

ANTIBIOTICE S.A.

Individual financial statements for the
year ended on December 31, 2015

prepared in accordance with IFRSs
adopted by the European Union

ANTIBIOTICE S.A.
Financial statements for the year ended
December 31, 2015

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ANTIBIOTICE SA
STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2015
(all amounts expressed in LEI, if not mentioned otherwise)

		For the year ended	
	NOTE	31-Dec-15	31-Dec-14
Sales revenues	4	330,087,508	318,945,093
Other operating revenues		14,631,018	15,314,945
Revenues relative to costs for stocks of products		6,546,669	9,297,266
Income from work performed by entity and capitalized		2,505,214	2,837,630
Expenses with raw materials and consumables	5	(118,818,573)	(108,174,189)
Staff-related expenses	6	(70,868,387)	(71,439,222)
Expenditure on amortization and depreciation		(15,099,989)	(17,057,809)
Other operating expenses	7	(112,046,621)	(99,446,184)
Operating profit		36,936,839	50,277,530
Net financial income	8	(4,889,304)	(12,914,398)
Profit before tax		32,047,535	37,363,132
Expenditure on current income tax and deferred tax	9	(4,868,712)	(6,224,393)
Profit		27,178,823	31,138,739
Other items of comprehensive income			
Gains/losses from revaluation of tangible assets		20,103,297	(354,498)
Profit tax aferent on other items of comprehensive income		(3,216,528)	56,720
Other items of comprehensive income, excluding taxes		16,886,769	(297,778)
Total comprehensive income		44,065,592	30,840,961
Result per share	10	0.0405	0.0464

Explanatory notes from 1 to 27 are an integrating part of the financial statements

Approved by the Management Board on 14.03.2016
and signed in its name by:

Drafted by:

General Director
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE SA
STATEMENT OF FINANCIAL POSITION
for the year ended December 31, 2015
(all amounts expressed in LEI, if not mentioned otherwise)

	NOTE	31-Dec-15	31-Dec-14
ASSETS			
FIXED ASSETS			
Tangible fixed assets	11	205,945,190	188,576,994
Intangible fixed assets	12	9,730,186	7,916,842
Investments in equity instruments			
TOTAL FIXED ASSETS		215,675,376	196,493,836
CURRENT ASSETS			
Stocks	13	60,290,277	57,284,464
Trade and similar receivables	14	231,314,744	232,062,022
Financial assets for sale		220	140
Cash and cash equivalents	15	37,381,974	17,806,234
TOTAL CURRENT ASSETS		328,987,215	307,152,860
TOTAL ASSETS		544,662,591	503,646,697
LIABILITIES			
CURRENT LIABILITIES			
Commercial and similar liabilities	16	71,391,757	46,916,170
Amounts owed to credit institutions	17	41,778,509	54,783,341
Tax and current tax liabilities		8,989,373	12,436,407
Short-term provisions	18	7,179,938	5,021,334
TOTAL CURRENT LIABILITIES		129,339,577	119,157,252
LONG-TERM LIABILITIES			
Subventions for investments	19	3,193,972	3,521,762
Deferred atx	20	19,479,158	16,636,682
TOTAL LONG-TERM LIABILITIES		22,673,130	20,158,444
TOTAL LIABILITIES		152,012,707	139,315,696

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General Director
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Financial Director
Ec. Paula COMAN

ANTIBIOTICE SA
STATEMENT OF FINANCIAL POSITION (continued)
for the year ended December 31, 2015
(all amounts expressed in LEI, if not mentioned otherwise)

	NOTE	31-Dec-15	31-Dec-14
Sahre capital and reserves			
Share capital	21	264,835,156	264,835,156
Revaluation reserves	22	19,909,156	4,158,471
Legal reserves	22	13,426,761	13,189,007
Other reserves	22	133,303,701	118,149,425
Reported result	23	(66,003,714)	(67,139,797)
Current result		27,178,823	31,138,739
TOTAL EQUITY		392,649,884	364,331,001
TOTAL EQUITY AND LIABILITIES		544,662,591	503,646,697

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Drafted by:

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Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
CASH FLOW STATEMENT
for the year ended December 31, 2015
(all amounts expressed in LEI, if not mentioned otherwise)

	For the year ended	
	31-Dec-15	31-Dec-14
I. Cash flows from operating activities		
Cash collection from sales of goods and provision of services	308,841,604	322,905,011
Cash collection from royalties, fees, charges and other type of revenues	5,661,481	(97,353)
Cash payments to suppliers of goods and services	(146,884,502)	(165,298,921)
Cash payments to and on behalf of employees, payments made by the employer for its employees	(68,237,135)	(69,137,056)
VAT paid	(5,472,945)	(1,059,262)
Contributions to the Ministry of Health and Ministry of the Environment	(25,274,718)	(18,254,337)
Other duties, taxes, and similar levies	(2,247,542)	(1,808,435)
Operating cash flow	66,386,243	67,249,648
Interest charged	5,865	11,579
Interest paid	(1,519,772)	(2,111,806)
Tax on profit paid	(5,286,209)	(7,002,580)
Net cash flows from operating activities	59,586,127	58,146,841
II. Cash flows generated by investments		
Cash payments for purchasing land and fixed assets, intangible assets and long-term assets	(12,192,014)	(19,513,117)
Net investment cash flow	(12,192,014)	(19,513,117)
III. Cash flows from financing activities		
Receipts / repayments on short-term loans	(13,554,933)	(17,721,666)
Dividends paid	(14,263,440)	(13,593,559)
Net cash flows from financing activities	(27,818,373)	(31,315,226)
Net cash increase/decrease	19,575,740	7,318,498
Cash and cash equivalents at the beginning of the period	17,806,234	10,487,736
Cash and cash equivalents at the end of the period	37,381,974	17,806,234

Explanatory notes from 1 to 27 are an integrating part of the financial statements

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Drafted by:

General Director
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
SITUATIA MODIFICARILOR IN CAPITALURILE PROPRII

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Ajustments on capital	Reserves	Other reserves	Reported and current result	Result from revaluation reserves	Error correction result	Revaluation reserves	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31-Dec-14	67,133,804	197,701,352	13,189,007	118,149,425	31,138,739	3,782,087	961,436	4,158,470	125,818,032	(197,701,352)	364,331,001
Current global result					27,178,823						27,178,823
Legal reserve allocation			237,754		(237,754)						
Allocation of other reserves				15,154,276	(15,154,276)						
Dividends					(15,746,709)						(15,746,710)
Error correction result							(961,436)		961,436		-
Increase in value of fixed assets with revaluation differences						1,136,083		(1,136,083)			
Deferred tax related to the revaluation difference								(3,216,528)			(3,216,528)
Revaluation reserve								20,103,297			20,103,297
31-Dec-15	67,133,804	197,701,352	13,426,761	133,303,701	27,178,823	4,918,170	0	19,909,156	126,779,469	(197,701,352)	392,649,884

Explanatory Notes numbered 1 to 27 are an integral part of the financial statements

ANTIBIOTICE S.A.
SITUATIA MODIFICARILOR IN CAPITALURILE PROPRII

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Ajustments on capital	Reserves	Other reserves	Reported and current result	Result from revaluation reserves	Error correction result	Revaluation reserves	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31-Dec-13	67,133,804	197,701,352	11,360,142	105,017,965	31,380,855	2,218,750		5,721,808	125,818,032	(197,701,352)	348,651,356
Current global result					31,138,739	-					31,138,739
Legal reserve allocation			1,828,865		(1,828,865)	-					
Allocation of other reserves				13,131,460	(13,131,460)	-					
Dividends					(15,459,094)						(15,459,094)
IFRS adjustments											
Error correction result					(961,436)	-	961,436				
Increase in value of fixed assets with revaluation differences						1,563,337		(1,563,337)			
31-Dec-14	67,133,804	197,701,352	13,189,007	118,149,425	31,138,739	3,782,087	961,436	4,158,470	125,818,032	(197,701,352)	364,331,001

Explanatory Notes numbered 1 to 27 are an integral part of the financial statements

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

1. GENERAL INFORMATION

1.1 Company presentation

Antibiotice, a joint-stock company based in Iasi, Valea Lupului street no. 1 with the tax registration code RO 1973096 was founded in 1955 as per Law 15 / 1990 and Government Decision no. 1200/ 12.11.1990 and is listed on the regulated market of the Bucharest Stock Exchange.

Our company's 8 manufacturing lines, upgraded and certified according to Good Manufacturing Practice (GMP) standards produce medicinal products in 5 dosage forms: powders for solutions for injection and suspensions for injection (penicillins), capsules, tablets, suppositories and topical preparations (ointments, gels, creams). Together they form a complex portfolio of more than 144 medicines for human use, designed to treat a wide range of infections, dermatological, cardiovascular, digestive tract diseases or diseases of the musculoskeletal system.

All production capacities are located on Antibiotice's premises .

The company has ownership rights on all assets recorded in the accountant system.

1.2 Corporate Governance structures

Structures on which the Antibiotice governance system is based:

- the Management Board
- Advisory Committees
- the Executive Management
- the Code of Ethics

In order to build a strong relationship with its shareholders and potential investors, our company adopted the principles and recommendations of the Corporate Governance Code of the Bucharest Stock Exchange (CGC-BVB), principles that underpin the fulfillment of good corporate governance standards.

Antibiotice considers that corporate governance is an important tool for achieving performance, under sustainable development conditions, ensuring accuracy and transparency in the decision-making process through equal access for all shareholders to relevant company information. The governance system is in compliance with the provisions of Law no. 297/2004, modified and completed with the provisions of Law no. 10/2015, Government Emergency Ordinance 90/2014, CNVM regulations given in its application, Law no. 31/1990 republished, with all subsequent amendments, CNVM Regulation no. 6/2009, Bucharest Stock Exchange Code (BSE), Corporate Governance Code of the BVB as well as with the regulations of the company's Articles of Incorporation.

Solidity of the Antibiotice team is demonstrated by the company's strategic guidance and promptitude with which it is able to react, developing responsible and transparent business practices. This is true for both the management team and operational teams and entire staff who manage to achieve a balance between compliance and performance.

In 2015, our company showed consistency regarding the strategic directions, accompanied by adequate investment programs. This was done by applying the principles of good corporate governance, which enabled the mobilization of the full potential of employees to implement and maintain high standards in all the company's activities.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

Management Board

Antibiotice is administered by a Management Board responsible for fulfilling all the tasks necessary to achieve the objective of the company excepting, as provided by law, the responsibilities of the General Meeting of Shareholders. There is a clear responsibility sharing between the Management Board and the Executive Management.

Management Board seeks to ensure that its own decisions, those of the company's management, and of the General Meeting of Shareholders, as well as the internal regulations are compliant with the legal requirements and are properly implemented. The Board is responsible for monitoring the company's management on behalf of shareholders.

The duties of the Management Board are described in the company's Articles of Association and in the relevant internal regulations available on the company's website, in the *Corporate Governance* section.

In 2015, the Management Board had 12 meetings, each time registering a 100 % quorum. The Board members adopted decisions which allowed them to perform their duties in an effective and efficient manner. Thus, within its monthly meetings, the Board discussed in detail and cumulatively the financial results for the reported period since the beginning of the year, as well as the economic performance relative to the budget and to the same period of the previous year. The Management Board requested, where appropriate, detailed explanations from the executive management in connection with the plans to increase production efficiency, investment plans, provisions made, liquidity management, operational and general profitability of the overall activity. After the detailed analysis of the results for the period, the Board decided their approval for publication and submission to the Bucharest Stock Exchange and Financial Supervision Authority, the entire process falling each time within the Financial Communication Calendar.

The 5 members of the Management Board guarantee the efficiency of the ability to supervise, analyze and evaluate the work of executives and the fair treatment of shareholders.

Management Board of Antibiotice SA on December 31, 2015

1. Iavor Ionut Sebastian, Legal Counselor

President of the Management Board and representative of the Ministry of Health

At the Ordinary General Meeting of Shareholders (OGMS) of April 30, 2015 Mr. Iavor was elected as a member of the Management Board and then appointed as President by the members of the Management Board.

2. Nani Ioan, Economist

Vice-President of the Board and General Director

At the Ordinary General Meeting of Shareholders (OGMS) dated April 26, 2012, he was reconfirmed as a member in the Management Board for a 4-year period; then he has elected by the Management Board as Vice-President of the Board.

3. Neagoe Adela-Petria, Physician

Member of the Board and representative of the Ministry of Health

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

At the OGMS of March 20, 2014, she was appointed as a member in the Management Board for a 4-year period.

4. Stoian Nicolae, Economist

Member of the Board and representative of SIF Oltenia and other shareholders legal entities

At the OGMS of April 26, 2012, he was appointed as a member in the Management Board for a 4-year period.

5. Ilie Gabriela, Engineer

Member of the Board and representative of SIF Oltenia and other shareholders legal entities

She was reconfirmed as a member in the Management Board in 2005, 2008 and then in the Ordinary General Meeting of Shareholders of April 26, 2012.

Advisory committees

In 2015, the specialized advisory committees had the following structure:

- Audit Committee: Mr. Ionut Sebastian Iavor and Mr. Nicolae Stoian;
- Nomination and Remuneration Committee: Ms. Gabriela Ilie and Ms. Adela-Petrinia Neagoe
- Trade Policies Committee: Ms. Adela-Petrinia Neagoe and Ms. Nicolae Stoian.

The advisory committees conducted investigations, analyzed and developed recommendations for the Management Board in specific areas and submitted periodic reports on their activity.

Executive management

Antibiotice is represented by the General Director, who signs the documents with the third parties and in court (according to the Article 17, Chapter V, Articles of Association - Antibiotice SA).

Management Board has the power to represent the company in relation to the appointed directors.

Executive Management of Antibiotice is ensured by a General Director, who is also the Vicepresident of the Management Board and 8 executive directors.

Executive Management of Antibiotice SA on December 31, 2015

1. Nani Ioan, Economist
 - General Director and Vice-President of the Management Board – elected in the Management Board by the Ordinary General Meeting of Shareholders held on 26.04.2012, for a four-year period; elected by the Management Board as its Vice-President since 2012 and as a General Director of Antibiotice since 2009.
2. Moraru Cornelia, Engineer
 - Technical and Production Director, since 2005
1. Coman Paula-Luminita, Economist
 - Financial Director since 2011
2. Chebac Vasile, Economist
 - Commercial & Logistics Director since 2005
3. Osadet Eugen-Florin, Engineer
 - Engineering & Investment Director since 2000,
4. Dimitriu Cristina-Lavinia, Engineer
 - Quality Director since 2004,

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

5. Rusu Gica, Economist
 - Human Resources Director since 2006,
6. Bataga Ovidiu, Economist
 - Marketing & Domestic Sales Director since 2011,
9. Mosnegutu Mihaela, Physician
 - Medical Director since 2011.

Code of Ethics

The Code of Ethics of Antibiotice SA presents the ethical standards of conduct that establish and regulate the corporate values, the business responsibilities and obligations of the company and how it works.

The Code of Ethics provides rules in key areas relating to employees, human rights, environmental management, social responsibility and corporate governance and contains guidelines that help the company to pursue its values.

The Code is a set of rules based on which the company was developed, rules of ethical behavior in business and for preventing illegal actions that might arise during the course of business within the company. The Code is binding and applies to all structures and activities of the company.

The Code of Ethics is a fundamental commitment for complying with high ethical standards and applicable legal requirements wherever Antibiotice operates.

The Code of Ethics is presented in detail on the website of the company

[www.antibiotice.ro/Investors/ Corporate Governance / Reference documents /Code of ethics](http://www.antibiotice.ro/Investors/Corporate%20Governance/Reference%20documents/Code%20of%20ethics).

Rights of the financial instrument holders

The adopted and partially implemented corporate governance:

- protects the rights of shareholders;
- ensures the fair treatment of all shareholders;
- acknowledges the role of third parties with interests in the company;
- ensures information and transparency;
- recognizes the Management Board's responsibility towards the company and its shareholders.

On our company's website at [www.antibiotice.ro/investitori/informatii actionari](http://www.antibiotice.ro/investitori/informatii%20actionari), there is a section dedicated to shareholders, where one can access and download documents related to the General Meetings of Shareholders: procedures for the access and participation in meetings, the convener, additions to the agenda, informative materials, special powers of attorney, vote-by-mail forms, draft decisions, decisions, voting results etc.

The company makes available to everyone interested, periodic and annual financial statements, prepared in accordance with the legislation in force. Our company also complies with all disclosure requirements according to the legislation on commercial companies and capital market.

Within the company there is a department specialized in the relation to existing and potential investors called Investor Relations, whose main role is to ensure a good communication with the company's shareholders. The people designated to keep in touch with the investors treat with maximum efficiency the requests of shareholders and facilitate the dialogue with the company management. The company has an appropriate policy to promote effective communication with investors and shareholders.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the highest decision-making body of the company, where shareholders participate directly and make decisions. Among other duties, the GMS decides upon the distribution of the profit, elects the Management Board, appoints the auditors and establishes the remuneration for the Board's members.

In 2015, the Management Board convened an Ordinary and an Extraordinary General Meeting of Shareholders on April 30, 2015 and an Ordinary and an Extraordinary General Meeting of Shareholders on August 13, 2015.

All necessary documents related to the proper conduct of the General Meetings were published in time and in accordance with the legislation in force.

The **Ordinary General Meeting of Shareholders** held on April 30, 2015 approved the change in the composition of the Management Board by revoking Mr. RADU Valentin as a result of his retirement and electing Mr. IAVOR Ionuț Sebastian. The GMS also approved the financial results for 2014 which were elaborated according to the Order of the Minister of Public Finance No. 881/25.06.2012, Order of the Minister of Public Finance no. 1286/2012 for approving the accounting regulations that comply with international financial reporting standards applicable to the trading companies whose securities are admitted to trading on a regulated market, Order of the Minister of Public Finance No. 1690/2012 regarding the modification and completion of certain accounting regulations, the Order of the Minister of Public Finance no. 65/2015 on the main aspects related to the preparation and submission of the annual financial statements and the annual accounting reports of the economic operators to the territorial units of the Ministry of Public Finance.

The same GMS also adopted the following decisions:

- approval to distribute the net profit for 2014 worth LEI 31,138,739, set the dividend per share to LEI 0,02345571 and pay the dividends starting with 01.10.2015;
- approval to discharge the administrators for their activity in the financial exercise 2014, based on the submitted reports;
- approval of the Income & Expenditure Budget for 2015;
- approval of the degree in which the Management Board members accomplished their objectives and performance criteria in 2014;
- approval for extending with a two-year period the financial audit contract with "B.D.O. Audit" SRL;
- approval of the Management Board members' objectives included in the Management Plan for 2015;
- approval of the remunerations for the Management Board members in accordance with the GEO no. 51/2013, regarding the amendment and completion of the GEO no. 109/2011 on corporate governance of public enterprises;
- approval for renting a piece of land with the surface of 345 square meters, from the lot with cadastral no. 133178 to S.C. Apa Vital S.A. Iasi. There is an out-of-order nitrogen station located on this land. S.C. Apa Vital S.A. Iasi will run a local drinking water supply project, founded by European funds.

The **Extraordinary General Meeting of Shareholders** approved:

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

- a 12-month extension of the validity of the multi-product credit limit (multicurrency in LEI and USD) worth LEI 60 million concluded between Antibiotice SA and Import Export Bank of Romania – EximBank S.A.
- a 12-month extension of the validity of the state guarantee worth LEI 10 million related to the multi-product credit limit (multicurrency in LEI and USD) worth LEI 60 million concluded between Antibiotice SA and Import Export Bank of Romania – EximBank S.A.
- to maintain the guarantees related to the multi-product credit limit (multicurrency in LEI and USD) worth LEI 60 million, for the entire period of validity resulting from the extension under items 1 and 2 of the Agenda.
- to issue a decision-commitment of Antibiotice SA not to divide, not to merge and not to decide on the dissolution in advance for the entire validity period of the multi-product credit limit (multicurrency in LEI and USD) and the guarantee in the name and state account issued by Eximbank, without the prior consent of Import Export Bank of Romania – EximBank S.A..
- to empower Mr. Ioan NANI, General Director and Ms. Paula COMAN, Financial Director to sign, on behalf of the company, all the documents related to the extension and transformation of the credit facility, according to the items 1 and 2 of the Agenda as well as the documents related to the obligations assumed by the company under items 3 and 4 of the Agenda
- the appropriate change of the Annex 1 – Administrators of Antibiotice SA – Iasi (Articles of Association) – according to the Draft Additional Act presented in the annex of the convener
- to change and update the Constitutive Act by introducing the code of the building in which the activity is carried out in the Article 6 regarding the company's object of activity, category of main activities:
 1. 2110 - Manufacture of basic pharmaceutical products/ building code: P10-B and introducing the following activities and related CAEN codes, together with the code of the buildings in which they are carried out, into the category of secondary activities,
 1. 2120 - Manufacture of pharmaceutical products /building codes: P1-US, P9-C, P11-PP, P13-CsP, P14-Csc, P15-CsN;
 2. 4646 - Wholesale trade of pharmaceutical products / building codes: P7-D,
 3. 5210 - Storage/ building codes: P5-D, P28-D, p29-D,P33-D;
 4. 5224 - Handling;
 5. 7120 - Testing activities and technical analyses/ building code: P2-CC;
 6. 7219 - Research & Development in biotechnology / building code: P21-MKP;
 7. 7211 - Research & Development in biotechnology / building code: P21-MKP;
 8. 8292 - Packaging activities / building codes: P1-US, P9-C, P11-PP, P13-CsP, P14-CsC, P15-CsN;
 9. 8622 - Specialized nursing activities / building code: P16-CEM-RA.

The **Ordinary General Meeting of Shareholders of August 13, 2015** approved the financial statements for the first half of 2015, based on the Management Report and Financial Auditor's Report while the Extraordinary **General Meeting of Shareholders** approved to supplement the guarantees related to the multi-product multi-currency credit limit worth LEI 60 million concluded between Antibiotice SA and Import Export Bank of Romania – EximBank S.A., with mortgage / assignment on the income / receivables gained from the contracts concluded with Farmexpert DCI (all the current and future invoices).

Shareholding structure on September 15, 2015 (the latest database from 2015):

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

(all amounts expressed in LEI, if not mentioned otherwise)

I. Investors

- The Ministry of Health (*) – 53.0173%,
- S.I.F. Oltenia (*) - 13.2817%
- Broadhurst Investments Limited – 4.1977%
- S.I.F. Transilvania – 4.0356%
- Pension Fund AZT Your Future/Allianz – 2.1711%
- S.I.F. Banat-Crisana S.A – 2.1104%
- Privately Managed Pension Fund Alico – 1.5116%
- Privately Managed Pension Fund ARIPI/GENERALI S.A.F.P.P. – 0.6782%
- A-Invest – 0,6368%
- Polunin Discovery Funds – Frontier Markets Fund – 0.8377%
- Other individuals and legal entities – – 17.8313%.

NOTE: (*) – Significant shareholders, as per Law 297 of 28.06.2004, Art. 2, Paragraph 1

II. Types of shareholders

- Legal persons – 87.5240%,
- Natural persons – 12.4760%.

In 2015, dividends were paid for the financial years 2011, 2012, 2013 si 2014, as follows:

Dividend payment (2011 – 2012 – 2013 - 2014)

Year	Net dividends							Date when payment ends
	due	Paid				Unclaimed on 31.12.2015		
		LEI			% (total paid)	lei	%	
		Until 31.12.2014	01.01÷31.12 2015	Total				
0	1	2	3	4	5	6	7	8
2011	8,204,647	7,475,185	16,361	7,491,546	91.31	713,101	8.69	30.09.2015
2012	9,834,108	8,955,607	31,219	8,986,826	91.38	847,282	8.62	Payment in progress
2013	14,753,415	13,317,412.2	139,335	13,456,747.2	91.21	1,296,667.8	8.79	Payment in progress
2014	15,061,293	-	13,870,071.68	13,870,071.68	92.09	1,191,221.32	7.91	Payment in progress

Dividends for 2012 and 2013 are distributed directly from the company's headquarters, by bank transfer and postal order, while the 2014 dividends are distributed through the Central Depository Bucharest and implicitly, through CEC Bank.

Antibiotice on the securities market

The Antibiotice shares are listed in category I (PREMIUM) on the Bucharest Stock Exchange under the symbol ATB since 1997.

The first transaction was recorded on April 16, 1997 at a reference price of 0.3500 LEI/ share. The historic maximum was reached on July 10, 2007 with the price of 2.1700 LEI/share and the historical minimum of 0,0650 LEI/share was recorded on June 8, 2000.

Both our business plans and financial results represented a solid guarantee that Antibiotice strengthened its position in the global pharmaceutical market.

Din momentul listarii si pana la sfarsitul anului 2015, actiunile ATB au multiplicat de 2,6 ori banii investitorilor.

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La 18 ani de la prima tranzactie, peste 42.000 de actionari urmaresc cu interes evolutia actiunilor Antibiotice pe Bursa de Valori Bucuresti.

Antibiotice shares (ATB), traded on the Bucharest Stock Exchange:

- are included in the BET- XT index, which reflects the price evolution of the 25 most liquid companies;
- are included in the BET-XT-TR index , reflecting the performance of the 25 most liquid companies, as well as gross dividends and other cash distributions to shareholders;
- are included in the BET-Plus index, which includes Romanian companies listed on the BSE market that meet the minimum selection criteria except for financial investment companies;
- are included in the BET-BK index which reflects the price evolution of the shares issued by local and foreign companies admitted to trading on the regulated market administered by BSE.

This reflects the fact that Antibiotice is a stable company, developed on a durable economic foundation. In 2015, the minimum price of an Antibiotice share was LEI 0.5240. The share price increased up to the maximum value of 0.6170 LEI/share.

Stock Market Capitalization on December 31, 2015 (the last trading day of the year) was LEI 357,152 thousand.

Antibiotice shares – ATB / Regular Market

	2012	2013	2014	2015
Number of shares	568,007,100	671,338,040	671,338,040	671,338,040
Stock market capitalization (thousand LEI)*	213,798	374,607	390,719	357,152
Stock market capitalization (thousand EUR)*	48,276	83,919	87,173	78,868
Stock market capitalization (thousand USD)*	63,678	115,413	105,978	86,167
Total traded value (million LEI)	10	23	16	11
No. of traded shares	24,002,033	48,439,486	27,467,454	18,844,935
Opening price (LEI/share)	0.3974	0.3774	0.5520	0.5850
Maximum price (LEI/share)	0.4400	0.5680	0.6170	0.6170
Minimum price (LEI/share)	0.3300	0.3700	0.5410	0.5240
Price at the end of the year (LEI/share)	0.3764	0.5580	0.5850	0.5320
Average price (LEI/share)	0.3985	0.4692	0.5845	0.5836
Earnings / share (LEI/share)***	0.0477	0.0467	0.0464	0.0405
Gross dividend/share (LEI/share)	0.0182	0.0230	0.0235	0.0208
Dividend yield****	4.83%	4.12%	4.03%	3.91%
Dividend distribution rate*****	38%	49%	51%	51%

* Calculation is based on the share price on the last trading day of that year;

** Proposed dividend,

*** Calculation of earnings per share is based on the net profit of each year;

**** Dividend per share / share price on the last trading day of each year;

***** Dividend distribution rate = (total number of shares x gross dividend per share)/ total net profit.

According to Chapter VI, Section 2, Art. 92 – BVB Code, the financial communication calendar for 2015 was as follows:

Events	Date
Submission of the preliminary annual financial results - 2014:	13.02.2015
General Meeting of Shareholders for approving the annual financial results - 2014	29.04.2015
Submission of the Annual Report - 2014:	29.04.2015

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Presentation of Quarterly Reports:	
Quarter I 2015	15.05.2015
Quarter III 2015	13.11.2015
Meeting with investors and analysts	20.05.2015
Submission of the Half-Year Report 2015	14.08.2015
Meeting with investors and analysts	21.10.2015

2. ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements were prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively named "IFRSs") issued by the International Accounting Standards Board (IASB) as adopted by the EU .

The separate financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRSs"). This set of financial statements represents the Company's first IFRS financial statements to be published and IFRS 1 "First-time adoption of IFRS" was applied.

The separate financial statements were approved by the Management Board in the meeting held on 14.03.2016.

The Company's accounting records are expressed in LEI in accordance with Romanian Accounting Regulations (RCR). These accounts were restated to reflect the differences between the accounts according to Romanian Accounting Regulations and those under IFRS. Correspondingly, the accounts were adjusted according to RCR where necessary, to harmonize the separate financial statements with the IFRSs adopted by the European Union in all material respects.

The most significant changes to the financial statements prepared in accordance with RCR to align to the IFRS requirements adopted by the European Union are:

- Adjustments of share capital in 2012 in accordance with IAS 29 - "Financial reporting in hyperinflationary economies", Romanian economy being hyperinflationary until 31 December 2003;
- According to International Financial Reporting Standards 1 "First-time Adoption of International Financial Reporting Standards", Antibiotice chose to evaluate its fixed assets, at the date of transition to IFRS at their fair value and use this fair value as deemed cost at that date;
- Account adjustments for recognizing the receivables and liabilities regarding the deferred income tax in accordance with IAS 12 "Income Taxes". SC Antibiotice SA calculated and recorded also in 2012 in its accounting records a provision for "other taxes and charges".
- Grouping items into categories according to disclosure requirements under IFRS;

The main accounting policies applied in preparing the financial statements are set out below. Policies were applied consistently to all the years presented, unless otherwise noted.

Preparation of financial statements in accordance with IFRS as adopted require the use of certain critical accounting estimates. It is also necessary, as the company's management to take decisions related to the application of accounting policies. The fields in which decisions were taken and significant estimates were made in preparing the financial statements along with their effect are shown in the following:

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2.2 Basis of assessment

Separate financial statements are prepared using the historical cost convention/ depreciated except for the tangible assets stated at a revalued cost by using fair value as deemed cost and the items presented at fair value, i.e. financial assets and liabilities at the fair value through the profit and loss account and the financial assets available for sale, except those for which fair value can not be reliably established.

2.3 Functional and presentation currency

The company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation" is the Romanian leu (LEI). Separate financial statements are presented in LEI. Transactions made by the company in another currency than the functional one are recorded at the rates in force at the time the transactions take place. Monetary assets and liabilities in foreign currency are translated at the rates in force at the reporting date.

2.4 Critical accounting estimates and judgements

As a result of the uncertainties inherent in business activities, many items in financial statements can not be accurately assessed, only estimated. Estimation involves judgments based on the latest available reliable information.

Reasonable estimates are an essential part in drafting the financial statements and do not undermine their reliability.

An estimate may need revision if changes occur regarding the circumstances on which the estimate was based or as a result of new information or subsequent experiences. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error in the current period. If any, effect on future periods is recognized as income or expense in those future periods.

The company makes certain estimates and assumptions about the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including forecasting future events that are believed to be reasonable under the circumstances. In the future, concrete experience may differ from these estimates and assumptions. The following are examples of assessment, estimation, assumptions applied in our company:

(a) Evaluation of investments in land and buildings owned

Our company was evaluated by external evaluators to determine the fair value of its real estate investments and the buildings owned.. These assessments are based on assumptions which include future rental income, anticipated maintenance costs, future costs of development and the appropriate update rate. Evaluators refer to market information related to property transactions with similar prices.

(b) Adjustments for impairment of receivables

Assessment for impairment of receivables is individually performed and is based on the management's best estimate of the present value of cash flows that are expected to be received. To estimate these flows, management makes certain estimates on the financial situation of the partners. Each impaired asset is individually analyzed. Precision in adjustments depends on estimates of future cash flows.

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(c) Legal proceedings

The company revises the unresolved legal cases following developments in legal proceedings and the existing situation at each reporting date, to assess the provisions in its financial statements. Among the factors considered in decisions related to provisions we mention: the nature of litigation or claims and the potential of damage in the jurisdiction which settles the dispute, the progress of the case (including progress after the date of financial statements but before those statements are issued), opinions of legal advisors, experience in similar cases and any decision made by the Company's management related to how the executives will respond to the dispute, claim or assessment.

(d) Expenditure estimates

There are objective situations in which, until the closing date of tax periods or until the close of a financial exercise, the exact amounts of expenses incurred by the company are unknown (eg, marketing & promotion campaigns). Estimates will be made for this category of expenditures, which will be corrected in future periods when the output of cash flows will be produced. Estimates of expenditure for each category of expense will be made by someone with experience in the type of activity that generated the expense.

(e) Taxation

The taxation system in Romania is in a phase of consolidation and harmonization with the European legislation. However, there are still different interpretations of tax legislation. In some cases, the tax authorities may have different approaches to certain issues, calculating additional taxes and penalties for late payment. In Romania, fiscal years remain open for tax verification for 5/7-years. The company's management believes that tax liabilities included in the financial statements are appropriate.

2.5 Presentation of Separate Financial Statements

The company adopted a presentation in the financial position statement based on liquidity and a presentation of income and expenses according to their nature in the comprehensive income statement, considering that these methods of presentation provide information that is reliable and more relevant than that that would present other methods permitted under IAS 1 "Presentation of financial statements".

2.6 Purchased intangible fixed assets

Evidence of intangible fixed assets is done in accordance with IAS 38 "Intangible fixed assets" and IAS 36 "Impairment of Assets". Externally acquired intangible assets are initially recognized at cost and subsequently amortized linearly during their useful economic life.

Expenses related to the acquisition of patents, copyrights, licenses, trademarks or factory brands and other intangible assets recognized from an accounting viewpoint, except for the set-up expenses, goodwill, intangible fixed assets with an indefinite useful life according to the accounting regulations, are recovered through linear depreciation deductions over the contract period or duration of use, as the case may be. Expenses related to the purchase or production of software are recovered through linear depreciation deductions over a 3-year period.

Intangible fixed assets generated by the company (development costs)

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Research expenses (or those in the research phase of an internal project) are recognized as expenses of the exercise to which it relates.

Development costs related to projects for new products are recognized as intangible fixed assets. They consist of: consumption of raw materials and consumables, labor costs related to hours worked for each project, other fees which have to be paid to NAMMD as amounts necessary for authorization.

Tangible assets

Tangible assets are tangible items that:

- a) are held for use in the production or supply of goods or services, for rental to other parties or for administrative purposes; and
- b) are expected to be used over several financial years.

Recognition:

The cost of an item of property, plant and equipment should be recognized as an asset if and only if: it generates future economic benefits associated with the asset; the cost of the asset can be reliably measured.

Post-recognition assessment

Upon recognition as an asset, an item of tangible asset is accounted for at the cost or minus any accumulated depreciation and any accumulated impairment losses.

After recognition as an asset, an item of tangible fixed assets whose fair value can be reliably assessed is accounted for at a revalued amount, this being its fair value at the revaluation date.

Reassessments are performed with sufficient regularity to ensure that the accounting value is not significantly different from what would have been determined by using the fair value at the end of the reporting period.

The fair value of the lands and buildings is generally determined on the basis of market evidence, through an evaluation usually carried out by qualified professional assessors. The fair value of the tangible fixed assets is generally their value on the market determined by valuation.

When an item of tangible fixed assets in category I is revalued, any cumulative depreciation at the revaluation date is eliminated from the gross accounting value of the asset and the net amount is recalculated to the revalued amount of the asset.

If an item of tangible fixed assets is revalued, then the entire class of tangible assets to which that item belongs is revalued.

If the accounting value of an intangible asset is increased as a result of the revaluation, then the increase is recognized in other elements of the comprehensive income and accrued in equity as a revaluation surplus. However, the increase should be recognized in profit or loss to the extent that it compensates for a decrease from the revaluation of the same asset previously recognized in profit or loss.

If the accounting value of an asset is diminished as a result of a revaluation, this decrease should be recognized in profit or loss. However, the decrease should be recognized in other items of the comprehensive income to the extent in which the revaluation surplus has a credit balance for that asset.

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The revaluation surplus included in the equity related to an item of tangible fixed assets is directly transferred in the reported result when the asset is recognized. Transfers from revaluation surplus in the reported result are not made through profit or loss.

If any, the effects of taxes on profits arising from the revaluation of fixed tangible assets are recognized and presented in accordance with IAS 12 Profit tax.

Depreciation

The depreciable amount of an asset is allocated on a systematic basis over its useful life. Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to function in the intended manner.

The used depreciation method reflects the expected consumption rate of future economic benefits of the asset for the entity. The land owned is not amortized.

For the depreciable fixed assets the company uses the linear depreciation method from the accounting viewpoint. Depreciation periods are established by an internal specialty committee according to the company's internal procedures. Below there is a brief presentation of the lifetimes of the fixed assets on major categories of goods:

Category	Lifetime
Buildings and construction	24-40 years
Equipment & installations	7-24 years
Means of transport	4- 6 years
Computing	2- 15 years
Office furniture and equipment	3- 15 years

Depreciation

To determine whether an item of tangible fixed assets is depreciated, an entity applies IAS 36 the Depreciation of Assets. At the end of each reporting period, the entity estimates if there are indications on depreciation of assets. If such evidence is identified, the entity estimates the recoverable value of the asset.

If and only if the recoverable value of an asset is lower than its book value, the book value of the asset will be reduced to be equal to the recoverable value. Such a reduction represents a depreciation loss. A depreciation loss is immediately recognized in the profit or loss of the period, except for the situations where the asset is reported to the revalued value, in accordance with another Standard (for example, in accordance with the revaluation model in IAS 16 Tangible fixed assets). Any depreciation loss concerning a revalued asset is considered to be a decrease generated by the revaluation.

2.7 Financial assets - IAS 39 Financial instruments: recognition and assessment

Initial assessment of the financial assets and financial liabilities

When a financial asset or a financial liability is initially recognized, an entity assesses it at its fair value plus, in the case of a financial asset or a financial liability which is not at the fair value through profit or loss, the transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability.

The subsequent assessment of financial assets

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In terms of assessing a financial asset after the initial recognition, the company classifies its financial assets in the following categories:

- I. A financial asset or financial liability assessed at the fair value through profit or loss is a financial asset or financial liability that meets any of the following conditions:
- (a) is classified as held for trading. A financial asset or financial liability is classified as held for trading if:
 - (i) acquired or incurred mainly for the purpose of selling or repurchasing it to the nearest term;
 - (ii) sau on initial recognition, it is part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking ;
 - (iii) a derivative (except for a derivative that is a financial guarantee contract or a designated and effective risk coverage tool).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than:

- a) those that the entity intends to sell immediately or in a short time, which have to be classified as held for trading, and those that the entity, at the initial recognition, designates them at fair value through profit or loss;
- b) those that the entity, on initial recognition, designates as available for sale; or
- c) those for which the holder may not substantially recover all of the initial investment, for any other reason than the credit deterioration, which have to be classified as available for sale.

This category includes commercial and other receivables.

The financial assets available for sale are those non-derivative financial assets that are designated as available for sale or which are not classified as loans and receivables or investments held to maturity or financial assets at fair value through profit or loss.

This category includes investments in listed shares.

The Company does not have held-to-maturity investments and does not own or has not classified financial assets or financial liabilities at fair value through profit or loss.

Gains and losses

A gain or loss of a financial asset available for sale is recognized in other comprehensive income, except for the impairment losses. The dividends for an equity instrument available for sale are recognized in profit or loss when the entity's right to receive payment is established.

When a decline in fair value of a financial asset available for sale was recognized in other comprehensive income and there is objective evidence that the asset is depreciated, the cumulative loss that has been recognized in other comprehensive income must be reclassified from the equity in profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

The amount of the cumulative loss which is removed from equity and recognized in profit or loss must be the difference between the acquisition cost (net of any payment of the principal and amortization) and the current fair value, less any depreciation loss on that financial asset previously recognized in profit or loss.

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If, in a subsequent period, the fair value of a debt instrument classified as available for sale grows and the increase can be objectively related to an event occurring after the depreciation loss was recognized in profit or loss, the depreciation loss is resumed and the amount recognized in profit or loss.

Cash and cash equivalents

The cash and cash equivalents includes the cash account, deposits held at call with banks, other short-term highly liquid investments with original maturity dates of three months or less than three months and – for the purpose of cash flow statements – overdrafts.

2.8. Stocks

Under IAS 2, the stocks are active:

- a) held for sale in the ordinary course of business;
- b) under production for such sale; or
- c) as raw materials, materials and other consumables to be used in the manufacturing or services.

Stock assessment

The stocks are assessed at the lowest value between the cost and the net achievable value.

Cost of the stocks

The cost of stocks includes all the purchase costs, conversion costs as well as other costs incurred in bringing the inventories to the state and location where they are now.

The stocks of raw materials and materials are stated at the acquisition cost. Inventory outflow is performed using the Weighted Average Cost method.

The stocks of products in progress are stated at the value of raw materials cost and materials embedded in them.

The stock of finished goods is recorded at production cost on the completion of the manufacture.

Adjustments for depreciation of stocks

The stock depreciation assessment is performed individually and is based on the best estimate of the management on the present value of the cash flows that are expected to be received. For estimating these flows, the management makes certain estimates on the usefulness of the stock, taking into account the expiration date, the possibility of using it in the current activity of the company and other factors specific to each stock category. Each depreciated asset is analyzed individually. The precision of adjustments depends on the estimation of future cash flows.

2.9 Receivables

The receivables arise primarily through the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of contractual monetary assets. They are recognized initially at the fair value plus the transaction costs that are directly attributable to their acquisition or release and are subsequently recorded at amortized cost by using the effective interest rate method, minus the adjustments for depreciation.

Receivables are presented at historical value in the balance sheet, less adjustments made for impairment in cases where it was found that the realizable value is lower than the historical value.

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Impairment adjustments are recognized when there is objective evidence (such as significant financial difficulties from partners or non-fulfillment of payment obligations or significant payment delays) that our company will not be able to collect all amounts due under the terms of the receivables, the amount of that adjustment being the difference between the net book value and the present value of the expected future cash flows associated with the impaired receivable.

The assessment for impairment of the receivables is individually performed and is based on the best estimate of the management regarding the present value of the cash flows expected to be received. In order to estimate these flows, our management makes some estimates on the financial about the financial situation of the partners. Each depreciated asset is individually analyzed.

2.10 Financial liabilities

Financial liabilities include mainly trade payables and other short-term financial liabilities that are initially recognized at the fair value and subsequently recorded at amortized cost using the effective interest method.

2.11 Recognition of revenue and expenditure

2.11.1. Recognition of revenue

Revenues represent, according to IAS 18 “Revenue”, the gross input of economic benefits during the period, generated in the course of the normal activities of an entity when such inputs result in increases in equity, other than increases related to the contributions of the equity holders.

Revenues are increases in the economic benefits recorded during the accounting period, in the form of inputs or increases of assets or debt reductions, which result in increases in equity other than those resulting from the contributions of shareholders.

Fair value is the amount at which an asset can be traded or a liability settled, between the parties concerned and informed, in a transaction conducted under objective conditions.

Evaluation of revenue

Revenues are valued at the fair value of the counterperformance received or to be received after reducing the rebates or deductions.

Income from the sale of goods is recognized when all the following conditions have been met:

- (a) the entity transferred to the buyer the significant risks and benefits related to the ownership of goods;
- (b) the entity no longer manages the goods sold at the level that would have made it normally in the case of their ownership and no longer holds effective control over them;
- (c) the amount of revenue can be measured reliably;
- (d) it is likely that the economic benefits associated with the transaction will be generated for the entity; and
- (e) the costs incurred or to be incurred in relation to that transaction can be reliably assessed.

Income from the sale of goods is recognized when the Company transferred to the buyer the significant risks and benefits of ownership and it is likely that the Company will receive the previously agreed upon payment. The transfer of the risks and benefits related to the property rights is considered accomplished once with the transfer of the legal title or the passing of the property to the buyer. If the entity keeps significant risks related to the property, the transaction is not a sale and the revenue is not recognized.

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According to the Framework Agreement regarding the conditions of granting medical assistance within the health social insurance system for 2011 -2013 of 28.12.2010, the settlement term for the medicines sold in a compensation system is 210 days.

The company uses the above mentioned term as a reference for the collection terms specified in the contracts with the distributors.

The Company considers that the collection terms do not generate a financial component of revenues invoiced to distributors.

Special cases: If it is found that the revenues associated with a given period of the current year are subject to fundamental errors, they will be corrected in the period when the error is discovered. If the error is discovered in the following years, its correction will no longer affect your revenue accounts but the result account carried over from fundamental error corrections, if the error value is considered significant.

2.11.2 Recognition of expenses

Expenses are decreases of the economic benefits recorded during the accounting period in the form of outputs or decreases in the value of assets or increases in debt, which result in reductions in equity other than that resulting from its distribution to shareholders.

2.12 Impairment of non-financial assets (excluding the stocks, real estate investments and deferred tax assets) – IAS 36 “Impairment of assets”

Assets owned by the company, as specified in *IAS 36 “Impairment of assets”* are subject to impairment tests whenever events or changes in circumstances indicate that their book value may not be fully recovered. When accounting value of an asset exceeds the recoverable amount (i.e. the largest amount between the use value and the fair value less costs of sales), the asset is properly adjusted.

When the recoverable amount of an asset cannot be estimated, the impairment test is performed on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash-generating units (CGUs).

Impairment costs are included in the income statement unless they reduce earnings previously recognized in other comprehensive income.

2.13 Provisions –IAS37 “Provisions, contingent liabilities and contingent assets”

The provision is evaluated at the best estimate of the expenses required for settlement of the obligation at the reporting date, updated at a pre-tax rate, reflecting the current market valuations of the value of money over time and debt-specific risks.

According to IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision must be recognized if:

- a) company has a current liability (legal or implicit) generated by a past event;
- b) it is likely that an outflow of resources incorporating economic benefits is required to settle the obligation;
- c) a credible estimate of the value of the obligation can be made

If these conditions are not met, it must not be recognized as a provision.

Provisions are recorded in the accounting using the accounts in the group 15 “Provisions” and are constituted on the basis of expenses, with the exception of those related to the decommissioning of tangible assets and other similar actions related to them, for which the IFRIC 1 requirements will be considered.

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Recognition, evaluation and updating of provisions are made in accordance with the IAS 37 requirements “ Provisions, contingent liabilities and contingent assets”

Provizioanele sunt grupate in contabilitate pe categorii si se constituie pentru: In accounting, provisions are grouped into categories and are constituted for:

- a) litigations;
- b) guarantees to customers;
- c) decommissioning of the tangible fixed assets and other similar actions related thereto;
- d) restructuring;
- e) employee benefits;
- f) other provisions.

Provisions previously set up are reviewed periodically and regularized.

2.14 Employee benefits – IAS 19 Employee benefits

Current employee benefits

The short-term benefits granted to the employees include allowances, wages and social security contributions. These benefits are recognized as expenses when the services are provided.

Benefits after the conclusion of the employment contract

Both the company and its employees have the legal obligation to contribute to the social insurances constituted to the National Pension Fund administered by the National Pension House (a contribution plan based on the « pay-as-you-go » principle).

Therefore the Company has no other legal or implicit obligation to pay future contributions. Its only obligation is to pay the contributions when they are due. If the Company ceases to employ people who are contributors to the financing plan of the National Pension House, the Company will have no obligation to pay the benefits earned by its own employees in previous years. The Company's contributions to the contribution plan are presented as expense in the year to which they relate.

Pensions and other retirement benefits

The Company stipulated in its Collective Labor Agreement a wage benefit for the employees who retire due to invalidity. They receive an allowance equal to six average gross salaries at company level starting with the month prior to the retirement. The company must allocate a part of the cost of benefits in favor of the employee during the employee's working life.

2.15 Deferred tax -IAS 12

When calculating the deferred tax, the company will take into account the IAS 12 provisions.

The assets and liabilities regarding the deferred tax are recognized when the accounting value of an asset or liability from financial position statement differs from the tax base.

Recunoasterea activelor privind impozitul amanat este limitata la acele momente in care este posibil ca profitul impozabil al perioadei urmatoare sa fie disponibil.

The amount of the asset or liability is determined using tax rates that were adopted or largely adopted up to the reporting date and are expected to be applied when the deferred tax liabilities / (assets) are settled / (recovered).

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The Company offsets the deferred tax receivables and debts if and only if:

- a) has the legal right to offset the current tax receivables with the current tax liabilities, and
- b) deferred tax receivables and liabilities are related to profit taxes levied by the same tax authority.

2.16 Dividends

The share of profit what is paid to each shareholder, according to the law is a dividend. Dividends allocated to the stock holders, proposed or declared after the reporting period as well as the other similar distributions made from the profit determined on the basis of IFRS and included in the annual financial statements are not recognized as a liability at the end of the reporting period.

IAS 10 provisions are taken into consideration when accounting the dividends.

2.17 Capital and reserves

Capital and reserves (equity) represent the shareholders' right over the assets of an entity after deducting all debts. Equity includes: infusions of capital, reserves, reported result, result of the financial year.

The entity was established according to the Law no. 31/1990 on trading companies.

In the first set of financial statements elaborated according to IFRS, the company applied IAS 29 – “Financial Reporting in Hyperinflationary Economies ” for the contributions of the shareholders obtained before January 01, 2004, that is, they were adjusted with the corresponding inflation index.

2.18 Financing costs

An entity must capitalize the costs of indebtedness that are attributable directly to the acquisition, construction or production of an asset with a long production cycle as part of the cost of that asset. An entity must recognize other costs of indebtedness as expenses during the period in which it bears them. The Company did not finance the construction of long-term assets from loans.

2.19 Result per share

The Company presents the result per basic share and diluted for ordinary shares. The result per share is determined by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares related to the reporting period. Diluted result per share is determined by adjusting the profit and loss attributable to ordinary shareholders and weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

2.20 Reporting on segments

A segment is a distinct component of the Company which provides certain products or services (segment of activity) or provides products and services in a certain geographical environment (geographical segment) and that is subject to risks and benefits different from those of other segments. From the point of view of business segments, the Company does not identify distinct components regarding the associated risks and benefits.

2.21 Affiliated parties

A person or a close member of that person's family is considered affiliated to a Company if that person:

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- (i) has the control or the common control over the Company;
- (ii) has a significant influence over the Company or;
- (iii) is one of the key members of the management team.

Key management personnel are those people who have directly or indirectly the authority and responsibility to plan, manage and control the Company's activities, including any company's director (executive or not). Transactions with key personnel include exclusively the salary benefits provided to them.

An entity is affiliated to the Company if it meets any of the following conditions:

- (i) The Entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary from the same group is connected to the others).
- (ii) An entity is an associated entity or association in participation of the other entity (or associated entity or association in participation of a member of the group to which the other entity belongs).
- (iii) Both entities are associations in participation of the same third party.
- (iv) An entity is an association in participation of a third entity, and the other one is an associated entity of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of the reporting entity or of an entity affiliated to the reporting entity. If the reporting entity itself represents such a plan, the sponsor employers are also affiliated to the reporting entity.
- (vi) The Entity is controlled or jointly controlled by an affiliated person.
- (vii) An affiliated person who has the control, significantly influences the entity or is a member of the key management staff of the entity (or of the parent company of the entity)

The Company does not carry out transactions with entities described in the above paragraphs (i) – (vii)

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3. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

The Company, through its operations, is exposed to the following financial risks:

- Credit risk
- Exchange rate risk
- Liquidity risk

Like all other activities, the Company is exposed to risks arising from the use of financial instruments. This note describes the objectives, policies and processes of the Company to manage these risks and methods used to evaluate them. Additional quantitative information on the present risks is presented in these financial statements.

There were no major changes in the Company's exposure to risks related to the its financial instruments, objectives, policies and processes for managing these risks or the methods used for evaluating them in comparison with the previous periods unless otherwise noted in this note.

Main financial instruments

The main generating risk financial instruments used by the Company are:

- Trade and other receivables
- Cash and cash equivalents
- Investments in quoted equity securities
- Trade and other payables

A summary of the financial instruments by categories is provided below:

ASSETS	Loans and receivables	
	31-12-15	31-12-14
Trade and similar receivables	231,315,720	232,062,022
Cash and cash equivalents	37,381,974	17,806,234
Total	268,697,694	249,868,256

ASSETS	Available for sale	
	31-12-15	31-12-14
Investments in quoted equity securities	220	140
Total	220	140

LIABILITIES	At amortised cost	
	31-Dec-15	31-Dec-14
Trade and similar liabilities	71,391,757	46,916,170
Short-term loans	41,778,509	54,783,341
Tax and current tax liabilities	8,989,373	12,436,407
Short-term provisions	7,179,938	5,021,334
Total	129,339,577	119,157,252

The general objective of the Management Board is to set policies that try to reduce the risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Additional details on these policies are presented below:

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Credit risk

The credit risk is the risk of financial loss for the Company which occurs if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to the credit risk from the sales to the customers.

The Company has a Commercial Policy approved by the Management Board of Antibiotice S.A. This clearly presents the sales conditions and there are conditions in the selection of customers.

Antibiotice SA only works with large distributors in the national pharmaceutical market. When selling for export, in all situations where possible, the goods are paid in advance.

Calculation and analysis of the net financial statement (equity)

Indicators (LEI)	31-Dec-15	31-Dec-14
Credits and loans	41,778,509	54,783,341
Cash and cash equivalents	(37,381,974)	(17,806,234)
Net debt	4,396,535	36,977,107
Total equity	394,501,819	364,331,001
Net debt in equity (%)	1.12%	10.15%

Exchange rate risk

The company is mainly exposed to foreign exchange risk to the purchases made from suppliers of raw materials, packaging and other materials outside Romania. Suppliers from whom the company purchases these items for manufacturing the medicinal products must have quality assurance documents specified in the European rules on the registration of medicines. The Company can not very much restrict purchases from third countries. The Financial-Accounting Department has the responsibility to monitor the payment terms and ensure the cash availability for payment, in order to minimise the exchange rate risk.

On December 31, 2015, the net exposure of the company by currency type to foreign exchange risk was as follows:

Assets/liabilities in EUR equivalent in LEI	For the year ended at	
	31-12-15	31-12-14
Monetary financial assets	2,413,256	2,081,923
Monetary financial liabilities	(28,145,842)	(9,646,464)
Net financial assets	<u>(25,732,586)</u>	<u>(7,564,541)</u>
Variation RON/EUR		Gain/ Loss
LEI appreciation against EURO by 5%	(1,286,629)	(378,227)
LEI depreciation EUR by 5%	<u>1,286,629</u>	<u>378,227</u>
Impact on the result	<u>-</u>	<u>-</u>

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Assets and liabilities in EUR	31-12-15	31-12-14
Monetary financial assets	533,375	464,497
Monetary financial liabilities	(6,220,763)	(2,150,972)
Net financial assets	<u>(5,687,388)</u>	<u>(1,686,475)</u>
Assets/liabilities in USD equivalent in LEI	31-12-15	31-12-14
Monetary financial assets	26,060,382	15,201,251
Monetary financial liabilities	(11,980,775)	(9,326,264)
Net financial assets	<u>14,079,607</u>	<u>5,874,987</u>
Variation LEI/USD		
LEI appreciation against USD by 5%	703,980	293,749
LEI depreciation against USD by 5%	(703,980)	(293,749)
Impact on the result		
Assets and liabilities in USD	31-12-15	31-12-14
Monetary financial assets	6,283,092	4,123,156
Monetary financial liabilities	(2,888,535)	(2,529,637)
Net financial assets	<u>(3,394,558)</u>	<u>1,593,519</u>

The net exposure of the company to the exchange rate risk is presented in the following table:

Assets/ Liabilities	31-12-15	31-12-14
LEI	171,582,359	186,828,710
EUR	(25,732,586)	(7,564,541)
USD	14,079,607	5,874,987
Other currencies (CAD,GBP)	(6,392)	(791)
Net exposure	<u>159,922,987</u>	<u>185,138,365</u>

Taking into account the relatively low exposure to exchange rate fluctuations, it is not expected that reasonable fluctuations in exchange rates will have significant effects in the future financial statements.

Liquidity risk

Liquidity risk arises from the company's management of current assets and financing costs and reimbursements of the amount of principal for its debit instruments.

The Company's policy is to ensure itself that it will always have enough cash to meet its obligations when they become due. To achieve this objective, the company tries to maintain cash balances (or facilities agreed upon) to meet the payment needs.

Management Board receives periodic cash flow forecasts as well as information about the company's cash availability. At the end of the fiscal year, the company has sufficient liquid resources to honor its obligations under all reasonable foreseeable circumstances.

The following tables show the contractual maturities (representing the outdated contractual cash flows) of the financial debts:

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	Until 3 months	Between 3 and 12 months	Total
December 31, 2015			
Commercial and similar debts	24,385,589	55,995,541	80,381,130
Credits and loans		41,778,509	41,778,509
Total	24,385,589	97,774,050	122,159,639

	Until 3 months	Between 3 and 12 months	Total
December 31, 2014			
Commercial and similar debts	13,719,964	45,632,613	59,352,577
Credits and loans		54,783,341	54,783,341
Total	13,719,964	100,415,954	114,006,060

Bank liquidities

Banks to which the company holds bank accounts are reviewed periodically by the company's management.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes, related to the company's processes, staff, technology and infrastructure as well as from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and from the standards generally accepted on organizational behavior. Operational risks arise from all of the Company's operations.

The main responsibility for the controls related to the operational risk belongs to the company's executive team. This responsibility is supported by the development of the Company's general operational risk management standards in the following areas:

- Requirements for dividing the responsibilities, including independent authorization of transactions
- Requirements for reconciling and monitoring the transactions
- Compliance with the regulatory and legal requirements
- Documenting the controls and procedures
- Requirements for periodic analysis of the operational risk to which the company is exposed and the adequacy of controls and procedures to prevent the identified risks
- Requirements for reporting operational losses and proposals to remedy the causes that generated them
- Elaborating some operational continuity plans
- Professional development and training
- Establishing ethical standards
- Preventing the litigation risk, including insurance, where applicable
- Mitigating the risks, including the efficient use of insurance, where appropriate

Adequacy of capital

The management team's policy on the capital adequacy focuses on maintaining a solid capital base in order to sustain the company's continuous development and achieve the investment objectives.

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4. SALES INCOME

Sales income includes the following elements:

Description	For the year ending	
	31-Dec-15	31-Dec-14
Sales of finished products	316.441.808	312.499.471
Sales of goods	78.422.624	67.408.992
Commercial discounts	(64.776.925)	(60.963.371)
Total	330.087.508	318.945.093

Sales revenues are mainly generated by sales of finished products directly to pharmaceutical distributors. Export sales in 2015 amounted to 91,519,344 lei.

Sales income is mainly made by sales of finished products directly to the pharmaceutical distributors

5. RAW MATERIALS, CONSUMABLES AND GOODS

Expenses with raw materials and consumables have the following structure:

Description	For the year ending	
	31-Dec-15	31-Dec-14
Raw materials	54.877.126	56.135.819
Auxiliary materials	4.642.573	4.428.129
Goods	54.004.972	42.296.946
Expenditure on fuel and spare parts	4.312.880	4.451.884
Inventory items	595.694	590.421
Other consumables	385.328	270.990
Total	118.818.573	108.174.189

6. STAFF-RELATED EXPENSES

Staff-related expenses have the following structure

Description	For the year ending	
	31-Dec-15	31-Dec-14
Salaries	52.607.571	51.453.840
Civil contracts	331.624	364.446
Taxes and social contributions	13.422.823	15.176.336
Other benefits (lunch vouchers and staff contribution to profit)	4.506.370	4.444.600
Total	70.868.387	71.439.222

The company is managed by a unitary system, within of Law 31/1990 on trading companies, the management of the company being ensured by the Management Board of Antibiotice SA. The structures of the Management Board and Executive Management are presented in the Note **1. General Information.**

The remuneration granted to the Management Board and Executive Management is presented in the following table:

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	For the year ending	
	31-Dec-15	31-Dec-14
Salaries		
Civil contracts	2.495.330	2.295.118
Fees and social taxes	331.624	364.446
Salaries	571.974	619.265
Total	3.398.928	3.278.829

7. OTHER OPERATING EXPENSES

Other operating expenses include the following

Description	For the year ending	
	31-Dec-15	31-Dec-14
Utilities	8.535.786	9.262.780
Repairs	2.146.827	2.038.820
Rent	154.412	135.489
Insurance	1.418.291	1.335.027
Banking fees	1.247.955	1.314.930
Advertising and promotion of products	3.276.474	3.270.357
Travel and transport	2.904.673	3.863.649
Postal services and telecommunications	546.418	523.878
Other services provided by third parties	28.154.921	29.027.474
Other taxes and fees	27.844.178	26.856.901
Environmental protection	410.679	491.138
Expenses on disposal of assets	137.607	15.953
Losses and adjustments of uncertainty receivables	19.790.098	9.216.847
Other provisions	4.758.793	5.023.420
Exchange rate differences	8.592.541	5.484.841
Miscellaneous	2.126.968	1.584.680
Total	112.046.621	99.446.184

8. NET FINANCIAL INCOME

Net financial income has the following structure:

Description	For the year ending	
	31-Dec-15	31-Dec-14
Income from participations	-	-
Income from interest	5.865	11.579
Expenses with interest	(1.485.438)	(2.129.185)
Other financial revenue	15	784
Other financial expenses	(3.409.746)	(10.797.577)
Total	(4.889.304)	(12.914.398)

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9. INCOME TAX EXPENSES

Description	For the year ending	
	31-Dec-15	31-Dec-14
Current taxes	5.242.763	7.036.003
Deferred tax expense / (income)	(374.051)	(811.610)
Total	4.868.712	6.224.393

The income tax payment was calculated considering the influence of the non-deductible expenses or the non-taxable income, tax incentives and effects of the provision for the income tax.

The company has not been subject to a substantial tax audit for more than 5 years. Considering the frequent changes in tax legislation during this period, an eventual control could lead to differences between the amounts presented in the financial statements and the conclusions of the tax authorities.

A reconciliation between the accounting profit and taxation profit which was the basis of the profit tax calculation is shown in the table below:

Description:	For the year ending	
	31-Dec-15	31-Dec-14
Total income	350.276.070	347.646.218
Total expenses (excluding income tax)	(317.854.484)	(309.471.476)
Gross accounting result	32.421.586	38.174.742
Deductions	(6.251.624)	(10.428.317)
Non-deductible expenses	19.221.025	23.330.975
Fiscal result	45.390.987	51.077.400
Income tax (fiscal result x 16%)	7.262.558	8.172.384
Tax reduction	(2.019.795)	(1.136.381)
Current income tax	5.242.763	7.036.003
Deferred income tax	(374.051)	(811.610)
Total current income tax	4.868.712	6.224.393

10. RESULT PER SHARE

Description	For the year ending	
	31-Dec-15	31-Dec-14
Net profit (A)	27.178.823	31.138.739
Number of ordinary shares (B)	671.338.040	671.338.040
Earnings per share (A/B)	0,0405	0,0464

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11. FIXED ASSETS

	Land	Buildings	Plant and machinery	Other installations, machinery and furniture	Tangible assets in progress	Total
COST						
December 31, 2013	96.731.400	81.169.484	118.852.177	5.145.485	5.847.676	307.746.222
Procurement		15.333.602	4.396.461	442.566	14.781.119	34.953.748
Outputs	-	11.730	2.247.999	301	20.182.363	22.442.393
December 31, 2014	96.731.400	96.491.356	121.000.639	5.587.751	446.432	320.257.577
Procurement		1.110.213	9.289.245	123.210	11.744.183	22.266.851
Outputs		179.076	715.986	105.612	10.522.669	11.523.343
Discarding depreciation		-29.252.990				-29.252.990
Revaluations	11.574.600	8.528.696				20.103.296
December 31, 2015	108.306.000	76.698.199	129.573.898	5.605.349	1.667.946	321.851.392
AMORTISATION						
December 31, 2013	-	12.092.959	100.277.383	4.340.109	-	116.710.451
Cost of the period	-	9.928.518	6.564.865	264.255	-	16.757.638
Outputs	-	11.730	2.221.021	301	-	2.233.052
December 31, 2014	-	22.009.747	104.621.227	4.604.063	-	131.235.037
Cost of the period	-	9.417.790	4.824.193	229.793	-	14.471.776
Outputs	-	45.158	712.298	105.612	-	863.068
Discarding depreciation	-	-29.252.990			-	-29.252.990
December 31, 2015	-	2.129.389	108.733.123	4.728.244	-	115.590.756
PROVISION						
December 31, 2013	-	200.894	244.652	-	-	445.546
Output	-	-	-	-	-	-
December 31, 2014	-	200.894	244.652	-	-	445.546
Output 2015		130.100				130.100
December 31, 2015		70.794	244.652			315.446
NET VALUES						
December 31, 2015	108.306.000	74.498.016	20.596.123	877.105	1.667.946	205.945.190
December 31, 2014	96.731.400	74.280.715	16.134.760	983.688	446.431	188.576.994

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Depreciation of fixed assets

Accounting depreciation is calculated using the straight line method. For new fixed assets entered in 2015 such as installations, machines and measuring and control devices, shelf lives have been established taking into account:

- the estimated self-life based on the use of the asset's capacity;
- repair and maintenance program on the installations and equipment;
- moral wear and tear determined by possible changes in the production process according to the structure of the product portfolio provided by the company.

The inventory value of tangible assets constituted as pledges or guarantees is 55,201,105 LEI

12. INTANGIBLE FIXED ASSETS

Changes in the cost of acquisition and amortization related to intangible assets are presented in the following table:

	31-Dec-15	31-Dec-14
Initial balance	7.916.842	10.748.875
Inputs	8.318.318	2.524.645
Outputs	-	-
Final balance	16.235.160	13.273.520
Amortization		
Initial balance	5.246.073	4.625.028
Cost of the period	1.066.507	731.650
Outputs	-	-
Final balance	6.312.680	5.356.678
Net value	9.730.186	7.916.842

13. STOCKS

Description	31-Dec-15	31-Dec-14
Raw materials and consumables	15.093.101	14.419.633
Adjustments for raw materials and consumables		
Production in progress	1.623.009	1.135.357
Adjustments for ongoing production		-
Semi-products and finished products	39.239.239	33.250.949
Adjustments for semi-finished products and finished products	643.549	324.637
Goods	4.978.477	8.153.888
Product adjustments		
Total	60.290.277	57.284.464

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The value of stocks constituted as collateral is 25,300,000 lei.

14. TRADE AND OTHER RECEIVABLES

Description	31-12-15	31-12-14
Commercial receivables	275,088,803	265,931,171
Adjustments for trade receivables	(55,824,260)	(37,824,844)
Receivables with related parties	-	-
Receivables related to employees	162	782
Other receivables in relation to the State Budget	1,241,375	1,461,628
Debtors and other receivables	8,975,251	676,395
Total financial assets other than cash, classified as loans and receivables	229,481,332	230,245,132
Early payments (advances)	1,833,412	1,816,890
Total	<u>231,314,744</u>	<u>232,062,022</u>

The fair values of trade and other receivables classified as loans and receivables do not differ significantly from their accounting values.

Affiliated parties

The company does not hold share capital in other companies.

Remuneration for the Management Board and Executive Management is presented in the following table:

Description	For the year ended at	
	31-12-15	31-12-14
Wages	2,495,330	2,295,118
Taxes and social contributions	571,974	619,265
Total	<u>3,067,304</u>	<u>2,914,383</u>

On December 31, 2015, the company recorded adjustments for trade receivables representing customers balance that are unlikely to be collected by the company.

Seniority analysis		31-12-15	31-12-14
The	Receivables - customers	219,264,543	228,104,434
	up to 3 months	122,895,071	99,066,933
	between 3 and 6 months	60,580,971	62,220,743
	between 6 and 12 months	35,788,501	66,816,758

Company's provisions for impairment of trade receivables are shown in the table below:

Customer adjustments		31-12-15	31-12-14
The of the	At the beginning of the period	37,824,844	28,975,493
	Established during the year	30,045,288	8,892,010
	Costs of irrecoverable debts in the period	-	-
	Canceling adjustments	(12,045,872)	(42,658)
	At the end of the period	<u>55,824,260</u>	<u>37,824,844</u>

value

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receivables constituted as guarantees was LEI 242,267,058.

15. CASH AND CASH EQUIVALENTS

Description	31-Dec-15	31-Dec-14
Available at the bank	37.369.989	17.777.703
Cash and cash equivalents	11.985	28.531
Total	37.381.974	17.806.234

16. TRADE DEBT AND DEBT OF A DIFFERENT NATURE

Description	31-Dec-15	31-Dec-14
Commercial debt	60.145.469	36.013.904
Suppliers of fixed assets	3.162.094	1.717.213
Payroll expenses	1.414.490	1.388.412
Other debt	2.428.042	2.384.249
Outstanding interest	1.842.814	1.172.264
Total debt less borrowings, classified as measured at amortized cost	656.686	960.408
Taxes and social contributions	56.444	90.778
Dividends	67.863.224	43.727.228
Advance payment from customers	3.335.171	3.043.909
Total	193.362	145.033
Commercial debt	71.391.757	46.916.170

17. AMOUNTS OWED TO CREDIT INSTITUTIONS

Amounts owed to the credit institutions at 31.12.2015

The short-term contract no 28/18.04.2005 concluded with Unicredit Bank S.A.

Objective	Credit line-working capital
Amount	8.000.000 LEI 100.000 EUR
Due date	28.05.2016
Balance December, 2015	0 LEI
Guarantees	Contract for assignment of receivables

The short-term contract no. 12/01.07.2013 concluded with the Export Import Bank of Romania.

Objective	Credit line-working capital
Amount	60.000.000 lei
Due date	28.06.2016
Balance December, 2015	16.999.999,75 LEI
Guarantees	Mortgage contract for buildings, land

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Contract no. 12239/22.05.2012 concluded with ING BANK N.V. AMSTERDAM
 -Romanian branch

Objective	Credit line-working capital
Amount	9.500.000 EUR
Due date	22.05.2016
Balance December, 2015	5.476.518,79 EUR (24.778.509,27 LEI)
Guarantees	Contract for assignment of receivables / Mortgage contract for buildings, land

Sume datorate institutiilor de credit la 31.12.2014

Short-term contract no. 28/18.04.2005 concluded with Alpha Bank Iasi

Objective	Credit line-working capital
Amount	8.000.000 LEI 100.000 EUR
Due date	30.05.2015
Balance December, 2014	3.694.740,11 LEI
Guarantees	Contract for assignment of receivables

Short-term contract no. 12/01.07.2013 concluded with the Export Import Bank of Romania.

Objective	Credit line-working capital
Amount	60.000.000 lei
Due date	30.06.2015
Balance December, 2014	20.206.393,16 LEI
Guarantees	Mortgage contract for buildings, land, receivables

Short-term contract no 12239/22.05.2012 concluded with ING BANK N.V. AMSTERDAM
 Romania

Objective	Credit line-working capital
Amount	9.500.000 EUR
Due date	22.05.2015
Balance December, 2014	6.890.120,15 EUR (30.882.207,53 LEI)
Guarantees	Contract for assignment of receivables/ Mortgage contract for buildings, land

SC Antibiotice SA has not lodged guarantees and has not pledged or mortgaged its own assets to guarantee obligations in favor of a third party.

18. SHORT TERM PROVISIONS

The variation of provisions is shown below:

Provisions for risks and expenses	Transactions in this period
31 December 2014	5.021.334
Provisioning in the period	4.758.793
Uses in the period	2.600.189

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31 December 2015

7.179.938

The amount set as a provision at the end of 2015 represents the provision for the participation of the employees to profit and the variable allowance of the members of the Board of Directors to achieve the indicators, in a percentage of 38% and 62% provisions regarding litigations

19. SUBSIDIES FOR INVESTMENT

Subsidies for investments have the following component:

Subsidies for investments	31-Dec-15	31-Dec-14
Waste water treatment plant	3.188.755	3.496.314
Research laboratory equipment	-	15.358
Analytical laboratory equipment	5.217	10.090
Total	3.193.972	3.521.762

The amounts reflected in the account subventions for investments represent values received by the company as subsidies for investments in environmental protection and in increasing the competitiveness of industrial products through financing from the Ministry of Economy, Trade and Business Relations.

20. DEFERRED PROFIT TAX

The variation of debt on deferred income tax is presented in the table below:

Description	31-Dec-15	31-Dec-14
Initial balance	16.636.682	17.448.292
Cost / (income) deferred tax	2.842.476	(811.610)
Final balance	19.479.158	16.636.682

21. SHARE CAPITAL

The subscribed share capital of the company as of December 31st, 2015 is 67,133,804 lei, the nominal value being 0.1000 per share. The company has 671,338,040 shares that give equal rights to the shareholders of the company. Antibiotice did not issue shares that would give preferential rights to the shareholders.

In accordance with the provisions of IAS 29 - Hyperinflationary economies, the share capital was restated taking into account the inflation index communicated by the National Statistics Commission. This index was applied starting with the balance determined according to GD 500/1994, from the reporting date until 31.12.2003, the date when it was considered that the national economy ceased to be a hyperinflationary one.

Subsequent to 31.12.2003 the share capital increased according to the historical amounts registered with the Trade Register.

On 31.12.2012, there was a reported loss on the balance sheet of the company arising from the application for the first time of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" to be covered from the amount resulting from the application of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" as follows:

Reported loss result further to applying IAS 29 for the first time	197.701.352
Adjustments of the share capital - the first application of the IFRS	197.701.352

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According to Order 1690/2012 on the modification and completion of accounting regulations, the reported accounting loss resulting from the transition to the application of IFRS, from the adoption of IAS 29 for the first time, and from the use, at the date of transition to IFRSs, of the fair value as the supposed cost which is covered from equity (including the amounts reflected in the credit of account 1028 "Adjustments of the share capital"), according to the GMS decision, in compliance with the legal provisions

22. RESERVES

Rezervele includ urmatoarele componente:

Description	31-Dec-15	31-Dec-14
Reserves from revaluation of fixed assets	23.897.095	5.146.279
Legal reserves	13.426.761	13.189.007
Deferred tax recognized based on equity	(3.987.938)	(987.808)
Other reserves	133.303.701	118.149.425
TOTAL	166.639.619	135.496.903

The following describes the nature and purpose of each reserve within the equity:

Reserve	Description and purpose
Reserves from revaluation of fixed assets	If the accounting value of a tangible asset is increased as a result of the revaluation, then the increase should be recognized in other items of global result and cumulated in equity, as a revaluation surplus. Revaluation reserves can not be distributed and can not be used to increase the share capital.
Legal reserves	According to Law 31/1990, at least 5% of the profit is taken each year for the formation of the reserve fund until it reaches at least a fifth of the share capital
Other reserves	Other reserves include reserves that represent tax incentives that can not be distributed with implications on the recalculation of the profit tax. The difference represents reserves made up of profits.

23. REPORTED RESULT

Reported result includes the following:

Description	31-Dec-15	31-Dec-14
Resulting from the adoption for the first time of IAS, less IAS 29	0	961.437
Reported result – correcting accounting errors	0	(961.436)
Retained earnings – surplus from revaluation reserves	(4.918.169)	(3.782.087)
Retained earnings from the use of fair value as deemed cost at the date of transition to IFRS	(126.779.469)	(126.779.469)
Retained earnings arising from the adoption for the first time of IAS 29	197.701.352	197.701.352

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2015
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Total

24. **66.003.714** **67.139.797**

PROFIT DISTRIBUTION

On 31.12.2015 S.C. Antibiotice SA reported a net profit amounting to 27,178,823 lei, which will be distributed as follows:

The	Description	31-12-15	31-12-14	gross
	Legal reserve to be set up - 2015	0	237.754	
	Dividends	13.954.335	15.746.709	
	Loss cover	-	-	
	Other reserves	13.224.488	15.154.276	
	Total	<u>27.178.823</u>	<u>31.138.739</u>	

dividend per share for 2015 was set at 0.0208 lei, which represents a distribution rate of 51.3% of the net profit for the financial year 2015.

24. CONTINGENT LIABILITIES

SC Antibiotice SA has the following litigations, as a defendant:

File no. 19515/3/2010 requesting the payment of rewards for the use of a patent for invention; the amount of damages claimed is 1,377,795 lei. The file has been suspended since 15.04.2015 with appeal during suspension.

File no. 39211/245/2012 - complaint filed by Lux Company Iasi, the amount of the damages claimed is in the amount of 127,082.11 lei. On January 19, 2016, the court upheld the nullity of the counter-claim made by the defendancy-claimant, Antibiotice S.A. with right of appeal within 15 days after release of the sentence.

File no. 21693/245/2015 - validation of the account blocking requested by AJFP Craiova for the amount of 1,267 lei. On December 14, 2015, the court rejected the request as unreasonable. With appeal within 5 days after release of the sentence.

The company has not been subject to a substantial tax audit for more than 5 years. Considering the frequent changes in tax legislation during this period, an eventual control could lead to differences between the amounts presented in the financial statements and the conclusions of the tax authorities.

26. INFORMATION ON AUDITING FINANCIAL STATEMENTS

The financial audit for 2015 was carried out by the BDO Audit SRL. The auditor provided only financial audit services.

27. EVALUATION AT FAIR VALUE

BASED ON IFRS 13 – The evaluation at fair value is presented below in the evaluation levels and the manner in which the evaluation is carried out.

Position	Fair value	Manner of evaluation	Level of evaluation	Directly unnoticeable data
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ANTIBIOTICE S.A.
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for the year ended December 31, 2015

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Land	XX	The fair value of the land was deducted from the use of market comparisons. The market price for similar locations has been adjusted according to the differences between the characteristics of the analyzed land. The rating model is based on the price per square meter.	Level 2	N/A
Buildings	XX	Fair value is determined by applying the revenue method based on a rental value of the building. Elements of calculation have been estimated by an evaluating expert based on comparative data from the specific domain.	Level 3	Discount rate Residual value