5,347.15**	**52,544.44**

At 1 January 2018	Receivables from the Greek public sector	Receivables from the private sector	Receivables from exports	Total
Impairment rate (%)	**0.6%**	**0.1%**	**1.0%**	
Total receivables - net (excl. clawback and rebates)	12,556,509.28	1,267,721.55	829,256.95	**14,653,487.78**
Provision for impairment	**69,848.80**	**1,014.18**	**8,292.57**	**79,155.55**

(c) Liquidity risk

The prudent liquidity risk management aims to ensure sufficient cash, to provide the ability to draw sufficient capital, to ensure access to credit facilities and to provide the ability to discount contractual obligations. Due to the dynamic nature of its activities, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's liquidity depends greatly on the collection of receivables from the Greek State as they represent 90.6% of sales revenue for 2018 (2017: 88.3%). As a result, any significant delays experienced in the settlement of receivables from the Greek State have a negative impact on the Company's liquidity and working capital.

The Company's Management monitors projected liquidity in order to ensure sufficient funding, taking into consideration the unused credit facilities (Note 18) as well as cash and cash equivalents (Note 14) based on expected cash flows.

Management always takes the necessary actions in order to ensure funding sufficient to cover the needs in working capital as well as the Company's obligations. These actions include obtaining additional bank borrowings and issuing shares.

The Company's contractual financial liabilities are analysed in the following table by category based on the credit lines that were in force at year end and based on the time remaining from the balance sheet date to their maturity date. The value of the balances expected to be settled within the next 12 months equals to their carrying value, as the discounting impact is considered immaterial.

The table comprises the undiscounted cash flows for interest and capital assuming that interest rates remain constant from 31 December 2018:

At 31 December 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	3,359,116.67	325,000.00	9,158,647.26	0.00	**12,842,763.93**
Trade and other payables	47,040,984.11	0.00	0.00	0.00	**47,040,984.11**

At 31 December 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	5,467,321.92	412,500.00	11,649,687.50	0.00	**17,529,509.42**
Trade and other payables	43,547,497.88	0.00	0.00	0.00	**43,547,497.88**

The collection of overdue receivables from public hospitals and EOPYY have been used for the repayment of loans amounting to EUR 19,000,000.00 (2017: EUR 80,084,523.00) in the reporting period (note 18).

3.2 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital based on the gearing ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as presented in the balance sheet) less cash and cash equivalents. Total capital equals "Equity" as shown in the balance sheet plus net debt.

The gearing ratio as of 31 December 2018 and 2017 was as follows:

	Note	2018	2017
Total borrowings	18	11,981,332.84	15,889,534.24
Less:			
- Cash and cash equivalents	14	27,607,165.32	12,929,202.73
Net debt		**-15,625,832.48**	**2,960,331.51**
Equity		56,553,482.57	60,147,793.34
Total capital		**40,927,650.09**	**63,108,124.85**
Gearing ratio		**-38.18%**	**4.69%**

The Company's gearing ratio decreased from 4.69% in 2017 to -38.18% in 2018 mainly due to the increase in cash and cash equivalents to EUR 27,607,165.32 in 2018 from EUR 12,929,202.73 in 2017.

3.3 Fair value estimation

The carrying value of financial assets, such as cash, deposits, receivables, financial assets at fair value through profit or loss, available-for-sale financial assets, payables, short-term borrowings and other financial liabilities, is a reasonable approach of their fair values.

Financial assets measured at fair value at the balance sheet date are classified under the following levels, in accordance with the method used for determining their fair value:

- Level 1: Financial instruments traded in active markets the fair value of which is estimated based on (unadjusted) quoted market prices of similar instruments.
- Level 2: Financial instruments the fair value of which is determined by factors related to market data, either directly (prices) or indirectly (price derivatives).
- Level 3: Financial instruments the fair value of which is not determined by market observations, but is mainly based on internal estimates.

The following table presents the Company's financial assets at fair value as of 31 December 2018, measured according to "Level 1" and "Level 3" of fair value estimation classification:

	Level 1	Total
at 31 December 2018		
Financial assets at fair value through profit or loss		
- Equity securities	924,934.29	924,934.29
- Warrants	208,176.72	208,176.72
Total assets at fair value	**1,133,111.01**	**1,133,111.01**
at 31 December 2017		
Financial assets at fair value through profit or loss		
- Equity securities	2,654,226.81	2,654,226.81
Available-for-sale financial assets:		
- Warrants	369,548.76	369,548.76
Total assets at fair value	**3,023,775.57**	**3,023,775.57**

"Level 1" refers to fair values based on data which is either directly or indirectly available in active markets.

4 Critical accounting estimates and judgements made by management

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions which affect the disclosed values of assets and liabilities, the contingent assets and liabilities presented on the reporting date and the amounts of income and expenses of the year they pertain to.

Estimates and judgements made by the Company's Management are continuously reviewed and are based on historic data and expectations for future events which are considered reasonable under the current circumstances. Although these estimates are based on the best possible knowledge of the Company's Management with respect to the current conditions and activities, the actual results might eventually differ from these estimates.

Management believes that there are no significant estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, except for the following:

(a) Revenue recognition

Revenue is recognised when the Company has transferred the ownership and risks to the buyer and a reliable estimate can be made regarding relevant decreases. The gross revenue is reduced by the amount of discounts, contributions, receivables impairment provisions and sales returns which are already known or are expected to arise. Sales to the Public Sector are impaired when there is a significant indication of impairment, based on Management's evaluation regarding the collection of the expected cash inflows and the historical data on past debt settlement.

The relevant provision for expected discounts, contributions, receivables impairment provisions and sales returns is accounted for at the time of sale based on information collected from the market or accumulated experience. The amounts mainly pertain to imposed clawback and rebates which are provided by the relevant legislation (Note 2.15) The provisions for these rebates are estimations and, as such, they may not reflect with absolute accuracy the final outcome. These amounts may, also, be adjusted.

The amount of provision is reviewed and adjusted regularly according to contractual and legal obligations, historical trends, accumulated experience and expected future market conditions. The future developments may alter the assumptions on which these estimations were based. This fact could affect the Company's future results.

(b) Recoverability of deferred tax asset

The Company recognises deferred income tax assets to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The Company's deductible temporary differences at 31 December 2018 mainly consist of a tax asset amounting to EUR 22,382,131.34 (2017: EUR 26,812,329.46) relating to the impairment loss arising from the obligatory participation in the programme of voluntary exchange of bonds issued or guaranteed by the Greek government ("PSI+") which was completed in March 2012. According to the tax legislation in force, these deductible temporary differences are deducted from gross revenue in thirty (30) equal annual instalments, starting from 2012.

According to previous experience, prior year budgets and current business plans, Management believes there is sufficient evidence indicating that it is more probable that sufficient future taxable profit will be available against which the deductible temporary differences can be utilised, rather than not.

5 Property, plant and equipment

	Land - Buildings	Furniture and other equipment	Vehicles	Total
Cost				
At 1 January 2017	5,006,001.90	3,842,195.24	281,719.37	9,129,916.51
Additions	49,032.01	105,296.47	0.00	154,328.48
Disposals	-20,125.50	-57,531.41	-31,101.30	-108,758.21
At 31 December 2017	**5,034,908.41**	**3,889,960.30**	**250,618.07**	**9,175,486.78**
Depreciation				
At 1 January 2017	2,781,131.51	3,518,690.51	263,438.49	6,563,260.51
Depreciation for the year	92,526.99	192,285.21	6,366.75	291,178.95
Disposals	-20,124.99	-57,530.80	-31,101.25	-108,757.04
At 31 December 2017	**2,853,533.51**	**3,653,444.92**	**238,703.99**	**6,745,682.42**
Net book value as of 31.12.2017	**2,181,374.90**	**236,515.38**	**11,914.08**	**2,429,804.36**
Cost				
At 1 January 2018	5,034,908.41	3,889,960.30	250,618.07	9,175,486.78
Additions	2,279,754.52	272,819.76	57,500.00	2,610,074.28
Disposals	-6,965.16	-330,404.48	-123,481.23	-460,850.87
At 31 December 2018	**7,307,697.77**	**3,832,375.58**	**184,636.84**	**11,324,710.19**
Depreciation				
At 1 January 2018	2,853,533.51	3,653,444.92	238,703.99	6,745,682.42
Depreciation for the year	129,914.31	298,042.87	5,432.68	433,389.86
Disposals	-6,964.44	-329,075.41	-123,481.18	-459,521.03
At 31 December 2018	**2,976,483.38**	**3,622,412.38**	**120,655.49**	**6,719,551.25**
Net book value as of 31.12.2018	**4,331,214.39**	**209,963.20**	**63,981.35**	**4,605,158.94**

Out of the Company's total depreciation expense, EUR 358,030.19 (2017: EUR 219,983.19) has been charged to distribution expenses and EUR 75,359.67 (2017: EUR 71,195.76) is included in administrative expenses.

The operating leases of the Company, amounting to EUR 1,429,752.70 (2017: EUR 1,454,779.02), which concern leased offices and cars are included in the statement of comprehensive income (Note 23).

6 Investment property

	Land	Buildings	Total
Cost			
At 1 January 2017	714,266.56	2,260,581.39	2,974,847.95
Additions	0.00	0.00	0.00
Disposals	0.00	0.00	0.00
At 31 December 2017	**714,266.56**	**2,260,581.39**	**2,974,847.95**
Depreciation			
At 1 January 2017	0.00	274,442.12	274,442.12
Depreciation for the year	0.00	90,313.02	90,313.02
Impairment charge	0.00	579,070.77	579,070.77
Disposals	0.00	0.00	0.00
At 31 December 2017	**0.00**	**943,825.91**	**943,825.91**
Net book value as of 31.12.2017	**714,266.56**	**1,316,755.48**	**2,031,022.04**
Cost			
At 1 January 2018	714,266.56	2,260,581.39	2,974,847.95
Subsequent capitalised expenses	0.00	252,362.93	252,362.93
Disposals	0.00	0.00	0.00
At 31 December 2018	**714,266.56**	**2,512,944.32**	**3,227,210.88**
Depreciation			
At 1 January 2018	0.00	943,825.91	943,825.91
Depreciation for the year	0.00	102,363.90	102,363.90
Impairment charge	0.00	0.00	0.00
Disposals	0.00	0.00	0.00
At 31 December 2018	**0.00**	**1,046,189.81**	**1,046,189.81**
Net book value as of 31.12.2018	**714,266.56**	**1,466,754.51**	**2,181,021.07**

Out of the Company's total depreciation expense, EUR 77,847.08 (2017: EUR 67,567.86) has been charged to distribution expenses and EUR 24,516.82 (2017: EUR 22,745.16) is included in administrative expenses.

The Company owns an office building in Halandri.

The following amounts relating to investment property have been recognised in the Company's income statement:

	Note	2018	2017
Rental income	21	156,000.00	156,000.00
Income from shared maintenance expenses		64,639.17	69,039.33
Direct operating expenses which generated rental income		-95,733.43	-87,005.81
Depreciation		-102,363.90	-90,313.02
Impairment		0.00	-579,070.77
Total		**22,541.84**	**-531,350.27**

In 2017, the Company performed an impairment test on the property's value which resulted in the recognition of an impairment of EUR 579,070.77 as of 31 December 2017. Fair value was based on the investment property's value in use which was determined by an independent valuer at EUR 2,061 thousand. At 31 December 2018 the carrying value of investment property approximates their fair value.

The key actuarial assumptions used were the following:

START OF LEASE	END OF LEASE	MARKET LEASE INCREASE RATE	LEASE PAYMENT ADJUSTED FOR INFLATION (every 1/1)	OCCUPANCY until the end of lease	ARY	EXIT YIELD	DISCOUNT RATE
1/1/2018	31/12/2027	1.70%	1.13%	100%	7.75%	7.25%	8.95%

In financial year 2017, the Company reclassified from PPE to investment property the amount of EUR 2,700,405.83 which relates to the net book value of the leased property.

7 Intangible assets

	Intangible assets
Cost	
At 1 January 2017	10,509,315.81
Additions	202,823.03
Disposals	-2,397.90
At 31 December 2017	**10,709,740.94**
Amortisation	
At 1 January 2017	9,450,000.41
Amortisation for the year	416,964.59
Disposals	-2,397.85
At 31 December 2017	**9,864,567.15**
Net book value as of 31.12.2017	**845,173.79**
Cost	
At 1 January 2018	10,709,740.94
Additions	157,856.95
Disposals	-4,014.03
At 31 December 2018	**10,863,583.86**
Amortisation	
At 1 January 2018	9,864,567.15
Amortisation for the year	487,185.74
Disposals	-4,013.85
At 31 December 2018	**10,347,739.04**
Net book value as of 31.12.2018	**515,844.82**

Out of the total amortisation expense, EUR 460,660.78 (2017: EUR 402,232.56) have been charged to distribution expenses, out of which EUR 346,086.58 relate to inclusion fee (2017: EUR 346,086.58) and EUR 26,524.96 (2017: EUR 14,732.03) relate to administrative expenses.

Intangible assets mainly consist of inclusion fee amounting to EUR 8,986,590.25, in order for drugs to be included in the list of prescription drugs, for sales made from 1st January 2012 onwards, as provided by L.4025/2011. The above fee was paid in December 2011. The net book value of the inclusion fee for the Company as at 31 December 2018 amounts to EUR 244,327.91 (2017: EUR 590,414.49).

8 Inventory

At 31 December,	2018	2017
Merchandise	9,114,899.47	10,329,865.61
Products	362,114.27	287,939.50
Raw materials	158,147.06	78,048.36
Provision for impairment of inventories	-300,683.48	-13,395.65
Total	**9,334,477.32**	**10,682,457.82**

The provision for the current reporting period amounting to EUR 300,683.48 (2017: EUR 13,395.65) refers to the destruction of expired and slow moving merchandise not expected to be sold.

Below is presented the movement of the impairment provision for inventories:

	2018	2017
Provision at 1 January	13,395.65	17,536.20
Additional provision	498,157.76	163,851.04
Provision used	-210,869.93	-167,991.59
At 31 December	**300,683.48**	**13,395.65**

9 Financial instruments by category

At 31 December,	2018	2017
Financial assets		
Financial assets at amortised cost		
- Trade receivables	46,691,948.69	43,073,625.24
- Other receivables (excl. prepayments)	570,296.87	13,128,463.15
- Cash and cash equivalents	27,607,165.32	12,929,202.73
	74,869,410.88	**69,131,291.12**
Financial assets at fair value through statement of comprehensive income		
- Warrants	0.00	369,548.76
	0.00	**369,548.76**
Financial assets at fair value through profit or loss		
- Shares	924,934.29	2,654,226.81
- Warrants	208,176.72	0.00
	1,133,111.01	**2,654,226.81**
Total	**76,002,521.89**	**72,155,066.69**
Liabilities		
Financial assets at amortised cost		
- Borrowings	11,981,332.84	15,889,534.24
- Trade and other payables (excluding liabilities provided by law)	9,070,649.81	21,518,572.56
Total	**21,051,982.65**	**37,408,106.80**

10 Credit quality of financial assets

The credit evaluation of financial assets that are neither overdue nor impaired can be based on external credit ratings (if available) or on relevant historical data. Source: Fitch.

Trade and other receivables	2018	2017
Counterparties with external credit rating		
B	28,825,122.10	27,876,606.34
	28,825,122.10	**27,876,606.34**
Counterparties without external credit rating		
Medicine wholesalers and foreign customers	1,911,315.91	2,094,087.72
	1,911,315.91	**2,094,087.72**
Total not past due and not impaired trade receivables	**30,736,438.01**	**29,970,694.06**
Cash and cash equivalents		
B	0.00	1,014,816.00
B-	897,679.44	0.00
CC	12,769,620.25	0.00
CCC-	5,829,397.70	0.00
RD	0.00	11,909,209.47
WD	8,013,042.42	5,177.26
-	97,425.51	0.00
Total cash and cash equivalents	**27,607,165.32**	**12,929,202.73**

11 Trade receivables

At 31 December,	2018	2017
Trade receivables		
National Organization for the Provision of Health Services (EOPYY)	35,147,357.62	30,853,133.97
Public hospitals	12,117,455.92	10,126,403.55
Medicine wholesalers and private clinics	4,953,726.58	4,860,330.44
Foreign customers	534,715.17	803,144.85
Total	**52,753,255.29**	**46,643,012.81**
Less: Accrued clawback and rebates - Reclassification	-2,442,035.55	0.00
Less: Provision for impairment	-3,619,271.05	-3,569,387.57
Trade receivables - net	**46,691,948.69**	**43,073,625.24**

At the balance sheet date, the fair value of trade and other receivables approximates their carrying value.

The Company offsets the amounts of clawback and rebates against equal amounts of receivables from EOPYY generated from the procurement of pharmaceutical products. For this reason, the relevant accrued amounts of all reporting periods are shown as a deduction from receivables.

At 31 December 2018, the Company has pledged to banks receivables from EOPYY and Public Hospitals with a carrying value of EUR 5,260,302.13 (2017: EUR 7,874,493.43) as collateral for loans (note 18).

The Company's overdue receivables from private entities amount to EUR 10,399.23 and are not considered impaired.

The Company's receivables from EOPYY and Public Hospitals which are overdue but are not considered impaired as at 31 December 2018 amount to EUR 15,997,655.89 (2017: EUR 13,102,931.18) and are analysed as follows:

At 31 December,	2018	2017
Between 1 and 180 days	15,268,218.19	12,764,926.73
Between 181 and 365 days	465,379.99	208,805.93
Over 365 days	264,057.71	129,198.52
Total	**15,997,655.89**	**13,102,931.18**

The movement on the Company's provision for impairment of trade receivables is as follows:

	2018	2017
Provision at 1 January - IAS 39	3,569,387.57	3,566,496.79
Amount reclassified to equity	79,155.55	0.00
Provision at 1 January - IFRS 9	**3,648,543.12**	**3,566,496.79**
Provision for impairment of receivables		
- Doubtful receivables	754.15	2,890.78
Used provisions reversed	-3,415.11	0.00
Unused provisions reversed	-26,611.11	0.00
At 31 December	**3,619,271.05**	**3,569,387.57**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables.

12 Other receivables at amortised cost

At 31 December,	2018	2017
Other receivables	570,296.87	13,128,463.15
Prepaid expenses	349,634.42	267,943.52
Total receivables and prepaid expenses	**919,931.29**	**13,396,406.67**
Less: non-current portion	-104,472.52	-110,801.52
Current portion	**815,458.77**	**13,285,605.15**

Other receivables at 31 December 2018 amounting to EUR 570,296.87 (2017: EUR 13,128,463.15) include pledged receivables from EOPYY and Public Hospitals totalling EUR 22,277.04 (2017: EUR 11,423,299.21).

13 Financial assets at fair value through profit or loss

At 31 December,	2018	2017
Non-current		
Warrants	208,176.72	0.00
	208,176.72	**0.00**
Current		
Equity securities listed on ASE	57,299.85	1,277,206.99
Equity securities listed on the Cyprus Stock Exchange	867,634.44	1,377,019.82
	924,934.29	**2,654,226.81**
Total	**1,133,111.01**	**2,654,226.81**

Financial assets classified as "Available-for-sale financial assets" were transferred to "Financial assets at fair value through profit or loss". The above financial assets mainly consist of warrants linked to the Greek GDP. Their fair value is determined based on their bid prices in the secondary market as of the balance sheet date.

At 31 December,	2018	2017
Available-for-sale financial assets	0.00	369,548.76
	0.00	**369,548.76**
Less non-current portion	0.00	-369,548.76
Current portion	**0.00**	**0.00**

Financial assets at fair value through profit or loss are included in cash flow statement, in cash flows from operating and investing activities.

(Amounts in € unless otherwise stated)

The amounts recognised in the period through profit or loss and equity are as follows:

	Note	2018	2017
Change in fair value credited in 2017 equity pertaining to "Available-for-sale financial assets"		0.00	28,314.41
Change in fair value credited in the 2017 income statement pertaining to "Available-for-sale financial assets"		0.00	158,662.27
Disposal of financial assets at fair value through profit or loss		-1,067,200.00	0.00
Change in financial assets at fair value through profit or loss		-823,464.56	-17,973.17
Total		**-1,890,664.56**	**169,003.51**

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other gains/(losses) – net" in the income statement (note 22).

During financial year 2018, the Company sold shares listed on the ASE recording a profit of EUR 54.502,91, an amount included in the income statement within "Other gains/(losses) – net" (note 22).

The fair value of all equity securities is based on their current bid prices in an active market.

The assessment of the credit quality of available-for-sale financial assets may be based on external credit ratings (if any) or related historical data. Source: Fitch.

Available-for-sale financial assets	2018	2017
Non-current		
RD	0.00	369,548.76
	0.00	**369,548.76**
Current		
B	0.00	0.00
	0.00	**0.00**
Total available-for-sale financial assets	**0.00**	**369,548.76**

14 Cash and cash equivalents

At 31 December,	2018	2017
Sight bank deposits	27,607,165.32	12,929,202.73
Total	**27,607,165.32**	**12,929,202.73**

15 Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority. The amounts offset are as follows:

At 31 December,	2018	2017
Deferred tax assets		
- Recoverable after 12 months	23,364,866.76	26,971,337.43
- Recoverable within 12 months	565,695.28	1,528,277.26
Total	**23,930,562.04**	**28,499,614.69**
Deferred tax liabilities		
- To be settled after more than 12 months	196,811.87	280,145.66
- To be settled within 12 months	0.00	9,917.97
Total	**196,811.87**	**290,063.63**
Deferred tax assets - net	**23,733,750.17**	**28,209,551.06**

The Company's net deferred tax assets include a deferred tax asset of EUR 22,382,131.34 (2017: EUR 26,812,329.46) which mainly concerns the debit difference resulting from the Company's compulsory participation in the GGB exchange programme.

According to a tax provision that was enacted in December 2018, from 2019 onwards the tax rate will decrease by 1% per annum, until 2022 when it will reach 25% (Note 26). The total impact of the change in the tax rate is EUR 3,628,520.27. The total annual change in deferred income tax is mainly attributable to the decrease in the tax rate and is as follows:

	2018	2017
Balance at the beginning of year	28,209,551.06	28,837,708.76
Changes due to IFRS 9 adoption	22,955.11	0.00
Balance at the beginning of year - restated	**28,232,506.17**	**28,837,708.76**
(Charged)/credited to the income statement	-4,418,894.29	-554,520.78
(Charged)/credited to equity	-79,861.71	-73,636.92
Balance at end of the year	**23,733,750.17**	**28,209,551.06**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(Amounts in € unless otherwise stated)

	Retirement benefit obligations	Impairment provisions and other	Debit difference from GGB swap plan	Total
At 1 January 2017	1,432,849.57	-524,650.66	27,929,509.85	28,837,708.76
(Charged)/credited to the income statement	-340,220.84	902,880.45	-1,117,180.39	-554,520.78
(Charged)/credited to equity	-65,425.74	-8,211.18	0.00	-73,636.92
At 31 December 2017	**1,027,202.99**	**370,018.61**	**26,812,329.46**	**28,209,551.06**
Changes due to IFRS 9 adoption	0.00	22,955.11	0.00	22,955.11
At 1 January 2018	**1,027,202.99**	**392,973.72**	**26,812,329.46**	**28,232,506.17**
(Charged)/credited to the statement of comprehensive income	-33,535.19	44,839.02	-4,430,198.12	-4,418,894.29
(Charged)/credited to equity	-79,261.71	-600.00	0.00	-79,861.71
At 31 December 2018	**914,406.09**	**437,212.74**	**22,382,131.34**	**23,733,750.17**

16 Share capital

	2018			2017		
	No of ordinary shares	Nominal value per share	Total value	No of ordinary shares	Nominal value per share	Total value
At 1 January	5,000,000	0.30	1,500,000.00	25,000,000	0.30	7,500,000.00
Return of capital to Shareholders	0	0.30	0.00	-20,000,000	0.30	-6,000,000.00
At 31 December	**5,000,000**		**1,500,000.00**	**5,000,000**		**1,500,000.00**

At 15/12/2016 the Board of Directors decided the return of share capital to Shareholders amounting to EUR 6,000,000.00 which was approved by the Athens Prefecture on 23/12/2016. The payment to Shareholders was made on 1/3/2017.

17 Reserves

At 31 December,	2018	2017
Statutory reserve	2,500,000.00	2,500,000.00
Reserves taxed under special provisions	20,673.78	20,673.78
Change in fair value of available-for-sale financial assets	0.00	20,103.23
Total reserves	**2,520,673.78**	**2,540,777.01**

Statutory reserve up to EUR 500,000 cannot be distributed to Shareholders.

With the adoption of IFRS 9, a cumulative balance of EUR 20,103.23, previously recorded in reserves, was reclassified to retained earnings, as the relevant financial assets were reclassified to financial assets measured at fair value through profit or loss.

18 Borrowings

At 31 December,	2018	2017
Non-current		
Bond loans	4,000,000.00	11,000,000.00
Non-current bond loan expenses	-18,667.16	-110,465.76
Loans from Shareholders	5,000,000.00	0.00
Total non-current borrowings	**8,981,332.84**	**10,889,534.24**
Current		
Bank borrowings	3,000,000.00	5,000,000.00
Total current borrowings	**3,000,000.00**	**5,000,000.00**
Total borrowings	**11,981,332.84**	**15,889,534.24**

The key terms of non-current bank borrowings are the following:

- Repayment within four years from the conclusion of the agreement.
- Variable interest rate equal to 3-month Euribor plus margin.
- Collateralisation of Company's receivables from Public Hospitals and EOPYY.
- Shareholders' personal guarantees
- The Company must maintain sufficient capital adequacy and profitability based on financial ratios.

The key terms of current bank borrowings are the following:

- Variable interest rate equal to 3-month Euribor plus margin.
- Collateralisation of Company's receivables from Public Hospitals and EOPYY.
- Shareholders' personal guarantees.

The key terms of loans from Shareholders are the following:

- Repayment within three years from the conclusion of the agreement.
- Fixed rate.

The Company's management monitors the cash flow interest rate risk arising from borrowings on a continuous basis and takes the necessary actions. A potential increase or decrease by 0.1% would result in loss or profit after tax of approximately EUR 8,165.00 (2017: EUR 29,850.01) respectively.

The fair value of borrowings approximate their carrying values.

In the current reporting period the principal repaid by the Company amounts to EUR 19,000,000.00 (2017: EUR 80,084,523.00).

(Amounts in € unless otherwise stated)

The loans received by the Company are denominated in Euro.

The Company has secured the following unused credit facilities:

At 31 December,	2018	2017
Bank credit facilities	78,500,000.00	49,500,000.00
Total	**78,500,000.00**	**49,500,000.00**

19 Retirement benefit obligations

At 31 December,	2018	2017
Liabilities in the balance sheet		
Present value of unfunded obligations	3,657,624.36	3,542,079.27
Liabilities in the balance sheet for retirement benefits	**3,657,624.36**	**3,542,079.27**

The movement in the present value of the Company's retirement benefit obligations is as follows:

	2018	2017
At 1 January	3,542,079.27	3,639,855.58
Current service cost	239,653.74	290,806.28
Interest cost	56,565.85	54,497.16
Employment benefits paid	-90,566.67	-121,770.83
Cost of termination of employment	54,875.17	51,754.39
Recognition of past service settlement cost	0.00	-147,457.31
Actuarial loss/(gain) - economic assumptions	-128,652.00	-64,706.00
Actuarial loss/(gain) - experience	-16,331.00	-160,900.00
at 31 December	**3,657,624.36**	**3,542,079.27**

Out of the total cost, the amount of EUR 280,566.74 (2017: EUR 213,281.15) is included in distribution expenses and the amount of EUR 70,528.02 (2017: EUR 29,919.37) relates to administrative expenses.

The principal actuarial assumptions used were as follows:

At 31 December,	2018	2017
Discount rate	1.80%	1.60%
Inflation	1.60%	1.60%
Future salary increases	3.60%	3.60%
Duration of obligations (years)	17.53	18.36

The analysis of the defined benefit obligation's sensitivity to changes in actuarial assumptions is as follows:

(Amounts in € unless otherwise stated)

	Impact on the present value of defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 8.00%	Increase by 9.00%
Future salary increases	0.50%	Increase by 9.00%	Decrease by 8.00%

The expected maturity of retirement benefits upon their payment is analysed as follows:

At 31 December 2018	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Retirement benefits	15,728.00	67,057.00	180,556.00	4,772,891.00	**5,036,232.00**
At 31 December 2017					
Retirement benefits	13,281.00	15,002.00	112,113.00	4,626,474.00	**4,766,870.00**

20 Trade and other payables

At 31 December,	2018	2017
Trade payables	5,899,294.84	8,336,055.53
Subtotal	**5,899,294.84**	**8,336,055.53**
Social security and other taxes	37,970,334.30	32,010,022.55
Other payables	3,171,354.97	3,201,419.80
Subtotal	**41,141,689.27**	**35,211,442.35**
Total	**47,040,984.11**	**43,547,497.88**

The "Social security and other taxes" line item includes a provision for clawback and rebates to EOPYY and Public Hospitals amounting to EUR 34,386,448.74 (2017: EUR 28,380,453.72).

21 Other operating income

At 31 December,	2018	2017
Income from operating leases	156,000.00	156,000.00
Other income	12,166.71	36,629.12
Total	**168,166.71**	**192,629.12**

22 Other gains/(losses) - net

At 31 December,	2018	2017
Investments in subsidiaries		
- Gains from disposal	0.00	2,011,738.81
Total	**0.00**	**2,011,738.81**
Investment property		
- Impairment	0.00	-579,070.77
Total	**0.00**	**-579,070.77**
Financial assets at fair value through profit or loss		
- Gains from disposal	54,502.91	0.00
- Fair value gains	0.00	247,271.64
- Fair value losses	-823,464.56	-265,244.81
Total	**-768,961.65**	**-17,973.17**
Financial assets at fair value through statement of comprehensive income		
- Fair value gains	0.00	158,662.27
Total	**0.00**	**158,662.27**
Total other gains/(losses) - net	**-768,961.65**	**1,573,357.14**

The Company held 100% of Genesis Pharma (Cyprus) Ltd. On 22 February 2017, the Company's extraordinary General Meeting of Shareholders decided the sale of the total shareholding in Genesis Pharma (Cyprus) Ltd to Cygen Ltd for EUR 2,100,000.00. The sale took place on 22 March 2017 and resulted in a total profit of EUR 2,011,738.81.

23 Expenses by category

At 31 December,	Note	2018	2017
Employee benefits	24	21,273,138.09	18,845,566.79
Depreciation of property, plant and equipment and investment property	5-6	535,753.76	381,491.97
Amortisation of intangible assets	7	487,185.74	416,964.59
Operating lease payments	5	1,429,752.70	1,454,779.02
Promotion and advertisement expenses		9,138,438.96	8,204,744.26
Cost of goods sold		65,787,133.23	61,221,553.21
Third-party fees		1,428,774.25	1,388,371.31
Taxes and charges		212,702.21	79,843.91
Repair, maintenance and operating expenses of buildings		737,519.95	601,891.29
Insurance premiums		135,045.06	128,181.58
Other		1,612,140.89	1,223,610.54
Total		**102,777,584.84**	**93,946,998.47**
Split by function:			
Cost of sales		65,787,133.23	61,221,553.21
Distribution costs		25,178,265.67	22,643,562.79
Administrative expenses		11,812,185.94	10,081,882.47
Total		**102,777,584.84**	**93,946,998.47**

24 Employee benefits

	Note	2018	2017
Salaries		12,681,732.88	11,625,233.71
Board of Directors remuneration		4,650,000.00	3,600,000.00
Employer contributions		2,694,141.92	2,524,959.74
Ancillary benefits		763,612.18	742,320.42
Pension costs - defined contribution plans		132,556.35	109,852.40
Pension costs - defined benefit plans	19	351,094.76	243,200.52
Total		**21,273,138.09**	**18,845,566.79**
Number of employees at 31 December		**208**	**199**

25 Financial income and expenses

	2018	2017
Interest expenses		
Bank borrowings	512,108.34	1,145,404.13
Loans from Shareholders	90,232.88	0.00
Other bank expenses and charges	354,891.57	724,555.43
Expenses from refinancing of borrowings	0.00	443,013.26
Finance expenses	**957,232.79**	**2,312,972.82**
Interest income from short-term deposits	-14,016.14	-23,169.23
Finance income	**-14,016.14**	**-23,169.23**
Finance expenses - net	**943,216.65**	**2,289,803.59**

26 Income tax

	Note	2018	2017
Current tax		3,905,843.48	3,980,403.11
Prior year's tax		225,693.50	1,602,788.88
Deferred tax	15	4,418,894.29	554,520.78
Total income tax		**8,550,431.27**	**6,137,712.77**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Company profits. The difference is determined as follows:

	2018	2017
Profit/(loss) before tax	**12,947,199.64**	**14,278,046.95**
Effective tax rate	29%	29%
Tax calculated using the tax rate applicable on the profit of the reporting year	3,754,687.90	4,140,633.62
Tax effects of:		
- Expenses not deductible for tax purposes	934,313.60	566,893.11
- Deferred tax difference due to change in tax rate	3,628,520.27	0.00
- Previous years' taxes	225,693.50	1,430,186.04
- Other taxes	7,216.00	0.00
Total income tax	**8,550,431.27**	**6,137,712.77**

The applicable tax rate for financial year 2018 is 29% (2017: 29%). According to a tax provision that was enacted in December 2018, from 2019 onwards the tax rate will decrease by 1% per annum, until 2022 when it will reach 25%.

At 31 December 2018 the Company has been audited by the tax authorities for all financial years up to 2010 and by external auditors for financial years 2011-2013 under circular ΠΟΛ 1159/2011 and for financial years 2014-2017 under circular ΠΟΛ 1124/2015. The tax audit for financial year 2018 is in progress.

27 Related party transactions

The Company is controlled by the Iakovidis family which holds 80% of its shares. The remaining 20% of the Company's shares is held by Mr Konstantinos Evripidis, the Company's Chief Executive Officer. The Company, after selling Genesis Pharma (Cyprus) Ltd, continued to sell merchandise to the latter which is no longer an associate.

a) The following transactions are transactions with related parties:

31.12.2018	**Genesis Pharma (Cyprus) Ltd**		**M.S.Jacovides Hellas SA**		**Genesis Biopharma Srl**	
(amounts in € '000)						
Genesis Pharma SA						
Sales	345	0	0	0	0	0
Receivables	0	345	0	0	0	0
Rental income	0	0	156	0	0	0
maintenance expenses	0	0	65	0	0	0
Receivables	0	0	0	80	0	0
Disposal of assets	0	0	0	0	4	0
Receivables	0	0	0	0	0	4

31.12.2017	**Genesis Pharma (Cyprus) Ltd**		**M.S.Jacovides Hellas SA**		**Cygen Ltd**
(amounts in € '000)					
Genesis Pharma SA					
Proceeds from disposal of subsidiary	0	0	0	0	2,100
Sales	1,493	0	0	0	0
Receivables	0	697	0	0	0
Rental income	0	0	156	0	0
expenses	0	0	69	0	0
Receivables	0	0	0	178	0

b) Shareholders' personal guarantees

The total amount of loans is secured by Shareholders' personal guarantees (Note 18).

c) Loans of Shareholders to the Company

During financial year 2018, the Shareholders granted to the Company a loan of EUR 5,000,000 (Note 18).

d) Other transactions with Shareholders

During 2018, the Company sold to a Shareholder and member of the BoD fixed assets of EUR 12,000.

e) Remuneration of members of the Board of Directors and key management personnel

The remuneration of the members of the Board of Directors and key management personnel for the reporting periods is as follows:

	2018	2017
Remuneration of members of the Board of Directors	4,650,000.00	3,600,000.00
Remuneration of key management personnel	2,093,400.00	2,031,366.00
Total	**6,743,400.00**	**5,631,366.00**

At 31 December 2019, the liability for Board of Directors members' remuneration amounts to EUR 65.7 thousand.

28 Dividends per share

By decision of the Ordinary General Meeting of 5/4/2018, dividends were distributed of EUR 8,000,000.00, i.e. EUR 1.60 per share (2017: EUR 14,000,000.00, i.e. EUR 2.80 per share).

These financial statements do not include an obligation for dividend distribution.

29 Contingent assets and liabilities

The Company does not have significant contingent liabilities.

30 Commitments

Operating lease commitments where the Company is the lessee.

The Company leases offices under non-cancellable operating lease agreements. The remaining lease term for the offices is between 1 and 2 years and the majority of the lease agreements are renewed at the end of the lease period at market terms. The Company is required to give a six-month notice for the termination of these agreements.

The Company also leases cars under non-cancellable operating lease agreements.

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
Payable within 1 year	1,352,667.68	1,069,436.79
Payable between 1 and 5 years	756,874.14	1,281,227.49
Total	**2,109,541.82**	**2,350,664.28**

31 Events after the reporting period

At 3 January 2019, Celgene Corporation, one of the Company's major suppliers, jointly with Bristol-Myers Squibb announced a merger/acquisition agreement based on which Bristol-Myers Squibb will acquire Celgene Corporation in exchange for shares and cash. The agreement is subject to the approval of the companies' General Meetings of Shareholders and the Competent Authorities. The two parties believe that, once all the necessary approvals have been obtained, the transaction will be completed in the third quarter of 2019. The Company's management monitors closely the developments regarding the above transaction.

In February 2019, the Company repaid loans amounting to EUR 3 million.

32 Adoption of new IFRS

The Company applies the new standards IFRS 9 and IFRS 15 from 1 January 2018. The adoption of the two standards was performed without the restatement of comparatives, as a result the cumulative effect of the retrospective application of the new accounting policies is presented in Equity as of 1 January 2018. The new accounting principles are described in paragraphs 2.7 & 2.16. In the following table are presented the changes per balance sheet line item. Changes are analysed below.

BALANCE SHEET	at 1/1/2018 - initial presentation	IFRS 9 adoption	at 1/1/2018 - restated
ASSETS			
Property, plant and equipment	2,429,804.36	0.00	2,429,804.36
Investment property	2,031,022.04	0.00	2,031,022.04
Intangible assets	845,173.79	0.00	845,173.79
Available-for-sale financial assets	369,548.76	-369,548.76	0.00
Financial assets at fair value	0.00	369,548.76	369,548.76
Deferred tax assets	28,209,551.06	22,955.11	28,232,506.17
Other non-current receivables at amortised cost	110,801.52	0.00	110,801.52
Non-current assets	**33,995,901.53**	**22,955.11**	**34,018,856.64**
Inventories	10,682,457.82	0.00	10,682,457.82
Trade and other receivables	56,359,230.39	-56,359,230.39	0.00
Trade receivables	0.00	42,994,469.69	42,994,469.69
Other receivables at amortised cost	0.00	13,285,605.15	13,285,605.15
Current income tax assets	6,505,885.45	0.00	6,505,885.45
Financial assets at fair value through profit or loss	2,654,226.81	0.00	2,654,226.81
Cash and cash equivalents	12,929,202.73	0.00	12,929,202.73
Current assets	**89,131,003.20**	**-79,155.55**	**89,051,847.65**
Total assets	**123,126,904.73**	**-56,200.44**	**123,070,704.29**
EQUITY			
Share capital	1,500,000.00	0.00	1,500,000.00
Reserves	2,540,777.01	-20,103.23	2,520,673.78
Profit (loss) for the year	56,107,016.33	-36,097.21	56,070,919.12
Total equity	**60,147,793.34**	**-56,200.44**	**60,091,592.90**
LIABILITIES			
Non-current borrowings	10,889,534.24	0.00	10,889,534.24
Retirement benefit obligations	3,542,079.27	0.00	3,542,079.27
Non-current liabilities	**14,431,613.51**	**0.00**	**14,431,613.51**
Trade and other payables	43,547,497.88	0.00	43,547,497.88
Current borrowings	5,000,000.00	0.00	5,000,000.00
Current liabilities	**48,547,497.88**	**0.00**	**48,547,497.88**
Total liabilities	**62,979,111.39**	**0.00**	**62,979,111.39**
Total equity and liabilities	**123,126,904.73**	**-56,200.44**	**123,070,704.29**

Impact on 1 January 2018 from the adoption of IFRS 9

a) Loans and receivables classified as financial assets at amortised cost.

At 31 December 2017, the Company's "Loans and receivables" mainly consisted of trade receivables and other receivables. These items, which are included in "Other non-current receivables" and "Trade and other receivables" line items of the balance sheet at 31 December 2017 and 31 December 2018 were classified as financial assets at amortised cost. There was no impact on the Company's equity from the reclassification, as "Loans and receivables" were measured at amortised cost according to the previous standard as well.

b) Financial assets at fair value through profit or loss

At 31 December 2017, financial assets at fair value through profit or loss were mainly related to equity investments. There was no impact as, according to IFRS 9, equity investments are carried at fair value through profit or loss.

c) Available-for-sale financial assets

At 31 December 2017 the Company's available-for-sale financial assets consisted exclusively of warrants. The investments in warrants do not meet the criteria for any other category as their cash flows do not represent solely payments of principal and interest. The aggregate amount of EUR 369,548.76 was classified in "financial assets at fair value through profit or loss" and the cumulative amount of EUR 20,103.24 previously recognised in other comprehensive income was reclassified to"Retained earnings".

d) Financial liabilities

IFRS 9 adoption had no impact on the classification and measurement of financial liabilities.

e) Impairment

The Company, on account of IFRS 9 adoption, had to revisit the methodology applied for the estimation of trade receivables impairment. The total effect of this change in equity on 1 January 2018 was a decrease after tax of EUR 56,200.44 (Notes 3.1, 11 and 15).

Impact on 1 January 2018 from the adoption of IFRS 15

According to IFRS 15, revenue from the sale of merchandise is recognised when the control of the merchandise is transferred to the customer. Therefore, the Company's revenue will continue to be recognised at a point in time, when the goods are delivered, given that they generally constitute separate performance obligations. As a result, the adoption of IFRS 15 had no impact on the timing of revenue recognition.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF
"GENESIS PHARMA S.A."
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
WITH RESPECT TO THE 21ST FINANCIAL YEAR (1/1/2018 – 31/12/2018)

Dear Shareholders,

According to the law and the articles of association and based on the Financial Statements of the 21st financial period ended 31 December 2018, we present you the activity of the Company during the financial period 1/1/2018 - 31/12/2018.

GENESIS PHARMA S.A. is one of the largest pharmaceutical companies specialising in innovative drugs, representing leading international pharmaceutical companies with significant investment in research and development of cutting-edge therapies. It has a wide portfolio of therapies, the majority of which aims to address the therapeutic needs of patients with chronic, rare and threatening diseases. More specifically, the company imports and markets a unique portfolio of innovative biopharmaceutical products, mainly covering the specialised therapeutic fields of oncology, haematology, the central nervous system, nephrology, rheumatology and dermatology.

SIGNIFICANT EVENTS

The Company relied on its strong product portfolio, which is constantly updated, and the implementation of a successful strategy to maintain its leading position in the main therapeutic areas targeted by the drugs comprised in its product portfolio. The economic developments during 2018 affected significantly the Greek pharmaceutical sector. Net public out-of-hospital pharmaceutical expenditure recorded a total decrease of EUR 3.3 bn from 2009 to 2018 (a 63% decrease), amounting to EUR 1.9 bn from EUR 5.1 bn in 2009, while a significant part of this decrease was absorbed by pharmaceutical companies due to certain measures imposed by the Government, such as rebates and clawback, reduction of drug prices and control of prescription.

The developments that could have a negative impact on the Greek economy are beyond the Company's control and Management is not in position to foresee them and predict their impact. However, Management regularly assesses the situation and its potential impact so as to ensure that all the necessary and feasible measures and actions are taken in order to minimise any impact on the Company's operations.

The Company's Management, having regards to the above, believes that it will continue to carry out its operations seamlessly in the foreseeable future.

OBJECTIVES, CORE VALUES AND KEY STRATEGIES

The Company's goal is to become the leading Greek pharmaceutical company in terms of know-how, innovation and responsible entrepreneurship, adding value to the medical community, its people, its international partners, the society and the environment.

The values governing the Company's operations are integrity, innovation, commitment to excellence and respect to human life.

The Company's strategy is based on three pillars: business development, entrepreneurial excellence and corporate responsibility, which are fully aligned with its value framework.

Having already completed two decades of operation, it is a company that grows by reinforcing its positive social footprint. The Company has developed a strong culture of entrepreneurial excellence, social contribution and volunteering and its key priorities are the high quality of services and products, the immediate access of patients to their treatment, the creation of a model work environment, a responsible environmental policy and an extensive programme of social actions and volunteering.

MANAGEMENT PRINCIPLES

The Company's superior governance body is the Board of Directors. According to the Company's Articles of Association, the powers and responsibilities assigned to the Board of Directors by the General Meeting of Shareholders are:

- The management of corporate property.
- The Company's representation against any third party.
- The decision making on all corporate matters falling within the Company's mission.
- The delegation, exclusively and in writing only, of the powers and responsibilities of the Board of Directors as well as of the Company's representation to one or more persons, either members of the Board of Directors or not, and the determination of the extent of this delegation.

FINANCIAL REVIEW

Below is presented financial information for the Company for the year ended 31 December 2018.

Sales

In 2018, sales amounted to EUR 117.2 million, recording an increase of 7.8% compared to EUR 108.8 million in the previous year.

Gross profit

In 2018, gross profit amounted to EUR 51.5 million, recording an increase of 8.3% compared to EUR 47.5 million in the previous year. The gross profit as a percentage of sales recorded a marginal increase in 2018 and reached 43.9% compared to 43.7% in 2017.

Operating profit (EBIT) / loss

In 2018, the Company's operating profit amounted to EUR 12.9 million compared to EUR 14.3 million in 2017.

Net profit/loss

In 2018, net profit amounted to EUR 4.4 million compared to EUR 8.1 million in 2017. Net profit as a percentage of sales recorded a decrease in 2018 to 3.7% against 7.5% in 2017. The decrease in net profit and its percentage on sales is mainly due to the reduction in the deferred tax asset due to the decrease of the tax rate from 2019 onwards, which was enacted in December 2018.

Cash flows

In 2018, net cash flows from operating activities amounted to EUR 28.5 million against EUR 33.9 million in 2017. The decrease in cash inflows from operating activities has mainly resulted from the increase in statutory imposed rebates (Clawback and Rebates) imposed on sales of financial year 2018.

In 2018, net cash flows from investing activities amounted to EUR 1.9 million against EUR 1.8 million in 2017. The decrease has mainly resulted from properties acquired during financial year 2018.

In 2018, net cash flows from financing activities amounted to EUR 12 million against EUR 72.1 million in 2017. Cash flows from financing activities for financial year 2018 have mainly resulted from the partial repayment of bank loans totalling EUR 19 million against EUR 80.1 million in 2017, as well as new bank loans amounting to EUR 15 million against EUR 28 million in 2017.

Balance sheet

The Group's property, plant and equipment at 31 December 2018 amounted to EUR 4.6 million compared to EUR 2.4 million at 31 December 2017.

Investment property at 31 December 2018 amounted to EUR 2.2 million compared to EUR 2 million at 31 December 2017.

Intangible assets at 31 December 2018 amounted to EUR 0.5 million compared to EUR 0.8 million at 31 December 2017.

Trade receivables at 31 December 2018 amounted to EUR 46.7 million compared to EUR 43.1 million at 31 December 2017. Other receivables at amortised cost at 31 December 2018 amounted to EUR 0.8 million compared to EUR 13.3 million at 31 December 2017. The decrease in other receivables has mainly resulted from the release of pledged receivables from the National Organization for the Provision of Health Services (EOPYY) and Public Hospitals.

At 31 December 2018, the gearing ratio was -38.2% compared to 4.7% at 31 December 2017, mainly due to the increase in cash during financial year 2018.

At 31 December 2018, current liabilities, excluding bank borrowings, amounted to EUR 47 million, recording an increase of 8.0% compared to EUR 43.5 million as of 31 December 2017. The increase in current liabilities excluding bank borrowings is mainly due to the increase in the provision for clawback and rebates on sales to EOPYY and Public Hospitals.

Below are provided some key financial ratios for the years ended 31 December 2018 and 31 December 2017:

at 31 December	2018	2017
Current assets / Current liabilities	1.76	1.84
Current assets / Total assets	0.74	0.72
Equity / Total liabilities	0.90	0.96
Gross profit / Sales	0.44	0.44
Profit before tax / Equity	0.23	0.23
Profit before tax / Sales	0.11	0.13

RISKS

Risk overview

The Company's activities expose it to financial risk, market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management policy focuses on the unpredictability of the collection of trade receivables from sales to the Greek State and seeks to minimise potential adverse effects on the Company's liquidity and financial performance. The Company does not use derivative financial instruments.

Risk management is carried out by the finance department based on guidance provided by Management.

(a) Market Risk

Foreign exchange risk

The Company operates mainly in Greece and, as a result, it is not exposed to foreign exchange risk, as all transactions are conducted in Euro (€), which is its functional currency.

Price risk

The Company holds equity securities and Greek GDP-linked warrants classified either as available for sale or at fair value through profit or loss. At the reporting date, the maximum exposure to price risk deriving from the above is limited to the fair value of the existing portfolio.

The Company owns investment property. Exposure to price risk is limited to changes in the property's value and leases. Note 6 includes the key assumptions considered for its determination. A potential change in key assumptions would not affect results significantly.

The Company does not own commodities traded in an organised market.

Cash flow and fair value interest rate risk
Revenue and cash flows generated from the Company's operations are not significantly affected by interest rate changes. The Company does not hold significant interest bearing assets apart from bank deposits.

The Company's interest rate risk arises mainly from bank borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The exposure to cash flow interest rate risk is significantly limited by interest rate repricing at a frequency not exceeding 90 days for the total amount of borrowings. The Company does not use derivative financial instruments to hedge cash flow interest rate risk.

The Company's Management monitors the cash flow interest rate risk arising from borrowings on a continuous basis and takes the necessary actions. A potential increase or decrease by 0.1% would result in loss or profit after tax of approximately EUR 8,165 (2017: EUR 29,850.01) respectively.

(b) Credit risk
The Company manages credit risk on a continuous basis. Credit risk arises from sales to hospitals, insurance organisations and wholesalers and pertains to outstanding receivables, transactions affecting the Company for more than one reporting period and cash and cash equivalents held at banks.

The Company groups trade receivables based on credit risk concentration. The Company is exposed to significant credit risk arising from sales to Public Hospitals and Insurance Organisations. Sales to Public Hospitals and Insurance Organisations represent 90.6% (2017: 88.3%). The Company's credit risk is concentrated on bank deposits.

The Company implements policies in order to ensure that sales are made to customers with the appropriate credit profile and reputation, while similar policies are also applied for banks.

(c) Liquidity risk
The prudent liquidity risk management aims to ensure sufficient cash, to provide the ability to draw sufficient capital, to ensure access to credit facilities and to provide the ability to discount contractual obligations. Due to the dynamic nature of its activities, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's liquidity depends greatly on the collection of receivables from the Greek State as they represent 90.6% of sales revenue for 2018 (2017: 88.3%). As a result, any significant delays experienced in the settlement of receivables from the Greek State have a negative impact on the Company's liquidity and working capital.

The Company's Management monitors projected liquidity in order to ensure sufficient funding, taking into consideration the unused credit facilities as well as cash and cash equivalents based on expected cash flows.

Management always takes the necessary actions in order to ensure funding sufficient to cover the needs in working capital as well as the Company's obligations. These actions include obtaining additional bank borrowings and issuing shares.

Financial risks are further analysed in the financial statements of the year ended 31 December 2018, in note 3.

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital based on the gearing ratio.

INFORMATION ON HUMAN CAPITAL ISSUES

One of the Company's key strengths is the quality of its people, who are the driving force of its growth and are credited with a large part of its success up to this day. That is why the Company places great emphasis on the personnel selection, training, evaluation and reward procedures. The Company's policy is to attract highly talented people who fit the Company's needs, to create a safe and fair work environment, to establish objective evaluation criteria and at the same time to provide growth and development opportunities for employees.

The Company's policy on work and personnel issues remains the same through the years and aims to attract talented people, inspire them and develop them.

The Company's aspiration is to provide its employees with opportunities to evolve on a professional and personal level through their work, to feel that they play an important role in the company's activities, to feel that their efforts are recognised and to be able to achieve a healthy work-life balance.

Based on this philosophy, GENESIS PHARMA SA has developed an integrated benefit and action plan ensuring open communication and collaboration, material and moral rewards, meritocracy, health and safety, and at same time has made the development and training of its employees a top priority.

The Company invests in cutting edge pharmaceutical applications, as a result it places special emphasis on training issues that help its people to be adequately informed and trained, to develop professionally and to offer high quality services. To this end, it implements an in-house training curriculum as well as an external training programme provided by independent certified bodies.

In addition, the Company places emphasis on health and safety issues. The life and health insurance plan covers employees and their dependants. At the same time, the Company supports new mothers and families with a range of benefits such as extra benefits, allowances and holiday, meal vouchers, as well as actions such as career counselling for children and creative activities.

These programmes and the Company's commitments to its people are part of the Company's overall culture of entrepreneurial excellence, social contribution and volunteering.

Below are provided some key financial ratios for the years ended 31 December 2018 and 31 December 2017:

as at December 31	2018	2017
Employees - female	95	94
Employees - male	113	105
Total employees	**208**	**199**
From the above:		
- Percent of employees with a university degree	73%	76%
- Percent of employees with a postgraduate degree	25%	25%

The majority of personnel is employed in the sales and marketing departments.

ACTIONS TO INFORM AND RAISE AWARENESS AMONG EMPLOYEES AND THE PUBLIC ON DISEASES

The Company regularly undertakes internal information and awareness actions for breast cancer and pancreatic cancer. In particular for breast cancer, the Company has designed an action in collaboration with the Senologic Hellenic Society and the Hellenic Cancer Society, offering to women employees and their relatives free medical check-ups.

In 2018, the Company launched an information campaign on psoriasis aimed at raising awareness among patients about the importance of early diagnosis and regular medical follow-up for the effective treatment of the condition over time and the improvement of quality of life. The campaign is also aimed at reinforcing the message that psoriasis is not an infectious disease.

CORPORATE SOCIAL RESPONSIBILITY

The Company, from its establishment, has been systematically investing in social contribution and environmental protection actions, becoming the first pharmaceutical company in Greece distinguished for its performance under the National Corporate Responsibility Index (CR Index) from 2009 to this day, having received praise for its social activities and the development of its programme, as well as a special prize for its long-lasting presence in the CR Index. The Company has also been repeatedly included in the Greek list of Best Workplaces, an acknowledgement resulting from the employees' assessment of the Company's philosophy and values, benefits and actions aimed at its people.

Especially as regards social contribution, the Company's philosophy focuses on covering the needs of vulnerable social groups and the new generation. For more than 15 years, it has supported several social institutions operating in the critical areas of health and prevention and conducts awareness-raising actions, emphasising on multiple sclerosis and cancer.

The Company's social contribution programme includes many other initiatives which in their majority are addressed to children and young people and aim to support education, reward excellence and promote sports.

In addition to the above, the GENEROUS group, a group created by employees with the Company's support, plays an important role in helping NGOs and organizations in need, either through voluntary work or by addressing material needs. In recent years, its programme also includes social solidarity actions aiming to address the needs that have arisen or have increased as a result of the economic environment. In this context, the Company participates in the DIATROFI programme of the Prolepsis Institute for the fight against food insecurity for children, through which GENESIS Pharma has provided more than 27,000 healthy meals to 430 children in schools of Attica, as well as the internally designed Generous School programme through which redevelopment works are carried out in schools where there is such a need. At the same time, the Company continues to fulfil a long-term commitment, undertaken in 2010, to support schools and libraries in the borderlands of the country by providing computers and books. Up to this day, this programme has benefited 1,500 children from 18 islands and continental regions at the country's borders.

The Company's contribution to the field of health is its commitment to the future. Supporting patient associations, supporting the work of universities and taking initiatives to inform the public and raise public awareness are its main priorities.

INFORMATION ON ENVIRONMENTAL ISSUES

The Company has deep awareness on issues regarding the environment and its protection and acknowledges the need to constantly improve its environmental performance based on the sustainable growth principles.

The Company's management stays updated on environmental issues and all of its members are committed to full compliance with the relevant legislation and international standards as they believe that environment is a public good of great importance which must be protected.

The Company aims for a balanced economic growth in harmony with the natural environment. Following the above principles, it conducts its activities in a way that ensures the protection of the environment from its operations as well as the operations of its partners, suppliers and subcontractors.

No significant environmental risks arise from the Company's business activity. However, the Company seeks to minimise any environmental impact of its operation by implementing responsible waste management and energy saving and by adopting and inspiring an environmentally friendly behaviour. The Company's relevant activities include the safe management of expired or defective pharmaceutical products and packaging materials as well as the recycling of paper and other recyclable waste.

ADDITIONAL INFORMATION

The Company is specifically aiming to improve on three levels: organisation, product quality and financial figures. On all three levels improvement is continuous and it is demonstrated by the financial figures and the growth of its client base.

The Company until this day has not engaged in significant research and development.

The Company did not acquire any treasury shares during the reporting period.

The Company did not have any branches during the reporting period.

The Company does not use financial instruments.

PROSPECTS

The Company's Management aspires to continue in the future in accordance with the successful strategy that was presented above, which is based, inter alia, on the import and distribution of specialised drugs that add value to patients.

TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

31.12.2018	**Genesis Pharma (Cyprus) Ltd**		**M.S.Jacovides Hellas SA**		**Genesis Biopharma Srl**	
(amounts in € '000)						
Genesis Pharma SA						
Sales	345	0	0	0	0	0
Receivables	0	345	0	0	0	0
Rental income	0	0	156	0	0	0
Income from shared maintenance expenses	0	0	65	0	0	0
Receivables	0	0	0	80	0	0
Disposal of PPE	0	0	0	0	4	0
REceivables	0	0	0	0	0	4

31.12.2017 (amounts in € '000) *Genesis Pharma SA*	**Genesis Pharma (Cyprus) Ltd**		**M.S.Jacovides Hellas SA**		**Cygen Ltd**
Income from disposal of subsidiary	0	0	0	0	2,100
Sales	1,493	0	0	0	0
Receivables	0	697	0	0	0
Rental income	0	0	156	0	0
Income from shared maintenance expenses	0	0	69	0	0
Receivables	0	0	0	178	0

The remuneration of the members of the Board of Directors and key management personnel in the period 1/1-31/12/2018 amounted to EUR 6.7 million. During financial year 2018, the Shareholders granted to the Company a loan of EUR 5,000,000.

DIVIDENDS

The dividends distributed during financial year 2018 amounted to EUR 8,000,000.00 (EUR 1.6 per share). The dividends distributed during financial year 2017 amounted to EUR 14,000,000.00 (EUR 2.80 per share).

EVENTS AFTER THE REPORTING DATE

At 3 January 2019, Celgene Corporation, one of the Company's major suppliers, jointly with Bristol-Myers Squibb announced a merger/acquisition agreement based on which Bristol-Myers Squibb will acquire Celgene Corporation in exchange for shares and cash. The agreement is subject to the approval of the companies' General Meetings of Shareholders and the Competent Authorities. The two parties believe that, once all the necessary approvals have been obtained, the transaction will be completed within the third quarter of 2019. The Company's management monitors closely the developments regarding the above transaction.

In February 2019, the Company repaid loans amounting to EUR 3 million.

Dear Shareholders, having regard to the above, you may proceed to:

1. Approve the Company's Financial Statements for the 21^{st} financial year (1/1/2018 - 31/12/2018).

2. Discharge us and the auditors from any responsibility that relates to the financial statements of the 21^{st} financial year (1/1/2018 - 31/12/2018), according to the law as well as the articles of association.

3. Approve the remuneration of the members of the Board of Directors paid during the period 01/01/2018 – 31/12/2018.

4. Approve in advance the remuneration of the members of the Board of Directors for the 22^{nd} financial period (1/1/2019 – 31/12/2019).

5. Appoint one (1) regular and one (1) deputy certified auditor for financial year 2019.

6. Elect a new Board of Directors.

True extract from the minutes of the Board of Directors' meetings

Halandri, 21 February 2019

Aristoklis Jakovides

Vice Chairman of the BoD

pwc

[Translation from the original text in Greek]

Independent auditor's report

To the Shareholders of "Genesis Pharma S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Genesis Pharma S.A (Company) which comprise the balance sheet as of 31 December 2018, the statement comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2018, their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially

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inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2018 is consistent with financial statements,

- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

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, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Athens, 25 February 2019

The Certified Auditor Accountant

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