ADMINISTRATORS REPORT 2015

Annual report according to:	IFRS
For the year:	2015
Report date:	14 March 2015
Company name:	Antibiotice SA
Sediul social:	Iasi, Strada Valea Lupului no. 1
Phone number, Fax:	0232/209000, Fax 0232/209633
Fiscal registration code:	RO 1973096
Regulated market which trades shares:	Bucharest Stock Exchange
Subscribed and paid up capital:	67,133,804 lei
Main characteristics of the securities issued by the company:	Nominative shares, nominal value: 0.10 RON

ACTIVITY REPORT

Antibiotice has celebrated 60 years of continuity and performance in the Romanian pharmaceutical industry. Consistently pursuing its destiny, Antibiotice evolved from a traditional pharmaceutical manufacturer in a modern and competitive society, adapted to current times.

In 2015, Antibiotice, the most important Romanian producer of generic drugs in the Romanian industry continues to manufacture high quality medicines at affordable prices, giving people the hope of a healthy life.

Present on the domestic market with a portfolio of 148 generic drugs in 12 therapeutic areas, Antibiotice continues strengthening its activities in Romania, being the main producer of generic anti-infectives and leading manufacturer of topical medications. Moreover, the company develops new and affordable generic alternatives to treat cardiovascular, central nervous system and dermatological diseases, and increase the quality of life. By engaging in national health programs along with the Ministry of Health, the company contributes to significant savings for the Romanian health system.

Internationally, Antibiotice is present in 72 countries worldwide with finished drugs and the active ingredient Nystatin (an antifungal used in both the pharmaceutical industry and in cosmetics), which secured our global leadership position for three consecutive years.

The positive evolution of the company both nationally and internationally is the result of continuous investments in manufacturing technologies and workforce training. These investments are reflected in the recognition of product quality as a result of obtaining quality certificates recognized internationally: FDA Approval, Certificate of Suitability for Nystatin and authorizations for all 8 GMP manufacturing flows. Also, Antibiotice is prequalified by the World Health Organization for its essential anti-TB range.

The continuous monitoring of the efficacy and safety in the administration of Antibiotice drugs is conducted by the Department of Pharmacovigilance and Medical Consulting, connected to the European network for data processing on medicines safety of EudraVigilance. Antibiotice was the first Romanian company aligned to European standards in the field of pharmacovigilance.

Being a company interested in the development of quality products, obtained in conditions of safety and security for the employees and without harming the environment, Antibiotice was certified in February 2007 becoming the first pharmaceutical company in Romania to receive recognition for implementing the Integrated Management System.

Paying fundamental attention to introducing new products, Antibiotice has invested in developing a modern Research and Development Centre (completed in 2011) that reduces the time needed for testing and launching generics for the innovatives whose patents expire. In 2015, the Center for Research and Development was rewarded with the Prize for medicines at the EUROINVENT exhibition.

The performance of Antibiotice was nationally recognized in 2015, when the company won for the sixth consecutive year the 1st place in the category "Industry - large companies - manufacture of basic pharmaceutical products", in a top compiled by The Romanian Chambers of Commerce in Romania.

Because a company's success is measured not only by achieving financial indicators and targets but also in terms of the contribution it brings to the community, the company conducts charitable actions, humanitarian and educational projects, thanks to our foundation *Antibiotice – Science and Soul*.

In 2015 the pharmaceutical market in Romania recorded a decrease of 4.74%, the reported value amounting to 11.70 billion lei as compared to 12.29 billion lei in 2014 on a market with 300 competitors, according to Cegedim (value calculated based on entry price of in retail pharmacies and hospitals).

The risks specific to the medicine industry in 2015 were the following:

- increase of the clawback tax, over last year;
- increase of the manufacturing cost (utilities, raw materials);
- regrouping on categoies of pharmacies within the retail segment (chain pharmacies, minichains and independent pharmacies);
- fluctuating legislation in hospitals;
- the amounts reimbursed by the National Health Insurance is done in terms that go beyond those agreed in the framework agreement;
- repositioning prices by applying order 75/2009 with subsequent changes and completions;
- legislative changes of the lists of compensated medicines.

Continuing the company's strategy in recent years, focused on strengthening its position as the main producer of anti-infectives, the marketing and promotion policies in 2015 were aimed at a better utilization of the portfolio of both traditional as well as newly assimilated drugs.

An even growth of product sales and profit is based on a well-outlined business plan sustained on five development pillars that guide the evolution of the company until 2020.

Therefore, within the Romanian pharmaceutical market Antibiotice net sales on the internal market were worth 239 million lei; sales from distribution rose to 306.7 million lei, while sales in pharmacies and hospitals to 287.3 million lei

million LEI

Index name	Year 2013	Year 2014	Year 2015	2015/2014
Antibiotice sales (gross)*	289.0	301.6	311.7	+3.35%
Antibiotice sales (net)*	229.5	234.9	239	+1.75%
Output to distributors **	287.9	291.0	320	+9.96%
Output Pharmacy + Hospital**	239.4	257.4	287.3	+11.62%

*Values reported manufacturer price
**Values reported as pharmacy entry price

Through the policies approached in 2015, Antibiotice consolidated its market share (2.45% and position 13 in the top of Romanian pharma companies, occupying forth place among generic medicines producers with medical prescription and OTCs, according to Cegedim.

Million lei

Index	Year 2013	Year 2014	Year 2015	2015/2014
Pharma market	11,502.0	12,285.9	11,703.5	-4.74%
Generics + OTC	4.450,5	4.963,8	5.078,9	+2.32%
Share of Generics + OTC	38.69%	40.40%	43.40%	
Antibiotice market share	2.08%	2.10%	2.45%	
Antibiotice (output to pharmacies)	239.4	257.4	287.3	+11.62%

Sales breakdown on consumption channels in the 2013-2015:

Hospital Generics and OTC:

Million lei

Index	Year 2013	Year 2014	Year 2015	2015/2014
Hospital sales – Cegedim	63.6	62.9	71.8	+14.11%
Antibiotice market share	16.6%	17.0%	18.8%	
Within the Romanian pharma	*(1st place)*	*(1st place)*	*(1st place)*	

Retail Generics and OTC:

Million lei

Index	Anul 2013	Anul 2014	Anul 2015	2015/2014
Retail sales– Cegedim	175.8	194.5	215.6	+10.8%
Antibiotice market share	4.3%	4.2%	4.6%	
Within the Romanian pharma	*(6th place)*	*(6th place)*	*(6th place)*	

In 2015 Antibiotice focused on:

1. Ongoing promotion of products treating the digestive tract, cardiovascular cystem, CNS and dermatologicals, with an input value in years 2014-2015 of 11.9 million LEI.

2. The market launch of five new products in the therapeutic classes: dermatological, genitourinary apparatus, anti-infectives and central nervous system. In the first year, the contribution of these new products was 3.1 million lei.

PRODUCT STRATEGY

The whole activity of the company – from research to production and sales – is structured on a portfolio of generic drugs as varied as possible concerning the pharmaceutical forms and therapeutic classes covered.

The creation of new products, especially in an industry so dynamic and specialized, as the pharmaceutical industry, aims mainly at the gradual product replacement in the medical therapy, while maintaining or increasing the volume of future sales.

New products launched in 2015

In 2015 the porportfolio was completed with 8 new products from the therapeutic classes Antibiotice intends to focus on in the coming years.

In terms of cardiovascular drugs, Antibiotice completed its cardiovascular drugs portfolio by creating its own range on the rosuvastatine molecule (regulating cholesterol and triglicerides): **Rosuvastatina Atb®,** tablets of 5, 10 and 20 mg.

The dematologicals portfolio was completed with the corticosteriod Clobetazol ATB® ointment.

The Genito-Urinary tract drugs class launched two new products, Nistatina ATB® ovules and Zifex Duo® ovules (clotrimazole+metronidazole).

The antiinfectives class was completed with the product Imipenem/Clistatina ATB® inj belonging to the subclass of carbapenems.

For the CNS class, Antibiotice extended its portfolio by assimilating the 20mg concentration for the anti-Alzheimer drug – Memantina Atb® tablets.

Antibiotice future drug portfolio will mainly address the population of Romania which is characterized by a high rate of aging (statistics indicate 5.5 million pensioners, i.e. 29% of the population), multiple diseases (some of them chronic or with high incidence: cardiovascular diseases, central nervous system diseases, cancer, diabetes), and a growing interest in prevention and increasing use of food supplements.

PRICE STRATEGY

The legislation in the pharmaceutical domain limits the possibilities of the pharmaceutical companies to use the price as a strategic tool for differentiation among manufacturers.

2015 was marked by frequent price repositioning for the products in Antibiotice portfolio in view of aligning the price policies as per order 75/2009 with the subsequent changes and completions and maintaining competitivity for the portfolio.

Thus, the first step consisted in aligning the price to 65% of the innovative's price for 21 products in the portfolio on the following molecules: amlodipine, alprazolam, amoxicillin + clavulanic acid, anastrozole, bicalutamide, cefuroxime, diclofenac, carvedilol, imipenem + cilastatin, letrozole, risedronic acid, progesteron, mometasone, tianeptine, nebivolol, pantoprazole, paroxetine, trimetazidine, zolpidem.

In the second stage of repositioning prices in order to be competitive, 12 products have undergone repositioning prices: amlodipine, bisoprolol, carvedilol, clarithromycin, rosuvastatin, donepezil, mirtazapine.

For the non-prescription product portfolio, following the analysis of competition, since March the company increased prices for Bromhexine 8mg, Cutaden Bebe® cream 40g, Cutaden® ointment 40g, Glycerin suppositories Atb® range, Naphtifine Antibiotics cream 15g, Paracetamol Atb® suppository and Piroxicam ointment 35g.
The average price in the market in 2015 was 0.778 lei / therapeutic unit, representing 74% of the average market price (1.046 lei/ therapeutic unit)

On the hospital segment, the average price of Antibiotice was of approximately 1.649 lei/ therapeutic unit, representing 28.29 % of the average price of the market (5.829 lei/therapeutic unit); on the retail segment, we recorded an average price of 0.661 lei/therapeutic unit, or 70.7% of the average market price, according to Cegedim.

The pricing strategies for both the current portfolio of medicines as well as for the future portfolio will permanently follow a correlation between the maximum level prescribed by the law, increasing profitability and providing competitiveness against the competition (position as first generic, the best quality/price ratio).

DISTRIBUTION STRATEGY

The main objective of 2015 was to strengthen partnerships with key distributors with national coverage through which were planned significant increases in sales in 2015. The product portfolio was sustained throughout the year both by distribution (monthly framework offer, periodical campaigns, project for promotion and merchandising OTC products), and through our own commercial reps and Call Center team.

We have drawn up a timetable for sustaining profitable products with significant shares in the planned figures as well as in those which represent a significant part in the distributors' stock.
In order to foster indicators, the company's strategy focused primarily on the growth of this segment of pharmacy chains and minichains that hold significant shares within the total retail pharmaceutical market, the company recording in 2015 a 17% decrease over the the previous year.

PROMOTION STRATEGY

The strategies previously mentioned were supported through the following promotion activities:

- participating in conferences and national or regional scientific events, next to the main pharmaceutical companies on the pharmaceutical market;
- Implementing an ongoing pharmaceutical education program within the "Partner for Antibiotice A +";
- organizing work meetings with independent and minichain pharmacies;
- promoting the company brand and Antibiotice brands by public health monitoring campaigns, such as the campaign "Health for my patients" addressed to family doctors, whose aim is to monitor the blood pressure of patients from rural areas.

- Cosmetics campaign dedicated to the wide public for the product Cutaden® Bebe. The product was offered for free to mothers at birth, within the project "Discover my world", carried out in 100 public eight private maternity hospitals and across the country
- "Mysterious client" marketing campaigns;
- marketing campaigns for shelf products in the open-circuit pharmacies;
- organising interdisciplinary events in academic centers;
- organizing the event "60 years of continuity and performance in the Romanian pharmaceutical industry
- the campaign "Define Antibiotice Iasi in a phrase and you can win one of the 60 festive prizes!"

After centralizing the answers provided by respondents, these attributes were in a higher proportion associated with Antibiotice: professionalism, continuity, trust, tradition, safety, quality Romanian product, wide range of products, humanity. The identified keywords will be to promote the brands of future products.

Our goals by participating in these events were: increase awareness on the company and promoted products, training health professionals to identify the profile of patients, therapeutic options and the associated recommendations.

The permanent implementation of these strategies will allow the company to strengthen the position and image it currently has in the market : leader on the anti-infective segment, leader on hospital producers of generic-leading Hospitals - generic drugs, leader in ointment suppositories and powder injections manufacture(in terms of quantity),.

Antibiotice strengthened the main therapeutic classes, thanks to ongoing promotion and marketing:

MilLION lei

Therapeutic classes	**Romanian Pharma market**			**Antibiotice**		
	2013	**2014**	**2015**	**2013**	**2014**	**2015**
SYSTEMIC USE ANTI-INFECTIVES	1,084.2	1,121.9	1,126.1	143.0	146.6	164.9
Place held by Antibiotice in top produceres				*2*	*2*	*2*
DERMATOLOGICALS	186.5	211.6	221.5	23.1	28.1	32.8
Place held by Antibiotice in top producers				*2*	*3*	*3*
MUSCULO SKELETAL SYSTEM	573.3	572.4	547.5	11.8	13.0	13.2
Place held by Antibiotice in top producers				*15*	*15*	*11*
CARDIOVASCULAR SYSTEM	2,113.6	2,275.1	1,942.7	20.7	24.5	27
Place held by Antibiotice in top producers				*16*	*15*	*13*
CNS	1,528.6	1,606.4	1,406.1	12.6	11.3	12.7
Place held by Antibiotice in top producers				*26*	*29*	*26*

Data source: Cegedim 2013-2015
Data source: Cegedim sales 2013-2015

Intr-o piata atat de performanta, dinamica si reglementata cum este piata farmaceutica, portofoliul Antibiotice s-a facut remarcat prin eforturile sustinute de promovare a brandurilor societatii si notorietatii acesteia.

PRESENCE ON THE EXTERNAL MARKET

Developing presence on the external markets represents a strategic objective of Antibiotice. The motivation comes from the necessity to reduce dependence on the domestic marketm to increase the company's competitiveness and and increase potential in foreign markets.

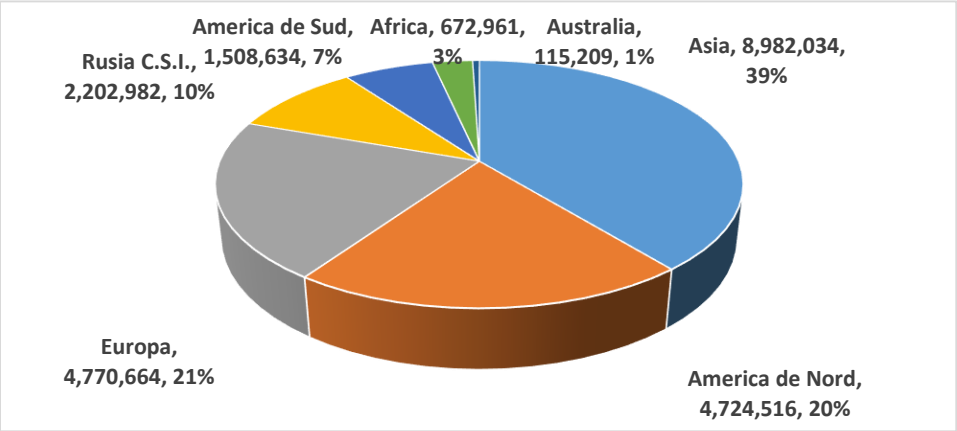
The active substance Nystatin is a strategic product for export and in 2015 the company has consolidated its position as leading worldwide producer. Nystatin is exported to about 72 countries from all continents, the main markets being Asia, North America, Europe and South America. Developing the exports of Nystatin was only possible by a sustained promotion to foreign markets and by the certifications obtained for this product: FDA authorization in the United States and CoS certificate (Certificate of Suitability) issued by EDQM, theEuropean regulatory authority in the field of pharmaceuticals.

The exports of finished forms present the highest growth potential on the medium and long-term. The international market of generic pharmaceuticals recorded an accelerated growth trend of the degree of regulation and competitiveness. In these circumstances, Antibiotice aims to maximize the competitive advantages of the FDA certification for sterile products, the EuGMP for all the production lines and the WHO approval for tuberculostatics products. The foreign markets envisaged for exports development of finished products are both developed markets (US, Europe) and emerging markets (South East Asia, countries ex C.S.I.) that record higher growth rates.

Developing on international markets, a strategic orientation of the company

Antibiotice exports grew from 17.90 million USD in 2010 to 22.98 million USD in 2015.The increase of export sales was the result of growth recorded in Nystatin and finished products. The share of exports within the total turnover in 2015 was 28%.

Geographic breakdown of exports in 2015



Exports of Nystatin active ingredient

2015 reconfirmed Antibiotice's leadership on the global market in terms of Nystatin manufacturing. The main increase was recorded in the US where quantities delivered tripled compared to 2014. US market has represented a strategic market for the company and promotional efforts have resulted in attracting leading end users of this active substance. Medium and long term strategy of the company on the US market is to increase

market share by attracting new partners and strengthening the portfolio of traditional clients.
The main outlets in 2015 were Asia (China, India, Vietnam), Europe (Germany, Switzerland) and South America (Colombia, Brazil, Cuba). On the medium and long term Antibiotice aims to focus efforts on the regulated markets which offer superior capitalization conditions compared with unregulated markets. The following geographical areas are Europe and North America (especially the USA).

The company's strategy is to develop long-term partnerships in foreign markets, able to strengthen the company's position on foreign markets. The main directions of export development are:
- evaluate current partnerships and find development opportunities on the existing outlets;
- identification of new outlets and new partnerships on present markets;
- adapting the portfolio to the international markets demands;
- development of strategic partnerships on product development, marketing, and product distribution.

The company's strategy for Nystatin active ingredient is to maintain its global leadership position and to increase its presence in regulated markets, especially the US market and Europe. This goal is supported by the FDA authorization of the biosynthesis plant and the CoS, that allow our access to these markets. It is also evaluated the possibility of vertical integration by manufacturing finished products based on Nystatin, given availability of the active ingredient and capacities of production.
For the finished pharmaceutical forms, we aim at both increasing turnover and export volumes and their profitability in an international market of generic products increasingly competitive. Under these circumstances, we consider the both the regulated markets (US, Europe, Australia, South Africa) and emerging markets (Latin America, South East Asia, Middle East). Increasing regulatory measures worldwide confer a competitive advantage to Antibiotice which holds EuGMP authorizations for all the production lines and FDA approval for injectable products, with the opportunity to be certified for other production flows as well.
The need to promote products on foreign markets determines the company to evaluate the opportunity to open representative offices in foreign markets. After Moldova and Serbia, we envisage emerging markets in Latin America and Southeast Asia, markets where Antibiotice products have a significant growth potential.

Business development on foreign markets, strategic orientation of the company

Export development was made possible both by increasing exports of Nystatin, the active ingredient, as well as pharmaceutical forms. Antibiotice is preoccupied with the development of new types of partnerships that bring added value to society.
In 2015, the turnover achieved by capitalizing active Nystatin API and drugs in foreign markets accounted for 28% of the company's turnover achieved in 2015.

Exports of finished forms offer the highest potential for growth.
The main destination for finished products export in 2015 were: North America (US), Europe, Middle East and Russia – CIS.

In 2015, the largest share of exports was reported by anti- infectious products, followed by

medicines for dermatology, the cardiovascular and the musculo-skeletal system. The highest value of exports was reported on the US market, other important markets being the Netherlands, Denmark, Iraq, Vietnam and ex CIS countries (Moldova, Russia, Ukraine, Turkmenistan).

Develpment perspectives
In 2015, discussions were initiated to develop new projects on regulated markets (Europe, Canada), projects to be initiated in the year 2016 especially for injectable and oral products. We also negotiated trade conditions to increase exports of finished products on the US market.
Also, new projects were started in South East Asia region, an area where Antibiotice products have favorable prospects for long-term growth. Export strategy is aimed at focusing promotional efforts on target markets that offer significant growth potential in the company's product portfolio.

International promotion
The international promotion activity grows in importance to support Antibiotice growth strategy foreign markets.

In 2015 the company continued the promotional activity through its area office in Moldova in order to increase sales volume and business profitability in this territory. Also, products continued to be launched through the Serbian area office and we have plans to open new branches on emerging markets. Opening offices is meant to increase brand awareness on the retail markets (pharmacy) that offers superior stability to auction markets.

In 2015 the company participated in the CphI worldwide pharmaceutical fair held in Madrid. The fair brought together 2,500 exhibitors from 150 countries and was attended by 36,000 visitors, professionals in the pharma industry. This event provides an opportunity for meeting business partners and have meetings with new partners to develop new export projects, projects in licensing and out licensing.
Antibiotice also attended EuroPLX, held in Athens in November. EuroPLX is one of the most important events in business development in the pharma world offering business cooperation perspectives in the most varied forms: in and out licensing, product development partnership, marketing, etc.

Partnerships on the external market
The pharmaceutical market is characterized by many partnerships between companies of complex diversity. In addition to mergers and acquisitions, companies are active in the licensing of products, cooperation to achieve research projects/clinical trials, supplements or portfolio acquisitions. The purpose of these is to increase revenue and profits through access to new markets, portfolio development, and access to new technologies or therapeutic classes.
In this context, Antibiotice plans to expand the range of partnerships and turn them into an instrument for accelerating business internatinalization.

COMMERCIAL POLICY

Internal market aquisition

The acquisition of the domestic market is the result of inter-departmental efforts starting from production planning up to ensuring transportation of raw materials and equipment

necessary to perform the manufacturing process. Harmonization of commercial conditions imposed by the activity of the pharmaceutical industry and the existing trends constitutes Antibiotice's policy.
In 2015, domestic trade policy took into account the following aspects:

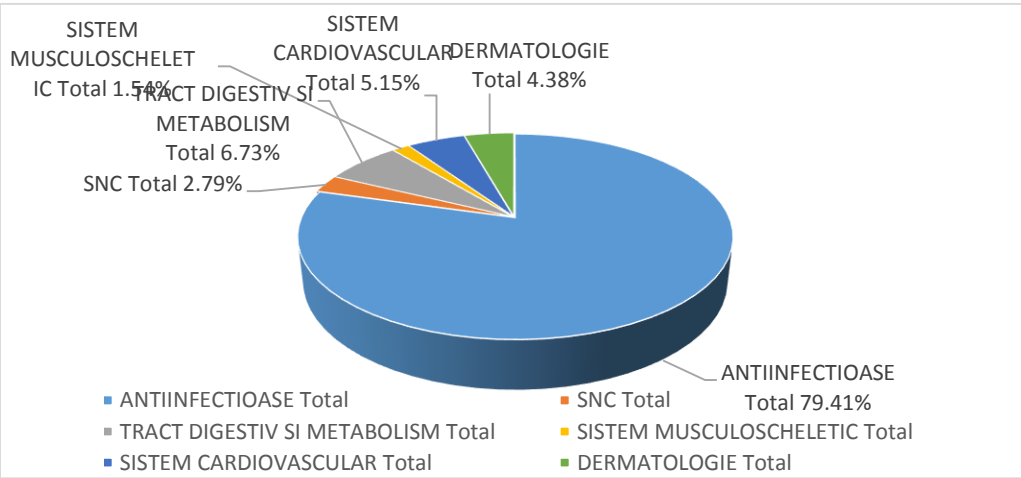
- providing offers (*minimum* three) for raw materials and materials for production, in order to obtain the most competitive price available on the market;
- increasing payment terms (suppliercredit) included in contracts up to 90 days;
- Obtaining prompt deliveries from suppliers;
- Renegotiating contracts with suppliers of raw materials, printing materials, consumables, solvents, reagents, spare parts and auxiliary materials (in order to reduce prices), with direct implications in manufacturing costs;
- Elimination of complaints regarding the quality of raw materials and materials that can cause malfunctions in the production process;
- Developing and maintaining favorable relationships with suppliers of the company, as well as seeking and developing new ones.

A continuing concern was the reduction of operating costs in order to increase efficiency. In this respect was launched a plan of reorganization and streamlining activities aiming at the most competitive price, the biggest loan provided correlated with financing capacity an observing the needs of the market without lowering the standards of quality. We took into account aspects relative to transportation of raw materials, printing materials, solvents, reagents, spare parts and sequenced delivery deadlines to avoid overloading deposits and creating stocks.

Raw material imports

To support production of all pharmaceutical forms we collaborate with companies in different geographic areas, taking benefit today from traditional partnerships that come to support the company's vision and strategy.

Share of raw material purchases on various therapeutic classes



In time we have consolidated a network of partnerships, and today over 70% of our partners have been collaborating with Antibiotice for over 15 years.

A particular aspect of the pharmaceutical industry in the design stage of the procurement chain is the need to even the balance between suppliers manufacturing capacity and the anticipated market demand. Every year, the importance of partnerships in the value chain increases derived from the constraints of the pharmaceutical market, new regulations in the manufacture of drugs, and the internationalization of the business, as well as Antibiotice's presence across multiple markets.
Ability to locate potential bottlenecks in the acquisitions' channel, optimizing purchase prices and guaranteeing sources of production according to GMP legislation are important steps in shaping performant and transparent acquisition activities. To accomplish this, the team responsible for procurement activities and chain partnerships aims to:

- Stock management, without creating undue financial assets, but to have buffer stocks for emergencies
- Correct estimation and information of partners
- Order management
- Ensure visibility during transport
- Effective communication with partners, to support the company's strategy

By direct communication, on principles of transparency Antibiotice aims at developing solid partnerships aiming at strengthening the suppliers' trust, protecting their interest in parallel with involving them in the market approach decisions and streamlining the operational process.

Compliance with the regulations and legislation in the field of medicines
The acquisition of raw materials entering the composition of a drug calls for measures ensuring compliance with good manufacturing practice regulations and distribution/transport.
In recent years, the rigors in the manufacture of raw materials have increased, following the compliance of good manufacturing practice throughout the entire process, from the first intermediate suppliers used in the production. Also observing the transport and storage conditions, visibility on the route of a raw material from producer to consumer becomes a challenge for the manufacturers of medicines.

To minimize the influences of international changes, and to get a fair quality vs price ratio, Antibiotice targets a balanced geographical distribution of partnerships.

Compliance with company strategy

The dynamic of renewal of the product portfolio and the company opening towards the international market imposed permanent adjustment necessary to material manufacture, identifying stable sources of raw materials, securing acquisitions by allowing a minimum of 2 sources for each raw material.

Besides traditional partnerships that give stability, predictability and performance to adapt quickly to changes circumstantial to market demands, Antibiotice continually invests in market research and identification of new suppliers, which constitutes alternatives for sustainable strategic raw materials or new products.
All these approaches are under the sign of knowing the collaboration capabilities of external partners but also the continuous collaboration with Quality Assurance and Quality Control, production, research, sales.

An important component of the procurement process, since 2006, is represented by in-licensing and contract manufacturing for finished products. This type of business has allowed the company to develop its product portfolio in therapeutic areas that assume either a new specialization or different manufacturing lines to obtain quick access to several favorable market conditions - the expiry of patents, consumer niches and government programs.

HUMAN RESOURCES POLICY

Adapting the staff structure for reaching goals

According to the objectives set in the 2014 - 2016 Business Plan at company level, 2015 meant a focus on ensuring the number and structure of staff best qualified in all fields and maintaining stability and more involvement of employees.

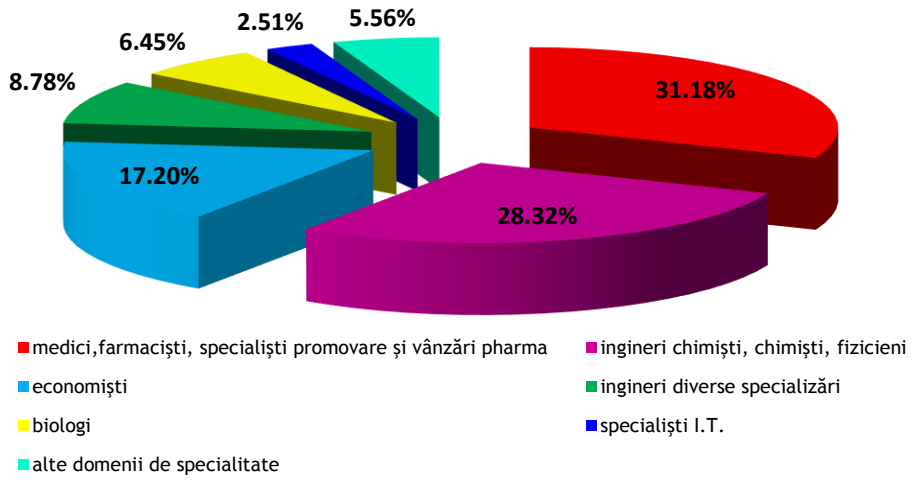
Attracting and hiring a total of 32 specialists involved priority areas such as: promotion, domestic and international sales, production, intellectual property, pharmaceutical development, internal audit.

Personnel structure on 31.12.2015:
Average number of employees 1458, of which:

- staff with a higher education degree = 598 employees representing 41% of total staff;
- staff with secondary education degree = 860 employees representing 59% of total staff;

Higher education staff, on professional areas, on 31.12.2015 is the following:

Profession	Number	% of total higher education staff
doctors, pahrmacists, sales reps and promotion team	182	31.18 %
Chemical engineers, chemists, physicists	165	28.32 %
Economists	105	17.20 %
Engineers in various fields	51	8.78 %
biologists	37	6.45 %
I.T. specialists	14	2.51 %
other fields	32	5.56 %
Total	586	100.00 %



Breakdown of higher education staff

Continuous training programs for HR development

The trainings planned in 2015 for our employees focused on topics of quality assurance and control, data archiving and integrity, pharmacovigilance and regulatory affairs, intellectual property, production planning and process improvement, contractual conditions and management of payments in international trade, coaching techniques, development portfolio management skills and planning.

Summer School a+

The "Summer School a +" is a project intended for attracting young specialists in the fields of pharmacy, biology, chemistry and chemical engineering in 2015 reached the sixth edition.

The project has almost become traditional and well known in the academia, among students in their final years and higher education graduates. This year, 45 participants were trained by trainers specialized in the company on topics such as: system quality assurance , pharmacovigilance, regulatory affairs, activities and laboratory techniques in quality control, research and formulation, bioequivalence and clinical research, technology and equipment for the pharmaceutical industry.

Partnerships with the academia

In the course of 2015, following collaborative partnerships with Alexandru Ioan Cuza, the University of Medicine and Pharmacy, and the Technical University "Gh. Asachi" were provided conditions for the development of internships and study visits for a total of over 100 students specialized in pharmacy, chemical engineering and biology.

The company opened its doors to over 300 students from the lower-education institutions in Iasi for the project "A different type of school program" to draw awareness on the history and production process of one of the most famous landmarks in the local industry.

Raising awareness and involvement at all levels
The Management by Objectives (MBO) in 2015

For 2015, the MBO system included 185 employees **with management** and **execution positions** within all company structures.

We intended that individual goals are consistent with the mission and vision of Antibiotice, to be generate from the strategic orientation of the company for years 2014 - 2016 and to consider maximizing the opportunities, while reducing the negative impact of the risks and limitations resulting from the changing environment of the pharmaceutical market.

Improving the organizational climate and orienting culture towards innovation and performance - Ideas are free of charge

Initiated in 2013, the "ideas do not cost" has continued this year by setting up the "Club of ideas" within which we organized meetings for discussing proposals to improve the activity and innovation in a framework that brought together employees from different organizational structures. To simplify the transmission of these proposals we set up an email address available to all employees, where they can share ideas and their implementation.

Recognition and awards

On December 11, 2015 Antibiotice celebrated 60 years on the Romanian pharmaceutical market. On this occasion, medals were awarded to 60 employees for their commitment to the company over the years, and 60 of our colleagues received prizes for the results obtained in activity in 2015.

RESEARCH AND DEVELOPMENT ACTIVITY

In 2015, the research and development of generic drugs was oriented towards those molecules valuable for patients' health, which provide chances to strengthen the portfolio (anti-infective and topical medications), but also to specialized therapeutic classes (cardiovascular drugs, drugs for the Central Nervous system). Also, research has been directed towards a range of products for the prophylaxis of diseases and an increased quality of life (food supplements, dermo-cosmetics and OTC drugs).

The existing infrastructure in the research departments, completed every year, has allowed tackling 16 projects of new products in various therapeutic classes: cardiovascular drugs (5), dermatological products (4), drugs for central nervous system (2), OTCs and dietary supplements (5).

The research targeted the various formulations, such as immediate release tablets (6) extended-release or gastro-resistant tablets/capsules, (3), ovules (4), topical medications (3).

Certification of the efficacy and safety of administration in newly developed generics was made by the team of researchers from the Center for Drug Evaluation through bioequivalence clinical trials and in vitro studies (dissolution profiles and biowaiver studies). In 2015, the Center for Drug Evaluation (CEM) was reauthorized by the National Agency for Medicines for Good Clinical Practice and Good Laboratory Practice.

A premiere in the Center for Drug Evaluation was participating in a Phase I, multicenter clinical trial for an international partner for Europe.

Research results have allowed the Regulatory Affairs department to apply for new Marketing Authorizations, which enhance key therapeutic classes that define the portfolio.

Thus, the company's portfolio was completed in 2015 with four new classes of therapeutic products: genitourinary tract (portfolio for women's health), cardiovascular system and dermatology, as well as dietary supplements: Fluxiv® (Class Cardiovascular System) and Soriso ® (Central Nervous System).

In 2015 we consolidated our portfolio of drugs for the Central Nervous System by completing the European procedure (decentralized) which allowed the authorization simultaneously in several EU countries of Zatinex (duloxetine) 30 mg and 60 mg capsules (medicine for treatment of depression and neuropathic pain).

International business development materialized by getting a total of 12 Marketing Authorizations in 5 countries in Europe, Asia, Africa.

Also, during 2015, international market development was supported by completing the procedure in the US market for Ampicillin and sulbactam 1.5g and 3g powder for solution for injection/infusion.

PRODUCTION ACTIVITY

Modernizing and streamlining production flows

Development Strategy for 2015 is directed to the modernization and development of the product portfolio and manufacturing flows.

Antibiotice produces for internal and external partners over 148 drugs in five formulations. Product quality is assured by processes that comply with good manufacturing practice, all eight lines of production of the company being GMP certified.

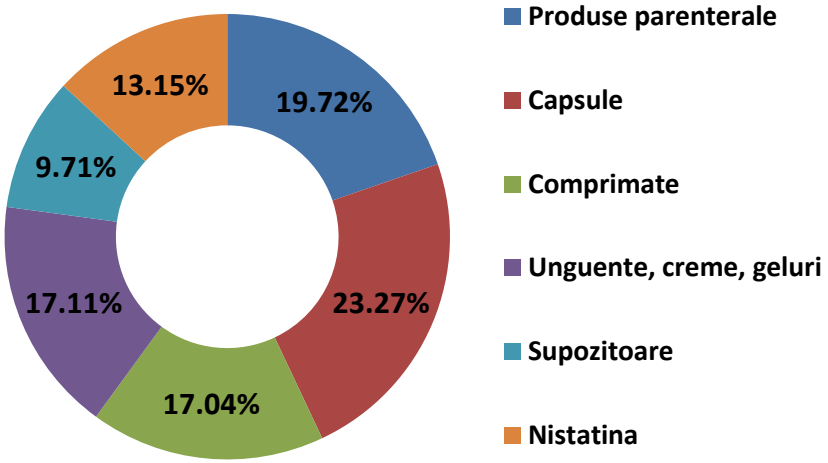
Implementing all regulatory requirements and quality management system assessment by regulators and customers result in maintaining the level of quality, effectiveness and safety of Antibiotice medicinal products.

Antibiotice manufactured in 2015:

- 450 million pharmaceutical units dosaged as tablets, capsules, parenteral products, ointments, creams, gels, suppositories;
- bulk active substance (Nystatin) 5% more than the previous year;

Value of production for export (Nystatin and finished products) account for 20% of total production achieved in 2015.

2015 production



Objectives achieved in 2015 by the production unit:

1. Manufacture of parenteral products under manufacturing and control contracts for foreign companies. Export of parenteral products accounted for 19.7% of the total value of goods for foreign markets;
2. Reducing raw material costs by optimizing and improving processes;
3. Reducing consumption of utilities, through a careful management in all production departments;
4. Enhancing the production technology of Nystatin which led to increased activity on m^3 /installation determining a rise in production by 5%.

Efforts continued to implement the program of environmental protection against emissions of volatile organic compounds during the extraction of Nystatin.

5. Increasing production capacity on the nonpenicillin capsules manufacturing line, through the acquisition of modern equipment for filling capsules;
5. Initiating production in the following therapeutic classes:
    - Corticosteroids for dermatological use: Clobetazol Atb® 0.5mg/g, ointment, 25 g
    - Genitourinary System: Zifex Duo® 500mg / 200mg x 7 ovules / box
      Nystatin Atb® x 7 ovules / box
    - Antihemoroidal food supplement: Fluxiv®.
    - Hepatoprotectives: Silithor®

INVESTMENT POLICY

Consistent with overall business goals in 2015 significant investments were made for the development of the company. So we operated revamping and retrofits to increase labor productivity, lowering energy losses, to increase safety in operation for compliance with the requirements of regulatory authorities

1. Developing a new production capacity for ointments and suppositories

Work continued on the preparation of the area where the new plant will be built as follows:

- place was vacated by demolishing the existing building
- utilities routes were diverted (including electricity networks) and sewage routes have been reconsidered, so that works to achieve the foundation of the new building take place in good conditions;
- thermal equipment of the Marketing building was relocated and refurbished;
- the scaffold for supporting utilities and transport, newly built, was finished to replace the dilapidated one, located in the area.

The design for the building itself is finished, permits and agreements were obtained required by the urbanism certificate. The selection of the supplier of equipment is in the final phase, followed by the conclusion of the supply contract. Following completion of the supply contract and preengineering, the data is sent to the general designer for the completion of the project.

2. Equiping labs for sterility control and physicochemical analysis laboratory

Following the extension of the product portfolio of the company, in order to comply with regulatory requirements related to working with highly active substances appeared need to develop dedicated premises to avoid cross-contamination.

In this regard, it was decided to separate completely the laboratory analysis of penicillin products for building and planning Quality Control laboratories dedicated to us for checking sterility, for microbial and physico-chemical analysis, in an existing building. Construction and installation works for these laboratories were completed in 2014. In 2015, activities were conducted purchase and installation of equipment, furniture and supplies necessary for the operation of these laboratories.

2. Modernising the support for utility distribution routes

Modernising the support and distribution utilities started in 2014. In 2015 a section of the system found in the Thermal Plant was restored. The works consisted in the rehabilitation of the concrete structure (columns and beams) of mounting pipelines and electricity grids utilities, restoring electrical utilities routes in line with current consumption. This section of the trestle, very important in the whole structure for transporting utilities in society, presents a very high degree of wear, mainly due to the corrosive action of chemicals, the action of environmental factors, earthquakes etc. Also the rehabilitation of utilities support became necessary in the light of consumption and energy losses, utility pipes being sized for higher consumption than the current needs.

4. Revamping production flows, Quality Control Laboratories and the Center for Drug Evaluation

Due to the long-term operation, the replacement of key equipment in the production lines was needed, with others of higher productivity. A modern filling equipment for capsules was purchased and put into operation, which will contribute to the diversification of capsule formats. The Tablet Plant acquired a modern hood with vertical laminar airflow for the weighing of raw materials.

With the expansion of the product portfolio, but also due to changes in the Pharmacopoeia and compliance with the requirements of regulatory bodies during audits recertification, it was needed to purchase new equipment for laboratories and Quality and Medical Units. Thus, the Quality unit acquired: system data security, dissolution tester, HPLC equipment, spectrophotometer etc. The Medican Unit acquired: climatic chambers, dissolution tester, ion chromatograph etc.

THE QUALITY POLICY

In order to maintain certification onstandards of quality, safety and efficiency in administration in 2015 the following inspections and audits were conducted.

A. Inspections performed by authorities

1. In the period 20 - 22/01/2015 NAMMD conducted an inspection for the re-authorization of partial production of medicinal products for clinical investigation (secondary packaging and labeling) - Center for Drug Evaluation. Inspection verified compliance with the requirements of GCP, GLP and GMP applicable to human use medicines for clinical investigation. There were no critical nonconformities identified, therefore the Good Laboratory Practice Certificate was released on date 16/06/2015.

2. For the GMP authorization of reception activities, sampling and storage of raw materials and packaging materials in the new warehouse in December 2014, the standard file of the company was sent to NAMMD for evaluation and inspection planning. Following evaluation of the documentation submitted, the agency approved the documentation submitted, and will establish the date of inspection in 2016.

3. Between 02 - 10.06.2015 an FDA inspection was conducted to verify the quality system that ensures the legal/ regulatory environment of the production sold on the US market: Ampicillin (250 mg, 500 mg, 1g and 2 g) powder for solution for injection, Nafcillin (1 g and 2 g) powder for solution for injection and Nystatin, the active substance. FDA last inspection took place from 14 - 01.22.2013.
Following the inspection there was issued Form FDA 483 (Inspection Observations) that recorded three nonconformities for which there have been set and submitted corrective actions, responsibilities and deadlines for implementation. According to the FDA investigator's statements, this result allows the continuation of deliveries of finished products and Nystatin US market. Corrective actions were sent to all FDA investigator's observations.

4. Between 19 – 21/10/ 2015 an inspection was conducted by the regulatory authority in Saudi Arabia, 3 years after the previous inspection. Inspection was performed to verify the quality system that ensures the legal / regulatory environment of the production sold on the market in Saudi Arabia: parenteral products, tablets, capsules cephalosporins. They audited the quality management system, the production flow of mentioned products, starting with the purchase, storage, production, control, release products to market, critical utilities systems, etc.

5. To prepare for the GMP recertification inspection for the secondary packaging line - cephalosporins within the Non-penicillin Capsule Plant a file was drafted, approved and sent to the ANMDM partial production - for the GMP recertification of the secondary packaging line and labeling sterile products - cephalosporins; secondary packaging of

cephalosporin vials + solvent vials; testing and release of batch. Following evaluation by ANMDM, the documentation submitted was approved.

6. In order to prepare GMP recertification of the flows manufacturing veterinary products (injectables, ointments), the standard file for GMP recertification of veterinary products manufacture was drawn up, approved and sent to ANSVSA .The file was reviewed and approved, and the inspection was planned and conducted in January 2016.

7. NAMMD
A risk assessment was conducted for the use of benzathine benzylpenicillin from NCPC China, analysis sent by ANMDM with additional measures in place to obtain permission for the continuation of these imports and finished product manufacturing of Moldamin® 1200000 IU powder for suspension for injection, until the producer will get EU GMP re-certification or qualification of a new supplier. We mention that the Chinese manufacturer has been inspected by the French regulatory authority which requested the withdrawal of GMP certificates issued by authorities in Germany and Spain, due to nonconformities identified.
ANMDM granted permission to use of the active substance in terms of correlation with stocks of finished product and applying supplementary measures established.

B. Audits from regulatory bodies
1. On 29/07/2015 a recertification audit was conducted by the certification body SRAC CERTSERV performed for verifying compliance and maintaining the conditions that led to issuing certificates of conformity with the specifications in force products (aluminum tubes, caps, screw caps). No non-conformities were identified, the recommendation was to maintaining certifications.

2. In the period 16-20.11.2015 **the supervisory audit of the Integrated Mangement System** took place conducted by Lloyd's Register Quality Assurance. The audit was conducted on all three systems: quality (ISO 9001), environment (ISO 14001) and occupational health and safety (OHSAS 18001) and comprised elements of the system and the units: Ointments and Suppositories, Biosynthesis Plant, Capsule Plant, Storage raw materials and finished products, Import, Export, AAC, RA, Emergencies, Medical clinic, utilities management;
Results were evaluated on customer satisfaction. No non-conformities were identified, it is recommended maintaining certifications.

C. Audits from the active ingredients clients/ contract suppliers (Contract manufacturing)
1. During 22 - 23/01/2015 DSM Netherlands audited us to assess Antibiotice as a beneficiary in the contract manufacturing of Amoxicillin capsules, 250 and 500 mg. No non-conformities were identified and Antibiotice has been approved and accepted as a partner in contract manufacturing for product Amoxicillin capsules.

2. On 09.10.2015 Remedia, Cyprus audited us to assess Antibiotice as a Nystatin API beneficiary. No non-conformities were identified, Antibiotice being proposed for qualification as supplier of Nystatin.

3. On 15.10.2015 22 - 23.01.2015 TEVA audited for pentru Pliva Croatia to assess Antibiotice as a Nystatin API beneficiary. No non-conformities were identified, Antibiotice being proposed for qualification as supplier of Nystatin.

4. On 05.11.2015 Wockhardt, UK audited Antibiotice to assess Antibiotice as a Nystatin API beneficiary. No non-conformities were identified, Antibiotice being proposed for qualification as supplier of Nystatin.

D. Audits from suppliers of raw materials / primary packaging materials

Auditing suppliers of active substances is a compulsory requirement for the holders of marketing authorizations for pharmaceutical products as a result of new European rules on the import of active substances in the European Union, applicable from January 2013. The legislation in force undertakes the MA holder to verify compliance with EU GMP requirements of manufacturers / distributors of active substances, for a time period not exceeding 3 years by conducting audits. Audits must be performed in order to evaluate compliance with EU GMP requirements needed to issue Qualified Person declaration and submission to regulatory activities by regulators and transmission.

Aim: Extension of active substances suppliers / Qualification of suppliers - in this respect we established a program in order to qualify manufacturers of active substances, according to authorization data transmitted by Regulatory Affairs, requirement imposed by European legislation.

Conform programului de audit aprobat pentru anul 2015, in septembrie-noiembrie 2015, trei echipe din Directia Calitate, au efectuat audituri la:

According to the audit program approved for 2015, in September-November 2015, three teams from the Quality Department, conducted audits:

- 13 producers from India, being audited for 18 active substances, two intermediates for the manufacturing of active substances and finished products
- 5 manufacturers in China, being audited for five active substances, and 2 wo intermediates for active substances manufacture and 2 finished products

ENVIRONMENTAL PROTECTION

Antibiotice undertook by the Environmental Management System to prevent pollution, to continuously improve environmental performance, acting in accordance with environmental legislation.

In December 2010 we obtained the Integrated Environmental Authorization, valid for a period of 10 years, proving it is a company that respects environmental requirements, emissions of pollutants in air, water and soil.

Environmental protection activity is regulated by integrated environmental authorization no. 1/ 10.01.2011 issued by the Regional Environmental Protection Agency Bacau (valid until January 10, 2021) and by the Water Management permit no. 303 / 20.12.2010 issued by the Romanian Waters National Administration, Water Basin Administration Prut Barlad (valid until 31/12/2020).

There were determinations of the level of pollutant emissions of the plant's incinerator - quarterly determinations of the level of pollutant emissions from the thermal plant and annually by accredited laboratory RENAR (National Accreditation Body) who found that they the company meets the legislative requirements.

FINANCIAL –ECONOMICAL RESULTS 2015

Antibiotice operated during 2015 in the spirit of achieving the objectives and indicators established by the Revenue and Expenditure Budget.

Starting with year 2012 we first adopted the International Financial Reporting Standards (IFRS) that required restatement of accounting information according to the Minister of Finance Order Nr.881 / 2012 and Order no. 1286/2012, 2013 being the first financial year in which the accounts are registered under the provisions of IFRS.

Global result statement

Given that in the pharmaceutical market the prices of generic medicines were reduced on average by 20% from 01/07/2015 and the claw back taxes represented 11.1% out of revenues from the sale of products in the domestic market, the company has reached the budgeted indicators:

- to increase sales revenue by 1% compared to budgeted figures

- and to apply a prudential policy regarding adjustments to the retail market customers (Antibiotice SA is present in about 5000 pharmacies). Failure to make these adjustments would have resulted in the gross profit of 42 million lei.

Revenues from sales of 2015 recorded 330 million lei, up 3% compared to 2014 when we recorded 318.9 million lei, the result of sustained efforts of the entire company.

GLOBAL RESULT (LEI)	Nr.	31.12.2014	31.12.2015	BVC 2015	2015/ 2014	2015 /BVC
A	B	1	2	3	4	5
Sales revenues	1	318,945,093	330,087,508	326,148,000	1.03	1.01
Other operating revenues	2	15,314,945	14,631,018	11,325,000	0.96	1.29
Revenue relative to costs of product stocks	3	9,297,266	6,546,669	-180,000	0.70	-36.37
Revenue from capitalized activities	4	2,837,630	2,505,214	2,540,000	0.88	0.99
Expenses with raw materials and consumables	5	108,174,189	118,818,573	111,476,000	1.10	1.07
Payroll expenses	6	71,439,222	70,868,387	71,072,000	0.99	1.00
Expenses with amortization and depreciation	7	17,057,809	15,099,989	17,144,000	0.89	0.88
Other operatin expenses	8	99,446,184	112,046,621	103,783,000	1.13	1.08
Operating profit	9	**50,277,530**	**36,936,839**	**36,358,000**	**0.73**	**1.02**
Net financial revenue	10	-12,914,398	-4,889,304	-10,246,000	0.38	0.48
Profit before taxes	11	**37,363,132**	**32,047,535**	**26,112,000**	**0.86**	**1.23**
Expenses with the income tax	12	6,224,393	4,868,712	4,850,000	0.78	1.00
Profit	**13**	**31,138,739**	**27,178,823**	**21,262,000**	**0.87**	**1.28**

Revenues from sale of goods of 78.42 million lei represent for the largest part products which were manufactured on other otherpremises (from abroad), on dedicated manufacturing lines due to requirements imposed by the regulations of good practice manufacturing in force.

These earnings were achieved with an effort of 64.8 million lei representing trade price differences at auctions in hospitals 25% and sales support through promotional campaigns in retail.

Description	**31-Dec-14**	**31-Dec-15**	**2015/2014**
Finished product sales	312.499.471	316.441.808	1.01
Merchandise sales	67.408.992	78.422.624	1.16
Commercial discount	(60.963.371)	(64.776.925)	1.06
Total	**318.945.093**	**330.087.508**	**1.03**

Net financial income was influenced mainly by the following charges:
- Interest expense amouning to 1.5 million lei, down 30%;
- Expenditure on discounts granted amounting to 3.4 million lei, down 68%.

Profit before tax for the current year is 32 million lei, 14% lower than in 2014 but 23% higher than estimated profit in Revenue and Expenditure Budget, Antibiotice applying a prudential policy regarding adjustments to the retail market customers (Antibiotice SA is present in about 5000 pharmacies). Failure to make these adjustments would have resulted in a gross profit of 42 million lei.

Profit after tax is 27.2 million lei.

Financial position statement

On 31.12.2015, the company had assets worth 10% higher compared to the beginning of the year. The accounting depreciation is calculated using the straight-line method IFRS.

The company worked to restructure debt in order to reduce exposure banking (making savings on interest payments 600 thousand) and attract passive stable does not confer risk or additional costs by reducing the total cost of financing activity, maintaining constant indebtedness of from 27.6 in 2014 to 27.9 in 2015.

ASSETS	**01.01.2015**	**31.12.2015**	
Fixed assets	**196,493,836**	**215,675,376**	**1.10**
Tangible assets	188,576,994	205,945,190	**1.09**
Investment in real estate			
Intangible assets	7,916,842	9,730,186	**1.23**
Investment in instruments of equity			
Current assets	**307,152,860**	**328,987,215**	1.07
Stocks	57,284,464	60,290,277	1.05

Receivables	232,062,022	231,314,744	1.00
Financial assets for sale	140	220	1.57
Cash and cash equivalents	17,806,234	37,381,974	2.10
TOTAL ASSETS	**503,646,697**	**544,662,591**	**1.08**
Shareholder's EQUITY AND DEBT			
Shareholder's equity	**364,331,001**	**392,649,884**	**1.08**
Subscribed and paid up capital	264,835,156	264,835,156	1.00
Revaluation reserves	4,158,471	19,909,156	4.79
Legal reserves	13,189,007	13,426,762	1.02
Other reserves	118,149,425	133,303,701	1.13
Reported result	(67,139,797)	(66,003,714)	0.98
Current result	31,138,739	27,178,823	0.87
Long-term debt	**20,158,444**	**22,673,130**	**1.12**
Subventions for investment	3,521,762	3,193,972	0.91
Deferred income	16,636,682	19,479,158	1.17
Long term provisions	-		
Current debt	**119,157,252**	**129,339,577**	**1.09**
Commercial debt and other type	46,916,170	71,391,757	1.52
Short-term loan	54,783,341	41,778,509	0.76
Debt from current taxes and charges	12,436,407	8,989,373	0.72
Short-term provisions	5,021,334	7,179,938	1.43
Total debt	**139,315,696**	**152,012,707**	**1.09**
Total equity and debt	**503,646,697**	**544,662,591**	**1.08**

Current assets:

- the stock at the end of the year recorded a 5% increase compared to the value recorded earlier this year to ensure the necessary raw materials for the first quarter of 2016 and without exceeding the approved stock norms;
- total receivables register constant values due to the policy of accelerating cash collection from distributors.

The average duration of collecting receivables from the foreign market in 2014 was 98 days, given that in the domestic market it was 363 days resulting in an average collection period of 289 days.

Cash and cash equivalents at the end of 2015 grew by 110% compared with 2014. Key indicators highlight the company's financial balance and the permanent concern for business efficiency.

		31.12.2014	**31.12.2015**
ROE (return on investment)	=Profit before interest and tax/Shareholder's equity	4.7%	3.8%
ROA (return on assets)	=Profit net/Total Assets	1.2%	0.89%
EPS (LEI/ACT)	=Net profit/Share	0.046	0.040
RATE OF NET PROFIT	=Profit/Sales revenue	10%	8%

GENERAL LIQUIDITY	=Current assets/Current obligations	2.6	2.5
LIQUIDITY RATIO	=(Current assets- stocks/Current obligations)	2.1	2.1
Degree of debt	=Debt/Total Assets	28%	28%
No. of shares		671,338,040	671,338,040

The slow down in net profit was driven by pharmaceuticals market conditions:

- Prices of generic medicines were reduced on average by 20% since 01/07/2015
- claw back amounted to 11.1% of revenues from the sale of products from the domestic market
- the application of prudential policies regarding adjustments to the retail market customers.

Failure to implement these adjustments would have resulted in the gross profit of 42 million lei.

Balance of liabilities

On 31 December 2015 the company records current liabilities totaling 129.3 million lei, up 9% compared to 2014. The company worked to restructure debt in order to reduce bank exposure (making savings on interest payments worth 600 thousand lei).

Amounts owed to banks on 31.12.2015

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

Objective	Credit line – current capital
Amount	8,000,000 LEI 100,000 EUR
Maturity	28.05.2016
Balance on 31 December 2015	0 LEI
Guarantees	Receivables transfer contract

Short-term contract no 12/01.07.2013 concluded with EXIMBANK

Objective	Credit line – current capital
Amount	60,000,000 lei
Maturity	28.06.2016
Balnce on 31 December 2015	16,999,999.75 LEI
Guarantees	Mortgage contract on building, land, receivables

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

Objective	Credit line – current capital
Amount	9,500,000 EUR
Maturity	22.05.2016
Balance on 31 December 2015	5,476,518.79 EUR (24.778.509,27 LEI)
Gurantees	Debt transfer contract/ Mortgage contract on building,

	land

Amounts owed to banks 31.12.2014

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

Objective	Credit line – current capital
Amount	8.000.000 LEI 100.000 EUR
Maturity	30.05.2015
Balance on 31 Dec. 2014	3.694.740,11 LEI
Gurantees	Debt transfer contract

Short-term contract no. 12/01.07.2013 concluded with EXIMBANK S.A.

Objective	Credit line – current capital
Amount	60,000, 000 lei
Maturity	30.06.2015
Balance on 31 Dec. 2014	20,206,393.16 LEI
Gurantees	Mortgage contract on building, land, receivables

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

Objective	Credit line – current capital
Amount	9,500,000 EUR
Maturity	22.05.2015
Balance on 31 Dec. 2014	6, 890,120.15 EUR (30.882.207,53 LEI)
Gurantees	Debt transfer contract/ Mortgage contract on building, land

In the fiscal year 2015, Antibiotice did not pledge or mortgage its own assets to guarantee certain obligations in favor of a third party.

Cash Flow

The level of cash and cash equivalents at beginning of the period was 17.8 million. The cash receipts from operating activities were 314.5 million lei. Cash payments to suppliers of goods and services were 146.9 million lei, while payments made in connection with staff were 68.2 million.

Also payments were made of 14.5 million lei representing income tax, VAT, local taxes and bank interests and payments were made for acquisition of fixed assets of 12.2 million. We have paid contributions to the Ministry of Health (claw back tax) amounting to 25.3 million lei.

Regarding financing activities, payments were made amounting to 13.6 million lei representing short-term loans and dividends amounting to 14.3 million lei. At the end of the year the level of cash and cash equivalents was 37.4 million over 17.8 million on 01.01.2015.

CORPORATE GOVERNANCE

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

Antibiotice SA believes that the corporate governance is an important tool for achieving performance in terms of sustainable development ensuring the accuracy and transparency in the company's decision making process with equal access for all shareholders to relevant information about the company. The system of governance is in accordance with Law no. 297/2004 amended supplemented by Law no. GEO 10/2015 and GEO 90/2014 and the CNVM regulations issued in its application of Law no. 31/1990, republished, with all subsequent amendments, the Regulation no. 6/2009, of the BSE Code, the BSE Corporate Governance Code and the company's Articles of Association.

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

In 2015 consistency was proved regarding the strategic directions, accompanied by adequate investment programs. This was achieved by applying the principles of good corporate governance, which has helped to harness the full potential of employees to implement and maintain high standards in all company activities.

Structures underlying the governance system at Antibiotice:

- the Board of Directors
- the Advisory Boards
- the Executive Management
- the Code of Ethics

Antibiotice SA is administered by a Board of Directors responsible for fulfilling all the tasks necessary to achieve the object of the company, except as provided by law for the General Meeting of Shareholders. There is a clear division of responsibilities between the Board of Directors and the Executive Management.

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

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

During the year 2015, the Board was met in 12 sessions, recording a turnout of 100% each time and adopted decisions which have allowed to perform their duties in an effective and efficient manner.

Thus on the monthly meetings the Board has discussed in detail the financial results in the reporting period and cumulatively since the beginning of the year as well as the

economic performance relative to the budget and the same period last year. The Council requested, as appropriate, detailed explanations of the executive management in connection with the plans to increase production efficiency, the investment plans, the provisions made, the liquidity management, the operational profitability and of the overall activity. After the detailed analysis of the results for the period, the Council decided the approval thereof for publication and submission to the Bucharest Stock Exchange and the Financial Supervision Authority falling each time in the Financial Communication Calendar.

The structure of the Board of Directors of Antibiotice SA on 31 December 2015

Iavor Ionuț-Sebastian, 40 years old
Chairman of the Board and representative of the Ministry of Health
At the Ordinary General Meeting of Shareholders of April 30 2015 Mr. Iavor was elected to the Board of Directors of the company and then appointed by the Board members as Chairman.
Mr. Ionut Sebastian Iavor is currently General Manager of the General Directorate of Human Resources and Legal Department within the Ministry of Health.

Number of Antibiotice SA shares owned - 0*

Ec. Ioan Nani, 56 years old
Vice Chairman of the Board and CEO
At the Ordinary General Meeting of Shareholders of April 26 2012, Mr. Nani was reconfirmed as a member of the Board of Directors, for a period of four years; Mr. Nani was appointed then by the members of the Board as Vice-President. Mr. Nani is an economist specialized in management, a chartered accountant and a member of the Board since 2009 as well as CEO (1998-2008 and 2009 - present day).
Number of Antibiotice SA shares owned - 1.513*

Dr. Adela-Petrinia Neagoe, 57 years old
Member of the Board and representative of the Ministry of Health
At the Ordinary General Meeting of Shareholders of March 20 2014 Mrs. Neagoe was appointed a member of the Board of Directors for a period of four years.
Mrs. Neagoe is a Doctor of medical sciences, a primary doctor in the specialty of pediatrics, a primary doctor in the specialty of Public Health and Health Management. Mrs. Neagoe is a member of the Board since March 20 2014 and a Deputy Secretary General in the Ministry of Health.
Number of Antibiotice SA shares owned - 0*

Ec. Nicolae Stoian, 59 years old
Member of the Board and representative of the SIF Oltenia shareholding and other corporate shareholders
At the Ordinary General Meeting of Shareholders of April 26 2012, Mr. Stoian was elected as a member of the Board of Directors for a period of four years.
Mr. Stoian is a chartered accountant, a tax consultant and financial auditor, as well as a representative of the Internal Control Department with SIF Oltenia.
Number of Antibiotice SA shares owned - 0*

Eng. Gabriela Ilie, 66 years old
Member of the Board of Directors and representative of SIF Oltenia shareholder and other corporate shareholders
Mrs. Ilie was reconfirmed in 2005, 2008 and then at the Ordinary General Meeting of Shareholders of April 26 2012 for another four years.
Mrs. Ilie is a chemical engineer and former director of SIF Oltenia and is a member of the Board since 2004. Mrs. Ilie is currently retired.
Number of Antibiotice SA shares owned - 14.894*
**The number of Antibiotice shares (ATB) held on September 15 2015 according to the latest database held by Antibiotice for the year 2015.*

The advisory committees

During the year 2015, the specialized advisory committees had the following membership:
- *the Audit Committee*: Mr. Ionut Sebastian Iavor and Mr. Nicolae Stoian;
- *the Nomination and Remuneration Committee*: Mrs. Gabriela Ilie and Mrs. Adela-Petrina Neagoe
- *the Trade policies Committee*: Mrs. Adela-Neagoe and Mr. Nicolae Stoian.

The advisory committees have conducted investigations, analyzes and developed recommendations for the Board of Directors in specific areas and submitted periodic reports on their activity.

The executive leadership

The Antibiotice Company is represented by the General Manager who signs employment documents to third parties and legal documents (according to Art. 17, Chap. V, the Statute company Antibiotice SA).
The Board of Directors retains the duty of representing the company in relationship with the directors whom they have appointed.
The executive management of the Antibiotice Company is ensured by new directors, one of whom is the CEO who is also the Vice Chairman of the Board and eight specialty executives.

Membership of the Executive Management of *Antibiotice* on December 31 2015

Ec. Ioan Nani, 56 years old
CEO and Vice Chairman of the Board
Mr. Nani has graduated from the Faculty of Economics, the "Alexandru Ioan Cuza" University of Iaşi. Mr. Nani is an economist specializing in management and chartered accountant. Mr. Nani began working as an economist at Antibiotice in 1987. Between 1991 and 1993 he was a financial control inspector with the General Directorate of Public Finance Iasi and then with the Court of Auditors of Romania. In 1994 Mr. Nani returns to Antibiotice as a financial executive and in 1998 he becomes CEO. In February 2009 Mr. Nani is appointed Deputy Chairman of the Authority for State Assets Recovery (AVAS), and in
June the same year he becomes CEO of the Antibiotice Company.
He has been holding the position of CEO since 2009.
Number of Antibiotice SA shares owned – 1.513*

Eng. Cornelia Moraru, 50 years old
Technical and Production Director
Mrs. Moraru graduated from the Faculty of Chemical Technology, the Technical University "Gheorghe Asachi". After graduation Mrs. Moraru worked as a chemical engineer at the Fălticeni Chemical Factory. Mrs. Moraru has been working at Antibiotice since 1990. Until 1998 Mrs. Moraru has worked at the Penicillin II Plant and then at Biosynthesis compartment for a year. From July 1999 until January 2001 Mrs. Moraru has worked as a biosynthesis technologist at the Penicillin II Plant. In January 2001 she becomes Head of the Tablets Plant and in May 2003 Mrs. Moraru was appointed Director of the Pharmaceutical Division.
Mrs. Moraru has been holding the position of Technical and Production Director since 2005.

Number of Antibiotice SA shares owned - 1.513*

Ec. Paula Luminiţa Coman, 48 years old
Economic Director
Mrs. Coman has graduated from the Faculty of Economics and Business Administration, the "Alexandru Ioan Cuza" University of Iaşi and has been a Chartered Accountant since 2006 and a tax consultant since 2007.
After graduation Mrs. Coman has worked as an economist at the County Iaşi Tourism Office. Mrs. Coman has been working at Antibiotice SA since 1991 as an economist in the Rates Efficiency Office. In 1998 Mrs. Coman has become Head of the Economic Analysis Compartment and in 2003 Head of the Financial-Accounting Department.
Mrs. Coman has been holding the position of Economic Manager since 2011.
Number of Antibiotice SA shares owned - 0*

Ec. Vasile Chebac, 61 years old
Commercial and Logistics Director
Mr. Chebac has graduated from the Faculty of Economics, the "Alexandru Ioan Cuza" University of Iaşi, has been an active member of the Body of Chartered Accountants, Iaşi Branch since 1993, a financial auditor and a member of the Chamber of Auditors of Romania since 2008.
Mr. Chebac has started working at Antibiotice SA in 1972. In 1987 Mr. Chebac became an economist at the Planning and Development Department within the Investment Compartment. From February 1991 until July 1993 Mr. Chebac has worked as a financial controller at the General Directorate of Public Finance Iaşi, and in July 1993 the Chamber of Auditors financial controller Iasi. In January 1998 he was appointed Chief Mr. Chebac became a financial auditor at the Court of Auditors Iaşi. In January 1998 Mr. Chebac was appointed Chief Commissioner at the Financial Guard Iaşi. In September 2001 Mr. Chebac returns to Antibiotice to the position of Chief Commercial Officer and General Services.
Mr. Chebac has been holding the position of Commercial and Logistics Director since 2005.
Number of Antibiotice SA shares owned - 0*

Eng. Eugen Florin Osadeţ, 60 years old

Engineering and Investment Director

Mr. Osadeţ is a graduate of the "Gheorghe Asachi" Technical University of Iaşi, the Faculty of Mechanical Engineering. In 2000 Mr. Osadeţ is granted the Master's Degree in Management and Business Administration at the same university.
Mr. Osadeţ has been working at Antibiotice SA since 1980 working as a mechanical engineer in the industrial refrigeration team as a thermal power dispatcher. In 1997 Mr. Osadeţ became the Head of the Thermal Power workshop.
Mr. Osadeţ has been holding the position of Engineering and Investment Director since 2000.
Number of Antibiotice SA shares owned – 1.511*

Eng. Cristina Lavinia Dimitriu, 58 years old
Quality Director
Mrs. Dimitriu, a graduate of the "Gheorghe Asachi" Technical University of Iaşi, the Faculty of Chemical Technology, is granted in 2000 a Master's Degree in Management and Business Administration by the same university. Mrs. Dimitriu has been the holder of a Master's Degree Diploma in Management and Marketing granted by the Faculty of Pharmacy, the "Grigore T. Popa" University of Medicine and Pharmacy since 2007. During the same year, Mrs. Dimitriu becones a PhD student of the Faculty of Pharmacy of Iaşi.
After graduation Mrs. Dimitriu worked as a chemical engineer at the Făgăraş Chemical Plant. Mrs. Dimitriu has been working at Antibiotice SA since 1987, at the Lysine - Biosynthesis Plant. In 1990 Mrs. Dimitriu has become a Production Manager at the Parenteral Plant and in 2000 she has held the position of Quality Control Manager for Physico-chemical and Microbiological Analysis. Since 2007 Mrs. Dimitriu has become a qualified person to the manufacture / import of medicinal products for human use and a Management Representative for the Integrated Management System.
Mrs. Dimitriu has been holding the position of Quality Manager since 2003.
Number of Antibiotice SA shares owned – 0*

Ec. Gica Rusu, 52 years old
Human Resources Director
Mrs. Rusu, a graduate of the "Alexandru Ioan Cuza" University of Iaşi, the Faculty of Economics, was granted in 2003 a master's degree in management and business administration by the same university.
Mrs. Rusu has been working at Antibiotice since 1981. In 1986 Mrs. Rusu was an economist at the Penicillin Plant and in 1996 was working in the Financial Department. In 1999 Mrs. Rusu has become the Head of the Human Resources Department.
Mrs. Rusu has been the Human Resources Director since 2004.
Number of Antibiotice SA shares owned - 1.510*

Ec. Ovidiu Băţaga, 38 years old
Domestic sales and marketing director
Mr. Băţaga, a graduate of the Faculty of Economics and Business Administration (FEAA), the "Alexandru Ioan Cuza" University of Iaşi holds three titles of Masters in Financial Management (awarded by the same university in 2001), Pharmaceutical Marketing (from the "Grigore T. Popa" University of Medicine and Pharmacy in 2003) and Project Management (awarded by the "Gheorghe Asachi" Technical University in 2007).

After graduation Mr. Bățaga worked as a junior in the Currency and Credit Chair, Finance specialty, within the FEAA. Mr. Bățaga has been working at Antibiotice SA since February 2001 as an economist in the Economic Analysis, Accounting and Marketing Department. In January 2006 Mr. Bățaga was appointed Head of Market Analysis and Strategic Planning Department.
Mr. Bățaga has been the Domestic Sales and Marketing Director since 2010.
Number of Antibiotice SA shares owned – 0*

Dr. Mihaela Mosneguțu, 46 years old
Medical Director
A graduate of the Faculty of Medicine, the "Grigore T. Popa" University of Medicine and Pharmacy, Dr. Moșneguțu is a specialist in family medicine.
Dr. Mosneguțu began work as a doctor working in County Iași. Dr. Moșneguțu has been working at Antibiotice since 2000. In 2000 she was working at the Promotion Office and in 2001 Dr. Moșneguțu becomes the Head thereof. 2005 Dr. Moșneguțu became the Head of the Pharmacovigilance and Medical Consultancy Department in 2005 and in 2009 she was appointed Medical and Retail Promotion Manager.
Dr. Moșneguțu has been Medical Director since 2011.

Number of Antibiotice SA shares owned – 0*

The 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 organization 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 under which the company was developed, rules of ethical behavior in business and how to prevent illegal actions that might arise during the course of affairs 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 to endeavor to comply with high ethical standards working to high ethical standards and the applicable legal requirements wherever Antibiotics operates.

The Code of Ethics is presented in detail on the website of the company (www.antibiotice.ro/Investitori/ Guvernanta Corporativa / Documente de referinta /Cod de etica).

The Code of Good Practice for the promotion of medicinal products on prescription and for the interactions with healthcare professionals

Within Antibiotice starting January 1 2015 the *Code of Good Practice for the promotion of medicinal products on prescription and for the interactions with healthcare professionals* entered into force, developed by the specialists from the company and approved by the Board of Directors of the company.

The new Code constitutes, together with the Code of Ethics and the Domestic Rules a support for the legal and moral conduct of the promotional activities of the company representatives. Also, this code sets the principles and rules to be observed by Antibiotice medical and sales representatives in promotional activity and the interactions with physicians and pharmacists.

The Code of Practice reflects the requirements of the Codes of the European Federation of Pharmaceutical Industries and Associations, the Romanian Association of International Medicine Manufacturers, the Manufacturers Association of Generic Medicines in Romania as well as the European Directives on human medicines, which are consistent with the recent changes in laws regulating the advertising, the public information, the transparency and the reporting obligations.

The rights of holders of financial instruments

The corporate governance framework partially adopted and applied:

- protects the rights of shareholders,
- ensure the fair treatment of all shareholders
- recognizes the role of third parties with interests in the company
- ensure information and transparency,
- ensures the Board's accountability to the company and the shareholders.

On the company's website at the address www.antibiotice.ro/investitori/informatii actionari, there is a section dedicated to shareholders, in which one can access and download documents related to the General Meetings of Shareholders: procedures for access to and participation in meetings, the convener, the additions to the agenda, information materials, special proxies for representation forms for voting by correspondence, draft decisions, resolutions, voting results, etc.

The company provides to all those interested the periodic and annual financial statements prepared in accordance with law. Also, the company complies with all the disclosure requirements under the companies' law and the capital market.

Within the company there is a specialized structure in the relation to existing and potential investors, called Investor Relations, whose main role is ensuring a good communication with the company's shareholders. The contact persons appointed to maintain the relationship with the investors treat with maximum efficiency the shareholders requests and facilitate the dialogue with the management of the company.

The company creates and develops an appropriate policy to promote an effective communication with investors and shareholders.

Risk management

Risk management aims at securing sustainability in the medium and long term and at reducing uncertainty associated with Antibiotice’s strategic and financial objectives.

The risk management process ensures the identification, analysis, assessment and management of all the risks in order to minimize their effects. Managing and reducing the identified and assessed risks take place at all the organizational levels of the company.

Risk management consists in implementing some proactive countermeasures to reduce the probability of occurrence of risks but also some reactive countermeasures for reducing the

risk impact. Antibiotice has been continuously reassessing its existing risk portfolio, identifying new exposures and applying, when necessary, the most effective countermeasures for diminishing them.

The main categories of risks which may arise in our company' s activity are:

- Liquidity risk
- Currency exchange risk
- Commercial risk (de neplata)

Currency risk, a component of the financial risks, occurs frequently in the current conditions of the market economy in which monetary rates fluctuate under the rule of supply and demand.
Exchange rate fluctuations are reflected both in the costs of imported raw materials and in the selling prices of finished products for export. Suppliers from whom Antibiotice purchases raw materials for the production of medicines must have quality documents specified in the European medicine registration regulations. Our company cannot greatly restrict the purchases from third countries. The following measures are taken into account to limit the currency risk:

The net impact on the company's profit in the event of a ± 15% change of exchange rate RON / EUR / USD on 31.12.2015, all other variables held constant, is ± 115,059 Lei. A negative value shows a potential reduction in profit, while a positive value reflects an increase. The impact on profit is ± 0.35%, which is a low impact due to the measures that apply.
On 31.12.2015 net loss from the exchange rate is 767.059,42 lei.

The following measures are taken into account to limit the currency risk:

- synchronization between import and export, by correlating the payment and collection terms and by correlating the exchange shares;
- anticipation or delay in payment or in cashing by appropriately fixing the maturity date and by introducing some price margins correlated with the forecasts on the evolution of the paying currency;
- coverage of the gap between collections and payments from credits in the paying currency.

Liquidity risk

Liquidity risk arises from the failure of the company to honour at any time the short-term payment obligations.

Circumstances of occurring the liquidity risk:

- collection of receivables at maturities exceeding 300 days;
- increase of taxation /lack of predictability (clawback tax);
- decrease in prices for certain generic drugs;
- insolvency of some customers;
- increase in utility, raw material and service prices.

Strategy adopted for the liquidity risk:

- ✓ defining some liquidity indicators (general, fast and immediate liquidity);
- ✓ use of an early warning system which supports the process of identifying the increase of risk or vulnerability in terms of liquidity.

The following measures are taken into account to limit the liquidity risk:

- ✓ Business internationalization
- ✓ export volume has been growing steadily in recent years;
- ✓ evaluating the solvency of commercial partners by multiple check-ups
- ✓ a more accurate estimation and correlation between payments and receipts;
- ✓ monitoring the receivables and debts;
- ✓ negotiations with our suppliers for extending the payment terms;
- ✓ covering the gap between collections and payments from credits

On 31.12.2015 general liquidity and liquidity ratio fall within the normal limits (Lg = 2.61 ; Lr=2.13), which means that the company has been able to fully cover short-term liabilities on account of current assets, resulting that the company is insured against inability to pay short-term.

Commercial risk (non-payment risk)
Commercial risk is defined as the risk which results in financial loss or in failures in expected profit due to lack of financial liquidities of the debtor and to failure to pay the obligations when they are due.
Circumstances of occurring the **non-payment risk**:

- ✓ long-terms of payment,
- ✓ insolvency of some pharmacies and distributors

The following measures were taken to minimise the non-collecting risk:

- ✓ assessing the creditworthiness of commercial partners through a full check, before concluding the contract;
- ✓ monitoring the receivables through a permanent control and assessment of risks;
- ✓ developing a relationship of loyalty with the clients through regular meetings for knowing them and for approaching a constructive attitude;
- ✓ concluding some protocols for scheduling the payments
- ✓ concluding guarantee contracts;
- ✓ establishing expense provisions for covering the non-payment risk.

Internal control

Internal control activities are carried out within the Office of Internal Audit and consist of: internal audit, financial control management, management control, a methodological and procedural framework governed by laws, norms, codes of occupational conduct specific for all activities.

Setting and achieving goals in the Internal Audit Office, findings and recommendations resulting from control actions were presented to the Audit Committee on a quarterly basis and to the Ministry of Health, Public Service Audit annually, according to legal regulations.

The internal audit activity is organized and performed in accordance with:

- Law 672/2002 on public internal audit;
- Methodological Norms issued based on GD no.1086/2013 for the approval of General Norms on the performance of internal audit;
- O.M.F.P. 252/2004, Code of Conduct Ethics Internal Auditor, with subsequent amendments

- Corporate Governance Code of Antibiotice S.A.

During 2015, nine internal audit missions were undertaken, planned by the annual internal audit plan, according to 2015-2019 plan. Internal audit objectives were:

- Examining the overall compliance principles, procedural and methodological rules specific notes and internal decisions;
- Examining the organization of business;
- Assessing the system of management and control of activity;
- Other specific business objectives.

Through internal audit missions were evaluated the activity of auditees and it was found that the management and control of these are transparent, in accordance with the rules of legality, regularity, economy, efficiency and effectiveness and recommendations were made for their improvement.

The internal audit activity is carried out systematically and methodically, providing objective assurance and advice to management on the level of functionality of the control systems applied to its activities, to eliminate/ decrease potential risks that may affect the achievement of company objectives.

Financial control management is organized on the basis of Decision 490P /16.01.2013, according to art. 3 point 5 letter a) to e) of Government Emergency Ordinance no. 94/2011 on the organization and functioning of the economic and financial inspection and Methodological Norms of Decision 1151/2012 on the organization and exercise of financial control management.

Financial management control was conducted under Control Plan 2015, approved by the CEO. There were performed six (6) control actions and their objectives were:

- Verification of compliance with legal provisions regarding the registration in the accounts of economic-financial operations;
- Verification of compliance with the law on execution of revenue and expenses;
- Verification of compliance with the law in substantiation of the income and expenditures of the company for 2015;
- verification of legal provisions and internal regulations on how to conduct annual inventorying of assets, liabilities and equity;
- verification of compliance with the law and applicable regulations regarding internal receipts and payments in lei and foreign currency of any kind, in cash or by bank transfer;
- verification of compliance with legal and regulatory provisions on internal preparation, circulation, storage and archiving of primary documents, accounting and technical-operative.

After the financial control management activities were prepared inspection reports, as per agreed objectives, which presented findings and proposed measures to improve the activities verified. Control reports issued were presented to the company that has approved them and ordered the implementation of the proposed measures.

Management control activity is organized according to the legal and procedural framework established by:

- Law 82/1991 on accounting, republished and updated;
- Law 22/1969 regarding the hiring managers, provision of warranties and liability in connection with asset management;
- O.M.F. 2861 / 09.10.2009, approving the Norms on organizing and conducting inventory of assets, liabilities and equity;
- Operating Procedures, internal notes, internal decisions of company management.

During 2015, we conducted a total of 19 inventory actions targeting: central warehouses of raw materials and finished products; management of raw materials in the production units

The targets in management control activities, were:

- Compliance with operating procedures specific to each management regarding the reception, storage, consumption / delivery of patrimonial elements such as stocks;
- checking preparation correctness and compliance with documents;
- compliance with the cosumption norms approved;
- confronting scripted stocks with actual stocks in order to establish any factual differences, establish the causes of differences found, correlatingthe two.

Following the checks made, it was found that there is compliance with legal regulations and internal decisions about managing inventory and there is correlation between scripted stocks and factual stocks, a result of their good management.

The company is showing interest for the correct understanding of the activities of internal control, both in terms of the rules and the way it can best accomplish these activities through active involvement in risk management and implementing recommendations and measuress to improve the control systems of internal control reports approved by company management

The remuneration paid to the Board of Directors and Executive Management is presented below:

	For year ending	
Description	**31-Dec-15**	**31-Dec-14**
Wages	2,495,330	2,295,118
Civil contracts	331,624	364,446
Taxes and social contributions	571,974	619,265
Total	**3,398,928**	**3,278,829**

The 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 decide on the distribution of profit, elect the Board of Directors, appoint auditors and establish the remuneration of the Board of Directors.

During 2015, the Board convened an Ordinary General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders, on April 30 2015, and an Ordinary General Meeting and an Extraordinary General Meeting on August 13 2015.
All necessary documents relating to the smooth conduct of the General Meetings were published on due time and as required by the law.

Within the Ordinary General Meeting of Shareholders on April 30 2015 the changing the composition of the Board was approved, by the dismissal of Mr. Valentin Radu as a result of his retirement and the election of Mr. Ionut Sebastian Iavor.

Also the company's financial results for 2014 were approved; these results were drafted in accordance with the Order of the Minister of Public Finance no. 881 / 25.06.2012, the Order of the Minister of Public Finance No.1286 / 2012 for the approval of accounting regulations in accordance with the international financial reporting standards applicable to companies whose securities are admitted to trading on a regulated market, the Order of the Minister of Public Finance no.1690 / 2012 on amending and supplementing certain accounting regulations, the Order of the Minister of Public Finance no. 65/2015 on the main aspects of preparing and submitting the annual financial statements and the annual accounting reports of economic operators to the local offices of the Ministry of Public Finance.

During the same meeting the following decisions were taken:
• The approval of the allocation of net profit for the year 2014 worth 31.138.739 lei, the setting of the fixing gross dividend per share of 0.02345571 lei and the payment of dividends as of 01.10.2015;
• The approval of the discharge from administration for the activity during the financial year 2014, based upon the reports submitted;
• The approval of the Revenues and Expenditures Budget for 2015;
• The approval of the degree of achievement of the objectives and the performance criteria for the year 2014 for members of the Board of Directors;
• The approval of the extension of the audit contract with the "B.D.O. Audit" SRL company for a period of two years;
• The approval of the objectives set in the management plan for the Board members for the year 2015;
• The approval of the remuneration of the Board members in accordance with Government Emergency Ordinance no. 51/2013 on amending and supplementing the Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public enterprises;
• The approval of lease to S.C. Apa Vital S.A. Iaşi a land area of 345 sqm., within the cadastral lot no. 133178, on which a decommissioned nitrogen plant is located for the development by SC Apa Vital S.A. Iaşi of an area project of water supply financed from European funds.

- During the Extraordinary General Meeting of Shareholders the following were approved:
- • The extension for a period of 12 months with of the multi-product credit validity (multi-currency, USD and Lei) in the amount of 60 million lei contracted by SC Antibiotice SA from the Export Import Bank of Romania - EximBank SA.
- • The extension of a 12-month period of validity of the state guarantee worth 10 million lei corresponding to the multi-product credit (multi-currency, Lei and USD) in the amount of 60 million lei contracted by Antibiotice SA from the Export Import Bank of Romania - Eximbank SA.
- • The maintaining of the multi-product credit related guarantees (multi-currency, USD and Lei) in the amount of 60 million lei for the entire period of validity resulting from the extension according to the points 1 and 2 on the Agenda.
- • The making of a decision - a commitment of SC Antibiotice SA not to divide, not to merge and not to decide the anticipated dissolution throughout the life of the multi-product credit (multi-currency, Lei and USD) and the guarantee on behalf of the state issued by Eximbank without the prior consent of the Export Import Bank of Romania - EximBank SA.
- The empowering of Mr. Ioan Nani, CEO and Mrs. Paula Coman, Economic Director to sign on behalf of the Company all papers / documents related to the extension and conversion of the credit facility, according to the paragraphs 1 and 2 of the Agenda and the papers / documents related to the obligations assumed by the Company in accordance with the paragraphs 3 and 4 of the Agenda.
- The appropriate amendment of the Annex 1 - Administrators of SC Antibiotice SA - Iasi (Articles of Association) - according to the draft addendum in the annex of the convening notice.
- The amendment and update the Articles of Incorporation for the introduction at article 6, concerning the object of the company, in the main activity category of the building code in which it operates:

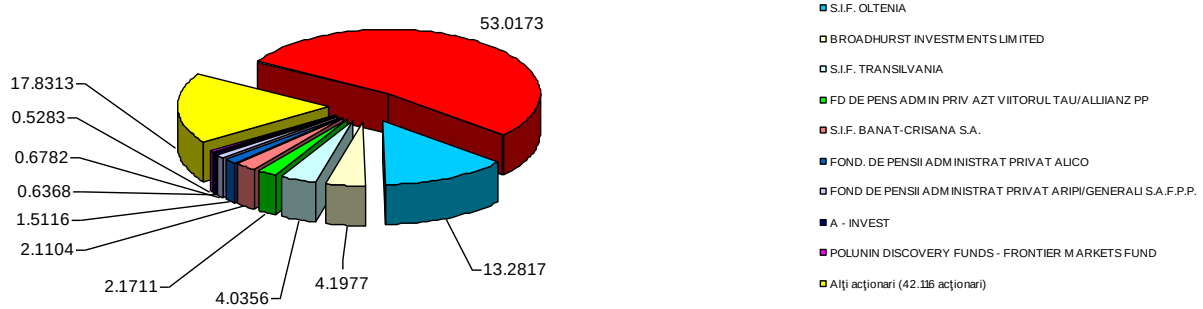
- 1. 2110 - The manufacture of basic pharmaceutical products / building code: P10-B and the introduction into the category of secondary activities of the following activities and of the appropriate CAEN codes together with the building code in which they operate:
- 1. 2120 - The manufacture of pharmaceutical products/ building codes: P1-US, P9-C, P11-PP, P13-CsP-Csc P14, P15-CsN;
- 2. 4646 - Wholesale of pharmaceutical products/ building codes: P7-D,
- 3. 5210 - Storage / building code: P5-D, D-P28, P29-D, P33-D;
- 4. 5224 - Handlings;
- 5. 7120 - Technical testing and analysis activities / building code: P2-CC;
- 6. 7219 - Research and development in biotechnology / building code: P21-MKP;
- 7. 7211 - Research and development in biotechnology / building code: P21-MKP;
- 8. 8292 - Packaging activities / buildings code: P1-US, P9-C, P11-PP, P13-CsP, P14-CsC, P15-CsN;
- 9. 8622 - Activities of specialized healthcare / building code: P16-CEM-RA.

During the Ordinary General Meeting dated August 13 2015 the financial statements of the company for the first semester of 2015 were approved, based on the Directors' Report and the Financial Auditor's Report and within the Extraordinary General Assembly of Shareholders the supplement of the related multi-currency credit worth 60 million lei were approved, a credit contracted by the Antibiotice Company from the Export-Import Bank of Romania - EximBank SA with mortgage / transfer income / claims made based upon contracts signed with Farmexpert DCI (all present and future bills).

I. Investors (*as per Shareholders' Register on 15.09.2015*)

- The Ministry Of Health(*) – 53.0173%,
- S.I.F. Oltenia(*) - 13.2817%
- Broadhurst Investments Limited – 4.1977%
- S.I.F. Transilvania – 4.0356%
- Private Pension Fund AZT Viitorul Tau/Allianz – 2.1711%
- S.I.F. Banat-Crisana S.A – 2.1104%
- Private Pension Fund Alico – 1.5116%
- Private Pension Fund ARIPI/GENERALI S.A.F.P.P. – 0.6782%
- A-Invest – 0.6368%
- Polunin Discovery Funds – Frontier Markets Fund – 0.5283
- Other individuals and legal persons – 17.8313%

NOTE: (*) – Significant shareholders, as per Law no. 297 of 28.06.2004, Art. 2, Paragraph 1



Classes of shareholders

- Legal entities – 87.5240%,
- Individuals – 12.4760%.

Throughout the year 2015, we paid dividends for the financial years 2011, 2012, 2013 and 2014, as follows:

Dividend history (2011 – 2012 – 2013 -2014)

Period	Net dividends							Suspending date - dividend payment
	Due	Paid				Unclaimed on 31.12.2015		
		lei			% (total paid)			
		until 31.12.2014	01.01÷31.12 2015	Total		lei	%	
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	31.09.2015
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

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

Antibiotice on the securities market

The securities issued by Antibiotice are listed on the PREMIUM category on the Bucharest Stock Exchange under the ATB symbol since 1997.

The first transaction was recorded on April 16 1997 at a price of 0.3500 lei/share. The historical maximum was reached on July 10 2007 at the price of 2.1700 lei/share and the historical minimum was 0.0650 lei/share and was recorded on June 8, 2000.

Both business plans and financial results of the company represented a solid guarantee that Antibiotice has consolidated its position on the drugs national market.

From the listing until the end of 2015, the ATB shares have multiplied the investor's money 2.6 times.

18 years after the first transaction, more than 42.000 shareholders are following with interest the evolution of the Antibiotice sales on the Bucharest Stock Exchange.

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

- are included in the BET-XT index, reflecting the price evolution of the 25 most liquid companies.

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

In 2015 the minimum price of the ATB share was worth 0.5240 lei. The share price rose to a maximum value of 0.6170 lei/share.
The Antibiotice market capitalization on December 31 2015 (The last trading day of the year) was 357.152 thousand lei.

Antibiotice – ATB shares / Regular market

	2012	2013	2014	2015
Number of shares	568.007.100	671.338.040	671.338.040	671.338.040
Market capitalization (thousand lei)*	213.798	374.607	390.719	357.152
Market capitalization (thousand Euro)*	48.276	83.919	87.173	78.868
Market capitalization (thousand $)*	63.678	115.413	105.978	86.167
Total value traded (million lei)	10	23	16	11
No. of shares traded	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	0.0385
Gross dividend/share (lei/share)	0.0182	0.0230	0.0235	** 0.0198
Dividend yield** **	4.83%	4.12%	4.03%	3.72%
Dividend distribution rate*** **	38%	49%	51%	51%

* Calculated based on the share price on the last trading day of the year,
** Dividend proposed,
*** The calculation of earnings per share is based on net profits 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.

During the year 2015, 18.844.935 shares were traded, worth 11 million lei (2.4 million euros, $ 2.6 million), with an average price of 0.5836 lei / share.
This constant presence in business charts, Antibiotice is present on average in the first 12 companies in the BET-PLUS index, among the first 17 companies in the composition of the BET-XT index and among the top 20 companies in the BET-BK index.

In accordance with Chapter IV, Section 2, Art. 92 - Code B.V.B., *the financial communication calendar for the year 2015* was as follows:

Events	Date
• Presentation of preliminary annual financial results - 2014	13.02.2015
• General Meeting of Shareholders to approve the annual financial results - 2014	29.04.2015
• Presentation of the Annual Report - 2014	29.04.2015
• Presentation of Quarterly Reports: Ist quarter 2015 IIIrd quarter 2015	 15.05.2015 13.11.2015
• Meeting with investors and analysts	20.05.2015
• Presentation of the half-yearly report 2015	14.08.2015
• Meeting with investors and analysts	21.10.2015

Annual financial statements

B.D.O. Audit audited the financial statements on 2015 and issued a qualified opinion. The financial statements have been filed in a timely manner to the Board of Directors for consideration.

The annual financial statements were approved in the Board meeting on 14.03.2016 and will further be submitted for debate in the General Meeting of Shareholders, which will take place on 18.04.2016.

Relations between management and employees are normal, without any manifestation of collective actions to challenge the management, there is a permanent dialogue between them and the trade union representatives.

Vicepresident of the Management Board,
Ec. Ioan Nani

Financial Director,
Ec. Paula – Luminita Coman