ANTIBIOTICE S.A.

Individual financial statements for the financial year ending on December 31, 2012

drawn up in conformity with the IFRS adopted by the European Union

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The Independent Auditor Report

(1) We have audited the enclosed financial statements of the trading company Antibiotice S.A. (hereby referred to as the Company) comprising the financial statements as of December 31st 2012, the global result, statement of changes in equity and treasury cash flows statement for the financial year ended at the above-mentioned date and a summary of the significant accounting policies and other explanatory notes. **Executive team's responsibility for the financial statements**

(2) The Company's executive team is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS (International Standards of financial reporting) and those for the internal control considered relevant relevant for elaborating the financial statements without significant misstatements due to fraud or error.

The Auditor's responsibility

(3) Our responsibility is, based on our audit, to express an opinion on these financial statements. We conducted our audit in accordance with the International Standards on Auditing. These standards require us to comply with the ethical requirements, to plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from significant misstatements.

(4) An audit involves performing procedures to obtain audit evidence on the amounts and information contained in the financial statements. The selection of procedures is based on the professional judgment of the auditor, including the evaluation of risk relative to significant misstatements in the financial statements, regardless if they are caused by errors or fraud. In conducting these risk evaluations the auditor takes into account the internal control relevant for the drawing up and faithful presentation of these financial statements in order to set the relevant auditing procedures in the given circumstances, but not with the aim of expressing an opinion on the effectiveness of the internal control system of the company. Auditing the financial statements equally includes evaluating the appropriateness of the accounting policies used, the rationale of the management's accounting estimates, as well as the assessment of the overall financial statement presentation.

(5) We consider that the audit evidence obtained is sufficient and adequate to provide a reasonable basis for our legal audit opinion.

The basis for qualified opinion

(6) The financial statements include costs covering services purchased from distributors, without being possible to quantify the commercial discount included. As a follow-up of the above, we cannot estimate the impact relative to the Global Result Situation.

Qualified opinion

(7) In our opinion, except for potential adjustments presented at (6), the enclosed financial statements give a true and fair view, in all significant aspects, of the financial position of the company on 31 December 2012, as well as of the financial performance and cash flows for the financial year ended on that date in accordance with the IFRS.

Report on the compliance of the Management Report with the financial statements

(8) In accordance with the Order of the Minister of Public Finances, 1286 /2012, Article 16(1), letter c), we have read the management report attached to the financial statements. The executive team's report is not part of the financial statements. We have not identified in the executive team's report any item of financial information significantly non-compliant with the information presented in the attached financial statements.

BDO AUDIT SRL
Registered at the Chamber of financial auditors in Romania
by no. 18/02.08.2001

Signature:
Mircea Tudor
Registered at the Chamber of financial auditors in Romania
by no. 2566/25.06.2008

April 4th, 2013

ANTIBIOTICE
STATEMENTS OF THE GLOBAL RESULT
for the year closing on 31 December 2012
(all amounts are expressed in LEI, if not mentioned otherwise)

		For the year ended on	
SITUATIA REZULTATULUI GLOBAL	**NOTE**	**31-Dec-12**	**31-Dec-11**
Income from sales	**4**	**304.086.833**	**280.020.922**
Other operational income		27,279,538	31,162,111
Income related to the product stocks		520,299	870,962
Income from the capitalized activity conducted by the company		2,346,621	567,689
Expenses on raw materials and consumables	**5**	(102,129,986)	(87,002,398)
Personnel expenses	**6**	(68,929,460)	(68,426,642)
Expenses with amortization and depreciation		(18,124,209)	(15,902,068)
Alte cheltuieli din exploatare	**7**		
Other operational expenses		(103,271,107)	(110,623,830)
Operational profit		**41,778,527**	**30,666,747**
Net financial income	**8**	(9,319,490)	(4,352,336)
Profit before tax		**32,459,037**	**26,314,410**
Expenses with the current corporate tax and deferred tax	**9**	(5,348,201)	(6,117,994)
Profit		**27,110,836**	**20,196,416**
Other elements of the global result	**8**	**(1,507,013)**	**(3,623,057)**
Proceeds/losses from tangible fixed assets revaluation		(1,794,063)	(4,313,163)
Profit tax relative to other elements of the global result (revaluation)		287,050	690,106
Total global result		**25,603,824**	**16,573,359**
Result per share	**10**	0,0477	0,0357

The explanatory notes 1 to 28 are an integrating part of the financial statements

Approved by the Management Board on 21.03.2013
and signed on its behalf: Drawn up:

CEO
Ec. Ioan NANI

Financial Director,
Ec. Paula COMAN

ANTIBIOTICE SA
FINANCIAL STATEMENTS
for the year closing on 31 December 2012
(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31-Dec-12	31-Dec-11	31-Dec-10
ASSETS				
FIXED ASSETS				
Tangible fixed assets	**11**	198,463,669	211,206,357	210,983,245
Intangible assets	**12**	4,887,455	1,652,572	1,989,253
TOTAL FIXED ASSETS		**203,351,125**	**212,858,929**	**212,972,497**
CURRENT ASSETS				
Stocks	**13**	47,973,857	41,943,038	40,289,331
Trade and similar receivables	**14**	256,986,254	226,845,657	181,673,656
Financial assets for sale		140	140	60,140
Cash and cash equivalents	**15**	6,006,554	5,339,857	3,723,380
TOTAL CURRENT ASSETS		**310,966,804**	**274,128,692**	**225,746,507**
TOTAL ASSETS		**514,317,929**	**486,987,621**	**438,719,004**
LIABILITIES				
CURRENT LIABILITIES				
Trade and similar debt	**16**	58,963,493	57,479,626	40,103,069
Amounts owed to credit institutions	**17**	92,290,294	82,416,576	69,335,186
Debt relative to profit tax		1,139,461	1,080,877	1,166,680
Charges and fees		2,812,412	1,745,012	47,533
Provisions	**18**	2,900,000	2,090,000	1,400,000
TOTAL CURRENT LIABILITIES		**158,105,660**	**144,812,091**	**112,052,468**
LONG-TERM DEBT				
Subventions for investments	**19**	4,431,688	4,938,038	5,582,049
Deferred tax	**20**	918,436	6,027,912	7,354,785
Provisions	**21**	4,313,611	4,521,574	4,318,049
LONG-TERM DEBT		**9,663,735**	**15,487,524**	**17,254,883**
TOTAL LIABILITIES		**167,769,395**	**160,299,615**	**129,307,351**
NET ASSETS		**346,548,531**	**326,688,006**	**309,411,653**

The explanatory notes 1 to 28 are an integrating part of the financial statements

Approved by the Management Board on 21.03.2013
and signed on its behalf: Drawn up:

CEO
Ec. Ioan NANI

Financial Director,
Ec. Paula COMAN

ANTIBIOTICE S.A.
FINANCIAL STATEMENTS (follow-up)
on 31 December 2012
(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31-Dec-12	31-Dec-11	31-Dec-10
Share capital and reserves				
Capital social	**22**			
Share capital		**254,502,062**	**249,129,629**	**238,748,469**
Revaluation reserves	23	135,933,818	142,267,991	150,477,382
Legal reserves	23	11,341,443	10,021,560	9,097,946
Other reserves	23	101,607,532	91,900,555	89,341,613
Reported result	24	(156,836,324)	(166,631,730)	(178,253,757)
Profit distribution	25			
TOTAL EQUITY		**346,548,531**	**326,688,006**	**309,411,653**
TOTAL EQUITY AND LIABILITIES		**514,317,929**	**486,987,621**	**438,719,004**

The explanatory notes 1 to 28 are an integrating part of the financial statements

Approved by the Management Board on 21.03.2013
and signed on its behalf: Drawn up:

CEO
Ec. Ioan NANI

Financial Director,
Ec. Paula COMAN

ANTIBIOTICE
CASH FLOWS
for the year closing on 31 December 2012
(all amounts are expressed in LEI, if not mentioned otherwise)

	For the year ending on	
	31-Dec-2012	**31-Dec-2011**
I. Operating cash flow		
Cash proceeds from sales of goods and provision of services	264,462,896	201,054,849
Cash proceeds from royalties, charges, commissions and other type of income	-	9,044,885
Cash payments to providers of goods and services	(167,244,481)	(124,738,999)
Cash payments to and on behalf of the employees, and personnel-related payments	(66,860,018)	(65,947,785)
VAT paid	(987,665)	-
VAT charged	2,903,713	1,401,405
Contributions to the Ministry of Health and the Ministry of the Environment	(14,555,828)	(876,843)
Other taxes, fees and similar levies	(1,057,711)	(59,266)
Operating cash flow	**16,541,358**	**19,878,246**
Interest earned	86,131	46,791
Interest paid	(2,287,538)	(2,548,848)
Profit tax paid	(5,026,660)	(4,334,627)
Net cash flows from operating activities	**9,313,290**	**13,041,563**
II. Cash flow from investment activities		
Cash payments for purchasing land and fixed assets, non-tangible assets and other long-term assets	(9,630,027)	(22,247,995)
Interest earned	(1,283)	186
Dividends earned	-	628
Net cash from investment activities	(9,631,310)	(22,247,181)
III.Cash flows from financing activities		
Proceeds/repayments from long-term loans	-	-
Proceeds/repayments from short-term loans	8,771,395	11,408,158
Payments for financial leasing	-	(55,918)
Dividends paid	(7,786,678)	(530,144)
Net cash flow from financing activities	**984,717**	**10,822,096**
Net increase/ (decrease) of cash flow	**666,697**	**1,616,477**
Cash and cash equivalents at the beginning of the period	**5,339,857**	**3,723,380**
Cash and cash equivalents at the end of the period	**6,006,554**	**5,339,857**

The explanatory notes 1 to 28 are an integrating part of the financial statements

Approved by the Management Board on 21.03.2013
and signed on its behalf:

Drawn up:

CEO
Ec. Ioan NANI

Financial Director,
Ec. Paula COMAN

ANTIBIOTICE
THE STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
for the year closing on December 31, 2012
(all amounts are expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Adjustments of capital	Reserves	Other reserves	Reported current result	Result from revaluation reserves	Result after error adjustment	Revaluation reserves	Result after applying IAS/IFRS for the first time	Result after applying IAS 29 for the first time	TOTAL
31-Dec-10	**47,765,668**	**190,982,801**	**9,097,946**	**89,341,613**	**12,539,100**	**7,907,818**	**(21,506)**	**150,477,382**	**(977,817)**	**(197,701,352)**	**309,411,653**
Current global result	-	-	-	-	20,196,416	-	-	-	-	**-**	**20,196,416**
Transfers to the legal reserve	-	-	923,614	-	(923,614)	-	-	-	-	-	
Transfers to other reserves	-	-	-	2,558,943	(2,558,943)	-	-	-	-	-	**-**
Transfer to revaluation reserves	-	-	-	-	-	4,586,333	-	(4,586,333)	-	-	**-**
Current result	-	-	-	-	(21,501)	-	-	-	-	**-**	**(21,501)**
Result after error adjustment	-	-	-	-	-	-	(621,622)	-	-	-	**(621,622)**
Decrease of fixed assets value with the revaluation difference	-	-	-	-	-	-	-	(3,623,057)			**(3,623,057)**
Deffered tax		1,346,118	-	-	-	**-**	**-**	**-**	**-**	**-**	**1,346,118**
Capital increase	9,035,042	-	-	-	(9,035,042)	**-**	**-**	**-**	**-**	**-**	
31-Dec-11	**56,800,710**	**192,328,919**	**10,021,560**	**91,900,555**	**20,196,416**	**12,494,151**	**(643,127)**	**142,267,991**	**(977,817)**	**(197,701,352)**	**326,688,006**

The explanatory notes 1 to 28 are an integrating part of the financial statements

ANTIBIOTICE
THE STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
for the year closing on December 31, 2012
(all amounts are expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Adjustments of capital	Reserves	Other reserves	Reported current result	Result from revaluation reserves	Result after error adjustment	Revaluation reserves	Result after applying IAS/IFRS for the first time	Result after applying IAS 29 for the first time	TOTAL
31-Dec-11											
Current global result	-	-	-	-	27,110,836	-	-	-	-	-	**27,110,836**
Transfers to the legal reserve	-	-	1,319,883	-	(1,319,883)	-	-	-	-	-	-
Revaluation reserve	-	-	-	9,706,976	(9,706,976)	-	-	-	-	-	-
Dividends distributed	-	-	-	-	(8,628,922)	-	-	-	-	-	**(8,628,809)**
Result after error adjustment	-	-	-	-	(643,127)	-	(1,843,682)	-	-	-	**(2,486,809)**
Transfer to revaluation reserves	-	-	-	-	-	4,827,160	-	(4,827,160)	-	-	-
Deferred tax	-	5,372,433	-	-						-	**5,372,433**
Reclassifying the reported result					102,491	-	-	-	(102,491)		-
Decrease of fixed assets value	-	-	-	-	-	-	-	(1,507,012)	-	-	**(1,507,012)**
31-Dec-12	**56,800,710**	**197,701,352**	**11,341,443**	**101,607,532**	**27,110,836**	**17,321,311**	**(2,486,809)**	**135,933,818**	**(1,080,308)**	**(197,701,352)**	**346,548,531**

The explanatory notes 1 to 28 are an integrating part of the financial statements

1. GENERAL INFORMATION

1.1 Antibiotice company overview

Antibiotice company located in Iasi, 1 Valea Lupului str., fiscal registration code RO 1973096 was founded in 1955 as a trading company under the Law no.15/1990 and GD no.1200/12.11.1990 and is traded on the capital the regulated market of the Bucharest Stock Exchange.

On the 8 production lines, upgraded and certified according to Good Manufacturing Practice (GMP) standards are produced drugs in five formulations: powders for injectable solutions and suspensions (penicillins), capsules, tablets, suppositories and topical preparations (ointments, gels, creams). All in all, they form a comprehensive portfolio of more than 144 human medicines intended to treat a wide range of infectious diseases, dermatological, cardiovascular, digestive tract or musculoskeletal system disorders.

All production capacities are located within the company's property, at its headquarters.

The Company has property rights on all fixed assets recorded by the company.

1.2 Corporate Governance Structures

Investor Relations
Corporate Governance
Structures underlying the governance system within Antibiotice:

- Management Board,
- Advisory committees,
- Executive Team,
- Code of Ethics.

Details on compliance with the principles and recommendations set out in the Corporate Governance Code of the Bucharest Stock Exchange are presented in the Declaration on compliance or noncompliance with the stipulations of the Code of Corporate Governance – the Statement "Apply or Explain".

Management Board

According to Law no. 31/1990 republished, with all its subsequent ammendments, section I- the Uniform System, art. 137, points 1 and 2 and the company Articles of Association, Antibiotice is managed in a consistent manner by a Management Board, which is responsible for fulfilling all tasks necessary to achieve objectives of the company, except those established by law for the General Meeting of Shareholders.

The Management Board assembled 8 times in 2012, recording each time full attendance and adopting decisions that allowed it to fulfill its attributions effectively. During the quarterly meetings the Management Board examined the results obtained during the reporting period, as well as the economic performance in relation to budget and the similar period last year.
The Management Board has requested detailed explanations to the executive management team about plans to increase production efficiency, investment plans, provisions, management of liquidity, operating profitability and general profitability. Further to a detailed anlaysis of the results, the Management Board approved them so as to send them in view of publishing and sending them to the Bucharest Stock Exchange in Bucharest. The members of the Management Board have ensured efficiency in monitoring, analyzing and evaluating the activity of directors, as well as the fair treatment of shareholders.

In contrast to last year, in 2012 the composition of the Management Board has changed, by replacing the former booard with a new board made up according to OUG 109/2011.
The office of the following members : Mrs. *NEGRU Ancamaria-Mihaela, Mrs. DOBRA Vasilica-Rodica and Mr. BUZATU D. Florian-Teodor* has ended. A new member has been re-elected in the Management Board, Mr. *STOIAN Nicolae.*

1. Ec. RADU Valentin, PhD
- Chairman of the Management Board – elected in the Magement Board for four years, in the OGMS on 26.04.2012;
2. Ec. NANI Ioan
- CEO and Vice-president of the Management Board – elected to be part of the Management Board, in the OGMS of 26.04.2012, for four years; elected by the Management Board as Vice-President and CEO,
3. MOLNAR Gheza-Gheorghe, PhD
- Member of the Management Board, appointed in OGMS on 26.04.2012, for four years;
4. Ec. STOIAN Nicolae
- Member of the Management Board, appointed in OGMS on 26.04.2012 for four years;
5. Biologist ILIE Gabriela
- Member of the Management Board (reconfirmed in OGMS in 21.04.2008, for four years;

The Advisory Committees
The Management Board has founded the following specialized advisory committees :
The Management Board has established the following specialized advisory committees:
- the Audit Committee;
- the Committee for remuneration, job selection and set-up;
- the Committee establishing the investment development and quality;
- the Commitee for marketing and market analysis;

The Advisory Committees have conducted investigations, analyses and have developed recommendations for the Board in specific areas, filed periodic reports on their activities.

Executive Management

Antibiotice Iasi is represented by the CEO who signs the commitment documents with third parties and in relation to the legal system. (as per Art 17, chap. V of the Articles of Association of Antibiotice Iasi).The Management Board retains the duty to represent the Company in relation to the directors it has appointed.
Starting with 2012 the executive team includes a new Unit – the Business Development Unit, headed by Mr. STOIAN Mihai.
The executive management of Antibiotice Iasi is provided by ten directors: one being the CEO and also Vicepresident of the Management Board and nine unit directors:

1. ec. NANI Ioan
- CEO and Vice-president of the Management Board – elected to be part of the Management Board, in the OGMS of 26.04.2012, for four years; appointed Vice-president by the Management Board since 2012 and CEO since 2009.

2. eng. MORARU Cornelia
- Director of the Technical and Production Unit since 2005,

3. ec. COMAN Paula-Luminita
- Director of the Financial Unit since 2011,

4. ec. CHEBAC Vasile
- Director of the Commercial and Logistics Unit since 2005,

5. eng. OSADET Eugen-Florin
- Director of the Engineering and Investment Unit since 2000,

6. eng. DIMITRIU Cristina-Lavinia
- Director of the Quality Unit since 2004,

7. ec. RUSU Gica
- Director of Human Resources Management since 2006,

8. ec. BATAGA Ovidiu
- Director of the Marketing and Domestic Sales since 2011,

9. dr. MOSNEGUTU Mihaela
- Director of the Medical Unit since 2011,

10. ec. STOIAN Mihai
- Director of the Business Development Unit since 2012

The Code of Ethics

The Code of Ethics of Antibiotice company presents the ethical norms of conduct that establish and regulate the corporate values, responsibilities, obligations and conduct in business and the way the company works.
The Code of Ethics is a guide for the employees of the company and provides information on how they can solve problems in business ethics. It provides rules in key areas regarding the employees, human rights, environmental management, social responsibility and corporate governance, contains guidelines that help the company to pursue its values. Our values and ethics are the reference points for our corporate culture.

The code shows the set of rules based on which the company has developed, rules of ethical conduct in business and the way to prevent illegal actions that may occur during the development of business within the Company. The Code is mandatory and applies to all structures and activities. All Company employees will comply to these regulations.
The Code of Ethics is a fundamental commitment to strive for compliance to high ethical

standards and applicable legal requirements, regardless of where Antibiotice operates.
The principles and values guiding us through our code of ethics are detailed on the company website under section (www.antibiotice.ro/company - Code of Ethics).
Shareholders' rights :
The corporate governance frame adopted and partially implemented

- protects the shareholders rights
- provides a fair treatment of all shareholders
- acknowledges the role of third parties interested in the company
- guarantees communication and transparency
- ensures accountability of the Management Board to the company and shareholders.

On its official website (www.antibiotice.ro), Antibiotice has a section devoted to shareholders where the following documents relative to the General Meeting of Shareholders can be accessed and dowloaded : information about GMS (procedures for access and participation in meetings, Convening notice, additions to the agenda, informative material, power-of-attorney forms, the vote-by-mail ballots, draft resolutions, resolutions, voting results etc. Also, Antibiotice makes available periodic and annual financial reports, drawn up according to the legislation in force. Also, the company complies with all publication requirements for trading societies and capital market.

Within the company there is a specialized office for the relation with current and potential investors called *Investor Relations*, whose main role is to maintain a good level of cummunication with the company employees. The staff of the Investor Relations Office treat efficiently the requests of the shareholders and facilitate dialogue with the company management.
The company creates and develops an adequate policy in order to communicate efficiently with the shareholders.

The General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision making body of the company, where shareholders participate directly and take decisions. Among other duties, it shall decide on the distribution of profit, appoint the Management Board, appoints auditors and determine the remuneration of the Board.
In 2012, the Board convened two Ordinary General Meeting of Shareholders (April 26 and August 9) and two Extraordinary General Meetings (April 26 and August 9). All necessary documents for a smooth running of the General Assembly have been published on time and according to the law. In OGMS of 26 April the company's financial results for 2011 were approved, results that have been prepared in accordance with the Ordinance of the Ministry of Public Finance no. 3055/2009 and Accounting Law no. 82/1991 updated. At the same meeting the following decisions were taken:

- Approval for the redistribution of net profit on 2011 amounting to 20,298,909 lei, determining gross dividend per share amounting to 0.015191574 lei, the payment of dividends within 6 months maximum from the General Meeting of Shareholders, as per art. 238 paragraph 2 of Law 297/2004 republished, in the event the next GMS will not decide to reinvest dividends on 2011 by capitalization;
- Approving the discharge from administration for the fiscal year 2011,
- Approving the budget of income and expenditure on 2012;
- Approval of the degree of achieving the objectives and performance criteria on 2012 for the members of the Management Board and the CEO.
- Approving the implementation of GEO OUG 109/2011 within the company;

- Approving the replacement of current Management Board with a new one, according to GEO 109/2011;
- Approving the objectives and performance criteria set in the administration plan for the members of the Management Board and for the CEO;
- Setting the remuneration of the Management Board;
- Approval for empowering the Ministry of Health agent to sign the term contracts with the new administrators.

The Ordinary General Meeting of Shareholders on August 9 2012 approved the financial statements for quarter I 2012, results drawn up in accordance with the Public Finanace Minister Ordinanace 3055/2009 and Accountancy Law 82/1991.

In the Extraordinary General Meeting of Shareholders of 26 April, the shareholders decided:

- Approval of changing the company's Articles of Association following the implementation of the Goverrnent Ordinance 109/2011.

In the Extraordinary General Meeting of Shareholders of 9 August, the shareholders decided:

- "Ratifying the decision of the Management Board of Antibiotice dated 26.04.2011 concerning contracting a bank loan from ING Bank Amsterdam N.N., Bucharest branch, as follows:
  A. Non-binding credit line for financing the current capital available as overdraft and for issuing contingent liabilities with maturity up to 1 year.
  B. Credit amount: up to EUR 9,500,000, of which:
  a. sub-limit overdraft: EUR 9,500,000.
  b. sub-limit issuing contingent liabilities: EUR 500,000 guranteed by a non-collected receivable.
  The loan is guaranteed by real estate, property of the company recorded in Tax Code 133201 of Iasi Municipality and in Tax Code 133207 of Iasi Municipality";
- suplimmenting the loan mortagage from ING Bank Amsterdam N.N. Bucharest branch, with the Research Center building, inventory no. 10114, accounting value on 31 May 2012 amounting to 7,750,351.93 lei;
- facilitating the multioptional credit line from Alpha Bank România as follows:
  A – sublimit of 8,000,000 lei;
  B – sublimit of 100,000 EURO guranteed by a non-collected receivable;
- changing the Article of Association of Antibiotice, respectively completing Art. 18 "Duties of the Management Board ".

In 2012, the paid-up and subscribed capital of the company was 56,800,710 lei represented by 568,007,100 shares with a nominal value of 0.1000 lei.

Ownership breakdown on July 20, 2012 (latest database from 2012)
I. *Investors*

- The Ministry of Health (*) – 53,0173%.
- S.I.F. Oltenia (*) - 10,0954%
- Broadhurst Investments Limited – 4,1977%
- S.I.F. Transilvania – 4,0356%
- ING private pension fund/ Ing S.A.F.P.P. – 2,1104%
- Romanian Oportunities Fund – 1,9189%
- S.I.F. Banat-Crisana S.A – 1,3148%
- A-Invest – 0,6179%

- Aripi private pension fund/Generali S.A.F.P.P. – 0,6514%
- Polunin Discovery Funds – Frontier Markets Fund – 0,6514%
- Other natural and legal persons – 21,3893%.

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

The decline in gross dividend / share for 2009, compared to 2008 is a result of the financial and economic crisis experienced by our company, as well; the increased gross dividend per share for 2010 ÷ 2012 compared to 2008 and 2009, is due to applying the GEO 55/2010, on measures to reduce public expenditure (Article V).

During 2012, dividends were paid for the financial years 2007, 2008 and 2011 amounting to 7,369,119 lei, as follows:

Period	Net dividends							Deadline for dividend payment
	Due	Paid				Outstanding 31.12.2012		
		lei			% already paid)			
		By 31.12.2011	01.01÷31.12 2012	Total		lei	%	
0	1	2	3	4	5	6	7	8
2007	13,106,611	11,887,890	1,911	11,889,801	91	1,216,810	9	31,01,2012
2008	7,222,070	6,532,772	4,387	6,537,159	91	684,911	9	24,06,2012
2011	8,204,647	-	7,362,821	7,362,821	90	841,826	10	Payment underway

For these years, dividends have been distributed directly - at the company headquarters, by bank wire transfer or by post.

For 2007 and 2008 the company has paid dividends exceeding the term described by the law. The payment of dividends for these years stopped and the deadline for dividend payment was decided as required by the law - section 5, art. 67 of Law 31/1990 republished.

Reinvestment of dividends for 2012 could be one of the sources needed to support the investment program and increase the company's value. Reinvestment strategy has in view developing an Ointment and Suppository Plant and continuing to invest in an important investment project- purchasing an installation and equipment for filling non-penicillin sterile powders in vials.

Antibiotice on the real estate market

In 2012 sales of shares were reported in all fields of activity, including the pharmaceutical one, disregarding the accounting fundamental analysis or profit obtained. Pharmaceutical stock prices in Central and Eastern Europe (CEE) have remained low, reaching very attractive levels for investors.
Many of the shares listed on the Bucharest Stock Exchange, including Antibiotice Iasi shares are undervalued, so from this perspective, they present a signficant potential for growth. This price was undervalued mainly due to the negative forecast regarding the evolution of financial markets.

16 years after the first tranzaction, approximately 43,000 shareholders watch the evolution of Antibiotice shares on the Bucharest Stock Exchange. Though undervalued because of the world economic crisis, ATB shares enjoy interest from investors who know and trust the market potential of the company.
In recent years, ATB shares have followed a trend imposed by the movement produced by capital markets.

In 2012, the minimum price of the ATB shares reached their lowest on July 2 (0.3300 RON /share) down 8.66% over last year. Share price reached a high of 0.4400 RON / share (February 17th), down by 31% compared to 2011.

As compared to 2011, the BET-C Index which includes the shared of all companies listed on Bucharest Stock Exchange, except the financial investment companies, rose by 6% in 2012, ATB shares reaching in December a maximum share of 0,76% in its componence.

The BET XT (blue-chip index reflecting the evolution of the prices of 25 most liquid companies traded on the regulated market segment, including SIFs) – an active support for financial derivatives and structured products - also reported an increase of 20% compared to 2011, ATB shares reaching maximum share at the beginning of the year, of 1.02%.

Since July, the BVB (Bucharest stock eschange) launched a new indicator, the BET-BK (Bucharest Exchange Trading Benchmark Index). This is a type benchmark index calculated as a price index weighted by free-float capitalization of the traded companies listed on the BSE regulated market. ATB shares in September reached a share of 4.78% maximum in its componence.

The market capitalization of Antibiotice Iasi at the end of 2012 was 213,798 thousand lei.

Antibiotice shares– ATB / TOTAL MARKET

Number of shares	568,007,100	568,007,100
Stock market capitalization (ths.lei)*	221,523	213,798
Stock market capitalization (ths.euro)*	51,282	48,276
Capitalizare bursiera (mii $)* Stock market capitalization (ths. $)*	66.338	63.678
Total value traded (ths. lei)	17	10
No. of shares traded	33,430,079	24,002,033
Opening price (lei/share)	0,6200	0,3974
Maximum price(lei/share)	0.6420	0,4400
Pret minim (lei/actiune) Min. price (lei/share)	0.3613	0,3300
Price at the end of the year(lei/share)	0,3900	0.3764
Average price (lei/share)	0,5209	0,3985
Earning/share (lei/share) **	0,0357	0,0477
Gross dividend/share (lei/share)	0,0152	0,0182
Dividend output***	3,90%	4,83%
Dividend distribution rate****	43%	38%
Number of shares	568,007,100	568,007,100

* Computed as per the price per share on the last trading day of the respective year,
** The computation of result per share based on the yearly profit,
*** Dividend per share / price per share on the last trading day of the respective year,
**** Dividend distribution rate = (number of shares x gross dividend per share) / total net profit.

Present on average among the first 11 companies included in the BET-C indicator, and in the first 14 companies of the BET-XT indicator.
The investors who took advantage of the opportunity offered by the peak of ATB shares (0.4400 lei/share) have reported a 22% return on investment over the last year's investment.
Throughout 2012 24,002,033 shares were traded amounting to 9.6 million lei (2.9 million EUR and 3.8 million USD), with an average price of 0.3985 lei/share.
For 2013, the company sent the Bucharest Stock Exchange and the National Securities Commission the following schedule(*):

Evenimente	Data
• Prezentarea rezultatelor financiare anuale preliminate - 2012:	15.02.2013
• Adunarea Generala a Acționarilor de aprobare a rezultatelor financiare anuale - 2012:	25/26.04.2013
• Prezentarea Raportului anual - 2012:	29.04.2013
• Prezentarea Rapoartelor trimestriale: Trimestrul I 2013	15.05.2013
Trimestrul III 2013	15.11.2013
• Prezentarea Raportului semestrial 2013:	14.08.2013

(*) to be found on our company's website www.antibiotice.ro/investors/ financial reporting / financial calendar 2013.

TABELUL SE REGASESTE MAI JOS:

Presenting the preliminary annual finanacial results -2012
The General Meeting of Shareholders for
approving financial annual results - 2012
Presenting the Annual Report – 2012
Presenting the quarterly reports Quarter I 2013
Quarter III 2013
Presenting the half-yearly report 2013

2. ACCOUNTING POLICIES

2.1 Declaration of conformity

These financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS" s) issued by the International Accounting Standards Board ("IASB") as adopted by the EU European Union ("adopted IFRSs").Separate financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"). The company prepared these financial statements to meet the requirements of Order no. 881/2012 regarding the application by companies whose securities are allowed to be traded on a regulated market of IFRS.

This set of financial statements represent the Company's first IFRS financial statements issued for publication and IFRS 1 "First-time enforcing the IFRS" has been applied.

Detailing the transition to IFRS with effect on the financial position and financial performance of the Company is presented in Note 30.
Separate financial statements were approved by the Management Board in the meeting dated 03.28.2013.

The accounting records of the company are maintained in LEI, according to Romanian Accounting Regulations ("RCR"). These accounts have been restated to reflect the differences between accounts under Romanian accounting regulations and those under IFRS. Correspondingly, accounts according to RCR have been adjusted, where necessary, to standardize the separate financial statements, in all significant respects, with IFRS as adopted by the European Union.
The most significant changes of the financial statements drawn-up in accordance with RCR, in order to harmonize them to the IFRS are:

- Adjustments of the share capital, according to IAS 29 “Finanacial reporting in hyperinflationaist economies”, Romanian economy being hyperinflationist up to 31 December 2003.
- According to the International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards", SC Antibiotice SA chose to evaluate the tangible items when adopting the IFRS at their fair value and use that value fair value as its estimated cost at that date.
- Account adjustment for the acknowledgement of receivables and liabilities regarding deffered profit tax, in accordance with IAS 12 “Profit tax”. Antibiotice SA calculated and reported, in 2011 as well, the provision for "other taxes and charges regulated".

- Grouping the elements in categories according to the presentation requirements of IFRS;

The main accounting policies applied in preparing the financial statements are set out below. Policies have been applied consistently to all years presented, unless otherwise stated.
The preparation of financial statements in accordance with IFRS adopted require the use of certain critical accounting estimates. It is also necessary for the Company's management to make judgments about the application of accounting policies. Areas where decisions have been taken and significant estimates made in the preparation of financial statements and their effects are shown in the following:

2.2 The bases for evaluation

The separate financial statements are prepared using the historical/amortized cost except the tangible assets revalued using fair value as deemed cost and the items stated at fair value, respectively assets and financial liabilities at fair value by the profit and loss account and financial assets available for sale, except those for which fair value can not be determined reliably.

2.3 Functional currency

The company's management believes that functional currency, as it is defined by IAS 21 "The Effects of exchange rate fluctuations" is Romanian leu (RON). Separate financial statements are presented in LEI.
Transactions made by the Company in a currency other than the functional currency are recorded at the rates in force at the time the transactions occur. Monetary assets and liabilities in foreign currencies are converted at the rates in effect at the reporting date.

2.4 Evaluations and crucial accounting estimations

As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgments based on the most reliable information available. The use of reasonable estimates is an essential part of the financial statements and does not undermine their reliability.
An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error in the current period. If any, effect on future periods is recognized as income or expense in those future periods.
The company made certain estimates and assumptions concerning the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including forecasting of future events that are believed to be reasonable under the circumstances. In the future, concrete experience may differ from these estimates and assumptions. The following are examples of the evaluation, assessment, assumptions applied in the company:

(a) The evaluation of investments in land and buildings owned
The company is being assessed by external evaluators to determine the fair value of its investment property and buildings owned. These ratings are based on assumptions including future rental income, anticipated maintenance costs, future development costs and appropriate discount rate. Evaluators refer to information on the market related to prices of transactions with similar properties.

(b) Adjustments for receivables depreciation
The assessment for impairment of receivables is made individually and is based on the management's best estimate of the present value of cash flows expected to be received. To estimate these flows, management makes certain estimates on the financial status of the partners. Each impaired asset is analyzed individually. The precision of adjustment depends on the estimation of future cash flow estimates.

(c) Legal procedures
The company reviews the unresolved legal cases following developments in legal proceedings and the situation at each reporting date, to assess the provisions and presentations in its financial statements. Among the factors considered in decisions related to litigation or claims related to the potential extent of damage in the jurisdiction where the litigation is judged; the progress of the case (including progress after the date of the financial statements but before those statements are issued), the opinions or opinions of legal advisors, experience in similar cases and any decision by company management and the way it will respond to the dispute, claim or assessment.

(d) Accountant estimates for expenditure
There are situations in which by the closing date of the fiscal period or until the closing date of a financial year we do not know the exact values of certain expenses incurred by the company (eg sales marketing campaigns to promote products and boost sales). For this category of spending preliminary estimates will be made, which will be corrected in future

periods when it will produce cash outflows. Estimates of expenditure for each category of expense, will be performed by persons experienced in the type of activity that caused the expense

(e) Taxation

The tax system in Romania is in a phase of consolidation and harmonization with European legislation. However, there are still different interpretations of tax legilation. In some cases, the tax authorities may treat differently certain issues, resorting to the calculation of additional taxes and penalties for late payment. In Romania, the financial/tax year remains open for tax review for 5/7 years. The Company's management believes that tax liabilities included in the financial statements are appropriate.

2.5 Presenting separate financial statements

The company adopted a presentation based on liquidity within its financial statement and a presentation of income and expenses according to their nature in the global result situation, considering that these methods of presentation provide information that is reliable and more relevant than those that would be presented based on the other methods permitted; IAS 1 "Presentation of Financial Statements".

2.6 Intangible assets purchased

Evidence of intangible assets is done in accordance with IAS 38 "Intangible Assets" and IAS 36 "Depreciation of Assets". Externally acquired intangible assets are initially recognized at cost level and subsequently amortized on a straight line basis over their useful economic life.
Expenditure on the purchase of patents, copyrights, licenses, trademarks and other intangible assets and plants recognized for accounting purposes, except expenses, goodwill, intangible assets with indefinite useful life, thus falling according to accounting regulations are recovered through linear depreciation deductions during the contract period or duration of use, as appropriate. Costs of acquisition or production of software recovers through linear depreciation deductions over a period of 3 years.

Intangible assets internally generated (development costs)

The research expenses (or those incurred in the research phase of an internal project) are considered expenses of the respective financial year.
The development costs related to projects for new products are recognized as intangible assets. They consist of: consumption of raw materials, labor costs for hours worked for each project, other related charges for National Medicines Agency, with the amounts required for authorization.

Tangible assets

The tangible assets are the tangible items that :

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

Acknowledgement

The cost of a tangible asset item must be recognized as an asset if and only if:
a) it is possible to generate future economic benefits to the entity for the company; and
b) the cost of the asset can be measured reliably.

Evaluation after recognition

After the recognition as an asset, an item of property and equipment is accounted at its cost, less any accumulated depreciation and any accumulated losses by depreciation.

After being recognized as an asset, a tangible asset element whose just value can be relaibly evaluated is accounted at a revalued value, that being the the real value on the evaluation date.

Revaluations are performed with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The fair value of land and buildings is usually determined from market based evidence by an assessment normally performed by professionally qualified valuers. The fair value of items of plant and equipment is usually their market value determined by appraisal.

When an item of property, plant and equipment category is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

If an item of property, plant and equipment is revalued, the entire class of property and equipment to which that asset belongs is revalued.

If the carrying value of intangible assets is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for that asset. Reducing recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. Transfer from revaluation surplus to retained earnings is not made through profit or loss.

If they exist, the effects of taxes on income from the revaluation of property, plant and equipment are recognized and disclosed in accordance with IAS 12 Income Taxes.

Amortization

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to function in the manner intended by management. The value to be depreciated asset of year.

The depreciation method used reflects the expected pattern of consumption of future economic benefits of the asset by the entity.

The land owned is not amortized. For depreciable fixed assets the company from an accounting perspective, uses the linear depreciation method. Payback periods are determined by an internal committee in keeping with internal procedures companiei. Below is a brief overview of the life of fixed duration of major categories of goods:

Category	**Life span**
Buildings and facilities	24-40 years
Equipment and installations	7-24 years
Means of transportation	4- 6 years
Computer technology	2- 15 years
Furniture and office equipment	3- 15 years

Depreciation

In order to determine if a tangible asset is depreciated, a company applies the IAS 36 Asset depreciation. At the end of each reporting period the company estimates if there are indications for asset depreciation. If such indications exist, the company estimates receoverable value of the asset.
If and only if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to be equal. to its recoverable amount Such a reduction is an impairment loss. An impairment loss is recognized immediately in profit or loss for the period, unless the asset is reported at the revalued amount in accordance with another Standard (eg in accordance with the revaluation model in IAS 16 of Tangible assets). Any impairment loss on a revalued asset is regarded as a decrease generated by revaluation.

2.7 **Financial assets – *IAS 39 Financial instruments; recognition and evaluation. The initial evaluation of financial assets and liabilties***

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

Further evaluation of financial assets

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

I. ***A financial asset or a financial liability assessed at fair value through profit or loss*** is a financial asset or financial liability that meets either of the following conditions:

(a) is classified as held for trading. A financial asset or financial liability is classified as held in for trading if:
(i) acquired or incurred principally for sale or reprocuring at the closest term; (ii) on initial recognition is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit, or (iii) a derivative (except for a derivative that is a financial guarantee contract or a designated and effective tool for hedging).
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

a) those that the entity intends to sell immediately or soon, to be classified as held for trading, and those that the entity upon initial recognition designates at fair value through profit or loss;
b) those that the entity upon initial recognition designates as available for sale, either
c) those for which the holder may not recover substantially all of the initial investment, for a reason other than credit deterioration, which shall be classified as available for sale.This category includes trade receivables and other hazards.

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

This category includes investments in listed shares.

The Company does not hold investments held to maturity and does not own or did not classify financial assets or financial liabilities at fair value through profit or loss.

Earnings and losses
A gain or loss of a financial asset available for sale is listed under other comprehensive income, except for impairment losses. Dividends for equity instruments available for sale are recognized in profit or loss when the entity's right to receive payment is established.

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash, deposits at call in the bank, other short-term highly liquid investments with original maturities of three months or less than three months, and - for the purpose of cash flow statements - bank overdrafts.

2.8. Stocks

According to IAS 2, stocks are active:

a) held for sale throughout the normal activity;
b) in the course of production for such a sale;
c) as raw materials, materials and other consumables which are about to be used in the production process or for the provision of services.

Inventory evaluation:

Stocks are evaluated at the lowest value between cost and the net achievable value.

Cost of stocks

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the location and condition in which they are found today. Inventories of materials and supplies are stated at the cost of acquisition. The inventory outflow is done using the weighted average price method.

Inventories of products in progress are stated at the cost of raw materials embedded in them. The stock of finished goods production is recorded as production cost upon the completion of manufacture.

Adjustments for the depreciation of inventories

The assessment for impairment of inventories is made individually and is based on the management's best estimate of the present value of cash flows expected to be received. In order to estimate these flows, management makes certain estimates the utility value of the stock, given the expiration date, the possibility of use in the daily activities of the company and other factors specific to each category of stock. Each depreciated asset is individually assessed. Precision adjustment depends on future cash flow estimates.

2.9 Receivables

Receivables are generated principally by the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are recognized initially at fair value plus transaction costs that are directly attributable to their acquisition or release, and are subsequently carried at amortized cost using the effective interest method, less impairment.

Receivables are stated in the balance sheet at historical value less adjustments for impairment established in cases where realizable value is lower than the historical value. Impairment is recognized when there is objective evidence (such as significant financial difficulties of the partners or payment failure or significant delay in payment) that the company will not collect all amounts due under the terms receivable, the amount of that adjustment is the difference the net carrying amount and the present value of expected future cash flows associated with the impaired receivable.

The assessment for impairment of receivables is made individually and is based on the management's best estimate of the present value of cash flows expected to be received. To estimate these flows, management makes certain estimates on the financial status of the partners.

The Company also recorded impairment for all bills payables at the reporting date for which the due date has been exceeded by more than 360 days.

2.10 Financial debt

The financial debt mainly include the commercial debt as well as other short-term liabilities, which are initially recognized at their fair value and later recorded as depreciated cost, using the effective interest method.

2.11 Recognising the income and expenditure

2.11.1. Recognising income

The income represent, according to IAS 18 "Income", gross inflow of economic benfits throughout the period, generated by the normal activity of a company, when such entries result in an increase of shareholder's equity, other than the contributions linked to the participants' contribution to shareholder's capitals.
The income stands for increases in economic benefits during the accounting period recorded in the form of inputs or increases in assets or reductions of liabilities, which is reflected in increases in equity other than those resulting from contributions of shareholders.
Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in question, in an arm's length transaction objectives.

Evaluation of revenue
Revenue is measured at the fair value of the consideration received or receivable, after deducting rebates and discounts.
Income generated by sale of goods is recognized when the following conditions are met:
(a) the entity has transferred the significant risks and rewards of ownership of the goods;
(b) the entity manages assets not sold the entity no longer manages the goods sold to the level it normally did when their property ownership nor holds effective control over them;
(c) the income value can be reliably evaluated;
(d) it is possible that the economic benefits associated with the transaction will flow to the entity;
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the buyer and it is likely that the Company will receive the previously agreed after the payment. Transfer of risks and rewards of ownership are considered achievable with the transfer of legal title or the passing of possession. If the

entity retains significant risks of ownership, the transaction is not reprezintão sale and revenue is not recognized.
In accordance with the Framework Agreement on the conditions for granting medical assistance in the health insurance system for 2011-2012 dated 28.12.2010 for the period of settlement is compensated system drugs sold in 210 days.
The company uses the term described above as a reference in terms of collection contracts with distributors.
The Company believes that the terms of the collection does not generate a financial component of revenues invoiced to dealers.

Special cases: When it is found that the income associated to a certain period of the current year is linked to fundamental errors, steps will be taken to correct them in the errors is found . If the error is discovered in the coming years, this correction will not affect the revenue, but retained earnings account the correction of errors, if the error value will be considered significant.

2.11.2 Recognition of expenditure

Expenses are decreases in economic benefits during the accounting period recorded in the form of outputs or decreases in the value of assets or increases in liabilities, which is reflected in reductions in equity other than those resulting from the distribution to shareholders.

2.12 Impairment of non-financial assets (excluding inventories, investment in property and deferred tax assets) - IAS 36 "Impairment of Assets"

The assets held by the company, as stated in IAS 36 "Impairment of assets" are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable in full. When the carrying amount of an asset exceeds the recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is adjusted accordingly.
Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash-generating units ('UGN Sites').

The expenses with depreciation are included on the profit or loss account, except when previously unrecognized earnings are reduced within other elements of the global result.

2.13 Provisions IAS 37: Provisions, contingent liabilites and assets

The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision should be recognized when:

a) the Company has a present obligation (legal or constructive) as a result of a past event;
b) to settle the obligation an outflow of resources embodying economic benefits is likely to be required; and
c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision should be recognized

Recognition, evaluation and updating provisions are made in compliance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".
Accounting provisions are grouped into categories and are for:
a) litigation;
b) guarantees to customers;
c) decommissioning of tangible and other similar actions related thereto;
d) restructuring;
e) employee benefits;
f) other provisions.

2.14 The employees benefits –IAS 19

Current benefits given to employees

Short-term benefits for employees include wages, salaries and social security contributions. These benefits are recognized as an expense with services.

Benefits after the termination of the labour contract

Short-term benefits for employees include wages, salaries and social security contributions. These benefits are recognized as expenditure with services

Both the company as well as the employees are legally bound to contribute to the social insurance for the National Retirement Fund managed by the National Pension House (contribution plan founded on the principle of "pay over time"). Therefore the Company has no other legal or constructive obligation to pay further contributions. Its only obligation is to pay contributions when they are due. If the company ceases to engage people who are contributing to the financing plan of the National House of Pensions, it shall have no obligation to pay the benefits earned by its own employees in previous years. Company contributions to the defined contribution plan are shown as expenses in the year to which they relate.

Pensions and other benefits post - retirement

The company has provided based on the collective labour contract, wage benefits for employees who retire (retirement, early retirement pension, disability pension). They receive an allowance equal to the basic salary for six months. The company must give a portion of the cost of benefits in favor of the employee, during the employee's period of employment in the enterprise.

The Company uses an actuarial-statistical calculation which is performed with sufficient regularity and aims at recognizing expenses for benefits in the period in which revenue for the employee’s work was obtained

2.15 Deferred tax IAS 12.

In deferred tax calculation, the company will take into account the previsions of IAS 12. Deferred tax assets and liabilities are recognized when the carrying amount of an asset or liability in the financial statement differs from the tax base. Recognition of deferred tax

assets is limited to those times when it is likely that taxable profit will be available the next period.
The amount of the asset or liability is determined using tax rates that have been enacted or adopted largely up to the reporting date and are expected to apply when the debt / (assets) concerning deferred tax are settled/ (recovered).

The company offsets deferred tax assets and liabilities if and only if:
a) it has a legally enforceable right to offset current tax assets with current tax liabilities, and
b) Deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

2.16 Dividends

The share of profits that is paid according to the law to each shareholder is the dividend. Dividends distributed to shareholders, proposed or declared after the reporting period and other similar distributions from profits determined under IFRS and included in the annual financial statements, are recognized as a liability at the end of the reporting period.

2.17 Capital and reserves

The capital and reserves (shareholders equity) represent the shareholder's rights to the assets of an entity after deducting all liabilities. Equity includes: capital gains, reserves, retained earnings, financial year result.

The entity was established under Law no. 31/1990 on trading companies.
In the first set of financial statements prepared under IFRS, the company has applied IAS 29 - "Financial Reporting in Hyperinflationary Economies" for contributions to shareholders obtained prior to January 1, 2004, ie, they have been properly adjusted inflation index.

2.18 Financing costs

An entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it supports.
The ompany has financed the construction of long-term assets from loans.

2.19 *Result per action*

The company presents earnings per share basic and diluted common shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the weighted average number of ordinary shares for the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares with the dilution effects generated by potential ordinary shares.

2.20 Reporting on segments

Un segment este o componenta distincta a Societatii care furnizeaza anumite produse sau servicii (segment de activitate) sau furnizeaza produse si servicii intr-un anumit mediu geografic (segment geografic) si care este supus la riscuri si beneficii diferite de cele ale celorlalte segmente. Din punct de vedere al segmentelor de activitate, Societatea nu identifica componente distincte din punct de vedere al riscurilor si beneficiilor asociate.

A segment is a distinct component of the company that provides products or services (business segment), or provide products and services in a particular geographical environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. In terms of business segments, the Company did not identify distinct components in terms of risks and benefits.

2.21 ***Affiliated parties***

A person or a close family member of the person is considered affiliated to the company if the person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company, or

(iii) is a member of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that entity. Transactions with key personnel including salary exclusive benefits granted to them as presented in Note 6. Personnel expenses

An entity is related to the company if it meets any of the following conditions:
(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and subsidiaries of the same group is linked to the other).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity).
(iii)Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of the reporting entity or an entity affiliated entities reporting. Where even the reporting entity is itself such a plan, the employer sponsors are also affiliated with the reporting entity.
(vi) The entity is controlled or jointly controlled by a person affiliated
(vii) an affiliated person having control or significantly influence the entity is a member of key management personnel of the entity (or a parent of the entity).

The company carries no transactions with parties described in (i) - (vii) above.

2.22 Changes in accounting policies

a) *Standards, interpretations and amendments effective on January 1, 2012*
None of the standards, interpretations and amendments in effect for the first time on 1 January 2012, have any significant effects on the financial statements.
b) *Standards, interpretations and amendments not yet in force*

None of the standards, interpretations and amendments in effect for financial periods beginning after January 1, 2013 that have not been early adopted, are not expected to have a material effect on future financial statements of the company.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Foreign exchange risk
- Liquidity Risk

Like all other activities, the Company is exposed to risks arising from financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to evaluate them. Additional quantitative information about these risks is presented in these financial statements.
There were no major changes in the Company's exposure to risks relating to financial instruments, objectives, policies and processes for managing those risks or the methods used to evaluate them in comparison to previous periods unless otherwise stated in this note.

Main financial instruments

Financial instruments used by the company which generates risk regarding financial instruments:

- Trade recevaibles and other receivables
- Cash and cash equivalents
- Investment in quoted participation titles
- Trade receivables and other debt

A summary of the financial instruments held on categories is provided below:

	Loans and reserves		
ASSETS	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Trade and assimilated recevaibles	256,068,976	226,118,863	179,570,009
Cash and cash equivalents	6,006,554	5,339,857	3,723,380
Total	**262,075,530**	**231,458,720**	**183,293,389**

	Available for sale		
ASSETS	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Investments in listed participation titles	140	140	60,140
Total	140	140	60,140

	To depreciated cost		
DEBT	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Trade and assimilated debt	58,963,493	57,479,626	40,103,069
Short-term loans	92,290,294	82,416,576	69,335,186
Debt concerning profit tax	1,139,461	1,080,877	1,166,680
	15,376,147	19,322,536	18,702,416

Other debt			
Total	**167,769,395**	**160,299,615**	**129,307,351**

The overall objective of the Management Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below

Credit risk

Credit risk is the risk of financial loss for the Company that appears if a customer or counterparty to a financial instrument does not fulfill its contractual obligations. The Company is mainly exposed to credit risk arising from sales to customers.

In the company there is a trade policy, approved by the Board of Directors of Antibiotice. In it are clearly presented the commercial conditions of sale and customer selection conditions are imposed.

Antibiotice SA works only with major distributors on the national pharmaceutical market. For export sales, in all situations that is possible, advance payment is contracted.

The computation and analysis of the net situation (shareholder's equity)

Indicators (LEI)	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Credits and loans	92,290,294	82,416,576	69,335,186
Cash and cash equivalents	(6,006,554)	(5,339,857)	(3,723,380)
Net liabilities	**86,283,740**	**77,076,718**	**65,611,806**
Total shareholder's equity	**346,548,451**	**326,688,006**	**309,411,653**
Net debt within the shareholder's equity (%)	**24.9%**	**23.6%**	**21.2%**

Foreign exchange risk

The Company is mainly exposed to currency risk on purchases from suppliers of raw materials, packaging and other materials from abroad. The suppliers that the company acquires these items from for production of drugs must have quality documents, provided by European drug registration rules. The company can not really limit the purchases from third countries. Monitoring payment deadlines and providing for payment of cash, so the effect of foreign exchange risk is minimized, are the responsibility of Financial Accounting Department.
On December 31 the net exposure to foreign currency risk, by currency types was as follows:

	For the year ending on		
Assets/liabilities in EURO – equivalent in LEI	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Monetary financial assets	1,627,367	2,858,901	5,422,259
Monetary financial liabilities	(19,582,780)	(19,046,186)	(10,288,640)

Net financial assets	(17,955,413)	(16,187,285)	(4,866,381)

RON/EUR variation		Earning/ Loss	
RON increase by 5% over EUR	(897,771)	(809,364)	(243,319)
RON decrease by 5% over EUR	897,771	809,364	243,319
Effect on result	-	-	-
Assets & liabilities in EURO			
Monetary financial assets	367,459	661,829	1,265,464
Monetary financial liabilities	(4,421,790)	(4,409,146)	(2,401,195)
Net financial assets	**(4,054,331)**	**(3,747,317)**	**(1,135,731)**

Active/pasive in USD equivalent in LEI	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Monetary financial assets	18,756,310	15,702,076	9,375,435
Monetary financial liabilities	(8,621,192)	(7,884,588)	(4,337,471)
Net financial assets	**10,135,118**	**7,817,488**	**5,037,964**

RON/USD variation		Castig/Pierdere	
RON increase by 5% over USD	506,756	390,874	251,898
RON decrease by 5% over USD	(506,756)	(390,874)	(251,898)
Effect on result	-	-	-

Assets & liabilities in USD	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Monetary financial assets	5,586,392	4,702,206	2,925,709
Monetary financial liabilities	(2,567,741)	(2,361,150)	(1,353,556)
Net financial assets	**3,018,651**	**2,341,056**	**1,572,153**

Company's net exposure to foreign exchange risk, equivalent in lei, is presented below:

Assets / Liabilities	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
LEI	205,888,660	177,735,827	141,134,164
EUR	(17,955,413)	(16,187,285)	(4,866,381)
USD	10,135,118	7,817,488	5,037,964
Other currency (CAD,GBP)	(45,604)	-	-
Net exposure	**198,022,762**	**169,366,030**	**141,305,748**

Taken into account the relatively reduced exposure to foreign exchange fluctuations, it is not expected for reasonable fluctuations of foreign exchange to cause significant effects.

Liquidity ratio

Liquidity risk arises from the company’s management of current working capital and financing costs and repayment of principal amount of its debit instruments.

Company policy is meant to ensure that it will always have enough cash to allow it to meet its obligations when they become due. To achieve this objective, it seeks to maintain cash balances (or agreed facilities) to satisfying the needs of payment.

The Board of Directors receives regular cash flow forecasts and information about the company's cash and cash equivalents. At the end of the financial year, the Company has sufficient liquid resources to meet its obligations in all circumstances reasonably expected.

The following table shows the contractual maturities (representing the contractual undiscounted cash flows) of financial liabilities:

31 December 2012	up to 3 months	between 3 and 12 months	Total
Trade and similar debt	5,350,105	57,565,344	62,915,449
Credits and loans	-	92,290,294	92,290,294
Total	**5,350,105**	**149,855,639**	**155,205,744**

31 December 2011	up to 3 months	between 3 and 12 months	Total
			60,305,515
Trade and similar debt	4,117,186	56,188,329	
Credits and loans	-	82,416,576	82,416,576
Total	**4,117,186**	**138,604,905**	**142,722,091**

31 December 2010	up to 3 months	between 3 and 12 months	Total
Trade and similar debt	2,583,350	38,733,932	41,317,282
Credits and loans	-	69,335,186	69,335,186
Total	**2,583,350**	**108,069,118**	**110,652,468**

Bank liquidity

The banks where our company holds bank accounts are periodically reviewed by the company management.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated to processes, personnel, technology and infrastructure company and from external factors other than credit risk, market and liquidity risks such as those from legal and regulatory requirements and generally accepted standards of organizational behavior Opertional risk arises from company's operations.

The main responsibility of developing operational risk is controled by the management of the unit. The responsibility is supported by the development of general standards of operational risk management in the following areas:

- Requirements for separation of duties, including independent authorization of transactions

- Requirements for reconciliation and monitoring of transactions
- Compliance with legal and regulatory requirements
- Documentation of controls and procedures
- Requirements for periodic review of operational risk to which the Company is exposed and the adequacy of controls and procedures to address the risks identified
- Requirements for reporting of operational losses and proposed remedial causes that have generated
- Develop business continuity plans
- Training and Professional Development
- Establish standards of ethics
- Prevent the risk of litigation, including insurance where applicable
- Mitigation, including effective use of insurance, where applicable
- Diminshing risks

Capital adequacy

The management politicy regarding the capital is focused on maintaining solid bases, in the aim of continous development of the company and reaching investment objectives.

4. INCOME FROM SALES

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Sales of finished products	286,030,387	260,469,015
Merchandise sale	56,947,765	61,912,253
Trade discounts	(38,891,319)	(42,360,345)
Total	**304,086,833**	**280,020,922**

Sales revenue is mainly obtained from sales of finished products directly from the pharmaceutical distributors. Export sales in 2012 amounted to 70,298, 986 lei.

5. RAW MATERIALS AND CONSUMABLES

Raw materials and consumables have the following composition:

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Raw materials	55,393,412	50,747,891
Auxiliary equipment	4,537,563	4,217,383
Merchandise	37,451,014	26,878,876
Expenditure on fuel and spare parts	3,995,825	3,795,682
Inventory	468,400	527,468
Other consumables	283,772	835,097
Total	**102,129,986**	**87,002,398**

6. PERSONNEL EXPENSES

The personnel expenses are as follows:

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Salaries	49,163,827	49,525,066
Civil contracts	171,716	17,628
Taxes and social insurance	15,199,594	14,866,989
Other benefits (food vouchers)	4,394,323	4,016,959
Total	**68,929,460**	**68,426,642**

The company is managed in a unitary system, according to the Law 31/1990 on trading companies, company management is provided by the Management Board of Antibiotice SA. The board and executive management are presented in Note 1. General Information.

The remuneration paid to the Management Board and executive management is presented below:

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Salaries	1.796.678	1.812.556
Civil contracts	171.716	17.628
Taxes and social insurance	500.610	487.795
Other benefits (food vouchers)	1.737	1.782
Total	**2.470.741**	**2.319.761**

7. OTHER OPERATING EXPENSES

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Utilities	11,016,102	8,222,129
Repairs	3,042,316	3,803,303
Rent	163,130	143,115
Insurance	1,152,204	1,443,896
Bank commissions	1,319,161	1,561,999
Advertising and promotional products	2,676,795	3,787,915
Travel and transport	3,469,717	2,824,992
Post and telecommunications	538,393	440,859
Other services provided by third parties	36,624,262	45,996,635
Other taxes and duties	16,855,939	2,664,730
environment	-	7,806
Expenses from disposal of assets	31,894	-
Losses and adjustments for doubtful receivables	6,947,098	20,200,792
other provisions	2,900,000	2,293,525
Foreign exchange differences	14,961,996	16,402,883
Miscellaneous	1,572,099	829,251

Total	**103.271.107**	**110.623.830**

8. NET FINANCIAL INCOME

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Income from participations	-	2,940,628
Income from interest	86,131	46,791
Expenses on interest	(2,364,579)	(2,549,724)
Other financial income	684	3,075
Other financial expenses	(7,041,726)	(4,793,105)
Total	**(9,319,490)**	**(4,352,336)**

Income from participations include dividends received by the company as a result of holding shares (financial assets held for sale).

9. EXPENDITURE ON INCOME TAX

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Current tax	5,085,244	6,098,750
Deferred tax / (income)	262,957	19,244
Total	**5,348,201**	**6,117,994**

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Total income	334.828.350	316.256.188
Total expenditure (minus the profit tax)	(302.369.313)	(289.941.778)
Gross accounting result	**32.459.037**	**26.314.410**
Deductions	(12.557.449)	(13.546.669)
Non-deductible expenses	17.594.912	30.634.081
Fiscal result	37.496.500	43.401.823
Income tax (fiscal result x 16%)	5.999.440	6.944.292
Tax cuts	(914.196)	(845.542)
Current income tax	5.085.244	6.098.750
Deferred tax	262.957	19.244
Total current income tax	5.348.201	6.117.994

10. RESULT PER SHARE

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Net profit (A)	**27.110.836**	**20.196.416**
No. of ordinary shares (B)	568.007.100	568.007.100
Result per share (A/B)	0,0477	0,0356

Comment [I1]: Valoarea initiala era 0.035556626

11. FIXED ASSETS

	Land	Buildings	Facilities and machinery	Other facilities, equipment and furniture	Tangible assets in progress	Total
COST						
31 Dec 2010	72,812,030	72,212,288	104,113,762	4,198,691	785,256	254,122,027
Purchases	696,585	4,450,974	11,422,884	327,431	19,783,817	36,681,691
Ouflow/ Transfers		929	384,556	33,397	16,897,874	17,316,756
Revaluation	28,558,385	1,601,838	(2,180,692)	72,566	-	28,052,097
31 December 2011	102,067,000	78,264,171	112,971,398	4,565,291	3,671,199	301,539,059
Purchases		6,675,417	2,809,610	265,381	6,599,026	16,349,434
Ouflow/ Transfers		154,075	831,623	35,882	9,750,408	10,771,988
Revaluation	(5,393,000)	(5,532,207)	-	-	-	(10,925,208)
31 December 2012	96,674,000	79,253,305	114,949,385	4,794,790	519,817	296,191,297
						-
AMORTIZATION						-
31 December 2010		1,066,888	84,085,558	3,398,801		88,551,247
Cost for the interval		7,747,117	7,997,267	320,601		16,064,985
Outflows		929	384,556	33,397		418,882
Revaluations		(7,197,236)	(7,158,012)	22,140	-	(14,333,108)
31 December 2011		1,615,840	84,540,257	3,708,145		89,864,242
Cost for the interval		8,175,020	10,850,978	341,090		19,367,088
Outflows		108,018	808,897	35,882		952,797
Revaluations		(8,305,257)	(2,699,650)	-	-	(11,004,907)
31 December 2012		1,377,585	91,882,688	4,013,353		97,273,626
NET VALUES*)						
31 December 2012	96,674,000	77,875,720	23,066,697	781,437	519,817	198,917,671
31 December 2011	102,067,000	76,648,330	28,431,141	857,146	3,671,199	211,674,816
31 December 2010	111,635,000	77,262,370	21,665,772	799,890	785,256	212,148,288

Comment [I2]: Modificata valoare (nu sa tinut cont de cladirile amortizate complet ce nu au fost supuse reevaluarii)

Comment [I3]: Modificata valoare (nu sa tinut cont de cladirile amortizate complet ce nu au fost supuse reevaluarii)

Comment [I4]: Modificata valoare (nu sa tinut cont de cladirile amortizate complet ce nu au fost supuse reevaluarii)

*) net amount obtained after changing accounting policies and revaluation

Revaluation of fixed assets

On 31.12.2012, the buildings and land owned by the company were revalued by "CRIORAL" IASI, associate member of the National Association of Romanian Evaluators (ANEVAR), with certificate no. 72/2012, by their representative Craita Gramschi - real estate evaluator, member ANEVAR registration no.12970.

The revaluation report of land and buildings was registered at 31.12.2012. Their revaluation result is shown in the table below:

Description	**Revaluated value 31.12.2010**	**Revaluated value 31.12.2011**	**Revaluated value 31.12.2012**
Building	77,262,370	76,648,330	77,875,720
Land	111,635,000	102,067,000	96,674,000
Total	**188,897,370**	**178,715,330**	**174,549,720**

12. INTANGIBLE ASSETS

Changes in acquisition cost and depreciation of fixed assets are shown below:

	31-Dec-12	**31-Dec-11**	**31-Dec-10**
Initial balance	4,387,997	4,116,246	3,604,807
Inflow	5,117,813	753,086	1,697,163
Outflow	1,031,976	481,335	1,185,724
Final balance	8,473,834	4,387,997	4,116,246
Amortization			
Initial balance	2,735,425	2,126,994	1,795,392
Inflow	850,955	608,432	331,601
Outflow			
Final balance	3,586,380	2,735,425	2,126,994
Net value	**4,887,454**	**1,652,572**	**1,989,252**

13. INVENTORY

Description	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Raw maerials and consumables	13,548,266	10,476,504	13,544,100
Adjustments for raw maerials and consumables	(110,453)	(48,168)	(391,725)
Production in progress	1,540,525	1,476,207	1,209,603
Adjustments for production in progress			
Semi-finished and finished products	17,400,707	19,378,055	20,117,255
Adjustments for semi-finished and finished products	(7,457)	(369,395)	(198,508)
Goods	15,602,269	11,029,835	6,008,606
Adjustments for goods			
Total	**47,973,857**	**41,943,038**	**40,289,331**

The amount of inventories pledged as guarantee is 37,750,000 lei

14. TRADE AND SIMILAR RECEIVABLES

Description	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Trade receivables	287,111,740	194,118,325	163,365,311
Adjustments for trade receivables	(32,907,667)	(35,347,874)	(31,707,168)
Receivables with affiliated parties	-	64,818,490	45,455,005
Receivables in relation to employees	7,009	1,376	3,132
Other receivables to the state budget	1,649,904	2,189,693	1,797,619
debtors and other receivables	207,989	157,344	656,110
Total non-cash financial assets classified as loans and receivables	**256,068,976**	**226,118,863**	**179,570,009**
Anticipated payments (advances)	917,278	726,794	2,103,647
Total	**256,986,254**	**226,845,657**	**181,673,656**

The fair values of trade receivables and others classified as loans and receivables do not differ materially from their carrying amounts.

Affiliated parties

The company owned a 30% share capital of Pharma Iasi. In May 2011 the Pharma shares were sold.

A. Balance relative to affiliated parties:

Receivables:		**31 Dec. 2010**
Pharma SA Iasi	64,818,490	45,455,005
Total	64,818,490	45,455,005

B. Transactions relative to affiliated parties:

Pharma SA		**2010**			**Jan. – May 2011**	
	Stocks	**Services**	**Total**	**Stocks**	**Services**	**Total**
Purchases	10,742	11,421,587	**11,432,329**	25,625	18,605,680	**18,631,305**
Sales	50,011,815	174	**50,011,989**	72,437,623	1,462	**72,439,085**

The remuneration for the members of the Management Board and the executive management is presented below:

	For the year ended on	
Description	**31-Dec-12**	**31-Dec-11**
Saleries	1,796,678	1,812,556
Taxes and social insurance	500,610	487,795
Other benfits (food vouchers)	1,737	1,782
Total	**2,299,025**	**2,302,133**

On December 31, 2012 promissory notes from customers were received in the amount of 22,868,669 lei (31-Dec-2011: 33,157,820 lei, 31-Dec-2010: 11,632,694 lei). The company has additional guarantees for risk insurance on non-collecting external receivables.

On December 31, 2012 the company has recorded adjustments for trade receivables representing customers' balance which are unlikely to be collected the company.

Analysis of the interval	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Receivables - clients	254,204,073	223,770,451	177,113,148
up to 3 months	103,320,351	79,930,910	67,666,676
between 3 to 6 months	58,283,141	41,209,321	50,414,781
6 to12 months	92,600,581	102,630,220	59,031,691
over 12 months	-	-	-

The fluctuations of provisions for the depreciation of trade receivables:

Client adjustments	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Beginning of the period	35,347,874	31,707,168	12,268,730
Made throughout the year	6,725,510	15,077,488	20,383,552
Costs with respect to unredeemable receivables	-	-	-
Adjustments cancelled	(9,165,717)	(11,436,782)	(945,114)
End of the period	**32,907,667**	**35,347,874**	**31,707,168**

The value of receivables held as collateral amounts to 116,917,967 lei

15. CASH AND CASH EQUIVALENTS

	31-Dec-12	**31-Dec-11**	**31-Dec-10**
Available at bank	5,963,512	5,082,413	3,680,335
Cash and cash equivalents	43,042	31,283	43,045
Various (letter of credit)	-	226,161	-
Total	**6,006,554**	**5,339,857**	**3,723,380**

The value of cash in letters of bank guarantee is 11,536.37 lei.

16. TRADE AND SIMILAR LIABILITIES

Description	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Trade receivables	49,200,693	45,238,009	26,915,318
Asset suppliers	1,861,886	2,512,357	4,228,833
Debt related to employees	1,397,949	1,290,077	1,368,373
Taxes and social insurance	2,675,838	2,669,964	2,791,043
Other fiscal liabilities			
Other liabilities	2,517,632	2,811,641	1,927,835
Interest to pay	77,041	-	-
Liabilities less loans, classified as amortized cost	**57,731,039**	**54,522,048**	**37,231,402**

Dividends	841,826	1,927,011	2,798,491
Advances from clients	390,628	1,030,566	73,177
Deferred revenue	1,232,454	2,957,578	2,871,668
Total	**58,963,493**	**57,479,626**	**40,103,069**

17. AMOUNTS OWED TO CREDIT INSTITUTIONS

Amounts owed to credit institutions on ***31.12.2012***

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

Objective	Line of credit - current capital
Amount	8,000,000 LEI 100,000 EUR
Maturity date	31,05,2013
Balance on 31 Dec, 2012	6,771,418 LEI
Guarantee	Receivable assignement contract

Short-term contract no. 5175/17.07.2006 concluded with RBS Bank Romania

Objective	Line of credit - current capital
Amount	11,000,000 EUR
Maturity date	31,07,2013
Balance on 31 Dec, 2012	10,621,877 EUR (47,041,109 LEI)
Guarantee	Mortgage on buildings and land

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

Objective	Line of credit - current capital
Amount	9,500,000 EUR
Maturity date	22,05,2013
Balance on 31 Dec, 2012	8,688,276 EUR (38,477,767 LEI)
Guarantee	Receivables assignment contract Mortgage on buildings and land

Amounts owed to credit institutions on 31.12.2011

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

Objective	Line of credit - current capital
Amount	9,500,000 EUR
Maturity date	31,05,2012
Balance on 31 Dec, 2012	8,835,897 EUR (38,168,424 LEI)
Guarantee	Mortgage on buildings and land Receivables assignment contract

Short-term contract no. 5175/17.07.2006 concluded with RBS Bank Romania

Objective	Line of credit - current capital

Amount	11,000,000 EUR
Maturity date	31,07,2012
Balance on 31 Dec, 2012	9,157,671 EUR (39,558,391 LEI)
Guarantee	Mortgage on buildings and land

Short-term contract no. 1/27.01.2010 concluded with CITI BANK EUROPE PLC Dublin – Romanin branch

Objective	Line of credit - current capital
Amount	1,500,000 EUR
Maturity date	26,01,2012
Balance on 31 Dec, 2012	1,085,668 EUR (4,689,761 LEI)
Guarantee	Receivables assignment contract Mortgage on buildings and land

Antibiotice has submitted no guarantees and has not pledged or mortgaged its own assets in order to guarantee certain obligations in favor of a third party.

18. SHORT-TERM PROVISIONS

Provisions for salaries	**Provisions for the payment of salaries**
31 December 2010	**1.400.000**
Obtained in the interval	2.090.000
Used in the reference interval	(1.400.000)
31 December 2011	**2.090.000**
Obtained in the interval	2.900.000
Used in the reference interval	(2.090.000)
31 December 2012	**2.900.000**

19. SUBVENTIONS FOR INVESTMENTS

Subventions for investments	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Waste water treatment plant	4,285,136	4,705,988	5,135,608
Research lab equipment	81,082	114,645	245,645
Other investments	34,633	60,608	86,583
PHARE funds	-	-	2,053
Analytical lab equipment	28,942	56,797	112,160
Partnership agreement	1,895	-	-
Total	**4,431,688**	**4,938,038**	**5,582,049**

The amounts reflected in the account of subventions for investments represent the values received by the company as subventions in the last 10 years, for investments in environmental protection as well as in increasing competitiveness of industrial products by funds from the Ministry of Trade and Economy.

20. DEFERRED TAX

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

Description	**31-Dec-12**	**31-Dec-11**
Initial balance	6,027,912	7,354,785
Cost / (income) deferred tax		19,244
Deferred tax retreatment IFRS	262,957	-
Deferred tax – revaluation differences	(5,372,433)	(1,346,118)
Final balance	918,436	6,027,912

21. LONG-TERM PROVISIONS

Actuarial calculation of the wages received by the employees on early retirement has the following structure:

Actuarial calculations	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Provisions for early retirement	4,313,611	4,521,574	4,318,049
Total	**4,313,611**	**4,521,574**	**4,318,049**

22. SHARE CAPITAL

The company's share capital on 31 December 2012 is LEI 56,800,710, the nominal value of a share being 0.1000 lei/share. The company has a total of 568,007,100 shares conferring equal rights to the company's shareholders. Antibiotice has not issued shares to offer shareholders preferential rights.
In accordance with IAS 29 - hyperinflationary economy, the share capital was restated considering the inflation index notified by the National Statistics Commission. It has been applied since the balance determined by GD 500/1994, from reporting date to 31.12.2003, when it was considered that the national economy has ceased to be a hyperinflationary.

Following the date of 31.12.2003 the share capital increased by according to the hystorical amounts reported in the Trade Register.
On 31.12.2012, the company's balance sheet includes reported loss generated by first time applying IAS 29 "Financial Reporting in Hyperinflationary Economies", which is proposed to cover the amount resulting from the application of IAS 29 "Financial Reporting in hyperinflationary Economies" as follows:

Result reported as loss after applying IAS 29 for the first time	197,701,352
Share capital adjustment – first enforcement of IFRS	197,701,352

23. RESERVES

Description	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Reserves for fixed assets revaluation	135,933,818	142,267,991	150,477,382
Legal reserves	11,341,443	10,021,560	9,097,946

Other reserves	101,607,532	91,900,555	89,341,613
TOTAL	**248,882,794**	**244,190,107**	**248,916,941**

Below is described the type and the objective of each reserve.provision within the equity :

Reserve	**Purpose and description**
Reserve from fixed assets revaluation	If the carrying amount of tangible assets is increased as a result of a revaluation, the increase shall be recognized in other elements of global and accumulated in equity, as a revaluation surplus. Revaluation reserves are not distributable and can not be used to increase capital.
Legal reserves	According to Law 31/1990 each year at least 5% of profits is retained in order to create the reserve fund until it reaches at least a fifth of the share capital.
Other reserves	Other reserves include on December 31, 2012 reserves representing fiscal incentives in the amount of 11,794,417 LEI lei that can not be distributed with recalculating the income tax. The difference represents reserves from profits

24. REPORTED RESULT

Description	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Reported result representing undistributed profit or uncovered loss	(2,486,809)	(643,127)	(21,504)
Reported result generated by first implementation of IAS, less IAS 29	(197,701,352)	(197,701,352)	(197,701,352)
Derived from earnings at the date of transition to IFRS, less IAS 29	(1,080,309)	(977,820)	(977,820)
Reported. result generated by the first implementation of IFRS, of the fair value as estimated cost	-	-	-
Reported result after first application of IAS 29	17,321,310	12,494,152	7,907,817
Result undistributed on current year	27,110,836	20,196,417	12,539,100
Total	**(156,836,324)**	**(166,631,730)**	**(178,253,757)**

25. PROFIT DISTRIBUTION

On 31.12.2012 Antibiotice has reported a net profit amounting to 27.110.839 LEI, intended to be distributed as follows:

Description	**31-Dec-12**	**31-Dec-11**	**31-Dec-10**
Legal reserve on 2012	18,699	1,319,883	923,614
Dividends	10,333,094	8,628,921	9,035,038
Loss coverage	2,486,809	643,127	21,506

Other reserves	14,272,234	9,604,485	2,558,942
Total	**27,110,836**	**20,196,416**	**12,539,100**

The gross dividend per share relative to 2010, 2011 and 2012:

- on 31.12.2012, it is set at 0,01819184 lei, which represents a distribution rate of 38% from the net profit of the fiscal year 2012.
- on 31.12.2011, it is set at 0,015191574 lei, which represents a distribution rate of 43% from the net profit of the fiscal year of 2011.
- on 31.12.2010, it is set at 0,01891534 lei, which represents a distribution rate of 72% from the net profit of the fiscal year 2010.

26. CONTINGENT LIABILITIES

As far as Antibiotice is concerned, the following litigations are in progress, Antibiotice being the defendant:

- File no.19515/3/2010 - request of compensatory payment for using a patent; damages amount to de 1,377,795 lei. First term: 26.03.2012.
- File number 39211/245/2012 – complaint formulated by Lux Company Iasi. First term for trial is 8.04.2013

27. INFORMATION REFERRING TO AUDITING FINANCIAL STATEMENTS

The financial audit for the year 2012 was conducted by BDO Audit Ltd.. The auditor has provided financial auditing services exclusively.

28. APPLYING IFRS FOR THE FIRST TIME

The 2012 financial statements of Antibiotice are the first set of financial statements of the Company prepared in accordance with IFRS.

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

- Adjustments of capital, in accordance with IAS 29 - "Financial Reporting in Hyperinflationary Economies", the Romanian economy was hyperinflationary until 31 December 2003.
- According to International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards", Antibiotics chose to evaluate tangible items at the date of transition to IFRSs at its fair value and use that fair value as deemed cost at that date

Therefore the revaluation reserve, existing in the company balance on 31.12.2010, the earliest comparative period for the implementation of IFRS, was canceled by switching the to thefirst reported result from the application of IAS 29.

- Cancelling the existing reserve in account 1065 "Reserves representing surplus from revaluation reserves" (account under OMPF 3055/2009) was achieved by the passage of retained earnings from revaluation surplus.
- Account adjustments for receivables and debt recognition of deferred profit tax in accordance with IAS 12 "Income Taxes." In 2011 Antibiotice SA calculated and accounted for the provision of "other taxes and charges covered" changing only the

presentation of information, according to the new chart of accounts for companies applying IFRS.

THE STATEMENT OF ASSETS, LIABILITIES AND EQUITY	RCR – IFRS differences			EXPLAINING RCR-IFRS DIFFERENCES
	31-Dec-12	31-Dec-11	31-Dec-10	
Assets				
Tangible assets	4,871,472	37,595,028	45,880,924	Changing accounting policies and revaluation
Fixed assets				
Inventory	153,156	79,420	86,482	Impact on the balance of finished products due to changes in accounting policies and revaluation
Liabilities				
Deferred tax	918,436	(6,476,725)	(5,149,852)	Fiscal impact resulting from changing accounting policies, revaluations and restatement
Provisions	4,313,611	4,521,574	4,318,049	Employee benefits. – actuarial calculations
Share capital and reserves				
Share capital adjustments	197,701,352	197,701,352	197,701,352	Retreating share capital with IAS 29-hyperinflationary economies
Deferred and current profit taxes relative to shareholder’s equity	-	5,372,433	6,718,550	Transfer of current and deferred tax recognized in equity account
Revaluation reserves	(17,394,714)	34,143,696	47,094,472	Impacts resulting from changes in accounting policies and revaluation
Retained earnings after the transition to IFRS implementation, except IAS 29	1,080,308	977,817	977,817	The cumulative impact arising from the restatements
Retained earnings after the IAS 29 implementation	197,701,352	197,701,352	197,701,352	Capital restatement IAS 29 - Hyperinflationary Economies
Retained earnings from revaluation reserves	(17,321,311)	(12,494,151)	(7,907,818)	Impacts resulting from changes in accounting policies and revaluation

The statement of income and expenses adjustments OMFP 3055/2009 –IFRS	**differences OMFP 3055/2009 - IFRS**		**DETAILS ON DIFFERENCES 3055/2009 -IFRS**
	2012	**2011**	
Expenses for regulated provisions	-	203,525	Variation of provisions in actuarial calculation
Cheltuiala impozit amant			
Expenses on deferred tax	262,957	19,244	Fiscal impact on current income resulting from changes in accounting policies, revaluations and restatements
Income from regulated provisions	207,963	-	Variation of provision in actuarial calculation
Fixed assets depreciation	(1,586,712)	(127,339)	Impacts resulting from changes in accounting policies and restatements
Stock variation	(56,769)	7,062	Impacts resulting from changes in accounting policies and restatements