

**ADL BIONATUR SOLUTIONS, S.A. AND  
SUBSIDIARY CORPORATIONS**

Abbreviated Consolidated Interim Financial  
Statements at 30 June 2018

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AT 30 JUNE 2018**

**ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2018 AND 31 DECEMBER 2017 (Expressed in Euros)**

ASSETS	Note	30.06.2018 (unaudited)	31.12.2017 (audited)	EQUITY AND LIABILITIES	Note	30.06.2018 (unaudited)	31.12.2017 (audited)*
<b>A) NON-CURRENT ASSETS</b>		<b>54,872,381.06</b>	<b>30,838,889.73</b>	<b>A) SHAREHOLDERS' EQUITY</b>		<b>18,183,449.29</b>	<b>14,523,842.56</b>
<b>I. Intangible fixed assets</b>	<b>8</b>	<b>14,329,653.05</b>	<b>1,302,109.00</b>	<b>A-1) Shareholders' funds</b>		<b>16,951,217.12</b>	<b>14,492,481.17</b>
1. Development		6,493,781.90	978,518.38	<b>I. Share capital</b>	<b>18.1</b>	<b>1,696,726.05</b>	<b>254,509.00</b>
2. Patents, licences, trademarks and similar		454,071.40	-	1. Issued capital		1,696,726.05	254,509.00
3. Goodwill		7,048,345.21	-	<b>II. Share premium</b>	<b>18.2</b>	<b>74,706,846.08</b>	<b>-</b>
4. Computer applications		151,454.54	141,590.62	<b>III. Reserves</b>	<b>18.2</b>	<b>(35,501,170.80)</b>	<b>29,797,978.55</b>
5. Other intangible fixed assets		182,000.00	182,000.00	1. Legal and pursuant to bye-laws		31,280.64	31,280.64
<b>II. Tangible fixed assets</b>	<b>9</b>	<b>33,564,019.09</b>	<b>25,963,405.73</b>	2. Other reserves		(35,532,451.44)	29,766,697.91
1. Land and structures		11,463,401.34	9,456,508.33	<b>IV. (Shares and equity interests)</b>	<b>18.3</b>	<b>(113,532.36)</b>	<b>-</b>
2. Plant and other tangible fixed assets		13,594,598.85	9,153,612.51	<b>V. Profit/(loss) from prior years</b>		<b>(16,091,330.82)</b>	<b>(3,929,872.72)</b>
3. Assets in progress and advances		8,506,018.90	7,353,284.89	<b>VI. Other shareholders' contributions</b>		<b>616,324.44</b>	<b>531,324.44</b>
<b>III. Property investments</b>	<b>10</b>	<b>1,080,920.15</b>	<b>735,593.78</b>	<b>VII. Profit (loss) for the year</b>		<b>(8,362,645.47)</b>	<b>(12,161,458.10)</b>
1. Land		82,127.46	47,904.78	<b>A-2) Grants, donations and bequests received</b>	<b>20</b>	<b>1,377,781.31</b>	<b>31,361.39</b>
2. Buildings and structures		998,792.69	687,689.00	<b>A-3) Minorities</b>	<b>19</b>	<b>(145,549.14)</b>	<b>-</b>
<b>IV. Long-term investments in group and associated companies</b>		<b>-</b>	<b>5,400.00</b>				
1. Equity instruments		-	5,400.00				
<b>V. Non-current financial investments</b>		<b>1,090,838.41</b>	<b>1,561,943.30</b>				
1. Equity instruments	14	162,480.94	162,480.94	<b>B) NON-CURRENT LIABILITIES</b>		<b>34,760,487.58</b>	<b>21,540,785.25</b>
2. Long-term debt securities	13	800,190.58	1,113,516.58	<b>I. Non-current payables</b>	<b>21</b>	<b>27,291,815.93</b>	<b>21,530,331.46</b>
3. Other financial assets	14	128,166.89	285,945.78	1. Payable to credit institutions	21.1	5,892,179.83	5,281,602.41
<b>VI. Deferred tax assets</b>	<b>23</b>	<b>4,806,950.36</b>	<b>1,270,437.92</b>	2. Accounts payable under financial leasing	21.3	511,512.94	627,828.05
				3. Other financial liabilities	21.4	20,888,123.16	15,620,901.00
<b>B) CURRENT ASSETS</b>		<b>16,718,816.32</b>	<b>16,338,717.98</b>	<b>II. Long-term debts with group and associated companies</b>	<b>27</b>	<b>7,000,000.00</b>	<b>-</b>
<b>I. Stocks</b>	<b>15</b>	<b>6,668,198.37</b>	<b>7,180,886.43</b>	<b>III. Deferred tax liabilities</b>	<b>23</b>	<b>468,671.65</b>	<b>10,453.79</b>
1. Trade		27,543.74	-				
2. Raw materials and other consumables		2,542,699.70	2,595,404.00				
3. Work in progress		1,117,358.04	1,034,581.52				
4. Finished goods		2,843,107.24	3,380,602.15				
5. Advance payments to suppliers		137,489.65	170,298.76				
<b>II. Trade and other accounts receivable</b>		<b>8,054,330.79</b>	<b>4,190,858.98</b>	<b>C) CURRENT LIABILITIES</b>		<b>18,647,260.51</b>	<b>11,112,979.90</b>
1. Trade receivables	16	4,087,174.62	3,035,634.80	<b>I. Short-term provisions</b>		<b>-</b>	<b>52,910.00</b>
2. Debtors	16	885,243.02	133,250.41	<b>II. Short-term payables</b>	<b>21</b>	<b>10,016,623.36</b>	<b>5,772,467.11</b>
3. Employee receivables	16	203,315.76	77,111.99	1. Payable to credit institutions	21.1	4,021,067.73	2,743,007.44
4. Current tax assets	23	172,362.90	-	2. Accounts payable under financial leasing	21.3	309,528.87	284,991.94
5. Other receivables from public authorities	23	2,706,234.49	944,861.78	3. Other financial liabilities	21.4	5,686,026.76	2,744,467.73
<b>III. Current financial investments</b>		<b>1,340,933.11</b>	<b>2,459,217.34</b>	<b>III. Short-term debts with group and associated companies</b>	<b>27</b>	<b>144,602.75</b>	<b>-</b>
1. Loans to companies	14	8,597.25	-	<b>IV. Trade and other accounts payable</b>	<b>22</b>	<b>8,486,034.40</b>	<b>5,287,602.79</b>
2. Short-term debt securities	13	-	1,500,000.00	1. Suppliers		2,472,333.13	2,910,946.28
3. Other financial assets	14	1,332,335.86	959,217.34	2. Sundry accounts payable		4,471,159.92	1,517,086.70
<b>IV. Current accruals and deferred income</b>		<b>11,262.12</b>	<b>5,132.50</b>	3. Employee receivables		418,894.11	310,081.42
<b>V. Cash and cash equivalents</b>	<b>17</b>	<b>644,091.93</b>	<b>2,502,622.73</b>	4. Current tax liabilities	23	2,481.74	-
1. Cash at bank and in hand		583,575.40	2,502,622.73	5. Other payables to public authorities	23	487,596.79	323,597.75
2. Cash equivalents		60,516.53	-	6. Customer advances		633,568.71	225,890.64
<b>TOTAL ASSETS</b>		<b>71,591,197.38</b>	<b>47,177,607.71</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71,591,197.38</b>	<b>47,177,607.71</b>

\*Figures re-expressed in Equity after considering the business combination explained in Note 6.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS AT 30 JUNE 2018**

**ABBREVIATED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX-MONTH PERIODS ENDING 30 JUNE 2018 AND 30 JUNE 2017 (Expressed in Euros)**

	Note	30.06.2018 (unaudited)	30.06.2017 (audited)
<b>A) ONGOING OPERATIONS</b>			
<b>1. Net turnover</b>	<b>24.1</b>	<b>7,593,328.09</b>	<b>5,280,800.07</b>
a) Sales		4,140,431.78	4,238,808.43
b) Services		3,452,896.31	1,041,991.64
<b>2. Changes in inventories of finished goods and work in progress</b>	<b>15 -24.2</b>	<b>(429,413.97)</b>	<b>858,272.61</b>
<b>3. In-house work on assets</b>		<b>886,900.96</b>	<b>-</b>
<b>4. Sourcing</b>	<b>24.3</b>	<b>(3,101,731.91)</b>	<b>(2,395,387.00)</b>
a) Consumption of goods purchased for resale		(482.60)	-
b) Consumption of raw materials and other supplies		(2,764,776.59)	(2,395,387.00)
c) Work performed by other companies		(336,472.72)	-
<b>5. Other operating income</b>	<b>24.4</b>	<b>941,829.15</b>	<b>221,913.49</b>
a) Non-operating income and other operating income		909,966.79	221,913.49
b) Operating grants included in income/loss for the period		31,862.36	-
<b>6. Staff costs</b>	<b>24.5</b>	<b>(5,559,570.75)</b>	<b>(4,487,204.06)</b>
a) Wages, salaries and similar expenses		(4,351,216.94)	(3,563,850.91)
b) Staff welfare expenses		(1,145,420.59)	(889,200.34)
c) Other welfare expenses		(62,933.22)	(34,152.81)
<b>7. Other operating expenses</b>	<b>24.6</b>	<b>(6,549,010.99)</b>	<b>(4,461,146.23)</b>
a) External services		(6,240,712.17)	(4,188,445.87)
b) Taxes		(249,376.96)	(272,700.36)
c) Losses, impairment and changes in operating provisions		(58,913.60)	-
d) Other administrative expenses		(8.26)	-
<b>8. Depreciation of fixed assets</b>	<b>8 - 9 - 10</b>	<b>(935,032.92)</b>	<b>(423,447.45)</b>
<b>9. Non-financial and other capital grants recognised in profit and loss</b>		<b>85,369.54</b>	<b>-</b>
<b>10. Excess provisions</b>		<b>-</b>	<b>14,778.36</b>
<b>11. Impairment losses and gains (losses) on disposal of assets</b>		<b>-</b>	<b>-</b>
a) Income/loss from disposals and others		-	-
<b>12. Other profit or loss</b>		<b>(59,667.75)</b>	<b>(26,687.78)</b>
<b>OPERATING INCOME</b>		<b>(7,127,000.55)</b>	<b>(5,418,107.99)</b>
<b>13. Financial income</b>	<b>24.8</b>	<b>501.70</b>	<b>1,874.47</b>
a) Marketable securities and other financial instruments		501.70	1,874.47
a1) Third parties		501.70	1,874.47
<b>14. Financial expenses</b>	<b>24.8</b>	<b>(407,462.89)</b>	<b>(641,110.94)</b>
a) On payables to Group and associated companies		(79,379.28)	(319,674.80)
b) On debts with third parties		(328,083.61)	(321,436.14)
<b>15. Change in fair value on financial instruments</b>	<b>24.8</b>	<b>5,048.44</b>	<b>1,391.86</b>
a) Assets held for trading and others		5,048.44	1,391.86
<b>16. Exchange differences</b>	<b>24.8</b>	<b>(28,747.43)</b>	<b>(4,701.11)</b>
<b>17. Impairment losses and gains (losses) on disposal of financial instruments</b>	<b>24.8</b>	<b>(819,921.63)</b>	<b>(302,753.64)</b>
a) Income/loss from disposals and others		(819,921.63)	(302,753.64)
<b>FINANCIAL PROFIT/(LOSS)</b>		<b>(1,250,581.81)</b>	<b>(945,299.36)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(8,377,582.36)</b>	<b>(6,363,407.35)</b>
<b>18. Corporate income tax</b>		<b>-</b>	<b>(139,699.74)</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(8,377,582.36)</b>	<b>(6,503,107.09)</b>
<b>Result disposable for controlling company</b>		<b>(8,362,645.47)</b>	
<b>Result attributed to minority interests</b>		<b>(14,936.89)</b>	

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS AT 30 JUNE 2018**

**ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO NET WORTH CORRESPONDING TO THE SIX-MONTH PERIODS ENDING 30 JUNE 2018 AND 30 JUNE 2017 (Expressed in Euros)**

**A) CONSOLIDATED INTERIM STATEMENT OF DECLARED INCOME AND EXPENSES FOR THE PERIOD ENDED 30 JUNE 2018 AND 30 JUNE 2017**

	<b>30.06.2018 (unaudited)</b>	<b>30.06.2017 (audited )</b>
<b>A) Profit or loss for the year</b>	<b>(8,377,582.36)</b>	<b>(6,503,107.09)</b>
<b>B) Income and expenses charged directly to equity</b>		
I. By valuation of financial instruments	-	-
II. Through cash flow hedges	-	-
III. Grants, donations and bequests received	306,122.54	-
IV. Actuarial gains and losses and other adjustments	-	-
V. Tax effect	(76,530.64)	-
<b>Total income and expenditure charged directly to equity</b>	<b>229,591.90</b>	<b>-</b>
<b>C) Transfers to the profit and loss statement</b>		
VI. By valuation of financial instruments	-	-
VII. Through cash flow hedges	-	-
VIII. Grants, donations and bequests received	(85,369.54)	-
Conversion differences	-	-
IX. Tax effect	21,342.39	-
<b>Total transfers to the profit and loss statement</b>	<b>(64,027.15)</b>	<b>-</b>
<b>TOTAL DECLARED INCOME AND EXPENDITURE</b>	<b>(8,212,017.61)</b>	<b>(6,503,107.09)</b>

## ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018

### B) ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO NET WORTH CORRESPONDING TO THE SIX-MONTH PERIODS ENDING 30 JUNE 2018 AND 30 JUNE 2017 (Expressed in Euros)

	Share capital	Share premium	Reserves	Profit/(loss) from prior years	Own shares held	Shareholders' contributions	Profit/(loss) for the year	Government grants	Minorities	TOTAL
<b>BALANCE AT 31 DECEMBER 2016</b>	<b>14,790,906.00</b>	<b>-</b>	<b>277,957.55</b>	<b>(531,324.44)</b>	<b>-</b>	<b>531,324.44</b>	<b>(3,398,548.28)</b>	<b>-</b>	<b>-</b>	<b>11,670,315.27</b>
I. Total declared income and expenditure							(6,503,107.09)			(6,503,107.09)
- Adjustment for capitalisation reserve										-
II. Transactions with shareholders and owners	14,983,624.00									14,983,624.00
III. Other changes in Net Worth				(3,398,548.28)			3,398,548.28			-
<b>BALANCE AT 30 JUNE 2017(audited)</b>	<b>29,774,530.00</b>	<b>-</b>	<b>277,957.55</b>	<b>(3,929,872.72)</b>	<b>-</b>	<b>531,324.44</b>	<b>(6,503,107.09)</b>	<b>-</b>	<b>-</b>	<b>20,150,832.18</b>

<b>BALANCE AT 31 DECEMBER 2017</b>	<b>254,509.00</b>	<b>-</b>	<b>29,797,978.55</b>	<b>(3,929,872.72)</b>	<b>-</b>	<b>531,324.44</b>	<b>(12,161,458.10)</b>	<b>31,361.39</b>	<b>-</b>	<b>14,523,842.56</b>
I. Total declared income and expenditure							(8,362,645.47)	165,564.75	(14,936.89)	(8,212,017.61)
II. Transactions with shareholders and owners										-
III. Other changes in Net Worth				(12,161,458.10)			12,161,458.10			-
Movements by business combination and capital expansion	1,442,217.05	74,706,846.08	(65,299,149.35)	-	(113,532.36)	85,000.00	-	1,180,855.17	(130,612.25)	11,871,624.34
<b>BALANCE AT 30 JUNE 2018 (unaudited)</b>	<b>1,696,726.05</b>	<b>74,706,846.08</b>	<b>(35,501,170.80)</b>	<b>(16,091,330.82)</b>	<b>(113,532.36)</b>	<b>616,324.44</b>	<b>(8,362,645.47)</b>	<b>1,377,781.31</b>	<b>(145,549.14)</b>	<b>18,183,449.29</b>

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**CONSOLIDATED INTERIM CASH FLOW STATEMENT CORRESPONDING TO THE SIX-MONTH PERIODS ENDING 30 JUNE 2018 AND 31 DECEMBER 2017 (Expressed in Euros)**

	Note	30.06.2018	30.06.2017
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit / (loss) for the year before tax</b>		<b>(8,377,582.36)</b>	<b>(6,363,407.35)</b>
<b>2. Profit or loss adjustments</b>		<b>1,889,995.27</b>	<b>1,581,051.96</b>
Depreciation of fixed assets (+)	8,9,10	935,032.92	423,447.45
Valuation adjustments for impairment (+/-)	15	(328,831.27)	-
Changes in provisions (+/-)	16	58,913.60	212,305.15
Allocation of government grants (-)		(85,369.54)	-
Impairment losses and gains (losses) on disposal of financial instruments (+/-)	24.8	819,921.63	302,753.64
Financial income (-)	24.8	(501.70)	(1,874.47)
Finance expenditure (+)	24.8	407,462.89	641,110.94
Exchange rate differences (+/-)	24.8	28,747.43	4,701.11
Change in fair value on financial instruments (+/-)	24.8	(5,048.44)	(1,391.86)
Other income and expenses		59,667.75	-
<b>3. Changes in current capital</b>		<b>1,072,262.90</b>	<b>(512,676.18)</b>
Stocks (+/-)		556,512.92	(559,151.22)
Trade and other receivables (+/-)		(2,317,003.58)	(100,083.76)
Other current assets (+/-)		-	37,485.88
Trade and other payables (+/-)		1,935,659.00	140,257.56
Other current liabilities (+/-)		897,094.56	(31,184.64)
<b>4. Other cash flows from operating activities</b>		<b>(222,268.13)</b>	<b>(156,997.65)</b>
Interest paid (-)		(222,769.83)	(158,512.68)
Interest earned (+)		501.70	1,874.47
Collections (payments) through corporate income tax (+/-)		-	(359.44)
<b>5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)</b>		<b>(5,637,592.32)</b>	<b>(5,452,029.22)</b>
<b>B) CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>6. Payments for investment (-)</b>		<b>(3,262,392.63)</b>	<b>(12,454,413.06)</b>
Intangible fixed assets	8	(748,891.03)	(1,434.00)
Tangible fixed assets	9	(2,513,501.60)	(2,028,402.74)
Other financial assets		-	(10,424,576.32)
<b>7. Earnings from disinvestment and business combinations (+)</b>		<b>2,007,040.49</b>	<b>1,002,926.83</b>
Other financial assets		1,746,945.34	1,002,926.83
Cash and banks from the business combination	6	260,095.15	-
<b>8. Cash flow from investment activities (7-6)</b>		<b>(1,255,352.14)</b>	<b>(11,451,486.23)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>10. Proceeds and payments relating to financial liability instruments</b>		<b>5,063,161.09</b>	<b>(1,633,898.27)</b>
Issue		5,579,198.30	2,000,000.00
Bank borrowings (+)		-	2,000,000.00
Payable to Group and associated companies (+)		5,551,726.03	-
Other accounts payable ( + )		27,472.27	-
Repayment and depreciation of		(516,037.21)	(3,633,898.27)
Bank borrowings (-)		(516,037.21)	(3,633,898.27)
<b>12. Cash flows from financing activities (+/-9+/-10-11)</b>		<b>5,063,161.09</b>	<b>(1,633,898.27)</b>
<b>D) EFFECT OF EXCHANGE RATE VARIATIONS</b>		<b>(28,747.43)</b>	<b>-</b>
<b>E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/-D)</b>		<b>(1,858,530.80)</b>	<b>(18,537,413.72)</b>
Cash or equivalent at the beginning of the year	17	2,502,622.73	20,850,306.67
Cash or equivalent at the end of the year	17	644,091.93	2,312,892.95

**EXPLANATORY NOTES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2018 (IN EUROS)**

**1. Group companies**

**1.1 Controlling Company**

ADL BIONATUR SOLUTIONS, S.A. (hereinafter, the Company), formerly known as BIOORGANIC RESEARCH AND SERVICES, S.A., was incorporated in Spain on 1 March 2005 as a limited company under protocol number 282, for an indefinite period of time. It was listed in the Companies Register of Cadiz on 1 April 2005 under Volume 1735, Folio 94, Section 8, Sheet CA-29531.

The Company deposits its consolidated financial statements with the Companies Register of Cadiz. The last consolidated annual accounts issued on 28 March 2018 were those corresponding to the financial year ending 2017, with the latest Abbreviated Consolidated Interim Financial Statements corresponding to the three-month period ending 31 March 2018, issued on 6 July 2018.

The company conducts its business from its registered offices located at El Parque Tecnológico Agroindustrial in Jerez de la Frontera.

The corporate purpose of the Company covers:

- The research, development and production of biotechnology solutions to improve the health and well-being of humans and animals.
- The implementation of research and development services related to the preceding section.
- The development, acquisition, transfer and operation of industrial and intellectual property rights.
- The marketing, distribution, exporting and importing of the products indicated in the sections above.
- The acquisition, holding and direct or indirect administration of shares, corporate holdings, shareholdings and any other form of stake or interest in the shared capital and/or securities entitling acquisition of such shares, corporate holdings, shareholdings or interest in companies of any nature and entities with or without legal personality, incorporated either under Spanish law or under any other applicable law, and the administration and management of such companies and entities, whether directly or indirectly, by holding, assisting with or the exercise of positions on any body for the governance or management of such companies or entities.

On 26 January 2012, the company listed its shares on the alternative stock market (*Mercado Alternativo Bursátil*) of the expanding business segment (MAB-EE).

On 25 April 2018, the company name was changed and the company became “ADL BIONATUR SOLUTIONS, S.A.” (formerly BIOORGANIC RESEARCH AND SERVICES, S.A.) with the subsequent amendment of the Articles of Association and of the Regulation of the General Meeting of Shareholders.



**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

## 1.2 Subsidiary corporations

Subsidiary means any entity that is controlled or which could be controlled directly or indirectly by the Group, this being understood to mean the authority to manage the financial and operating policies of a business for the purpose of obtaining financial profits from its activities. When assessing whether the Group controls another entity, the existence and effect of the potential voting rights that are currently exercisable or convertible are considered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which this ends.

The breakdown of subsidiaries of the Group at 30 June 2018 is as follows:

Business name	Registered office	Country	Participating company	%	Business
ANTIBIÓTICOS DE LEÓN, S.L.U.	Leon	Spain	AdL Bionatur Solutions, S.A.	100	Product manufacturing basic pharmaceutical comp
BBD BIOPHENIX S.L.U.	San Sebastian	Spain	AdL Bionatur Solutions, S.A.	100	Biotechnology Company
BNT PACIFIC LIMITED	Hong Kong	Hong Kong	AdL Bionatur Solutions, S.A.	70	Biotechnology Company
BBD BIOPHENIX USA	Maryland	USA	BBD Biophenix SLU	100	Biotechnology Company
BNT CHINA BIOSCIENCE.CO. LTD	Jiangsu Changsu	Rep of China	Bnt Pacific Limited	100	Biotechnology Company
ZERA INTEIN PROTEIN SOLUTIONS, SLU	Barcelona	Spain	AdL Bionatur Solutions, S.A.	100	Biotechnology Company

The full consolidation method is used for consolidation purposes.

On 30 November 2017, the Company entered into an agreement of binding intentions (the “Binding Agreement”) with Antibióticos de León, S.L.U., whereby BTC One S.à.r.l., as the Sole Partner of Antibióticos de León, undertakes to fully enter into the shareholder capital expansion of ADL Bionatur Solutions through the non-monetary contribution of the equity of Antibióticos de León.

As a result of the aforementioned corporate operation, Antibióticos de León is now a subsidiary company of ADL Bionatur Solutions, S.A. Since the sole shareholder of Antibióticos de León holds 85% of the resulting group, Antibióticos is considered the book purchaser. It is, therefore, a “reverse” acquisition that is characterized by posting the legally acquired company (Antibióticos de León, S.L.U.) as the book purchaser and the legally acquiring company (ADL Bionatur Solutions, S.A.) as the book company purchased.

The acquisition described determines a stock ratio of 28,844,342 newly created, ordinary shares in ADL Bionatur Solutions with a nominal value of five cents each, in exchange for the 29,774,530 shares in Antibióticos de León, with a nominal value of one euro each (100% of the Antibióticos share capital). The difference between the fair value of the equity received from Antibióticos by ADL Bionatur Solutions under reverse acquisition and the nominal value of the new shares is assigned to the issue premium (€74,706,846). This exchange equation was subject to verification by an independent expert appointed by the Companies Register.

As a result of the exchange described in the previous paragraph, the share capital of ADL Bionatur Group, after the Effective Date of Purchase, was distributed as follows:

Shareholder	Approximate shareholding percentage
BTC Un S.à.r.l.	85 %
Víctor Manuel Infante Viñolo	6 %
Other shareholders	9 %

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The capital expansion was approved by the General Meeting of Shareholders of ADL Bionatur Solutions and the Sole Partner of Antibióticos de León on 25 April 2018.

On 28 April 2016, the Parent Company of the consolidated group Bioorganic Research and Services S.A acquired 100% of the shares of the company Zera Intein Protein Solutions SLU ("ZIP") for the sum of EUR 1,600,000. ZIP is a biotechnology company headquartered in the Parc de Recerca of the Universidad Autónoma de Barcelona that develops technologies for the production of recombinant peptides and proteins of both therapeutic and industrial interest. It also markets its own Zera® and Splittera® tools, which facilitate the production and purification of difficult-to-express biological compounds and improve the production capacity of cellular systems. ZIP technology solutions are applicable in the biotech, pharmaceutical, veterinary and industrial sectors.

Founded in March 2015, ZIP inherited the assets of Era Biotech, set up in 2002 as a spin-off of the Universidad Autónoma de Barcelona. ZIP has a three-person team led by Miriam Bastida and a portfolio of seven patent families.

On 17 March 2016, a company was established in China under the name BNT China Biosciences Co LTD., a 100% subsidiary company of the company BNT Pacific Limited, 70% owned by Bioorganic Research and Services S.A. This is the company designated for the development and marketing of the Group's products and services in Southeast Asia.

During the period from 1 January 2018 to 30 June 2018, BNT China Biosciences Co. Ltd. was inactive.

The assumptions determining their classification as subsidiaries are those set out in Article 2 of the NOFCAC (Rules for the formulation of consolidated financial statements), which state:

1.- When the controlling company is in any of the following situations in relation to the other (subsidiary) company:

- a) The controlling company holds the majority of the voting rights.
- b) The controlling company has the authority to appoint or remove the majority of the board members.
- c) The controlling company may, under agreements entered into with other shareholders, hold the majority of the voting rights.
- d) The controlling company has appointed the majority of the members of the board with its votes and these latter are in their position at the time when the consolidated accounts must be drawn up and during the two years immediately prior. This is presumed to be the situation when the majority of the members of the board of the subsidiary are members of the board or senior management of the controlling company, or of another subsidiary of the controlling company.

2.- When a controlling company owns half or less of the voting rights, even when it holds virtually no stake or no stake at all in another company, or when the management authority has not been specified (special purpose entities), but it has a share in the risks and profits of the entity, or has the capacity to participate in the operating and financial decisions of the company.

The financial year of all subsidiaries ends on 31 December.

## **2. Associated and multi-group companies**

### **2.1 Associated companies**

Associated companies means an entity over which any of the companies included in the consolidation exercise significant influence. It is understood that there is significant influence when the Group has a stake in the company and the authority to intervene in its financial and operating policy decisions, without being in control.

There are no Associated companies within the consolidation scope of the group at 30 June 2018.

### **2.2 Multi-group Companies**

A multi-group company is one that is managed by the Group jointly with other companies outside the Group.

There are no Multi-group companies within the consolidation perimeter of the group at 30 June 2018.

## **3. Basis of presentation of the abbreviated consolidated interim financial statements**

### **3.1. True and fair view**

The interim financial statements have been prepared based on the accounting records of the company ADL BIONATUR SOLUTIONS, S.A. and subsidiary corporations and include the adjustments and reclassifications necessary to ensure consistency with the timing and valuation policies adopted by the Group.

The attached abbreviated consolidated interim financial statements do not include all the information required of complete financial statements prepared in accordance with the applicable regulatory framework for financial information, as identified in this same note, and in particular with the accounting principles and criteria contained therein. Therefore, these abbreviated consolidated interim financial statements must be read together with the annual accounts for the financial year ending 31 December 2017 for ADL Bionatur Solutions, S.A. and Antibióticos de León, S.L.

These interim financial statements are presented in accordance with current commercial legislation, as set out in the Code of Commerce reformed under Law 16/2007, of 4 July 2007, on the reform and adaptation of commercial legislation in accounting matters for international harmonisation based on the regulations of the European Union, Royal Decree 1514/2007, of 20 November 2007, approving the General Chart of Accounts, and Royal Decree 1159/2010, of 17 September 2010, approving the rules for the formulation of consolidated financial statements, in all matters not contradicting the provisions of the aforementioned commercial reform, so as to provide a true and fair view of the Group's net worth, financial position and results, as well as the truthfulness of the cash flows included in the consolidated statement of cash flows.

Financial year 2014 was the first year in which the Group was established.

The Abbreviated Consolidated Interim Financial Statements for the six-month period ending 30 June 2018 were issued by the Board of Directors on 23 October 2018.

## **ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

### **3.2. Non-mandatory accounting principles**

Non-mandatory accounting principles are not applied.

### **3.3. Critical aspects of the measurement and estimation of uncertainty**

The preparation of interim financial statements requires the use of certain future estimations and judgements that are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Business in China and Southeast Asia.

ADL BIONATUR SOLUTIONS, S.A. has granted a loan for a maximum amount of EUR 500 thousand with a two-year maturity and a fixed interest rate of 6% to the Group company BNT PACIFIC Limited.

The outstanding balance of this debt at 30 June 2018 amounts to EUR 389 thousand. The purpose of the loan is to finance the launch of the business in China and Southeast Asia. BNT PACIFIC signed a strategic advisory agreement for a number of purposes, including the establishment of the company, the search for financing in China and Hong Kong, relations with public and private authorities, etc.

Thanks to the arrangements made through BNT Pacific and BNT China Biosciences, the group has started several new-generation vaccine antigen evaluation programmes for the main diseases affecting poultry, pork and beef production (milk and meat), including the antigens known internally as BNT007, BNT010 and BNT015.

Despite the above information relating to the expansion plan, the directors of the controlling company are aware of the inherent risks of such a business, particularly in countries such as these and their area of action, where there is a great deal of administrative bureaucracy and the procedures for obtaining permits, licences and other business authorisations can be extremely drawn-out and difficult compared to the European reference framework.

Therefore, achievement of the expansion goals set by the Group for this new business plan will depend largely on overcoming the administrative barriers put in place by the Chinese authorities and obtaining all the necessary permits, which obviously requires us to class this investment as high risk. Its recoverability, therefore, performed by the subsidiaries, will also depend on the business plans outlined above.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or judgements with a significant risk of giving rise to a material adjustment in the book values of assets and liabilities in the next fiscal year are now discussed.

#### **3.3.1.-Estimated loss on impairment of consolidated goodwill**

Each year, the Group checks whether the consolidated goodwill has suffered any impairment losses, in accordance with the accounting policy of Note 4.8.1.

## **ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

The amounts recoverable from cash-generating units have been determined based on calculations of value in use. These calculations require the use of estimations (Note 7). Discounted cash flow calculations are based on five-year projections of the last Business Plan approved by the Directors of the Controlling Company. These flows consider past experience and represent the best estimate of future market performance. Cash flows from the fifth year onwards are extrapolated using individual growth rates. The key assumptions for determining fair value less selling costs and value in use include growth rates, the weighted average capital rate and tax rates.

As of 30 June 2018, the sum of €130,715.96 was recorded as amortisation in relation to the goodwill already existing as of 31 December 2017 related to the consolidated amortisation fund of Zera Intein Protein Solutions SLU and BBD BIOPHENIX S.L.U. and to the new goodwill, considered as a provisional result of the business combination of Antibióticos de León on 25 April 2018, as explained in Note 6.

### **3.3.2.-Income tax**

The Group is only subject to income tax in Spain. It also recognises liabilities for potential tax claims based on an estimate of whether additional taxes will be necessary. When the final tax result of these matters differs from the amounts initially recognised, these differences will have an effect on income tax and deferred tax provisions in the year in which the determination is made.

Income tax expense (income) is the amount accrued for the latter concept over the year and includes both current and deferred tax expense (income).

The expense (income) for both current and deferred tax is recorded in the profit and loss account. However, the tax effect relating to items recorded directly in equity are recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with the regulations in force or approved on the date of the abbreviated consolidated interim financial statements.

Deferred taxes are calculated by the liability method, on the temporary differences arising between the tax bases of the assets and liabilities and their book values. Nonetheless, if the deferred taxes arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) they are not recognised. Deferred tax is measured by applying the tax rates and laws enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that future tax gains are likely to be available to offset temporary differences.

Tax credits are recognised for tax loss carryforwards and deductions pending offsetting where their recovery is reasonably assured through future profits, supported by a business plan.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**3.3.3.-Fair value of derivatives or other financial instruments**

The fair value of financial instruments not traded on an active market is measured using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions based primarily on the concurrent market conditions at each balance sheet date. The Group has used discounted cash flow analyses for diverse available-for-sale financial assets that are not traded in active markets.

**3.3.4.-Useful lives of the plant and equipment of the technology division**

The directors of the Group determine the estimated useful lives and corresponding depreciation charges. This estimate is based on projected product life cycles for its high technology segment.

The Group has estimated that some of its intangible assets (Development) have a useful life of 5 years. This estimate is based on the study of the perspectives of future business of the technology developed and taking into account general pharmaceutical practice.

At year-end, the Group checks that capitalised projects are still technically and economically viable, thereby ensuring the recoverability of development costs.

The Directors of the Controlling Company are not aware of any threats jeopardising the estimations used to the interim financial statements.

**3.3.5.-Comparison of information**

The abbreviated consolidated interim financial statements at 30 June 2018 are given as comparative figures of the balance sheet, the profit and loss account, the statement of changes in net worth, the cash flow statement and their explanatory notes, all consolidated, corresponding to the end of the previous twelve-month period ending 31 December 2017 or, where applicable, to the interim period at 30 June 2017 for Antibióticos de León S.L.U. (Book purchaser) due to Reverse acquisition, as described in Note 6, dated 25 April 2018.

The assets and liabilities of the ADL Bionatur Solutions Group have been included in the Interim Financial Statements of ADL Bionatur Solutions at their fair value as of the aforementioned combination date. The assets and liabilities of Antibioticos de León S.L.U. are included at the amounts recorded historically, taken from all data relating to the financial year ending 31 December 2017 for this company and from the information in the Annual Accounts of Antibioticos de León deposited with the Companies Register on 7 June 2018.

Accordingly, the interim Financial Statements include the following structure:

Previous year	Current year		
01.01.2017- 31.12.2017	01.01.2018- 25.04.2018	26.04.2018 30.06.2018	
Antibióticos de León S.L.U	Antibióticos de León S.L.U	Antibióticos de León S.L.U	ADL Group Bionatur Solutions (formerly known as BIOORGANIC RESEARCH AND SERVICES, S.A.)
Historical cost (predecessor accounting)	Historical cost (predecessor accounting)	Historical cost (predecessor accounting)	Fair value at acquisition date, subsequent movement to historical cost.

### **3.3.6.-Elements organised under multiple headings**

There are no elements included in different headings in the accounts.

### **3.3.7. Changes in accounting policy**

There have been no changes in the accounting policy applied previously.

### **3.3.8.-Correction of errors**

No accounting error corrections have been made.

### **3.3.9.-Transactions between companies within the scope of consolidation.**

All companies within the consolidation scope close their accounts on the same date, so this circumstance has not taken place.

## **3.4 Going concern**

The Group has posted recurrent losses in recent years. Losses at 30 June 2018 amounted to EUR 8,362,645.47 (EUR 12,161,458.10 at 31 December 2017).

At 30 June 2018, the Group presented a negative working capital for the sum of €1,928,444.19.

According to the Business Plan approved by the Board of Directors of the Controlling Company in September 2018, the Group will continue to incur operating losses during 2018 and will thus require additional funding sources allowing it to meet its short-term obligations. In the long run, this Business Plan relies essentially on the income earned with a particular customer.

Nonetheless, the Directors of the Controlling Company have prepared these abbreviated consolidated interim financial statements in application of this operating principle, taking account of the express financial support received from its primary shareholder, BTC Uno S.à.r.l. to allow it to continue operations, recovering assets and meeting its liabilities for the amounts indicated in these financial statements, as explained in Note 28.

## **4. Recognition and measurement principles**

### **4.1. Subsidiaries**

#### **4.1.1. Intercompany transactions**

Acquisitions by the controlling company (or another Group company) of control of a subsidiary constitute a business combination accounted for by the acquisition method. This method requires the acquiring company to record, on the acquisition date, the identifiable assets acquired and liabilities assumed in a business combination, in addition to the relevant goodwill or negative difference, where appropriate. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which this ends.



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The acquisition cost is determined as the sum of the fair values, on the acquisition date, of the assets given up, the liabilities incurred or assumed, and the equity instruments issued by the acquiring company, and the fair value of any contingent consideration that may depend on future events or compliance with certain conditions, which must be recorded as an asset, liability, or equity according to its nature.

Expenses related to the issue of equity instruments or financial liabilities given up are not part of the cost of the business combination and are recorded according to the standards applicable to financial instruments (Note 4.12). The fees paid to legal consultants and other professionals intervening in the business combination are recorded as expenses when they are incurred. Also excluded from the cost of the combination are the expenses generated internally for these concepts and those incurred by the acquired company.

Any excess, on the acquisition date, of the cost of the business combination, over the proportional value of the identifiable assets acquired less that of liabilities assumed representative of the stake in the capital of the acquired company is recognised as goodwill. Exceptionally, if this amount is higher than the cost of the non-monetary contribution, the excess will be recorded as income in the profit and loss account.

### **4.1.2.-Acquisition of control in stages**

When control of a subsidiary is acquired through several transactions on different dates, goodwill (or negative difference) is obtained by calculating the difference between the cost of the business combination, plus the fair value on the acquisition date of any prior investment by the acquiring company in the acquired company, and the value of the identifiable assets acquired less the value of the liabilities assumed.

Any profit or loss arising from the fair market valuation on the date on which the acquiring company gains control of the previous stake in the acquired company is recognised in the profit and loss account. If the investment was previously valued at fair value, the adjustments to the valuation to be charged to the results for the financial year are transferred to the profit and loss account.

### **4.1.3.-Consolidation method**

The assets, liabilities, income, expenditure, cash flows and other headings in the Group's consolidated interim financial statements are incorporated into the Group's consolidated financial statements using the full consolidation method. This method requires:

1. Timing consistency. The consolidated interim financial statements are established on the same date and in the same period as the financial statements of the company required to consolidate. Companies with a different year-end are included through interim financial statements for the same date and period as the consolidated financial statements.  
When a company joins or leaves the Group, the profit and loss account, the statement of changes in equity and the statement of individual cash flows to be included in the consolidation shall refer only to the part of the year in which the company was a member of the Group.
2. Valuation consistency. The assets and liabilities, income and expenditure, and other headings in the interim financial statements of the Group companies were measured according to uniform methods. Any assets or liabilities, or any income or expenditure headings measured by non-uniform criteria with respect to those applied in consolidation have been re-measured with the necessary adjustments, for the sole purposes of the consolidation.



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3. Aggregation. The various headings of the previously standardised individual interim financial statements are aggregated according to their nature.
4. Elimination of equity investment. The book values representative of the subsidiary's equity instruments held directly or indirectly by the controlling company are offset by the proportional part of equity items of that subsidiary attributable to such shares, generally on the basis of the values obtained by applying the acquisition method indicated above. For consolidations later than the year in which control was acquired, any excess or shortfall in equity generated by the subsidiary from the acquisition date and attributable to the controlling company is presented in the consolidated balance sheet under the reserves or value change adjustments heading, according to its nature. The portion attributable to external shareholders is recorded in the "External shareholders" heading.
5. Participation of external shareholders. The measurement of external shareholders is based on their effective participation in the equity of the subsidiary once the above adjustments are made. Consolidation goodwill is not attributable to external shareholders. Any excess between the losses attributable to the external shareholders of a subsidiary and the part of equity that corresponds to them proportionally is attributed to them, even if it results in a debit balance under that heading.
6. Elimination of intra-group headings. Credits and debits, income and expenditure and cash flows between Group companies are eliminated in full. Furthermore, all results produced by internal operations are eliminated and deferred until they are realised with third parties outside the Group.

**4.1.4.-Change in stake without loss of control**

Once control over a subsidiary is gained, subsequent operations leading to a change in the stake of the controlling company in the subsidiary without loss of control over the same are considered in the consolidated interim financial statements as operations with own equity securities, subject to the following rules:

- a) The recognised amount of goodwill or negative differences is not changed, nor is the amount of any other recognised assets or liabilities.
- b) Any profit or loss recognised in the individual accounts is eliminated in consolidation, with the corresponding adjustment in the reserves of the company whose stake is reduced:
- c) The amounts of "value change adjustments" and "grants, donations and bequests" are adjusted to reflect the stake in the capital of the subsidiary maintained by the Group companies.
- d) The participation of external shareholders in the equity of the subsidiary will be shown based on the percentage of participation that third parties outside the Group have in the subsidiary, once the operation is completed, including the percentage share of goodwill recorded in the consolidated financial statements associated with the change made.
- e) The necessary adjustment resulting from a), b) and c) above is accounted for in reserves.

**4.1.5. Loss of control**

The following rules apply when control of a subsidiary is lost:

- a) The profit or loss recognised in the individual financial statements is adjusted for consolidation purposes.

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- b) If the subsidiary is qualified as a multi-group or associated company, it is consolidated and the equity method is initially applied, considering for the purposes of initial recognition the fair value of the stake retained on that date.
- c) The interest in the equity of the subsidiary that is retained after the loss of control and does not fall inside the scope of consolidation will be measured using the criteria applicable to financial assets (See Note 4.8), considering for the initial valuation the fair value on the date that it ceases to fall within that scope.
- d) An adjustment is recognised in the consolidated profit and loss account to show the participation of external shareholders in the income and expenses generated by the subsidiary in the financial year until the date of loss of control, and in the transfer to the profit and loss account of the accounting income and expenditure recognised directly in equity.

## **4.2. Associated and multi-group companies**

### **4.2.1. Changes in stake**

To determine the cost of an investment in a multi-group company, the cost of each individual transaction is considered.

In a new acquisition of shares in a company under the equity method, the additional investment and new goodwill or negative consolidation difference are determined in the same way as the first investment. If, however, for the same investee, goodwill and a negative consolidation difference arise, the latter is reduced to the limit of the implicit goodwill.

In investment reductions with decreased stake but no loss of significant influence, the new investment is valued at the amounts applicable to the percentage of retained interest.

## **4.3. Intangible fixed assets**

### **4.3.1. Goodwill**

Goodwill represents the excess, on the acquisition date, of the cost of the business combination, over the proportional value of the identifiable assets acquired less that of liabilities assumed.

On the date of initial recognition, goodwill is valued in accordance with Note 4.1.1. After initial recognition, goodwill is valued at cost less accumulated amortisation and impairment losses.

Goodwill is allocated on the date of acquisition among the cash-generating units or groups of cash-generating units of the Group expected to benefit from the synergies of the business combination.

Goodwill is amortized by the linear method within 10 years from 2016, with the entry into force of RDL 602/2016.

#### **4.3.2. Research and development costs**

Research costs are recognised as expenditure when they are incurred, while the development costs incurred in a project are recognised as intangible fixed assets if this is feasible from a technical and commercial perspective, sufficient technical and financial resources are available to complete it, the costs incurred can be reliably determined and the generation of profit is likely.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent financial years. Capitalised development costs with a finite useful life are amortised on a straight-line basis over their estimated useful life for each project, without exceeding 5 years.

When the book value of an asset is greater than its estimated recoverable amount, its value is reduced immediately to its recoverable amount.

In the event of a change in the favourable circumstances of the project that permitted the capitalisation of the development costs, the part pending amortisation is translated into income in the financial year in which the circumstances change.

#### **4.3.3. Licences and trademarks**

Licences and trademarks have a finite useful life and are carried at cost less accumulated amortisation and recognised impairment corrections. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful life of five years.

#### **4.3.4. Computer applications**

The amounts paid for access to the ownership or right of use of software programs and applications when intended to be used over several years are included. Their depreciation is systematic and carried out on a straight-line basis over a period of three to six years.

Maintenance costs, overall system review costs or recurrent costs resulting from the modification or updating of these applications are recorded directly as expenditure for the financial year in which they were incurred.

Costs related directly to the production of unique and identifiable software programs controlled by the Company and which will probably generate economic benefits greater than the costs for more than one year are recognised as intangible assets. Direct costs include the expenses of the staff who develop the software programs and an appropriate proportion of overheads.

The development costs of software programs recognised as assets are amortised over their estimated useful lives, which cannot exceed six years.

#### **4.4. Tangible fixed assets.**

Tangible fixed assets are recognised at acquisition price or production cost less their accumulated depreciation and the accumulated amount of recognised losses.

The amount for work carried out by the company for its own tangible fixed assets is calculated by adding to the acquisition price of the consumables, the direct or indirect costs attributable to this property.

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The costs incurred to extend, modernise or improve fixed assets are only recorded as an increase in the value of the asset when they increase the capacity, productivity or useful life of the asset and it is possible to ascertain or estimate the book value of the items retired from inventories due to replacement.

The costs of major repairs are capitalised and amortised over their estimated useful life, while recurring maintenance costs are charged to the profit and loss account during the financial year in which they are incurred.

The depreciation of tangible fixed assets, with the exception of land, which is not depreciated, is calculated systematically by the straight-line method based on the estimated useful life of the asset, considering the actual depreciation in its operation and use. The estimated useful lives are:

	Useful life in years
Buildings and structures	33.33- 68
Facilities	8-20
Machinery	8.33 - 18
Tools	4-8
Other facilities	8-20
Furniture and fittings	10-20
Computer equipment	4-8
Transport elements:	6.25 - 20
Other tangible fixed assets	10-20

The residual value and useful life of the assets are reviewed and adjusted where necessary at each balance sheet date.

At the end of each period, the Group analyses whether there are any indications that the book value of its tangible assets exceeds their corresponding recoverable amount, in order to register the relevant impairment.

The profit or loss resulting from the disposal or derecognition of an asset is calculated as the difference between the value of the consideration received and the book value of the asset, and is recognised in the profit and loss account.

#### **4.5. Property investments**

Property investments consist of structures owned by the Company that are maintained for the purpose of obtaining long-term rental income and are not occupied by the Group. The items under this heading are stated at purchase cost less their accumulated amortisation and any impairment losses.

For the calculation of the amortisation of property investments, the straight-line method is used according to the estimated useful life thereof, which is 50 years.

#### **4.6. Borrowing costs**

Financial expenses directly attributable to the acquisition or construction of fixed assets requiring more than one year to get ready for use are included at cost until they are in working order.

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### **4.7. Exchanges**

When tangible or intangible fixed assets or investment property is acquired through a transaction with commercial substance, it is valued at the fair value of the asset given up plus the monetary considerations provided in exchange, except where there is clearer evidence of the asset received and up to the limit thereof.

For these purposes, the Group considers an exchange to have commercial substance when the configuration of the cash flows of the fixed asset received differs from the configuration of the cash flows of the asset given up or when the present value of the after-tax cash flows from the activities affected by the exchange is modified. Likewise, any of the above differences must be material in relation to the fair value of the exchanged assets.

If the exchange does not have commercial substance or if the fair value of the elements of the transaction cannot be determined, the asset given up is valued at the book value of the asset delivered plus any monetary considerations paid, up to the limit of the fair value of the asset received if this is lower and so long as it is available.

The Group has been involved in no exchange transactions during the period from 1 January 2018 to 30 June 2018, or during the period from 1 January 2017 to 30 June 2017.

### **4.8. Financial assets**

#### **4.8.1. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded on an active market. They are included in current assets, except for maturities over 12 months from the balance sheet date which are classified as non-current assets. Loans and receivables are included in "Loans to companies" and "Trade and other accounts receivable" on the balance sheet.

These financial assets are initially measured at fair value, including transaction costs directly attributable to them, and subsequently at amortised cost, recognising the interest accrued according to their effective interest rate, taken as the discount rate equalling the book value of the instrument with all estimated cash flows to maturity. Notwithstanding the foregoing, trade receivables maturing within one year are measured, both initially at recognition and subsequently, at face value provided that the effect of not discounting the cash flows is insignificant.

At least by the end of the financial year, the necessary value adjustments for impairment are made if there is objective evidence that not all amounts owing will be received.

The amount of the impairment loss is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Value adjustments and their reversals, where applicable, are recognised in the profit and loss account.

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**4.8.2. Held-to-maturity investments**

The financial assets held to maturity are debt securities with fixed or determinable payments and fixed maturities that are traded on an active market and which the Group directors have the positive intention and ability to hold to maturity. If the Group sells a more than an insignificant amount of held-to-maturity financial assets, the entire category is reclassified as available for sale. These financial assets are included in non-current assets, except those maturing within 12 months of the balance sheet date, which are classified as current assets.

The valuation criteria of these investments are the same as for loans and accounts receivable.

**4.8.3. Financial assets held-for-trading and other financial assets at fair value through profit and loss**

Financial assets at fair value with changes to profit or loss are those assets held for trading that are acquired for the purpose of selling in the short term or which are part of a portfolio of instruments identified and managed jointly to obtain short-term gains, together with financial assets designated for inclusion in this category by the Group at initial recognition for more relevant information. Derivatives are also classified as held-for-trading provided that they are not a financial guarantee contract nor have they been designated as hedging instruments.

These financial assets are measured both initially and in subsequent valuations at their fair value, recording any changes in said value in the profit and loss account for the financial year. Transaction costs directly attributable to the acquisition are recognised in the profit and loss account for the year.

**4.8.4. Available-for-sale financial assets**

This category includes debt securities and equity instruments not classified in any of the above categories. They are included under non-current assets unless the management intends to dispose of the investment within 12 months of the balance sheet date.

They are measured at fair value, recording any changes occurring directly in equity until the asset is disposed of or impaired, at which point the cumulative gains and losses in equity are recorded in the profit and loss account, provided that it is possible to calculate the fair value. Otherwise, they are recorded at cost less impairment losses.

Valuation adjustments are made on available-for-sale financial assets if there is objective evidence that they have become impaired as a result of a reduction or delay in the estimated future cash flows in the case of purchased debt instruments or the impossibility of recovering the book value of the asset in the case of investments in equity instruments. The value adjustment is the difference between its cost or amortised cost less any valuation adjustment previously recognised in the profit and loss account and the fair value at the time of measurement.

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For equity instruments measured at cost because their fair value cannot be determined, the value adjustment is determined as the difference between their book value and recoverable amount, the latter being taken as the higher amount between its fair value less selling costs and the actual value of the cash flows from the investment. Save better evidence of the recoverable amount, when estimating the impairment of these investments, the equity of the subsidiary company is used, adjusted for any unrealised gains at the valuation date. The value adjustment and its reversal, where applicable, is recorded in the profit and loss account for the year in which it occurs.

If there is objective evidence of impairment, the Group recognises the accumulated losses previously recognised in equity in the profit and loss account by a decrease in fair value. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

The fair values of listed investments are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes its fair value using measurement techniques that include recent and duly reported transactions between parties, references to other substantially similar instruments, methods for discounting estimated future cash flows and option pricing models, making full use of observable market data and relying as little as possible on subjective Group considerations.

A financial asset is derecognised from the balance sheet if all the risks and rewards incidental to ownership are substantially transferred. Specifically for accounts receivable, this is generally understood to occur if the risks of insolvency and default have been transferred.

Assets designated as hedged items are subject to hedge accounting measurement requirements (Note 4.9).

### **4.9. Financial derivatives and hedge accounting**

Financial derivatives are measured at fair value both on initial recognition and in subsequent valuations. The method of recognising the resulting gain or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the type of hedge.

#### **4.9.1. Fair value hedge**

Changes in the fair value of derivatives designated and classified as fair value hedges are recorded in the profit and loss account, together with any change in the fair value of the hedged asset or liability attributable to the hedged risk.

#### **4.9.2. Cash flow hedges**

The effective portion of changes in the fair value of derivatives designated and classified as cash flow hedges are temporarily recognised in equity. They are allocated to the profit and loss account in the years in which the planned hedged transaction affects profit or loss, unless the hedge corresponds to a planned transaction ending in the recognition of a non-financial asset or liability, in which case the amounts recorded in equity are included in the cost of the asset when acquired or of the liability when assumed.

The gain or loss on the ineffective portion is recognised immediately in the profit and loss statement.



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### **4.10. Stocks**

Inventories are valued at cost or their net realisable value, whichever is lower. When the net realisable value of the inventory is lower than its cost, the appropriate valuation adjustments are made and recognised as an expense in the profit and loss statement. If the circumstances leading to the valuation adjustment cease to exist, the adjustment amount is reversed and recognised as income in the profit and loss statement.

The cost is determined as the weighted average cost. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on normal production capacity). The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary for its performance and, in the case of raw materials and work in progress, the estimated costs required to complete their production.

For inventories requiring more than one year to get ready for sale, the financial expenditure is included in the cost under the same terms as for fixed assets (Note 4.4).

Advances to suppliers on account of future supplies of stocks are valued at cost.

The accounting of obsolete, faulty or slow-moving products is reduced to their possible realisable value.

The Group mainly keeps in stock raw materials and oral finished products, such as the 6APA, in the case of raw materials, and amoxicillins, in the case of finished products. These stocks are first retested 4 years after production, following which date they undergo periodical reviews to increase their useful life based on the results of the retesting. If the Group sells below cost, it records the relevant provision for impairment (see Note 16).

When the net realisable value of the inventory is lower than its acquisition price or production cost, the appropriate valuation adjustments are made and recognised as an expense in the profit and loss statement.

If the circumstances leading to the valuation adjustment cease to exist, the adjustment amount is reversed and recognised as income in the profit and loss statement.

### **4.11. Equity**

The company capital is represented by ordinary shares.

When a Group company purchases Company shares (own shares), the consideration paid, including any directly attributable incremental cost, is deducted from net equity until it is cancelled, reissued or disposed of. When these shares are subsequently sold or reissued, any amount received, net of any incremental cost of the directly attributable transaction, is included in equity.



#### **4.12. Financial liabilities**

##### **4.12.1. Debts and payables**

This category includes trade payables and non-trade payables. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

These liabilities are initially recognised at fair value, adjusted for directly attributable transaction costs and subsequently recorded at their amortised cost using the effective interest rate method. The effective interest rate is the discount rate equalling the book value of the instrument with the expected flow of future payments cash until maturity of the liability.

Notwithstanding the foregoing, trade payables maturing in less than one year and which do not have a contractual interest rate are measured, both initially and subsequently, at face value when the effect of not discounting flows cash is not significant.

If existing debt is renegotiated, no substantial changes to the financial liability are deemed to exist when the lender of the new loan is the same as the initial lender and the present value of the cash flows, including net commissions, does not differ by more than 10% from the present value of the outstanding cash flows of the original liability calculated under that same method.

##### **4.13. Grants received**

Repayable grants are recorded as liabilities until the conditions are met for their consideration as non-repayable, while non-repayable grants are recorded as income directly in equity and are entered as revenues on a systematic and rational basis that correlates to the expenses arising from the grant. Non-repayable grants received from shareholders are recorded directly in equity.

For these purposes, a grant is considered non-repayable when there is an individual grant award agreement, all the conditions for its award are met and there is no reasonable doubt that it will be received.

Monetary grants are valued at the fair value of the amount granted and non-monetary grants at the fair value of the asset received, both values referring to the moment of recognition.

Non-repayable grants connected with the acquisition of intangible fixed assets, tangible assets and property investments are recorded as income for the financial year in proportion to the amortisation of the related assets or, where applicable, their disposal, impairment valuation adjustment or derecognition from the balance sheet takes place. Non-repayable grants for specific expenses are recognised in the profit and loss account in the same financial year in which the related expenses are accrued while those granted to offset operating deficit are recorded in the financial year in which they are granted, except when used to offset operating deficits in future financial years, in which case they are recognised in those financial years.

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### **4.14. Business combinations**

Mergers, divisions and non-monetary business contributions between companies of the Group are recorded in accordance with the rules on related-party transactions (Note 4.21).

Merger or demerger operations other than those above and business combinations arising from the acquisition of all equity elements of a company or a party constituting one or more businesses are recorded using the acquisition method (see Note 4.1.1).

### **4.15. Current and deferred taxes**

Income tax expense (income) is the amount accrued for the latter concept over the year and includes both current and deferred tax expense (income).

The expense (income) for both current and deferred tax is recorded in the profit and loss account. However, the tax effect relating to items recorded directly in equity are recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with the regulations in force or which have been approved and are pending publication at year end.

Deferred taxes are calculated by the liability method, on the temporary differences arising between the tax bases of the assets and liabilities and their book values.

Nonetheless, if the deferred taxes arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) they are not recognised. Deferred tax is measured by applying the tax rates and laws enacted or substantively enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that future tax gains are likely to be available to offset temporary differences.

Deferred taxes on temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised, except where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

### **4.16. Employee benefits**

#### a) Termination benefits

Termination benefits are paid to employees following the Group's decision to terminate their employment contract before the normal retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits when it has demonstrably undertaken to terminate the employment of workers following a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer to encourage voluntary resignation. The benefits that will not be paid within twelve months from the balance sheet date are discounted at their present value.

#### b) Bonuses

The Group recognises a liability and an expense for bonuses. It recognises a provision when it is contractually bound or when past practice has created an implied obligation.

#### **4.17. Provisions and contingent liabilities**

Provisions for environmental restoration, restructuring costs and disputes are recognised when the Group has a present obligation, whether legal or implicit, arising from past events, an outflow of resources is likely to be necessary to settle the obligation and the amount can be reliably estimated. Restructuring provisions include penalties for lease cancellation and dismissal payments to employees. No provisions are recognised for future operating losses.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market evaluations of the time value of money and the specific risks of the obligation. Adjustments to the provision for discounting purposes are recognised as a financial expense when they are accrued.

Provisions with a maturity of one year or less and a non-significant financial effect are not discounted.

When part of the disbursement necessary to settle the provision is intended to be reimbursed by a third party, such reimbursement is recognised as a separate asset, provided that its receipt is virtually assured.

On the other hand, the consideration of contingent liability is given to possible obligations arising out of past events, the existence of which is conditional upon the occurrence or non-occurrence of one or more future events independent of the will of the Group. These contingent liabilities are not entered in the accounts and are detailed in the financial statements.

#### **4.18. Recognition of income**

Income is recognised at the fair value of the consideration receivable and represents the amounts receivable for goods supplied and services rendered in the ordinary course of business of the Group, less any returns, rebates, discounts and value added tax.

The Group recognises income when the amount thereof can be reliably measured, it is probable that the future economic benefits will flow to the Group and the specific conditions for each of the activities as detailed below are met. The amount of income is not considered reliably measured until all contingencies related to the sale have been resolved. The Group bases its estimations on past results, taking into account customer type, transaction type and the specific terms of each agreement.

#### **4.19. Leases**

##### **4.19.1. When a Group company is the lessee - Financial leases**

The Group leases certain tangible assets. Leases of tangible fixed assets in which the Group has substantially all the risks and rewards incidental to ownership are classified as financial leases. Financial leases are capitalised at the start of the lease at the fair value of the leased property or the present value of the minimum agreed lease payments, whichever is lower. To calculate the present value, the implicit interest rate of the contract is used or, if this cannot be determined, the interest rate of the Group for similar operations.

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Each lease payment is split between liabilities and finance costs. The total finance cost is distributed over the term of the lease and charged to the profit and loss account in the year in which it is accrued by applying the effective interest rate method. Contingent lease payments are expenses of the year in which they are incurred. The corresponding lease obligations, net of financial charges, are included under "Accounts payable under financial leasing". Fixed assets acquired under financial lease depreciate over their useful life.

### **4.19.2. When a Group company is the lessee - Operating leases**

Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the profit and loss statement in the year in which they are accrued on a straight-line basis over the lease period.

### **4.19.3. When the Company is the lessor**

When assets are leased under a financial lease agreement, the present value of the lease payments, discounted at the implicit interest rate of the contract, is recognised as a receivable item (Note 4.8.1). The difference between the gross amount receivable and the present value of this amount, corresponding to unearned interest, is recorded in the profit and loss account of the year in which the interest is accrued, in accordance with the effective interest rate method.

When assets are leased under an operating lease agreement, the inclusion of the asset in the balance sheet is based on its nature. The income arising from the lease is recognised on a straight-line basis over the term thereof.

## **4.20. Foreign currency transactions**

### **4.20.1. Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which the Group operates, i.e. the currency of the environment in which the Group generates and expends cash.

The consolidated interim financial statements of the Group are reported in euros, which is the functional and reporting currency of the Group.

### **4.20.2. Translation of statements in currencies other than the euro**

The statements of a Group company with a functional currency other than the euro are translated in accordance with the following rules:

- Assets and liabilities are translated at the closing rate of exchange, this being the average spot exchange rate on that date;
- Equity items, including profit and loss for the year, are translated at the historical exchange rate;
- The difference between the net amount of assets and liabilities and equity items is recorded in equity under a heading entitled "translation difference" net, where applicable, of the tax effect and after deduction of the portion of this difference corresponding to external shareholders, and
- Cash flows are translated at the exchange rate of the date that each transaction took place or using a weighted average exchange rate for the monthly period, provided that there were no significant variations.

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The translation difference recorded in the consolidated statement of income and expenses is recognised in the consolidated profit and loss account of the period in which the investment in the consolidated company is sold or otherwise disposed of.

The historical exchange rate is:

- For equity items existing on the acquisition date of the interests being consolidated: the exchange rate on the transaction date;
- For income and expenses, including those recognised directly in equity: the exchange rate on the date that the transaction took place. If the exchange rates have not varied significantly, a weighted average rate for the monthly period is used, and
- Reserves generated after the transaction dates for undistributed results: the effective exchange rate resulting from translating the income and expenditure that produced these reserves.

Consolidation goodwill and adjustments to the fair values of assets and liabilities arising from application of the acquisition method are considered elements of the acquired company and thus translated at the year-end exchange rate.

### **4.20.3. Foreign currency transactions and balances**

Foreign currency transactions are converted to the functional currency using the exchange rates prevailing at the date of the transaction.

Exchange gains and losses resulting from the settlement of such transactions and the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement except when they differ in equity, as in the case of qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the book value of the security. Translation differences are recognised in income/(loss) for the financial year, and other changes in book value are recognised in equity.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are recognised as part of profit or loss at fair value. Translation differences on non-monetary items, such as equity instruments classified as financial assets available for sale, are included in equity.

### **4.21. Transactions between related parties**

In general, transactions between group companies are recognised initially at fair value. Where appropriate, if the agreed price differs from its fair value, the difference is recognised based on the economic reality of the operation. Subsequent measurement is consistent with the relevant standards.

Notwithstanding the above, in transactions the object of which is a business, including equity holdings affording control over a company constituting a business, the Group adopts the following criterion:

#### **4.21.1. Non-monetary contributions**

In non-monetary contributions to a Group company, both the contributing company and the acquiring company measure the investment by the book value of the equity items given up in the consolidated financial statements on the date on which the transaction is performed. For these purposes, the consolidated financial statements of the larger group or subgroup into which the equity items are incorporated and whose controlling company is Spanish are used.

#### **4.21.2. Mergers and demergers**

- a) In operations between Group companies that involve the controlling company (or controlling company of a subgroup) and its subsidiary – direct or indirect – acquired equity items are valued at the applicable amount in the consolidated statements of the group or subgroup. The difference is recognised against a reserves heading.
- b) For operations between other companies of the Group, the acquired equity items are valued by their book values in the consolidated financial statements of the larger group or subgroup into which the latter are incorporated and whose controlling company is Spanish.

For accounting purposes, the date of merger and demerger operations between group companies is the start of the financial year in which the operation is approved, provided that it is later than the date of incorporation into the Group. If one of the companies involved in the operation were incorporated into the Group in the financial year in which the merger or demerger takes place, the date for accounting purposes will be the acquisition date.

#### **4.22. Environmental information**

Environmental assets are those used on an on-going basis in the activity of the Company whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Environmental protection expenses are charged according to the accrual criterion, i.e. based on the actual flow of goods and services that they represent. Investments in fixed assets for environmental conservation are posted at acquisition cost or production cost, which includes materials, direct labour and a proportion of attributable indirect costs. They are amortised following the same criterion as other fixed assets.

#### **4.23. Classification of assets and liabilities as current**

Assets and liabilities are presented on the balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current when they are linked to the Group's normal operating cycle and are expected to be sold, used, made or settled within the course of that cycle, they are different to the previous ones and their maturity, disposal or performance is expected to occur within a maximum period of one year, they are kept for negotiating purposes or involve cash and other equivalent liquid assets for a use that is not restricted by a period exceeding one year. Otherwise, they are classified as non-current assets and liabilities.

The normal operating cycle is less than one year for all Group activities.

## **5. Financial risk management**

### **5.1. Financial risk factors**

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and cash flow risk. The Group's global risk management programme focuses on the uncertainty of financial markets and seeks to minimise the potential adverse effects on its financial performance.

Risk management is controlled by the Group's Treasury Department, which identifies, evaluates and hedges financial risks in accordance with the policies approved by the Board of Directors of the Controlling Company. The Board of Directors provides policies for global risk management and for specific areas such as exchange rate risk, interest rate risk, cash flow risk, use of derivatives and non-derivatives and investment of cash flow surpluses.

#### **5.1.1. Market risk**

a) Exchange rate risk

The Group carries out part of its purchases and sales in foreign currency, mainly the US dollar, and is thus exposed to fluctuations in the exchange rate of these currencies against the Euro.

b) Price risk

The Group is exposed to price risk in equity securities due to its investments classified on the balance sheet as available for sale or at fair value through profit and loss. To manage the price risk arising from its investments in equity securities, the Group diversifies its portfolio in accordance with the stipulated limits.

The equity investments are listed on the *Mercado Alternativo Bursátil* (MAB).

c) Interest rate risk of cash flows and fair value

Given that the Group does not have significant interest-bearing assets, the income and cash flows from its operating activities are fairly independent of changes in market interest rates.

The Group's interest rate risk arises from its long-term debt capital. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Fixed-rate debt securities expose the Group to interest rate risks on the fair value. During 2018 and 2017, the Group's floating-rate debt securities were denominated in euros.

#### **5.1.2. Credit risk**

Credit risk is managed by groups. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as with wholesale and retail customers, including outstanding accounts receivable and committed transactions. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Board of Directors of the Controlling Company. The use of credit limits is regularly monitored.



### **5.1.3. Liquidity risk**

Prudent management of liquidity risk involves maintaining sufficient cash flows and marketable securities, the availability of financing through sufficient committed credit facilities and the capacity to liquidate market positions. Given the dynamic nature of the underlying businesses, the Group's Treasury Department seeks to keep its financing flexible through the availability of committed credit facilities.

The management monitors the Group's liquidity reserve forecasts (covering the availability of credit and cash and cash equivalents based on expected cash flows). This process is normally carried out at the level of the Group's operational entities in accordance with the practices and limits established by the Group. The set limits vary according to geographical area to take into account the liquidity of the market in which each Group company operates.

The liquidity management policy also involves making projections of cash flows in the main currencies in which the Group operates, taking into account the level of liquid assets required to achieve such projections, control of balance sheet liquidity indices and their comparison with market requirements, and the maintenance of debt financing plans.

### **5.2. Fair value estimation**

The fair value of financial instruments traded on active markets (such as securities held for trading and available for sale) is based on market prices as at balance sheet date. The market price used for financial assets is the current bid price.

The fair value of financial instruments not listed in an active market is measured using valuation techniques. The Group uses a variety of methods and makes assumptions based on the market conditions at each balance sheet date. Long-term debt uses quoted market prices or dealer quotes. Other techniques, such as estimated discounted cash flows, are used to determine the fair value of other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward exchange rate contracts is determined using the forward exchange rates quoted on the market at the balance sheet date.

It is assumed that the book value of receivables and payables for trade operations is close to their fair value. The fair value of financial liabilities for financial reporting is estimated by discounting the contractual future cash flows at the current interest rate of the market available to the Group for similar financial instruments.



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## 6. Business combinations

### a) FY 2018

On 30 November 2017, under its prior name of “Bioorganic Research and Services, S.A.”, the Company entered into an agreement of binding intentions (the “Intentions Agreement”) with Antibióticos de León, S.L.U. whereby the sole partner of Antibióticos, BTC Uno S.à.r.l, belonging to the Black Toro Capital group, undertook full ownership of an extension of share capital in the Company through the non-monetary contribution of the equity of Antibióticos. This agreement became effective on 25 April 2018 following the approval of the General Extraordinary Meeting of shareholders of Bioorganic Research and Services, S.A. of the expansion of capital and the underwriting by BTC Uno of the new shares.

The temporary determining of goodwill used the closing quote of the shares in ADL Bionatur Solutions S.A. on 25 April 2018, corresponding to the date on which the General Extraordinary Meeting of shareholders was held to approve the expansion of BNT capital expansion and, therefore, the acquisition of Antibióticos.

Market value of one share in ADL Bionatur Solutions at 25 April 2018 (Euro)	2.36
x Number of shares at 25 April 2018	5,090,179.00
<b>Cost of the business combination</b>	<b>12,012,822.44</b>
<b>Minus:</b>	
Consolidated equity of the BNT Group at 30/04/18 (*)	7,190,231.44
Existing goodwill of the BNT Group at 30/04/18 (*)	(2,356,469.74)
	<b>4,833,761.70</b>
Increase in value of ADL Bionatur Solutions equity (Interim goodwill)	<b>7,179,060.74</b>
Accounting adjustment:	
Increase in value of Bioorganic Research and Services, S.A. assets	7,179,060.74
(-) minus existing goodwill	(2,356,469.74)
<b>Generated - interim goodwill</b>	<b>4,822,591.00</b>

(\*) This date has been considered as the Group has the necessary financial information and does not differ significantly from the amounts existing on 25 April 2018.

As a result of the aforementioned corporate operation, Antibióticos de León is now a subsidiary of ADL Bionatur Solutions, S.A. Since the sole shareholder of Antibióticos de León holds 85% of the resulting group, Antibióticos is considered the book purchaser. It is, therefore, a “reverse” acquisition that is characterized by posting the legally acquired company as the book purchaser and the legally acquiring company as the book company purchased.

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The interim excess value resulting from the aforementioned business combination was tentatively assigned as greater goodwill. The posting of this business combination was determined temporarily on the date of preparation of these interim financial statements, given that the valuation of the assets and liabilities acquired is not yet complete and the maximum 12-month period has not passed since control was taken of the BNT Group, as established in valuation regulations 19 "Business Combinations" of the General Chart of Accounts.

The main net assets and liabilities of the Biorganic Research and Services, S.A. Group as acquired for accounting purposes are included in these abbreviated consolidated interim financial statements at their fair value on the date of acquisition. The following figures are obtained from the preliminary purchase price assignment on the date of acquisition: intangible assets (not including any goodwill) €5,486 thousand, Intangible assets €3,099 thousand, stocks €44 thousand, Trade and other accounts receivable €961 thousand, current and non-current financial assets €1,032 thousand, cash and cash equivalents €261 thousand, deferred tax assets €3,536 thousand, Non-current financial and non-financial debt €6854 thousand, and current financial and non-financial debt €2,303 thousand, Trade payables €1,259 thousand, Deferred tax liabilities €451 thousand.

The acquisition described determines a stock ratio of 28,844,342 newly created, ordinary shares in ADL Bionatur Solutions with a nominal value of five cents each, in exchange for the 29,774,530 shares in Antibióticos de León, with a nominal value of one euro each (100% of the Antibióticos share capital). The difference between the fair value of the equity received from Antibióticos by ADL Bionatur Solutions under reverse acquisition and the nominal value of the new shares is assigned to the issue premium (€74,706,846). This exchange equation was subject to verification by an independent expert appointed by the Companies Register.

Net turnover attributable to the combination as of the date of acquisition until 30 June 2018 amounted to €189 thousand. In turn, the result over the same period stood at €1,167 thousand. Had the business combination been made at the beginning of 2018, net turnover amount over the period from 1 January 2018 to 30 June 2018 would have amounted to €2,033 thousand.

### **b) Prior to 2018**

The breakdown of the cost of business combinations, the net assets acquired and the goodwill generated in prior years now follows. Figures are shown in EUR.

ADL BIONATUR SOLUTIONS, S.A. acquired 100% of the company shares in Zera Intein Protein Solutions SLU on 28 April 2016. The transaction amount was one million six hundred thousand euros. As a result of the debt owing due to the purchase of the company, the General Shareholders' Meeting held on 30 June 2016 approved a capital increase by offsetting credits through the issue of four hundred and fifty-seven thousand one hundred and forty-three (457,143) new ordinary shares of the Company, with a par value of 0.05 euros and an issue premium of 3.45 euros per share, resulting in a price of 3.50 euros per share.

ZIP is a biotechnology company headquartered in the Parc de Recerca of Universidad Autònoma de Barcelona that develops technologies for the production of recombinant peptides and proteins of both therapeutic and industrial interest. It also markets its own Zera® and Splittera® tools, which facilitate the production and purification of difficult-to-express biological compounds and improve the production capacity of cellular systems. ZIP technology solutions are applicable in the biotech, pharmaceutical, veterinary and industrial sectors in which the Bionaturis Group operates.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

The acquired business provided the Group with revenues of EUR 120,663 and net profits of EUR 241,747 between 30 April 2016 and 31 December 2016.

Consideration on 28 April 2016	Total
Total consideration	1,600,000.00
Recognised amounts of identifiable acquired assets and assumed liabilities	
- Intangible fixed assets	463,429.00
- Tangible fixed assets	41,022.00
- Trade and other accounts receivable	49,583.00
- Cash and cash equivalents	76,101.00
- Non-current financial investments	6,786.00
- Deferred tax assets	113,034.00
- Stocks	2,736.00
- Deferred tax liabilities	(30,863.00)
- Non-current payables	(62,772.00)
- Current payables	(15,774.00)
- Trade and other accounts payable	(23,803.00)
Total identifiable acquired net assets	619,479.00
Generated goodwill	980,521.00

On 15 May 2014, ADL BIONATUR SOLUTIONS, S.A. acquired 100% of the capital stock of BBD BIOPHENIX, S.L. (hereinafter, BBD), a company engaged in the research, development, production and marketing of biotechnology solutions.

BBD BIOPHENIX is focused on the optimisation of drug discovery processes, maximising the success ratios of the clinical development of new drugs using animal zebrafish models. The use of this model leads to significant savings in the drug discovery process through the application of a filter that significantly increases the likelihood of success. The company is an international reference in the application of this model and one of only a handful that work under GLP (Good Laboratory Practices).

The incorporation of these services will allow AdL Bionatur Solution to extend its catalogue of drug development solutions, complementing its FLYLIFE system, and to apply it internally in the Collaborative Development Agreements that the company signs with third parties.

An initial price of EUR 2,600,000 was stipulated as consideration, with an initial cash payment of EUR 500,000 and a payment of EUR 410,000 by means of a swap or exchange of BBD shares for BIONATURIS shares and a deferred price of EUR 1,690,000 to be paid annually in an amount equivalent to 45% of the EBITDA of BBD. Payment was made in 2015 for the deferred payment related to the results of 2014.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

The breakdown of the cost of business combinations, the net assets acquired and the goodwill generated now follows. Figures are shown in EUR:

	Total
Consideration at 15 May 2014	
- Cash paid	910,000.00
- Updated deferred payment	1,690,000.00
Total consideration	2,600,000.00
Recognised amounts of identifiable acquired assets and assumed liabilities	
- Intangible fixed assets	157,644.00
- Tangible fixed assets	254,357.00
- Trade and other accounts receivable	243,062.00
- Cash and cash equivalents	51,443.00
- Deferred tax liabilities	(38,338.00)
- Current payables	(98,753.00)
- Trade and other accounts payable	(9,261.00)
Total identifiable acquired net assets	560,154.00
Generated goodwill	2,039,846.00

## 7. Consolidation goodwill

During the first half of 2018, the Group has recorded goodwill arising from the Business Combinations explained in Note 6 in relation to the business operation with Antibióticos de León, which is considered interim. The Bionatur Group had prior goodwill from the combination with BBD BIOPHENIX, S.L.U. and ZERA INTEIN PROTEIN SOLUTIONS SLU, also discussed in Note 6 above.

The Group performs annual impairment testing for goodwill. The Group uses cash flow discounting methods to determine the value in use. Discounted cash flow calculations are based on five-year projections of the Business Plan approved by the Directors of the Controlling Company. These flows consider past experience and represent the best estimate of future market performance. Cash flows from the fifth year onwards are extrapolated using individual growth rates.

The key assumptions for determining value in use include growth rates, the weighted average capital rate and tax rates.

Based on work performed, the Directors of the Controlling Company estimate that there has been no impairment in the value of consolidated goodwill at the end of the interim financial statements at 30 June 2018.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

## 8. Intangible fixed assets

The breakdown and changes in the items included under "Intangible fixed assets " is as follows:

At 30 June 2018

	Balance at 31 December 2017 (audited)	Entries from business combination- Bioorganic Research and Services, S.A.	Additions and allocations	Transfers	Disposals	Balance at 30 June 2018 (unaudited)
<b><u>COST</u></b>						
Development	-	5,012,150.43	731,501.54	978,518.38	-	6,722,170.35
Administrative grants	-	458,151.19	-	-	-	458,151.19
Goodwill	-	7,179,061.16	-	-	-	7,179,061.16
Computer applications	253,145.86	15,517.45	-	17,390.00	-	286,053.31
Other intangible fixed assets	182,000.00	-	17,390.00	(17,390.00)	-	182,000.00
Development in progress	978,518.38	-	-	(978,518.38)	-	-
<b>Total</b>	<b>1,413,664.24</b>	<b>12,664,880.23</b>	<b>748,891.54</b>	<b>-</b>	<b>-</b>	<b>14,827,436.01</b>

<b><u>DEPRECIATION</u></b>						
Development	-	-	(228,388.45)	-	-	(228,388.45)
Administrative grants	-	-	(4,079.79)	-	-	(4,079.79)
Goodwill	-	-	(130,715.95)	-	-	(130,715.95)
Computer applications	(111,555.24)	-	(23,043.53)	-	-	(134,598.77)
<b>Total</b>	<b>(111,555.24)</b>	<b>-</b>	<b>(386,227.72)</b>	<b>-</b>	<b>-</b>	<b>(497,782.96)</b>

<b>Net Book Value</b>	<b>1,302,109.00</b>	<b>14,329,653.05</b>
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FY 2017

	Balance at 31 December 2016 (audited)	Additions and allocations	Transfers	Disposals	Balance at 31 December 2017 (audited)
<b><u>COST</u></b>					
Development in progress	-	978,518.38	-	-	978,518.38
Computer applications	251,711.86	-	1,434.00	-	253,145.86
Other intangible fixed assets	150,000.00	33,434.00	(1,434.00)	-	182,000.00
<b>Total</b>	<b>401,711.86</b>	<b>1,011,952.38</b>	<b>-</b>	<b>-</b>	<b>1,413,664.24</b>

<b><u>DEPRECIATION</u></b>					
Computer applications	(69,463.84)	(42,091.40)	-	-	(111,555.24)
<b>Total</b>	<b>(69,463.84)</b>	<b>(42,091.40)</b>	<b>-</b>	<b>-</b>	<b>(111,555.24)</b>

<b>Net Book Value</b>	<b>332,248.02</b>	<b>1,302,109.00</b>
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Additions generated during the first half of 2018 are primarily located in the Development entry and Interim goodwill and other intangible assets generated following the reverse acquisition explained in Note 6.

Additions of intangible assets relating to the Provacin, Cervipro, Innoglobal, Neuro and Vaccine retos projects took place over the first half of 2018.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

At 30 June 2018, the Group recorded postings for work performed by the company for its intangible assets to the value of €731,501.54.

**Research and development costs**

The main R&D projects posted by the Group are as follows:

Description	Balance at 30 June 2018 (unaudited)
VELFLOR-UNV.PABLO PROJECT	-
POBL.MEDUSAS ENV. STUDY	-
FLYLIFE-AI-0005-08 PROJECT	28,185.23
AI-038-07 PROGRAMME (NI	-
AI-0031-07 (LCURMEDIUM) PROGRAMME	-
AI-0010-06 PROGRAMME	-
.AI-0014-07 DIADAS OBESIDA PROJ	-
READI PROJECT	-
SCALEPROT PROJECT	-
KIMERA PROJECT	49,849.51
INTEGRA SNC	345,563.93
AQUAFLY	140,836.67
LEISHFLY	213,579.95
ADELIS PROJECT	179,459.06
BENTOFEV PROJECT	262,051.36
BOVIHEALTH	165,219.15
BIOMAP	764,737.93
CERVIPRO	290,993.88
RETOS	300,187.94
BNTLEISH	55,803.00
PROVACIN	314,010.40
INNOGLOBAL	153,243.00
MUPI-LIPO	18,318.00
ECOTOX	25,675.74
HERPATOCARCINOMA GAITEK	12,294.00
ZF NEURO GAITEK	10,284.64
CIRCADIAN RHYTHM	144.71
TAUOPATHIES	56,245.37
TERATOTOXICITY	20,519.21
NICOTINE	196.29
THERAPEUTIC	18,822.57
MICROCYSTINE	4,477.75
ANGIOGENESIS	4,800.80
LOREAL	13.66
OXOTOXICITY	16,836.39
TRANSGENIC	22,481.78
CHOROIDEREMIA	5,543.01
HDAC6	21,708.82
TAU and TAUP301S	17,418.24
TTL	11,260.10
INFEC/16	140,795.54
ECO/16	187,146.38
NEURO/16	211,190.00
TERATOOL	268,304.91
IMMUNO	95,115.03
HEPATO/17	16,664.35
MATBOX	35,924.35
VACCINE RETOS	287,711.23
RETOS ZITOMABS	326,295.24
INTENSE	17,865.63
DHA	928,394.08
PRISTINAMYCIN	54,001.28
PIPERACILLIN	22,365.34
MYROSAMYCIN	210,274.43
PHENYRILLIN	42,054.48
DAPTOMYCIN	21,950.93
CLOXA, DICLOXA, FLUCLOXA	52,855.52
SODIUM OXACILLIN	25,173.14
NAFCILLIN	4,452.81
AMPI. SOD. ORAL/STERILE	868.59
BENZATIN PENICILLIN	93.59
BENZATIN AMPICILLIN	8,336.77
SODIUM PIPERACILLIN	5,186.19
TOTAL	6,493,781.90

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

The Group continues to invest heavily in Development to boost and strengthen its technology knowledge. All these projects are intended to improve the knowledge that can be applied directly to the work of the Group.

The Group policy is not to begin amortising the projects until they are completed.

**Fully amortised intangible fixed assets**

At 30 June 2018, the Group has no intangible fixed assets.

**Assets subject to guarantees and ownership restrictions**

At 30 June 2018 and 31 December 2017, there were no significant intangible assets subject to ownership restrictions or pledged as collateral for liabilities.

**Insurance**

The Group has several insurance policies in place to cover the risks to which tangible fixed assets are exposed. The coverage of these policies is considered sufficient.

**Capital grants**

The Group has received the grants set out in Note 20 for partial financing of its investments in development projects.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

## 9. Tangible fixed assets

The breakdown and changes in the items included under "Tangible fixed assets " is as follows:

At 30 June 2018

	Balance at 31 December 2017 (audited)	Entries from business combination	Additions and allocations	Transfers	Disposals	Balance at 30 June 2018 (unaudited)
<b><u>COST</u></b>						
Land	1,867,347.24	185,860.00	-	(34,222.68)	-	2,018,984.56
Buildings and structures	8,073,575.61	2,256,629.64	-	(342,386.61)	-	9,987,818.64
Technical installations	8,088,929.50	311,846.64	16,718.40	3,672,679.46	-	12,090,174.00
Machinery	483,418.50	31,356.48	39,837.80	-	-	554,612.78
Tools	146,420.62	-	-	-	-	146,420.62
Other facilities	-	62,959.48	8,431.11	37,061.96	-	108,452.55
Furniture and fittings	128,123.24	20,590.85	17,399.52	107,258.39	-	273,372.00
Computer processing equipment	159,249.04	11,791.88	24,942.15	-	-	195,983.07
Transport elements	3,500.00	-	-	-	-	3,500.00
Other tangible fixed assets	1,788,287.51	38,500.01	81,812.69	416,334.46	-	2,324,934.67
Assets in progress and advances	7,353,284.89	179,933.47	5,206,134.81	(4,233,334.27)	-	8,506,018.90
<b>Total</b>	<b>28,092,136.15</b>	<b>3,099,468.45</b>	<b>5,395,276.48</b>	<b>(376,609.29)</b>		<b>36,210,271.79</b>

<b><u>DEPRECIATION</u></b>						
Buildings and structures	(484,414.52)	-	(79,530.56)	20,543.22	-	(543,401.86)
Technical installations	(1,217,748.05)	-	(308,923.68)	-	-	(1,526,671.73)
Machinery	(57,810.62)	-	(15,060.01)	-	-	(72,870.63)
Tools	(50,201.95)	-	(9,279.12)	-	-	(59,481.07)
Other facilities	-	-	(2,963.31)	-	-	(2,963.31)
Furniture and fittings	(11,008.10)	-	(7,616.53)	-	-	(18,624.63)
Computer processing equipment	(38,824.88)	-	(11,508.69)	-	-	(50,333.57)
Transport elements	(875.00)	-	(175.02)	-	-	(1,050.02)
Other tangible fixed assets	(267,847.30)	-	(103,008.58)	-	-	(370,855.88)
<b>Total</b>	<b>(2,128,730.42)</b>	<b>-</b>	<b>(538,065.50)</b>	<b>20,543.22</b>	<b>-</b>	<b>(2,646,252.70)</b>

<b>Net Book Value</b>	<b>25,963,405.73</b>	<b>33,564,019.09</b>
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Over the first six months of 2018 and throughout 2017, Antibióticos de León S.L.U. Transferred land and buildings under lease through the Non-Residential Property Lease Agreement (PLA) signed with Wacker Biosolutions León, S.L.U. to the property investments heading. (Note 24.7).

The main investments made by the Group during the first half of 2018 amounted to €5,395,276.48 (€5,773,874.27 in 2017) and have mainly focused on new facilities, laboratory equipment and furniture, workshops and start-up of the fermentation activity.

The Group has commitments for the purchase of tangible fixed assets for the reindustrialisation of facilities, for which it has received a loan from the Ministry of Industry, Energy and Tourism for the sum of €15,590,499.00, which must be executed before 24 February 2019 (Note 21).

The Group has no commitments for the sale of tangible fixed assets nor does it have items of tangible fixed assets in dispute.



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At 30 June 2018, the Group records postings for work performed by the company for its intangible assets to the value of 155,399.42 euros.

**FY 2017**

	Balance at 31 December 2016 (audited)	Additions and allocations	Transfers	Disposals	Balance at 31 December 2017 (audited)
<b><u>COST</u></b>					
Land	1,915,252.02	-	(47,904.78)	-	1,867,347.24
Buildings and structures	8,805,159.66	-	(731,584.05)	-	8,073,575.61
Technical installations	7,474,575.48	-	614,354.02	-	8,088,929.50
Machinery	440,927.42	23,211.70	19,279.38	-	483,418.50
Tools	146,420.62	-	-	-	146,420.62
Furniture and fittings	49,931.70	4,474.08	73,717.46	-	128,123.24
Computer processing equipment	127,244.53	16,397.05	15,607.46	-	159,249.04
Transport elements	45,380.33	-	-	(41,880.33)	3,500.00
Other tangible fixed assets	792,740.71	324,913.21	670,633.59	-	1,788,287.51
Assets in progress and advances	3,341,998.57	5,404,878.23	(1,393,591.91)	-	7,353,284.89
<b>Total</b>	<b>23,139,631.04</b>	<b>5,773,874.27</b>	<b>(779,488.83)</b>	<b>(41,880.33)</b>	<b>28,092,136.15</b>
<b><u>DEPRECIATION</u></b>					
Buildings and structures	(352,206.38)	(161,471.51)	29,263.37	-	(484,414.52)
Technical installations	(748,878.83)	(468,869.22)	-	-	(1,217,748.05)
Machinery	(32,359.68)	(25,450.94)	-	-	(57,810.62)
Tools	(31,643.87)	(18,558.08)	-	-	(50,201.95)
Furniture and fittings	(5,922.44)	(5,085.66)	-	-	(11,008.10)
Computer processing equipment	(20,651.82)	(18,173.06)	-	-	(38,824.88)
Transport elements	(3,317.02)	(3,840.03)	-	6,282.05	(875.00)
Other tangible fixed assets	(149,018.65)	(118,828.65)	-	-	(267,847.30)
<b>Total</b>	<b>(1,343,998.69)</b>	<b>(820,277.15)</b>	<b>29,263.37</b>	<b>6,282.05</b>	<b>(2,128,730.42)</b>
<b>Net Book Value</b>	<b>21,795,632.35</b>				<b>25,963,405.73</b>

**Tangible fixed assets subject to guarantees**

The Group holds loans with lending institutions secured by land and buildings, referred to in its tangible fixed assets, with a net book value at 30 June 2018 of EUR 8,138,875.48 (EUR 8,572,253.51 in 2017).

The Group also holds other financial liabilities secured by land, referred to in its tangible fixed assets, which have a net book value at 30 June 2018 of EUR 429,603.77 (EUR 429,603.77 in 2017).

The Group's parent company has a loan secured by a security interest made on land and buildings for its main facilities, with a net book value of €710,858.00 at 30 June 2018.

## **ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

### **Fixed assets for environmental management**

At 30 June 2018, the Group posts tangible fixed assets in progress for environmental management at a cost of 2,969,637.98 euros (€1,210,812.83 in 2017).

### **Assets under financial leases**

At 30 June 2018, the Group has six financial leases for facilities, machinery and other tangible fixed assets, two of which are in progress.

### **Impairment losses**

At 30 June 2018 and 31 December 2017, the Group has not recognised or reversed impairment losses for any individual tangible fixed assets.

### **Fully amortised assets**

At 30 June 2018, the Group has no tangible fixed assets.

### **Insurance**

Group policy is to formalise insurance policies to cover the possible risks to which the various items of its tangible fixed assets are subject. At 30 June 2018, the Group estimates there is enough coverage as in the previous year.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

## 10. Property investments

The composition and changes during the first half of 2018 in the accounts included under this heading of the accompanying balance sheet were as follows:

**At 30 June 2018**

	Balance at 31 December 2017 (audited)	Entries from business combination	Additions and allocations	Transfers	Disposals	Balance at 30 June 2018 (unaudited)
<b><u>COST</u></b>						
Land	47,904.78	-	-	34,222.68	-	82,127.46
Buildings and structures	731,584.05	-	-	342,386.61	-	1,073,970.66
<b>Total</b>	<b>779,488.83</b>	<b>-</b>	<b>-</b>	<b>376,609.29</b>	<b>-</b>	<b>1,156,098.12</b>
<b><u>DEPRECIATION</u></b>						
Buildings and structures	(43,895.05)	-	(10,739.70)	(20,543.22)	-	(75,177.97)
<b>Total</b>	<b>(43,895.05)</b>	<b>-</b>	<b>(10,739.70)</b>	<b>(20,543.22)</b>	<b>-</b>	<b>(75,177.97)</b>
<b>Net Book Value</b>	<b>735,593.78</b>					<b>1,080,920.15</b>

At 30 June 2018, the Group posts the land and buildings under lease of the Non-Residential Property Lease Agreement (PLA) contract held by one of its subsidiaries with the company Wacker Biosolutions León, S.L.U., starting in January 2018 and ending on 31 January 2028, under property investments.

The rental income obtained for this item in the period between 1 January 2018 and 30 June 2018 amounts to 100,920.00 euros (118,620.00 euros in 2017), which have been recorded in the profit and loss account under the heading of other operating income (Note 24.4).

**At 30 June 2017**

	Balance at 31 December 2016 (audited)	Additions and allocations	Transfers	Disposals	Balance at 31 December 2017 (audited)
<b><u>COST</u></b>					
Land	-	-	47,904.78	-	47,904.78
Buildings and structures	-	-	731,584.05	-	731,584.05
<b>Total</b>	<b>-</b>	<b>-</b>	<b>779,488.83</b>	<b>-</b>	<b>779,488.83</b>
<b><u>DEPRECIATION</u></b>					
Buildings and structures	-	(14,631.68)	(29,263.37)	-	(43,895.05)
<b>Total</b>	<b>-</b>	<b>(14,631.68)</b>	<b>(29,263.37)</b>	<b>-</b>	<b>(43,895.05)</b>
<b>Net Book Value</b>	<b>-</b>				<b>735,593.78</b>

### **Secured investment property**

The Company holds loans with lending institutions secured by land and buildings, referred to in its property investments, with a net book value at 30 June 2018 of EUR 1,080,920.15 (EUR 735,593.78 in 2017).

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## 11. Financial leases

The Group has the following classes of assets acquired under finance lease:

	30.06.2018 (unaudited)			31.12.2017 (audited)		
	Cost	Accumulated depreciation	Net Book Value	Cost	Accumulated depreciation	Net Book Value
Facilities	324,249.06	32,424.91	291,824.15	324,249.06	24,318.68	299,930.38
Machinery in progress	395,000.00	-	395,000.00	395,000.00	-	395,000.00
Laboratory equipment	183,434.58	13,757.60	169,676.98	183,434.58	4,585.87	178,848.71
Laboratory equipment	57,485.80	4,311.44	53,174.36	57,485.80	1,437.15	56,048.65
Laboratory equipment	68,777.52	15,435.35	53,342.17	-	-	-
Other facilities in progress	282,545.57	-	282,545.57	282,545.57	-	282,545.57
<b>Total</b>	<b>1,311,492.53</b>	<b>65,929.30</b>	<b>1,245,563.23</b>	<b>1,242,715.01</b>	<b>30,341.70</b>	<b>1,212,373.31</b>

## 12. Financial instruments

### 12.1. Financial assets

#### a) Category analysis

The composition of the financial assets at 30 June 2018 and 31 December 2017 is as follows:

#### At 30 June 2018

Categories	Long-term financial instruments			Short-term financial instruments			Total (unaudited)
	Equity instruments	Debt securities	Other Credits Derivatives	Equity instruments	Debt securities	Other Credits Derivatives	
Assets at fair value with changes to profit or loss	-	800,190.58	-	-	-	-	800,190.58
Loans and other receivables	162,480.94	-	128,166.89	-	-	6,516,666.51	6,807,314.34
<b>Total</b>	<b>162,480.94</b>	<b>800,190.58</b>	<b>128,166.89</b>	<b>-</b>	<b>-</b>	<b>6,516,666.51</b>	<b>7,607,504.92</b>

#### FY 2017

Categories	Long-term financial instruments			Short-term financial instruments			Total (audited)
	Equity instruments	Debt securities	Other Credits Derivatives	Equity instruments	Debt securities	Other Credits Derivatives	
Assets at fair value with changes to profit or loss	-	1,113,516.58	-	1,500,000.00	-	-	2,613,516.58
Loans and other receivables	162,480.94	-	285,945.78	-	-	4,205,214.54	4,653,641.26
<b>Total</b>	<b>162,480.94</b>	<b>1,113,516.58</b>	<b>285,945.78</b>	<b>1,500,000.00</b>	<b>-</b>	<b>4,205,214.54</b>	<b>7,267,157.84</b>

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Customers

On 28 December 2017, the controlling company invoiced the sale of the R&D project entitled “Development of a CSF vaccine of greater efficacy than traditional live attenuated vaccines with the safety of killed vaccines” for the sum of EUR 746 thousand plus VAT, aimed at the development of a new recombinant vaccine on the Flylife platform. Of this amount, the Company had received 354 thousand euros at 30 June 2018.

The controlling company has signed an agreement with the option to purchase the rights to this project for the second half of 2018 with PPC Investigaciones Biotech, A.I.E. On the date these abbreviated consolidated interim financial statements were issued, the Directors of the Controlling Company have exercised this right, effective for accounting purposes after 30 June 2018.

Deposits and bonds

During financial year 2015, the controlling company made an advance payment of EUR 850,000 as a deposit and part payment of the purchase of 100% of the shares in a company. Subsequently, a regulatory announcement was issued on 3 December 2015, informing the market that the vendors had communicated their rejection of the joint tender submitted by the Controlling Company and an investment partner, having instead opted instead to accept the offer of a third party. Consequently, the controlling company attempted unsuccessfully to claim reimbursement, on an amicable basis, of the sum paid on account from the vendors. Therefore, on 16 March 2016, it filed an ordinary lawsuit for breach of contract and a claim for payment from the vendors at the local court in Madrid, claiming the amounts paid on account and a penalty equal to the amount paid.

The controlling company has contracted KPMG Abogados for the legal defence of the claim. During the course of the process, KPMG Lawyers stated that it was probable (> 50% probability) that the claim would be successful and that the amounts claimed could be recovered. During the second quarter of 2018, this figure has been posted in impairment losses, given that the directors of the Controlling Company believe that this amount will not be recovered.

b) Classification by maturity

At 30 June 2018 and 31 December 2017, the amounts of financial assets with fixed or determinable maturity classified by year of maturity are as follows:

**At 30 June 2018**

Categories	Maturity						Total (unaudited)
	1 year	2 years	3 years	4 years	Subsequent years	Without maturity	
Assets at fair value with changes to profit or loss	-	-	-	-	-	800,190.58	800,190.58
Loans and other receivables	6,516,666.51	33,504.91	-	-	30,402.00	226,740.92	6,807,314.34
<b>Total</b>	<b>6,516,666.51</b>	<b>33,504.91</b>	<b>-</b>	<b>-</b>	<b>30,402.00</b>	<b>1,026,931.50</b>	<b>7,607,504.92</b>

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**FY 2017**

Categories	Maturity						Total (audited)
	1 year	2 years	3 years	4 years	Subsequent years	Without maturity	
Assets at fair value with changes to profit or loss	1,500,000.00	-	-	-	-	1,113,516.58	2,613,516.58
Loans and other receivables	4,205,214.54	252,400.00	600.00	-	30,402.00	165,024.72	4,653,641.26
<b>Total</b>	<b>5,705,214.54</b>	<b>252,400.00</b>	<b>600.00</b>	<b>-</b>	<b>30,402.00</b>	<b>1,278,541.30</b>	<b>7,267,157.84</b>

## 12.2. Financial liabilities

### a) Category analysis

Categories	Financial instruments long-term		Financial instruments short-term		Total (unaudited)
	Payable to credit institutions	Other financial instruments	Bank borrowings	Other financial instruments	
Debts from group and related companies	-	7,000,000.00	-	144,602.75	7,144,602.75
Accounts payable	6,226,264.33	177,428.44	4,257,800.06	72,796.54	10,734,289.37
Other financial liabilities	-	20,888,123.16	-	5,686,026.76	26,574,149.92
Other accounts payable	-	-	-	7,995,955.87	7,995,955.87
<b>Total</b>	<b>6,226,264.33</b>	<b>28,065,551.60</b>	<b>4,257,800.06</b>	<b>13,899,381.92</b>	<b>52,448,997.91</b>

**FY 2017**

Categories	Financial instruments long-term		Financial instruments short-term		Total (audited)
	Bank borrowings	Other financial instruments	Bank borrowings	Other financial instruments	
Accounts payable	5,697,901.24	211,529.22	2,962,309.92	65,689.46	8,937,429.84
Other financial liabilities	-	15,620,901.00	-	2,744,467.73	18,365,368.73
Other accounts payable	-	-	-	4,738,114.40	4,738,114.40
<b>Total</b>	<b>5,697,901.24</b>	<b>15,832,430.22</b>	<b>2,962,309.92</b>	<b>7,548,271.59</b>	<b>32,040,912.97</b>

The book value of short-term and long-term debt is close to its fair value, given that the effect of discounting is not significant.

### b) Classification by maturity

At 30 June 2018 and 31 December 2017, the amounts of financial liabilities with fixed or determinable maturity classified by year of maturity are as follows:

**At 30 June 2018**

Categories	Maturity					Total (unaudited)
	1 year	2 years	3 years	4 years	Without maturity	
Debts from group and related companies	144,602.75	-	-	-	7,000,000.00	7,144,602.75
Accounts payable	4,330,596.60	2,262,880.42	1,556,951.12	1,350,443.48	1,233,417.75	10,734,289.37
Other financial liabilities	5,686,026.76	730,095.84	2,935,360.35	2,896,117.34	14,326,549.63	26,574,149.92
Other accounts payable	7,995,955.87	-	-	-	-	7,995,955.87
<b>Total</b>	<b>18,157,181.98</b>	<b>2,992,976.26</b>	<b>4,492,311.47</b>	<b>4,246,560.82</b>	<b>22,559,967.38</b>	<b>52,448,997.91</b>

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**FY 2017**

Categories	Maturity					
	1 year	2 years	3 years	4 years	Without maturity	Total (audited)
Accounts payable	3,027,999.38	1,511,192.21	1,511,081.88	1,255,007.92	1,632,148.45	8,937,429.84
Other financial liabilities	2,744,467.73	-	2,227,214.14	2,227,214.14	11,166,472.72	18,365,368.73
Other accounts payable	4,738,114.40	-	-	-	-	4,738,114.40
<b>Total</b>	<b>10,510,581.51</b>	<b>1,511,192.21</b>	<b>3,738,296.02</b>	<b>3,482,222.06</b>	<b>12,798,621.17</b>	<b>32,040,912.97</b>

### 13. Financial assets at fair value with changes to profit or loss

The composition of the financial assets at fair value with changes to profit and loss at 30 June 2018 and 31 December 2017 is as follows:

	Balance at 30 June 2018 (unaudited)	Balance at 31 December 2017 (audited)
<b>Long-term investments</b>		
Long-term debt securities	800,190.58	1,113,516.58
<b>Short-term investments</b>		
Equity instruments	-	1,500,000.00
<b>Total</b>	<b>800,190.58</b>	<b>2,613,516.58</b>

At 30 June 2018, the Group's financial assets include 7,141 shares in the Eurovalor Estabilidad Fund for a total nominal value of €800,190.58, resulting from the granting of a bank guarantee transaction for €1,750,000 with the Ministry of Industry, Energy and Tourism, signed with Banco Popular Español, S.A.

On 20 June 2016, the Company subscribed 329,797 shares in Banco Popular Español, S.A., paying up the sum of EUR 503,593.37 of which EUR 91,347.12 corresponded to subscription rights. At year-end 2016, it made the relevant impairment valuation adjustment, reducing the valuation of the shares by EUR 200,839.73, charged to the profit and loss statement for 2016 and leaving their valuation at the end of 2016 at EUR 302,753.64. At 31 December 2017, the Company made the relevant impairment valuation adjustment, reducing the valuation of the shares by EUR 302,753.64, charged to the profit and loss statement, thus leaving the valuation of the shares at the end of 2017 completely impaired. In November 2017, the Company received as consideration for its completely impaired shares in Banco Popular Español, S.A., 4,017 securities in loyalty bonds to the value of EUR 401,796.69. At year-end 2017, it made the relevant valuation adjustment by impairing EUR 88,470.69. On 22 February 2018, the Company sold all its securities in loyalty bonds to the sum of €343,503.37.

On 20 February 2017, the Company subscribed 134,741.86 shares in the Sabadell Prudente Premium Investment Fund for the sum of EUR 1,500,000. On 14 February 2018, the company sold 26,957.25 shares for the sum of 300,098.85 euros, and on 19 February 2018 the remaining 107,784.61 shares for the sum of 1,199,901.15 euros.



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## **14. Financial investments**

The composition of financial investments as of 30 June 2018 and 31 December 2017, except for financial assets at fair value with changes to profit or loss (Note 13), and trade and other receivables, are as follows:

	<b>Balance at 30 June 2018 (unaudited)</b>	<b>Balance at 31 December 2017 (audited)</b>
<b>Long-term investments</b>		
Equity instruments	162,480.94	162,480.94
Other financial assets	128,166.89	285,945.78
<b>Short-term investments</b>		
Loans to companies	8,597.25	-
Other financial assets	1,332,335.86	959,217.34
<b>Total</b>	<b>1,631,580.94</b>	<b>1,407,644.06</b>

### **Long-term investments**

#### **- Equity instruments**

At 30 June 2018, the Group maintained its 105 subscribed and paid up equity shares in the mutual guarantee company Iberaval, acquired on 11 August 2015 following the granting of a credit operation for the amount of EUR 500,000.00 from Banco Popular Español, S.A., for a total nominal value of EUR 12,600.00, recorded as long-term "Equity instruments".

At 30 June 2018, the Group has 1.99% (8,741 shares) capital in the company IGEN Biotech to the sum of €149,880.94.

#### **- Other financial assets:**

On 6 February 2017, following the main asset sale operation to Wacker Biosolutions León, S.L.U. in December 2016 (Note 24), a security deposit was set up for the amount of EUR 30,402.00 for the deposit provided by Wacker Biosolutions León as set out in the Non-Residential Property Lease Agreement (PLA). This deposit is conditional upon the term of the aforementioned lease and is remunerated at 0.20% of the annual nominal interest rate.

### **Short-term investments**

#### **- Other financial assets**

On 21 December 2016, following the sale of a production unit to Wacker Biosolutions León, S.L. (Note 24), a credit for EUR 500,000 receivable was generated, whose initial maturity date was December 2017. At the end of financial year 2017, the Company wrote off the above credit, recording EUR 205,788.66 under the "Other profit or loss" heading of the profit and loss statement, leaving an outstanding credit of EUR 294,211.34 at 31 December 2017, which was received on 21 March 2018.

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At 30 June 2018, the Group has a deposit with Banco Popular for EUR 250,000 with maturity in April 2019 and remunerated at 0.30% of the annual nominal interest rate. The above deposit was pledged following the granting of the guarantee for the amount of EUR 1,750,000.00 with the Ministry of Industry, Energy and Tourism to meet commitments arising from the granting of a loan to "Increase the competitive and production capacity and improve the production lines of Antibióticos de León, S.L.U."

The Group also has a deposit with Banco Popular for the sum of €355,000.00, with maturity in February 2019.

At 30 June 2018, the Company holds two deposits with Banco Sabadell under the "Other financial assets" heading, classified as short-term on the balance sheet, maturing in May 2019 and with a remuneration of 0.20% of the nominal annual interest rate for the sum of EUR 250,000.00, and in November 2018 for the sum of EUR 250,000.00 and a remuneration of 0.30% of the annual nominal interest rate. This operation has not generated any cash inflows or outflows. These deposits are pledged as a result of the granting of the guarantee of EUR 1,084,080.00 to secure the commitment of job creation and recovery of former workers of Antibióticos, S.A.U.

The Group has two deposits with Banco Popular to the sum of €42,000.00 and €120,000.00, with maturity in September 2018 and remunerated at 0.10% nominal interest. Both deposits are pledged following the granting of two financial leases (Note 11) amounting to EUR 57,485.80 and EUR 183,434.58 respectively.

## 15. Stocks

The stocks held by the Group at 30 June 2018 and 31 December 2017 were as follows:

	30.06.2018 (unaudited)	31.12.2017 (audited)
Trade	27,543.74	-
Raw materials and other consumables	2,542,699.70	2,595,404.00
Work in progress	1,117,358.04	1,034,581.52
Finished goods	2,843,107.24	3,380,602.15
Long-term	69,420.76	94,725.18
Short-term	2,773,686.48	3,285,876.97
Advance payments to suppliers	137,489.65	170,298.76
<b>Total</b>	<b>6,668,198.37</b>	<b>7,180,886.43</b>

The Group has greenhouse gas emissions allowances, provided free of charge by the Ministry of Agriculture and Fisheries, Food and Environment. At 30 June 2018, the Group has emission rights valued at €69,420.76 (€94,725.18 in 2017) in its long-term stocks.

There are no substantive circumstances, facts or limitations in Antibióticos de León affecting the ownership, availability or valuation of stocks. The Company mainly keeps in stock raw materials and oral finished products, such as the 6APA, in the case of raw materials, and amoxicillins, in the case of finished products. Finished products are first retested 4 years after production, following which date they undergo periodical reviews to increase their useful life based on the results of the retesting. Raw materials are included in the production process and retesting is not necessary. Thus, the Group does not consider there to be deterioration problems with its stocks, with the exception of the above.

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At 31 December 2017, Antibióticos de León recorded a provision of €328,831.67, as a result of a series of transactions with a given customer to which it sold at a price lower than the cost of production during the first quarter of 2018.

At 30 June 2018 and 31 December 2017, there are commitments with customers involving minimum orders of 15 tonnes per year over two years.

Risks to stocks are covered by an insurance policy and the coverage of this latter is considered sufficient.

## **16. Trade and other accounts receivable**

The composition as of 30 June 2018 and 31 December 2017 is as follows:

<b>Trade and other accounts receivable</b>	<b>30.06.2018 (unaudited)</b>	<b>31.12.2017 (audited)</b>
Trade receivables	4,087,174.62	3,035,634.80
Debtors	885,243.02	133,250.41
Employee receivables	203,315.76	77,111.99
<b>Total</b>	<b>5,175,733.40</b>	<b>3,245,997.20</b>

The heading “Trade and other accounts receivable - Trade receivables for sales and services” in the accompanying balance sheet contains amounts receivable from the sale of stocks and the delivery of services.

At 30 June 2018 and 31 December 2017, the Company had the following doubtful debt balances:

<b>Operating provision</b>	<b>30.06.2018 (unaudited)</b>	<b>31.12.2017 (audited)</b>
Opening balance	-	299,761.89
Entries from business combination	1,127,868.72	-
Allocations	58,913.60	-
Losses	-	(149,880.94)
Appropriations	-	(149,880.95)
<b>Closing balance</b>	<b>1,186,782.32</b>	<b>-</b>

Normally, interest is not earned on accounts receivable as the average credit period granted is less than 30 days. All balances in these headings fall due over the course of 2018, considering that the amount figuring in the accompanying balance sheet in relation to these assets approximates their fair value.

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## 17. Cash and cash equivalents

The composition at 30 June 2018 and 31 December 2017 is as follows:

	Euros	
	30.06.2018 (unaudited)	31.12.2017 (audited)
Cash at bank and in hand	583,575.40	2,502,622.73
Liquidity accounts	60,516.53	-
<b>Total</b>	<b>644,091.93</b>	<b>2,502,622.73</b>

All balances are unrestricted. The Group holds its cash and cash equivalents in financial institutions with high creditworthiness.

## 18. Capital and reserves

### 18.1. Share capital

As a result of the business combination entry (Note 6), the share capital arising from the reverse business combination corresponds to that of the Controlling Company (ADL Bionatur Solutions, S.A.). At 31 December 2017, the Controlling Company's share capital was represented by 5,090,179 shares, each of a nominal value of EUR 0.05 and fully subscribed and paid in.

At the meeting held on 25 April 2018, it was agreed to increase the company's share capital through non-monetary contributions for a nominal sum of €1,442,217.10, by issuing and releasing 28,844,342 new shares with a nominal value of €0.05 each, with an issue premium of €2.59 per share, all of the same class and series are those currently released. The consideration consisted of the entire stake in Antibióticos de León S.L.U., for its underwriting by BTC Uno S.à.r.L.

Shareholders directly or indirectly involved in the company's share capital at 30 June 2018 are as follows:

Shareholders	30.06.2018 (unaudited)	31.12.2017 (audited)
	% stake	% stake
BTC Uno, S.à.r.l.	85 %	-
Víctor Infante Viñolo	6 %	39.28 %
Minority Shareholders	9 %	60.72 %
	<b>100.00 %</b>	<b>100.00 %</b>

On 13 July, the Controlling Company made an increase in capital with monetary contributions approved by the Extraordinary General Meeting. The shares are therefore as follows:

Shareholders	% stake
BTC Uno, S.à.r.l.	73.23 %
Víctor Infante Viñolo	5.08 %
Minority Shareholders	21.69 %
	<b>100.00 %</b>

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**18.2. Reserves, Profit/(Loss) from prior years and Other shareholder contributions**

	Euros	
	30.06.2018 (unaudited)	31.12.2017 (audited)
Controlling company reserves:		
Non-distributable reserves:	31,280.64	31,280.64
- Legal reserve	31,280.64	31,280.64
Unrestricted reserves:	246,676.91	29,766,697.91
- Voluntary reserves	246,676.91	29,766,697.91
Total controlling company reserves	277,957.55	29,797,978.55
Reserves in consolidated companies	(35,779,128.35)	-
<b>TOTAL</b>	<b>(35,501,170.80)</b>	<b>29,797,978.55</b>

**18.2.1. Share premium.**

The share premium is freely available and amounts to €74,706,846.08 at 30 June 2018, resulting from the increase in capital explained in the previous section.

**18.2.2. Legal reserve**

The legal reserve has been endowed in accordance with Article 274 of the Spanish Companies Act. This article requires the equivalent of 10% of the profit for the financial year to be allocated to a legal reserve until at least 20% of the share capital is reached.

Until the stipulated limit is exceeded, the legal reserve can only be used to offset losses if there are no other reserves available for this.

**18.2.3. Statutory reserve**

The Group has no reserves of this nature.

**18.3. Own shares held**

As of 30 June 2018, the Group has 53,450 equity shares in deposit to the liquidity account to a value of €113,532.36 from the business combination (Note 6) performed on 25 April 2018. During the period from 1 May 2018 to 30 June 2018, trading transactions were carried out for €103,040.78 and €80,826.66, respectively.

For the purpose of its flotation on the alternative stock market *Mercado Alternativo Bursátil*, ADL Bionatur Solutions, S.A. (formerly called Bioorganic Research and Services, S.A.) signed a liquidity contract with the placement bank (BEKA FINANCE). This agreement provided for the delivery of a specific sum in own shares and the deposit of a cash amount for their management by BANKIA. The purpose of this agreement is to allow investors to trade company shares, allowing everybody the possibility of buying or selling shares.

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The variation in equity during the first half of 2018 was as follows:

	Euros
<b>At 1 May 2018 (audited)</b>	-
<b>Entries from business combination</b>	<b>91,318.24</b>
Sales	103,040.78
Acquisitions	(80,826.66)
<b>At 30 June 2018 (Unaudited)</b>	<b>113,532.36</b>

#### 18.4 Other Shareholder contributions

In Other shareholder contributions, the Company primarily records interest earned over 2015 for the amount of EUR 531,324.44, which were posted against equity since the Sole Shareholder of Antibioticos de León at that time indicated that this interest was foregone and payment thereof would not be enforced.

### 19. Minorities

This heading records the balances corresponding to 30% of shareholder participation in the Hong Kong-based subsidiary BNT PACIFIC.

### 20. Grants, donations and bequests received.

The Group receives grants primarily to fund its R&D investment and to subsidise greenhouse gas emission rights.

The breakdown of main non-repayable grants received, entered on the balance sheet under the “Grants, donations and bequests received” heading is as follows:

Title	Public or private agency	Type of entity	AMOUNT 30.06.2018 (unaudited)
FLYLIFE-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	14,992.81
SNCINTEGRA PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	146,864.40
ADELIS PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	78,282.96
AQUAFly-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	11,709.75
BENTOFEV-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	34,512.46
BOVIHEALTH PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	36,044.81
CERVIPRO-CDTI PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	110,047.55
KIMERA CTA PROJECT	REGIONAL MINISTRY OF INNOVATION, SCIENCE	REGIONAL	9,253.72
FLYLIFE PROJECT	REGIONAL MINISTRY OF INNOVATION, SCIENCE	REGIONAL	7,063.09
PTQ-14-06607	MINISTRY OF SCIENCE AND INNOVATION	NATIONAL	48,146.54
BIOMAP PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	189,194.01
RETOS-LEISH PROJECT	MINISTRY OF ECONOMY AND COMPETITIVENESS	NATIONAL	95,167.12
LEISH-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	19,448.43
CDTI- ITC-20161016 PROVACIN	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	78,220.51
CDTI INNOGLOBAL	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	69,581.24
-MATBOX PROJECT	EUROPEAN FUND	EUROPEAN	31,998.97
- INTENSO PROJECT	EUROPEAN FUND	EUROPEAN	91,037.96
TQ 2014 GRANT	MINISTRY OF ECONOMY AND COMPETITIVENESS	NATIONAL	46,184.92
TERATOOL PROJECT	BASQUE GOVERNMENT	REGIONAL	26,332.62
PTQ 15-07963	MINISTRY OF ECONOMY AND COMPETITIVENESS	NATIONAL	16,116.41
EMISSION RIGHTS	MINISTRY OF AGRICULTURE, FISHERIES, FOOD	NATIONAL	52,065.57
			<b>1,212,265.85</b>

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

With this funding, the Group is able to meet its investment needs in R&D costs in order to maintain and expand its technological capacity.

The remainder of the Group's grants are related to zero-rate loans amounting to €165,515.46 at 30 June 2018.

The variation in these grants was as follows:

	<b>30.06.2018 (unaudited)</b>	<b>31.12.2017 (audited)</b>
Opening balance	31,361.39	-
Entries from business combination	1,180,854.89	-
Received in the period	225,231.41	71,043.89
Charged to income/(loss)	(59,666.38)	(39,682.50)
Balance at year-end	<b>1,377,781.31</b>	<b>31,361.39</b>

The figures in the above table are net of the associated tax effect.

## 21. Long- and short-term debt

The composition of these balance-sheet headings at 30 June 2018 and 31 December 2017 is as follows:

	<b>30.06.2018 (unaudited)</b>			<b>31.12.2017 (audited)</b>		
	<b>Non-current payables</b>	<b>Current payables</b>	<b>Total</b>	<b>Non-current payables</b>	<b>Current payables</b>	<b>Total</b>
<b>Bank borrowings</b>	<b>5,892,179.83</b>	<b>4,021,067.73</b>	<b>9,913,247.56</b>	<b>5,281,602.41</b>	<b>2,743,007.44</b>	<b>8,024,609.85</b>
Loans	5,892,179.83	1,415,032.07	7,307,211.90	5,281,602.41	1,174,736.11	6,456,338.52
Credit facilities	-	2,606,035.66	2,606,035.66	-	1,568,271.33	1,568,271.33
<b>Accounts payable under financial leasing</b>	<b>511,512.94</b>	<b>309,528.87</b>	<b>821,041.81</b>	<b>627,828.05</b>	<b>284,991.94</b>	<b>912,819.99</b>
<b>Other financial liabilities</b>	<b>20,888,123.16</b>	<b>5,686,026.76</b>	<b>26,574,149.92</b>	<b>15,620,901.00</b>	<b>2,744,467.73</b>	<b>18,365,368.73</b>
<b>Total</b>	<b>27,291,815.93</b>	<b>10,016,623.36</b>	<b>37,308,439.29</b>	<b>21,530,331.46</b>	<b>5,772,467.11</b>	<b>27,302,798.57</b>

At 30 June 2018 and 31 December 2017, the breakdown of debt by residual maturity is as follows:

	<b>30.06.2018 (unaudited)</b>				<b>31.12.2017 (audited)</b>			
	<b>Bank borrowings</b>	<b>Accounts payable under financial leasing</b>	<b>Other financial liabilities</b>	<b>Total</b>	<b>Bank borrowings</b>	<b>Accounts payable under financial leasing</b>	<b>Other financial liabilities</b>	<b>Total</b>
<b>Up to 1 year</b>	4,021,067.73	309,528.87	5,686,026.76	10,016,623.36	2,743,007.44	284,991.94	2,744,467.73	5,772,467.11
<b>Between 1 and 2 years</b>	1,946,832.80	316,047.62	730,095.84	2,992,976.26	1,214,830.97	296,361.24	-	1,511,192.21
<b>Between 2 and 3 years</b>	1,396,031.51	160,919.61	2,935,360.35	4,492,311.47	1,249,458.10	261,623.78	2,227,214.14	3,738,296.02
<b>Between 3 and 4 years</b>	1,315,897.69	34,545.71	2,896,117.34	4,246,560.74	1,185,164.89	69,843.03	2,227,214.14	3,482,222.06
<b>Over 4 years</b>	1,233,417.83	-	14,326,549.63	15,559,967.46	1,632,148.45	-	11,166,472.72	12,798,621.17
<b>Total</b>	<b>9,913,247.56</b>	<b>821,041.81</b>	<b>26,574,149.92</b>	<b>37,308,439.29</b>	<b>8,024,609.85</b>	<b>912,819.99</b>	<b>18,365,368.73</b>	<b>27,302,798.57</b>



**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

## 21.1. Bank borrowings

The breakdown of loans taken out and their key conditions at 30 June 2018 and 31 December 2017 is as follows:

Bank	Maturity date	Interest rate	Amount	Instalment	30.06.2018 (unaudited)			31.12.2017 (audited)		
					Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
CAIXABANK	01/06/2030	Euribor+3%	433,450.00	Monthly	270,177.49	20,428.39	290,605.88	-	-	-
SABADELL	30/09/2018	3.50 %	100,000.00	Quarterly	0.00	8,738.30	8,738.30	-	-	-
BANKIA	02/07/2019	Euribor+2.25 %	575,000.00	Single	575,000.00	0.00	575,000.00	-	-	-
SABADELL	20/10/2018	Euribor+2.85 %	50,000.00	Quarterly	0.00	8,333.30	8,333.30	-	-	-
BANCO SANTANDER	30/10/2020	Euribor+4.35 %	100,000.00	Monthly	28,790.40	20,569.30	49,359.70	-	-	-
BBVA	05/07/2022	2.85 %	140,000.00	Monthly	88,674.55	27,127.72	115,802.27	-	-	-
BANCO POPULAR ESPAÑOL, S.A.	22/09/2018	3.00 %	1,000,000.00	Biannually	0.00	102,936.67	102,936.67	-	204,477.17	204,477.17
BANCO POPULAR ESPAÑOL, S.A.	11/08/2020	1.98 %	500,000.00	Annually	200,000.00	100,000.00	300,000.00	200,000.00	100,000.00	300,000.00
BANCO POPULAR ESPAÑOL, S.A.	24/02/2023	3.25 %	1,000,000.00	Monthly	634,066.81	160,227.59	794,294.40	714,830.64	157,648.39	872,479.03
BANCO POPULAR ESPAÑOL, S.A.	03/03/2023	3.25 %	500,000.00	Monthly	323,809.25	79,897.43	403,706.68	364,082.11	78,611.31	442,693.42
BANCO POPULAR ESPAÑOL, S.A.	20/04/2023	2.87 %	1,000,000.00	Monthly	811,122.04	188,877.96	1,000,000.00	906,227.05	93,772.95	1,000,000.00
BANCO POPULAR ESPAÑOL, S.A.	20/07/2023	2.81 %	1,000,000.00	Monthly	858,842.22	141,157.78	1,000,000.00	953,278.86	46,721.14	1,000,000.00
BANKIA, S.A.	19/02/2023	3.29 %	1,500,000.00	Monthly	949,508.29	241,017.16	1,190,525.45	1,070,937.57	237,269.56	1,308,207.13
BANCO DE SABADELL	28/02/2023	3.25 %	1,500,000.00	Monthly	951,100.47	240,341.25	1,191,441.72	1,072,246.18	236,472.43	1,308,718.61
ABANCA	20/04/2022	2.40 %	280,000.00	Monthly	201,088.31	67,773.28	268,861.59	-	-	-
CREDIT CARDS	-	-	-	Monthly	0.00	7,605.94	7,605.94	-	-	-
INTEREST ON DEBTS	-	-	-	-	-	-	-	-	19,763.16	19,763.16
					<b>5,892,179.83</b>	<b>1,415,032.07</b>	<b>7,307,211.90</b>	<b>5,281,602.41</b>	<b>1,174,736.11</b>	<b>6,456,338.52</b>

The Group holds loans with lending institutions secured by land and structures for a total of EUR 3,579,968.25. The net book value of secured assets amounts to 9,219,795.63 euros at 30 June 2018 (9,307,847.29 euros in 2017) (see Note 9 and 10).

The Group's parent company has a loan secured by a security interest made on land and buildings for its main facilities, with a net book value of €710,858.00 at 30 June 2018.

The Group also holds other financial liabilities secured by land, referred to in its tangible fixed assets, which have a net book value at 30 June 2018 of EUR 429,603.77 (EUR 429,603.77 in 2017).

All loans taken out have accrued market interest rates.

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## 21.2. Credit facilities

The breakdown of the credit facilities taken out and their key conditions at 30 June 2018 and 31 December 2017 is as follows:

Bank	Maturity date	Limit	30.06.2018 (unaudited)			31.12.2017 (audited)		
			Non-current	Current liabilities	Total	Non-current	Current liabilities	Total
BANCO SANTANDER	2018	120,000.00	-	102,757.59	102,757.59	-	-	-
BANKIA, S.A.	2018	800,000.00	-	40,166.66	40,166.66	-	205,359.38	205,359.38
BANKIA, S.A.	2018	1,500,000.00	-	934,747.74	934,747.74	-	872,345.52	872,345.52
BANCO POPULAR ESPAÑOL, S.A.	2018	750,000.00	-	722,111.29	722,111.29	-	490,566.43	490,566.43
BANCO DE SABADELL	2018	1,500,000.00	-	747,127.55	747,127.55	-	-	-
BBVA	17.04.2019	100,000.00	-	59,124.83	59,124.83	-	-	-
			-	<b>2,606,035.66</b>	<b>2,606,035.66</b>	-	<b>1,568,271.33</b>	<b>1,568,271.33</b>

## 21.3. Accounts payable under financial leasing

The breakdown of debt with accounts payable under financial leasing and its key conditions at 31 March 2018 and 31 December 2017 is as follows:

Bank	Maturity date	Interest rate	Amount	Instalment	30.06.2018 (unaudited)			31.12.2017 (audited)		
					Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
BANCO POPULAR ESPAÑOL, S.A.	23/09/2020	4.13 %	395,000.00	Monthly	111,777.29	79,956.59	191,733.88	152,157.68	78,364.24	230,521.92
BANCO POPULAR ESPAÑOL, S.A.	22/09/2020	4.13 %	324,249.06	Monthly	91,756.09	65,635.11	157,391.20	124,903.71	64,327.98	189,231.69
BANCO POPULAR ESPAÑOL, S.A.	19/08/2020	2.75 %	57,485.80	Monthly	23,893.35	18,532.70	42,426.05	33,223.33	18,279.91	51,503.24
BANCO POPULAR ESPAÑOL, S.A.	19/08/2020	2.75 %	183,434.58	Monthly	76,242.58	59,137.00	135,379.58	106,014.11	58,330.35	164,344.46
TELEFÓNICA INGENIERÍA DE SEGURIDAD, S.A.	05/12/2021	5.02 %	282,545.57	Monthly	177,428.44	72,796.54	250,224.98	211,529.22	65,689.46	277,218.68
BANCO SANTANDER	17/08/2021	2.50 %	68,777.52	Monthly	30,415.19	13,470.93	43,886.12	-	-	-
					<b>511,512.94</b>	<b>309,528.87</b>	<b>821,041.81</b>	<b>627,828.05</b>	<b>284,991.94</b>	<b>912,819.99</b>

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**21.4. Other financial liabilities**

The breakdown of other financial liabilities and their key conditions at 30 June 2018 and 31 December 2017 is as follows:

Bank	Maturity date	Type interest	Amount	Instalment	30.06.2018			31.12.2017		
					Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
MINISTRY OF INDUSTRY, TOURISM AND TRADE	01/10/2023	0 %	108,988.00	Annually	49,535.65	10,817.03	60,352.68	-	-	-
MINISTRY OF INDUSTRY, TOURISM AND TRADE	01/10/2024	0 %	321,826.90	Annually	173,473.86	29,909.31	203,383.17	-	-	-
MINISTRY OF SCIENCE AND INNOVATION	15/06/2023	0 %	49,125.96	Annually	14,790.68	3,979.42	18,770.10	-	-	-
MINISTRY OF SCIENCE AND INNOVATION	31/10/2024	0 %	857,709.00	Annually	444,654.32	76,664.58	521,318.90	-	-	-
CENTRO PARA EL DESARROLLO TECNOLÓGICO INDUSTRIAL	31/12/2025	0 %	144,000.00	Annually	144,146.08	-	144,146.08	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2021	0 %	12,620.24	Annually	1,974.37	1,240.29	3,214.66	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2024	0 %	58,920.53	Annually	21,999.23	5,878.78	27,878.01	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2022	0 %	38,820.30	Annually	9,489.55	7,697.06	17,186.61	-	-	-
MINISTRY OF SCIENCE AND INNOVATION	31/10/2025	0 %	90,437.00	Annually	46,143.13	7,406.94	53,550.07	-	-	-
MINISTRY OF SCIENCE AND INNOVATION	31/10/2025	0 %	533,444.63	Annually	383,290.30	150,154.63	533,444.93	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2026	0 %	151,050.66	Annually	79,187.72	14,735.34	93,923.06	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2024	0 %	267,221.78	Annually	91,143.36	26,261.13	117,404.49	-	-	-
CENTRO PARA EL DESARROLLO TECNOLÓGICO INDUSTRIAL	31/08/2021	0 %	159,188.66	Annually	59,730.46	10,559.84	70,290.30	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2028	0 %	91,163.15	Annually	56,459.16	8,570.27	65,029.43	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2028	0 %	68,656.77	Annually	52,528.73	6,747.16	59,275.89	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2029	0 %	197,214.17	Annually	159,065.04	7,295.99	166,361.03	-	-	-
CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	31/01/2031	0 %	77,793.68	Annually	62,793.17	0.00	62,793.17	-	-	-
MINISTRY OF INDUSTRY, ENERGY AND TRADE	01/10/2022	3.95 %	593,673.00	Annually	401,191.56	88,398.15	489,589.71	-	-	-
MINISTRY OF ECONOMY AND COMPETITIVENESS	20/01/2023	1.00 %	446,595.00	Annually	346,297.24	74,754.16	421,051.40	-	-	-
MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS	01/02/2027	0.06 %	156,811.75	Annually	156,811.75	0.00	156,811.75	-	-	-
BIOBIDE A.C.	N/A	0 %	845,000.00	Annually	409,486.47	145,516.62	555,003.09	-	-	-
BIOBIDE A.M.	N/N	0 %	845,000.00	Annually	409,486.47	145,516.62	555,003.09	-	-	-
UNIVEN	N/A	0 %	350,000.00	Fractional	340,000.00	0.00	340,000.00	-	-	-
OTHER PAYABLES FROM INTEREST	N/A	0 %	7,299.00	Annually	0.00	7,299.00	7,299.00	-	-	-
BIC BERRILAN	30/06/2020	Euribor at 6 months	43,000.00	Biannually	8,600.00	8,600.00	17,200.00	-	-	-
BASQUE GOVERNMENT	01/07/2022	0 %	46,678.66	Biannually	29,739.41	9,233.35	38,972.76	-	-	-
OTHER AGENCIES	N/A	0 %	51,095.77	Annually	0.00	25,643.22	25,643.22	-	-	-
MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS	01/02/2027	0.329 %	191,119.50	Annually	186,382.57	4,736.93	191,119.50	-	-	-
MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS	01/02/2027	0.329 %	236,967.50	Annually	233,358.86	3,608.64	236,967.50	-	-	-
AGENCIA DE INNOVACIÓN, FINANCIACIÓN E INTERNACIONALIZACIÓN EMPRESARIAL	10/07/2023	Euribor + 1.351%	1,193,950.70	Monthly	895,463.02	198,991.78	1,094,454.80	-	1,193,950.70	1,193,950.70
MINISTRY OF INDUSTRY, ECONOMY AND COMPETITIVENESS	29/12/2026	2.290 %	15,590,499.00	Monthly	15,590,499.00	-	15,590,499.00	15,590,499.00	-	15,590,499.00
DEPOSIT	31/12/2027	-	30,402.00	-	30,402.00	-	30,402.00	30,402.00	-	30,402.00
FIXED ASSET SUPPLIERS	08/07/1905	-	-	-	-	4,421,117.46	4,421,117.46	-	1,539,342.58	1,539,342.58
INTEREST ON DEBTS	08/07/1905	-	-	-	-	184,693.06	184,693.06	-	11,174.45	11,174.45
			<b>25,356,273.31</b>		<b>20,888,123.16</b>	<b>5,686,026.76</b>	<b>26,574,149.92</b>	<b>15,620,901.00</b>	<b>2,744,467.73</b>	<b>18,365,368.73</b>

The Group holds liabilities secured by land (Note 9), for a total of EUR 1,094,454.80 (EUR 1,193,950.70 in 2017). The value of secured assets amounts at 30 June 2018 amounts to EUR 429,603.77 (EUR 429,603.77 in 2017).

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Agencia de Innovación Financiación e Internacionalización Empresarial

Antibióticos de León presents as short-term its financial liabilities with Agencia de Innovación Financiación e Internacionalización Empresarial, having not received the express prior consent of the latter agency to establish or allow security interests, liens or encumbrances of any nature to be placed on the assets or rights of the Company in favour of third-party creditors.

On 2 August 2018, Antibióticos de León received written confirmation from the Agency to increase the period for implementation of the project by 14 months.

Ministry of Industry, Energy and Tourism

On 29 December 2016, the Ministry of Industry, Energy and Tourism granted Antibióticos de León financial support for the re-industrialisation and promotion of industrial competitiveness for the sum of EUR 15,590,499.00. This grant represents 75% of the total eligible budget of the project, which amounts to EUR 20,787,332.00.

The activities initially put forward by Antibióticos de León for the grant focused on increasing production capacity in the sterile plant, oral and micronised mixtures zone, fermentation and non-penicillin products, and improvements in the process of extraction and purification of compounds, and purchases of cutting-edge equipment for the reconstruction of production equipment. These actions have been justified by the company before the Ministry.

At 10 July 2018, notification has been received stating the maximum time limit for investing expenses not yet incurred as 24 February 2019 and for submission of the payment documents issued before 24 May 2019.

The Directors of the Controlling Company believe that there are no reasonable doubts regarding compliance with the terms of this loan within the timelines mentioned in the previous paragraph. As a result, this loan is registered as a long-term debt in the Abbreviated Consolidated Financial Statements. The sole shareholder, in its letter of financial support, also expresses its commitment to implement the investment plan approved by the decision of the Ministry.

## **22. Trade and other accounts payable**

The composition at 30 June 2018 and 31 December 2017 is as follows:

<b>Trade and other accounts payable</b>	<b>30.06.2018 (unaudited)</b>	<b>31.12.2017 (audited)</b>
Suppliers	2,472,333.13	2,910,946.28
Sundry accounts payable	4,471,159.92	1,517,086.70
Employee receivables	418,894.11	310,081.42
Current tax liabilities (Note 23)	2,481.74	-
Other payables to public authorities (Note 23)	487,596.79	323,597.75
Customer advances	633,568.71	225,890.64
<b>Total</b>	<b>8,486,034.40</b>	<b>5,287,602.79</b>

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

### 23. Public authorities and tax situation

The breakdown of the balances with Public Authorities at 30 June 2018 and 31 December 2017 is as follows:

	30.06.2018 (unaudited)			31.12.2017 (audited)		
	Non-current	Current	Total	Non-current	Current	Total
<b>Receivables from Public Authorities</b>						
Deferred tax assets	4,806,950.36	-	4,806,950.36	1,270,437.92	-	1,270,437.92
Current tax assets	-	172,362.90	172,362.90	-	-	-
<b>Other receivables from public authorities.-</b>	-	2,706,234.49	2,706,234.49	-	944,861.78	944,861.78
Tax receivables for VAT	-	2,704,079.06	2,704,079.06	-	943,778.26	943,778.26
Tax receivables for withholdings	-	2,155.43	2,155.43	-	1,083.52	1,083.52
<b>Payables to Public Authorities:</b>						
Deferred tax liabilities	468,671.65	-	468,671.65	10,453.79	-	10,453.79
Current tax liabilities	-	2,481.74	2,481.74	-	-	-
<b>Other payables to public authorities.-</b>	-	487,596.79	487,596.79	-	323,597.75	323,597.75
Tax payables for withholdings	-	188,181.40	188,181.40	-	116,444.24	116,444.24
Tax payables for attachments	-	(307.25)	(307.25)	-	-	-
Tax payables for subsidies to be refunded	-	19,863.13	19,863.13	-	-	-
Payables to Social Security institutions	-	279,859.51	279,859.51	-	207,153.51	207,153.51

#### Tax situation

The Group has its applicable taxes open for review by the tax authorities for financial years 2014 to 2018. These taxes cannot be considered definitively closed until the end of the four-year prescription period. The Directors of the Controlling Company do not expect any future inspection to give rise to liabilities having a significant impact on the accompanying balance sheet, so no provision has been made for this item.

#### Deferred tax assets and liabilities

The difference between the tax charged to the result at 30 June 2018 and at 31 December 2017 and the previous financial years, and the amount of tax paid or that will have to be paid for those years is recorded in the "Deferred tax assets" or "Deferred tax liabilities" accounts, as appropriate. Deferred taxes have been calculated by applying the current nominal tax rate to the relevant amounts.

The composition and changes in these headings of the balance sheet at 30 June 2018 and 31 December 2017 are as follows:

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**At 30 June 2018**

	Balance at 31 December 2017 (audited)	Entries from business combination	Additions	Disposals	Balance at 30 June 2018 (unaudited)
<b>Deferred tax assets</b>					
Assets from deductible temporary differences	70,192.24	-	-	-	70,192.24
Assets from deductions and credits	144,221.52	2,836,061.30	-	-	2,980,282.82
Tax credit from losses	1,056,024.16	700,451.14	-	-	1,756,475.30
<b>Total</b>	<b>1,270,437.92</b>	<b>3,536,512.44</b>	<b>-</b>	<b>-</b>	<b>4,806,950.36</b>

	Balance at 31 December 2017 (audited)	Entries from business combination	Additions	Disposals	Balance at 30 June 2018 (unaudited)
<b>Deferred tax liabilities</b>	10,453.79	451,316.46	15,188.84	(8,287.44)	468,671.65
<b>Total</b>	<b>10,453.79</b>	<b>451,316.46</b>	<b>15,188.84</b>	<b>(8,287.44)</b>	<b>468,671.65</b>

**FY 2017**

	Balance at 31 December 2016 (audited)	Entries from business combination	Additions	Disposals	Balance at 31 December 2017 (unaudited)
<b>Deferred tax assets</b>					
Assets from deductible temporary differences	70,192.24	-	-	-	70,192.24
Assets from deductions and credits	226,313.42	-	-	(82,091.90)	144,221.52
Tax credit from losses	1,056,024.16	-	-	-	1,056,024.16
<b>Total</b>	<b>1,352,529.82</b>	<b>-</b>	<b>-</b>	<b>(82,091.90)</b>	<b>1,270,437.92</b>

	Balance at 31 December 2016 (audited)	Entries from business combination	Additions	Disposals	Balance at 31 December 2017 (audited)
<b>Deferred tax liabilities</b>	-	-	23,681.29	(13,227.50)	10,453.79
<b>Total</b>	<b>-</b>	<b>-</b>	<b>23,681.29</b>	<b>(13,227.50)</b>	<b>10,453.79</b>

The Group estimates, with a high degree of probability, that the tax credits posted will be recoverable within 10 years as of their posting.

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**Corporate income tax**

The reconciliation of the accounting income at 30 June 2017 and the taxable income for corporate income tax purposes is as follows.

	30.06.2017		
	Increase	Decrease	Total
<b>Accounting profit</b>			<b>(6,503,107.09)</b>
Corporate income tax			139,699.74
<b>Permanent differences</b>	-	-	-
<b>Temporary differences</b>	<b>302,556.80</b>	<b>(280,768.94)</b>	<b>21,787.86</b>
Arising in the year	302,556.80	-	302,556.80
From previous years	-	(280,768.94)	(280,768.94)
<b>Taxable base (tax result)</b>			<b>(6,341,619.49)</b>
<b>Total tax liability (25%)</b>			-
Tax deductions applied			-
<b>Tax payable</b>			-
Withholdings and payments on			(359.44)
Loss of tax benefits			-
Late payment interest			-
<b>Amount payable (to return)</b>			<b>(359.44)</b>

During the first half of 2018, no income or expenses from corporate income tax have been recorded.

Deductions are pending for investment and employment in research and development projects and for donations, and assets from temporary differences, whose amounts and deadlines are as follows:

DEDUCTIONS PEND. INVESTMENT AND EMPLOYMENT				DONATIONS			
Year	Euros	Last year	Capitalised/Not capitalised	Year	Euros	Last year	Capitalised/Not capitalised
2007	96,121.00	2025	Capitalised	2009	8,200.00	2019	Capitalised
2008	226,483.00	2026	Capitalised	2010	31,500.00	2020	Capitalised
2009	276,452.00	2027	Capitalised	2011	21,000.00	2021	Capitalised
2010	207,600.00	2028	Capitalised	2012	7,000.00	2022	Capitalised
2011	329,036.00	2029	Capitalised	2013	7,000.00	2023	Capitalised
2012	327,615.00	2030	Capitalised	2014	7,000.00	2024	Capitalised
2013	364,632.00	2031	Capitalised	2015	7,500.00	2025	Capitalised
2014	253,437.00	2032	Capitalised	2016	22,456.02	2026	Capitalised
2015	335,795.50	2033	Capitalised	2017	8,000.00	2027	Capitalised
2016	151,579.00	2034	Capitalised				
2017	291,876.00	2035	Capitalised				
	<b>2,860,626.50</b>				<b>119,656.02</b>		

  

2016	190,377.90	2034	Not capitalised	2017	7,915.12		Not capitalised
	<b>190,377.90</b>				<b>7,915.12</b>		



**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

ASSETS FROM DEDUCTIBLE TEMPORARY DIFFERENCES		
Year	Euros	Capitalised/Not capitalised
2016	70,192.68	Capitalised
	<b>70,192.68</b>	

In 2017, the parent company chose to apply the deduction from R&D generated in 2016, requesting the payment of 80% of the amount specified, in accordance with corporate income tax regulations, which states that in the case of entities to which the general tax is applicable or that set out in Article 29(6) of the Act, deductions for research and development and technological innovation activities referred to in Article 35 of the Act, may optionally be excluded from the 25% limit, and applied with a discount of 20% of their total amount.

DEDUCTIONS FOR PENDING BINs		
Year	Euros	Capitalised/Not capitalised
2012	5,978.00	Capitalised
2015	257,308.00	Capitalised
2016	1,406,536.16	Capitalised
2017	86,653.00	Capitalised
	<b>1,756,475.16</b>	
2017	2,967,407.25	Not capitalised
	<b>2,967,407.25</b>	

## 24. Income and expenses

### 24.1 Turnover

The Management manages the Group considering all the activities under two different segments following the reverse acquisition described in Note 6:

	Euros	
	30.06.2018 (unaudited)	30.06.2017 (audited)
Goods	702,368.54	-
Finished goods	3,274,575.53	4,070,662.86
Other sales	163,487.71	168,145.57
Services	3,452,896.31	1,041,991.64
<b>Total</b>	<b>7,593,328.09</b>	<b>5,280,800.07</b>

The net turnover from the Group's ordinary business is distributed geographically as follows:

	Euros	
	30.06.2018 (unaudited)	30.06.2017 (audited)
Europe	81.69 %	87.20 %
America	18.02 %	1.66 %
Asia	0.3 %	0.87 %
Middle East	-	10.27 %
	<b>100 %</b>	<b>100.00 %</b>

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**24.2 Changes in inventories of finished goods and work in progress**

The composition of this section of the accompanying profit and loss statement at 30 June 2018 and 30 June 2017 is as follows:

	30.06.2018 (unaudited)	30.06.2017 (audited)
Finished goods	58,568.04	1,193,945.21
Work in progress	(816,813.28)	(335,672.60)
Reversal of finished goods and work in progress	328,831.27	-
<b>Total</b>	<b>(429,413.97)</b>	<b>858,272.61</b>

**24.3 Sourcing**

The composition of this section of the accompanying profit and loss statement at 30 June 2018 and 30 June 2017 is as follows:

**At 30 June 2018**

	Purchases	Change in inventories	Total Consumption (unaudited)
Goods	25.68	456.92	482.60
Raw materials and other consumables	2,704,189.38	60,587.21	2,764,776.59
Work performed by other companies	336,472.72	-	336,472.72
<b>Total</b>	<b>3,040,687.78</b>	<b>61,044.13</b>	<b>3,101,731.91</b>

**At 30 June 2017**

	Purchases	Change in inventories	Total Consumption (audited)
<b>Raw materials and other consumables</b>	<b>2,000,258.89</b>	<b>395,128.11</b>	<b>2,395,387.00</b>
<b>Total</b>	<b>2,000,258.89</b>	<b>395,128.11</b>	<b>2,395,387.00</b>

**24.4 Other operating income**

The composition of this section of the accompanying profit and loss statement at 30 June 2018 and 30 June 2017 is as follows:

	30.06.2018 (unaudited)	30.06.2017 (audited)
Non-operating income and other operating income	909,966.79	221,913.49
Operating grants transferred to result for the year	31,862.36	-
<b>Total</b>	<b>941,829.15</b>	<b>221,913.49</b>

At 30 June 2018, Antibióticos de León has leased 5 industrial premises (3 industrial premises were leased at 30 June 2017) and office space, and provided maintenance services, utilities, laboratories, administrative management, computer services and a range of related services to Wacker Biosolutions León, invoicing a total of EUR 336,845.96 (EUR 244,672.71 at 30 June 2017 (see Note 24.7)) for these items.

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**24.5 Staff costs**

The composition of this heading in the accompanying profit and loss statement at 30 June 2017 and 2018 is as follows:

	<b>30.06.2018 (unaudited)</b>	<b>30.06.2017 (audited)</b>
Wages and Salaries	4,345,137.16	3,355,409.73
Compensation	6,079.78	208,441.18
Social security payable by employer	1,145,420.59	889,200.34
Other welfare expenses	62,933.22	34,152.81
<b>Total</b>	<b>5,559,570.75</b>	<b>4,487,204.06</b>

Some Senior Management members are also beneficiaries of certain percentages of Company capital and other salary elements, such as life insurance, company vehicles and social benefits, as part of their role. In addition, some members of the Board of Directors and of the Senior Management of the Company have shares in BTC Tres, S.à.r.l., the liquidation value of which is related to the equity of Antibiotics of León, S.L.U.

The average number of employees, grouped by category, is as follows:

**At 30 June 2018**

	<b>30.06.2018 (unaudited)</b>	<b>30.06.2017 (audited)</b>
Management and Senior Management	13	7
Scientific, intellectual and support technicians and professionals	116	70
Other qualified staff	167	142
<b>TOTAL</b>	<b>296</b>	<b>219</b>

The workforce at year-end, grouped by category and differentiated by sex, is broken down as follows:

**At 30 June 2018**

	<u>No. WORKERS</u>	<u>MEN</u>	<u>WOMEN</u>
Management and Senior Management	13	9	4
Scientific, intellectual and support technicians and professionals	129	80	49
Other qualified staff	172	143	29
<b>TOTAL</b>	<b>314</b>	<b>232</b>	<b>79</b>

**At 30 June 2017**

	<u>No. WORKERS</u>	<u>MEN</u>	<u>WOMEN</u>
Management and Senior Management	8	7	1
Scientific, intellectual and support technicians and professionals	72	52	20
Other qualified staff	144	121	23
<b>TOTAL</b>	<b>224</b>	<b>180</b>	<b>44</b>

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**24.6 Other operating expenses**

The composition of this heading in the accompanying profit and loss statement at 30 June 2018 and 2017 is as follows:

	30.06.2018 (unaudited)	30.06.2017 (audited)
R&D costs	2,241.80	-
Leased goods and fees	133,639.08	299,671.69
Repairs, maintenance and conservation	788,929.55	963,114.26
Independent professional services	1,462,437.41	212,239.60
Transport	112,933.17	59,781.81
Insurance Premiums	92,702.84	80,505.75
Banking services	50,443.99	21,933.46
Advertising and publicity	29,159.44	-
Utilities	2,353,458.27	1,398,102.86
Other services	1,214,766.62	1,153,096.44
Other taxes	249,376.96	272,700.36
Losses, impairment and changes in operating provisions	58,913.60	-
Other administrative expenses	8.26	-
<b>Total</b>	<b>6,549,010.99</b>	<b>4,461,146.23</b>

**24.7 Profit/(loss) on fixed asset disposal**

On 16 December 2016, Antibióticos de León signed a main asset sale operation with Wacker Biosolutions León, S.L.U. This operation is part of a contract of sale notarised on 21 December 2016, date on which additional agreements were signed to provide time support to the main sale operation.

The main features of the contracts forming the sales operation are as follows:

- Asset Purchase Agreement (APA):

The subject-matter is the sale of part of the facilities owned by Antibióticos de León and the commitment for the future transfer of 14 production workers, which took place on 31 January 2018. The facilities covered by the sales operation are one of the three fermentation units held by Antibióticos de León, together with the facilities required for the subsequent processing of the fermented products.

This asset sale operation was reviewed by legal consultants of both parties, who concluded that the object was the transfer of a production unit as set out in Article 7.1 of the Value Added Tax (VAT) Act. The operation was not therefore subject to VAT.

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The effective transfer of the facilities, and hence their ownership, understood to include the transfer of all risks and rewards incidental thereto, took place on 21 December 2016, this being the main framework agreement of the operation, which sets down the commitment by both parties to collaboration and joint work in the factory facilities. This commitment is framed by the contracts listed below.

As a result, Antibióticos de León recorded the surplus resulting from the disposal of its assets in the profit and loss statement for financial year 2016:

	<b>31.12.2016</b>
Asset cost cancellation	(2,792,629.75)
Accumulated depreciation	84,751.96
Sale price	9,553,879.04
<b>Surplus</b>	<b>6,846,001.25</b>

The amount of the asset sale is EUR 9,553,879.04, of which EUR 9,053,879.04 were received on 21 December 2016 and EUR 500,000.00 were withheld until the end of the Asset Lease Agreement (see below), with the sum of EUR 294,211.34 ultimately being received in March 2018.

- Asset Lease Agreement (ALA):

Agreement between the parties by which Wacker Biosolutions León, S.L.U., owner of the assets, leases to Antibióticos de León part of the facilities that the Company had previously transferred to it under the ALA. Antibióticos de León also leases the media preparation facilities, 3 fermenters in the first quarter of 2017 and 4 in the subsequent quarters of 2017.

This agreement is operative from 1 January 2017. Antibióticos de León is invoiced on a monthly basis for the leasing of the fermenters and media preparation facilities. The expenditure recorded for this item at 30 June 2018 amounts to €42,115.68.

The agreement was scheduled to end on 31 December 2017 but was changed to 31 January 2018, following agreement between the two parties.

- Non-Residential Property Lease Agreement (PLA):

Agreement whereby Antibióticos de León leases the industrial structures and land on which the premises transferred to Wacker Biosolutions León, S.L.U under the APA are built.

On 1 January 2017, Antibióticos de León began leasing 3 of the 5 industrial premises included in the aforesaid agreement, and on 1 February 2018 it leased the remaining 2 industrial premises. At 30 June 2018, the invoiced amount recorded under the Other operating income heading of the profit and loss statement amounts to €100,920.00 (€59,310.00 to 30 June 2017) (see Note 19.4).

This agreement is scheduled to end on 31 January 2028, although the parties may agree to renew the agreement automatically for three-year periods, up to a maximum of 9 years. Such renewal must be requested by the lessee and will automatically be approved by the Company.

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The future minimum leasehold revenues from the operating lease are as follows:

	Minimum income	
	30.06.2018 (Unaudited)	30.06.2017 (Unaudited)
Up to one year	218,484.00	135,264.00
Between one and five	873,936.00	873,936.00
Over 5 years	1,056,006.00	1,274,490.00
<b>Total</b>	<b>2,148,426.00</b>	<b>2,283,690.00</b>

- Framework Agreement on Fermentation and Media Preparation Services (FFA):

Under this agreement, from financial year 2018, Wacker Biosolutions León, S.L.U. will provide the production services requested by Antibióticos de León, which will be invoiced according to agreed conditions.

Pursuant to the agreement, Antibióticos de León will reserve two fermenters owned by Wacker Biosolutions León, S.L.U. for an initial period of 18 months, with a possible extension for another 12 months, for the monthly sum of EUR 18,150.00.

- Framework Service Agreement (FSA):

In 2017, the Company began to provide miscellaneous services to Wacker Biosolutions León, S.L.U. for the latter's operations. These services include routine maintenance works, utilities, laboratories, administrative management, computer service and a range of services required to allow it to operate normally in its facilities.

The annual sum of EUR 457,665.12 was agreed for the concept of structural costs in 2018 (EUR 300,000.00 in 2017), which will be invoiced by the Company in the financial year and recorded in the profit and loss statement under the Other operating income heading.

Additionally, in February 2017, the Company began to let an office space to Wacker Biosolutions León, S.L.U., whose invoiced amount at 30 June 2018 totals EUR 6,216.00 (EUR 4,480.00 at 30 June 2017), recorded in the profit and loss statement under the Other operating income heading.

This agreement is scheduled to end on 31 January 2028, although the parties may agree to renew the agreement automatically for three-year periods, up to a maximum of 9 years.

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## 24.8 Financial income and expenditure

The breakdown of the financial income and expenditure in the accompanying profit and loss statement at 30 June 2018 and 30 June 2017 is as follows:

	Euros	
	30.06.2018 (unaudited)	30.06.2017 (audited)
<b>Financial income:</b>	<b>501.70</b>	<b>1,874.47</b>
Marketable securities and other financial instruments	501.70	1,874.47
- Third Party	501.70	1,874.47
<b>Financial expenses:</b>	<b>(407,462.89)</b>	<b>(641,110.94)</b>
Payables to Group and associated companies	(79,379.28)	(319,674.80)
Payables to third parties	(328,083.61)	(321,436.14)
<b>Change in fair value on financial instruments:</b>	<b>5,048.44</b>	<b>1,391.86</b>
Available-for-sale financial assets charged through profit or loss for the period	5,048.44	1,391.86
<b>Exchange differences</b>	<b>(28,747.43)</b>	<b>(4,701.11)</b>
<b>Impairment losses and gains (losses) on disposal of financial instruments</b>	<b>(819,921.63)</b>	<b>(302,753.64)</b>
Impairment and losses	(819,921.63)	(302,753.64)
<b>Financial profit/(loss)</b>	<b>(1,250,581.81)</b>	<b>(945,299.36)</b>

## 25. Provisions and contingencies

At 30 June 2018, the Group has not made provisions relating to Environmental actions, Restructuring, Litigation or Contingent considerations in business combinations (EUR 52,910.00 in 2017).

During financial year 2015, the controlling company made an advance payment of EUR 850,000 as a deposit and part payment of the purchase of 100% of the shares in a company. Subsequently, a regulatory announcement was issued on 3 December 2015, informing the market that the vendors had communicated their rejection of the joint tender submitted by the Controlling Company and an investment partner, having instead opted instead to accept the offer of a third party. Consequently, the controlling company attempted unsuccessfully to claim reimbursement, on an amicable basis, of the sum paid on account from the vendors. Therefore, on 16 March 2016, it filed an ordinary lawsuit for breach of contract and a claim for payment from the vendors at the local court in Madrid, claiming the amounts paid on account and a penalty equal to the amount paid.

The controlling company has contracted KPMG Abogados for the legal defence of the claim. During the course of the process, KPMG Lawyers stated that it was probable (> 50% probability) that the claim would be successful and that the amounts claimed could be recovered.

In September 2016, a counterclaim against the controlling company was admitted for consideration, with the preliminary hearing being held on 13 December 2017.

On 9 May 2018, a decision was issued to dismiss the claim completely and declare the correct termination of the Purchase Promise Agreement. The controlling company decided to file an appeal.



## ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018

The Directors of the controlling company, along with their legal advisors, believe the possibility of success of this appeal to be remote, and have posting the aforementioned figure on the Abbreviated Consolidated Interim Financial Statements corresponding to 30 June 2018 to Impairment losses.

### 26. Environmental information

The undersigned, as Directors of the aforementioned Controlling Company, state that the Other external services heading of the profit and loss statement contains environmental items amounting to EUR 451,842.29 (EUR 212,080.29 at 30 June 2017), excluding the environmental provision (see Note 25), according to the instructions in Part III of the General Chart of Accounts (Royal Decree 1514/2007 of 16 November 2007).

At 30 June 2018, the Company posts tangible fixed assets in progress for environmental management at a cost of EUR 3,011,103.47 (EUR 1,210,812.93 in 2017) (Note 9).

### 27. Related-party transactions

The breakdown at 30 June 2018 and 30 June 2017 for the balances payable and receivable with parties related to the Group is as follows:

	30.06.2018 (unaudited)	30.06.2017 (audited)
	Other related parties	Other related parties
<b>Balances receivable</b>		
<b>Non-current payables</b>	<b>7,000,000.00</b>	<b>-</b>
BTC Tres	5,500,000.00	-
BTC Diez	1,500,000.00	-
<b>Unpaid accrued interest</b>	<b>144,602.75</b>	<b>-</b>
BTC Tres	51,726.03	-
BTC Diez	92,876.72	-
<b>Total</b>	<b>7,144,602.75</b>	<b>-</b>

On 27 February 2018, BTC Tres S.à.r.l, granted the Company a loan for the amount of EUR 4,000,000.00 over 4 years at a nominal interest rate of 8.00% payable at maturity. With effect from 26 April 2018, the two parties signed an agreement to modify the aforementioned loan agreement by setting a fixed interest rate of 8.00% and a variable interest rate of 0.25% tied to achieving EBIT (earnings before interest and taxes) of more than EUR 30 million, thus converting it to an equity loan.

On 22 May 2018, BTC Tres S.à.r.l, granted the Company a loan for the amount of EUR 1,500,000.00 at a nominal interest rate of 8.00% payable at maturity.

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Hence, the breakdown of transactions with related parties during the first half of 2018 and 2017 is as follows:

	30.06.2018 (unaudited)	30.06.2017 (audited)
	Other related parties	Other related parties
<b>Expenditure and dividends.-</b>		
<b>Unpaid accrued interest</b>	<b>(79,379.28)</b>	-
BTC Tres	51,726.03	-
BTC Diez	27,123.29	

## 28. Events after the reporting period

Subsequent to the closure of these consolidated interim financial statements, the following events took place:

- a) On 13 July 2018, the Extraordinary General Meeting of Shareholders of the Company agreed to increase share capital by a nominal amount of €342,500 by issuing and releasing 6,850,000 new, ordinary shares with a nominal value of €0.05 each, of the same class and series as those currently released, represented by book entries.

The new shares were issued with the right of pre-emption excluded, for their nominal value of 0.05 euros plus a minimum share premium of 2.15 euros per share, leading to a minimum total issue rate of 2.20 euros per share between the nominal value and the issue premium (the “Minimum Issue Rate”).

By the powers vested in it by said agreement reached at the Extraordinary General Meeting, the Board of Directors of the Controlling Company met on 18 July 2018 and agreed to implement said increase in capital by issuing 5,454,546 shares at an Issue Rate of 2.20 euros per share, 0.05 euro cents corresponding to the nominal value and the remaining 2.15 euros to the share premium, leading to a total issue amount of EUR 12,000,001.20, with EUR 272,727.30 corresponding to the nominal value and EUR 11,727,273.90 to the share premium.

The nominal value and the share premium for the new shares have been fully paid up through monetary contributions. Pursuant to the foregoing paragraphs, the Company’s share capital increased from €1,696,726.05, divided into €33,934,521 shares, to €1,969,453.35, divided into €39,389,067 ordinary shares with a nominal value of €0.05 each, represented by book entries of just one class and series.

- b) On 5 October 2018, ADE CAPITAL SODICAL S.C.R. and Antibióticos de León signed a participative loan policy for the sum of €5 million to contribute to the funding of the project for the modernisation of facilities, the expansion of production capacity and the growth of the Antibióticos de León plant located in Leon.
- c) On 28 December 2017, the Controlling Company invoiced the sale of the R&D project entitled “Development of a CSF vaccine of greater efficacy than traditional live attenuated vaccines with the safety of killed vaccines” for the sum of EUR 746 thousand plus VAT, aimed at the development of a new recombinant vaccine on the Flylife platform.

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

On 27 December 2017, the controlling signed a purchase option contract with PPC Investigaciones Biotech, A.I.E. for the rights to the R&D project entitled “Development of a CSF vaccine of greater efficacy than traditional live attenuated vaccines with the safety of killed vaccines” aimed at the development of a new recombinant vaccine on the Flylife platform. On the date these Abbreviated Consolidated Interim Financial Statements were issued, the Directors of the Controlling Company have exercised this right, effective on 10 July 2018. In this option, the entire stockholding is transferred to ADL Bionatur Solutions, S.A., except for 0.5% that is transferred from Ostalazar, S.L to Mr Victor Manuel Infante Viñolo.

**ANNEX I TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR  
ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO  
THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**ADL BIONATUR SOLUTIONS, S.A.**  
Individual Finance Statements  
corresponding to the period ending  
30 June 2018

**ANNEX I TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR  
ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO  
THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**ADL BIONATUR SOLUTIONS, S.A.**

Balance Sheet for the periods ending  
30 June 2018 and 31 December 2017

<b>A) NON-CURRENT ASSETS</b>	<b>90,341,785.07</b>	<b>14,226,257.71</b>
<b>I. Intangible fixed assets.</b>	<b>3,367,728.81</b>	<b>3,367,170.64</b>
1. Development.	3,282,039.01	3,270,700.07
2. Concessions.	0.00	0.00
3. Patents, licences, trademarks and similar.	82,178.67	94,284.26
4. Goodwill.	0.00	0.00
5. Computer applications.	3,511.13	2,186.31
6. Other intangible fixed assets.	0.00	0.00
<b>II. Tangible fixed assets.</b>	<b>2,907,384.88</b>	<b>2,936,702.70</b>
1. Land and structures.	2,440,271.06	2,446,854.07
2. Plant, machinery and other tangible fixed assets.	287,180.35	309,915.16
3. Assets in progress and advances.	179,933.47	179,933.47
<b>III. Property investments.</b>	<b>0.00</b>	<b>0.00</b>
<b>IV. Long-term investments in group and associated companies.</b>	<b>80,739,540.02</b>	<b>4,595,253.01</b>
1. Equity instruments.	80,349,875.89	4,200,813.01
2. Loans to companies.	389,664.13	394,440.00
3. Debt securities.	0.00	0.00
4. Derivatives.	0.00	0.00
5. Other financial assets.	0.00	0.00
<b>V. Non-current financial investments.</b>	<b>3,270.61</b>	<b>3,270.61</b>
1. Equity instruments.	0.00	0.00
2. Loans to third parties.	0.00	0.00
3. Debt securities.	0.00	0.00
4. Derivatives.	0.00	0.00
5. Other financial assets.	3,270.61	3,270.61
<b>VI. Deferred tax assets.</b>	<b>3,323,860.75</b>	<b>3,323,860.75</b>
<b>B) CURRENT ASSETS</b>	<b>1,067,815.14</b>	<b>2,467,140.23</b>
<b>I. Non-current assets held for sale.</b>	<b>0.00</b>	<b>0.00</b>
<b>II. Stocks.</b>	<b>42,974.89</b>	<b>44,495.72</b>
1. Trade.	27,543.74	28,586.51
2. Raw materials and other consumables.	15,431.15	15,909.21
3. Work in progress.	0.00	0.00
4. Finished goods.	0.00	0.00
5. By-products, waste and materials recovered.	0.00	0.00
6. Advance payments to suppliers	0.00	0.00
<b>III. Trade and other accounts receivable.</b>	<b>736,042.57</b>	<b>1,309,984.60</b>
1. Trade receivables.	573,831.89	1,011,628.82
2. Accounts receivable - group and associated companies.	0.00	124,792.25
3. Other accounts receivable.	2,928.20	0.00
4. Employee receivables.	36.64	36.64
5. Current tax assets.	159,245.84	173,526.89
6. Other receivables from public authorities.	0.00	0.00
7. Shareholders (partners) for called share capital.	0.00	0.00
<b>IV. Long-term investments in group and associated companies.</b>	<b>41,546.06</b>	<b>35,710.51</b>
1. Equity instruments.	0.00	0.00
2. Loans to companies.	41,546.06	35,710.51
3. Debt securities.	0.00	0.00
4. Derivatives.	0.00	0.00
5. Other financial assets.	0.00	0.00
<b>V. Current financial investments.</b>	<b>31,204.08</b>	<b>881,303.08</b>
1. Equity instruments.	0.00	0.00
2. Loans to companies.	8,597.25	8,597.25
3. Debt securities.	0.00	0.00
4. Derivatives.	0.00	0.00
5. Other financial assets.	22,606.83	872,705.83
<b>VI. Current accruals and deferred income.</b>	<b>3,800.28</b>	<b>3,448.06</b>
<b>VII. Cash and cash equivalents.</b>	<b>212,247.26</b>	<b>192,198.26</b>
1. Cash at bank and in hand.	151,730.73	132,644.74
2. Cash equivalents.	60,516.53	59,553.52
<b>TOTAL ASSETS (A + B)</b>	<b>91,409,600.21</b>	<b>16,693,397.94</b>

**ANNEX I TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR  
ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO  
THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

<b>A) SHAREHOLDER EQUITY</b>	<b>81,824,193.11</b>	<b>7,499,828.15</b>
<b>A-1) Capital and reserves.</b>	<b>80,691,529.18</b>	<b>6,459,447.37</b>
<b>I. Share capital.</b>	<b>1,696,726.05</b>	<b>254,508.95</b>
1. Issued share capital.	1,696,726.05	254,508.95
2. (Uncalled share capital).	0.00	0.00
<b>II. Share premium.</b>	<b>80,332,863.08</b>	<b>5,626,017.30</b>
<b>III. Reserves.</b>	<b>2,242,457.25</b>	<b>2,233,580.25</b>
1. Legal and pursuant to bye-laws.	58,172.61	58,172.61
2. Other reserves.	2,184,284.64	2,175,407.64
<b>IV. (Shares and equity interests).</b>	<b>-113,532.36</b>	<b>-55,651.32</b>
<b>V. Profit/(loss) from prior years.</b>	<b>-1,684,007.81</b>	<b>-1,513,857.30</b>
1. Remaining surplus.	0.00	0.00
2. (Losses from prior years)	-1,684,007.81	-1,513,857.30
<b>VI. Other shareholder contributions.</b>	<b>85,000.00</b>	<b>85,000.00</b>
<b>VII. Profit (loss) for the year.</b>	<b>-1,867,977.03</b>	<b>-170,150.51</b>
<b>A-2) Value change adjustments.</b>	<b>0.00</b>	<b>0.00</b>
<b>A-3) Grants, donations and bequests received.</b>	<b>1,132,663.93</b>	<b>1,040,380.78</b>
<b>B) NON-CURRENT LIABILITIES</b>	<b>7,589,537.36</b>	<b>7,646,107.60</b>
<b>I. Long-term provisions.</b>	<b>0.00</b>	<b>0.00</b>
<b>II. Non-current payables.</b>	<b>6,259,668.80</b>	<b>6,516,814.09</b>
1. Debentures and other marketable securities.	0.00	0.00
2. Bank borrowings.	845,177.49	855,468.19
3. Accounts payable under financial leasing.	0.00	0.00
4. Derivatives.	0.00	0.00
5. Other financial liabilities.	5,414,491.31	5,661,345.90
<b>III. Short-term debts with group and associated companies.</b>	<b>952,317.94</b>	<b>782,500.00</b>
<b>IV. Deferred tax liabilities.</b>	<b>377,550.62</b>	<b>346,793.51</b>
<b>C) CURRENT LIABILITIES</b>	<b>1,995,869.80</b>	<b>1,547,462.33</b>
<b>I. Liabilities related to non-current assets held for sale.</b>	<b>0.00</b>	<b>0.00</b>
<b>II. Short-term provisions.</b>	<b>0.00</b>	<b>0.00</b>
<b>III. Current payables.</b>	<b>953,844.48</b>	<b>636,080.64</b>
1. Debentures and other marketable securities.	0.00	0.00
2. Bank borrowings.	31,565.44	45,622.57
3. Accounts payable under financial leasing.	0.00	0.00
4. Derivatives.	0.00	0.00
5. Other financial liabilities.	922,279.04	590,458.07
<b>IV. Short-term debts with group and associated companies.</b>	<b>13,939.23</b>	<b>9,962.17</b>
<b>V. Trade and other accounts payable.</b>	<b>1,028,086.09</b>	<b>901,419.52</b>
1. Suppliers	182,689.52	6,265.40
2. Accounts payable - group and associated companies	0.00	0.00
3. Sundry accounts payable.	746,462.80	679,192.33
4. Staff (unpaid wages).	43,536.93	0.00
5. Current tax liabilities.	-306.30	-306.30
6. Other payables to public authorities.	55,703.14	216,268.09
7. Customer advances.	0.00	0.00
<b>VI. Current accruals and deferred income.</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL SHAREHOLDER EQUITY AND LIABILITIES (A + B + C)</b>	<b>91,409,600.27</b>	<b>16,693,398.08</b>

**ANNEX I TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR  
ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO  
THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**ADL BIONATUR SOLUTIONS, S.A.**  
Profit and Loss Statement the periods ending  
30 June 2018 and 30 June 2017

<b>A) CONTINUING OPERATIONS</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
<b>1. Net turnover.</b>	<b>(26,871.69)</b>	<b>(51,245.00)</b>
a) Sales.	(17,160.39)	(23,450.00)
b) Services.	(9,711.30)	(27,795.00)
<b>2. Changes in inventories of finished goods and work in progress.</b>	<b>0.00</b>	<b>0.00</b>
<b>3. In-house work on assets.</b>	<b>(318,194.00)</b>	<b>(362,058.00)</b>
<b>4. Sourcing.</b>	<b>40,398.44</b>	<b>115,076.00</b>
a) Consumption of goods.	1,042.77	10,888.00
b) Consumption of raw materials and other consumables.	32,162.40	43,655.00
c) Work performed by other companies.	7,193.27	60,533.00
<b>5. Other operating income.</b>	<b>(14,179.70)</b>	<b>(22,047.00)</b>
a) Non-operating income and other operating income.	(835.91)	(1,290.00)
b) Operating grants included in income/loss for the period.	(13,343.79)	(20,757.00)
<b>6. Staff costs.</b>	<b>433,930.03</b>	<b>424,055.00</b>
a) Wages, salaries and similar expenses.	357,530.69	350,606.00
b) Staff welfare expenses.	76,399.34	73,449.00
<b>7. Other operating expenses.</b>	<b>584,091.21</b>	<b>205,381.00</b>
a) External services.	503,455.75	203,394.00
b) Taxes.	2,827.56	1,987.00
c) Losses, impairment and changes in operating provisions	77,807.90	0.00
Other administrative expenses.	0.00	0.00
<b>8. Depreciation of fixed assets.</b>	<b>359,213.96</b>	<b>393,086.00</b>
<b>9. Non-financial and other capital grants recognised in profit and loss.</b>	<b>(114,473.58)</b>	<b>(105,968.00)</b>
<b>10. Excess provisions.</b>	<b>0.00</b>	<b>0.00</b>
<b>11. Impairment losses and gains (losses) on disposal of assets.</b>	<b>0.00</b>	<b>0.00</b>
<b>12) Other profit or loss</b>	<b>20,892.15</b>	<b>88.00</b>
a) Exceptional expenses	20,892.15	88.00
<b>A.1) OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11+12)</b>	<b>964,806.82</b>	<b>596,368.00</b>
12. Financial income.	(5,842.35)	(9,852.00)
a) From investments in equity instruments.	0.00	0.00
a 1) Group and associated companies.	0.00	0.00
a 2) Third parties.	0.00	0.00
b) Marketable securities and other financial instruments.	(5,842.35)	(9,852.00)
b 1) Group and associated companies.	(5,835.55)	(9,844.00)
b 2) Third parties.	(6.80)	(8.00)
13. Financial expenses.	58,387.42	38,744.00
a) On payables to Group and associated companies.	3,977.06	2,267.00
b) On debts with third parties.	54,410.36	36,477.00
c) For update of provisions.	0.00	0.00
14. Change in fair value on financial instruments.	0.00	(55,091.32)
a) Assets held for trading and others.	0.00	0.00
b) Available-for-sale financial assets charged through profit or loss for the period.	0.00	(55,091.32)
15. Exchange differences.	526.14	0.00
16. Impairment losses and gains (losses) on disposal of financial instruments.	850,099.00	0.00
a) Impairment and losses 16.	850,099.00	0.00
b) Income/loss from disposals and others 16.	0.00	0.00
<b>A.2) FINANCIAL PROFIT/(LOSS) (12+13+14+15+16)</b>	<b>903,170.21</b>	<b>(26,199.32)</b>
<b>A.3) PROFIT/(LOSS) BEFORE TAXES (A.1+A.2)</b>	<b>1,867,977.03</b>	<b>570,168.68</b>
<b>17. Corporate income tax.</b>	<b>0.00</b>	<b>(246,486.00)</b>
<b>A.4) PROFIT (LOSS) FOR THE YEAR FROM ONGOING OPERATIONS (A.3+17)</b>	<b>1,867,977.03</b>	<b>323,682.68</b>
<b>B) DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>
18. Profit(loss) for the year from discontinued operations after tax.	0.00	0.00
<b>A.5) PROFIT/(LOSS) FOR THE FINANCIAL YEAR (A.4+18)</b>	<b>1,867,977.03</b>	<b>323,682.68</b>

**ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS CORRESPONDING TO THE SIX-MONTH PERIOD ENDING 30 JUNE 2018**

**PREPARATION OF THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2018**

On 22 October 2018, and in compliance with the requirements set out in Article 253 of the Spanish Companies Act and Article 37 of the Code of Commerce, the Board of Directors Administrators of the Company ADL BIONATUR SOLUTIONS, S.L.U. have prepared the Abbreviated Interim Financial Statements for the period between 1 January and 30 June 2018, consisting of the accompanying documents that precede this one, printed on 73 sheets of paper.