

## MANAGEMENT TEAM 'S REPORT FOR THE FIRST HALF OF 2012

Half-yearly report as per:	OMPF 3055/2009
For the financial year:	30.06.2012
Report date:	August 1, 2012
Name of trading company:	Antibiotice SA
Headquarters:	Iasi, 1 Valea Lupului St.
Phone number:	0232/209000
Fax number:	0232/209633
Fiscal registration code:	RO1973096
Order number in the Trade Register:	J22/285/1991
Regulated market on which the securities issued are traded:	Bucharest Stock Exchange
Subscribed and paid-up capital:	56,800,710 LEI
Main characteristics of the securities issued by the trading company:	nominal shares, nominal value: 0.10 RON

The company's ability to achieve the objectives proposed for 2012 regarding the manufacturing of generic drugs is reflected in the financial results of the period January - June 2012 by strengthening the position on the Romanian generics market and by increasing the presence of the company on the external market, achievements obtained through financial balance that allowed a continuity at the same rate of growth as in the past years.

As an integral part of the annual indicators from the Income and Expenditure Budget for 2012, approved in the General Meeting of Shareholders of April 26, 2012, the financial indicators for the first half of 2012 are outlined as follows:

### 1. Economic and Financial Situation

#### 1.1 a) Balance sheet elements

- million Lei -

Assets	01.01.2012	30.06.2012	3/2
1	2	3	4
<b>Fixed assets, of which:</b>	<b>175.4</b>	<b>170.5</b>	<b>0.97</b>
- intangible fixed assets	1.65	3.98	2.41
- tangible fixed assets	173.7	166.5	0.96
- financial fixed assets	0.021	0.022	1.06
<b>Current Assets, of which:</b>	<b>273.6</b>	<b>296.9</b>	<b>1.08</b>
- stocks of raw materials and materials	10.4	10.2	0.98
- stocks of finished products	29.95	41.05	1.37
- receivables	226.4	235.16	1.04
- cash at bank and in hand	5.34	9.26	1.73

Intangible fixed assets grew 2.41 times from 1.65 million RON at the beginning of the year to 3,98 million RON at the end of the first half of 2012 as a result of recording the development projects on the new products. Tangible assets decreased by 4%.

As regards the current assets the following aspects are outlined:

- Stocks of raw materials and materials reduced by 2% because the manufacturing was extended for two weeks in July 2012;
- Stocks of finished products and goods recorded a growth of 37% from 29.95 million RON to 41.05 million RON. The stock size of finished products is determined by the need to ensure the product availability in July, August and September both on the domestic and the international market, taking into account that in the summer the manufacturing equipment is subject to the annual revision and the production made in September is to be sold in October.

The growth pace of receivables (4%) is in a dynamics by three percent less than the growth pace of the company's turnover. This way the collection period increased from 287 days in the first semester of 2011 to 300 days at the same period of 2012.

The company's debts represents amounts to be paid in a period of up to one year.

- million RON -

Balance sheet elements	01.01.2012	30.06.2012
Bank loans	82.4	84.7
Trade payables	45.7	39.0
Other debts, including the fiscal ones	11.5	18.3

Net current assets increased by 15% from 131.2 million RON at the beginning of the year to 150.6 million RON at the end of the first half of 2012.

Increasing equity from 287.06 million RON at the beginning of the financial year to 301.84 million RON at 30.06.2011 (5%), demonstrates the continuous concern for consolidating the business.

## 1.1 b) Profit and loss account

### Higher operating profit by 44%

Net turnover reached 148.6 million RON at 30.06.2012, higher by 7.3% as compared to the amount recorded in the same period of the previous year when the value was 138.5 million RON.

Turnover was achieved by selling on the market both the production made on the site of the company (135,3 million RON) and the goods (26.1 million RON) representing the value of the medicines from the company's portfolio manufactured on other dedicated manufacturing lines outside the country due to the requirements imposed by the good manufacturing practice regulations in force.

Operating income carried out during this period was 162.6 million RON (by 6.7 % more than the figure achieved over the same period last year).

-million RON -

Expenses	30.06.2011		30.06.2012	
	Value	%	Value	%
Raw materials, materials expenses	35.7	28.0%	35.9	28.5%
Expenditure on goods	14.6	11.5%	16.8	13.3%
Energy and water costs	4.5	3.5%	6.7	5.3%
Staff costs	33.9	26.7%	33.5	26.6%
Adjustment of the amount of tangible fixed assets current assets and provisions	8.4	6.6%	10.3	8.2%
Other operating expenses	30.0	23.7%	22.9	18.1%
<b>Total operating expenses</b>	<b>127.1</b>	<b>100%</b>	<b>126.1</b>	<b>100%</b>

Constantly preoccupied with the cost structure, for the first half of 2012 our priority was to increase the turnover concurrent with the labour productivity by 8.7% from 95.209 RON/ employee to 103.516 RON/employee. Thus the share of wages in total operating expenses was maintained around 26.6%.

Operating profit for January-June 2012 amounting to 36.5 million RON recorded a 44 % growth over the same period last year.

The company's synthetic results in the first half of 2012 recorded the following values:

- Total Income = 166.3 million RON, increasing by 1.5% compared with the same period of last year;
- Total Expenses = 136.6 million RON - increasing 0.7% compared with the same period of last year;
- Gross Profit = 29.7 million RON, increasing by 5% compared with 1H 2011.
- Net profit = 25.8 million RON, increasing by 11% compared with 1H 2011.

### 1.1 c) Cash-flow

The level of cash and cash equivalents at the beginning of the first semester 2012 was 5.3 million RON. Cash receipts from operating activities amounted to 138.2 million RON, by 53 % higher than the figure recorded in the same period of 2011 through sustained efforts without increasing the degree of indebtedness and for sustaining a higher turnover. Cash payments to suppliers for goods and services were 77.95 million RON, and those to and on behalf of the employees in connection with the personnel were 40.4 million RON.

Cash payments of 12.6 million RON were also made, representing income tax, claw back tax, local taxes and bank interests.

The investing activities did not record receipts, but payments were made for tangible and intangible assets amounting to 5.3 million RON.

At the end of the period the cash and cash equivalents were 9.3 million RON.

The company paid by June 30, 2012 all the outstanding obligations to the state and local budget worth 27 million RON.

The strategy to consolidate our business for the second semester of 2012 envisages:

- Improvement of cash flow through a better relationship with the distributors and pharmaceutical market;
- Rigorous pursuit of cost reduction programs for the ancillary activities.

## 2. Analysis of the company's activity

The company's strategy in 2012 - 2013 which includes the development of the scientific and research activities, development of partnerships in major international markets and portfolio development through assimilation of new products will determine the long-term business strengthening and profit growth, both domestically and internationally.

All these require the development of portfolio both through own research, and through strategic partnerships with world-renowned companies that will generate the assimilation of new products from the classes:

- Cardiovascular System + Blood - 1 product
- Antineoplastics and immunomodulators - 3 products
- Central Nervous System - 1 product
- Digestive Tract - 2 products
- Dermatological products - 1 product
- Genitourinary apparatus - 2 products, ovules

These new areas of development were approached in terms of market growth potential and medical casuistry (high incidence diseases).

Turnover evolution in 2011-2012 (the first semester)

Turnover	-thousand RON-		
	Sem I 2011	Sem I 2012	Variation 2012/2011
Domestic market	114,838.5	115,263.2	0.37%
Export	25,014.0	33,385.5	33.5%
Total	138,529.1	148,648.7	7.3%

Source: Antibiotice - 1H 2012

The major share (77.5%) is held by the domestic sales, totaling 115.3 million RON.

With a growth rate superior to other generic pharmaceutical companies, Antibiotice SA succeeds in generating a market consumption amounting to 144.8 milioane RON (+10.6%), from which 62% on the Retail segment (90.1 million RON, higher by 7.5% as compared to the first half 2011) and 38% on the Hospital segment (54.7 million RON).

Indicator	-THOUSAND RON-			
	Semester I 2010	Semester I 2011	Semester I 2012	Variation 2012/2011
Sales on market	112,432.9	130,863.2	144,770.0	10.6%

Source : Cegedim half I 2010-2012

Antibiotice facilitates the access to affordable medicines for patients on the generics market, the average price of a product unit to Antibiotice in the first half of 2012 is 0.70 RON / IU, while the average price in the Romanian pharmaceutical market is 1.09 RON / I.U..

By continuously monitoring the competition, the company maintains its leading position on the Hospital segment (generic drugs and without medical prescription), recording an increase of 8.7%, as compared to the first half of 2011.

The company ranks fourth in the top of the generic and OTC companies, recording a 6.7% market share.

Also, in the domestic pharmaceutical market, Antibiotice ranks 11<sup>th</sup>, advancing one position as compared to the same period of the previous year, with a market share of 2.53%.

Through the diversity of the product portfolio, Antibiotice ranks, in quantitative terms, in the top 10 producers for the following therapeutic segments:

- anti-infectives (1<sup>st</sup> position);
- dermatological preparations (2<sup>nd</sup> position);
- digestive tract (7<sup>th</sup> position),
- central nervous system (10<sup>th</sup> position).

In the first half of 2012, on the domestic market, the company's business was focused toward the refinement to a higher level than in 2011 of the portfolio of drugs with a high share in the turnover.

- **Focus portfolio** (products with high share in turnover):

- Anti-infectives - 2 products
- Cardiovascular system - 7 products
- Central nervous system - 1 product
- Musculoskeletal system - 2 products;
- Dermatologicals - 1 product.

- **Promotion portfolio:**

- 
- Anti-infectives - 2 products;
- Cardiovascular system + Blood - 7 products;
- Musculoskeletal system - 2 products;
- Digestive tract - 2 products;
- Dermatologicals - 2 products;
- Central nervous system - 1 product.

### **Export growth by 33%**

Export turnover in the first half of 2012 was 33.4 million RON, up 33% as compared to 2011 when the turnover was 25 million RON.

Regarding the export of Nystatin the marketing strategy aimed both at developing the current markets and at approaching new markets, especially the regulated ones, offering higher prices. In these conditions new business partnerships started and the first amounts were delivered for our new partners from South America, Africa and Middle East.

The main new projects for Nystatin aim at authorizing the Antibiotice product by the first three end-users of this product in the U.S. market. Completion of these projects will

increase the amount delivered on this market to about 40,000 BOU. The U.S. market is the most attractive market in terms of price, which is double compared to prices on other markets. Also, at this moment there are projects underway for end users from Germany, France and Brazil which can generate a significant growth potential of the volumes exported. Antibiotice strategy for Nystatin in the medium term is to achieve an annual export volume of 400,000 BOU and become the world leader for this product.

The marketing strategy for finished products also aims to increasing the company's presence on the regulated markets. In these conditions, in the first half of 2012 a new partnership was negotiated for the US market for Ampicillin and Nafcillin. This partnership expects to be started in September 2012. At the same time, in the first semester of 2012 Antibiotice registered the first product on the Canadian market. The first delivery will take place in July. The contract for the Canadian market aims at developing more products, mainly ointments, capsules and tablets.

European Market is also a priority for Antibiotice. In 2011 the company negotiated and launched projects for accessing the European markets for the products for injection, capsules and tablets. In these conditions, we expect exports to EU markets to have the largest share in the export turnover in the medium term.

Besides the new projects initiated in 2012 Antibiotice continued the partnerships for registering the products on the markets of the Russian Federation and strengthened the partnerships on the traditional markets: CIS (Azerbaijan, Georgia, Armenia), Vietnam, Tunisia, etc..

### **Highly trained people - our most important capital**

The performance-oriented activity led to completing the structures with the necessary staff by:

- redistributing the surplus staff from certain structures to another ones with vacant jobs, according to the adapting skills to the specific requirements of these jobs;
- attracting and hiring **12 specialists** in areas such as: pharmaceutical development, evaluation of the medicinal product, regulatory affairs, pharmacovigilance, risk management, technical & production, marketing.

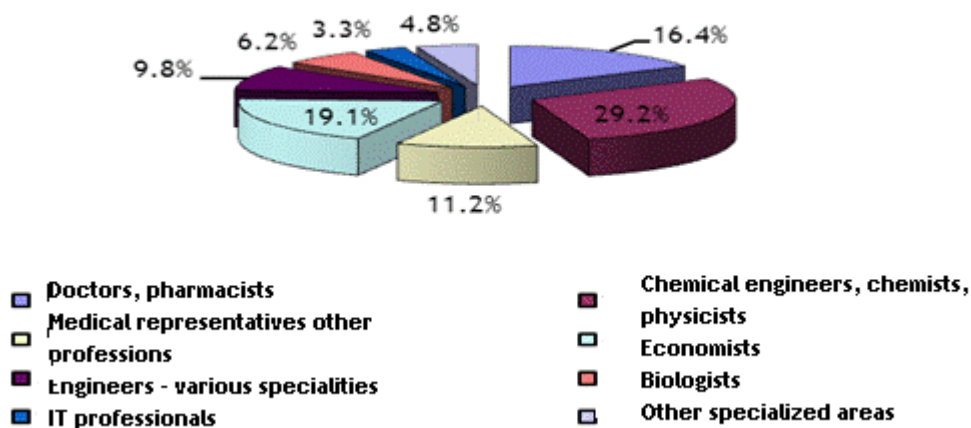
**Staff structure on 30.06.2012:**

*1433 employees, of which:*

- higher education staff - 518 employees (36.16% of total staff), higher by 1.16% as compared to 31.12.2011;
- secondary education staff = 915 employees (63.84% of total staff), down by 1.14% as compared to 31.12.2011.

Higher education staff breakdown:

Professions	Number	% of total higher education staff
doctors, pharmacists	85	16,4
medical representatives with other professions	58	11,2
chemical engineers, chemists, physicists	151	29,2
economists	99	19,1
engineers - various specialties	51	9,8
biologists	32	6,2
IT professionals	17	3,3
other specialized areas	25	4,8
<i>Total higher education staff</i>	<i>518</i>	



To obtain the professional performance - a prerequisite for increasing business competitiveness and quality, our concerns have resulted in career development projects for our staff, with training programs for each unit, according to the needs identified for each organizational structure and in close correlation with the Community legislative changes and domestic legislation in force.

1. Training sessions conducted by external lecturers in accordance with the "Annual Training Plan" for 2012.

2. Continuation of training process with external lecturers through the project "Summer School a+", the Third Edition - with the following objectives:

- Acquaintance of the graduates in pharmacy, chemistry, chemical engineering with the working environment, concepts and regulations of the pharmaceutical industry in order to attract specialists for the vacancies in the following areas: Pharmaceutical Development, Quality Assurance, Quality Control, Production
- Professional development of the managing staff - top managers, middle managers, line managers - and of the executive staff with higher and secondary education

### **Certified quality**

Maintaining under control the processes taking place within the company, in compliance with the applicable legal provisions and continuous improvement of the Integrated Management System (quality, environment, occupational health and safety) guarantee and lead to an increased confidence in the quality, safety and efficiency of Antibiotic products.

The results of inspections / audits conducted by the regulatory authority, certification bodies and customers during the first semester of 2012 come to support the above:

#### **1. Inspections/Audits**

1.1. In the period 05 - 07.06.2012 the National Agency for Medicines and Medical Devices together with Pharmaceutical Inspection Convention Scheme (PIC/S), conducted the tracking inspection at the Parenteral Preparations Plant, in the context of harmonizing, at the European level, the control techniques in the manufacturing of medicines. No critical non-conformities were noted, which means that the operating and import permit of the company, as well as the GMP authorization remain unchanged.

1.2. On the 9<sup>th</sup> and 10<sup>th</sup> of April, 2012 the auditor **SRAC CERTSERV** conducted the surveillance audit in order to check the compliance and maintaining of the conditions which led to the issuance of certificates of compliance with the valid product specifications. No non-conformities were identified, the auditor recommending maintaining the certifications. SRAC CERTSERV applied the annual visa on the current certifications.

#### **1.3. Audits conducted by suppliers/ potential contract suppliers (contract manufacturing)**

On May 28, an audit took place in order to qualify Antibiotic as a supplier of Nystatin - active substance for the company Fougere USA. The audit was conducted by a representative of Pharma Quality Consulting. . No non-conformities were identified.

The audit revealed the good knowledge of the staff on the manufacturing requirements, as well as the quality of the documentation.

### **3. Management of the trading company**

The executive team coordinates the company's strategic development, in close cooperation with the Management Board. Periodically, the two bodies review the results obtained in implementing the company's strategy. Thus, in the first half of 2012, the executive team informed the Management Board in five meetings on all significant aspects of the activity and its evolution in relation to the previous forecast, submitting reports of the meetings. These reports were reviewed by the Board members and based on them and other information they took decisions for improving the company's activities.



As a result of implementing GEO 109/2011 the structure of the Board was changed from 7 to 5 members, as follows: Valentin Radu - President, Ioan Nani - Vice President, Gheza Molnar - representative of the Ministry of Health, Gabriela Ilie - SIF representative, Nicolae Stoian - SIF representative

Antibiotice Iasi is represented by the Chief Executive Officer, who signs the employment documents to third parties and in court (according to the Article 17, Chapter V, The Statute of the trading company Antibiotice - S.A. Iasi). The Management Board keeps the attribution of representation of the company in relation with the executive directors appointed by the Board.

The executive management is provided by nine directors, one of which is the Chief Executive Director, who is also the Vice President of the Board and eight specialty directors.

The General Meeting of Shareholders is the highest decision-making body of the company, where our shareholders directly participate and make decisions. Among other duties, GMS decides on profit distribution, chooses the Management Board, appoints the auditors and determines the remuneration of the Board.

During the first semester 2012, the Management Board convened for April 26, an Ordinary and an Extraordinary General Meeting. All the necessary documents related to the smooth running of the General Meetings were published on time and according to law in force.

OGMS approved the company's financial results for 2011, results prepared in accordance with the Minister of Public Finances Order no. 1752/2005 for approval of the accounting regulations according with the European Directives and the Accounting Law no. 82/1991.

In the same meeting the following decisions were taken:

- Approval of net profit allocation for 2011 amounting to 20,298,909 RON, fixing of the gross dividend per share at 0.015191574, payment of dividends within 6 months after the general meeting according to the provisions of art.238 para 2 of the Law 297/2004 republished, in the event the next General Meeting will not decide to invest the dividends of 2011 through capitalization.
- Approval for discharging the managers from liability, for their activity performed in the financial year 2010, based on reports submitted.
- Approval for discharging the managers from liability, for their activity performed in the financial year 2011, based on reports submitted.
- Approval of Revenue and Expenditure Budget for 2012.
- Approval of the degree of achievement of objectives and performance criteria for the CEO.
- Approval of implementing GEO 109/ 2011 in the company.
- Approval of substituting the present Management Board with a new Management Board set up under the GEO 109/2011:
- Approval of the management plan, of the objectives and performance criteria for the Management Board.
- Fixing the remuneration of the Management Board's members.

- Approval of the empowerment of the Ministry of Health's representative to sign the contracts of mandate with the new administrators.

In EGMS the shareholders decided the following:

- Approval of the amendment of the Company Statute as a result of implementing GEO 109/2011.

The shareholding structure, corresponding to the number of shares and their holding is the following:

1. Ministry of Health - 301,141,886 shares - 53.0173%, amounting to 30,114,188.60 RON;
2. Other shareholders (natural persons and legal entities) - 266,865,214 shares - 46.9827% amounting to 26,686,521.40 RON

#### Antibiotice shares- ATB / REGULAR MARKET

	2010	2011	Sem. I 2012
<b>Number of shares</b>	477,656,681	568,007,100	568,007,100
<b>Market capitalization (thousand LEI) *</b>	296,147	221,523	193,122
<b>Market capitalization (thousand EUR) *</b>	69,116	51,282	43,404
<b>Market capitalization (thousand USD) *</b>	92,416	66,338	54,616
<b>Total value traded (million LEI)</b>	22	17	8
<b>No. shares traded</b>	35,107,724	33,430,079	18,866,645
<b>Opening price (LEI / share)</b>	0.6260	0.6200	0.3974
<b>Maximum price (LEI / share)</b>	0.7500	0.6420	0.4400
<b>Minimum Price (LEI / share)</b>	0.4640	0.3613	0.3350
<b>Price at end of period (RON / share)</b>	0.6200	0.3900	0.3540
<b>Average price (LEI / share)</b>	0.6277	0.5209	0.4067
<b>Gain / share (LEI / share) **</b>	0.0263	0.0357	0.0453
<b>Turnover per share (LEI / share)</b>	0.5356	0.4962	0.2617

\* Calculation based on share price on the last trading day of that period

\*\* Calculation of earnings per share is based on net profit of each period

"BDO Audit" Ltd. audited the financial statements for the first half of 2012, revised the compliance of the semestrial report with the financial statements and issued unqualified opinion.

#### Conclusions

##### Antibiotice in the first half of 2012

- ranked forth in the top of generics and OTC companies, with a 6.7% market share;
- export growth by 33%;

- increased its operating profit by 44%;
- continuously improves human capital on scientific principles.

**President of Management Board  
Ec. Valentin RADU**

**Chief Executive Officer  
Ec. Ioan NANI**

**Financial Director  
Ec. Paula COMAN**

Control amount: 56,800,710

Type of financial report: BS

*Check only if necessary*

Major contributors that submit their balances sheets to Bucharest

Semester Year: 2012

Entity: SC ANTIBIOTICE SA

County: Iași

City: IASI

Address: 1, Valea Lupului street, IAȘI

Telephone no.: 0232-209000

Trade register number: J22 285 1991

Unique registration number: 1973096

Form of property:

27- State-owned and private capital trading companies (state-owned capital >= 50%)

**Main business activity - CAEN code and name**

2110 Manufacturing of basic pharmaceutical products

**Financial statements concluded on 30.06.2012**

F10-The STATEMENT OF ASSETS, LIABILITES AND SHAREHOLDER'S EQUITY

F20-LOSS AND PROFIT ACCOUNT

F30-INFORMATIVE DATA

**Indicators**

**SHAREHOLER'S EQUITY:**

**301,835,974**

**PROFIT/LOSS:**

**25,751,562**

**ADMINISTRATOR,  
NANI IOAN**

**DRAWN-UP,  
COMAN PAULA LUMINIȚA**

Signature \_\_\_\_\_  
Company seal

Position

11-FINANCIAL DIRECTOR

Signature \_\_\_\_\_

Electronic signature

\_\_\_\_\_

Registration no.  
in professional body

# STATEMENT ON ASSETS, LIABILITIES AND EQUITY

on 30.06.2012

Form no.10

RON

ITEM	Row no.	Balance on:	
		01.01.2012	30.06.2012
A	B	1	2
<b>A. FIXED ASSETS</b>			
I. INTANGIBLE ASSETS (ct. 201 +203+205+207+208 +233+234-280-290-2933)	01	1,652,572	3,980,677
II. TANGIBLE ASSETS ( ct.211+212+213+223+224+231+232-281-291-2931)	02	173,690,051	166,471,767
III. FINANCIAL ASSETS (ct.261+ 263+265+267*-296*)	03	21,235	22.518
TOTAL INTANGIBLE ASSETS (rows 01+ 02+ 03)	04	175,363,858	170,474,962
<b>B. CURRENT ASSETS</b>			
I. STOCKS ( ct.301,321, 302,303,323+/308+328+331+332+341+345+346+/-348*+ 351+ 354+356+357+358+361+ 326+/-368+371+327+/-378+ 381+/388-391-392-393-394-395-397+-398+ 4091-4428)	05	41,932,333	52,434,834
II. RECEIVABLES (The amounts to be collected after more than one year shall be presented separately for each item) (267*+296*+4092+411+413+418+425+4282+431**+437**+4382+441**+ 4424+4428*+ 444**+445+446**+447**+ 4482+ 4582+ 461+ 473**-491-495-496+5187)	06	226,374,445	235,158,970
III. SHORT-TERM INVESTMENTS ( ct.501+505+506+508+5113+5114-591-595-596-598)	07		
IV. CASH AND BANK ACCOUNTS (ct.5112+512+531+532+541+542)	08	5,339,857	9,262,913
TOTAL CURRENT ASSETS (rows 05+06+07+ 08)	09	273,646,635	296,856,717
<b>C. PRE-PAYMENTS (ct. 471)</b>	10	302,678	166,129
<b>D. PAYABLES: AMOUNTS DUE AND PAYABLE WITHIN ONE YEAR</b> (161+162+166+167+168-169+269+ 401+403+404+405+408+419+421+423+424++424+426+427+ 4281+431***+437***+4381+441***+4423+4428***+444***+ 446***+447***+4481+455+456***+ 457+4581+462+473***+509+5186+5193+5194+5195+5196+5197)	11	142,227,224	150,631,763
<b>E. NET CURRENT ASSETS/NET CURRENT LIABILITIES</b> (rows 09+10-11- 19)	12	131,227,224	150,631,763
<b>F.TOTAL ASSETS MINUS CURRENT LIABILITIES</b> (rows 04+12)	13	306,591,082	321,106,725
<b>G. LIABILITIES: AMOUNTS DUE AND PAYABLE IN MORE THAN ONE YEAR</b> (ct.161+162+166+167+168+169+269+401+403+404+405_408+419+421+ 423+424+426+427+4281+431***+437***+4381+441***+4423+ 4428***+444***+446***+ 447***+4481+451+453***+ 455+456***+ 4581+ 462+ 473***+509+5186+519)	14		
<b>H. PROVISIONS</b>	15	14,594,637	14,594,637
<b>I. DEFERRED REVENUE (17+18+21) of which</b>	16	4,938,038	4,676,114
Subventions for investment (475)	17	4,938,038	4,676,114
Revenue registered in advance (ct.472) – total (r. 19+20) of which:	18		
- Amounts to be resumed within one year (ct.472*)	19		
- Amounts to be resumed in more than one year (ct.472*)	20		
Negative goodwill (ct. 2075)	21		
<b>J. CAPITAL AND RESERVES</b>			
<b>I. CAPITAL (r. 24+24+25), of which</b>	22	56,800,710	56,800,710
Paid-up subscribed capital (ct.1012) Control sum (r. 4909+414+ 12165) 10165	23	56,800,710	56,800,710
Paid-up unsubscribed capital (ct.1011)	24		
State-owned equity plus assets (ct.1015)	25		
<b>II. SHARE PREMIUMS (ct.104)</b>	26		

\*) Accounts to be distributed in accordance with the respective items

\*\*) Debit balances of the respective accounts

\*\*\*) Credit balances of the respective accounts

**Row 06** the amounts recorded on this row and taken from the accounts 267 represent the receivables related to the financial leasing contracts and other assimilated contracts, also other long-term receivables due within 12 months.

**ADMINISTRATOR,  
NANI IOAN**

**DRAWN-UP,  
COMAN PAULA LUMINIȚA**

Signature \_\_\_\_\_  
Company seal

Position

**11-FINANCIAL DIRECTOR**

Signature \_\_\_\_\_

VALIDATED FORM

Registration no. in  
professional body

<div style="text-align: right;">F20 - Page 1</div> <div style="text-align: center;"> <b>PROFIT AND LOSS ACCOUNT</b>  <b>on 30.06.2012</b> </div> <div> <b>Form no.20</b> <span style="float: right;"><b>RON</b></span> </div>			
Name of the financial indicators	Row no.	Financial year	
		01.01.2011 - 30.06.2011	01.01.2012 - 30.06.2012
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
1. Net turnover (row 02+03+04+05+06)	01	138,529,194	148,648,714
Sold production (ct. 701+702+703+704+705+706+708)	02	127,611,652	135,338,046
Revenue from sale of goods (ct. 707)	03	40,338,192	26,106,209
Commercial discount (ct. 709)	04	29,420,650	12,295,541
Revenue from interest reported by the entities radiated from the general Register which have leasing contracts in progress (ct. 766*)	05		
Revenue from operating subventions relative to the net turnover (ct. 7411)	06		
2. Revenue relative to the cost of current manufacturing (ct. 711+ 712)			
Balance C	07	12,941,822	12,391,848
Balance D	08		
3. Production for the company's own purposes which is capitalized (ct. 721+722)	09	151,711	1,777,305

4. Other operational income (ct. 758+7417+ 7815)	10	790,406	333,642
- of which, income from negative goodwill	11		
<b>TOTAL OPERATING INCOME</b> (rows 01+ 07- 08+ 09 +10)	12	<b>152,413,133</b>	<b>162,552,509</b>
5. a) Expenses with raw materials and consumables (ct. 601+ 602-7412)	13	<b>35,336,976</b>	<b>35,673,725</b>
Other material expenses (ct.603+604+606+608)	14	<b>321,685</b>	<b>227,670</b>
b) Other external expenses(water and energy (605-7413)	15	<b>4,463,467</b>	<b>6,684,923</b>
c) Expenses with merchandise (ct. 607)	16	<b>14,609,288</b>	<b>16,381,315</b>
Commercial discount granted (ct. 609)	17		
6. Expenses with personnel (rows 19+20) of which:	18	<b>33,904,791</b>	<b>33,528,657</b>
a) Salaries and indemnities (ct.641+642+643+644-7414)	19	<b>26,410,063</b>	<b>26,130,213</b>
b) Expenses with insurance and social protection (ct.645-7415)	20	<b>7,494,728</b>	<b>7,398,444</b>
7.a) Value adjustments regarding tangible and intangible assets(rows 22-23)	21	<b>8,411,135</b>	<b>10,344,485</b>
a.1) Expenses (ct.6811+ 6813)	22	<b>8,411,135</b>	<b>10,344,485</b>
a.2) Income (ct.7813)	23		
b) Value adjustments regarding current assets (r. 25-26)	24	<b>1,774,999</b>	<b>-6,049,976</b>
b.1) Expenses (ct. 654+ 6814)	25	<b>13,559,636</b>	<b>3,369,587</b>
b.2) Income (ct. 754 +7814)	26	<b>11,784,637</b>	<b>9,419,563</b>
8. Other operating expenses (rows 28 to 31)	27	<b>28,285,211</b>	<b>28,816,488</b>
8.1.Expenses relative to outsourcing (ct.611+612+613+614+621+622+623+624+625+ 626+627+628-7416)	28	<b>26,819,409</b>	<b>21,673,315</b>
8.2. Other taxes, charges and similar expenses (ct. 635)	29	<b>591,931</b>	<b>6,200,118</b>
8.3. Other expenses ( ct.652+658)	30	<b>873,871</b>	<b>943,055</b>
Expenses with refinancing interests reported by entities radiated from the general Register, which have leasing contracts in progress (ct. 666*)	31		
Adjustments regarding provisions ( rows 33-34)	32		
- Expenses (ct.6812)	33		
- Income (ct. 7812)	34		
<b>OPERATING EXPENSES - TOTAL</b> (rows 13 to 16 - 17 +18 + 21 + 24 + 27 + 32)	35	<b>127,107,552</b>	<b>36,495,222</b>
<b>OPERATING LOSS OR PROFIT:</b>			
-Profit (rows 12-35)	36	<b>25,305,581</b>	<b>36,495,222</b>

- Loss(r. 35-12)	37	0	0
9. Revenue from participating interests	38	624	0
- of which, income obtained from affiliated entities	39		
10. Revenue from investments and loans that are part of the fixed assets(ct.763)	40		
- of which, revenue from affiliated entities	41		
11. Revenue from interest rates (ct. 766*)	42	13,517	40,538
- of which, revenue from affiliated entities	43		
Other financial income(ct.762+764+765+767+768)	44	11,423,888	3,673,655
<b>FINANCIAL INCOME -TOTAL ( r.38+40+42+44)</b>	45	11,438,029	3,714,193
12. Adjustments relative to financial assets and investments held as current assets (r.47- 48)	46		
- Profit (ct.686)	47		
- Loss (ct. 786)	48		
13. Expenses related to interest (ct.666*-7418)	49	1,150,629	1,167,194
- of which, expenses related to affiliated entities	50		
Other financial expenditure (ct.663+664+665+667+668)	51	7,432,360	9,354,952
<b>FINANCIAL EXPENDITURE - TOTAL (rd. 46 + 49 + 51)</b>	52	8,582,989	10,522,146
<b>FINANCIAL PROFIT OR LOSS</b>			
- Profit (45- 52)	53	2,855,040	0
- Loss (52-45)	54	0	6,807,953
14. CURRENT PROFIT OR LOSS			
- Profit (r.12+ 45-35-52)	55	28,160,621	29,687,629
- Loss (r. 35+ 52- 12-45)	56	0	0
15. Extraordinary revenue (ct. 771)	57		
16. Extraordinary expenses (ct. 671)	58		
17. PROFIT OR LOSS RELATIVE TO EXTRAORDINARY ACTIVITY:			
- Profit (r.57- 58)	59	0	0
- Loss (r.58-57)	60	0	0
TOTAL REVENUE (r.12+45+57)	61	163,851,162	166,266,702
TOTAL EXPENSES (r.35+ 52+58)	62	135,690,541	136,579,433
GROSS PROFIT OR LOSS:			



- Profit (r.61- 62)	63	18,472,270	26,415,125
- Loss (r.62-61)	64	0	0
18. Income tax(ct.691)	65	5,017,873	3,935,707
19. Other taxes not mentioned above (ct. 698)	66		
20. NET PROFIT OR LOSS OF THE FINANCIAL YEAR:			
- Profit (r.63- 64-65-66)	67	23,142,748	25,751,562
- Loss (r.64+65+66-63)	68	0	0

Control amount F20: 2605205460/ 9216510165

\*) Accounts to be distributed according to the nature of the elements.

R.19 This one includes the rights of collaborators, established according to labor legislation, which are taken from the debit of account 621"Expenses with collaborators", analytical "Collaborators natural persons".

**ADMINISTRATOR,  
NANI IOAN**

**DRAWN-UP,  
COMAN PAULA LUMINIȚA**

Signature \_\_\_\_\_  
Company seal

Position  
11- FINANCIAL DIRECTOR

Signature\_\_\_\_\_

VALIDATED FORM

Registration no. in  
professional body

F30 - Page 1				
INFORMATIVE DATA on 30.06.2012				
Form no.30		RON		
I. Data concerning the result reported	Row no.	No. of units		Amounts
A	B	1		2
Units reporting profit	01	1		25,751,562
Units reporting loss	02	0		0
II. Data concerning outstanding payments	Row no.	Total, of which	For current activity	For the investment activity
A	B	1=2+3	2	3
Outstanding payments (r.04+ 08+ 14 to 18+22), of which:	03	7,558,319	7,465,960	92,359
Outstanding suppliers- total (r.05 to 07),of which:	04	7,558,319	7,465,960	92,359
- over 30 days	05	6,273,834	6,187,557	86,227

- over 90 days	06	1,284,485	1,287,403	6,082
-over 1 year	07			
Liabilities owed to the social insurance budget -total (r. 09 to 13)	08			
- Contributions to state social insurance owed by employers, employees and assimilated persons	09			
-Contributions to health social insurance fund	10			
- Contribution to private pensions	11			
- Contributions to the budget of insurance against unemployment	12			
- Other social liabilities	13			
Liabilities owed to special fund budgets and other funds	14			
Liabilities owed to other creditors	15			
Overdue taxes to the state budget	16			
Overdue taxes to the local budget	17			
Overdue bank loans- total (r. 19 to 21), of which:	18			
- outstanding after 30 days	19			
- outstanding after 90 days	20			
- outstanding after 1 year	21			
Outstanding interest	22			
III. Average no. of employees	Row no.	30.06.2011		30.06.2012
A	B	1		2
Average number of employees	23	1,455		1,436
Effective number of existing employees at the end of the period, respectively 30 June	24	1,457		1,44
IV. Payments of interest, dividends and royalties	Row no.	Amounts (RON)		
A	B	1		
Gross income from interest paid by Romanian legal persons to non-resident natural persons, of which:	25			
-taxes owed to state budget	26			
Gross income from interest paid by the Romanian legal persons to natural persons non-EU residents, of which:	27			
-taxes owed to state budget	28			
Gross revenue from interest paid by Romanian legal persons to affiliated*)legal persons, non-residents, of which:	29			
- taxes owed to the state budget	30			

Gross revenue from interest paid by Romanian legal persons to affiliated*) legal persons, non- EU residents, of which:	31		
- taxes owed to the state budget	32		
Gross revenue from dividends paid by Romanian legal persons to non-residents, of which:	33		
- taxes owed to the state budget	34		
Gross revenue from dividends paid by Romanian legal persons to affiliated*) legal persons, of which:	35		
- taxes owed to the state budget	36		
Revenue from royalties paid by Romanian legal persons to affiliated*) legal persons non- EU residents, of which:	37		
- taxes owed to the state budget	38		
Royalties paid during the fiscal year for the goods in the public domain, handed in concession, of which:	39		
- royalties paid for goods in the public domain paid to the state budget	40		
Mining royalty paid	41		
Subsidies collected during the financial year, of which:	42		
- subsidies collected during the financial year relative to the assets	43		
- subsidies relative to the revenue	44		
Due receivables, which haven't been collected on the terms stipulated in the trade contracts or legislative acts in force, of which:	45		
- receivables from entities in the main industry or entirely state-owned	46		
- receivables from entities in the private sector	47		
<b>V. Food vouchers</b>	<b>Row no.</b>	<b>Amounts (RON)</b>	
<b>A</b>	<b>B</b>	<b>1</b>	
Equivalent value of the food vouchers given to the employees	48	1,468,089	
<b>VI. Expenses for the research and development activity **)</b>	<b>Row no.</b>	<b>30.06.2011</b>	<b>30.06.2012</b>
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
Research-development expenses, of which:	49		
- from public funds	50		
- from private funds	51		
<b>VII. Innovation expenses ***)</b>	<b>Row no.</b>	<b>30.06.2011</b>	<b>30.06.2012</b>
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>

Innovation expenses- total (r.53 to 55), of which	52		
- innovation expenses completed during the period	53		
- innovation expenses about to be completed during the period	54		
- innovation expenses abandoned during the period	55		
<b>VIII. Other information</b>	<b>Row no.</b>	<b>30.06.2011</b>	<b>30.06.2012</b>
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
Advances for intangible assets (ct.234)	56		
Advances for tangible assets (ct.232)	57		
Financial assets, in lump sums, of which:	58	<b>21,252</b>	<b>22,518</b>
Shares owned by affiliated entities, participating interests, shares held as capital assets and bonds, in lump sums (r.60 to 64), of which:	59	<b>140</b>	<b>140</b>
- quoted shares issued by residents	60		
- unquoted shares issued by residents	61	<b>140</b>	<b>140</b>
- shares issued by residents	62		
- bonds issued by residents	63		
- shares issued by undertakings for collective investment issued by residents	64		
- shares and equity interests issued by non-residents	65		
- bonds issued by non-residents	66		
Long-term receivables, in lump sums (r. 68+69), of which:	67	<b>21, 112</b>	<b>22,378</b>
- long-term receivables in lei and expressed in lei, whose settlement depends on the exchange rate of a foreign currency (ct. 267)	68	<b>21, 112</b>	<b>22,378</b>
- long-term receivables in foreign currency (ct. 267)	69		
Long-term receivables, advances to external suppliers and other assimilated accounts, in lump sums (ct.4092+411+413+418) of which:	70	<b>235,948,701</b>	<b>263,610,084</b>
External long-term receivables, advances to external suppliers and other assimilated accounts in lump sums (ct.4092+ 411+ 413+ 418 )	71	<b>13,837,197</b>	<b>19,170,155</b>
Overdue long-term receivables (ct.4092+ ct. 411+ ct. 413+ 418)	72		
Receivables related to staff and assimilated accounts (ct.425+4282)	73	<b>40,676</b>	<b>30,902</b>
Receivables rel. to social insurance budget and state budget (ct. 431 + 437 +4382+ 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (r.75 to 79), of which:	74	<b>2,946,049</b>	<b>882,402</b>
-receivables related to social insurance budget (ct.	75		

431+437+4382)			
-financial receivables rel. to state budget ( ct. 441+4424+4428+444+446)	76	2,946,049	882,402
- subsidies to collect (ct.445)	77		
- special funds - taxes, charges and similar expenses (ct.447)	78		
- other receivables rel. to state budget(ct. 4482)	79	0	2,636
Company's receivables in relation to affiliated entities (ct.451)	80		
Overdue receivables rel. to social insurance budget and state budget (ct. 431 + 437 +4382+ 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482	81		
Other receivables( ct.453+456+4582+461+471+473) (r.83+84) of which:	82	427,555	366,709
- Settlements regarding participating interests, settlements with shareholders/associates re. capital, settlements from joint-operations( ct.453+456+4582)	83		
- other receivables related to natural an legal persons other than receivables connected to public institutions (ct.461+471+473)	84	427,555	366,709
Interest to collect (ct.5187), of which:	85		
- from non-residents	86		
Short-term investment, lump sums 501+505+506+508), of which:	87		
- quoted shares issued by residents	88		
- unquoted shares issued by residents	89		
- shares issued by residents	90		
- bonds issued by residents	91		
- shares issued by resident undertakings for collective investment	92		
- shares issued by non-residents	93		
- bonds issued by non-residents	94		
Other values to collect (ct.5113+ 5114)	95		
Cash in lei and foreign currency (cr.97+98)	96	42,593	27,743
- in lei( ct.5311)	97	42,593	27,743
- in foreign currency (ct.5314)	98		
Current accounts at banks in lei and in foreign currency (r. 100+102), of which:	99	1,822,784	9,235,170
- in lei( ct.5121), of which	100	1,285,482	9,045,276
- current accounts opened at non-resident banks	101		
- in foreign currency (ct.5214), of which	102	537,302	189,894

- current accounts opened at non-resident banks	103		
Other current banks accounts and letters of credit (r.105+106), of which:	104		
- amounts in course of settlement, letters of credit and other values to cash, in lei (5112+ 5125+5411)	105		
- amounts in course of settlement and letters of credit in foreign currency (5125+5412)	106		
Debt(r.108+111+114+117+120+123+126+129+132+135+138+139+143+145+146+151+153+158), of which:	107	<b>122,036,073</b>	<b>146.391.082</b>
Loans from issue of bonds, in lump sums(ct.161)(r.109+110, of which:	108		
-in lei	109		
-in foreign currency	110		
Interest related to issue of bonds, in lump sums (ct.1681) (r.112+113), of which:	111		
- in lei	112		
- in foreign currency	113		
Domestic short-term bank loans (ct.5191+ 5192+5197), (r.115+116), of which:	114	<b>75.405,648</b>	<b>84,682,202</b>
- in lei	115	<b>7,741,568</b>	<b>84,682,202</b>
- in foreign currency	116	<b>67,664,080</b>	<b>78,302,037</b>
Interest related to domestic short-term bank loans (ct.5198)+ (r.118+119), of which:	117		
- in lei	118		
- in foreign currency	119		
External short-term bank loans (ct.5193+ 5194+5195), (r.121+122) of which	120		
- in lei	121		
- in foreign currency	122		
Interest related to external short-term bank loans (5198) (r. 124+ 125) of which:	123		
- in lei	124		
- in foreign currency	125		
Long-term bank loans (ct. 1621+ 1622+ 1627), (r. 127+128) of which	126		
- in lei	127		
- in foreign currency	128		
Interest related to external long-term bank loans (ct.1682) (r. 130+131) of which:	129		
- in lei	130		
- in foreign currency	131		

Long-term bank loans (ct. 1623+ 1624+ 1625), ( r.133+134 ), of which:	132		
- in lei	133		
- in foreign currency	134		
Interest related to external long-term bank loans (ct.1682) (r. 136+137) of which:	135		
- in lei	136		
- in foreign currency	137		
Credits from state treasury ( 1626+1682)	138		
Other loans and related interest (ct.166+167+1685+1686+1687) (r.140+141), of which:	139		
- in lei and expressed in lei, whose settlement is made according to the exchange rate	140		
- in foreign currency	141		
Value of concessions received	142		
Trade debts, advances from clients and other accounts assimilated, in lump sums (ct.401+403+404+405+408+419) of which :	143	38,253,042	43,450,937
-external commercial debt, advances from external clients and other assimilated accounts in lump sums(ct. 401+ct. 403+ 404, 405+408+419)	144	21,481,899	28,865,062
Debt related to personnel and other assimilated accounts (ct.421+423+424+426+427+4281)	145	1,296,438	1,334,920
Debt related to social insurance and state budgets(+431+437+4381+441+4423+4428+444+446+447+4481), (r.147+ r.150), of which	146	4,149,434	5,189,843
- debt related to social insurance budget (ct.431+437+ 4381)	147	1,678,148	1,755,863
- debt related to state budget (ct.441+4423+4428+444+446)	148	2,426,624	2,033,980
- special funds- taxes and other duties, taxes and similar levies (ct.447)	149	44,662	1,400,000
- other debt related to state budget (ct.4481)	150		
Company debt in relation to affiliated entities (ct.451)	151		
Amounts owed to shareholders/associates (ct.455)	152		
Other debt (ct.453+456+457+4581+462+472+473+269+509), (r.154 to 157), of which:	153	2,931,511	11,708,506
- settlements regarding participating interests, settlements with shareholders/associates regarding capital, settlements from participation operations (ct. 453+456+ 457+4581)	154	1,941,982	10,549,635
- other debt related to natural and legal persons other than debt related to public institutions (state institutions) 1)	155	989,529	1,158,871

(ct. 462+ 472+ 473)			
- subventions not resumed as revenue ( ct.472)	156		
- payments for financial assets and short-term investments ( 269+509)	157		
Interest to pay (ct.5186)	158	0	24,674
Subscribed and paid-up capital (ct.1012), of which:	159	56,800,710	56,800,710
- quoted shares 2)	160	56,800,710	56,800,710
- unquoted shares 3)	161		
- social parts	162		
- subscribed and paid-up capital by non-residents( ct.1012)	163		
Subscribed and paid-up capital (ct.1012),( r. 165+168+169+170+171) of which:	164		
- owned by public institutions	165		
-public institutions of central subordination 4)	166		
- public institutions of local subordination 5)	167		
- held by trading companies with state-owned capital	168		
- held by trading companies with private capital	169		
- held by natural persons	170		
- held by legal persons	171		
Patents and licenses (ct. 205)	172	3,850,792	4933,430
<b>IX. Information regarding expenses with collaborators</b>			
Expenses with collaborators (621)	173	8,814	47,336
<b>X. Information on assets from the public state domain</b>			
The value of assets in the public state domain under administration	174		
The value of assets in the public state domain under concession	175		
The value of rental assets in the public state domain	176		

Control amount F 30: 1642163281/9216510165

\*) For the status of "affiliated legal persons" the provisions of art. 7 paragraph (1), p. 21 from Law nr.571/2003 are taken into consideration, regarding the Tax Code, with further changes and additions.

\*\*) *It will be filled out with the expenses made for the research & development activity, respectively fundamental research, applicative research, technological development and innovation, set according to GD no. 57/2002, regarding scientific research and technological development, with further changes.*

\*\*\*) Innovation expenses are determined according to EC Regulations 1450/2004 of the Commission from 13.08.2004 for enforcing Decision no.1608/2003/EC of European Parliament and the Council regarding production and development of community statistics relative to innovation, published in the Official Journal of the European Union series L no. 267/14.08.2004

- 1) Under the category "Other expenses in connection with natural and legal persons, others than debt related to public (state) institutions" there won't be registered the subsidies relative to revenue existing in the balance of account 472.
- 2) Securities granting property rights on companies, which are not negotiable or traded, according to the law.
- 3) Securities granting property rights on companies, which are not traded.



**ADMINISTRATOR,**  
**NANI IOAN**  
 Signature \_\_\_\_\_  
 Company seal

**DRAWN-UP,**  
**COMAN PAULA LUMINIȚA**  
 Position

11-FINANCIAL DIRECTOR

Signature \_\_\_\_\_

VALIDATED FORM

Registration no. in  
 professional body

**Antibiotice Iași**  
**STATEMENT OF TREASURY CASH FLOWS as of 30.06.2012**  
 (amounts are expressed in RON, if not specified otherwise)

<b>I. OPERATING CASH FLOW</b>	<b>Semester I</b>	<b>Semester II</b>
Cash receipts from sales of goods and provision of services	138,212,730	90,172,263
Cash receipts from royalties, fees, commissions and other types of income	2,859,227	9,048,095
Cash payments to suppliers of goods and services	177,951,484	158,997,991
Cash payments to and on behalf of the employees and personnel-related payments	40,390,601	32,997,952
VAT paid	334,027	
Other taxes, fees and similar levies	7,898,452	493,180
Operating cash flow	14,497,392	6,970,235
Interest earned	40,539	13,517
Interest paid	1,142,520	1,149,520
Profit tax paid	3,588,628	4,329,027
Net operating cash flow	9,806,783	1,504,974
<b>II. INVESTMENT CASH FLOW</b>		
Cash proceeds and payments from other investment activities		
Cash payments for purchasing land and fixed assets, intangible assets and other long-term assets.	5,347,405	11,546,214
Interest earned	1,283	169
Dividends earned		624
Net investment cash flows	5,348,689	11,545,420
<b>III. FINANCING CASH FLOW</b>		
Proceeds from long-term loans/repayments		6,104,044
Proceeds from short-term loans/repayments	529,727	2,637,302
Payments for financial leasing operations		39,785
Dividends paid	5,132	519,117
Effects of exchange rate variation related to cash and cash equivalents		
Cash flows - TOTAL	3,923,055	1,858,002

Cash and cash equivalents at the beginning of the period	<b>5,339,857</b>	<b>3,723,380</b>
Cash and cash equivalents at the end of the period	<b>9,262,913</b>	<b>1,865,378</b>

**CHIEF EXECUTIVE OFFICER,**  
ec. Ioan NANI

**FINANCIAL DIRECTOR**  
ec. Paula COMAN

**ANTBIOTICE IASI**  
**STATEMENT OF MODIFYING THE SHAREHOLDER'S EQUITY ON 30.06.2012**  
(amounts are expressed in RON, if not specified otherwise)

Element of equity	Balance on 1.01.2011	Increases		Cut-downs		Balance on 30.06.2011
		Total, of which	by transfer	Total, of which	by transfer	
Subscribed capital	47,765,668	9,035,042	-	-	-	56,800,710
Revaluation reserves	103,382,910	-	-	24,055	-	103,358,855
Legal reserves	10,021,560	-	-	-	-	10,021,560
Other reserves	89,341,613	2,558,943	-	-	-	91,900,556
Reported result (ct.1171)						
Undistributed profit						
Reported result representing surplus obtained from revaluation reserves (ct. 1065)	506,713	24,055	-	-	-	530,768
Result obtained after correcting accounting errors (1174 )	-21,506	-24,117	-	-51,009	-	5,386
Profit or loss of the accounting period (121) Sd C	12,539,100	23,142,748	-	12,539,100	-	23,142,748
Profit distribution (ct.129)	-923,614	-		-923,614		
<b>Total</b>	<b>262,612,444</b>	<b>34,736,671</b>		<b>11,588,533</b>		<b>285,760,582</b>

**CHIEF EXECUTIVE OFFICER,**  
ec. Ioan NANI

**FINANCIAL DIRECTOR,**  
ec. Paula COMAN

**ANTBIOTICE IASI**  
**STATEMENT OF MODIFYING THE SHAREHOLDER'S EQUITY ON 30.06.2012**  
(amounts are expressed in RON, if not specified otherwise)

Element of equity	Balance on 1.01.2012	Increases		Cut-downs		Balance on 30.06.2012
		Total, of which	by transfer	Total, of which	by transfer	
Subscribed capital	56,800,710				-	56,800,710
Revaluation reserves	108,124,295			103,655	-	108,020,640
Legal reserves	11,341,443					11,341,443
Other reserves	91,900,955	9,706,976				101,607,532
Reported result (ct.1171)						
Undistributed profit						
Reported result representing surplus obtained from revaluation reserves (ct. 1065)	555,505	103,655				659,160
Result obtained after correcting accounting errors (1174 )	-643,127	-2,349,949		-648,004		-2,354,826
Profit or loss of the accounting period (121)Sd C	20,298,909	24,431,678		18,979,025		25,751,562
Profit distribution (ct.129)	-1,319,883			-1,319,883		
<b>Total</b>	<b>287,058,407</b>	<b>31,892,360</b>		<b>17,114,793</b>		<b>301,835,974</b>

**CHIEF EXECUTIVE OFFICER,**  
ec. Ioan NANI

**FINANCIAL DIRECTOR,**  
ec. Paula COMAN

**ANTIBIOTICE Iasi**  
**NOTES to FINANCIAL STATEMENTS on 30.06.2012**  
(the amounts are expressed in RON, if not otherwise specified)

Elements		Gross value			Depreciations				Net values	
relative to assets	Initial balance	Increases	Decreases	Final balance	Initial balance	Increases	Decreases	Balance	Initial balance	Final balance
	01.01.2012			30.06.2012	01.01.2012			30.06.2012	balance	balance
0	1	2	3	4 (1+2-3)	5	6	7	8 (5+6-7)	9(1-5)	10(4-8)
Other non-tangible assets	3,935,478	997,952		4,933,430	2,73,425	377,725		3,113,150	1,200,053	1,820,280
Advance for intangible assets	452,519	2,705,830	997,952	2,160,397					452,519	2,160,397
<b>TOTAL INTANGIBLE ASSETS</b>	<b>4,387,447</b>	<b>3,703,782</b>	<b>997,952</b>	<b>7,093,827</b>	<b>2,735,425</b>	<b>377,725</b>		<b>3,113,150</b>	<b>1,652,572</b>	<b>3,980,677</b>
Lands	73,508,615			73,508,615					73,508,615	73,508,615
Buildings	70,874,791	3,743,077	90,343	74,527,525	1,091,282	4,257,317	81,175	5,267,424	69,783,509	69,260,101
Machinery, equipment and installations, control machines, mean of transport	119,471,379	1,525,730	756,087	120,245,022	93,212,060	5,541,739	733,361	98,020,438	26,259,319	22,254,584
Furniture, office support and other tangible assets	4,565,291	78,776	34,517	4,609,550	3,708,145	167,705	34,517	3,841,33	857,146	768,217
Advance payments and pending tangible assets	3,749,920	3,329,142	5,900,353	1,178,709					3,749,920	1,178,709
<b>TOTAL TANGIBLE ASSETS</b>	<b>272,169,997</b>	<b>8,680,725</b>	<b>6,781,300</b>	<b>274,069,422</b>	<b>98,011,488</b>	<b>9,966,761</b>	<b>849,053</b>	<b>107,129,196</b>	<b>174,158,508</b>	<b>166,940,225</b>
Partially fixed assets	140			140					140	140
Fixed receivables	21,095	36,530	35,247	22,378					21,095	22,378
<b>TOTAL FINANCIAL ASSETS</b>	<b>21,235</b>	<b>36,530</b>	<b>35,247</b>	<b>22,518</b>					<b>21,235</b>	<b>22,518</b>
Provisions for depreciations					<b>468,458</b>			<b>468,458</b>	<b>-468,458</b>	<b>-468,458</b>
<b>TOTAL FIXED ASSETS</b>	<b>276,579,229</b>	<b>12,424,037</b>	<b>7,814,499</b>	<b>281,185,767</b>	<b>101,25,372</b>	<b>10,344,486</b>	<b>849,053</b>	<b>110,710,805</b>	<b>175,363,857</b>	<b>101,474,962</b>

## NOTE 2. PROVISIONS FOR RISKS AND EXPENSES

-RON-

Name Provision	Balance on 01-01-2012	Transfers*)		Balance 30-06-2012
		into the account	from the account	
0	1	2	3	4=1+2-3
Provision for risks and expenses	2,090,000	-	-	2,090,000
Provisions for delayed taxes	12,504,637	-	-	12,504,637
TOTAL	14,594,637	-	-	14,594,637

NOTE 3. Not applicable

## NOTE 4. ANALYSIS OF THE OPERATING PROFIT

-RON-

No.	Indicator	SEMESTER I 2012	SEMESTER I 2011
1	Net turnover	148,648,714	138,529,194
2	Costs of sold goods and services provided (3+4+5)	65,437,319	59,798,655
3	Expenses with the main activity	43,959,319	43,070,075
4	Expenses with auxiliary activities	8,036,609	5,999,098
5	Indirect production expenses	13,441,361	10,729,482
6	Gross result related to net turnover (1-2)	83,211,425	78,730,539
7	Sales costs	27,065,576	24,522,939
8	General administration expenses	21,070,012	27,426,777
9	Other operating expenses	-1,419,385	-1,475,242
10	Operating profit (6-7-8+9)	36,495,222	25,305,581

## NOTE 5. THE SITUATION OF RECEIVABLES AND PAYABLES

RECEIVABLES 2011	BALANCE AT 31.12.2011 (COL 2+3)	LIQUIDITY TERM	
		UNDER 1 YEAR	OVER 1 YEAR
0	1	2	3
TOTAL LEI , OF WHICH:	226,374,445	226,374,445	-

RECEIVABLES	BALANCE AT 30.06.2012 (COL 2+3)	LIQUIDITY TERM	
		UNDER 1 YR	OVER 1 YR
0	1	2	3

TOTAL LEI , OF WHICH:	235,158,970	235,158,970	-
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Within the total receivables the largest share is held by financial receivables, 99.5%, accounting for delivery of pharmaceutical products from our company's portfolio.

The company's business activity has been conducted both on the domestic, as well as international market. In this way, in the structure of financial receivables as of June 30, 2012 we registered the following amounts to collect from our clients:

-RON-

	<i>June 30, 2012</i>	<i>31.12.11</i>
Internal clients	197,060,335	195,162,056
Uncertain clients	14,089,189	14,091,189
External clients	18,961,840	18,547,703
Effects to collect	33,621,587	33,157,820
Adjustment for depreciation of receivables	-29,571,384	-35,347,874
Other receivables	997,403	763,551
Total	235,158,970	226,374,445

The average time for collecting receivables is 300 days, and the average duration for collecting receivables on the internal market is 368 days, the payments being generally delayed, because of the insufficient funds allotted in the healthcare system. The "*uncertain clients*" category includes the clients who failed to honor the debts, in case of whom Antibiotice has filed lawsuits, while previously taking steps for the recovery of debts. For a part of these clients final court decisions were issued, and for the others the lawsuits are in progress. For all clients in this category provisions for the depreciation of receivables were created.

DEBTS 2011	Balance on 31.12.2011 (COL 2+3)	Maturity date	
		2009	
		under 1 yr	over 1 yr
0	1	2	3
Total lei, out of which:	142,722,089	142,722,089	0

DEBTS 2012	Balance on 31.12.2012 (COL 2+3)	Maturity date	
		under 1 yr	over 1 yr
0	1	2	3
Total lei, out of which:	146,391,083	146,391,083	

The company's debt on June 30, 2012 was as follows:

-RON-

	30.06.2011	31.12.2011
Financial debts	84,682,202	82,416,576

Commercial debts	43,450,937	48,780,932
Debts related to personnel and social insurance	6,524,763	3,960,041
Debts related to the income tax	1,427,956	1,080,877
Other debts	10,305,225	6,483,663
<b>Total</b>	<b>146,391,083</b>	<b>142,722,089</b>

On 30.06.2012, Antibiotice had loan agreements with the following banks:

Name	Date of contracting the loan	Loan type	Credit value	Amount to be paid back on 30.06.2012	Balance	Warranties
ALPHA BANK Iasi	18.04. 2005	Multi-option credit facility	8,000,000 RON	6,380,165 RON	31.05.2013	Assignment of receivables
ALPHA BANK Iasi	18.04. 05	Credit facility	100,.000 EUR	0	31.05.2013	
<b>Total Alpha Bank Iasi</b>		<b>Credit facility</b>	<b>1,897,995 EUR</b>	<b>1,433,938 EUR</b>		
RBS BANK	17.07.06	Credit facility	11,000,000 EUR	10,157,368 EUR	31.07.2012	Mortgage buildings + land
<b>Total RBS BANK</b>			<b>11,000,000 EUR</b>	<b>10,157,368 EUR</b>		
ING BANK	22.05.2012	Credit facility	9,500,000 EUR	7,440,968 EUR	22.05.2013	Transfer of receivables + mortgage buildings +land
<b>Total ING BANK</b>			<b>9,500,000 EUR</b>	<b>7,440,968 EUR</b>		
<b>TOTAL</b>			<b>22.397.995 EUR</b>	<b>19.032.274 EUR</b>		

Currency exchange EUR =4.4494

Currency exchange USD= 3.5360

\*The date of concluding the loan agreement is the date when the initial credit contract was concluded, which was extended by an addendum.

The euro equivalent of the assets mortgaged with respect to the credit contracts/loans concluded with ING BANK and RBS BANK - that are on balance on 30.06.2012 - is set when the credit is approved in the evaluation report conducted by an independent assessor.

For credits contracted with banks on 30.06.2012 amounting to 22,397,995 EUR, the company submitted as mortgage the following assets: buildings and land from the patrimony with a total value of 8.010.100 EUR. Also, for the loans contracted, the company has transferred to certain banks the right to claim relative to certain trade

contracts, as well as the creation of a security interest in real estate on the balance due relative to the accounts in lei and in the foreign currency.

The pledges submitted to banks, on 30.06.2012, are as follows:

No.	Name of the building, the fixed asset, stock	Register no.	U/M	Value of the buildings, fixed asset, stock (evaluated), which constitute the guarantee ( EUR)	Guarantees - mortgage ( euro )	No. and date of the contract	Obs.
0	1	2	3	4	5	6	7
1.	" Conditioning" Building C60,C61	10082	EUR	1,143,300	914,640	C1575 /21.09.2011	RBS
2.	Quality Control Building	10042	EUR	725,500	580,400	-	RBS
3.	Substation PT6 (Building in Electric Dept.)	10074					RBS
4.	Raw materials warehouse, 2 storey building with 2 elevators	10075	EUR	21,600	17,280		RBS
5.	Building for station /plant 0,4 KV PT6	10076					RBS
6.	Tablet manufacturing plant	10077	EUR	1,481,600	1,185,280		RBS
7.	Finished product warehouse	10065	EUR	387,835	310,268		RBS
8.	Recirculated water tank	1008502	EUR				ING BANK
9.	" Main Administrative " building C66	1004501	EUR	2,053,300	1,642,640	Ctr. no.12239 /22.05.2012	ING BANK
10.	Building for Research & Development	10043	EUR	1,038,000	830,400	-	ING BANK
11.	Bioreactor building -research	25381	EUR				ING BANK
12.	Mortgage on land RBS+ING		EUR	1,158,965	927,172		
	<b>TOTAL MORTGAGES in EURO</b>			<b>8,010,100</b>	<b>6,408,080</b>		

## NOTE 6. PRINCIPLES, POLICIES AND ACCOUNTANT METHODS

The purpose of Antibiotice's financial statements is that of providing information on the financial position, the performances and changes in the company's financial position which are useful to a large range of users in view of taking economic decisions. Antibiotice's financial position is influenced by the economic resources it controls, by its economic structure, its liquidity and solvency as well as its capacity to adapt to the changes in its current field of activity namely the pharmaceutical industry. In order to reach these objectives, the financial situations are drawn-up according to the commitment-based accounting, i.e. the effects of transactions and other events are acknowledged when the transactions are made, and are recorded in the accountant records and reported in the financial situations of the respective periods.

By respecting the legal frame created by Law 82/1991 and by Order of the Finance Minister no. 3055/2009, the accounting practice at Antibiotice is done in a double-party way, thus ensuring:



- The chronological and systematic recording in the accountant books all operations related to the company's assets, depending on their nature, simultaneously, in debit of certain accounts and the credit of others;
- Recording/ knowing the total debtor and creditor amounts, as well as the final balance of each account;
- The monthly drawing up and recording of the checking balance, that reflects the equality between the total debtor and creditor amounts and the total debtor and creditor balances of the accounts;
- Presenting the situation on the company's assets and the results/profit obtained, respectively the assets and liabilities balance, as well as that of the revenues, expenses and benefits or losses, in the loss and profit account.

a) In order to give a real view of the company's assets, the financial situation and the results obtained the company's management respects the rules concerning the assets evaluation as well as the other rules, norms and accountant principles.

▪ **Principle of cautiousness**

On 30.06.2012 Antibiotice has recorded adjustments for the depreciation of tangible assets, adjustments for the depreciation of raw materials and materials stocks, adjustments for uncertain clients and provisions for risks and expenses, accounting for the participation of employees to the profit of 2011, as well as provision for the deferred tax calculated for the amount of differences after revaluation on balance on 31.12.2009, revaluations conducted after 1.01.2004

▪ **Principle of method permanence**

In order to ensure the comparability in time of the accounting information, within the company were maintained the same rules and regulations, the same norms of evaluation and recording in accountant logs, in the presentation of the corporate assets or results.

▪ **Principle of ongoing activity**

The entire manufacturing of pharmaceutical products during the 56 years of activity is reflected in the financial reports in line with the current regulations in force. In the following period there are no elements that would affect the company's ability to continue its activity

▪ **Principle of independent exercise**

Each year Antibiotice prepares the financial reports that record the expenses and revenues with respect to the fiscal year in course, while those belonging to other fiscal years are reflected in distinct accounts, namely 471 "Pre-payments", 472 "Deferred revenue".

**The principle of separate evaluation of the assets and liabilities**

According to this principle, the elements belonging to the assets or payables (debts) are separately evaluated.

▪ **The principle of intangibility of the initial balance**

At the start of the accounting period the initial balances are equal to the final balances from the previous fiscal year.

▪ **The principle of lack of compensation**

The balance is drawn-up by evaluating and reporting in the accountant records the assets and liabilities, separately, without compensating them, the same treatment applying to the items of expenses and revenues in the profit account.

▪ **The principle of prevalence of the economic over the legal**

The presentation of values within the profit and loss account was made by considering the substance of the transaction or operation reported, not just their legal form.

- b) not applicable
- c) not applicable
- d) not applicable
- e) not applicable

**Intangible assets**

This group includes licenses for computer software as well as licenses for pharmaceutical products, recorded at a historical cost that are subject to the straight-line method of depreciation for a duration of three years. The intangible assets are not revaluated, the value of each intangible asset being analyzed every year for the likelihood of discovering a certain depreciation.

**Tangible assets**

f) the revaluation of tangible assets is conducted at the end of fiscal year 2010.

Raw materials and consumables - inputs of raw materials and consumables are made at the purchase cost, being highlighted by means of quantity-value, and for commissioning the weighted average cost method is used. The criteria for determining the slow moving stocks and the no motion stocks are related to the date of the last output of the company's warehouse and the possibilities of recovery/best use.

Production in progress is the value of production on the line which has not reached the end of the manufacturing process. In the accounting records, production in progress is expressed by manufacturing costs.

Finished products - represent the manufactured stock's value located in the central warehouse in view of being capitalized on the market. The finished product stock is expressed by the department's cost.

Advances for stock purchasing - these represent amounts paid by the company in advance for purchasing raw materials and auxiliary materials from the domestic market and international market.

**II. Receivables**

They are represented by the balance of customers through which the company capitalizes products on domestic and foreign markets. The value of domestic debt is reflected at a historic price.

Cash at bank and in hand

Cash at bank and in hand refers to the cash existing in-house, at the bank and the vouchers.

g) Amounts owed to credit institutions

The loans contracted by the company are credit lines intended to complete the working capital.

The value of the loans is recorded in the financial statements, at the exchange rate of the National Bank of Romania on 30 June 2012.

Commercial Debt

Trade payables represent the liabilities of the company for the acquisition of raw materials, auxiliary materials, utilities and services. Foreign currency liabilities are updated according to the exchange rate of June 30, 2012.

Other credits, including taxation and other liabilities for social insurance

In this group are included mainly the expenditure with social insurance and social protection, contributions to health social insurance and dividends.

#### Adjustments

In this category are recorded value adjustments of fixed assets, adjustments to inventory of raw materials and materials whose last movement is more than 365 days, adjustments to the inventory of finished goods which have a validity of less than 180 days, customers' adjustments uncollected for more than 365 days.

### NOTE 7. ACTIONS AND OBLIGATIONS

Subscribed share capital	56,800,710
Number of actions issued	568,007,100 shares
Nominal value of the shares issued	0.10 lei/share
Redemption of shares - the earliest date and end-date of redemption - the binding or non-binding nature of redemption - the value of the possible redemption premium	-
Bonds issued during the fiscal year: - type of shares - no. de shares issued - total par value - value collected on distribution - rights related to distribution: - number; description and value of corresponding shares - the exercise of rights - the price paid for the shares distributed	-
Bonds issued: - type of obligations issued - value issued and the amount received for each type of bonds - bonds issued by the company, owned by a person nominated or authorized by the company - par value - value recorded upon receipt	-

The ownership breakdown on 30.06.2012 is as follows:

1. Ministry of Health = 53.0173%
2. Individuals and legal persons = 46.9827%

## NOTE 8. INFORMATION ON PERSONNEL, MANAGEMENT BOARD AND DIRECTORS

During January - June 2012, the company was managed by a Management Board consisting of seven people, headed by the CEO who covered the role of Chairman of the Board. The wages of the Management Board is based on Law 31/1990 and GEO 109/2011, the board members being paid an amount of 47,336 RON

Throughout this semester the company management was ensured by the CEO, Financial Director, Technical and Production Director, Commercial and Logistics Director, Quality Director, Engineering & Investment Director, Human Resources Director, Marketing and Domestic Sales Director, Medical Director.

The thresholds of the wages given to the CEO were established in the General Meeting of Shareholders, the warrant was signed with the Management Board in compliance with GEO 109/2011 and the remuneration of directors was established in the Board of Directors.

Expenses on salaries of the CEO and directors for January-June 2012 amounted to 955,977 RON, of which:

- Salaries 747,570 RON;
- Expenditure on insurance and social security 208,407 RON.

During this accounting period no loans and advances were granted to the directors and management board.

The average number of employees for this interval was 1436.

### Personnel breakdown

Personnel breakdown	1 Jan. 2012	Hired personnel	Personnel that left	30 June 2012
Total personnel, out of which:	1,431	50	48	1,433
Higher - education staff	520	19	16	523
Secondary - education staff	911	31	32	910
- high-school graduation certificate	480	20	21	479
- vocational school/ training courses/ secondary-school	421	11	1	431

Total expenditure on personnel wages amounted to 33,528,657 RON, out of which:

- salaries = 26,130,213 RON.
- insurance and social security = 7,398,444 RON.

The average monthly gross wage relative to January-June 2012 was **3,033 RON**. Expenditure on personnel within the company's total expenditure was 24.5 %, while in turnover it was 22.6 %.

Staff salaries were paid on due time (days 13 and 28 of each month).

On June 30, 2012 the company had paid all current taxes and contributions withheld from employees and those recorded as an employer.

On June 30, 2012 the company reported the following obligations with respect to taxes and other contributions related to wages:

	Amounts on 2011	Amounts on 2012	Paid on 2012	Payable
Payroll tax	656,465	1,435,075	1,532,605	558,935
Company's health and social insurance	241,843	1,282,436	1,341,711	209,568
Health insurance employees	254,824	1,348,726	1,382,959	220,591
Company's unemployment fund	22,773	120,846	124,004	19,615
Fund guaranteeing wage claims	11,528	60,6	66,217	9,911
Employees' unemployment fund	23,102	124,375	127,159	20,318
Company's contributions to health insurance	968,142	5,130,127	5,260,054	838,215
Fund for occupational accidents and diseases	13,821	73,087	75,024	11,884
Employees contribution to health insurance	487,196	2,616,989	2,672,201	431,984
Fund allotted to vacations and indemnities	-21,855	274,164	258,532	-6,223

Employees	
* average number of staff	1,436
* wages paid or outstanding related to the semester (RON)	26,130,213
* Social security expenditure (RON)	7,398,444

## NOTE 9: CALCULATION OF KEY FINANCIAL-ECONOMIC INDICATORS

No.	INDICATORS	FORMULA	JUNE 30, 2011	JUNE 30, 2012
<b>I LIQUIDITY RATIOS</b>				
1.	General liquidity	Current assets/current liabilities	= 257,660,208 / 122,036,073 = 2.1	= 296,856,717 / 146,391,083 = 2.03
2.	Quick ratio (acid test)	(Current assets - Inventory) / Current liabilities)	=(257,660,208 - 45,883,482)/ 122,036,073 = 1.7	296,856,717 - 52,434,834)/ 146,391,083 = 1.7
<b>II RISK RATIOS</b>				
1.	Indebtedness indicator (gearing ratio)	(loan capital/equity capital) x100	(0/285,760,582)x100 = 0	(0/301,835,974)x100 = 0
2.	Interest cover ratio	Earnings before interest and taxes (EBIT) / Interest expenses	= 29,311,250 / 1,150,629=25	= 30,854,463 / 1,167,194=26
<b>III ACTIVITY RATIOS</b>				
1.	Inventory stock turnover	Cost of sales/ average inventory level	= 59,798,655 / 42,729,925 = 1.4	= 65,437,289 / 52,176,506 = 1.3
2.	Number of stock days	(Average inventory level / Cost of sales) x 365	= (42,729,925 / 59,798,655) x 181 = 129	= (52,176,506 / 65,437,289) x 182 = 145
3.	Receivables turnover	(Average balance customers/ Turnover) x 365	= (219,889,863/ 138,529,194) x 181=287	= (245,340,025/ 148,648,714) x182=300

4.	Payables turnover	(Average balance suppliers / purchase of goods) x 365	= (36,850,246 / 107,189,387) x 181=62	= (47,048,632 / 113,638,968) x 181=75
5.	Fixed assets turnover	Turnover / fixed assets	= 138,529,194 / 169,059,539 = 0.8	= 148,648,714 / 170,474,962 = 0.9
6.	Total assets turnover	Turnover / Total assets	= 138,529,194 / 426,924,595 = 0.3	= 148,648,714 / 467,497,808 = 0.3

No.	INDICATORS	FORMULA	JUNE 30, 2011	JUNE 30, 2012
III	PROFITABILITY RATIOS			
1.	Return on capital employed	(Earnings before interest and taxes (EBIT) / Capital employed)	= 29,311,250 / (426,924,595 - 122,036,073) = 0.09	= 30,854,463 / (467,497,808 - 146,391,083) = 0.10
2.	Gross margin on sales	(Operating result / Turnover) x 100	= (25,305,581 / 138,529,194) x 100 = 18.3	= (36,495,222 / 148,648,714) x 100 = 24.6

## NOTE 10: OTHER INFORMATION

### a) Corporate information

The Registered office and the legal form of the Company: Iasi, No.1, Valea Lupului Street, on the National Road DN 28 Iasi-Pascani.

**S.C.ANTIBIOTICE S.A. IASI** was established as a trading company according to the Law no.15/1990 and to the Government Decision no. 1200/1990

Country of establishment: Romania

Sector of activity: 2110 - Production of basic pharmaceutical products

Main core business:

- Manufacture of the following products and groups of products:
  - Products obtained by biosynthesis: nystatin;
  - Injectable products (powders and solutions) in vials;
  - Oral administration products: capsules, tablets;
  - Topical products: ointments, creams, gels, suppositories;
- Thermal power generation
- Production of compressed air
- Internal and external transportation by own transportation means
- Providing services

All the manufacturing flows are GMP Certified, as follows:

- sterile solid forms of beta-lactam antibiotics - penicillins, aseptically dosage-filled powders;
- non-sterile single-dose solid forms of beta-lactam antibiotics - penicillins (capsules)
- non-sterile single dose solid forms of beta-lactam antibiotics - cephalosporins (capsules);
- non-sterile single dose solid forms of non-beta-lactam antibiotics (capsules);
- non-sterile single dose solid forms - (suppositories)
- semi-solid dosaged forms - multi-dose (ointments, ophtalmic ointments, creams, gels);
- non-sterile, solid dosaged forms - single-dose (tablets and film-coated tablets);
- non-sterile products - biosynthesis of active pharmaceutical substances - Nystatin.

ANTIBIOTICE also has the following Quality Certificates:

- Certificate of Suitability (CoS) issued by the European Directorate for the Quality of Medicines (EDQM) for Nystatin; FDA (Food and Drug Administration) Authorization for Nystatin;
- Certificate ISO 9001/2000 for the Quality Management System;
- Certificate 14001/2005 for the Environment Management System;
- Certificate 18001/1999 for the Occupational Health and Safety Management System.

c) The value of loans is recorded in the financial situations at the exchange rate of the National Bank of Romania of June 30, 2012.

d) Information relating to the income tax:

– gross profit June 30, 2012	29,687,269
– non-taxable profits	9,689,830 (-)
– non-deductible expenses	7,387,895 (+)
– taxable profit	27,385,334 x 16%
– tax on income	4,381,653 (-)
– sponsorships deductible from tax*	445,946 (-)
Tax on income due on June 30, 2012	3,935,707

\*) *Turnover at June 30, 2012 = 148,647,714 x 3 ‰ = 445,946 lei*

On June 30, 2012, the Company has to pay a tax on income worth of 1,427,956. - lei.

e) The Turnover - broken down by economic sectors and markets:

The turnover of 148.647.714 lei has been obtained by:

- capitalization the manufactured products on the foreign market in a proportion of 23%;
- capitalization the manufactured products on the domestic market in a proportion of 77%.

g) The Expenditures recorded in advance in value of 100 are broken down as follows:

- rents recorded in advance = 34,194.74 Lei **SCI Development SRL**: advance rent + rent for July 2012;
- subscriptions recorded in advance = 22,191.92 Lei subscriptions to newspapers (Jully-December 2012);
- insurances recorded in advance = 109,832.70 Lei insurance rate paid to RCA, Casco 2012.

j) The fee due to the company **BDO Audit SRL** as external financial auditor for the year 2012 is worth of 69,000.0 Lei (at the 2011 year's level) representing the audit on the financial statements closed on December 31<sup>st</sup>, 2012, the revision of the financial statements closed on June 30<sup>th</sup>, 2012 and the audit of the financial statements closed on December 31<sup>st</sup>, 2012 elaborated in accordance with the International Financial Reporting Standards (IFRS).

o) Currently, the company has ongoing processes as complainant. By considering the uncertain result of these legal processes and the low level of recovery the claimed amounts, we believe it is not necessary to record any contingent asset.

The Company is in the position of defendant in the following lawsuits:

1.	Olga Ivanciu	Dossier No.	Patent	1.377.795 Lei	Bucharest
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		<b>19515/3/2010</b>			<b>Tribunal</b>
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There are no other situations where it is most likely an output of resources which incorporate economic benefits. Therefore, it is not necessary to submit any positions of contingent liabilities.

p) Subsidies for investments worth of 5,223,303 Lei were allotted as follows:

- waste waters treatment plant	4,920,636 Lei
- endowment of the R&D laboratories	145,346 Lei
- other investments	73,595 Lei
- equipment for laboratories	83,726 Lei
<b>TOTAL</b>	<b>5,223,303 Lei</b>

The amounts presented in the account Subsidies for Investment represent the amounts received by the Company in the past 10 years as subsidies for investments for environmental protection, also for raising the competitiveness of industrial products by financing from the Ministry of Economy, Trade and Business Environment.

## NOTE 11 ADJUSTMENTS FOR DEPRECIATION OF STOCKS AND RECEIVABLES

Adjustment	Balance as at 1 <sup>st</sup> January, 2012	Transfers *)		Balance as at 30 June, 2012
		to the account	from the account	
<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4 = 1+2-3</i>
Adjustments for depreciation of tangible assets (2912)	223,807.			223,807.
Adjustments for depreciation of installation and means of transport (2913)	244,652.			244,652.
Adjustments for depreciation of raw materials (391)	48,168.	56,377.	48,168.	56,377.
Adjustments for depreciation of finished goods (3945)	369,395.	87,700.	369,395.	87,700.
Adjustments for depreciation - customers (deductible) (491.01)	4,586,060.	38,261.	0	4,624,321.
Adjustments for depreciation - customers (non-deductible) (491.02)	30,761,814.	3,187,249.	9,002,000.	24,947,063.
<b>TOTAL</b>	<b>36,233,896.</b>	<b>3,369,587.</b>	<b>9,419,563.</b>	<b>30,183,920.</b>

**CHIEF EXECUTIVE OFFICER,**  
ec. Ioan NANI

**FINANCIAL DIRECTOR,**  
ec. Paula COMAN