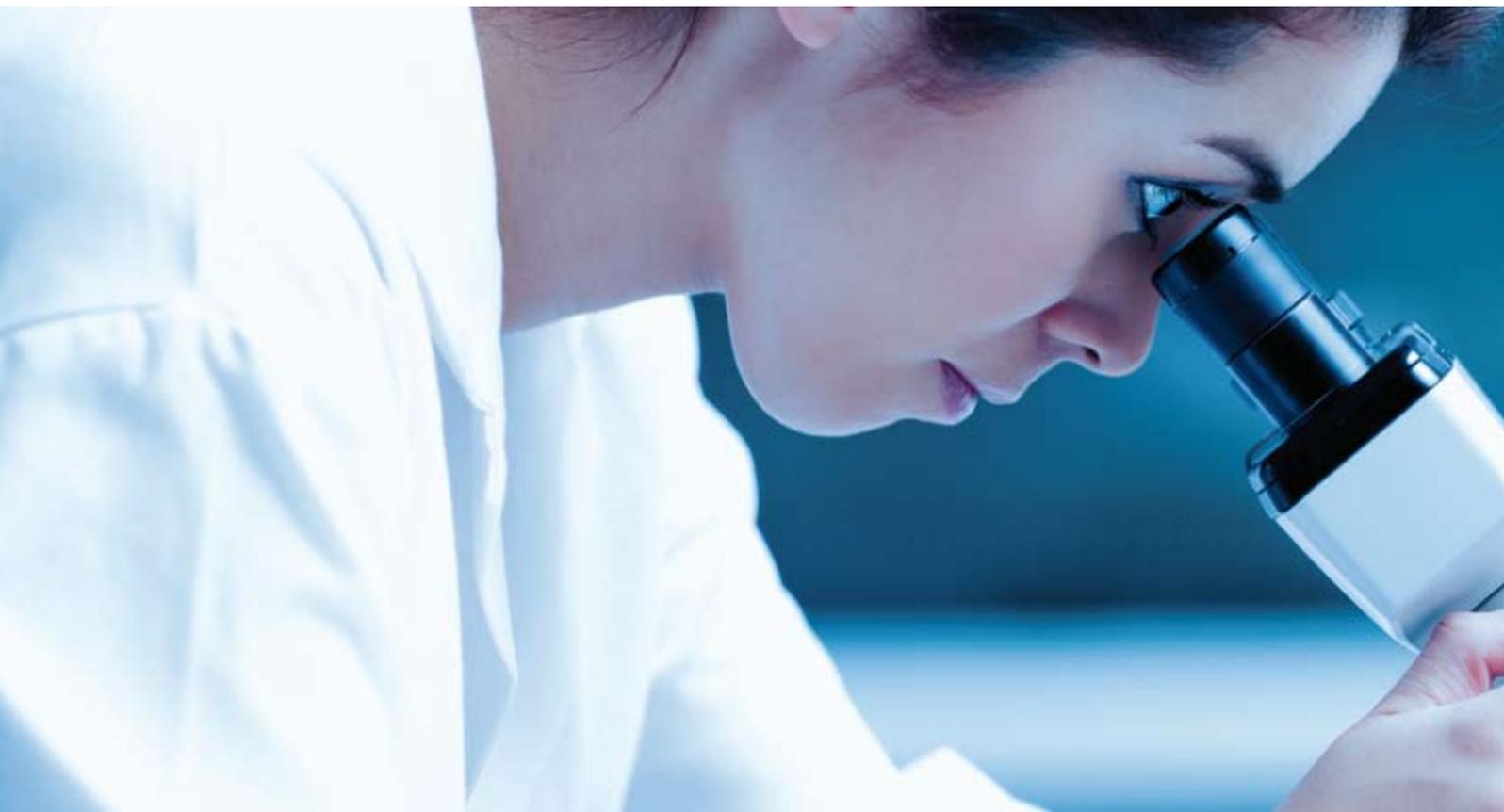




SEPARATE FINANCIAL STATEMENTS

2015





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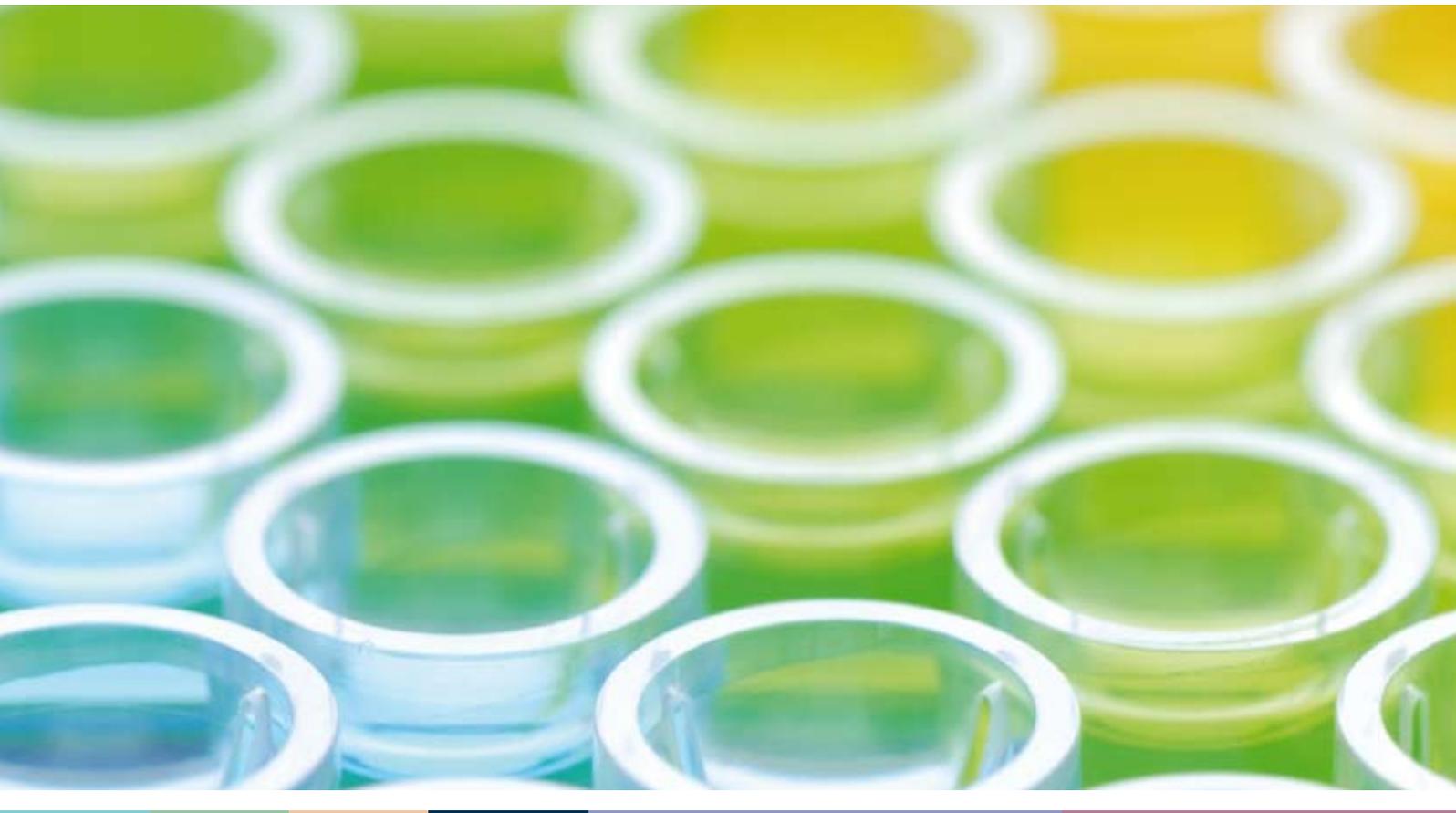


Pharma
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AUDITORS' REPORT ON SEPARATE FINANCIAL STATEMENTS

A free translation of an auditors' report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the shareholders of Pharma Mar, S.A.:

Report on financial statements

We have audited the accompanying financial statements of Pharma Mar, S.A., consisting of the balance sheet as of 31 December 2015 and the statement of income, the statement of changes in equity, the cash flow statement and the notes to the financial statements for the year then ended.

Directors' responsibility in connection with the financial statements

The directors are responsible for authorizing the accompanying financial statements such as to give a true and fair view of the equity, financial position and results of Pharma Mar, S.A. in accordance with the financial reporting regulatory framework that is applicable to the undertaking in Spain, which is identified in the accompanying note 2, and the internal control that they deem necessary to enable the financial statements to be drawn up free of material inaccuracies due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We performed our audit in accordance with the regulations governing auditing in Spain. Those regulations requires us to fulfil ethics requirements and to plan and execute the audit in order to obtain reasonable assurance that the financial statements are free of material inaccuracies.

An audit requires the application of procedures to obtain audit evidence in connection with the amounts and the information disclosed in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material inaccuracies in the financial statements as a result of fraud or error. When performing that risk assessment, the auditor considers the internal control that is germane to the authorization of the financial statements by the undertaking in order to design the audit procedures that are appropriate to the circumstances, and not to express an opinion on the efficacy of the company's internal controls. An audit also includes an assessment of the appropriateness of the accounting policies that are applied and of the reasonableness of the accounting estimates made by management, as well as an evaluation of the presentation of the financial statements taken as a whole.

We consider that the audit evidence that we obtained provides a sufficient and appropriate basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give, in all material respects, a true and fair view of the equity and financial position of Pharma Mar, S.A. as of 31 December 2015 and the results of its operations and cash flows in the year then ended, in accordance with the applicable financial reporting regulatory framework and, in particular, with the accounting principles and standards contained therein.

Information about other legal and regulatory requirements

The accompanying directors' report for 2015 contains such explanations on the state of the affairs of Pharma Mar, S.A., the performance of its business and other matters as the directors consider appropriate and does not form an integral part of the financial statements. We verified that the financial information contained in that directors' report is consistent with the 2015 financial statements. Our work as auditors is limited to checking the directors' report with the scope set out in this paragraph and it does not include the review of information not derived from the company's accounting records.

PricewaterhouseCoopers Auditores, S.L.

Julio Balaguer Abadía

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

29 February 2016

BALANCE SHEETS
as of 31 December 2015 and 2014
(Thousand euro)

ASSET	Note	31/12/2015	31/12/2014
A) Non-current assets		387,207	448,169
I. Intangible assets		285,991	416,878
1. Development	6	285,010	416,430
5. Computer software	6	981	448
II. Property, plant and equipment		19,755	20,390
1. Land and structures	7	14,649	15,563
2. Technical installations and other property, plant and equipment	7	4,856	3,321
3. Construction in progress and advances	7	250	1,506
III. Investment property		1,530	-
1. Land	8	1,112	-
2. Structures	8	418	-
IV. Non-current investment in group and associated undertakings		54,889	1,089
1. Equity instruments	11	43,093	1,089
2. Loans to group undertakings	28	11,796	-
V. Non-current financial investments		488	375
1. Equity instruments	12	323	302
2. Loans to third parties		51	-
5. Other financial assets	14	114	73
VI. Deferred tax assets	20	24,554	9,437
B) Current assets		75,340	55,615
II. Inventories		7,806	12,099
2. Raw materials and other supplies used	13	110	79
3. Products in process	13	7,362	11,642
4. Finished products	13	334	378
III. Trade and other accounts receivable		26,053	21,606
1. Customer receivables for sales and services	14	13,440	10,075
2. Receivable from group and associated undertakings	28	11,040	9,000
3. Sundry debtors	14	384	18
4. Personnel	14	118	6
5. Current tax assets		92	-
6. Other receivables from public authorities	22	979	2,507
IV. Current investment in group and associated undertakings		3,031	3,644
5. Other financial assets	14	3,031	3,644
V. Current financial investments		33,914	11,022
5. Other financial assets	14	33,914	11,022
VI. Accruals	14	1,369	471
VII. Cash and cash equivalents		3,167	6,773
1. Cash	15	2,967	274
2. Other liquid assets	15	200	6,500
Total assets (A+B)		462,547	503,784

BALANCE SHEETS
as of 31 December 2015 and 2014
(Thousand euro)

NET EQUITY AND LIABILITIES	Note	31/12/2015	31/12/2014
A) Net equity		333,487	163,856
A-1) Capital and reserves		324,195	150,702
I. Capital		11,110	85,292
1. Share capital	16	11,110	85,292
II. Share premium account	16	69,189	69,189
III. Reserves		302,248	7,580
1. Legal and bylaw reserves	17	2,222	7,136
2. Other reserves	17	300,026	444
IV. (Own shares and equity instruments)	16	(2,944)	(310)
V. Prior years' income		(12,301)	(23,576)
2. (Prior years' loss)		(12,301)	(23,576)
VII. Income for the year		(43,107)	12,527
A-2) Value adjustments		8	-
II. Hedge transactions		8	-
A-3) Subsidies, donations and legacies received	6 & 18	9,284	13,154
B) Non-current liabilities		63,081	241,458
II. Current debt		59,774	34,565
1. Bonds and other marketable securities	19	16,349	-
2. Bank debt	19	19,931	17,550
5. Other financial liabilities	19	23,494	17,015
III. Non-current accounts payable to group and associated undertakings	19	-	202,439
IV. Deferred tax liabilities	20	3,307	4,454
C) Current liabilities		65,979	98,470
III. Current debt		23,833	33,083
1. Bonds and other marketable securities	19	424	-
2. Bank debt and debt to official authorities	19	23,195	32,360
5. Other financial liabilities	19	214	723
IV. Current accounts payable to group and associated undertakings	19 & 28	14,617	44,008
V. Trade and other accounts payable		27,529	21,379
1. Suppliers	19	485	211
2. Debt to group and associated undertakings	19 & 28	1,282	1,244
3. Sundry creditors	19	19,161	15,339
4. Personnel (compensation payable)	19	4,278	3,179
6. Other debt to public authorities	22	1,663	746
7. Customer advances	19	660	660
Total net equity and liabilities (A+B+C)		462,547	503,784

STATEMENTS OF INCOME FOR THE YEARS

ended 31 December 2015 and 2014

(Thousand euro)

STATEMENTS OF INCOME	Note	31/12/2015	31/12/2014
A) Continuing operations			
1. Net revenues	21.1	112,508	95,987
a) Product sales		81,335	69,665
b) Licensing and co-development agreements		29,034	24,278
c) Royalties		1,789	1,872
d) Other revenues		350	172
2. Variation in finished goods and work-in-process inventories	13	(4,538)	1,613
3. Capitalized in-house work	6	34,744	42,042
4. Purchases		(6,409)	(6,651)
a) Merchandise consumed		(2)	-
b) Raw materials and other consumables consumed	21.4	(4,054)	(2,152)
c) Outside work		(2,353)	(4,499)
5. Other operating revenues		480	270
a) Ancillary and other current revenues		-	-
b) Operating subsidies recognized in income for the year		480	270
6. Personnel expenses	21.5	(28,608)	(22,411)
a) Wages, salaries and similar		(23,442)	(17,969)
b) Employee welfare expenses		(5,166)	(4,442)
7. Other operating expenses	21.6	(56,504)	(42,419)
a) Outside services		(56,151)	(41,893)
b) Taxes other than income tax		(353)	(526)
8. Depreciation and amortization	6 & 7	(23,115)	(31,132)
9. Recognition of subsidies for non-financial assets and other		5,905	2,695
10. Impairment losses and income from disposal of assets		(78,140)	(19,968)
a) Impairments and losses	21.7	(1,033)	-
b) Income from disposals and other	6	(77,107)	(19,968)
A.1) OPERATING INCOME (1+2+3+4+5+6+7+8+9+10)		(43,677)	20,027
11. Financial revenues	23	1,972	346
a) From equity instruments		1,334	346
a1) Group and associated undertakings		1,334	-
b) Marketable securities and other financial instruments		638	-
b 1) Group and associated undertakings		479	3
b 2) Third parties		159	343
12. Financial expenses	23	(4,786)	(19,894)
a) On debts to group and associated undertakings		(398)	(14,316)
b) On debts to third parties		(4,388)	(5,578)
13.1 Capitalized financial expenses	23 & 6	-	12,187
14. Exchange differences	23	(78)	32
15. Impairment losses and income from disposal of financial instruments	23	(324)	17
a) Impairments and losses		(325)	-
b) Income from disposals and other		1	17
A.2) FINANCIAL INCOME (11+12+13+14+15)		(3,216)	(7,312)
A.3) INCOME BEFORE TAXES (A.1 + A.2)		(46,893)	12,715
16. Income tax	22	3,786	(188)
A.4) INCOME FOR THE YEAR FROM CONTINUING OPERATIONS (A.3+16)		(43,107)	12,527

STATEMENTS OF CHANGES IN NET EQUITY FOR THE YEARS ended 31 December 2015 and 2014

(Thousand euro)

A) STATEMENTS OF RECOGNIZED REVENUES AND EXPENSES

STATEMENT OF CHANGES IN NET EQUITY	Note	31/12/2015	31/12/2014
A) INCOME, PER INCOME STATEMENT		(43,107)	12,527
Revenues and expenses recognized directly in equity			
I. Valuation of financial instruments		2	-
III. Subsidies, donations and legacies received	18	676	1,068
V. Tax effect	18	(189)	(321)
V. Variation in deferred taxes due to change in the tax rate		(105)	823
B) TOTAL REVENUES AND EXPENSES RECOGNIZED DIRECTLY IN NET EQUITY (I+II+III+IV+V)		384	1,570
Transfers to P&L			
VIII. Subsidies, donations and legacies received	18	(5,905)	(2,692)
IX. Tax effect	18	1,653	808
C) TOTAL TRANSFERS TO PROFIT OR LOSS (VI+VII+VIII+IX)		(4,252)	(1,884)
TOTAL DE INGRESOS Y GASTOS RECONOCIDOS (A + B + C)		(46,975)	12,213



STATEMENTS OF CHANGES IN NET EQUITY FOR THE YEARS

ended 31 December 2015 and 2014

(Thousand euro)

B) TOTAL STATEMENT OF CHANGES IN NET EQUITY

	Share capital	Share premium account	Reserves and equity instruments	(Own shares and equity instruments)	Prior years' income	Income for the year	Value adjustments	Subsides, donations and legacies received	Ajustes por cambios de valor	Value adjustments
Ending balance 2013	69,805	59,676	5,980	(383)	(34,257)	11,868	419	13,468	-	126,576
Total recognized revenues and expenses	-	-	-	-	-	12,527	-	(314)	-	12,213
Transactions with shareholders or owners	15,487	9,513	(6)	-	-	-	-	-	-	24,994
- Transactions with own shares and equity instruments (net)	-	-	-	73	-	-	-	-	-	73
Other changes in net equity	-	-	1,606	-	10,681	(11,868)	(419)	-	-	-
Ending balance 2014	85,292	69,189	7,580	(310)	(23,576)	12,527	-	13,154	-	163,856
Total recognized revenues and expenses	-	-	-	-	-	(43,107)	-	(3,870)	2	(46,975)
Transactions with shareholders or owners	(74,182)	-	74,182	-	-	-	-	-	-	-
Other changes in net equity	-	-	(310)	310	-	-	-	-	6	6
Own shares - merger	-	-	-	(5,006)	-	-	-	-	-	(5,006)
Transactions with own shares (purchased)	-	-	(132)	(4,701)	-	-	-	-	-	(4,833)
Transactions with own shares (sold)	-	-	4,515	6,763	-	-	-	-	-	11,278
Merger reserve	-	-	215,160	-	-	-	-	-	-	215,160
Distribution of income	-	-	1,253	-	11,275	(12,527)	-	-	-	-
Closing balance 2015	11,110	69,189	302,248	(2,944)	(12,301)	(43,107)	-	9,284	8	333,487

CASH FLOW STATEMENTS FOR THE YEARS

ended 31 December 2015 and 2014

(Thousand euro)

CASH FLOW	Note	31/12/2015	31/12/2014
A) OPERATING CASH FLOW			
1. Income for the year before taxes		(46,893)	12,715
2. Adjustments to income		98,583	67,904
a) Depreciation and amortization (+)	6, 7, 8	23,115	31,132
c) Change in provisions (+/-)		15	-
d) Subsidies recognized (-)	18	(5,905)	(2,695)
e) Income from derecognitions and disposals of property, plant and equipment (+/-)	6, 7, 23	78,466	19,968
f) Income from derecognitions and disposals of financial instruments (+/-)		-	(17)
g) Financial revenues (-)	23	(1,972)	(346)
h) Financial expenses (+)	23	4,786	19,894
i) Exchange differences (+/-)	23	78	(32)
j) Change in fair value of financial instruments (+/-)		-	-
3. Changes in working capital		(588)	1,697
a) Inventories (+/-)	13	4,294	(1,792)
b) Debtors and other accounts receivable (+/-)	14	(7,602)	4,631
d) Creditors and other accounts payable (+/-)	19	6,767	3,132
f) Other non-current assets and liabilities (+/-)		(4,047)	(4,274)
4. Other operating cash flow		(2,814)	(2,723)
a) Interest paid (-)		(4,786)	(3,060)
c) Interest received (+)		1,972	337
5. Operating cash flow (+/-1+/-2+/-3+/-4)		48,288	79,593
B) INVESTING CASH FLOW			
6. Investment payments (-)		(64,494)	(65,975)
a) Group and associated undertakings		(9,331)	(450)
b) Intangible assets	6	(35,370)	(54,361)
c) Property, plant and equipment	7	(1,539)	(2,033)
e) Other financial assets		(18,254)	(9,131)
7. Divestment receipts (+)		7,097	-
a) Group and associated undertakings		700	-
b) Cash contributed in the merger		6,397	-
8. Investing cash flow (7-6)		(57,397)	(65,975)
C) FINANCING CASH FLOW			
9. Collections and payments in connection with equity instruments		8,613	26,383
a) Issuance of equity instruments (+)		11,279	25,000
c) Acquisition of own equity instruments (-)		(4,701)	73
e) Subsidies, donations and legacies received (+)	18	2,035	1,310
10. Collections and payments in connection with instruments representing financial liabilities		(3,031)	(42,928)
a) Issuance		37,733	44,398
2. Bank debt and debt to official authorities (+)	19	32,483	27,398
3. Debt to group and associated undertakings (+)	19	5,250	17,000
b) Refund and amortization of:		(40,764)	(87,326)
1. Debt to group and associated undertakings (-)	19	(7,335)	(60,149)
2. Bank debt and debt to official authorities (-)	19	(33,429)	(27,177)
12. Financing cash flow (+/-9+/-10-11)		5,582	(16,545)
D) EFFECT OF EXCHANGE RATE VARIATIONS		(79)	32
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)		(3,606)	(2,895)
Beginning cash and cash equivalents		6,773	9,668
Ending cash and cash equivalents		3,167	6,773



A close-up photograph of a succulent plant with small, round, green leaves. The leaves are densely packed and have a slightly glossy texture. A semi-transparent teal horizontal band is overlaid on the upper right portion of the image, containing the text 'SEPARATE FINANCIAL STATEMENTS' in white, bold, uppercase letters. Below the teal band, there is a thin horizontal bar with segments of teal, orange, and purple.

SEPARATE FINANCIAL STATEMENTS

Pharma
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1. COMPANY BUSINESS

Pharma Mar, S.A.(hereafter “PharmaMar” or the “Company”) was incorporated on 30 April 1986 as a limited company (sociedad anónima) for an indefinite period. Its registered offices are at Avenida de los Reyes nº 1 (Pol. Industrial La Mina), Colmenar Viejo (Madrid).

PharmaMar's main activity is research, development and marketing of bio-active principles, particularly those of marine origin, for application in human medicine, especially in the antitumour, antiviral and immunomodulation fields and the area of tropical diseases, as well as management, support and development of its investees, mainly in the chemical and biopharmaceutical businesses.

On 20 September 2007, PharmaMar received authorization from the European Commission to commercialize its first compound, Yondelis[®], to treat soft tissue sarcoma; commercial sales began in the fourth quarter of 2007.

On 2 November 2009, the European Commission granted authorization for PharmaMar to commercialize Yondelis[®] (Trabectedin) in combination with pegylated liposomal doxorubicin to treat relapsed platinum-sensitive ovarian cancer in the 27 EU countries plus Norway, Iceland and Liechtenstein. The first sales for this therapeutic use were made at the end of 2009.

On 28 September 2015, PharmaMar's Japanese partner, Taiho Pharmaceutical Co., received authorization from Japan's Ministry of Health, Labour and Welfare to commercialise Yondelis[®] (Trabectedin) for the treatment of soft tissue sarcoma.

On 23 October 2015, PharmaMar's partner, Janssen Biotech Inc., received approval from the US Food and Drug Administration (FDA) to commercialise Yondelis[®] (Trabectedin) for treating patients with liposarcoma (LPS) or leiomyosarcoma (LMS),LPS and LMS are the most common types of soft tissue sarcoma and this is the first treatment approved in the US specifically for patients with LPS.





At year-end, the company had not begun to sell its other products, which are all in the research and development phase.

Pharma Mar, S.A.'s shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and the Spanish electronic market (SIBE).

The Company's financial statements are presented in euro, which is the Company's functional and presentation currency.

These separate financial statements and the consolidated financial statements for the year ended 31 December 2015 were authorized by the Board of Directors on 29 February 2016 and must be approved by the Shareholders' Meeting; they are expected to be approved without changes. These financial statements will be filed with the Madrid Mercantile Register.

At 2015 year-end, the Company held the financial investments disclosed in Note 11 as a result of the merger described in the next section of this same note.

In accordance with the provisions of Royal Decree 1.159/2010, of 17 September, on 29 February 2016, the Company authorized the Consolidated Financial Statements for its group of companies as of 31 December 2015, which disclose consolidated net profit of 6,588 thousand euro, net equity, including profit for the year, of 73.036 thousand euro, assets amounting to 211.939 thousand euro and revenues amounting to 194.817 thousand euro.

Those Consolidated Financial Statements were drawn up in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The Consolidated Financial Statements contain all the Group companies, using the applicable consolidation method in each case, in conformity with article 42 of the Commercial Code.



Reverse merger of Pharma Mar, S.A. and Zeltia, S.A.

On 30 June 2015, the Shareholders' Meeting of Zeltia, S.A. and the sole shareholder of Pharma Mar, S.A. approved a reverse merger of Zeltia into PharmaMar, through dissolution without liquidation of the former and the transfer en bloc of its net worth to PharmaMar. On 30 October 2015, the merger was registered with the Mercantile Registers in question and, as a result, Zeltia ceased to exist.

The structure chosen was that of a “reverse merger”, in which a subsidiary absorbs its parent company, since Zeltia (the absorbed company) directly owned 100% of the shares of PharmaMar (acquiring company).

Moreover, the fact that Zeltia (absorbed company) directly owned 100% of the shares of PharmaMar (acquiring company) made it possible, under article 52 of the Structural Modifications Act, to apply, *mutatis mutandis*, the rules for the absorption of wholly-owned subsidiaries. Consequently, the merger qualified for the special simplified procedure provided in article 49.1 of the Securities Market Act.

The shareholders of Zeltia received shares of PharmaMar in exchange for their Zeltia shares in a ratio of 1:1. In order to perform this type of exchange, it was necessary that, at the time of the exchange, the number of shares into which the capital stock of PharmaMar was divided be the same as the number of shares into which the capital stock of Zeltia was divided.

To this end, PharmaMar approved a reduction in share capital by means of an increase in voluntary reserves and the establishment of a new number and a new par value for its shares such that, following the reduction in the par value of the shares and the consequent increase in their number, the number of shares into which the capital stock of PharmaMar was divided coincided with the number of shares of Zeltia. The capital reduction amounted to 74.182 thousand euro.

The merger availed itself of the tax rules established under Chapter VII of Title VII of the Corporate Income Tax Act regarding the special system for mergers, spin-offs, contribution of assets and exchange of securities, which provide a tax-neutral approach.

In accordance with the amendments made by Royal Decree 1159/2010, of 17 September, which approved the standards for preparing consolidated financial statements, and, in particular, the aspects of Recognition and Measurement Standard no. 21 "Transactions between Group companies" in the Spanish General Accounting Plan, the date as of which mergers and intra-group spin-offs take place for accounting purposes is the first day of the year in which the merger is approved, provided that it is subsequent to the time on which the affected companies joined the Group. Therefore, the PharmaMar-Zeltia merger was effective for accounting purposes as of 1 January 2015.

Consequently, and to ensure continuity of the business resulting from the PharmaMar-Zeltia merger, the figures for Pharma Mar, S.A. as of 31 December 2014 are presented for comparison.

The balance sheet of Zeltia, S.A. as of 31 December 2014 is then presented in order to identify the balances contributed as a result of the merger:

31/12/2014		31/12/2014	
ASSETS	(Thousand euro)	LIABILITIES	(Thousand euro)
A) NON-CURRENT ASSETS	431,300	A) EQUITY	414,100
Intangible assets	194	A.1) CAPITAL AND RESERVES	414,094
Property, plant and equipment	97	Capital	11,110
Investment property	1,572	Share premium account	327,879
Investment in group and associated undertakings	423,690	Reserves	123,223
Holdings in Group undertakings	197,211	(Own shares and equity instruments)	(5,006)
Financial assets – Group undertakings	226,479	Prior years' income	(48,199)
Financial assets	126	Income for the year	5,087
Deferred tax assets	5,621	A.2) VALUE ADJUSTMENTS	6
B) CURRENT ASSETS	41,558	B) NON-CURRENT LIABILITIES	27,517
Trade and other accounts receivable	1,836	Financial debt	7,441
Investment in group and associated undertakings	28,686	Due to group and associated undertakings	864
Loans to undertakings	23,678	Deferred tax liabilities	19,212
Other financial assets	5,008	C) CURRENT LIABILITIES	31,241
Financial assets	4,639	Financial debt	9,464
Cash and cash equivalents	6,397	Due to group and associated undertakings	19,915
		Trade and other accounts payable	1,862
TOTAL ASSETS	472,858	TOTAL LIABILITIES	472,858

2. BASIS OF PRESENTATION

2.1 True and fair view

The financial statements were prepared from the Company's accounting records and are presented in accordance with the current mercantile legislation and the rules established in Spain's General Accounting Plan approved by Royal Decree 1514/2007, as amended by Royal Decree 1159/2010, (GAP 2007) in order to present a true and fair view of the equity, financial position and income of the Company and the veracity of the cash flows set out in the cash flow statement.

The figures in the documents comprising these financial statements (balance sheet, income statement, statement of changes in net equity, cash flow statement and these notes to financial statements) are expressed in thousand euro.

The Company's Directors consider that the 2015 financial statements, which were authorized on 29 February 2016, will be approved without changes by the Shareholders' Meeting.

2.2 Critical aspects of measuring and estimating uncertainty

The preparation of the financial statements requires the Company to use certain estimates and judgements in connection with the future that are evaluated continuously and are based on past experience and other factors, including expectations about future events that are considered to be reasonable in the circumstances.

By definition, these estimates seldom coincide with the actual results. The estimates and judgements with a significant risk of having a material impact on the carrying amounts of assets and liabilities in the next financial year are detailed below.





Deferred tax assets

Deferred tax assets due to tax losses carried forward and unused tax credits are recognized to the extent that the Company is likely to obtain future taxable income enabling them to be offset. Accordingly, for the purpose of the 2015 financial statements, the projections of revenues and expenses were re-estimated using Management's best estimates about the Company's business and the current and foreseeable economic situation.

In calculating expected future income and assess the recoverability of the tax credits, only the companies belonging to the consolidated tax group of which PharmaMar is the head are considered.

Main assumptions made in estimating future taxable bases:

- 2% average annual sales growth,
- 5% average annual growth in royalties.
- 2% sustained annual growth in operating expenses.

Changes in Management assumptions about future results due to unforeseen future events may affect the amounts recognized as of 31 December 2015 and the assets not recognized by application of this approach.

Recognition of revenue under licensing and/or co-development agreements

PharmaMar enters into licensing and/or co-development agreements that generally include many factors, and the associated revenues must be matched with the costs and considerations to be paid. When deciding how to recognise the revenues from those transactions (Note 4.15), the directors consider the following factors:

- The economic base of the transaction.
- The nature of the components of the transaction (payments, asset swaps, etc.).
- The valuation and distribution, on a fair value basis, of each item of consideration.
- The transfer of material risks and benefits deriving from ownership of the goods and the assumption of future obligations.
- The degree of progress with the project (milestones).

Capitalization of R&D expenses

Developing new drugs is subject to uncertainty due to the long period of maturation for the drugs and the technical results obtained at different stages of trials involved in the development process. It may prove necessary to abandon development at any stage of the process, whether because the drug does not meet medical or regulatory standards or because it proves unprofitable. Consequently, the Company assesses each development project to ascertain when the conditions set out in measurement standard 4.1.1 are met.

Useful life of property, plant and equipment

Company management determines the estimated useful life and the corresponding depreciation charge for the property, plant and equipment. This may change significantly as a result of technical innovations and actions by competitors in response to severe economic cycles in the industry. Management will increase the depreciation charges where the useful lives are shorter than those previously estimated, or it will impair or write off assets that are technically obsolete or non-strategic and have been abandoned or sold.

Fair value of other financial instruments

The fair value of financial instruments traded in active markets (such as investments acquired for trading and those available for sale) is based on year-end market prices.

The fair value of financial instruments that are not traded in an active market is determined by using measurement techniques. The Company uses a variety of methods and makes assumptions based on the market conditions at each balance sheet date. For long-term debt, the market price for similar instruments is used. To determine the fair value of other financial instruments, other techniques are used, such as discounted estimated cash flow. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flow. The fair value of forward exchange rate contracts is determined by using the forward exchange rates in the market on the balance sheet date.

The carrying amount of accounts receivable and payable, minus any provision for impairment, is assumed to approximate their fair value, given their short-term nature.



The fair value of financial liabilities for the purposes of presenting the financial information is estimated by discounting the contractual future cash flow at the current market interest rate available to the Company for similar financial instruments.

2.3 Comparative information

As disclosed in Note 1, in order to provide continuity to the business that resulted from the PharmaMar-Zeltia merger, the figures and financial statements included for comparative purposes in these financial statements are the separate financial statements of Pharma Mar, S.A. for the year ended 31 December 2014, unmodified.

The amounts of the licensing agreements and royalties recognized under Other operating revenues in 2014 were reclassified to Net revenues in both years, 2015 and 2014, since they are considered to form part of the Company's day-to-day business.

2.4 Grouping of items

To facilitate comprehension of the balance sheet, income statement, statement of changes in net equity and cash flow statement, these financial statements are presented in grouped form, and the necessary breakdown is given in the notes to financial statements.

3. APPLICATION OF RESULTS

The proposed distribution of 2015 income which will be presented to the Shareholders' Meeting, and the distribution approved for 2014 by the shareholders on 30 June 2015, are as follows:

(Thousand euro)	2015	2014
DISTRIBUTION BASIS		
Income for the year	(43,107)	12,527
	(43,107)	12,527
DISTRIBUTION		
Legal reserve	-	1,253
Prior years' losses	(43,107)	11,274
	(43,107)	12,527

The proposed distribution of income for the year ended 31 December 2015 which will be proposed to the Shareholders' Meeting, in accordance with article 274 of the Consolidated Text of the Capital Companies Act, approved by the Legislative Royal Decree of 2 July 2010, will consist of allocating income for the year (43,107 thousand euro) to offset prior years' losses.

4. ACCOUNTING AND VALUATION STANDARDS

The valuation standards applied for the various items are as follows:

4.1 Intangible assets

Intangible assets are recognized initially if:

- i) they fulfil the definition of asset contained in the Accounting Conceptual Framework: "Rights, goods and other resources controlled economically by the company as a result of past events and from which the company expects to obtain profits or economic yields in the future"
- ii) they fulfil the condition of being recognized in the accounts, in line with the Accounting Conceptual Framework: "Assets must be recognized on the balance sheet where they are likely to provide profits or economic yields for the company in the future, and provided that they can be measured reliably"
- iii) they fulfil the requirement that they can be identified. "the intangible asset must meet one of the following two requirements:
 - a. it must be possible to separate it from the company and sell, assign, deliver for exploitation, lease or exchange it, or
 - b. it must arise from rights in rem or contractual rights, regardless of whether those rights are transferable or can be separated from the company or from its other rights or obligations".

4.1.1 Research & Development expenses

Research is planned original investigation in pursuit of new knowledge and greater understanding of scientific or technical knowledge.

Development is the specific application of research findings in a specific design or plan for the production of materials, products, processes, systems or services that are new or substantially improved, up to commencement of commercial production.

Research expenditure is expensed when incurred.

Nevertheless, research and development project expenses may be capitalized once they meet the following conditions:

- i) they are specifically itemized by project and their cost is clearly established so that it can be distributed, and
- ii) a strict relationship can be drawn between the research project and the objectives pursued and obtained.

In no event may payments initially recognized as period expenses that are subsequently found to meet the foregoing conditions be capitalized.

Research expenses recognized as assets must be amortized over their useful life, but not over more than five years, in accordance with a systematic plan. Amortization will commence when they are capitalized on the company's balance sheet.

If, at any time, there are reasonable doubts as to the technical success or financial profitability of the project, all the research expenses affected by those doubts must be recognized directly as losses for the year.

Development expenses in the year will be capitalized when they meet the following conditions:

- i) there is a specific itemized project that enables the payment attributable to the project to be measured reliably,
- ii) there are clear criteria for assignment, allocation and recognition of the costs of each project,
- iii) there are sound reasons, at all times, for expecting technical success,
- iv) the financial and commercial success of the project is reasonably assured,
- v) funding is reasonably assured to enable the project to be concluded, and the necessary technical resources are available, and
- vi) the company intends to complete the intangible asset in question for use or sale.

Fulfilment of those conditions is assessed each year.

Development expenses recognized under assets must be amortized in accordance with a systematic plan over their useful life, which is presumed not to exceed five years except

where there is evidence to the contrary, beginning in the year in which the project concluded. The circumstances leading to the recognition of a useful life in excess of five years must be disclosed in the notes to financial statements (see Note 6.1); it must be at least the term of the patent.

These capitalized expenses may not, in any event, include research expenses.

If a company is unable to distinguish between the research and development phases of an internal project to create an intangible asset, it must treat the expenses arising in that project as if they had been incurred solely in the research phase.

Measurement of research and development projects

Where projects are carried out with the company's own means, they are measured at production cost and will include the costs directly attributable and necessary to create, produce and prepare the asset. In particular, they include the following items:

- i) cost of personnel related directly to the project activities,
- ii) cost of raw materials, consumables and services used directly in the project
- iii) depreciation and amortization of fixed assets assigned directly to the project, and
- iv) the part of indirect costs that can reasonably be assigned to the project activities, provided that such assignment is rational.

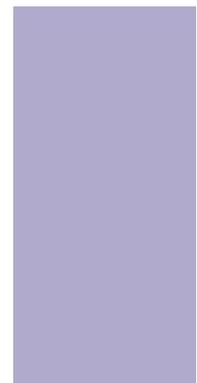
Costs of under-activity and those of the company's general structure may not be assigned to research and development projects. Financial expenses related to research expenses may not be capitalized.

Where research and development projects are outsourced to other companies or institutions, they are measured at acquisition cost.

4.1.2 Computer software

Computer software licences acquired from third parties are capitalized based on the costs incurred to acquire and prepare them for using the specific program. Those costs are amortized over their estimated useful lives, i.e. 4 or 5 years.

Computer program maintenance costs are recognized in profit or loss as incurred.



4.2 Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost. Property, plant and equipment are presented on the balance sheet at cost value less the accumulated amount of depreciation and impairment adjustments.

The amount of capitalized in-house work on property, plant and equipment is calculated as the sum of the acquisition costs of consumables and the direct and indirect costs allocable to those assets.

The costs of expanding, modernizing or improving property, plant and equipment are capitalized solely when they increase the assets' capacity or productivity or extend their useful life, provided that it is possible to ascertain or estimate the carrying amount of the items that are retired from inventory due to being replaced.

The cost of major repairs is capitalized and depreciated over their estimated useful lives, whereas recurring maintenance costs are recognized in profit or loss in the year in which they are incurred.

Apart from land, which is not depreciated, depreciation of property, plant and equipment is taken systematically on a straight-line basis over the asset's useful life, having regard to actual loss of functionality and usability. The estimated useful lives are as follows:

USEFUL LIFE	Year
Buildings and structures	25-30
Technical installations and machinery	10
Vehicles	4-7
Furniture and fixtures	10
Computer hardware	4-7

The residual value and the useful life of an asset is measured, and adjusted if necessary, at each balance sheet date.

When the carrying amount of an asset exceeds its estimated recoverable amount, its value is written down immediately to the recoverable amount.

Losses and gains on the disposal of property, plant and equipment are calculated by comparing the revenue from the sale with the carrying amount, and are recognized in profit or loss.





4.3 Investment property

Investment property comprises buildings held for rental over the long term that are not occupied by the Company. The items in this heading are presented at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is taken on investment property on a straight-line basis over the estimated useful life (25 years).

4.4 Leases

Where the Company is the lessee – Finance lease

Leases of property, plant and equipment in which the Company has substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases. Finance leases are capitalized initially for the fair value of the leased item or the present value of the agreed minimum lease payments, whichever is lower. The present value is calculated using the interest rate implicit in the contract; if that cannot be determined, the interest rate paid by the Company on similar transactions is used.

Each lease payment is split into liabilities and financial charges. The total financial charge is distributed over the lease term and recognized in profit or loss in the year in which it accrues, using the effective interest method. Contingent charges are recognized as expenses in the year in which they are incurred. The related lease obligations, net of financial charges, are recognized under “Finance lease liabilities”. Assets acquired under finance leases are depreciated over their useful lives or the contract term, whichever is shorter.



Where the Company is the lessee - Operating lease

Leases where the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets leased under operating leases are recognized in the balance sheet on the basis of their nature. The revenues from the lease are recognized on a straight-line basis over the lease term.

4.5 Impairment of non-financial assets

Amortizable assets are measured for impairment whenever any event or change in circumstances indicates that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount exceeds the recoverable amount, the latter being understood to mean the lower of the fair value less the selling cost or the value in use.

To perform the impairment tests, assets are grouped at the lowest level of cash flow that cannot be identified separately (cash-generative units). Non-financial assets other than goodwill that have suffered impairment are measured at each balance sheet date to ascertain whether the loss has been reversed.



4.6 Financial assets

4.6.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing over 12 months from the balance sheet date, which are classified as non-current assets. Loans and accounts receivable are recognized under “Trade and other accounts receivable”, “Current investment in group and associated undertakings” and “Current financial assets” on the balance sheet.

These financial assets are recognized initially at their fair value, including directly allocable transaction costs, and subsequently at amortized cost, recognizing accrued interest on the basis of the effective interest rate, i.e. the discount rate that matches the instrument's carrying amount with the total estimated cash flows to maturity. Nevertheless, trade accounts receivable maturing at over one year are measured both initially and subsequently at their nominal value provided that the effect of not discounting the cash flow is not material.

At least at year-end, value adjustments are made for impairment if there is objective evidence that not all amounts receivable will be collected.

The amount of impairment loss is the difference between the asset's carrying amount and the present value of estimated effective future cash flows, discounted at the effective interest rate applying at the time of initial recognition. Value corrections and their reversals are recognized in profit or loss.

4.6.2 Investments in equity of group, multi-group and associated undertakings

These are carried at cost less accumulated impairment adjustments, if any. Nevertheless, where the investment preceded its classification as a group, multi-group or associated undertaking, the cost of the investment is taken to be the carrying amount before it was so classified. Pre-existing value adjustments recognized directly in equity are maintained in equity until the asset is derecognized.

Where there is objective evidence that the carrying amount is not recoverable, it is written down to the recoverable value, the latter being the fair value less the cost of sale or the present value of the effective cash flows arising from the investment, whichever is higher. Except where there is better evidence of the recoverable value, the impairment of these investments is estimated taking account of the investee company's net equity corrected for any unrealized capital gains existing at the valuation date. Value adjustments, and any reversals of same, are recognized in profit or loss in the year in which they occur.

4.6.3 Available-for-sale financial assets

This category includes debt securities and equity instruments not classified in any of the preceding categories. They are included in non-current assets unless management plans to sell them within 12 months from the balance sheet date.

They are recognized at fair value and any changes are recognized directly in equity until the asset is disposed of or written off, at which point the accumulated gains and losses in equity are recognized in profit or loss. If the fair value cannot be determined, the asset is recognized at cost less impairment.

If there is objective evidence of impairment, the accumulated losses previously recognized in net equity as the reduction in fair value are recognized in profit or loss. Impairment losses on equity instruments recognized in profit or loss are not reversed through profit or loss.

The fair value of quoted investments is based on current purchase prices. If the market in a financial asset is not active (or if the securities are not quoted), the Company establishes the fair value using valuation techniques that include recent transactions between duly-informed interested parties, references to other substantially similar instruments, discounting estimated future effective cash flows, and option pricing models, making the maximum use of observable market data and placing as little reliance as possible on the Company's subjective judgements.

4.6.4 Financial assets available for sale and other financial assets at fair value through profit or loss

All assets available for sale that are acquired for the purpose of being sold in the short term and form part of a portfolio of instruments identified and managed jointly for short-term gains, and financial assets that the Company designated as such on initial recognition (for clarity), are classified as financial assets at fair value through profit or loss. Derivatives are classified as acquired for trading unless they are a financial collateral arrangement contract or are designated as hedges.

These financial assets are recognized at fair value both initially and in subsequent measurements, and any changes are recognized in profit or loss. Transaction costs directly attributable to the acquisition are recognized in profit or loss.



4.7 Financial derivatives and hedge accounting

Financial derivatives are recognized at fair value both initially and in subsequent measurements. The method of recognizing the resulting gains or losses depends on whether or not the derivative has been designated as a hedge and, if so, the type of hedge.

In the cases of derivatives that do not qualify for hedge accounting, changes in fair value are recognized immediately in profit or loss.

4.8 Inventories

Inventories are measured at the lower of cost or net realizable value. Where the net realizable value of inventories is lower than cost, the appropriate valuation adjustments are recognized as an expense in profit or loss. If the circumstances leading to the valuation adjustment cease to exist, the adjustment is reversed and recognized as revenue in profit or loss.

The cost price is obtained as follows:

- Raw materials and other supplies: weighted average cost price.
- Finished and semi-finished products and products in process: weighted average cost of the raw and ancillary materials used, plus the applicable amount of direct labour and general manufacturing expenses valued at standard costs (based on normal production capacity). The standard cost has not been adjusted to value inventories at the lower of actual or market cost since the adjustment would not be material.

The net realizable value is the estimated sale price in the normal course of business less the estimated costs required for the sale and, in the case of raw materials and products in process, the estimated costs required to complete production.



4.9 Net equity

Share capital is represented by ordinary shares.

The cost of issuing new shares or options is presented directly under equity as a reduction of reserves.

In the case of acquisition of own shares by the Company, the consideration paid, including any directly attributable incremental cost, is deducted from equity until the shares are cancelled, re-issued or disposed of. If the shares are sold or re-issued, any amount received, net of any directly attributable incremental cost of the transaction, is recognized in equity.

4.10 Financial liabilities

4.10.1 Debts and accounts payable

This category includes both trade and non-trade accounts payable. This debt is classified as current liabilities unless the Company has an unconditional right to defer the liability settlement for at least twelve months from the balance sheet date, in which case it is classified under non-current liabilities.

These debts are recognized initially at fair value adjusted for directly-allocable transaction costs, and are subsequently recognized at amortized cost in accordance with the effective interest rate method. The effective interest rate is the discount rate that matches the carrying amount of the instrument with the projected flow of future payments up to the liability's maturity.

Nevertheless, trade accounts payable maturing at over one year which do not have a contractual interest rate are measured, both initially and subsequently, at their nominal value provided that the effect of not discounting the cash flows is not material.

If existing debts are renegotiated, no material changes are considered to exist if the new lender is the same as the initial lender and the present value of the cash flows, including net fees, does not differ by more than 10% from the present value of the outstanding cash flows payable on the original liability calculated using the same method.

4.11 Subsidies received

Repayable subsidies are recognized as liabilities until the conditions rendering them non-repayable are met; non-repayable subsidies are recognized as revenues directly in net equity and are recognized as revenue on a systematic, rational basis in line with the expenses arising from the subsidy. Non-repayable subsidies from shareholders are recognized directly in net equity.

For these purposes, a subsidy is considered to be non-repayable when there is an individual agreement to grant the subsidy, all the conditions established for granting it have been fulfilled, and there are no reasonable doubts that it will be collected.

Monetary subsidies are recognized at the fair value of the amount granted and non-monetary subsidies at the fair value of the received asset, at the time of recognition in both cases.

Non-repayable subsidies related to the acquisition of intangible assets, property, plant and equipment and investment property are recognized in profit or loss in proportion to the depreciation/amortization of the related assets or when the asset is disposed of, impaired or derecognized.

Non-repayable subsidies related to specific expenses are recognized in profit or loss in the year in which the corresponding expenses accrue, and those granted to offset an operating deficit are recognized in the year in which they are granted, except where they are allocated to offset operating deficits in future years, in which case they are recognized in those years.

Additionally, implicit interest on zero-rate loans from the Ministry of Industry to finance research and development activities is recognized as a non-refundable subsidy in equity. These subsidies are recognized in profit or loss in proportion to the amortization of these assets or when the asset is disposed of, impaired or derecognized.

4.12 Current and deferred taxes

The income tax expense (revenue) is the amount accruing under this heading in the year and comprises the expense (revenue) for current and deferred taxes.

The expense (revenue) for current and deferred taxes is recognized in profit or loss. Nevertheless, the tax effect of items that are recognized directly in equity is recognized in equity.

Current tax assets and liabilities are recognized for the amount expected to be paid to, or recovered from, the tax authorities, in accordance with the legislation enacted or substantially enacted at year-end.

Deferred taxes are measured, in accordance with the liability method, based on the timing differences arising between the tax base of the assets and liabilities and their carrying amounts. However, deferred taxes arising from the initial recognition of an asset or



liability in a transaction other than a business combination that does not affect the accounting result or the tax base at the time of recognition are not recognized. The deferred tax is determined by applying the tax regulations and rates enacted or substantially enacted on the balance sheet date and which are expected to apply when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are recognized insofar as it is probable that there will be future taxable income to offset timing differences (Note 2.2).

At each accounting close, deferred tax assets are re-measured and impairment is recognized to the extent that there are doubts as to their recovery in the future. Also, at each accounting close, the deferred tax assets not recognized on the balance sheet are re-measured and are recognized to the extent that they are likely to be recovered against future taxable income.

Consolidated income tax

As a result of the merger described in Note 1, a reverse merger of a parent company (Zeltia, S.A.) into its subsidiary (Pharma Mar, S.A.), Pharma Mar, S.A. is now the leading company in the Tax Group of Companies of which Zeltia, S.A. was formerly the leading company prior to the merger, and Pharma Mar, S.A. succeeded to the former with the same tax group number 29/39 as Zeltia, S.A. had before, the composition of the group being unchanged.

Since all companies that make up this new tax group were part of the previous (now defunct) tax group, the resolutions adopted by those companies that were reported to the Tax Administration are considered to be valid for the purposes of applying the tax consolidation regime to the new tax group.

In November 2015, Pharma Mar, S.A. notified the Spanish tax authorities that it is now the leading company of the new group of companies for the purposes of corporate income tax, which group retains the previous number: 29/93. The companies comprising the group for tax purposes in 2015 are: Zelnova Zeltia, S.A. Xylazel, S.A., Genómica, S.A. Sylentis, S.A. and Promaxsa Protección de maderas, S.L., with Pharma Mar, S.A. as leading company.

It is consolidated Group policy to recognise the tax expense at individual undertakings in accordance with the resolution of the ICAC (Spanish Accounting and Audit Institute) dated 9 October 1997.



4.13 Employee benefits

4.13.1 Share-based compensation

The company operates share-based incentive plans for employees. Those plans are subject to a vesting period during which employees must continue to work for the Company.

The fair value of the services provided by the employees in exchange for the shares is recognized as a personnel expense as the services are provided, during the vesting period, and a reserve for the incentive plans is recognized simultaneously in equity for the same amount.

The fair value of the services to be provided by those employees is determined with respect to the fair value of the shares granted. That amount is recognized in profit or loss during the vesting period. The Company regularly reviews its assumptions and adjusts any deviation resulting from employee rotation.

4.13.2 Termination indemnities

Termination indemnities are paid to employees as a result of the Company's decision to terminate the employment contract before the normal retirement age or when the employee agrees to resign in exchange for those benefits.

The Company recognizes these benefits when it has demonstrably decided to terminate the employees in accordance with an irrevocable formal detailed plan or to provide termination indemnities as a result of an offer to encourage voluntary retirement. Benefits that are not to be paid in the twelve months following the balance sheet date are discounted to their present value.



4.14 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and litigation are recognized when the Company has a present obligation, either legal or implicit, as a result of past events, an outflow of funds is likely to be necessary in the future to settle the obligation, and the amount can be estimated reliably. Restructuring provisions include lease cancellation penalties and employee termination indemnities.

Provisions are calculated at the present value of the disbursement expected to be needed to settle the obligation, using a pre-tax rate that reflects current market measurements of the time value of money and the specific risks attached to the obligation. Adjustments due to updating the provision are recognized as a financial expense as they accrue.

Provisions maturing at one year or less that do not have a material financial effect are not discounted.

When part of the disbursement required to settle the provision is expected to be paid by a third party, the reimbursement is recognized as a separate asset provided that its collection is practically assured.

Obligations arising as a result of past events whose materialization is conditional upon the occurrence or non-occurrence of one or more future events outside the Company's control are treated as contingent liabilities. Those contingent liabilities are not recognized in the accounts but are disclosed in detail in the notes to financial statements (Note 29).

4.15 Recognition of revenues

Revenues are recognized for the fair value of the consideration receivable and they represent amounts receivable for goods delivered and services provided in the ordinary course of the Company's business, less returns, rebates, discounts and Value Added Tax.

The Company recognizes revenues when their amount can be measured reliably, the future economic benefits are likely to flow to the Company and the specific conditions for

each activity are met, as detailed below. It is considered that the amount of revenues cannot be measured reliably until all the contingencies related to the sale have been resolved. The Company bases its estimates on past results, having regard to the type of customer, the type of transaction and the specific terms of each agreement.

4.15.1 Revenues from the sale of pharmaceutical products

The Company sells in the European Union by virtue of the marketing approval received from the European Medicines Agency (EMA) for soft tissue sarcoma (since 2007) and ovarian cancer (since 2009).

In the fourth quarter of 2015, the Company gradually began distributing directly in certain markets of Western Europe, and on 31 December 2015 it terminated the logistics agreement with IDIS, a UK distribution company. In this distribution model, the sale is recognized once the product is delivered to the end customer, since that is the point at which the significant risks and benefits inherent to ownership of the goods are transferred. PharmaMar began distributing Yondelis® in Spain directly to hospitals in 2009.

In the case of IDIS, the product becomes the property of the distributor once it is shipped from the warehouse to hospitals, and it is at that time, in accordance with the established conditions, that the Company invoices the logistics operator and recognizes the sale, since that is the point at which the significant risks and benefits inherent to ownership of the goods are transferred, as the goods are on consignment at the distributor's UK warehouse up to that point.

In Portugal, PharmaMar distributes through Logifarma. Sales are recognized once the product is delivered to that distributor, since that is the point at which the significant risks and benefits inherent to ownership of the goods are transferred.

In Italy and Switzerland, PharmaMar sells through its subsidiary, and recognizes the amount of sales at the time of product delivery to the subsidiary.

Distribution costs are recognized as period expenses.

For the Nordic countries and Eastern Europe, and for Greece and Cyprus, the Company has signed agreements for promotion and commercial distribution with Swedish Orphan Biovitrum International and with Genesis Pharma, respectively. In this model, the sale occurs once the product is shipped from the Company's warehouse in Spain to the two distributors, since that is the point at which the significant risks and benefits inherent to ownership of the goods are transferred. The commission collected by the aforementioned partners is recognized as a reduction in the sale amount when it occurs.

4.15.2 Revenues derived from the contract signed with Janssen Products LP

In 2001, the Company signed a licensing and co-development agreement with Ortho Biotech Products L.P. (OBP), a subsidiary of US group Johnson & Johnson. That agreement includes certain payments to PharmaMar, including an upfront payment and certain milestone payments connected with the development of Yondelis® and other regulatory and commercial objectives.

In 2011, the Company signed another cooperation agreement with Janssen Products LP by virtue of which the initial payment was recognized as a revenue in the year, since it was a milestone that was not linked to future performance.

Subsequent receipts under both contracts correspond to the attainment of specific milestones linked to the development of Yondelis® and will be recognized as revenues when they are attained (Note 21.1.3).

4.15.3 Revenues under the contract signed with Chugai Pharmaceutical Co., Ltd.

In 2014, the Company and Chugai Pharmaceutical Co., Ltd. signed an agreement to market Aplidin® in eight European countries, as a result of which the upfront payment envisaged in the contract was recognized as revenues in the year since it was linked to the conclusion of the Phase III trial in multiple myeloma and, consequently, directly related to the number of patients enrolled in that trial to date.

Any subsequent receipts will be linked to the attainment of specific milestones linked to the development of Aplidin® and other regulatory and commercial goals and will be recognized as revenues when they are attained (see Note 21.1.3).

4.15.4 Revenues under the contract signed with Taiho Pharmaceutical

In 2009, PharmaMar signed a licensing agreement with Taiho Pharmaceutical Co. for the development and marketing of Yondelis® in the Japanese market. The agreement envisages additional payments by Taiho for attaining milestones in the development and marketing of Yondelis®, and the payment of royalties for sales made by Taiho once authorization is obtained to market the drug in Japan.

Receipts under that contract correspond to the attainment of specific milestones linked to the development of Yondelis® and will be recognized as revenues when they are attained (Note 21.1.3).

4.15.5 Royalties

Royalties received from sales in countries outside of the European Union are recognized on an accrual basis.

4.15.6 Interest revenues

Interest revenues are recognized using the effective interest rate method. Where an account receivable is impaired, the Company writes the carrying amount down to the recoverable value, discounting estimated future cash flows at the instrument's original effective interest rate, and carries the discount as a reduction in interest revenues. Interest revenues on loans that have suffered impairment are recognized using the effective interest rate method.

4.15.7 Dividends

Dividend revenues are recognized in profit or loss when the Company becomes entitled to collect them. Nevertheless, if the dividends paid are from profits obtained prior to the acquisition date, they are not recognized as revenues but, rather, are deducted from the carrying amount of the investment.

4.15.8 Provision of services

The Company provides advisory and support services to Group undertakings.



4.16 Foreign currency transactions

4.16.1 Functional and presentation currency

The Company's financial statements are presented in euro, which is the Company's functional and presentation currency.

4.16.2 Transactions and balances

Foreign currency transactions are translated to the functional currency at the exchange rates ruling on the transaction date. Exchange gains or losses arising on the settlement of those transactions and on translating monetary assets and liabilities denominated in foreign currency at the year-end exchange rate are recognized in profit or loss, except when deferred in net equity as a qualifying cash flow hedge or qualifying net investment hedge.

Changes in the fair value of available-for-sale financial assets denominated in foreign currency are analysed as the exchange differences resulting from changes in the amortized cost of the instrument and other changes in the security's carrying amount. Exchange differences are recognized in profit or loss and other changes to the carrying amount are recognized in net equity.

Exchange differences on non-monetary items, such as equity instruments at fair value through profit or loss, are presented as part of that gain or loss in fair value. Exchange differences on non-monetary items, such as available-for-sale equity instruments, are included in net equity.

4.17 Related-party transactions

Related-party transactions are generally recognized initially at fair value. If the agreed price differs from fair value, the difference is recognized on the basis of the economic reality of the transaction. Subsequent measurements are performed in accordance with the applicable standards.

Mergers, demergers and non-monetary contributions of business lines

In transactions between group undertakings involving the parent company or the parent company of a subgroup and a direct or indirect subsidiary, the items comprising the acquired business line are recognized for the amount that would correspond to them, upon completion of the transaction, in the consolidated financial statements of the group or subgroup in accordance with the Rules for Drafting Consolidated Financial Statements, issued in implementation of the Commercial Code.

In transactions between other group undertakings, business assets and liabilities are measured at the carrying amount at which they were recognized prior to the transaction in the separate financial statements.

Any difference disclosed by application of the foregoing criteria is recognized in a reserve account.

For the purposes of this rule, holdings in the equity of other companies are not considered to constitute a business line.

4.18 Business combinations

Mergers, demergers and non-monetary contributions of a business between group undertakings are recognized in accordance with the rules for related-party transactions (Note 4.17).

Mergers and demergers other than the above and business combinations arising from the acquisition of all the equity of a company or of a part comprising one or more businesses are recognized in accordance with the acquisition method.

In the case of business combinations arising as a result of the acquisition of shares or equity interests in a company, the Company recognises the investment in accordance with the rules for investments in the equity of group, multi-group and associated undertakings (Note 4.6.2).

4.19 Non-recourse factoring

The Company derecognizes financial assets when it assigns the rights to the cash flows of the financial asset and has transferred the risks and rewards inherent to ownership, such as factoring of trade accounts receivable in which the company does not retain any credit or default risk (Note 14.3).



5. RISK POLICY AND MANAGEMENT

5.1 Financial risk factors

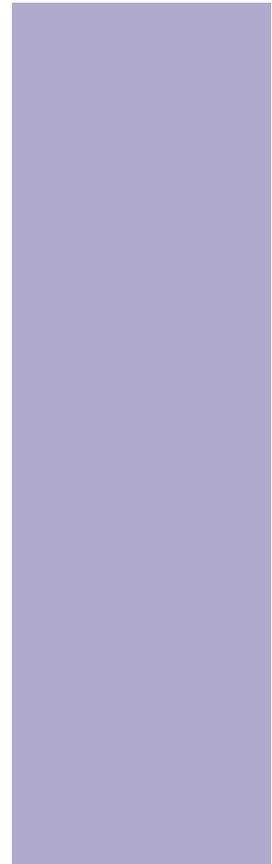
The Company's activities are subject to a number of financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk, and liquidity risk. The Company's overall risk management programme focuses on the uncertainty of the financial markets and tries to minimise the potential adverse effects on the Company's returns. The Finance Department is responsible for risk management in accordance with the guidelines provided by the Board of Directors. That Department identifies, assesses and hedges financial risks. The Board establishes guidelines for overall risk management and for specific areas such as interest rate risks, liquidity risks, the use of derivatives and non-derivatives, and investment of surplus liquidity.

5.1.1. Market risk

5.1.1.1 Price risk

The Company's long-term financial investments are securities of biopharmaceutical companies. The volume of investment in this type of asset is not material in the context of the Company's operations; accordingly, the related price risk is very low.

The Company's policy with regard to financial assets is to place cash in low-risk highly-liquid financial assets in order to ensure the availability of funds. For this reason, those financial assets are almost entirely government bonds and deposits at banks with good credit quality, with the result that their value does not fluctuate significantly.



5.1.1.2 Exchange rate risk

The Company operates internationally and, therefore, is exposed to exchange rate risk on transactions in foreign currencies, particularly the US dollar. Exchange rate risks arise from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Transactions denominated in currencies other than the euro, basically in US dollars, Swiss francs and pounds sterling, amounted to 39,104 thousand euro in the year ended 31 December 2015 (28,510 thousand euro in 2014) (Note 21.3). The main transaction in foreign currency in 2015 and 2014 was the revenue from the Johnson & Johnson Group (Note 4.15.2).

If, as of 31 December 2015, the euro had appreciated by 5% with respect to the US dollar while all other variables remained constant, income after taxes for the year would have been lower by 778 thousand euro (298 thousand euro in 2013), mainly as a result of translation into euro of customer and other accounts receivable and debt denominated in US dollars. If, as of 31 December 2015, the euro had depreciated by 5% with respect to the US dollar while all other variables remained constant, income after taxes for the year would have been higher by 860 thousand euro (1,116 thousand euro in 2014). The material impact of variations in the dollar as of 31 December 2015 is due mainly to the amounts in dollars collected in both years, detailed in Note 21.1.3.

Management does not consider it necessary to establish any policy for hedging the foreign currency risk vs. the functional currency.

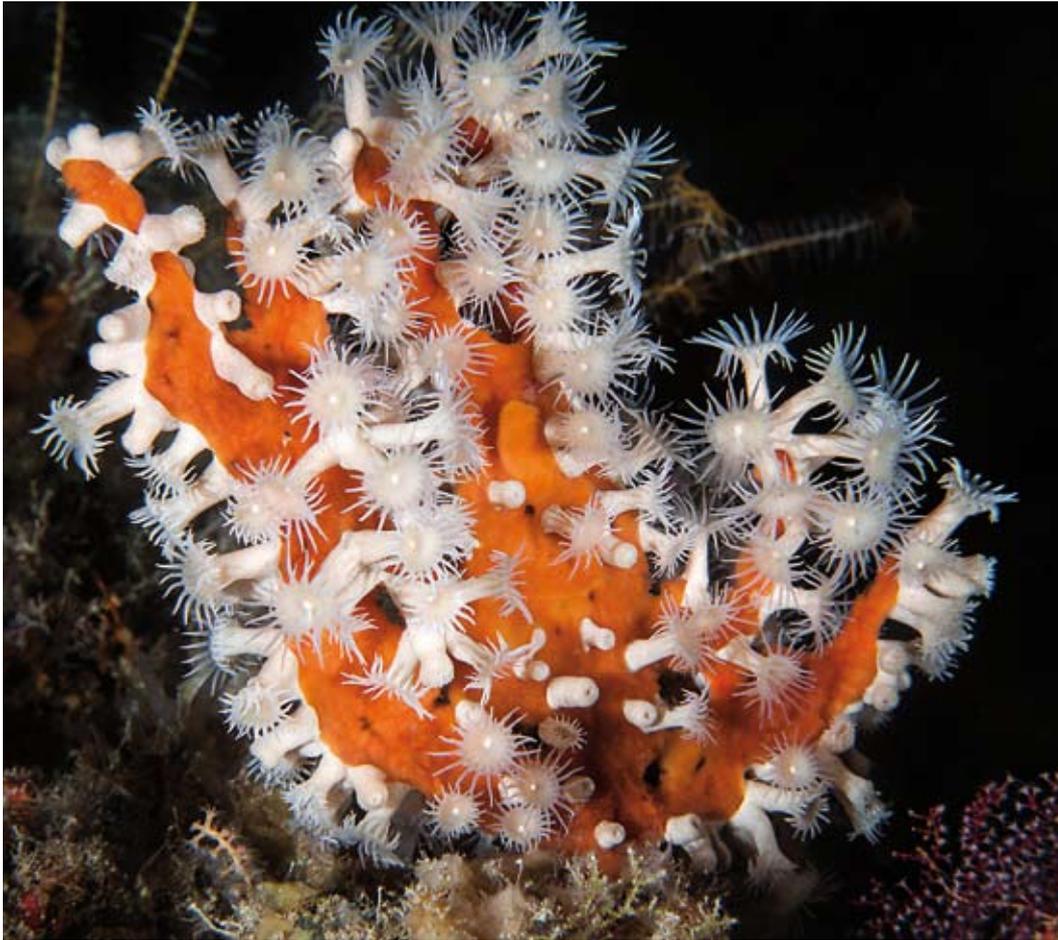
5.1.1.3 Interest rate risk on cash flows and fair values

The Company's interest rate risk arises from remunerated financial assets that can be converted into cash. The remunerated financial assets consist basically of government bonds and deposits remunerated at floating interest rates referenced to Euribor.

The Company's interest rate risk arises from interest-bearing debt. Floating-rate debt exposes the Company to interest rate risk. Additionally, fixed-rate debt exposes the Group to interest rate risk on the fair value. A sizeable part of the debt is in the form of repayable advances that are not subject to interest rate risk.

The Company analyses its exposure to interest rate risk dynamically. It simulates a number of scenarios considering refinancing, roll-overs, alternative financing and hedging. Based on those scenarios, the Company calculates the effect on income of a given variation in interest rates. In a given simulation, it assumes the same change in interest rates in all currencies. The scenarios are applied only to the largest interest-bearing liability positions.





5.1.2 Credit risk

Credit risk is managed in groups. Credit risk arises from cash and cash equivalents arranged with banks and financial institutions, and from customer balances.

The banks and financial institutions with which the Company works generally have independent ratings. Where customers have an independent rating, that rating is used; otherwise, the Company assesses the risk based on the customer's financial position, past experience and other factors. Where there is no doubt about a customer's solvency, no credit limits are set.

Where the Company acquires financial assets other than government bonds, it must apply the following policies:

- Acquisition of fixed-income funds that invest in public- or private-sector debt (government bonds, treasury bills, commercial paper), generally secure, which pay periodic coupons.
- Acquisition of money market funds comprising short-term fixed-income securities (18 months maximum), where security is given priority in exchange for a slightly lower yield than other investments.

The credit quality of the financial assets and of customers with which the Company had balances as of 31 December 2015 and 2014 is set out in Note 10.3.

5.1.3 Liquidity risk

Prudent liquidity risk management entails having sufficient cash and marketable securities, financing via sufficient credit facilities, and the capacity to settle market positions.

The Company's goal is to maintain flexible financing by having sufficient funds in financial assets to settle its obligations.

The table below shows an analysis of the Company's financial liabilities grouped by maturity based on the period remaining between the balance sheet date and the contractual maturity date, excluding the corresponding interest.

As of 31/12/15 (Thousand euro)	2016	2017	2018	2019	2020	2021 and thereafter	TOTAL
Bonds and other marketable securities	424	-	-	-	-	16,349	16,773
Bank loans	19,993	5,748	2,635	2,719	2,719	6,110	39,924
Debt to group	15,899	-	-	-	-	-	15,899
Debt to official authorities	3,202	3,691	3,896	3,518	3,643	8,746	26,696
Debt to suppliers and accounts payable	24,584	-	-	-	-	-	24,584
Other financial liabilities	214	-	-	-	-	-	214
Payable to public authorities	1,663	-	-	-	-	-	1,663
TOTAL	65,979	9,439	6,531	6,237	6,362	31,205	125,753

As of 31/12/14 (Thousand euro)	2015	2016	2017	2018	2019	2020 and thereafter	TOTAL
Bank loans	30,501	7,432	3,938	867	896	4,417	48,051
Debt to group	45,252	202,439	-	-	-	-	247,691
Debt to official authorities	2,582	2,411	2,735	2,598	2,214	7,057	19,597
Debt to suppliers and accounts payable	20,135	-	-	-	-	-	20,135
TOTAL	98,470	212,282	6,673	3,465	3,110	11,474	335,474

The Company has 13,887 thousand euro in liquidity, i.e. current financial assets, cash and other liquid assets, net of short-term bank debt (-14,565 thousand euro in 2014). Including the unused balance of available credit lines, available liquidity amounted to 38,642 thousand euro as of 31 December 2015.





5.2 Fair value estimates

The fair value of financial instruments that are traded in an active market (e.g. securities held for trading and available for sale) is based on the market prices on the balance sheet date. The market price used for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using measurement techniques. The Company uses a variety of methods and makes assumptions based on the market conditions at each balance sheet date. Listed market prices or agent quotations are used for long-term debt. To determine the fair value of the other financial instruments, other techniques are used, such as discounting estimated cash flow. The fair value of forward exchange rate contracts is determined by using the exchange rates quoted in the market on the balance sheet date.

The carrying amount of trade accounts payable and receivable is assumed to approximate their fair value. The fair value for the purposes of presenting the financial information is estimated by discounting the contractual future cash flow at the current market interest rate available to the Company for similar financial instruments.

The fair value of repayable advances that are interest-free or at a subsidized interest rate is determined by applying, to the repayments to be made, the yield curve in force on the date of receipt of the advance plus the spread normally paid by the Company on loans.

The fair value of floating-rate loans is assumed to coincide with the carrying amount.

6. INTANGIBLE ASSETS

The breakdown and changes in the “Intangible Assets” account as of 31 December 2015 and 2014 are as follows:

2015 (Thousand euro)	Development	Industrial property	Computer software	TOTAL
Cost				
Balance as of 31/12/14	633,221	-	2,037	635,258
Recognitions/(Derecognitions) due to merger	(89,065)	15	1,316	(87,734)
Recognitions	34,744	-	626	35,370
Derecognitions	(135,623)	(15)	(19)	(135,657)
Balance as of 31/12/2015	443,277	-	3,960	447,237
Accumulated depreciation and amortization				
Balance as of 31/12/14	(216,791)	-	(1,589)	(218,380)
Recognitions/(Derecognitions) due to merger	21,549	(15)	(1,130)	20,404
Provisions	(21,542)	-	(279)	(21,821)
Derecognitions	58,517	15	19	58,551
Balance as of 31/12/2015	(158,267)	-	(2,979)	(161,246)
Net carrying amount as of 31/12/2015	285,010	-	981	285,991
2014 (Thousand euro)				
	Development	Computer software	Other assets	TOTAL
Cost				
Balance as of 01/01/2014	610,229	1,904	195	612,328
Recognitions	54,228	133	-	54,361
Derecognitions	(31,236)	-	(195)	(31,431)
Balance as of 31/12/2014	633,221	2,037	-	635,258
Accumulated depreciation and amortization				
Balance as of 01/01/2014	(198,280)	(1,443)	(195)	(199,918)
Provisions	(29,778)	(146)	-	(29,924)
Derecognitions	-	-	195	195
Write-offs	11,267	-	-	11,267
Balance as of 31/12/2014	(216,791)	(1,589)	-	(218,380)
Net carrying amount as of 31/12/2014	416,430	448	-	416,878



6.1 Research and development

Capitalized research and development expenses relate to the following projects:

PROJECT (Thousand euro)	2015			2014		
	Cost	Accum. Amort.	Net	Cost	Accum. Amort.	Net
Performed in-house						
Antitumour	424,828	(139,818)	285,010	628,994	(212,564)	416,430
Antimalarial	2,774	(2,774)	-	2,774	(2,774)	-
Immunosuppressors	858	(858)	-	858	(858)	-
Antiviral	595	(595)	-	595	(595)	-
TOTAL	429,055	(144,045)	285,010	633,221	(216,791)	416,430

In 2015, the Company decided to discontinue the development of certain compounds and to derecognise the related assets since certain technical events that occurred in the year made this advisable, as was notified to the CNMV on 28 December 2015, so as to prioritise funding for the development of other molecules with greater anti-tumour activity. Nevertheless, Pharma Mar, S.A. intends to retain ownership of the patents relating to the aforementioned compounds. The net carrying amount of those compounds was 77,106 thousand euro.

In the fourth quarter of 2014, the Company derecognized certain compounds whose carrying amount was 19,968 thousand euro as of the date of derecognition. Technical and strategic reasons for discontinuing the research.

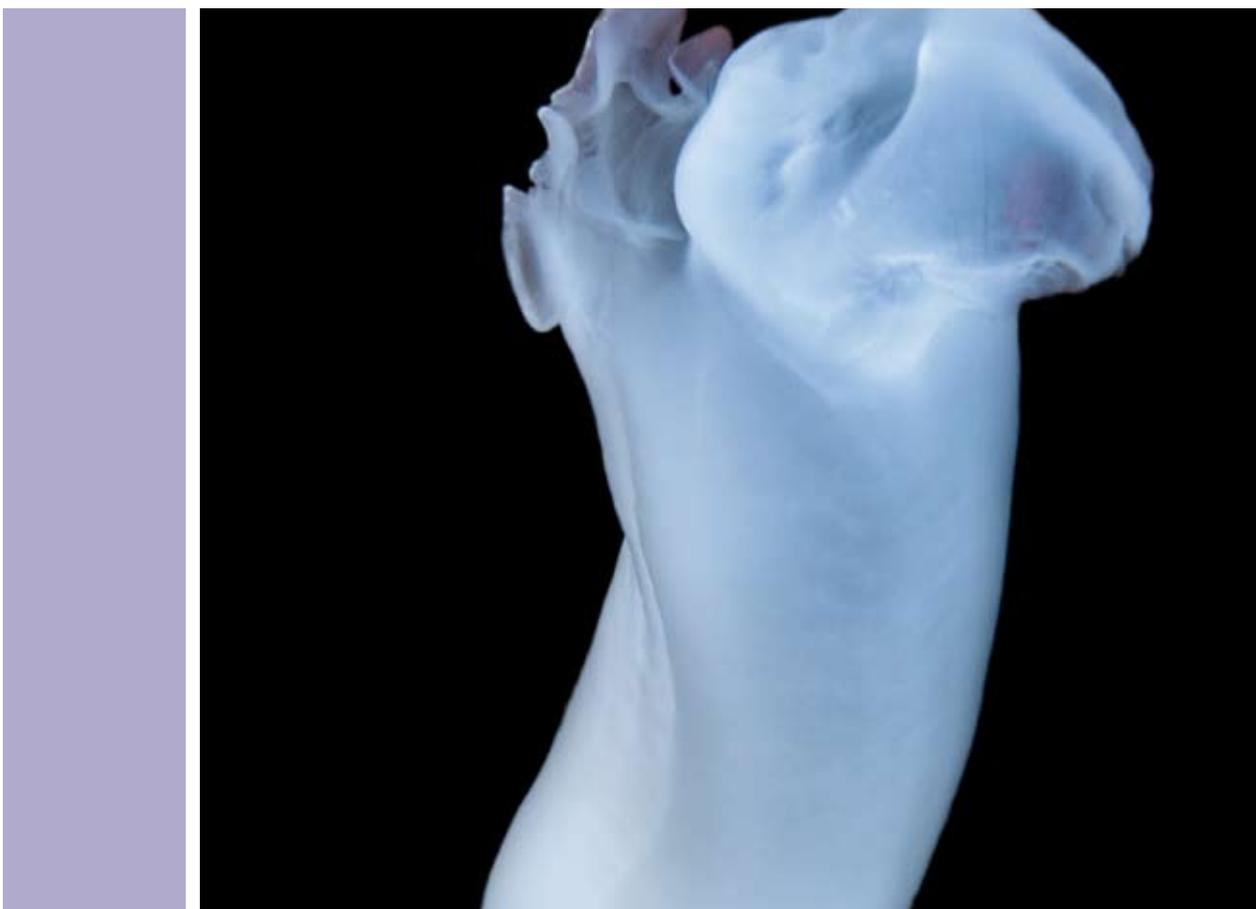
In 2015 and 2014, the Company amortized 4,675 thousand euro and 8,817 thousand euro for platinum-sensitive relapsed ovarian cancer and soft tissue sarcoma, respectively; the amortization calendar for both indications is 10 years due to obtaining marketing approval in Europe. Other amortizations in 2015 associated with Yondelis® amounted to 6,744 thousand euro, due to approval in the US and Japan.

In 2014, 1,909 thousand euro were amortized as a result of the revenue collected under the contract signed with Chugai Pharmaceutical Co., Ltd (Note 4.15.3).

R&D expenses are measured at cost, corrected at year-end if there is objective evidence that the investment will not be recovered. The carrying amount must be corrected to the recoverable amount, i.e. the fair value less selling costs or the present value of the future cash flows arising from the investment, whichever is higher.

The basis for the impairment test applied to capitalized R&D expenses on the balance sheet varies depending on the available information, and the best evidence for each project is selected on the basis of its current phase of development.





Since Yondelis® was approved for marketing by regulatory authorities in Europe (EMA: for soft tissue sarcoma in 2007 and for ovarian cancer in 2009) and the US (FDA: for soft tissue sarcoma in 2015) and Japan (PHM: for soft tissue sarcoma in 2015), the method used is the discounted free cash flows using projections based on the following key assumptions: direct sales of Yondelis® in Europe for soft tissue sarcoma and ovarian cancer, royalties on sales of Yondelis® to be collected from Janssen and Taiho, the licensees for the United States and Japan, as well as the sale of raw materials to the latter two, and milestones payments under the license agreement with Janssen, which will accrue upon approval of Yondelis in the United States for ovarian cancer. Projections are based on estimated revenues over a period of ten years. The average growth rate for the projected years is 5%. The following costs are considered: costs directly related to the product, such as production and selling marketing and commercialization costs, the sales network, medical affairs and a proportional part of overheads and administrative expenses, patenting expenses, quality control and regulatory affairs incurred by the Company. All of them were calculated on the basis of available historical information.

Cash flows were projected over 10 years, plus a perpetual income with 5% negative growth.

The discount rate used for free cash flow was the weighted average cost of capital (WACC). The main inputs used to calculate this variable are: the proportion between the fair value of the Company's equity and debt, which were approximately 87% and 14%, respectively, at the analysis date; the cost of debt, estimated at approximately 3.59%; the cost of equity amounts to 12,26%, while the risk free interest rate is taken to be the yield on the Spanish 5Y bond, i.e. 1.15%; a beta (volatility) coefficient of the company of 0.83%



at the analysis date and a risk premium for the company estimated by reference to historical series of certain share indices (IBEX 35, for the country, and NASDAQ Biotech, for the industry and risk profile), estimated at approximately 13.4%, after deducting the risk-free interest rate; a tax rate of 28% was assumed. The resulting weighted average cost of capital is 10.87%.

The key parameters which affect the calculation of recoverable value are revenues, expenses, total free cash flow, and the WACC. Below are detailed the changes that would be required in the key parameters in each of the ten years, while maintaining all other variables constant, in order for the recoverable value to match the carrying amount as of 31 December 2015.

Revenues would have to decline by 49%. Alternatively, expenses would have to increase by 126%. Applying the same analysis to free cash flow, the two figures would match if that variable declined by 82%. Likewise, the same result would be achieved by increasing the discount rate by 433%.

For the other compounds at various stages of development, the best evidence for assessing the recoverability of the investment is obtained from a number of sources: i) valuations by market analysts who are specialized in biotechnology; ii) analysis of licensing contracts signed to date, and those under negotiation, whose financial terms can be extrapolated to an overall valuation; iii) the Company's own projections based on third-party surveys.

The Company regularly assesses the viability of the compounds under development.

6.2 Capitalized financial expenses

As a result of the merger described in Note 1, the accumulated amount of financial expenses relating to the financing obtained from the Group, specifically from Zeltia, SA (absorbed company), which had been capitalized in the Company's assets under the Research and Development account was derecognized in that account for a net total amount of 67,516 thousand euro.

At the closing date of these financial statements, 2,379 thousand euro net of financial expenses had been capitalized in connection with funding from third parties for research and development activities.

6.3 Intangible assets located in other countries

There are no intangible assets located in other countries.

6.4 Intangible assets acquired from group and associated undertakings

No assets were acquired from group or associated undertakings in 2015 and 2014.

6.5 Fully amortized assets

The assets that were fully amortized as of 31 December 2015 and 2014 are as follows::

FULLY AMORTIZED INTANGIBLE ASSETS (Thousand euro)	2015	2014
R&D expenses	8,415	8,415
Computer software	2,211	1,135
TOTAL	10,626	9,550

6.6 Income from disposals and other

Income from disposals and other income was negative in the amount of 77,106 thousand euro as of 31 December 2015 and 19,968 thousand euro as of 31 December 2014, as detailed in Note 6.1.

6.7 Assets designated as collateral and subject to ownership restrictions

As of 31 December 2015 and 2014, there were no intangible assets subject to ownership restrictions or pledged as collateral for liabilities.

6.8 Subsidies received to finance R&D

As of 31 December 2015, the Company had 9,284 thousand euro (13,154 thousand euro in 2014) under "Official capital subsidies" to finance research and development activities. That balance includes 4,752 thousand euro (5,947 thousand euro in 2014) corresponding to the subsidy component that is calculated to exist in repayable loans obtained from official authorities to finance research and development activities at zero interest, as compared with finance obtained at market rates (Notes 5.2 and 18).

7. PROPERTY, PLANT AND EQUIPMENT

The detail and changes in the Property, Plant and Equipment account as of 31 December 2015 and 2014 are as follows:

2015 (Thousand euro)	Land and buildings	Installations	Construction in progress and advances	TOTAL
Cost				
Balance as of 31/12/14	21,377	26,777	1,506	49,660
Recognitions due to merger	-	552	-	552
Recognitions	-	508	1,031	1,539
Derecognitions	-	(116)	-	(116)
Other transfers	611	1,676	(2,287)	-
Impairment	(1,033)	-	-	(1,033)
Balance as of 31/12/2015	20,955	29,397	250	50,602
Accumulated depreciation and amortization				
Balance as of 31/12/14	(5,814)	(23,456)	-	(29,270)
Recognitions due to merger	-	(447)	-	(447)
Provisions	(492)	(761)	-	(1,253)
Derecognitions	-	123	-	123
Balance as of 31/12/2015	(6,306)	(24,541)	-	(30,847)
Net carrying amount as of 31/12/2015	14,649	4,856	250	19,755

2014 (Thousand euro)	Land and buildings	Installations	Construction in progress and advances	TOTAL
Cost				
Balance as of 31/12/2013	21,377	26,125	129	47,631
Recognitions	-	373	1,660	2,033
Other transfers	-	283	(283)	-
Derecognitions	-	(4)	-	(4)
Balance as of 31/12/2014	21,377	26,777	1,506	49,660
Accumulated depreciation and amortization				
Balance as of 31/12/2013	(5,325)	(22,741)	-	(28,066)
Provisions	(489)	(719)	-	(1,208)
Derecognitions	-	4	-	4
Balance as of 31/12/2014	(5,814)	(23,456)	-	(29,270)
Net carrying amount as of 31/12/2014	15,563	3,321	1,506	20,390

As of 31 December 2015, the net carrying amount of land and structures was 5,666 thousand euro and 8,983 thousand euro, respectively (6,699 thousand euro and 8,864 thousand euro, respectively, in 2014).

The most significant changes in property, plant and equipment in 2015 related to the transfer from construction in progress to property, plant and equipment of a fermentation room and a logistics warehouse for product distribution from Spain to the rest of Europe.

7.1 Impairment losses

At year-end, impairment had been recognized on the carrying amount of land owned by the Company in the amount of 1,033 thousand euro (Note 21.7).

7.2 Assets acquired from Group and Associated undertakings

No assets were acquired from group or associated companies in 2015 or 2014.

7.3 Fully depreciated assets

As of 31 December 2015, the Company was using assets with a carrying amount of 20,997 thousand euro which had been fully depreciated (20,038 thousand euro as of 31 December 2014).

7.4 Property, plant and equipment pledged as collateral

The Company's building in Colmenar Viejo is mortgaged to secure the repayment of certain loans obtained from financial institutions. The mortgage loan maturing in September 2015 was rolled over into a new mortgage loan maturing in June 2024.

The detail of mortgaged assets and their relation to the loan transactions is as follows (in thousand euro):

LOCATION (Thousand euro)	Net value 31/12/15	Amount of loan	Amount outstanding 31/12/2015	Maturity
Av. de los Reyes nº 1 Colmenar Viejo (Madrid)	9,659	9,000	7,824	June 2024

LOCATION (Thousand euro)	Net value 31/12/14	Amount of loan	Amount outstanding 31/12/14	Maturity
Av. de los Reyes nº 1 Colmenar Viejo (Madrid)	11,184	9,000	8,617	June 2024

The outstanding amount of the mortgage loan under "Long-term bank debt" is 7,001 thousand euro (7,831 thousand euro in 2014), and the amount under "Short-term bank debt" is 823 thousand euro (786 thousand euro in 2014). See Note 19.2.





7.5 Assets acquired under finance leases

There were no finance leases outstanding as of the end of 2015 and 2014.

7.6 Subsidies received

No fixed assets financed by subsidies from public authorities were acquired in 2015 or 2014.

7.7 Insurance

The Company has arranged insurance policies to cover the risks to which its property, plant and equipment are subject. The cover of these policies is deemed to be sufficient.

7.8 Assets located in other countries

There is no property, plant and equipment located outside Spanish territory.

8. INVESTMENT PROPERTY

The Company classifies land and structures held for appreciation and rental as “investment property”. That investment property arose in the merger described in Note 1.

At the date of authorization of these financial statements, the building was unoccupied, although the Company intends to find a tenant.

The Company's land and structures are free of encumbrances. The breakdown of these assets and their net carrying values as of 31 December 2015 are as follows:

2015 (Thousand euro)	Land	Structures	TOTAL
Cost			
Balance as of 31/12/2014	-	-	-
Recognitions due to merger	1,112	1,037	2,149
Balance as of 31/12/2015	1,112	1,037	2,149
Accumulated depreciation and amortization			
Balance as of 31/12/2014	-	-	-
Recognitions due to merger	-	(578)	(578)
Provisions	-	(41)	(41)
Balance as of 31/12/2015	-	(619)	(619)
Net carrying amount as of 31/12/2015	1,112	418	1,530

9. OPERATING LEASES

The Company has equipment leases (vehicles, computers and software) and operating lease contracts (laboratories, offices, cold stores, document and material stores). The equipment leases can be cancelled upon payment of the established penalty and the operating leases can be cancelled with the corresponding advance notice.

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

OPERATING LEASE COMMITMENTS (Thousand euro)	2015	2014
Less than 1 year	1,372	909
1 to 5 years	2,291	442
TOTAL	3,663	1,351

The expense recognized in profit or loss amounted to 1,474 thousand euro in 2015 (1,155 thousand euro in 2014).

10. ANALYSIS OF FINANCIAL INSTRUMENTS

10.1 Analysis by category

The carrying amount of each category of financial instrument established in the accounting and measurement rules for “Financial Instruments”, except for investments in the equity of group, multi-group and associated undertakings (Note 11) and liabilities with public authorities (Note 22), is as follows:

10.1.1 Current and non-current financial assets and liabilities

2015 (Thousand euro)	Loans and accounts receivable / payable	Available for sale	Total
Non-current financial assets			
Financial assets – Group undertakings (Note 14.2)	11,796	-	11,796
Non-current financial investments (Note 12)	51	323	374
Other financial assets (Note 14.1)	114	-	114
Current financial assets			
Customer and other accounts receivable (Note 14.3)	13,440	-	13,440
Customer receivables and receivable from group undertakings (Note 28)	11,040	-	11,040
Financial assets – Group undertakings (Notes 14 and 28)	3,031	-	3,031
Current financial investments (Note 14.5)	33,914	-	33,914
Other financial assets (Note 14)	1,871	-	1,871
	75,257	323	75,580
Non-current financial liabilities			
Bonds and other marketable securities (Note 19.1)	16,349	-	16,349
Bank loans (Note 19.2)	19,931	-	19,931
Other financial liabilities (Note 19.3)	23,494	-	23,494
Current financial liabilities			
Bonds and other marketable securities (Note 19.1)	424	-	424
Bank loans (Notes 19.2 and 19.3)	23,195	-	23,195
Debt to Group undertakings (Note 28)	15,899	-	15,899
Trade and other accounts payable (Note 19)	24,584	-	24,584
Other financial liabilities	214	-	214
	124,090	-	124,090



2014 (Thousand euro)	Loans and accounts receivable / payable	Available for sale	Total
Non-current financial assets			
Non-current financial investments (Note 12)	-	302	302
Other financial assets (Note 14.1)	73	-	73
Current financial assets			
Customer and other accounts receivable (Note 14.3)	10,075	-	10,075
Customer receivables and receivable from group undertakings (Note 28)	9,000	-	9,000
Financial assets – Group undertakings (Notes 14 and 28)	3,644	-	3,644
Current financial investments (Note 14.5)	11,022	-	11,022
Other financial assets (Note 14)	495	-	495
	34,309	302	34,611
Non-current financial liabilities			
Bank loans (Note 19.2)	17,550	-	17,550
Debt to Group undertakings	202,439	-	202,439
Other financial liabilities (Note 19.3)	17,015	-	17,015
Current financial liabilities			
Bank loans (Notes 19.2 and 19.3)	32,360	-	32,360
Debt to Group undertakings (Note 28)	45,252	-	45,252
Trade and other accounts payable (Note 19)	19,389	-	19,389
Other financial liabilities	723	-	723
	334,728	-	334,728



10.2 Analysis by maturity

The amounts of financial instruments with a fixed or determinable maturity, by year of maturity, are as follows:

FINANCIAL ASSETS / LIABILITIES BY MATURITY 2015 (Thousand euro)	2016	2017	2018	2019	2020	Subsequent years	TOTAL
ASSETS AVAILABLE FOR SALE	-	-	-	-	-	374	374
At fair value (Note 12)	-	-	-	-	-	374	374
LOANS AND ACCOUNTS RECEIVABLE	-	-	-	-	-	11,796	11,796
Financial assets – Group undertakings (Note 14.2)	-	-	-	-	-	11,796	11,796
OTHER FINANCIAL ASSETS:	63,296	114	-	-	-	-	63,410
Other financial assets (Note 14.1)	-	114	-	-	-	-	114
Loans and accounts receivable (Note 14.5)	33,914	-	-	-	-	-	33,914
Loans to undertakings (Note 28)	4,902	-	-	-	-	-	4,902
Customer and other accounts receivable (Note 14)	24,480	-	-	-	-	-	24,480
TOTAL	63,296	114	-	-	-	12,170	75,580
FINANCIAL LIABILITIES							
Bonds and other marketable securities (Note 19.1)	424	-	-	-	-	16,349	16,773
Bank loans (Note 19.2)	19,993	5,748	2,635	2,719	2,719	6,110	39,924
Debt to Group (Note 28)	15,899	-	-	-	-	-	15,899
Debt to official authorities (Note 19.3)	3,202	3,691	3,896	3,518	3,643	8,746	26,696
Debt to suppliers and accounts payable	24,584	-	-	-	-	-	24,584
Other financial liabilities	214	-	-	-	-	-	214
TOTAL	64,316	9,439	6,531	6,237	6,362	31,205	124,090



FINANCIAL ASSETS / LIABILITIES BY MATURITY 2014 (Thousand euro)	2015	2016	2017	2018	2019	Subsequent years	TOTAL
ASSETS AVAILABLE FOR SALE	-	-	-	-	-	302	302
At fair value (Note 12)						302	302
OTHER FINANCIAL ASSETS:	34,236	73	-	-	-	-	34,309
Other financial assets (Note 14.1)	-	73	-	-	-	-	73
Loans and accounts receivable (Note 14.5)	11,022	-	-	-	-	-	11,022
Loans to undertakings (Note 28)	4,139	-	-	-	-	-	4,139
Customer and other accounts receivable (Note 14)	19,075	-	-	-	-	-	19,075
TOTAL	34,236	73	-	-	-	302	34,611
FINANCIAL LIABILITIES							
Bank loans (Note 19.2)	30,501	7,432	3,938	867	896	4,417	48,051
Debt to Group (Note 28)	45,252	202,439	-	-	-	-	247,691
Debt to official authorities (Note 19.3)	2,582	2,411	2,735	2,598	2,214	7,057	19,597
Debt to suppliers and accounts payable	19,389	-	-	-	-	-	19,389
TOTAL	97,724	212,282	6,673	3,465	3,110	11,474	334,728

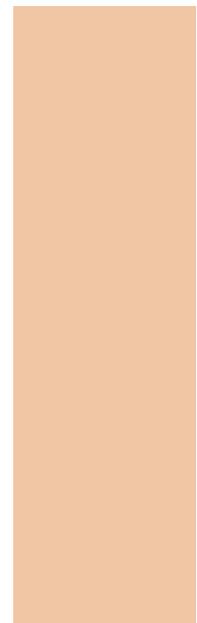
The “Non-current financial assets - Group undertakings” account as of 31 December 2015 contains the loans indicated in Note 14.2, which were recognized in the Company's balance sheet as a result of the merger described in Note 1. Those loans were classified as non-current since they have no fixed maturity.



10.3 Credit quality of financial assets

The credit quality of financial assets that have not yet matured and have not suffered impairment losses can be assessed on the basis of credit ratings provided by external bodies or by the past history of default:

ACCOUNTS RECEIVABLE (Thousand euro)	2015	2014
Customers without an external credit rating		
New customers	1,682	184
Customers from previous years	11,758	9,891
TOTAL ACCOUNTS RECEIVABLE	13,440	10,075
Cash at bank and short-term bank deposits		
Moody's rating		
A3	23	-
B1	6,149	500
B1u	-	701
Ba1	31	-
Ba2	2	4,532
Ba3	-	6,228
Ba3u	63	-
Baa1	10,657	-
Baa2	3	-
Baa3	17,935	4,000
Caa1	1,642	741
WR	-	1,093
Unrated	576	-
TOTAL CASH AT BANK AND SHORT-TERM BANK DEPOSITS	37,081	17,795



11. HOLDINGS IN GROUP COMPANIES

11.1 Description of Group undertakings: registered offices and line of business

The registered office and line of business of each of PharmaMar's investees as of 31 December 2015 are summarized below:

Company	Registered offices	Line of business
Genómica, S.A.U. Madrid (Spain)	C/ Vía de los Poblados, 1 28033 Madrid	IResearch, development and commercialization of biotechnology applications, diagnosis and services related to these activities.
Genómica, A.B. Sweden	Ideon Science Park Sheeveage, 17 Lund, Sweden	IResearch, development and commercialization of biotechnology applications, diagnosis and services related to these activities.
Sylentis , S.A.U. Madrid (Spain)	Pza. del Descubridor Diego de Ordás, 3 Madrid	IResearch, development, production and sale of products with therapeutic activity based on reducing or silencing gene expression. The Company does not have any product on the market.
Pharma Mar, USA INC NY (USA)	NY-New York City 230 Park Avenue Helmsley Building USA	Research, production and marketing of pharmaceutical products.
PharmaMar, AG Basel (Switzerland)	Seschenvorstadt, 71 Basle - Switzerland	Research, production and marketing of pharmaceutical products.
Pharma Mar, Sarl Paris (France)	120, Av. Charles Gaulle Neuilly Sur Seine - France	Research, production and marketing of pharmaceutical products.
Pharma Mar, GmbH Berlin (Germany)	Uhlandstraße 14 10623 Berlin - Germany	Research, production and marketing of pharmaceutical products.
Pharma Mar, Srl Milan (Italy)	Via Giorgio Stephenson, 29 Milan - Italy	Research, production and marketing of pharmaceutical products.
Pharma Mar, Ltd Reading (UK)	Regus Abbey House, 1650 Arlington Business Park United Kingdom	Research, production and marketing of pharmaceutical products.
Pharma Mar, Sprl Brussels (Belgium)	Avenue du Port 86C, boîte 204, 1000 Brussels, Belgium	Research, production and marketing of pharmaceutical products.
Noscira, S.A. en liquidación Madrid (Spain)	Pza. del Descubridor Diego de Ordás, 3 Madrid	The ARGO clinical trial in Alzheimer's disease failed to reach its endpoints in October 2012. Noscira derecognized its capitalized R&D expenses, with the result that it was in a position in which it was required by law to be dissolved, since net equity had been reduced to less than one-half of capital stock. On 18 December of that same year, the shareholders resolved to dissolve and liquidate Noscira.
Zelnova Zeltia, S.A. Porriño - Pontevedra (Spain)	Torneiros - Porriño Pontevedra	Manufacture and marketing of chemical products for household, agricultural and industrial use.
Copyr S.p.A. Milan (Italy)	Via Giorgio Stephenson, 29 Milan - Italy	Manufacture and marketing of chemical products for household, agricultural and industrial use.
Xylazel, S.A. - Porriño Pontevedra (Spain)	Las Gándaras - Porriño Pontevedra	Manufacture and sale of wood protection and decoration products.
Promaxsa Protección de Maderas, S.L. Coslada-Madrid (Spain)	Avenida Fuentemar, 16 Coslada-Madrid	Provision of services for treating and protecting wood, and repairing and preserving structures.



11.2 PharmaMar stakes in Group undertakings

The detail of the holdings in group undertakings as of 31 December 2015 and 2014 is as follows:

Name and address	Percentage of ownership			
	Direct % 2015	Indirect % 2015	Direct % 2014	Indirect % 2014
Genómica, S.A.U. - Madrid (Spain)	100%	-	-	-
Genómica, A.B.- Sweden (*)	-	100%	-	-
Sylentis , S.A.U. - Madrid (Spain)	100%	-	-	-
Pharma Mar USA INC - NY (USA)	100%	-	100%	-
PharmaMar AG - Basel (Switzerland)	100%	-	100%	-
Pharma Mar Sarl - Paris (France)	100%	-	100%	-
Pharma Mar GmbH - Berlin (Germany)	100%	-	100%	-
Pharma Mar Srl - Milan (Italy)	100%	-	100%	-
Pharma Mar, Ltd - Reading (UK)	100%	-	-	-
Pharma Mar, Sprl - Brussels (Belgium)	100%	-	-	-
Noscira, S.A. en liquidación - Madrid (Spain)	73.32%	-	-	-
Zelnova Zeltia, S.A. - Porriño Pontevedra (Spain)	100%	-	-	-
Copyr S.p.A.- Italy (**)	-	100%	-	-
Xylazel, S.A. - Porriño - Pontevedra (Spain)	100%	-	-	-
Promaxsa Protección de Maderas, S.L. Coslada-Madrid (Spain)	100%	-	-	-

(*) Genómica, A.B. is wholly owned by Genómica, S.A.U.

(**) Copyr, S.p.A. is wholly owned by Zelnova Zeltia, S.A.

Voting rights are proportional to the share in capital.

The Company periodically receives economic and financial information from all its subsidiaries. In compliance with article 155 of the consolidated text of the Capital Companies Act, PharmaMar has presented the required notifications to the companies in which it has direct and/or indirect holdings of more than 10%.

11.3 Changes in holdings in Group undertakings: Capital increases, business combinations

The changes in the holdings in group undertakings in 2015 and 2014 are as follows:

Company	Cost	Provision	Balance as of 31/12/2014	Resulting from incorporation	Resulting from merger	Capital increase	Provision	Balance as of 31/12/2015
Holdings in Group undertakings								
Genómica, S.A.U.	-	-	-	-	6,606	-	-	6,606
Sylentis, S.A.U.	-	-	-	-	26,068	-	-	26,068
PharmaMar USA INC	5,010	(5,010)	-	-	-	-	-	-
PharmaMar AG	107	(52)	55	-	-	-	-	55
Pharma Mar Sarl	100	(37)	63	-	-	-	-	63
Pharma Mar GmbH	500	(29)	471	-	-	-	-	471
Pharma Mar SRL	500	-	500	-	-	-	-	500
Pharma Mar Ltd	-	-	-	70	-	-	-	70
Pharma Mar sprl	-	-	-	150	-	-	-	150
Noscira, S.A.	-	-	-	-	-	-	-	-
Zelnova Zeltia, S.A.	-	-	-	-	4,385	-	-	4,385
Xylazel, S.A.	-	-	-	-	4,725	-	-	4,725
Promaxsa Protección de Maderas, S.L.	-	-	-	-	-	707	(707)	-
	6,217	(5,128)	1,089	220	41,784	707	(707)	43,093

There no changes in the holdings in 2014.

In 2015, Promaxsa increased capital by 7 thousand euro by issuing 7,000 new shares of 1 euro par value each, with an issue premium of 100 euro per share, i.e. amounting to a total of 707,000 euro, by offsetting a debt claim held by the Company.



11.3.1 Disclosures on net equity of the Group undertakings and their net carrying amount at PharmaMar. Valuation methods for the holdings in Group undertakings

The amounts of capital, reserves, period income and other information of interest as of 31 December 2015 and 2014, as stated in each company's separate financial statements, and the net carrying amount at which PharmaMar has recognized its holding in each subsidiary, are as follows:

2015 Company	Capital	Reserves	Other items	Operating income	2015 income	Carrying amount at parent company	Dividendos recibidos
Genómica, S.A.U.	2,177	(101)	3,059	(1,641)	(1,358)	6,606	-
Genómica, A.B. (*)	6	-	25	7	2	-	-
Sylentis, S.A.U.	1,523	150	13,790	(2,112)	(1,888)	26,068	-
Pharma Mar USA INC	5,010	(5,058)	-	25	18	-	-
Pharma Mar, Sarl	100	7	-	18	5	55	-
Pharma Mar, GmbH	25	233	-	(87)	(73)	63	-
PharmaMar, AG	107	(33)	-	12	10	471	-
Pharma Mar, Srl	500	(188)	-	415	154	500	-
Pharma Mar, Ltd	70	(6)	-	(2)	(3)	70	-
Pharma Mar, Spri	150	-	-	(17)	(17)	150	-
Noscira, S.A. en liquidación	27,615	(1,467)	(40,439)	(32)	(93)	-	-
Zelnova Zeltia, S.A.	3,034	22,257	920	2,475	1,605	4,385	1,300
Copyr, S.p.A. (**)	871	3,475	-	914	518	-	-
Xylazel, S.A.	811	7,798	-	792	560	4,725	-
Promaxsa Protección de Maderas, S.L.	15	(1)	422	(344)	(275)	-	-
TOTAL	42,014	27,066	(22,223)	423	(835)	43,093	1,300

(*) Genómica, A.B. is wholly owned by Genómica, S.A.U.

(**) Copyr, S.p.A. is wholly owned by Zelnova Zeltia, S.A.



2014 Company	Capital	Reserves	Other items	Operating income	2014 income	Carrying amount at parent company	Dividends received
Pharma Mar USA INC	5,010	(5,036)	-	8	2	-	-
Pharma Mar, Sarl	100	2	-	40	24	55	-
Pharma Mar, GmbH	500	(25)	-	(205)	(208)	63	-
PharmaMar, AG	107	15	-	12	11	471	-
Pharma Mar, SRL	500	(167)	-	357	1	500	-
TOTAL	6,217	(5,211)	-	212	(170)	1,089	-

Under point 2.5 (“Investment in the equity of Group undertakings”) of Accounting and Measurement Standard 9, “Financial Instruments”, of Spain’s New General Accounting Plan (GAP), these investments must be carried at cost, corrected at year-end if there is objective evidence that the investment is not recoverable. The carrying amount must be corrected to the recoverable amount, i.e. the fair value less selling costs or the present value of the future cash flows arising from the investment, whichever is higher.

The basis for the impairment test applied to investments in group undertakings varies depending on the available information and the best evidence for each investee. In the case of companies in the consumer chemical business, the commercial subsidiaries of PharmaMar and Genómica S.A.U., the best evidence of recoverable value is their own business projections. In the case of other investees in the biopharmaceutical business whose research projects are at an early stage, business projections do not provide the most reliable evidence of recoverable value. In this case, the Company mainly uses appraisals by independent experts based on the company’s projects under way, and other references based on deals signed in the market for comparable pharmaceutical compounds at similar stages of progress. Based on an independent appraisal, the investment in Sylentis is worth more than its carrying amount.

There are no investments in Group undertakings that required recognition of impairment other than as indicated in the preceding table.



12. FINANCIAL ASSETS AVAILABLE FOR SALE

Holdings in companies

Holding in the capital of companies	Holding in the capital of	Percentage of ownership	Percentage of ownership
		2015 Direct %	2014 Direct %
Instituto BIOMAR	Pharmaceutical research	3.55%	3.55%
Pangaea Biotech SA	Consulting services	0.33%	0.33%
Johnson & Johnson	Manufacture of pharmaceuticals, consumer products, medical devices and diagnostics.	0.00001%	-

The value of those holdings is as follows:

(Thousand euro)	2015	2014
Instituto BIOMAR	253	252
Pangaea Biotech SA	50	50
Johnson&Johnson	20	-
	323	302

No impairment losses were recognized in 2015 and 2014 on financial assets available for sale.

Unlisted securities: the available-for-sale financial assets consist entirely of holdings in biopharmaceutical companies.

Listed securities: Available-for-sale financial assets include securities traded on official markets that are denominated in US dollars. The financial assets available for sale consist of shares listed on the US market, all of them in the biopharmaceutical sector. Their fair value matches their quoted market price.

The balance of this item as of 31 December 2015 was 20 thousand euro.

As a result of marking these securities to market in 2015, the Company recognized a gain of 1 thousand euro.



13. INVENTORIES

The Group classifies inventories as follows:

(Thousand euro)	2015	2014
Raw materials and other supplies used	110	79
Semi-finished products and products in process	7,362	11,642
Finished products	334	378
	7,806	12,099

No financial expenses have been capitalized as the inventory production cycle does not exceed one year.

There are no future (or option) contracts relating to inventories as of 31 December 2015 and 2014.

No material impairment losses were recognized for inventories in 2015 and 2014. No inventories have been committed as collateral for obligations or debt.

The Company has arranged several insurance policies to cover the risks to which the inventories are exposed. The cover of these policies is deemed to be sufficient.

14. LOANS AND ACCOUNTS RECEIVABLE

Loans and accounts receivable are classified as follows:

(Thousand euro)	2015	2014
NON-CURRENT LOANS AND ACCOUNTS RECEIVABLE	11,910	73
Long-term deposits and guarantees provided (Note 14.1)	114	73
Loans to Group undertakings (Notes 14.2 and 28)	11,796	-
CURRENT LOANS AND ACCOUNTS RECEIVABLE	63,296	34,236
Customer receivables (Note 14.3)	13,440	10,075
Customer receivables from group and associated undertakings (Notes 14.4 and 28)	11,040	9,000
Current investment in group and associated undertakings (Notes 14.2 and 28)	3,031	3,644
Sundry debtors	384	18
Personnel	118	6
Accruals	1,369	471
Short-term deposits (Note 14.5)	33,908	11,006
Long-term deposits and guarantees provided	6	16
TOTAL	75,206	34,309



14.1 Deposits and sureties

Long-term deposits and sureties as of 31 December 2015 and 2014 include mainly deposit on leases.

14.2 Loans to group undertakings

The “Non-current financial assets - Group undertakings” account as of 31 December 2015 contains the following loans to Group undertakings, which were recognized in the Company’s balance sheet as a result of the merger described in Note 1:

(Thousand euro)	2015	2014
Sylentis, S.A.U.	9,696	-
Genómica, S.A.U.	2,100	-
Noscira, S.A.- en liquidación	7,611	-
Promaxsa Protección de Maderas, S.L.	683	-
Provision for impairment	(8,294)	-
	11,796	-

Those loans were classified as non-current since they have no fixed maturity.

The loans to Noscira (which is in liquidation) and Promaxsa have been fully written off due to doubts about their recoverability.

The loan to Noscira (currently being liquidated) amounting to 7.6 million euro arose as a result of subrogation in 2013 by Zeltia (absorbed company, see Note 1) to two loans granted by Centro de Desarrollo Tecnológico e Industrial (CDTI) to Noscira (currently in liquidation) for that amount, in which Zeltia had acted as guarantor. The subrogation was under the same conditions and for the same term as the original contract, i.e. zero interest rate and a 10-year maturity.

The “Current financial assets – Group undertakings” account comprises the following:

(Thousand euro)	2015	2014
Current financial assets		
Corporate income tax receivable (Note 22)	801	12
VAT receivable (Note 22)	137	3,632
Current accounts with Group undertakings	793	-
Account receivable from Zelnova Zeltia, S.A.	1,300	-
	3,031	3,644

The balances with Group undertakings listed in current financial assets and liabilities in 2015 consist mainly of those generated between the parent company and its subsidiaries as a result of tax consolidation, of both corporate income tax and the value added tax (see Note 22).

14.3 Customer receivables

The detail of customer balances by age is as follows:

(Thousand euro)	2015	2014
Current balances	6,727	5,418
Balances past-due but not provisioned	6,890	5,046
Up to 3 months	5,355	2,229
3-6 months	749	615
Over 6 months	786	2,202
Balances past-due and provisioned		
Over 6 months	-	-
Under 6 months	-	-
TOTAL CUSTOMER RECEIVABLES	13,617	10,464
Provisions	(177)	(389)
TOTAL NET CUSTOMER RECEIVABLES	13,440	10,075

Past-due receivables have not been impaired and the Company expects to recover the total amount due plus any default interest that it claims.

The amount of 177 thousand euro (389 thousand euro in 2014) relates mainly to the provision for the contribution to sales to be made by the Portuguese health authorities (Infarmed). The 2014 amount corresponds mainly to the provision recognized in connection with the risk-sharing agreement signed with the Italian Medicines Agency (AIFA) and the provision for the discounts applicable in Germany under German law.

Due from public authorities

As of 31 December 2015, accounts receivable from public authorities, regardless of their origin, totalled 6,600 thousand euro (6,143 thousand euro in 2014).



The geographical breakdown of receivables from public authorities in Spain is as follows:

(Thousand euro)	Credit rating	2015	2014
Andalusia	Ba1	488	229
Madrid	Baa2	559	317
Balearic Islands	BBB-	21	33
Valencia	Ba2	332	114
Castilla y León	Baa2	290	99
Castilla la Mancha	Ba2	79	79
Aragón	BBB	115	35
Catalonia	Ba2	268	295
Cantabria	BBB	111	26
Galicia	Baa2	188	85
Canary Islands	BBB-	62	94
Extremadura	Baa3	23	76
Basque Country	Baa1	24	13
Murcia	Ba2	65	41
Navarra	A	39	12
Asturias	BBB	33	-
Otros	-	35	4
Other business		2,732	1,552

In 2015, the Company collected 5,996 thousand euro of debt owed by various public administrations by arranging non-recourse factoring contracts with financial institutions that specialize in transactions of this type (3,541 thousand euro in 2014).

Past-due debt as of 31 December 2015 totalled 1,709 thousand euro (273 thousand euro in 2014), and no impairments had been recognized on those amounts. Claims have been issued to the corresponding public agencies for the default interest accrued on these debts.



Debt owed by public agencies outside Spain at year-end was as follows:

(Thousand euro)	Credit rating	2015	2014	Rating agency
Italy	Baa2	209	675	Moody's
France	Aaa2	1,157	772	Moody's
United Kingdom	Aa1	1,096	345	Moody's
Portugal	Ba1	450	1,669	Moody's
Austria	Aaa	455	735	Moody's
Belgium	Aa3	366	345	Moody's
Luxembourg	Aaa	18	18	Moody's
The Netherlands	Aaa	78	32	Moody's
Ireland	Baa1	39	-	Moody's
TOTAL		3,868	4,591	

14.4 Receivable from group and associated undertakings

The balances receivable from group and associated undertakings in 2015 and 2014 are detailed in Note 28.

14.5 Short-term deposits

The Short-term deposits account as of 31 December 2015 contains the following material items:

- A number of time deposits amounting to a total of 33,894 thousand euro plus accrued interest at a fixed annual rate of between 0.10% and 0.85%, amounting to 13 thousand euro outstanding at year-end.

This account contained the following material items as of 31 December 2014:

- A number of time deposits amounting to a total of 10,960 thousand euro plus accrued interest at a fixed annual rate of between 0.4% and 0.85%, amounting to 15 thousand euro outstanding at year-end.

The interest rate for short-term bank deposits as of 31 December 2015 was approximately 0.23% (0.72% in 2014).



15. CASH AND CASH EQUIVALENTS

The detail of this caption as of 31 December 2015 and 2014 is as follows:

(Thousand euro)	2015	2014
Cash on hand and at banks	2,967	273
Cash equivalents	200	6,500
TOTAL	3,167	6,773

Cash equivalents at year-end included deposits maturing in under three months, as follows:

- Fixed-term deposits amounting to 200 thousand euro at a fixed annual interest rate of 0.15%.

In 2014, it included the following deposits:

- Fixed-term deposits amounting to 6,500 thousand euro at a fixed annual interest rate of between 0.15% and 0.45%.

16. CAPITAL STOCK

a) Share capital

As of 31 December 2015, the Company's capital stock was represented by 222,204,887 fully subscribed and paid shares (1,419,161 shares in 2014) with a par value of 0.05 euro each (60.10 euro in 2014), which were fully paid-up and listed on the four Spanish stock exchanges.

As indicated in Note 1, on 30 June 2015, the Shareholders' Meeting of Zeltia, S.A. and the sole shareholder of Pharma Mar, S.A. approved a reverse merger of Zeltia into PharmaMar, through dissolution without liquidation of the former and the transfer en bloc of its net worth to PharmaMar. To ensure a 1-for-1 share swap, PharmaMar approved a reduction in share capital by means of an increase in voluntary reserves and the establishment of a new number and a new par value for its shares such that, following the reduction in the par value of the shares and the consequent increase in their number, the number of shares into which the capital stock of PharmaMar was divided coincided with the number of shares of Zeltia.

Changes in capital stock in euro	
Capital stock of Pharma Mar, S.A. 31/12/2014	85,291,576
Capital reduction transferred to voluntary reserves	(74,181,332)
Capital stock of PharmaMar, S.A. 31/12/2015	11,110,244

According to information in the official registers of the National Securities Market Commission as of 31 December 2015, holders of significant stakes in Pharma Mar, S.A., either directly or indirectly, amounting to over 10% are as follows:

	DIRECT STAKE		INDIRECT STAKE (1)		TOTAL
	No. of shares	%	No. of shares	%	%
José M ^a Fernández Sousa-Faro	14,269,511	6.422	10,354,841	4.66	11.082

1) Indirect stake held through his spouse, Ms Montserrat Andrade Detrell.

b) Share premium account

The share premium may be used for the same purposes as the Company's voluntary reserves, which include converting it into share capital, and there are no restrictions as to its use or distribution. As of 31 December 2015, the share premium account amounted to 68,189 thousand euro.

c) Own shares

During 2015, the Company acquired 1,493,572 own shares, for a total amount of 4,702 thousand euro; the average purchase price was 3.15 euro per share. The Company sold 2,803,216 own shares for a total amount of 11,279 thousand euro, obtaining a gain of 4,515 thousand euro, which was recognized as part of the Company's reserves. As of 31 December 2015, the Company held 895,790 own shares, representing 0.40% of capital stock.

As of 31 December 2014, the Company had recognized under Own shares and equity instruments the amount of (310) thousand euro for shares that had been granted to employees under the share-based incentive plan over which the Company held a pledge for the duration of those plans' vesting periods (Note 24). That amount was reclassified to Voluntary reserves.

The variations in the Own shares and equity instruments account in 2015 were as follows:

	No. of shares	Amount (euro)
Balance as of 31/12/2014	-	(310,000)
Own shares - merger	2,205,434	(5,006,389)
Transfer to reserves	-	310,000
Own shares purchased	1,493,572	(4,701,948)
Sales	(2,803,216)	6,763,845
Balance as of 31/12/2015	895,790	(2,944,492)



17. RESERVES AND PRIOR YEARS' INCOME

The detail of this caption as of 31 December 2015 and 2014 is as follows:

(Thousand euro)	2015	2014
LEGAL AND BYLAW RESERVES		
Legal reserve	2,222	7,136
VOLUNTARY RESERVES		
Voluntary reserves	85,295	413
Merger reserve	215,160	-
OTHER RESERVES		
Other reserves	30	30
Difference due to redenomination of share capital in euro	1	1
Own shares and equity instruments	(460)	-
TOTAL	302,248	7,580

17.1 Legal reserve

Under article 274 of the Consolidated Text of the Capital Companies Act, approved by the Legislative Royal Decree of 2 July 2010, companies must transfer 10% of income for each year to the legal reserve until it amounts to at least 20% of capital stock.

The legal reserve may not be distributed and may only be used to offset losses if there are not sufficient unrestricted reserves available for this purpose, in which case it must be restored out of future income.

As of 31 December 2014, the Company had fully allocated the legal reserve.

17.2 Voluntary reserves

In 2015, the balance of voluntary reserves increased by 84,882 thousand euro, mainly due to the capital reduction with a transfer to voluntary reserves of the amount by which capital was reduced (74,182 thousand euro), 4,914 thousand euro of overprovision to the legal reserve, and 4,515 thousand euro corresponding to the gain from the sale of own shares (Note 16 c).

The merger reserve, which arose in 2015 as a result of the reverse merger transaction described in Note 1, amounts to 215,160 euro.



17.3 Other reserves

This item contains a reserve amounting to 30 thousand euro for Differences in conversion to GAP 2007 because of the treatment of exchange gains that have accrued but not been realized.

This item includes, among other unrestricted reserves, the expenses of the capital increase performed in the year, net of the tax effect, amounting to 6 thousand euro in 2014.

17.4 Difference due to redenomination of share capital in euro

This reserve is restricted.

17.5 Limitations on dividend distribution

The distribution of reserves designated elsewhere in this note as unrestricted is subject to the limits established by law.

18. SUBSIDIES, DONATIONS AND LEGACIES RECEIVED

As of 31 December 2015, the “Subsidies, donations and other legacies received” item of the Company’s net equity includes 4,752 thousand euro (5,947 thousand euro in 2014) of refundable subsidies from official authorities at zero or below-market interest rates (notes 5.2 and 6.8) and 4,532 thousand euro (7,207 thousand euro in 2014) of non-repayable capital subsidies.

Non-repayable capital subsidies were granted mainly by the Ministry of Science and Technology, IMADE, CDTI, the Ministry of Industry, Tourism and Trade, the Madrid Regional Government, and the European Union.

Those subsidies were granted for the implementation of a number of development programmes by the Company’s projects, and the conditions under which they were granted have been met.

The changes in these subsidies are as follows:

(Thousand euro)	2015	2014
BEGINNING BALANCE	13,154	13,468
Increase	676	747
Change in tax rate	(295)	823
Recognized in profit or loss	(4,251)	(1,884)
ENDING BALANCE	9,284	13,154

As described in Note 6.1, in 2015 the Company derecognized certain compounds due to technical milestones and, as a result, recognized the related subsidies in profit or loss.



19. DEBTS AND ACCOUNTS PAYABLE

The detail of this caption as of 31 December 2015 and 2014 is as follows:

(Thousand euro)	2015	2014
Bonds and other marketable securities	16,349	-
Bank debt	19,931	17,550
Debt to official authorities	23,494	17,015
Debt to Group undertakings (Notes 28 and 19.4)	-	202,439
NON-CURRENT DEBTS AND ACCOUNTS PAYABLE	59,774	237,004
Bonds and other marketable securities (Note 19.1)	424	-
Bank loans (Note 19.2)	19,993	29,778
Debt to official authorities (Note 19.3)	3,202	2,582
Other financial liabilities	214	723
Suppliers	485	211
Debt to group undertakings (Note 28)	1,282	1,244
Debt to Group undertakings (Notes 19.5 and 28)	14,617	44,008
Sundry creditors	19,161	15,339
Personnel	4,278	3,179
Customer advances	660	660
CURRENT DEBTS AND ACCOUNTS PAYABLE	64,316	97,724
TOTAL DEBTS AND ACCOUNTS PAYABLE	124,090	334,728

The carrying amount of short-term debt is approximately the fair value since the effect of discounting is not material.



19.1 Bonds and other marketable securities

After analyzing a range of options for improving its current financial structure, the Company decided to issue non-convertible bonds for an amount of seventeen million euro in order to strengthen its financial position and extend its debt maturity profile.

The principal terms and conditions of the bonds are as follows:

- a) Nominal amount, 17 seventeen million euro;
- b) Maturity, 12 years from disbursement;
- c) The issue was targeted at a single qualified Spanish investor, via a private placement.
- d) The bonds were issued at par, each with a nominal value of one hundred thousand euro (€100,000), represented by book entries.
- e) The bonds bear a fixed coupon of 4.75% per annum payable in arrears every year from the date of disbursement;
- f) The Company is liable for the obligations arising from the bonds with all its assets and no specific guarantee is granted;
- g) The terms and conditions of the bonds are governed by Spanish law;
- h) The Company applied to list the bonds on the Alternative Fixed-Income Market (MARF) on 7 July 2015.

The debt is recognized under non-current liabilities at its amortized cost.

Accrued interest outstanding as of 31 December 2015 amounted to 424 thousand euro.

19.2 Bank debt

Current and non-current bank debt is as follows:

(Thousand euro)	2015		2014	
	Non-current	Current	Non-current	Current
Bank loans	19,931	10,412	17,550	22,383
Credit lines	-	8,743	-	4,794
Interest payable	-	85	-	1,056
Other interest-bearing debt	-	753	-	1,545
TOTAL DEBTS AND ACCOUNTS PAYABLE	19,931	19,993	17,550	29,778

Non-current bank debt includes a mortgage loan amounting to 7,001 thousand euro (7,831 thousand euro in 2014) described in Note 7.4 which matures in 2024 and bears interest at a floating rate of 12-month Euribor plus 2.75 points. The current component of that loan amounted to 823 thousand euro as of 31 December 2015 (786 thousand euro as of 31 December 2014) and is recognized under Current bank debt and debt to official authorities.

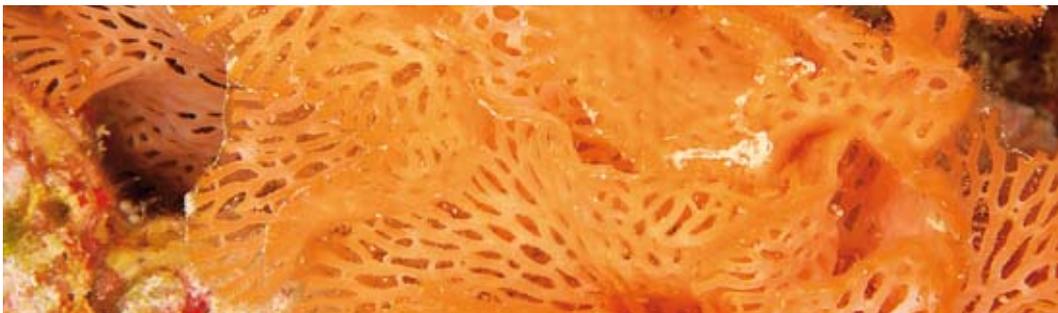
In 2015, additional long-term funding (7 years) was obtained in the amount of 12 million euro from two financial institutions at a floating rate referenced to Euribor plus 3.25 points.

The limit of the credit lines is 33,450 thousand euro (20,950 thousand euro in 2014), of which the Company had drawn 8,743 thousand euro (4,795 thousand euro in 2014). The credit lines bore average interest of 3.31% in 2015 (4.84% in 2014).

As of 31 December 2014, current bank debt included an account payable to the European Investment Bank (EIB) and the Instituto de Crédito Oficial (ICO), which amounted to 12,515 thousand euro; that amount was repaid in full on 7 May 2015.

In 2014, the Company obtained loans amounting to a total of 1,000 thousand euro maturing in 2015 and 4,000 thousand euro maturing in 2017 at floating rates referenced to 6-month Euribor plus a spread of between 3.51 and 4.75 points. It also obtained ICO-Empresas loans amounting to 2,000 thousand euro maturing in 2017 at fixed interest rates of between 5.18% and 5.20%:

At 2015 and 2014 year-end, the bank debt matured as detailed in Note 10.2.





19.3 Debt to official authorities

Debt to official authorities carried at amortized cost amounted to 23,494 thousand euro as of 31 December 2015 (17,015 thousand euro in 2014).

The current component of this item amounted to 3,202 thousand euro in 2015 (2,582 thousand euro in 2014).

These transactions are interest-free, except for five loans for a total amount of 1,209 thousand euro, which bear interest at rates ranging from 0.65% to 1%, and two other loans which together amount to 924 thousand euro and bear interest at rates between 3.95% and 4.93%.

Part of the increase in the balance of debt to official authorities between 2014 and 2015 occurred as a result of adding to the balance sheet the loans to which Zeltia had subrogated, as referred to in Note 14.2.

The difference between initial fair value and the nominal value is accrued on the basis of market interest rates (Euribor and Spanish government bond yields plus a spread based on the Group's risk).

In 2015, six repayable advances were received for a nominal amount of 3,483 thousand euro, which corresponds to an initial fair value of 2,807 thousand euro; three of them are repayable in 11 years and the other three in eight years.

In 2014, six refundable advances were received for a nominal amount of 4,357 thousand euro and an initial fair value of 3,286 thousand euro. Five of them are repayable in 11 years and the sixth in eight years.

The amounts due to official authorities and recognized at fair value as of 31 December 2015 and 2014 are detailed in Note 10.2.



19.4 Participation loan

As a result of the merger described in Note 1, the participation loan granted by Zeltia (absorbed company) to PharmaMar (acquiring company) was eliminated in the process of elimination of accounts receivable and payable upon merging the two balance sheets. At the time the merger was executed, the balance of that loan was 232 million euro (214 million euro as of 31 December 2014).

19.5 Current debt to group undertakings

The accounts payable to related parties are as follows::

(Thousand euro)	2015	2014
Current financial liabilities		
Corporate income tax payable (Note 22)	6,547	-
VAT payable (Note 22)	189	-
Current accounts with Group undertakings	-	44,008
Loans to Zelnova Zeltia, S.A.	7,881	-
	14,617	44,008

Balances with Group undertakings recognized under current financial assets and liabilities in 2015 consist mainly of those between the parent company and investees as a result of tax consolidation, both corporate income tax and value added tax (see Note 22), together with a loan received from ZelnovaZeltia with a balance of 7,881 thousand euro as of 31 December 2015.

As a result of the merger referred to in Note 1, the 2014 balance of the “Current accounts with Group undertakings” account, consisting of a loan by Zeltia (absorbed company) to PharmaMar (acquiring company), was eliminated from both balance sheets in the process of eliminating credit and debit balances between the two companies. At the time the merger was executed, the balance of that account was 20 million euro.

19.6 Information on deferral of payments to suppliers. Additional Provision 3 “Disclosure obligation” of Act 15/2010, of 5 July

Information on payments for commercial transactions performed in 2015 and pending payment at the end of the year in relation to the maximum legal payment periods envisaged in Act 15/2010 is as follows:

	2015 Days
Average period taken to pay suppliers:	49
Ratio of paid transactions	49
Ratio of outstanding transactions	66
Total payments made	31,578
Total payments outstanding	4,800

20. DEFERRED TAXES

The detail of this caption as of 31 December 2015 and 2014 is as follows:

(Thousand euro)	2015	2014
DEFERRED TAX ASSETS	24,554	9,437
Timing differences (Note 22)	8,218	4,638
Capitalization of tax credits (Note 22)	10,116	4,799
Withholding taxes receivable	6,220	-
DEFERRED TAX LIABILITIES	3,307	4,454
Timing differences	3,307	4,454
DEFERRED TAXES (NET)	21,247	4,983

The “Withholding taxes receivable” account as of 31 December 2015 included taxes withheld from royalties and payments received from the Johnson & Johnson Group by virtue of the agreements signed in 2001 and 2011, and from Taiho Pharmaceutical Co. Ltd.



The change during the year in deferred tax assets and liabilities, without offsetting balances, is as follows:

DEFERRED TAX ASSETS (Thousand euro)	Tax credits	Provisions	Incentive plans	Depreciation and amortization	TOTAL
Balance as of 31 December 2013	4,520	-	103	2,811	7,435
Charge (credit) to profit or loss	279	-	61	1,663	2,002
Balance as of 31 December 2014	4,799	-	164	4,474	9,437
Recognitions due to merger	1,383	4,179	28	31	5,621
Charge (credit) to profit or loss	-	(107)	(62)	(497)	(666)
Rate adjustments	(1,383)	11	(3)	-	(1,375)
Corporate income tax return for 2014	2,693	-	-	-	2,693
Recognition of tax credit	2,624	-	-	-	2,624
Balance as of 31 December 2015	10,116	4,083	127	4,008	18,334

DEFERRED TAX LIABILITIES (Thousand euro)	Subsidies, donations and legacies received	Unrestricted depreciation	Capitalized financial revenues	TOTAL
Balance as of 31 December 2013	5,764	-	-	5,764
Charge (credit) to profit or loss	(808)	-	-	(808)
Charge to equity	(502)	-	-	(502)
Balance as of 31 December 2014	4,454	-	-	4,454
Recognitions due to merger	-	-	230	230
Charge (credit) to profit or loss	-	(4,181)	-	(4,181)
Rate adjustments	105	224	16	345
Corporate income tax return for 2014	-	3,957	(34)	3,923
Charge to equity	(1,464)	-	-	(1,464)
Balance as of 31 December 2015	3,095	-	212	3,307

Deferred taxes charged to equity in the year are as follows:

(Thousand euro)	2015	2014
Subsidies, donations and legacies received	(1,464)	(502)
TOTAL	(1,464)	(502)

Deferred tax assets due to tax losses carried forward are recognized to the extent that the Company is likely to obtain future taxable income enabling them to be offset.

As of 31 December 2015, the tax credits earned by the Company for use in future years were as follows:

(Thousand euro)					
Year	Amount of tax credit as of 31/12/2014	Used in 2015	Generated 2015	Unused as of 31/12/2015	Year
2006	13,366	-		13,366	2024
2007	17,615	-		17,615	2025
2008	7,316	-		7,316	2026
2012	23,748	-		23,748	2027
2015	-	-	41,051	41,051	2030
TOTAL	62,045	-	41,051	103,096	

Additionally, as of 2015 year-end, the tax group of which the Company is head had additional tax losses amounting to 25,000 thousand euro.

21. REVENUES AND EXPENSES

21.1 Net revenue

The detail of net revenue is as follows:

(Thousand euro)	2015	2014
Product sales	81,335	69,665
Ingresos contratos de licencia	29,034	24,278
Royalties	1,789	1,872
Corporate services	350	172
TOTAL	112,508	95,987

21.1.1 Product sales

The "Sales" item basically refers to commercial sales of Yondelis® for soft tissue sarcoma and relapsed ovarian cancer by PharmaMar in the European Union (73,579 thousand euro in 2015 and 67,851 thousand euro in 2014), and of Trabectedin and intermediates to the Johnson & Johnson group and to Taiho Pharmaceutical, Ltd. (7,756 thousand euro in 2015 and 1,814 thousand euro in 2014)..

21.1.2 Royalties

This item as of 31 December 2015 and 2014 includes the royalties from sales by Janssen Products Ltd., which totalled 1,731 thousand euro (1,872 thousand euro in 2014), and 57 thousand euro in royalties from Taiho Pharmaceutical, Ltd. (see Note 4.15.4). Janssen markets Yondelis under license worldwide except in the European Union and Japan. Taiho Pharmaceutical holds the commercialization license for Japan.



21.1.3 Licensing revenues

As of 31 December 2015 and 2014, this item reflects receipts from the various licensees of PharmaMar's products and development compounds, under license contracts with each of them.

In 2015, PharmaMar collected 8,764 thousand euro (10 million dollars) from the Johnson & Johnson Group for attaining certain milestones in the Yondelis® development plan, under the agreement signed in 2011 (Coordination Agreement). The amount collected in 2014 was 18,265 thousand euro (25 million dollars).

Additionally, because the Johnson & Johnson Group obtained FDA approval to commercialize Yondelis® in the United States for treating soft tissue sarcoma, under the license agreement signed in 2011, PharmaMar collected a milestone payment for FDA approval amounting to 9,453 thousand euro (10 million dollars). In 2014, the company received 1,012 thousand euro (1.2 million dollars) for presentation of the registration application dossier.

Also, as a result of the approval of Yondelis® in Japan in September 2015, PharmaMar received an amount of 4,484 thousand euro (5 million dollars) from Johnson & Johnson Group, and it received 1,486 thousand euro (200 billion yen) from Taiho Pharmaceutical Ltd., for the Japanese market, due to presenting the dossier for approval, and 4,447 thousand euro (600 million yen) upon receiving approval from the Japanese Ministry of Health.

Also in 2015, commercialization licensing agreements for Aplidin® were signed for Australia and New Zealand with the company Specialised Therapeutics Australia Pty, Ltd (STA) and in Taiwan with TTY Biopharm; the two agreements resulted in a combined 401 thousand euro in revenues.

As a result of the licensing agreement signed in July 2014 with Chugai Pharmaceutical Co. Ltd for commercialization of Aplidin® for the treatment of multiple myeloma in eight European countries (France, Germany, UK, Benelux, Ireland and Austria), the Company collected 5 million euro.

21.2 Revenue breakdown

The net amount of the Company's sales, in thousand euro, by geographical region, is as follows:

Market	2015	2014
Spain	13,218	9,529
European Union	59,904	62,782
OECD countries	808	712
America	31,055	22,474
Japan	7,122	490
Other countries	401	-
TOTAL	112,508	95,987

21.3 Foreign currency transactions

The detail of foreign currency transactions is as follows:

(Thousand euro)	2015	2014
Assignment of intellectual property	30,822	21,145
Other expenses	360	274
Sales	4,222	3,907
Procurement	3,700	3,184
TOTAL	39,104	28,510

21.4 Merchandise, raw materials and other consumables consumed

(Thousand euro)	2015	2014
Purchased in Spain	2,825	2,022
Purchased in other EU countries	1,366	218
Imports	108	90
Change in inventories	(245)	(178)
TOTAL	4,054	2,152





21.5 Personnel expenses

(Thousand euro)	2015	2014
Wages, salaries and similar	23,067	17,368
Indemnities	375	601
Employee welfare expenses		
Employer social security	3,981	3,513
Other welfare expenses	1,185	929
TOTAL	28,608	22,411

The impact of the merger described in Note 1 on personnel expenses is shown in the following table:

(Thousand euro)	2015
Wages, salaries and similar	4,070
Indemnities	125
Employee welfare expenses	
Employer social security	252
Other welfare expenses	56
TOTAL	4,503

The average number of employees by category and gender is as follows:

Number in category (men)	2015	2014
Executives and managers	11	6
Technical personnel	96	80
Clerical staff	20	21
Commercial personnel	7	7
Assistants and others	8	3
TOTAL	142	117

Number in category (women)	2015	2014
Executives and managers	7	5
Technical personnel	132	119
Clerical staff	36	37
Commercial personnel	8	6
Assistants and others	24	18
TOTAL	207	185
TOTAL	349	302

A total of 26 employees (13 men and 13 women) were added as a result of the merger described in Note 1.

The breakdown of the workforce by category and gender at 2015 and 2014 year-end does not differ materially from the reported average workforce breakdown.

21.6 Outside services

The detail of this caption as of 31 December 2015 and 2014 is as follows:

(Thousand euro)	2015	2014
Research & development expenses	24,128	15,902
Leases and fees	1,845	1,155
Repairs and upkeep	1,426	1,541
Independent professional services	7,100	4,513
Transport	1,218	514
Insurance premiums	535	330
Advertising and public relations	10,756	11,981
Utilities	943	850
Other services	8,200	5,107
Other taxes	353	526
TOTAL	56,504	42,419



The impact of the merger described in Note 1 on outside services was as follows:

(Thousand euro)	2014
Leases and fees	452
Repairs and upkeep	34
Independent professional services	1,007
Primas de seguros	188
Banking and similar services	12
Advertising and public relations	28
Utilities	43
Other services	1,753
TOTAL	3,516

21.7 Impairment losses and income from disposal of assets, etc.

A parcel of land was impaired in 2015 in the amount of 1,033 thousand euro (see Note 7.1).

22. INCOME TAX AND TAX SITUATION

The balances with public authorities as of 31 December 2015 and 2014 are as follows:

(Thousand euro)	2015		2014	
	Payable	Receivable	Payable	Receivable
Personal income tax	-	1,276	-	378
Social security	-	387	-	368
Other balances with public authorities	979	-	2,507	-
TOTAL	979	1,663	2,507	746

The balances with public authorities relate principally to value added tax refunds outstanding to the Group.

As a result of the merger described in Note 1, in November PharmaMar informed the tax authorities that it had become the lead company of the tax group for corporate income tax purposes which, prior to the merger, had been led by Zeltia, S.A. (absorbed company). PharmaMar succeeded Zeltia with the same tax group number: 29/93.

Therefore, in 2015, the Company filed a consolidated corporate income tax return. The following companies are included in the consolidated tax return: Genómica, ZelnovaZeltia, Xylazel, PharmaMar, Sylentis and Promaxsa Protección de Maderas.

Because certain transactions are treated differently for corporate income tax purposes and in the preparation of these financial statements, the taxable base for the year differs from the book result. The deferred or prepaid taxes arise from the recognition of revenues and expenses in different periods under current tax regulations and for the purpose of preparing the financial statements.



The reconciliation of net revenues and expenses in 2015 to the income tax base is as follows:

(Thousand euro)	2015			
	Income Statements		Revenues and expenses recognized directly in equity	
BALANCE OF REVENUES AND EXPENSES IN THE YEAR		(43,107)	2	
	Increase	Decrease	Increase	Decrease
Corporate income tax	(3,786)	-	-	-
Permanent differences	-	(6,708)	-	-
Timing differences:	-	-	-	-
Arising in the year	545	(707)	-	-
Arising in prior years	14,933	(2,221)	-	-
TAX BASE		(41,051)		
Tax losses carried forward				
TAXABLE INCOME		(41,051)	2	

The corporate income tax charge recognized in the year is broken down as follows:

(Thousand euro)	2015	2014
Current tax	(1,992)	(81)
Deferred tax	(3,514)	(855)
Change in tax rate	1,720	1,124
TOTAL TAX EXPENSE/(REVENUE)	(3,786)	188

Current corporate income tax, obtained by applying a 28% rate to the taxable base, increased by 364 thousand euro due to the tax credit for double taxation of dividends. Additionally, considering that deferred taxes arising from unused tax losses are recognized to the extent that the Company is likely to obtain future taxable income, the Company reduced the current tax revenue by 9,866 thousand euro in order to recognise only the tax credits likely to be recovered under business projections.

Since 2009, the Company has availed itself of article 23 of the Corporate Income Tax Act, under which revenues from the assignment of rights to use or exploit patents, drawings, models, plans, or secret formulas or procedures, and rights on information relating to industrial, commercial or scientific experience enjoy a reduction in tax.

Consequently, the permanent difference for 2015 relates mainly to the application of Article 23 of the Consolidated text of the Corporate Income Tax Act, which refers to revenues from the sale of certain intangible assets created by the company. Specifically, they are the amounts collected from Johnson & Johnson and Taiho Pharmaceutical, totalling 17,173 thousand euro, under the agreements to assign the rights to commercialise Yondelis®.

The timing differences arising in prior years are due to the amount of depreciation that is not tax-deductible under the tax measures implemented in 2013, to the Company's employee stock ownership plan, and to the accelerated depreciation taken in the Company's 2014 tax return.

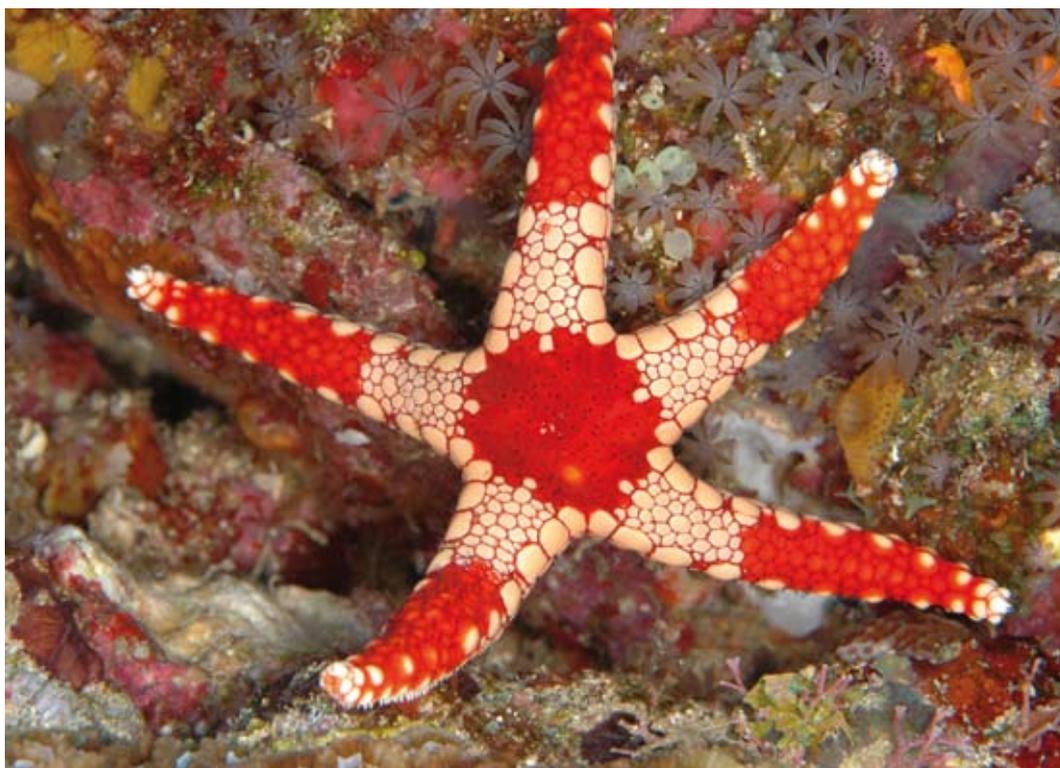
Under Act 27/2014, of 27 November, on Corporate Income Tax, and as a result of the changes in the tax rates, an expense item amounting to 1,720 thousand euro was recognized as of 31 December 2015 which reduced the amount of deferred taxes.

As of 31 December 2015, the unused tax credits earned by the Company, mainly for R&D, were as follows (in thousand euro):

2015 Year	Amount of tax credit as of 31/12/2015	(Thousand euro) Used in 2015	Unused as of 31/12/2015	Year
1999	2,149	-	2,149	2017
2000	4,478	-	4,478	2018
2001	4,890	-	4,890	2019
2002	12,096	-	12,096	2020
2003	13,023	-	13,023	2021
2004	9,400	-	9,400	2022
2005	10,565	-	10,565	2023
2006	10,251	-	10,251	2024
2007	9,477	-	9,477	2025
2008	10,059	-	10,059	2026
2009	8,625	-	8,625	2027
2010	8,211	-	8,211	2028
2011	7,980	-	7,980	2029
2012	6,915	-	6,915	2030
2013	9,076	-	9,076	2031
2014	11,403	-	11,403	2032
2015	13,827	-	13,827	2033
TOTAL	152,425	-	152,425	

Additionally, at 2015 year-end, the tax group headed by the Company had additional unused tax credits amounting to 20,515 thousand euro.





The breakdown of the balances of corporate income tax and value added tax recognized by the Company with the other companies in the tax group as a result of tax consolidation is as follows:

(Thousand euro)	Corporate income tax
Xylazel, S.A.	233
Zelnova Zeltia, S.A.	568
TOTAL RECEIVABLE	801
Genómica, S.A.U.	(1,033)
Sylentis, S.A.U.	(4,938)
Promaxsa Protección de Maderas, S.L.	(576)
TOTAL PAYABLE	(6,547)

(Thousand euro)	IVA
Genómica, S.A.U.	21
Sylentis, S.A.U.	6
Promaxsa Protección de Maderas, S.L.	1
Zelnova Zeltia, S.A.	109
TOTAL RECEIVABLE	137
Genómica, S.A.U.	(2)
Xylazel, S.A.	(72)
Sylentis, S.A.U.	(115)
TOTAL PAYABLE	(189)



In June 2003, the Company (Zeltia, absorbed company) sold an item of property, plant and equipment for 36,069 thousand euro. The total amount obtained from the sale was reinvested in subsequent years as follows:

In the year ended 31 December 2003, the Company applied the system envisaged in article 21 of Act 43/1995, dated 27 December, on Corporate Income Tax, to the amount of 27,054 thousand euro. That benefit was obtained due to the sale of certain items of property, plant and equipment for a sale price of 36,069 thousand euro. The total amount was reinvested as follows: 16,384 thousand euro in the year ended 31 December 2002 (from 16 June 2002), 18,892 thousand euro in the year ended 31 December 2003, and 794 thousand euro in the year ended 31 December 2004. These acquisitions did not obtain any other tax benefit.

In 2004, the Group sold certain items of property, plant and equipment for 3,178 thousand euro. It also availed itself of the benefits of article 21 of Act 43/1995, dated 27 December, on Corporate Income Tax. That amount was partly reinvested in 2004 (2,015 thousand euro) and in 2005 (1,768 thousand euro).

The breakdown of these reinvestments in euro, by asset type, is as follows:

(Thousand euro)	Brands	Structures	Laboratory equipment	Other business	Total
Since June 2002	-	14,225	500	1,659	16,384
2003	8,700	6,353	1,317	2,522	18,892
2004	-	521	-	2,288	2,809
2005	-	122	-	1,646	1,768
TOTAL	8,700	21,221	1,817	8,115	39,853

In 2006, Noscira (which is in liquidation) ceased to form part of the tax group as a result of a capital increase in which the stake in that subsidiary was reduced to below 75%. Noscira (currently in liquidation) is one of the companies in which the extraordinary gains obtained by the tax group in previous years had been reinvested. For greater legal certainty and so as not to forfeit the reinvestment tax credit earned in previous years, the assets of Noscira (in liquidation) (from June 2002 to December 2005) were replaced with assets acquired by PharmaMar in 2006.

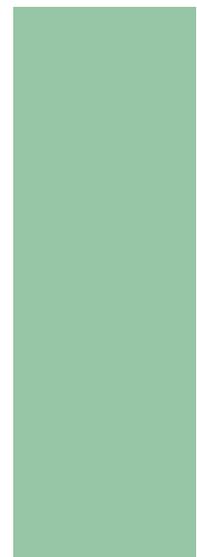
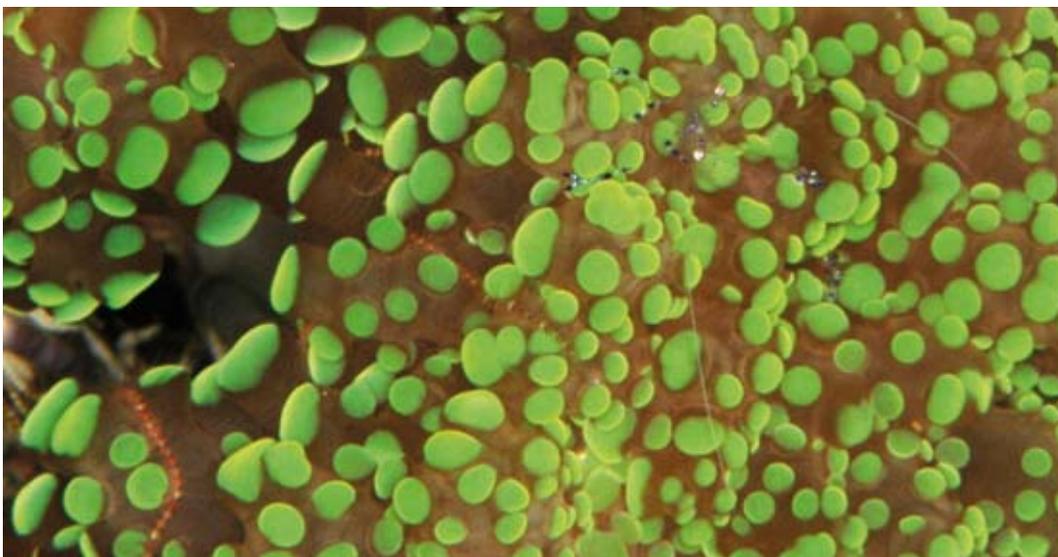
As a result of the merger described in Note 1, on 21 November 2015, PharmaMar applied to the Spanish tax authorities to register as head of a special group for the purposes of value added tax. As of 31 December 2015, the VAT group comprized Pharma Mar, S.A., as head of the group, together with Genómica, S.A.U., Zelnova Zeltia, S.A., Xylazel, S.A., Sylentis, S.A.U. and Promaxsa Protección de Maderas, S.L. All of those companies, both the parent company and the subsidiaries, fulfil the requirements of articles 163 quinquies and 163 sexies of the Value Added Tax Act and their Boards of Directors or equivalent governing bodies have approved the proposal to create a group under the Special VAT Group regime provided by Act 38/2006, using the “simple aggregation system”.

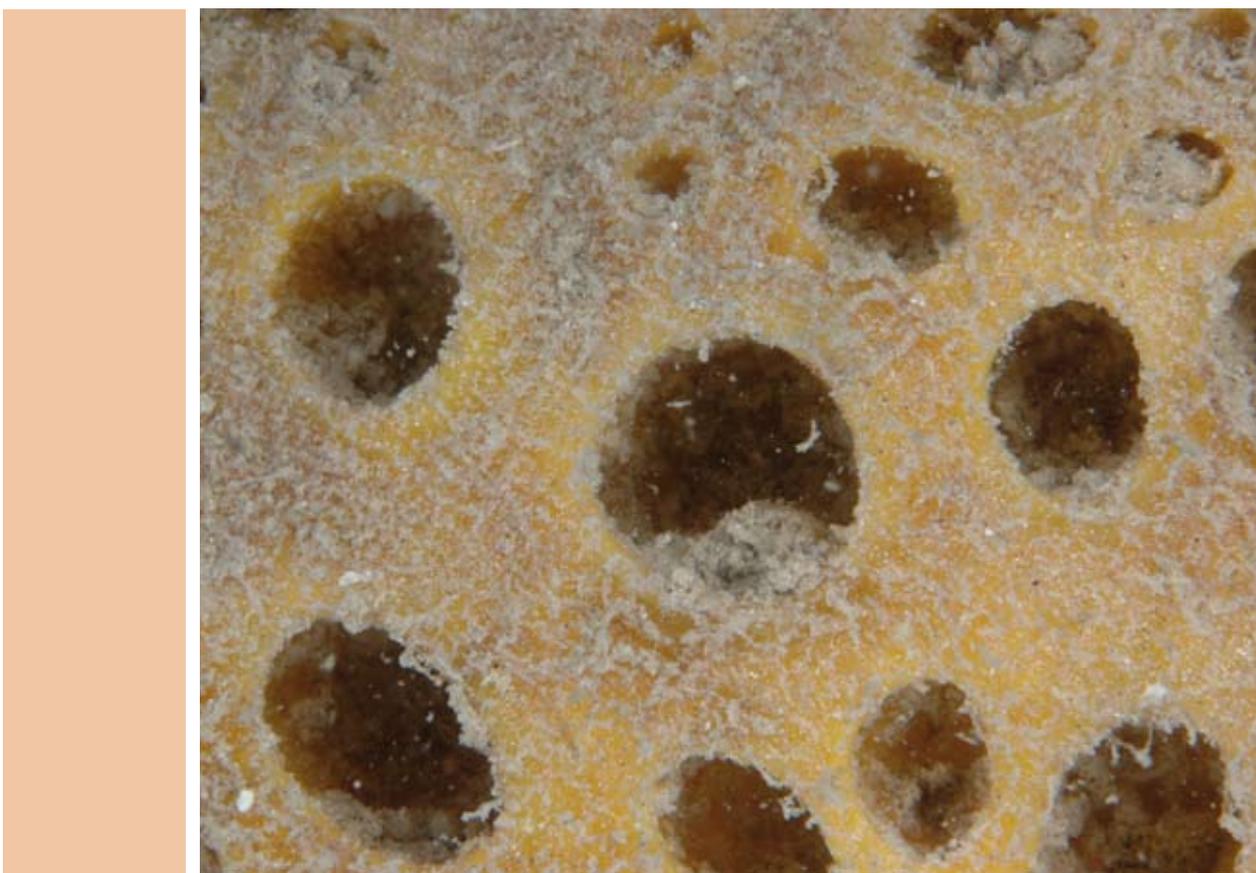
According to the legal provisions in force, tax returns cannot be deemed definitive until they have been inspected by the tax authorities or the statute of limitations period has elapsed.

The Company has 2010, 2011, 2012, 2013 and 2014 open for review for all applicable taxes including corporate income tax.

As a result, inter alia, of possible differing interpretations of the current tax legislation, additional liabilities might arise as a result of a tax audit. However, the Company's directors consider that such liabilities, if any, would not materially affect the financial statements.

On 6 January 2015, the Spanish tax authorities notified the company of plans to commence a partial tax audit of consolidated corporate income tax for the years 2010 to 2012, which would be confined to examining revenues from certain intangible assets reported by PharmaMar. On 20 January 2015, the company applied to the tax authorities for the partial tax audit to be converted into a general tax audit covering the taxes and periods in question.





As a result, notification of the initiation of the tax audit was received in June 2015. It refers to the following periods and group companies.

	Corporate income tax	VAT	Spanish residents' personal income tax	Non-residents' personal income tax	Income from capital assets
Zeltia, S.A.	2010-2013	2011-2013	2Q 2011 - 4Q 2013	2Q 2011 - 4Q 2013	2Q 2011 - 4Q 2013
Genómica, S.A.U.	2010-2013	2011-2013	2Q 2011 - 4Q 2013	2Q 2011 - 4Q 2014	2Q 2011 - 4Q 2014
Pharma Mar, S.A.U.	2010-2013	2011-2013	2Q 2011 - 4Q 2013	2Q 2011 - 4Q 2015	-
Zelnova Zeltia, S.A.	2010-2013	06/2011-2013	-	-	-
Xylazel, S.A.	2010-2013	06/2011-2013	-	-	-

The audit is still at an early stage and it is impossible to estimate its outcome. However, the Company's Directors do not believe that the audit will lead to additional liabilities or that the amount of assets recognized will be reduced significantly.

Under the partial audit of corporate income tax confined to checking the reduction in revenues from certain intangible assets reported by PharmaMar, an assessment for taxes due was issued for 2011 and 2012 (not for 2010). However, the net tax due was zero since the assessed increases in taxable bases were offset (up to 50%) with loss carryforwards from previous years and the resulting total tax liability was offset by international double taxation tax credits. Nevertheless, the Company filed an appeal with the Economic-Administrative Tribunal.

23. FINANCIAL INCOME

The detail of financial income is as follows:

(Thousand euro)	2015	2014
FINANCIAL REVENUES	1,972	346
Equity instruments	1,334	-
Group and associated undertakings	1,334	-
Marketable securities and other equity instruments	638	346
Group and associated undertakings	479	3
From third parties	159	343
FINANCIAL EXPENSES	(4,786)	(19,894)
On debts to group and associated undertakings	(398)	(14,316)
On debts to third parties	(4,388)	(5,578)
CAPITALIZED FINANCIAL EXPENSES	-	12,187
EXCHANGE DIFFERENCES	(78)	32
IMPAIRMENT AND INCOME FROM DISPOSAL OF FINANCIAL INSTRUMENTS	(324)	17
Impairment of loans to group undertakings	(325)	-
Income from disposals and other	1	17
FINANCIAL INCOME	(3,216)	(7,312)

The holdings of equity instruments include dividends received from Group companies

Revenues from marketable securities and other instruments issued by Group companies are basically interest on loans granted to Group companies.

As a result of the participation loan arranged with Zeltia (Note 19.4), 12,187 thousand euro in financial expenses were recognized in the year under debts to group and associated undertakings, calculated in accordance with the loan's internal rate of return since inception and market prices, applied to the present value of the loan.

In 2015, impairment of 325 thousand euro was recognized on the Company's debt claim against subsidiary Promaxsa Protección de Maderas, S.L. due to doubts about its recoverability.



24. SHARE-BASED PAYMENTS

As of the end of 2015, PharmaMar and its Group undertakings had four share ownership plans for Group employees and executives (not including directors of Pharma Mar, S.A.) who receive annual variable remuneration, have an indefinite contract, have passed the trial period and attained at least 60% of the objectives set for the year, excepting the Stock Ownership Plan approved by Zeltia's Shareholders' Meeting on 12 June 2013 and implemented by a decision of the Board of Directors on 28 February 2014 for which the threshold was 50%.

All the plans currently in force were approved by the Shareholders' Meeting of Zeltia (absorbed company) and executed by its Board of Directors. As a result of the merger described in Note 1, PharmaMar succeeded to the place of Zeltia in connection with the other rights and obligations inherent to those plans.

As regards the Stock Ownership Plans executed up to the date of authorization of these financial statements, below is a description of the essential terms and conditions approved by the Company's Board of Directors at the time of execution under powers granted specifically for this purpose by the Shareholders' Meeting. To date, at the start of each year, each of the Group undertakings that has decided to apply the Stock Ownership Plan has provided the Board of Directors with a list of beneficiaries, i.e. employees who meet the conditions set out in the resolution of the Shareholders' Meeting, detailing each beneficiary's degree of attainment of the objectives set for the year just ended. Since participation in the Plans has been voluntary to date, those lists have included only employees and executives who have opted to participate and allocate part of their variable remuneration to those Plans. Based on that information, the Board of Directors has resolved each year that those beneficiaries be granted, by their respective employers, the amount in shares set out in that list (in no case exceeding 12,000 euro per beneficiary per year), which also includes, for each beneficiary, a coefficient based on the beneficiary's level of responsibility and performance during the past year (on the basis of which the amount in shares is calculated). The number of shares to be delivered to each beneficiary is determined by dividing the corresponding amount by the value assigned to the share, which is normally established, depending on the case, as either the weighted average price of the share in the electronic market on the execution date or the average of the weighted average price of the share in the month prior to execution.



Employee participation to date in these Plans has been voluntary; if the employee decides not to participate, his/her variable remuneration is delivered entirely in cash; however, no multiplier is applied to the cash amount. The beneficiaries have the political and economic rights deriving from ownership of all the shares from the time the shares are actually delivered to them, although they are under a lock-up agreement. In the five Stock Ownership Plans that were in force at 2014 year-end, the lock-up (vesting) period is 4 years from the date of delivery of the shares; nevertheless, 18 months after the delivery of the shares, some of the shares will be unlocked: specifically, the number of shares resulting from dividing the total number of shares that were delivered by the coefficient established in the list plus one. The delivery of those shares, which must remain locked up for the above-mentioned 4-year period, is subject to a condition subsequent which is understood to be met in the event of voluntary severance or fair dismissal of the beneficiary. In the event of cessation of employment due to a cause other than those two, the shares are deemed to have vested.

Year 2011 (Incentive Plan approved by the Ordinary Shareholders' Meeting on 29 June 2010)

On 29 June 2010, the Shareholders' Meeting approved another plan for the delivery of shares free of charge; it was executed in April 2011. The company allocated 350,000 own shares to this plan.

A total of 303 beneficiaries were granted 349,839 shares in 2011, at a value of 2.8413 euro per share.

In 2012, 118,447 shares vested under this plan.

This plan vested in 2015 since the four-year lock-up period had expired, and the shares that were under lock-up were released (a total of 198,657 shares).

Year 2012 (Incentive Plan approved by the Ordinary Shareholders' Meeting on 15 June 2011)

On 15 June 2011, the Shareholders' Meeting approved another plan for the delivery of shares free of charge; it was executed in April 2012. The company allocated 350,000 own shares to this plan.

A total of 249 beneficiaries were granted 349,880 shares in 2011, at a value of 1.4258 euro per share.

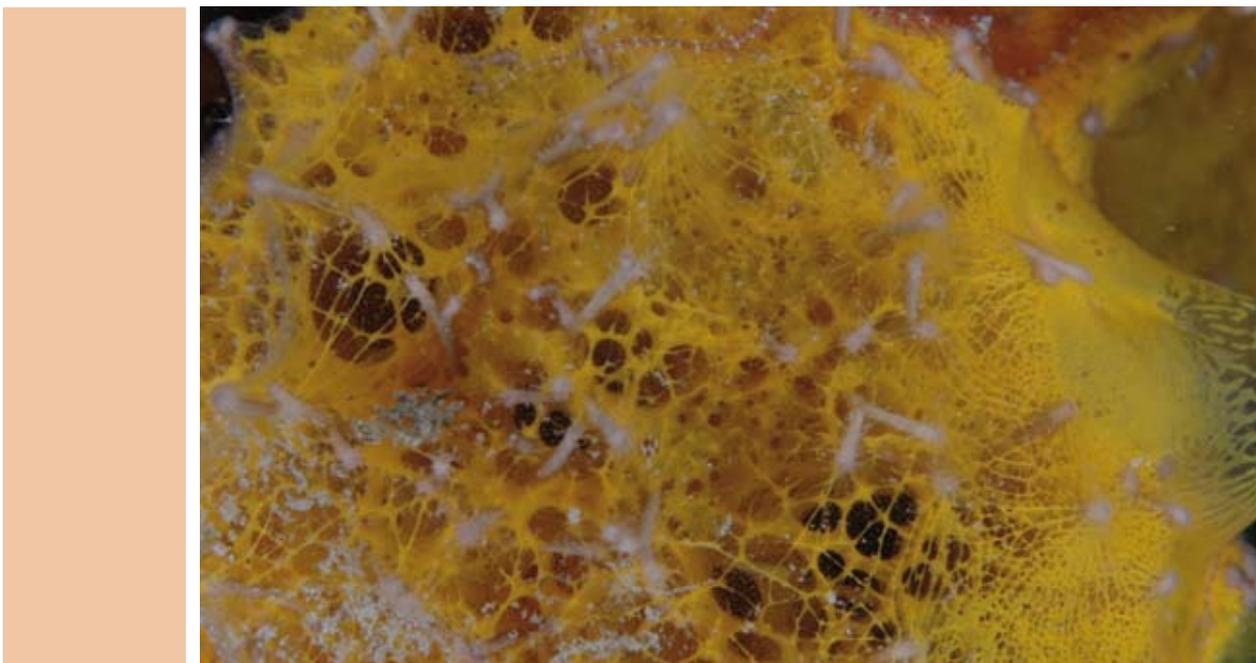
In 2013, 90,906 shares vested under this plan.

Year 2013 (Incentive Plan approved by the Ordinary Shareholders' Meeting on 13 June 2012)

On 13 June 2012, the Shareholders' Meeting approved a new plan for the delivery of shares free of charge; it was executed in March 2013. The company allocated 350,000 own shares under this plan.

A total of 234 beneficiaries were granted 349,866 shares in 2013, at a value of 1.3244 euro per share.

In 2014, 88,812 shares were released under this Plan.



Year 2014 (Incentive Plan approved by the Ordinary Shareholders' Meeting on 12 June 2013)

On 12 June 2013, the Shareholders' Meeting approved a new plan for the delivery of shares free of charge; it was executed in March 2014. The company allocated 500,000 own shares to this plan.

Under this plan, a total of 196 beneficiaries were granted 236,070 shares in 2014, at a value of 2.7292 euro per share.

In 2015, 114,442 shares vested under this plan.

Year 2015 (Incentive Plan approved by the Ordinary Shareholders' Meeting on 27 May 2014)

On 27 May 2014, the Shareholders' Meeting approved a new plan for the delivery of shares free of charge; it was executed in May 2015. The company allocated 600,000 own shares to this plan.

A total of 154 beneficiaries were granted 167,311 shares in 2015, at a value of 3.9239 euro per share.

25. CONTINGENCIES

Under current legislation, tax returns cannot be deemed definitive until they have been inspected by the tax authorities or the statute of limitations period has elapsed. In 2015, the Spanish tax authorities commenced a general audit (see Note 22).

The Company's directors do not anticipate that, in the event of inspection, additional liabilities would arise or the amount of recognized assets might be reduced such as to have a material effect on these financial statements.



26. COMMITMENTS

26.1 Purchase and sale commitments

The Company has sale commitments to the Johnson & Johnson group amounting to approximately 1,000 thousand euro in 2016.

26.2 Operating lease commitments

The minimum future payments for non-cancellable operating leases as of 31 December 2015 and 2014 are detailed in Note 9.

26.3 Operating lease commitments

The company has provided comfort letters to credit institutions. Those comfort letters were mainly for Genómica and ZelnovaZeltia.

The Company has also obtained several credit and guarantee lines from financial institutions under which Genómica and Pharma Mar USA are also registered as borrowers. As a result of those credit and guarantee lines, PharmaMar is jointly and severally liable for the full amounts drawn down against them, including amounts drawn by Genómica and Pharma Mar USA.

Also, PharmaMar is joint borrower on two loans—one to ZelnovaZeltia (665 thousand euro as of 31 December 2015) and one to Genómica (754 thousand euro as of 31 December 2015), under which PharmaMar is jointly and severally liable to the bank.

PharmaMar is the guarantor for Sylentis and Genómica vis-à-vis official bodies, such as the Centro para el Desarrollo Tecnológico e Industrial, for loans granted by the latter.

27. DIRECTOR AND SENIOR MANAGEMENT REMUNERATION

27.1 Director remuneration

The following table shows the remuneration collected in 2015 by directors of PharmaMar who were in office on 31 December 2015:

(Thousand euro)	
Fixed remuneration for executive directors	929
Variable remuneration for executive directors	425
Fixed remuneration for membership of the Board of Directors	235
Attendance fees for meetings of the Board of Directors and its committees	216
Fixed remuneration for membership of the Board committees	87
Fixed remuneration for membership of the boards of other Group companies	894
Remuneration for the position of Lead independent director	16
Other remuneration	1,172
TOTAL	3,974

Additionally, four members of the Board of Directors, who were directors of Zeltia, S.A. before the merger of PharmaMar and Zeltia, collected 381 thousand euro, under all headings, for the period during which they were directors. Also, three former directors of PharmaMar who stepped down as a result of the merger with Zeltia collected 88 thousand euro, under all headings, for the period during which they were directors.

The "Other remuneration" item refers to the bonus collected by the Executive Chairman, in the amount of one million euro gross, in accordance with the provisions of the contract for the provision of executive services dated 26 February 2015; that extraordinary remuneration was accrued on the day the Food and Drug Administration (FDA) approved Yondelis® for commercialization in the United States (October 2015). Executive directors also receive benefits (casualty insurance, healthcare, etc.) and the executive chairman has the use of an executive suite, telecommunications equipment, high-end vehicle, support staff, etc.

As of 31 December, the advances and loans granted by the Group to the members of the Board of Directors in 2015 amounted overall to 45 thousand euro, on which interest is not earned in accordance with the transitory provisions of the Personal Income Tax Act.

27.2 Senior management remuneration and loans

The Company's senior management in aggregate received remuneration totalling 1,518 thousand euro (476 thousand euros in 2014 and an additional 1,243 thousand euro considering the remuneration paid to senior management of Zeltia, S.A. [absorbed company] as a listed company in the previous year). One of those executives is a director at one of the Group undertakings and collected 19 thousand euro under this heading in 2015 (19 thousand euro in 2013), which are not included in the foregoing aggregate figure.

27.3 Companies related to the directors and executives and their close relatives

Transactions with companies related to directors and executives of the company and their close relatives in 2015 and 2014 were not material, formed part of the normal business of the Company or its subsidiaries, and were performed on an arm's-length basis.

Two companies related, respectively, to two members of the Board of Directors provided services to the company amounting to 21 thousand euro and 2 thousand euro. Both provided services to Zeltia (absorbed company) before the merger, in the amounts of 12 thousand euro and 8 thousand euro, respectively. Those amounts are not material in the context of the transactions by that subsidiary and the Group.

In 2009, a company related to a member of the Board of Directors granted Zeltia a 2-year loan for an initial amount of 8,000 thousand euro. The transaction was arranged at market rates in line with other financing transactions offered to the Company at the same time, and without additional collateral; it was rolled over through February 2015, when it was repaid in full. The interest accrued on this loan in the those two months of 2015 amounted to 48 thousand euro (297 thousand euro in 2014).

A member of the Board of Directors of Zeltia (absorbed company) was appointed Honorary Director at the Shareholders' Meeting in June 2013. The Board of Directors unanimously resolved to establish that person's remuneration as Honorary Director at 62 thousand euro per twelve-month period starting from the date of appointment and until the fourth anniversary thereof. That amount is fixed and will not be revized in the aforementioned period. An amount of 62 thousand euro accrued in 2015 (62 thousand euro in 2014).

27.4 Directors' duty of loyalty

Director conflicts of interest

In accordance with disclosures by the Company's directors, none of them nor, to the best of their knowledge, their related parties fell under any of the cases of conflict of interest envisaged in article 229 of the Consolidated Text of the Capital Companies Act, except where the necessary authorization was obtained (see section 27.2 Other transactions with related parties).



28. OTHER TRANSACTIONS WITH RELATED PARTIES

28.1 Balances with group companies

The detail of accounts payable to and receivable from group undertakings as of 31 December 2015 and 2014 is as follows:

(Thousand euro) 2015	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Genómica, S.A.U.	2,100	158	-	1,158
Sylentis, S.A.U.	9,696	138	-	5,053
Pharma Mar, USA	-	-	-	359
PharmaMar, AG	-	783	-	65
Pharma Mar, Srl	-	6,080	-	14
Pharma Mar, GmbH	-	3,882	-	91
Pharma Mar, Sarl	-	155	-	531
Pharma Mar, Sprl	-	18	-	62
Pharma Mar, Ltd	-	48	-	36
Noscira-en liquidación	-	549	-	-
Zelnova Zeltia, S.A.	-	1,977	-	7,880
Xylazel, S.A.	-	234	-	72
Promaxsa Protección de Maderas, S. L.	-	49	-	578
TOTAL	11,796	14,071	-	15,899

(Thousand euro) 2014	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Zeltia, S.A.	-	3,644	202,439	44,008
Genómica, S.A.U.	-	-	-	119
Sylentis, S.A.U.	-	-	-	2
Pharma Mar, USA	-	-	-	356
PharmaMar, AG	-	924	-	99
Pharma Mar, Srl	-	2,244	-	-
Pharma Mar, GmbH	-	5,765	-	251
Pharma Mar, Sarl	-	67	-	417
TOTAL ASSETS	-	12,644	202,439	45,252

The non-current accounts receivable from group undertakings are loans granted by the Company to its subsidiaries. Two loans, arranged by Noscira (in liquidation) and Promaxsa, amounting to 7,611 thousand euro and 1,065 thousand euro, respectively, have been written off.

The detail of current assets with Group undertakings is as follows:

(Thousand euro) 2015	Current accounts	Dividends	Debt for purchases	Total
Genómica, S.A.U.	153	-	5	158
Sylentis, S.A.U.	109	-	29	138
Pharma Mar, USA	-	-	-	-
PharmaMar, AG	-	-	783	783
Pharma Mar, Srl	-	-	6,080	6,080
Pharma Mar, GmbH	-	-	3,882	3,882
Pharma Mar, Sarl	-	-	155	155
Pharma Mar, Spri	-	-	18	18
Pharma Mar, Ltd	-	-	48	48
Noscira-en liquidación	549	-	-	549
Zelnova Zeltia, S.A.	677	1,300	-	1,977
Xylazel, S.A.	234	-	-	234
Promaxsa Protección de Maderas, S. L.	9	-	40	49
TOTAL	1,731	1,300	11,040	14,071

The total balance due to group companies in 2015 is as follows:

(Thousand euro) 2015	Loans	Taxes	Provision of services	Total
Genómica, S.A.U.	-	1,037	121	1,158
Sylentis, S.A.U.	-	5,053	-	5,053
Pharma Mar USA	-	-	359	359
PharmaMar, AG	-	-	65	65
Pharma Mar, Srl	-	-	14	14
Pharma Mar, GmbH	-	-	91	91
Pharma Mar, Sarl	-	-	532	532
Pharma Mar, Spri	-	-	62	62
Pharma Mar, Ltd	-	-	36	36
Zelnova Zeltia, S.A.	7,881	-	-	7,881
Xylazel, S.A.	-	71	-	71
Promaxsa Protección de Maderas, S. L.	-	575	2	577
TOTAL	7,881	6,736	1,282	15,899

As regards current liabilities, the tax debts are amounts owed by the parent company to its subsidiaries as a result of tax consolidation, both corporate income tax and value added tax. In both cases, the amounts outstanding with the tax administration are recognized at PharmaMar, the head of the group, which recognises the accounts payable to its subsidiaries. Specifically, 6,547 thousand euro relate to corporate income tax and 191 thousand euro to VAT pending recovery in 2015. This account also includes the short-term part of two loans granted by ZelnovaZeltia amounting to 7,865 thousand euro plus 16 thousand euro outstanding accrued interest.

28.2 Transactions with group undertakings

The amounts of the Company's transactions with group undertakings as of 31 December 2015 and 2014 are as follows:

TRANSACTIONS WITH GROUP UNDERTAKINGS		
EXPENSES		
(Thousand euro)	2015	2014
Software licence agreements		
Zeltia, S.A.	-	29
Services received		
Zeltia, S.A.	-	32
Genómica, S.A.U.	150	98
Pharma Mar, USA	153	88
PharmaMar, AG	104	178
Pharma Mar, Sarl	3,514	1,076
Pharma Mar, Srl	14	-
Pharma Mar, GmbH	519	2,036
Pharma Mar, Ltd	246	-
Pharma Mar, Sprl	62	-
Promaxsa Protección de Maderas, S. L.	-	12
Procurement		
Zeltia, S.A.	-	392
Financial		
Zeltia, S.A.	-	14,257
Zelnova Zeltia, S.A.	368	-
Xylazel, S.A.	32	59
Total expenses	5,162	18,257



TRANSACTIONS WITH GROUP UNDERTAKINGS		
REVENUES		
(Thousand euro)	2015	2014
Sales		
PhamaMar, AG	809	740
Phama Mar, Srl	16,143	12,665
Pharma Mar, GmbH	14,148	7,599
Provision of services		
Zeltia, S.A.	-	5
Genómica, S.A.U.	19	-
Sylentis, S.A.U.	31	-
Pharma Mar, Srl	106	204
Pharma Mar, GmbH	185	313
PhamaMar, AG	3	3
Pharma Mar, Ltd	6	-
Pharma Mar, Spri	6	-
Pharma Mar, Sarl	39	64
Zelnova Zeltia, S.A.	15	-
Xylazel, S.A.	37	-
Promaxsa Protección de Maderas, S. L.	144	-
Finacial		
Genómica, S.A.U.	69	-
Sylentis, S.A.U.	313	-
Pharma Mar, GmbH	-	2
Noscira S.A.-en liquidación	64	-
Zelnova Zeltia, S.A.	1,300	-
Promaxsa Protección de Maderas, S. L.	32	-
Total revenues	33,469	21,595

The transactions with Group undertakings were conducted on an arm's-length basis.





29. SURETIES AND GUARANTEES

The sureties and guarantees provided by banks for subsidies and advances received by the Company from public authorities as of 31 December 2015 amounted to 11,789 thousand euro (13,835 thousand euro in 2014).

30. ENVIRONMENT

In 2015, the Company did not make any material investments in environmental matters (10 thousand euro in 2014).

The most significant installations that the Company has at present include:

- Atmospheric emissions: To control and clean emissions, the Company has scrubbers for gas from fume cupboards, absolute particle filters in the production area, and particle filters in the R&D department.
- Industrial discharges: the Company installed a network that separates industrial water, two tanks to homogenise discharges, and a discharge valve, pursuant to the Madrid Region Law 10/93.
- Waste: the Company invested in two stores for storing waste prior to removal and disposal.

Environmental protection and improvement expenses amounted to 80 thousand euro in 2015 (42 thousand euro in 2014) and relate mainly to waste disposal by third parties.

The Company is not aware of any significant environmental contingencies as a result of its activities.



31. AUDITORS' FEES

The fees accrued by PricewaterhouseCoopers Auditores, S.L. and other firms in its network amounted to 186 thousand euro in 2015 (168 thousand euro in 2014) for audit services and 95 thousand euro in 2015 (19 thousand euro in 2014) for other verification services provided to companies in the PharmaMar Group.

Part of the fees billed by those auditors are for confirming investments in research consortia from programmes promoted by the CDTI which are led by Group companies; they are passed on to the rest of the consortium members.

The fees accrued during the year by other auditors of subsidiaries amounted to 47 thousand for audit services in 2015 (46 thousand euro in 2014) and 25 thousand euro for other verification services in 2015 (28 thousand euro in 2014).

32. SUBSEQUENT EVENTS

In February, the Company rolled over credit lines amounting to 2,000 thousand euro in total and arranged 8,000 thousand euro in new funding (credit lines amounting to 1,000 thousand euro and a loan of 7,000 thousand euro).

Between year-end and the authorization of these financial statements, no significant events occurred that affect the content of these financial statements and there were no other events requiring disclosure.

Pharma
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