ANTIBIOTICE S.A.

The financial statements below were drafted on December 31st 2017

in accordance with the International Financial adopted by the European Union.

Cuprins

ANTIBIOTICE SA
STATEMENT OF THE GLOBAL RESULT
for the year ending on 31 December 2017
(toate sumele sunt exprimate in LEI, daca nu este mentionat altfel)

		Year ending on	
	NOTE	**31-Dec-17**	**31-Dec-16**
Sales revenue	**4**	**336.904.666**	**332.435.059**
Other operating revenue	**5**	37.796.667	20.262.937
Revenue relative to costs for stocks of products		4.235.363	(900.215)
Revenue generated by capitalized activities		**1.850.831**	**2.177.574**
Expenses with raw materials and consumables	**6**	(127.072.000)	(126.867.849)
Staff related expenses	**7**	(85.897.194)	(76.846.812)
Expenditure on amortization and depreciation		(17.098.098)	(18.948.912)
Other operating expenses	**8**	(113.395.172)	(91.782.114)
Operating profit		**37.325.063**	**39.529.669**
Net financial income	9	4.287	8.134
Financial expenses	9	(1.967.920)	(4.656.157)
Profit before tax		**35.361.430**	**34.881.646**
Expenditure with tax on current profit and deferred tax	**10**	(1.803.076)	(4.510.835)
Profit		**33.558.354**	**30.370.811**
Other elements of the global result			
Elements that will not be reclassified:			
Earnings/losses from the revaluation of tangible assets		-	-
Income tax on other elements of the global result (revaluation)		-	-
Other elements of the global result, excluding taxes		**-**	**-**
Total global result		**-**	**-**
Result per share	**11**	0.0499	0.0452

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

Approved by the Board on 15.03.2018
And signed on its behalf by: Drafted by:

CEO
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE SA
STATEMENT OF THE FINANCIAL POSITION
on 31st December 2017
(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31-Dec-17	31-Dec-16
ASSETS			
FIXED ASSETS			
Tangible assets	**12**	223.242.890	206.702.347
Intangible fixed assets	**13**	13.107.622	10.139.458
TOTAL ASSETS		**236.350.512**	**216.841.805**
CURRENT ASSETS			
Stocks	**14**	67.264.546	60.195.101
Trade and similar receivables	**15**	264.212.743	242.456.065
Financial assets for sale		0	0
Cash and cash equivalents	**16**	5.107.743	13.902.686
TOTAL CURRENT ASSETS		**336.585.032**	**316.553.852**
TOTAL ASSETS		**572.935.544**	**533.395.657**
LIABILITIES			
CURRENT LIABILITIES			
Commercial and similar debt	**17**	55.535.974	49.045.370
Amounts owed to banks	**18**	69.731.310	40.705.967
Debt as taxes and current charges		9.792.887	11.486.302
Short-term provisions	**19**	-	1.418.895
Subventions for investment	**20**	326.246	275.047
TOTAL CURRENT LIABILITIES		**135.386.417**	**102.931.581**
LONG-TERM DEBT			
Subventions for investment	**20**	2.498.889	2.639.349
Deferred tax	**21**	18.172.398	18.758.368
TOTAL LONG-TERM DEBT		**20.671.287**	**21.397.717**
TOTAL DEBT		**156.057.704**	**124.329.298**

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

Approved by the Board on 15.03.2018
And signed on its behalf by: Drafted by:

CEO
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
STATEMENT OF THE FINANCIAL POSITION (follow-up)
on 31st December 2017
(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31-Dec-17	31-Dec-16
Share capital and reserves			
Share capital	**22**	**264.835.156**	**264.835.156**
Revaluation reserves	23	14.556.141	16.925.870
Legal reserves	23	13.426.761	13.426.761
Other reserves	23	162.134.513	146.528.189
	24	(60.650.699)	(63.020.428)
Reported result		(10.982.386)	-
Current result		33.558.354	30.370.811
TOTAL SHAREHOLDERS' EQUITY		**416.877.840**	**409.066.359**
TOTAL EQUITY AND DEBT		**572.935.544**	**533.395.657**

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

Approved by the Board on 15.03.2018
And signed on its behalf by: Drafted by:

CEO
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
STATEMENT OF CASH FLOWS
on 31st December 2017
(all amounts are expressed in LEI, if not mentioned otherwise)

	Year ending on	
	31-Dec-17	**31-Dec-16**
I. Operating cash flow		
Cash collection from sales of goods and provision of services	313.461.633	295.903.157
Cash collection from royalties, fees, charges and other income	(9.827.652)	(3.985.726)
Cash payments to suppliers of goods and services	(169.526.601)	(189.347.963)
Cash payments to and on behalf of employees and payRONl expenses	(77.395.419)	(68.264.144)
VAT paid	(2.667.613)	(1.937.385)
Contributions to the Ministry of Health and Ministry of the Environment	(28.427.073)	(20.192.307)
Other taxes, fees and assimilated charges paid	(1.635.017)	(2.366.757)
Operating cash	**23.982.258**	**9.808.875**
Interest charged	4.287	8.134
Interest paid	(1.252.021)	(1.014.156)
Income tax paid	(3.328.251)	(5.982.931)
Net cash flows generated by operations	**19.406.273**	**2.819.922**
II. Cash flow generated by investments		
Cash payments for purchasing land and fixed assets, intangible assets and long-term assets	(43.312.921)	(17.681.181)
Net investment cash flow	**(43.312.921)**	**(17.681.181)**
III. FINANCING CASH FLOW		
Purchasing shares	-	220
Dividends paid	(13.660.457)	(7.433.677)
Net cash flows from financing activities	**(13.660.457)**	**(7.433.457)**
Gains/losses from foreign exchange fluctuation	(253.181)	(112.030)
Net increase / (decrease) of cash	**(37.820.285)**	**(22.406.746)**
Cash and cash equivalents at the beginning of the interval	**(26.803.281)**	**(4.396.535)**
Cash and cash equivalents at the end of the interval	**(64.623.567)**	**(26.803.281)**
Cash and cash equivalents at the end of the interval include:		
Accounts at the bank and cash	5.107.743	13.902.686
Credit lines	(69.731.310)	(40.705.967)
	(64.623.567)	**(26.803.281)**

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

Approved by the Board on 15.03.2018
And signed on its behalf by: Drafted by:

CEO
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.

STATEMENT OF CHANGES IN THE SHAREHODERS' EQUITY

for year ending December 31st, 2017

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

	Subscribed capital	Adjustments regarding capital	Reserves	Other reserves	Current and reported result	Result from revaluation reserves	Profit distribution	Revaluation reserves	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31-Dec-16	**67.133.804**	**197.701.352**	**13.426.761**	**146.528.189**	**30.370.811**	**7.901.456**	**0**	**16.925.870**	**126.779.469**	**(197.701.352)**	**409.066.360**
Current global result	-	-	-	-	33.558.354		-	-	-	-	**33.558.354**
Deferred tax relative to revaluation differences	-	-	-	-	-		-	-	-	-	-
Revaluation reserve	-	-	-	-	-		-	-	-	-	-
Transfer to result reported from revaluation reserves	-	-	-	-	-	3.800.866		(2.369.729)	-	-	**1.431.137**
Total other elements of the global result	-	-	-	-	-	11.702.322	-	**14.556.141**	-	-	-
Distribution of legal reserve	-	-	-	-			-	-	-	-	-
Distribution of other reserves	-	-	-	4.623.938	(4.623.938)		-	-	(1.431.137)	-	**(1.431.137)**
Dividends	-	-	-	-	(25.746.873)		-	-	-	-	**(25.746.873)**
Result following error correction	-	-	-	-	-		-	-	-	-	-
Profit distribution				10.982.386			(10.982.386)				
31-Dec-17	**67.133.804**	**197.701.352**	**13.426.761**	**162.134.513**	**33.558.354**	**11.702.322**	**(10.982.386)**	**14.556.141**	**125.348.331**	**(197.701.352)**	**416.877.840**

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

ANTIBIOTICE S.A.
STATEMENT OF CHANGES IN THE SHAREHODERS' EQUITY

for year ending December 31st, 2017

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

	Subscribed capital	Adjustments regarding capital	Reserves	Other reserves	Current and reported result	Result from revaluation reserves	Profit distribution	Revaluation reserves	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31-Dec-15	**67.133.804**	**197.701.352**	**13.426.761**	**133.303.701**	**27.178.823**	**4.918.170**	**0**	**19.909.156**	**126.779.469**	**(197.701.352)**	**392.649.884**
Current global result	-	-	-	-	30.370.811		-	-	-	-	**30.370.811**
Deferred tax relative to revaluation differences	-	-	-	-	-		-	-	-	-	-
Revaluation reserve	-	-	-	-	-		-	-	-	-	-
Transfer to result reported from revaluation reserves	-	-	-	-	-	2.983.286		(2.983.286)	-	-	-
Total other elements of the global result	-	-	-	-	-	**7.901.456**	-	**16.925.870**	-	-	-
Distribution of legal reserve	-	-	-	-			-	-	-	-	-
Distribution of other reserves	-	-	-	13.224.488	(13.224.488)		-	-	-	-	-
Dividends	-	-	-	-	(13.954.335)		-	-	-	-	**(13.954.335)**
Result following error correction	-	-	-	-	-		-	-	-	-	-
31-Dec-16	**67.133.804**	**197.701.352**	**13.426.761**	**146.528.189**	**30.370.811**	**7.901.456**	**0**	**16.925.870**	**126.779.469**	**(197.701.352)**	**409.066.360**

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

1. GENERAL INFORMATION

1.1 Brief company profile

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

Our company's 8 manufacturing lines, upgraded and certified according to Good Manufacturing Practice (GMP) standards produce medicinal products in 5 dosage forms: powders for injectable solutions and suspensions (penicillins), capsules, tablets, suppositories and topical preparations (ointments, gels, creams). Together they form a comprehensive portfolio of more than 153 drugs for human use, designed to treat a wide range of infectious, dermatological, cardiovascular, digestive tract diseases or diseases related to the musculoskeletal system.

All production capacities are located on the premises of Antibiotice. The company has ownership rights on all assets recorded in the accounting system.

1.2 Corporate Governance structures

Structures underlying the governance system at Antibiotice:

- The Management Board
- the Advisory Boards
- the Executive Management
- the Code of Ethics
- the Code of corporate governance

Management Board

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

The Board seeks to ensure that its own decisions, those of the company's management, the General Meeting of Shareholders as well as the internal regulations comply with the legal requirements and are properly implemented. The Board is responsible for monitoring the company's management on behalf of shareholders. The duties of the Board are described in the company's Articles of Association and the relevant internal regulations available on the website of the company under the Corporate Governance section.

During 2017, the Management Board gathered in 11 meetings and adopted decisions which allowed to perform their duties in an effective and efficient manner. Thus, on the monthly meetings the Board has discussed in detail the financial results in the reporting period and cumulatively since the beginning of the year, as well as the economic performance relative to the budget and the same period last year. The Board requested, as appropriate, detailed explanations of the executive management in connection with the plans to increase production efficiency, the investment plans, the provisions made, the liquidity management, the operational profitability and of the overall activity. After the detailed analysis of the results for the period, the Council decided the approval thereof for publication and submission to the Bucharest Stock Exchange and the Financial Supervisory Authority following each time the Financial Communication Calendar.

The 5 members of the Board shall ensure the effectiveness of the ability to monitor, analyze and evaluate the work of directors and the fair treatment of shareholders.

The structure of the Management Board of Antibiotice on December 31st 2017

Legal counselor Iavor Ionut Sebastian, 42
Chairman of the Board and representative of the Ministry of Health
At the Ordinary General Meeting of Shareholders (OGMS) of April 30th, 2015 Mr. Iavor was elected on the Board and then appointed Chairman of the Board.
Currently Mr Iavor Ionut Sebastian is General Manager within the Minstry of Health
Antibiotice shares - 0*

Ec. Ioan NANI, 58
Vice Chairman of the Management Board and CEO
At the OGMS on April 19th, 2016, he was reconfirmed on the Management Board for four years. Mr. Nani was later appointed Vice-President by the members of the Board (2009) and CEO (1998 - 2008 and 2009 - prezent).
He is an economist specialized in management and chartered accountant, he is a member of the Management Board since 2009 and General Manager (1998 - 2008 si 2009 – to date).
Antibiotice shares - 1.513*

Dr. Adela-Petrinia NEAGOE, 59
Member of the Board and representative of the Ministry of Health
At the OGMS of March 20th 2014, she was appointed on the Management Board for four years. Mrs. Neagoe is a Doctor in medical sciences, a primary doctor specialized of pediatrics, a primary doctor in Public Health and Health Management. Mrs. Neagoe is a member of the Board since March 20, 2014 and governmental inspector within the Ministry of Health.
Antibiotice shares - 0*

Ec. Nicolae STOIAN, 61
Member of the Board and representative of SIF Oltenia and other legal persons
At the OGMS on April 19th, 2016, he was appointed on the Management Board for four years.
Chartered accountant, tax consultant and auditor, representative of the Internal Control Dept. of SIF Oltenia.
Antibiotice shares - 0*

Eng. Elena CALITOIU, 55
Member of the Board and representative of SIF Oltenia and other corporate shareholders
Mrs. Calițoiu was confirmed during the Ordinary General Meeting of Shareholders on April 19, 2016, for a period of four years.
Mrs. Calițoiu is a mechanical engineer and Director of Investments and Risk Management with SIF Oltenia; Mrs. Calițoiu has been a member of the Board since 2016.

Antibiotice shares - 0*

Advisory committees

During 2017, the specialized advisory committees had the following membership:
- *the Audit Committee*: Mr. Ionuț Sebastian IAVOR and Mr. Nicolae STOIAN and Mrs. Elena CALIȚOIU;
- *the Nomination and Remuneration Committee*: Mrs. Elena CALIȚOIU and Mrs. Adela-Petrinia NEAGOE
- *the Trade Policies Committee*: Mr. Ionuț Sebastian IAVOR and Mr. Nicolae STOIAN.

The advisory committees have conducted investigations, have analyzed and developed recommendations for the Board in specific areas and submitted periodic reports on their activity.
The Audit Committee gathered in 5 meetings with the following objectives:

- Examining and verifying the fairness of the annual and interim consolidated financial statements of the company and any other financial reporting, before being forwarded to the Board for approval;
- analyzing and recommending to the Board the appointment, reappointment or revocation of external auditors;
- Periodic evaluation of the external auditor's efficiency, independence and objectivity and monitoring of the relationship with the auditor;
- proposals for specific areas where additional audits may be required by the external auditor;
- analyzing and endorsing the tasks of the Internal Audit Bureau and monitoring the activity to ensure that it acts objectively and independently.

Risk management

Risk management continuously evaluates the risks to which the company's activity is or may be exposed, which may affect the achievement of the objectives. They aim to achieve the predicted indicators under controlled risk conditions that ensure both the continuity of the activity and the protection of the interests of shareholders and clients.
The primary purpose of risk management is to help understand and identify the risks to which the organization is exposed, so that they can be anticipated and managed without adversely affecting the organization's goals.
The risk management process ensures the identification, analysis, assessment and management of all the risks in order to minimize their effects. Managing and reducing the identified and assessed risks take place at all the organizational levels of the company.

The main categories of risks which may arise in our company’s activity are financial, economic, technological, marketing, image-related and legislative.

The company is exposed to the following risks:
- Liquidity risk
- Currency exchange risk
- Commercial risk (lack of payment)

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

Circumstances for occurring the liquidity risk: collection of receivables at maturity dates exceeding 300 days; lack of predictability (clawback tax); insolvency of some customers; increase in utility, raw material and services prices.

The company's policy on liquidity management is to maintain, to the extent it is possible, sufficient liquid resources to honor the obligations as they mature.

For risk control the expected cash inflows from the collection of commercial receivables, as well as the expected cash outflows for the payment of commercial debts and other debts, covering the gap between receipts and payments from credits are monitored; negotiations with suppliers on the extension of payment terms.

Currency risk, a component of the financial risks, occurs frequently in the current conditions of the market economy in which monetary rates fluctuate under the rule of supply and demand.

Exchange rate fluctuations are reflected both in the costs of imported raw materials and in the selling prices of finished products for export.

During 2017 there were periods with a higher volatility, with depreciation intervals of the RON amid domestic and international events.

Since the beginning of the year, the national currency has depreciated by 2.56% against the EUR and appreciated by 9.9% against the USD, which in August has fallen below the 4 lei threshold. Therefore, in 2017, the exchange rate earnings amounted to 4,786,767 lei, while the expenditures amounted to 8,047,855 lei. The general impact of exchange rate differences generates a loss of 3,261,088 lei.

Commercial risk (non-payment risk)

Commercial risk is defined as the risk which results in financial loss or in failures in expected profit due to lack of financial liquidities of the debtor and to failure to pay the obligations when they are due.

Circumstances of occurring the **non-payment risk**: exposure on main distributors, long terms of payment, insolvency of some pharmacies and distributors.

The following measures were taken to minimise this risk: assessing the creditworthiness of commercial partners through a full check, before concluding the contract; developing a relationship of loyalty with the clients through regular meetings for knowing them and for approaching a constructive attitude; concluding some protocols for scheduling the payments; requesting warranty (mortgage, bank-guarantee contracts); ending deliveries until payment is made; establishing provisions for covering the non-payment risk.

Image risk is defined as the current or future negative risk on profits and capital caused by unfavorable perceptions of the company's image.

In order to effectively manage the events that may give rise to the image risk, the following measures are considered: monitoring the image of the company in the media in order to identify information that could generate image risks; periodical appearances in mass-media with positive information; transparency and good relationship with the press; controlling the risks that may affect the image of the company.

The company also carries out permanent surveillance of operational risks in order to take measures to maintain it at an acceptable level that does not threaten its financial stability, the interests of creditors, shareholders, employees, partners. Legislative changes aimed at the pharmaceutical market lead to the emergence of legislative risk, which must be managed continuously.

The pharmaceutical market is a regulated market, with clear legislative provisions, designed to control the quality and therapeutical efficiency of medicines present on the market, as well as to avoid counterfeiting.

Adaptation to these provisions is reflected in additional costs related to updating the documentation of compliance with the latest quality standards, in terms of the impact on the maximum sales prices, as well as on the delays in the marketing of the products. The company's strategy for managing these risks involves a permanent concern for obtaining international certifications of manufacturing flows, updating the authorization documentation for portfolio products, undertaking bioequivalence and stability studies, and continually pursuing international legislative changes.

In the risk assessment process, **there were also identified a number of risks that can not be controlled,** namely

- the risk of natural disasters (earthquakes, floods, fires, etc.);
- the risk of wars or interethnic conflicts;
- the risk of economic instability;
- the risk of social instability (strikes, labor conflicts, etc.);
- the risk of legislative instability;
- the risk of leakage of classified information.

The company will apply all the measures available to it to mitigate these risks through specific measures:

- Exit Plan in case of emergency;
- Plan of interventions in case of natural disasters (earthquakes, floods);
- Fire Intervention Plan;
- Accident prevention policy involving dangerous substances (acetone, methanol);
- Prevention of leakage of classified information.

All these plans are designed to protect employees, goods and the environment. Reducing the risk of legislative instability will be achieved by continually adapting policies, rules and procedures to changes.

INTERNAL CONTROL

The specialized internal control activities provided by the legislation in force are carried out within the Internal Audit Office. These are: internal audit, financial management control, management control and are conducted in a methodological and procedural framework regulated by laws, norms and codes of professional conduct specific to each activity.

The way of setting and achieving the objectives of the Internal Audit Office, the findings and recommendations resulting from all the internal control actions, were submitted quarterly to the Audit Committee in the Administrative Board, for the assessment of the activity and the internal control exercised in the company.

The internal audit activity is organized and carried out in accordance with the provisions of:

- Law no. 672/2002 on public internal audit;

- The own methodological norms, issued on the basis of G.D. no. 1086/2013, approving the General Norms for the exercise of public internal audit;

- Order of the Public Finance Minister no. 252/2004, the Code of Ethics of the Internal Auditor, as amended and supplemented

- Corporate Governance Code of Antibiotice S.A.

In the course of 2017, 9 internal audit missions were planned, planned by the Annual Internal Audit Plan, approved by the Audit Committee, extracted from the Multi-annual Audit Plan for 2015-2019. The objectives of the internal audit missions were:

- Examination of compliance with all principles, specific procedural and methodological rules, internal notes and decisions;
- examining how to organize the activity;
- assessment of the management and control system of the activity;
- other objectives specific to the activity of the audited structure.

Internal audit missions assessed the activity of audited structures and found that their management and control systems were transparent, in accordance with the rules of legality, regularity, economy, efficiency and effectiveness, and recommendations were made to improve them. Internal audit activities are carried out systematically and methodically, providing objective assurance and management advice on the level of functionality of the control systems applied to its activities in order to eliminate / mitigate the potential risks that can affect the company objectives.

The activity of financial management control is organized by internal decision, according to art. 3 section 5 letters a) -e) of Government Emergency Ordinance no. 94/2011, regarding the organization and functioning of the economic-financial inspection and of the Methodological Norms of the Decision no. 1151/2012, on the organization and exercise of financial management control.

Financial management control was carried out on the basis of the Control Plan for 2017, approved by the company's general manager. Six control actions were performed and their objectives were:

- verification of compliance with the legal provisions regarding the execution of the income and expenditure budget;
- verifying compliance with legal provisions in substantiating the draft income and expenditure budget of the company for the year 2017;
- verification of the legal provisions and the internal regulations regarding the annual inventory of assets such as assets, debts and equity, as of 31.12.2016;
- verification of the observance of the legal provisions and the internal regulations regarding the collection and payments in lei and foreign currency, of any kind, in cash or by transfer;
- verification of the observance of the legal provisions and of the internal regulations regarding the preparation, circulation, keeping and archiving of the primary, accounting and technical-operative documents.

As a result of the financial control actions, control reports were drawn up, according to the established objectives, in which are presented findings and proposed measures for improvement of the verified activities. The control reports issued were submitted to the Director General who ordered the implementation of the proposed measures.

The controlling activity is organized according to the legal and procedural framework established by:

- Law no. 82/1991 on accounting, republished and updated;
- Law no. 22/1969 on the employment of managers, the establishment of guarantees and the liability for the management of the goods;
- Order of Finance Minister no. 2861 / 09.10.2009 for the approval of the norms regarding the organization and performance of the inventory of elements such as assets, debts and equity;
- Operating Procedures, Internal Notes, Internal Decisions of the Company's Management.

During the year 2017, a total of 15 inventory actions were carried out regarding: the central warehouses of raw materials, materials and finished products and the management of raw materials and materials within the production units.

The objectives pursued in the controlling activities were: confronting the registered/scriptic stocks with the factual stocks in order to establish possible differences; determining the causes of the differences found; correlating scriptic stocks with factual stocks.

As a result of the verifications carried out, it was found that the legal regulations and the internal decisions regarding the stock management were observed and there is a correlation between the scriptic and factual stocks resulting from their good management.

The minutes of stock inventories have been submitted to the Accounting Office in order for results to be capitalized by the central commission designated for the annual inventory of the patrimony as the preparatory stage of financial reporting.

The internal control structure of Antibiotice, through its missions, ensured that in the financial statements of 2017, the balance sheet items relating to fixed assets, stocks, receivables and debts are presented realistically. The Trade Policy Committee met in two sessions aiming at assessing the commercial activity on the domestic and foreign markets.

The nomination and remuneration committee met in three sessions with the objective of observing the principles and criteria for remuneration, the assessment of the objectives and performance criteria for 2017.

Antibiotice executive management

Antibiotice is represented by the General Manager, according to powers provided by law and company charter. The Board of Directors retains the duty of representing the company in relationship with the directors whom they have appointed.

The executive management is provided by 10 directors, among which one is CEO and also Vice Chairman of the Board.

Membership of the Executive Management of Antibiotice on December 31, 2017

Ec. Ioan NANI, 58
CEO and Vice Chairman of the Board

Mr. Nani has graduated from the Faculty of Economics, the "Alexandru Ioan Cuza" University of Iaşi. Mr. Nani is an economist specialized in management and a chartered accountant.

Mr. Nani began working as an economist at Antibiotice in 1987. Between 1991 and 1993 he worked as a financial control inspector with the General Directorate of Public Finance Iaşi and then with the Court of Auditors of Romania. In 1994 Mr. Nani returned to Antibiotice as a financial director and in 1998, Mr. Nani became CEO. In February 2009 Mr. Nani was appointed Deputy Chairman of the Authority for State Assets Recovery (AVAS), and in June of the same year he became CEO of Antibiotice. Mr. Nani has been CEO since 2009.

Antibiotice shares– 1.513*

Ing. Cornelia MORARU, 52
Technical and Production Director

Mrs. Moraru graduated from the Faculty of Chemical Technology, the Technical University "Gheorghe Asachi" Iaşi. After graduation Mrs. Moraru worked as a chemical engineer at the Fălticeni Chemical Factory. Mrs. Moraru has been working at Antibiotice since 1990. Until 1998 Mrs. Moraru has worked at the Penicillin II Plant and then at Biosynthesis compartment for a year. From July 1999 until January 2001 Mrs. Moraru has worked as a biosynthesis

technologist at the Penicillin II Plant. In January2001 she became Head of the Tablets Plant and in May 2003 Mrs. Moraru was appointed Director of the Pharmaceutical Division.
Mrs. Moraru has been the Technical and Production Director since 2005.
Antibiotice shares - 1.513*

Ec. Paula Luminita COMAN, 50
Financial Director
Mrs. Coman has graduated from the Faculty of Economics and Business Administration, the "Alexandru Ioan Cuza" University of Iaşi and has been a Chartered Accountant since 2006 and a tax consultant since 2007.
After graduation Mrs. Coman has worked as an economist at the County Iaşi Tourism Office. Mrs. Coman has been working at the Antibiotice SA Company since 1991 as an economist in the Rates Efficiency Office. In 1998 Mrs. Coman has become Head of the Economic Analysis Compartment and in 2003 Head of the Financial-Accounting Department.
Mrs. Coman has been the Financial Director since 2011.
Antibiotice shares - 0*

Ec. Vasile CHEBAC, 63
Commercial and Logistics Director
Mr. Chebac has graduated from the Faculty of Economics, Alexandru Ioan Cuza University of Iaşi, has been an active member of the Body of Chartered Accountants, Iaşi Branch since 1993 and a financial auditor and a member of the Chamber of Auditors of Romania since 2008.
Mr. Chebac has started working at Antibiotice SA in 1972. In 1987 Mr. Chebac became an economist at the Planning and Development Department within the Investment Compartment. In February 1991 Mr. Chebac has worked as a financial controller at the Directorate General of Public Finance and in July 1993 Mr. Chebac has worked as a financial controller at the Chamber of Accounts Iaşi, and in July 1993 the Chamber of Auditors financial controller Iasi. In January 1998 Mr. Chebac was appointed Chief Commissioner at the Financial Guard of Iaşi. In September 2001 Mr. Chebac returns to Antibiotice SA to the position of Chief Commercial Officer and General Services.
Mr. Chebac has been the Commercial and Logistics Director since 2005.
Antibiotice shares - 0*

Eng. Eugen Florin OSADET, 62
Director de specialitate Directia Inginerie si Investitii
Mr. Osadeț is a graduate of the "Gheorghe Asachi" Technical University of Iaşi, the Faculty of Mechanical Engineering. In 2000 Mr. Osadeț is granted the Master's Degree in Management and Business Administration at the same university.
Mr. Osadeț has been working at Antibiotice SA since 1980 as a mechanical engineer in the industrial refrigeration team, and then as a thermal power dispatcher. In 1997 Mr. Osadeț became the Head of the Thermal Power workshop.
Mr. Osadeț has been the Engineering and Investment Director since 2000.
Antibiotice shares – 1.511*

Eng. Cristina Lavinia DIMITRIU, 60
Quality Director
Mrs. Dimitriu, a graduate of the "Gheorghe Asachi" Technical University of Iaşi, the Faculty of Chemical Technology, is granted in 2000 a Master's Degree in Management and Business

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

Ec. Gica RUSU, 54
Human Resources Director
Mrs. Rusu, a graduate of the "Alexandru Ioan Cuza" University of Iaşi, the Faculty of Economics, was granted in 2003 a master's degree in management and business administration by the same university.
Mrs. Rusu has been working at Antibiotice since 1981. In 1986 Mrs. Rusu was an economist at the Penicillin Plant and in 1996 was working in the Financial Department. In 1999 Mrs. Rusu has become the Head of the Human Resources Department.
Mrs. Rusu has been the Human Resources Director since 2004.
Antibiotice shares - 1.510*

Ec. Ovidiu BATAGA, 40
Domestic Sales and Marketing Director
Mr. Băţaga, a graduate of the Faculty of Economics and Business Administration (FEAA), the "Alexandru Ioan Cuza" University of Iaşi holds three titles of Masters in Financial Management (awarded by the same university in 2001), Pharmaceutical Marketing (from the "Grigore T. Popa" University of Medicine and Pharmacy in 2003) and Project Management (awarded by the "Gheorghe Asachi" Technical University in 2007).
After graduation Mr. Băţaga worked as a junior in the Currency and Credit Chair, Finance specialty, within the FEAA. Mr. Băţaga has been working at Antibiotice SA since February 2001 as an economist in the Economic Analysis, Accounting and Marketing Department. In January 2006 Mr. Băţaga was appointed Head of Market Analysis and Strategic Planning Department.
Mr. Băţaga has been the Domestic Sales and Marketing Director since 2010.
Antibiotice shares – 0*

Dr. Mihaela MOSNEGUTU, 48
Medical Unit Director
A graduate of the Faculty of Medicine, the "Grigore T. Popa" University of Medicine and Pharmacy, Dr. Moș neguțu is a specialist in family medicine.
Dr. Moș neguțu began work as a doctor working in Iaşi. Dr. Moș neguțu has been working at Antibiotice since 2000. In 2000 she was working at the Promotion Office and in 2001 Dr. Moș neguțu becomes the Head thereof. In 2005 Dr. Moș neguțu became the Head of the Pharmacovigilance and Medical Consultancy Department and in 2009 she was appointed

Medical and Retail Promotion Manager.
Dr. Moș neguțu has been Medical Director since 2011.
Antibiotice shares– 0*

Ec. Mihai STOIAN, 42
Director de specialitate Directia Afaceri Internationale
A Graduate of the Faculty of Economic Sciences at the "Alexandru Ioan Cuza" University of Iaș i, the International Economic Relations specialization.
Mr. Stoian has been working at Antibiotice SA since May 2005 as Export Area Sales Manager for active substances.
In July 2008 Mr. Stoian was appointed Head of Intracommunity Deliveries and Export, within the Marketing and International Relations.
Since August 2009 Mr. Stoian was appointed Export Manager and June 2011 he was appointed Business Development Manager.
Mr. Stoian has been an International Business Director since 2012.
Antibiotice shares– 0*

* *The number of Antibiotice (ATB) shares held on September 11, 2017, according to Antibiotice's latest data base for 2017.*

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

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

The Code is a set of rules under which the company was developed, rules of ethical behavior in business and how to prevent illegal actions that might arise during the course of affairs within the company. The Code is binding and applies to all structures and activities of the company.The Code of Ethics is a fundamental commitment to endeavor to comply with high ethical standards working to high ethical standards and the applicable legal requirements wherever Antibiotics operates.
The Code of Ethics is presented in detail on the website of the company:
(www.antibiotice.ro/Investitori/ Guvernanta Corporativa / Documente de referinta /Cod de etica).

Corporate Governance Code
The Corporate Governance Code of Antibiotice has taken over the principles and recommendations of the Bucharest Stock Exchange and set up the tool by which Antibiotice implements these principles and recommendations by following the rules of corporate governance.
The purpose of the Corporate Governance Code is to create the necessary framework for establishing strong relationships with the shareholders of the company and other stakeholders, as well as effective and transparent communication based on trust.
The Corporate Governance Code of Antibiotice SA is structured in four chapters:

Chapter I - Responsibilities of the Management Board
Chapter II - Risk Management and Internal Control System
Chapter III - Fair reward and motivation
Chapter IV - Investor Relations

It also has two annexes, namely:
Annex I - The Regulations of the Board
Annex II - Regulation for the evaluation of the administrators of Antibiotice SA
In Chapter I - Responsibilities of the Management Board, the RONe of this body is defined, as well as the guidelines for the competence, experience, knowledge and independence of its members, which allow them to effectively fulfill their specific duties and responsibilities.
In Chapter II - The Risk Management and Internal Control System, it is shown that the activity of the company is subject to supervision exercised by certain risk management and internal control systems set up for this purpose. Internal audits are also organized to independently and periodically assess the safety and effectiveness of risk management and internal control systems.
Chapter III – Fair reward and motivation, sets out the general principles and conditions that represent the basis of the method for setting the remuneration level of the members of the Board and the management of the company.
Chapter IV- Investor Relations, states that Antibiotics must make constant efforts to provide shareholders with up-to-date information on events of interest to them (eg general shareholders' meetings, dividend payments, etc.)

In conclusion, the Corporate Governance Code of Antibiotice SA and its annexes outline the general framework on the basis of which the Board of Directors operates, in accordance with the rules and principles of corporate governance established by the Bucharest Stock Exchange in order to create a market for attractive capital, based on best practices, transparency and trust.

The rights of the holders of financial instruments
The corporate governance framework adopted and partially implemented:
- protects the rights of shareholders;
- ensures the fair treatment of all shareholders;
- acknowledges the RONe of third parties with interests in the company;
- ensures information and transparency;
- ensures the accountability of the Board to the company and shareholders.

On our company's website at www.antibiotice.ro/investitori/informatii actionari, there is a section dedicated to shareholders, where one can access and download documents related to the General Meetings of Shareholders: procedures for the access and participation in meetings, the convener, additions to the agenda, informational materials, presentation procures, voting forms by correspondence, resolution drafts, resolutions, voting results etc.

The company provides all those concerned periodic and annual financial statements, prepared in accordance with the law. Also, the company complies with all disclosure requirements under the company law and the capital market. Within the company there is a structure specialized in the relation to existing and potential investors called *Investor Relations*, whose main RONe is to ensure a good communication with the shareholders of the company. The people appointed to liaise with investors treat with maximum efficiency the requests of shareholders and facilitate the dialogue with the company management. The company designs and develops an appropriate policy to promote effective communication with both investors and shareholders.

The General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the highest decision-making body of the company, where shareholders participate directly and make decisions. Among other duties, the GMS decide upon the distribution of the profit, elect the Board of Directors, appoint auditors and establish the remuneration of the Board of Directors.

During the year 2017, the Board convened three Ordinary General Meetings of Sharehold on ***6 April 2017***, ***28 June 2017*** and ***20 September 2017*** and one Extraordinary General Meetings of Shareholders, on ***April 6, 2017***.

The Ordinary Shareholders' General AMeeting dated **6 April 2017** the financial results of the company for the year 2016 were approved, results that were drafted in accordance with the Order of the Minister of Public Finance No. 881 / 25.06.2012, the Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations complying with the international financial reporting standards applicable to companies whose securities are admitted to trading on a regulated market, Order of the Minister of Public Finance no. 1690/2012 regarding the modification and completion of certain accounting regulations, the Order of the Minister of Public Finances no.123/ 2016 on the main aspects regarding the drawing up and filing of the annual financial statements and of the annual accounting reports of the economic operators to the territorial units of the Ministry of Public Finance.

Within the same meeting the folllowing decisions were taken:

- Approving the distribution of the net profit for the year 2016 worth 30,370,811 lei, fixing the gross dividend of 0.03835158 lei per share and establishing the beginning of payment of dividends on 15.09.2017.
- Approval to record the unsolicited and non-claimed dividends, related to 2012 as income;
- Approval of the discharge of the administrators for the activity carried out in the financial year 2016 on the basis of the submitted reports;
- Approval of the Income and Expense Budget for 2017;
- Approval of the achievement of the objectives and performance criteria for the year 2016 for the members of the Board of Directors;
- Approval of objectives set in the administration members for members of the Management Board on 2017;

The Extraordinary General Meeting of Shareholders approved:

- the extension by 12 months of the validity period of the multicurrency multiproduct loan amounting to 30 million RON borrowed by Antibiotice from the Export Import Bank of Romania-Eximbank SA, is approved.
- the extension guarantees relative to the multicurrency multiproduct loan amounting to 30 million RON throughout the entire validity according to 1 on the agenda;
- to issue a decision-commitment of Antibiotice not to divide itself, not to merge and not to decide the anticipated dissolution throughout the entire validity period of the multicurrency multi-product loan and guarantee without prior consent of Eximbank SA.

- the empowering the General Manager Mr. Ioan NANI and Financial Director Ms. Paula COMAN to sign on behalf of the company all documents related to the credit facility extension, under items 1 and 2 of the agenda, as well as documents related to obligations assumed by the company in accordance with item 3 on the agenda is approved.
- amending, updating certain clauses from the Articles of Incorporation.
- establishing Antibiotice area office in Vietnam, in the Sannam building located on Duy Tan 78, Dich Vong Hau Ward, sector Cau Giay, Hanoi.

On ***28 June 2017*** was held the OGMS, which approved the following:

- the financial audit contract with SOCECC S.R.L. Bucuresti, an expertise and accounting consultancy firm for 3 years;
- the remuneration of the members of the Board is approved in accordance with the provisions of Government Emergency Ordinance no. 109/2011 on Corporate Governance of public enterprises.
- the company's the accession to the Romanian Association of Prescription Drugs, Food Supplements and Medical Devices Manufacturers – RASCI is approved;
- the approval of participation of Antibiotice as a founding member in the establishment of the PATRONATE OF INDUSTRIAL MEDICINES PRODUCERS IN ROMANIA – PRIMER is approved;

The General Meeting of Shareholders dated **20 September 2017** approved the financial statements for the first semester 2017 based on the Administrator's Report and financial audit report.

I. Investors (*as per the Shareholders Register on 11.09.2017*)

- The Ministry of Health (*) - 53,0173%,
- S.I.F. Oltenia(*) - 14,3344%
- Broadhurst Investments Limited - 4,1977%
- S.I.F. Transilvania – 3,2677%
- Pension Fund AZT Viitorul Tau/Allianz – 2,1711%
- S.I.F. Banat-Crisana S.A – 2,1104%
- Metropolitan Life privately managed pension Fund– 1,5116%
- Polunin Discovery Funds – Frontier Markets Fund – 0,8377%
- A-Invest – 0,6915%
- ARIPI/GENERALI S.A.F.P.P. Privately managed pension Fund – 0,6782%
- Other individuals and legal entities – 17,1824%.

During 2017, dividends were paid for the financial years 2013, 2014, 2015 and 2016 amounting to 23,330,344,89 lei, as follows:

Dividend payment (2013 – 2014 – 2015 -2016)

year	net dividends							Date when payment stops
	Due	Paid				Unclaimed at 31.12.2017		
		lei			% (total paid			
		Until 31.12.2016	01.01÷31.12 2017	Total		lei	%	
0	1	2	3	4	5	6	7	8
2013	14.753.415	13.485.221,64	8.462	13.493.683,64	91,46	1.259.731,36	8,54	01.11.2017
2014	15.061.293	13.906.537,65	27.731,10	13.934.268,75	92,52	1.127.024,25	7,48	Payment in progress

2015	13.753.343	12.579.067,01	36.611,78	12.615.678,79	91,73	1.137.664,21	8,27	Payment in progress
2016	25.401.595	-	23.257.540,01	23.257.540,01	91,56	2.144.054,99	8,44	Payment in progress

For 2013, the dividends are distributed directly, from the company's headquarters, by bank transfer and postal order and for 2014, 2015 and 2016, throught the Central Depository Bucharest and CEC Bank.

Antibiotice on the securities market

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

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

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

Actiunile societatii Antibotice (ATB), tranzactionate la Bursa de Valori din Bucuresti:

- Are included in the BET-Plus index, which includes Romanian companies listed on the BSE market that meet the minimum selection criteria excluding the financial investment companies.
- Are included in the BET-BK index, the index which reflects the evolution of prices of shares issued by domestic and foreign companies admitted to trading on the regulated market administered by BSE.

This reflects the fact that Antibiotice is a stable company, developed on a durable economic foundation. In 2017, the minimum price per ATB action value was worth 0.5200 lei. The share price rose to a peak of 0.5920 lei/share.

The market capitalization of Antibiotice on December 31, 2017 (the last trading day of the year) was 361, 180 thousand lei.

Antibiotice shares– ATB / Regular Market

	2013	2014		2015	2016	2017
Number of shares	671.338.040	671.338.040		671.338.040	671.338.040	671.338
Market capitalization (thousand lei)*	374.607	390.719		357.152	349.096	361
Market capitalization (thousand euros)*	83.919	87.173		78.868	76.875	77
Market capitalization (thousand $)*	115.413	105.978		86.167	81.123	92
Total value traded (million lei)	23	16		11	6	
No. of traded shares	48.439.486	27.467.454		18.844.935	12.555.866	21.113
Opening price (lei/share)	0,3774	0,5520		0,5850	0,5320	0,5
Maximum price (lei/share)	0,5680	0,6170		0,6170	0,5420	0,5
Minimum price (lei/share)	0,3700	0,5410		0,5240	0,4200	0,5
Price at the end of the year (lei/share)	0,5580	0,5850		0,5320	0,5200	0,5
Average price (lei/share)	0,4692	0,5845		0,5836	0,5032	0,5
Earnings/share (lei/share)***	0,0467	0,0464		0,0405	0,0452	0,0
Gross dividend/share (lei/share)**	0,0230	0.0235		0.0197	0,0384	0,026552
Dividend yield****	4,12%	4,03%		3,69%	4,05%	4,
Dividend distribution rate*****	49%	51%		49%	52%	

* Calculated based on the price per share on the las trading day,
** Proposed dividend,
*** The calculation of earnings per share is based on the net profits of each year
**** Dividend per share / share price on the first trading day of each year
***** The dividend distribution rate = (number of shares x gross dividend per share) / total net profit.

Throughout 2017, 21,113,565 shares amounting to 11.8 million lei (2.5 million euro, 2.9 million $), with an average price of 0.5585 lei/share.

According to Chapter VI, Section 2, Art. 92 – Code B.V.B., *the financial schedule 2017* was as follows:

Events	Date
• Presenting the preliminary financial results 2016:	15.02.2017
• GMS for approving the annual financial results 2016:	06/07.04.2017
• Presentation of the Annual Report 2016:	07.04.2017
• Presentation of the quarterly reports: Q I 2017 Q III 2017	 15.05.2017 15.11.2017
• Meeting with investors and analysts	18.05.2017
• Presentation of the half-yearly report 2017: ***Art. 65 (1) din Legea nr. 24/2017***	20/21.09.2017
• Meeting with investors and analysts	19.10.2017

2. ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively named "IFRS") issued by the International Accounting Standards Board (IASB) as adopted by the EU. This set of financial statements represents the company's first IFRS financial statements issued for publication.
Separate financial statements have been approved by the Management Board in the meeting on 15.03.2018
The Company's accounting records are expressed in RON in accordance with Romanian Accounting Regulations. These accounts have been restated to reflect the differences between the accounts according to Romanian accounting regulations and those under IFRS.
The principal accounting policies applied in preparing the financial statements are set out below. Policies have been applied consistently to all years presented, unless otherwise noted.
Preparation of financial statements in accordance with IFRS as adopted require the use of certain critical accounting estimates. It is also necessary, for the company's management to take decisions related to the application of accounting policies. Areas where decisions were taken and significant estimates were made in preparing the financial statements and their effect are shown in the following:

2.2 Bases of assessment

Separate financial statements are prepared using the historical cost convention, amortized except for property and equipment at cost revalued, by using fair value as deemed cost and the items presented at fair value, i.e. financial assets and liabilities at fair value through profit and loss, 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 considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation" is the Romanian leu (RON). Separate financial statements are presented in USD.
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 exchanged at rates in effect at the reporting date.

2.4 Curucial accounting estimations and evaluations

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 latest available reliable information.
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 regarding the circumstances on which the estimate was based or as a result of new information or subsequent experiences. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error in the current period. If any, effect on future periods is recognized as income or expense in those future periods
The company performs certain estimates and assumptions about the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including forecasting future events that are believed to be reasonable under the circumstances. In the future, concrete experience may differ from these estimates and assumptions. The following are examples of assessment, estimation, assumptions applied in our company:

(a) *Evaluation of investments in land and buildings owned*
The company obtained evaluations conducted by external evaluators to determine the fair value of its investment property and buildings owned. These assessments are based on assumptions which include future rental income, maintenance costs, anticipated future costs of development and the appropriate discount rate. Evaluators refer to market information related to property transactions with similar prices.

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

estimates of future cash flows.

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

(b) *Estimates of expenditure accounting*
There are situations in which goals until the closing of tax years or up to the closing date of a financial year do not know the exact values of certain expenses incurred by the company (eg, marketing campaigns, sales promotion and incentive product sales). For this category of spending will make preliminary expenses, which will be corrected in future periods when it will produce and output of cash flows. Estimates of expenditure for each category of expense will be made by someone with experience in the type of activity that generated the expense.

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

2.5. Presentation of separate Financial Statements

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

2.6 Intangible assets purchased

Evidence of intangible assets is done inaccordance with IAS 38 "Intangible assets" and IAS 36 "Impairment of Assets". Externally acquired intangible assets are initially recognized at cost and subsequently amortized linearly over their useful economic usage/usability. Expenses related to the acquisition of patents, copyrights, licenses, trademarks, or plant and other intangible assets recognized in accounting terms, except set-up expenses, goodwill, intangible assets with an indefinite shelf-life framed according to accounting regulations, is recovered through depreciation deductions linear over the contract period or duration of use, respectively. Expenses related to the purchase or production software is recovered through linear depreciation deductions over a period of 3 years.

Intangible assets generated by the company (development costs)

Costs of research (or from the research phase of an internal project) are recognized as expenses of the fiscal year to which it relates.
Development costs related to projects for new products are recognized as intangible assets. They consist of: consumption of raw materials, labor costs related to hours worked for each project, other fees associated with the NAMMD as amounts necessary for authorization.

Tangible assets

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

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

Evaluation post-recognition

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

After recognition as an asset, an item of tangible assets whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of the revaluation. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.

The fair value of land and buildings is generally determined based on the evidence from the market through an evaluation normally performed by professionally qualified evaluators. The fair value of tangible assets is generally their value following evaluation.

When an item of tangible Category I is revalued, any accumulated depreciation at the date of revaluation is eliminated from the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

If the carrying value of intangible assets is increased as a result of revaluation, the increase is recognized in other elements of 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 the other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. The reduction 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 to an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. Transfers from revaluation surplus to retained earnings is not made through profit or loss.

If this is the case, the effects of taxes on income from the revaluation of tangible assets are recognized and presented 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, ie when it is in the location and condition necessary for it to function in the manner intended by management.

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

For the depreciable fixed assets used, the company utilizes, in accounting terms, the straight line method of depreciation. The depreciable periods are determined by an internal specialty committee according to the internal procedures of the Company. Below there is a brief presentation of the lifetimes of fixed the fixed assets on major categories of goods:

Category	**Lifetime**
Buildings and constructions	24-40 years
Equipments and installations	7-24 years
Means of transport	4-6 years
Computing	2-15 years
Furniture and office equipment	3-15 years

Depreciation

To determine whether a tangible item is impaired, an entity applies IAS 36 the Depreciation of Assets. At the end of each reporting period, the entity estimates if there are indications of asset depreciation. If such evidence is identified, the entity estimates the recoverable amount of the asset.
If and only if the recoverable amount of an asset is lower than its book value, the book value of the asset will be reduced to be equal to the recoverable amount. Such a reduction represents a depreciation loss. A depreciation loss is recognized immediately in profit or the loss for the period, except for the situations where the asset is reported to the revalued amount, in accordance with another Standard (for example, in accordance with the revaluation model in IAS 16 Tangible assets). Any depreciation loss concerning a revalued asset is considered to be an overall decrease in revaluation.

2.7 Financial assets - IAS 39 Financial instruments: recognition and assessment
The initial assessment of the financial assets and financial liabilities

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

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

I. A financial asset or financial liability measured at (a) fair value through profit or loss is a financial asset or financial liability that meets any of the following conditions: (a) is classified as held for trading. A financial asset or financial liability is classified as held for trading if:

(I) acquired or supported mainly for the purpose of selling or reaching out to the nearest term;

(II) initial recognition is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent realistic pattern of short-term profit tracking; or

(III) a derivative (except for a derivative that is a financial collateral arrangement or a designated and effective hedging instrument).

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

A) those that the entity intends to sell immediately or shortly to be classified as held for trading, and those that the entity, at its initial recognition, designates at fair value through profit or loss;
B) those that the entity, at its initial recognition, designates as available for sale;
C) those for which the holder may not substantially recover all of the initial investment, for any other reason than the credit deterioration, to be classified as available for sale. This category includes commercial and other receivables.

The financial assets available for sale are those financial non-derivative assets that are designated as available for sale or which are not classified as loans and receivables or investments held to maturity or financial assets at fair value through profit or loss.
This category includes investments in listed shares.
The company has no investments held to maturity and does not own or has not classified financial assets or financial liabilities at fair value through profit or loss.

Gains and losses

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

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

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

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 depreciation loss was recognized in profit or loss, the depreciation loss is resumed and the amount recognized in profit or loss.

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

2.8. Stocks

According to IAS 2, the stocks are active:
a) Held for sale in the ordinary course of business;
b) Under production for such sale; or
c) As raw materials, materials and other supplies to be used in the manufacturing or services.

The stock assessment:
The stocks are assessed at the lower value between the cost and the net achievable value.

The cost of the stocks

The cost of stocks includes all the purchase costs, conversion costs as well as other costs incurred in bringing the inventories to the state and location where they are now.
The stocks of raw materials and materials are stated at the cost of acquisition. The exit from inventory is performed using the Weighted Average Price method.

The stocks of the products in progress are stated at the raw materials cost and materials embedded in them.The stock of finished goods is recorded at production cost on the completion of the manufacture.

Adjustments for depreciation of stocks/inventory

The valuation for inventory depreciation is performed individually and is based on the best estimate of the management of the present value of the cash flows expected to be received. Each depreciated asset is analyzed individually. The accuracy of the adjustments depends on the estimation of future cash flows. Stock adjustments refer to provisioning based on the end-of-year calculation for adjusting the specific value of inventories of raw materials, finished materials and finished products that no longer qualify. The calculation of the general adjustment for depreciation of inventories is made according to the life of existing items in stock

2.9 Receivables

The receivables arise primarily through the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of contractual monetary assets
The receivables are presented in the balance sheet at the historical value minus the adjustments made for the depreciation in cases in which one noticed that the achievable value is lower than the historical value.

The adjustments for the depreciation are recognized when there is objective evidence (such as significant financial difficulties from partners or the non-fulfillment of payment obligations or the significant delay of the payment) that the Company will not collect all the amounts due according to the terms of receivables, the amount of that adjustment is the difference between the net book value and the present value of expected future cash flows associated with the impaired receivable.

The assessment for the depreciation of receivables is performed individually and is based on the management's best estimate of the present value of the cash flows that are expected to be received.

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset (asset) is impaired. If there is any evidence of this kind, the company applies different treatments to determine the amount of any impairment loss, depending on the type of asset: financial assets accounted for at amortized cost, financial assets accounted for at cost and available-for-sale financial assets.

The carrying amount of the asset should be reduced either directly or by using a provision for impairment. The amount of the loss should be recognized in profit or loss.

If, in a subsequent period, the related impairment loss decreases and the decrease can be objectively correlated with an event occurring after the impairment has been recognized (such as an improvement in the debtor's credit rating), the loss of the previously recognized impairment should be restated either directly or by adjusting a provision for impairment. The resumption shall not result in a carrying amount greater than the amount that would have been the depreciable cost if the impairment would not have been recognized at the date when the impairment is resumed. The value of the rebound must be recognized in profit or loss.

Adjustments for impairment of trade receivables consist of the specific provision, entirely constituted for litigation, after which the general provision is calculated. The general provision for impairment of client receivables is calculated based on the length of the outstanding receivables in the balance. Calculated depreciation adjustments may not exceed the amounts that are required to settle the trade receivable. When analyzing receivables to be accrued on a commercial basis, in situations where there are identified events that indicate the occurrence of payment incidents or the deterioration of the debtor's financial situation, adjustments may be calculated, the amount of the provision for impairment being at most equal to the magnitude of the effect.

2.10 Financial liabilities

The financial liabilities mainly include the trade payables and other short-term financial liabilities, which are recognized initially at their fair value and subsequently at amortized cost using the effective interest method.

2.11 The recognition of income and expenses

2.11.1. The recognition of income

The revenue represents, according to IAS 18 "Revenues", the gross inflows of economic benefits during the period, arising in the course of the normal activities of an entity when those entries result in increases in equity, other than the increases relating to the contributions of participants to their own equities.

The revenue represents the recorded increases in economic benefits recorded during the accounting period in the form of inputs or increases in assets or debt relief, which materializes in increases in equity other than those resulting from the contributions of shareholders.

The fair value is the value for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties, within a transaction carried out in objective conditions.

The income assessment
The revenue is measured at the fair value of the counterperformance received or receivable after reducing rebates or discounts.
The revenue from the sale of goods is recognized when all the following conditions were met:

(a) The entity has transferred to the buyer the significant risks and benefits of ownership of the goods;
(b) The entity no longer manages the goods sold at levels that would normally have done in the case of the ownership of their property and no longer has effective control over them;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits associated with the transaction to be generated by the entity; and
(e) The costs incurred or to be incurred in respect of the transaction can be assessed reliably.

The revenue from the sale of goods is recognized when the company has transferred the significant risks and benefits of ownership to the buyer and it is likely that the Company receives the things previously agreed upon payment. The transfer of risks and benefits of ownership is deemed realized once the transfer of legal title of ownership or the passing of possession to the buyer. If the entity retains significant risks of ownership, the transaction does not represent a sale and revenue are not recognized.

The company believes that the cashing deadlines do not generate a financial component of the revenues invoiced to the distributors.

Special cases: In case it is found that the revenues associated with a period of the current year are encumbered by fundamental errors, their correction will be performed during the period which the error is discovered. If the error is discovered in the years ahead, its correction will not affect the income accounts, but the result account of retained earnings from the corrections of fundamental errors if the error value will be considered significant.

2.11.2 The recognition of expenses

The expenses are decreases in the economic benefits during the accounting period as outflows or decreases in the value of assets or increases in debt, which is materialized through reductions in equity other than those arising from their distribution to shareholders.

2.12 The depreciation of the non-financial assets (excluding stocks, real estate investments and the deferred tax assets) - IAS 36 "Depreciation of Assets"

The assets held by the company, as stated in IAS 36 "Depreciation of assets", are subject to depreciation tests whenever events or changes in circumstances indicate that their book value may not be recovered completely. When the book value of an asset exceeds the recoverable amount (ie the highest amount of value in use and the fair value minus the sell costs), the asset is adjusted accordingly.
Whenever it is not possible to estimate the recoverable amount of an individual asset, the depreciation test is performed on the smallest group of assets to which it belongs and for which there are separately identifiable cash flows; its cash-generating units ('UGNs').

The depreciation charges are included in profit or loss unless it reduces gains previously recognized in other comprehensive income.

2.13 Provisions – IAS37 "Provisions, contingent liabilities and contingent assets"

The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, changed to a pre-tax rate that reflects the 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 must be recognized if:

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

If these conditions are not met, a provision must not be recognized.
Provisions are recorded in the accounting using the accountancy with the help of the groups 15 "Provisions" and are based upon the expenses, except those related to decommissioning of tangible assets and other similar actions related thereto, for which the provisions of IFRIC 1 will be taken into account.
The recognition, assessment and updating of provisions are made in compliance with IAS 37 "Provisions, contingent liabilities and contingent assets".

The provisions are grouped in accountancy in categories and are considered for:
a) litigation;
b) guarantees to customers;
c) decommissioning of tangible assets and other similar actions related thereto;
d) restructuring;
e) employee benefits;
f) other provisions.
The previously established provisions are periodically analyzed and are regulated.

2.14 Benefits of employees –IAS 19

The current benefits granted to employees
The short-term benefits granted to employees include wages, salaries and social security contributions. These benefits are recognized as expenses with services.

Benefits after termination of the employment contract

Both the company and its employees have a legal obligation to contribute to the social security established with the National Pension Fund administered by the National House of Pensions (contribution plan founded on the principle of "pay on the way").

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

2.15 The deferred tax - IAS 12

In the deferred tax calculation, the company will take into account the provisions of IAS 12.
The deferred tax assets and liabilities are recognized when the book value of an asset or liability in the statement of the financial position differs from the tax base.
The recognition of deferred income tax assets is limited to those moments in which the taxable profit is likely to be available for 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 liabilities / (assets) concerning the deferred tax are settled / (recovered).
The company compensates for receivables and liabilities concerning the deferred tax if and only if:
a) It has the legal right to offset the current tax receivables with the current tax liabilities; and
b) The deferred tax receivables and liabilities relate to the income taxes charged by the same fiscal authority.

2.16 Dividends

The share of profits that is to be paid according to the law, to each shareholder is a dividend. The dividends distributed to shareholders, proposed or declared after the reporting period, as well as the other similar distributions made from the profit determined under the IFRS and included in the annual financial statements are not recognized as a liability at the end of the reporting period.
To the accounting for dividends the provisions of IAS 10 are taken into consideration.

2.17 Capital and reserves

The capital and reserves (equity) represents the right of shareholders over the assets of an entity after deducting all liabilities. The equity includes: the capital contributions, the reserves, the retained earnings and the result of the financial year.
The entity was established under Law no. 31/1990 on companies.
In the first set of financial statements prepared in accordance with IFRS, the Company has applied IAS 29 - "Financial reporting in hyperinflationary economies" for the shareholders gains obtained before January 1, 2004, ie, they were properly adjusted with the inflation index.

2.18 Financing costs

An entity shall capitalize the borrowing costs that are directly attributable to the acquisition, the construction or production of a qualifying asset as part of the production cost of that asset. An entity shall recognize other borrowing costs as an expense in the period during which the entity incurrs them.
The company has not financed the construction of long-term assets from loans.

2.19 The result per share

The company shows the earnings per share basic and diluted for the common shares. The basic earning per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the company to the weighted average number of ordinary shares over the reporting period.

2.20 The segment reporting

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

2.21 The related parties

A person or a close family member of that person is considered to be affiliated with the company if that person:
(i) Has control or joint control over the company;
(ii) Has significant influence over the Ccmpany; or
(iii) Is a member of key management staff.
The key management staff 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. The transactions with key staff include salary benefits granted to them exclusively as presented in Note 6. Staff costs.
An entity is affiliated with 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 branch of the same group is linked to the other).
(ii) An entity is an associated entity or joint venture of the other entity (or associate or joint venture of a member of the group other entity is a part of).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third party, and the other is an associate of the third party entity.
(v) The entity is a post-employment benefit plan in the benefit of the employees of the reporting entity or an entity affiliated to the reporting entity. In the event the reporting entity is itself such a plan, the sposoring employers are also affiliates of the reporting entity.
(vi) The entity is controlled or jointly controlled by an affiliated person.
(vii) An affiliated person having control significantly influences the entity or is a member of the key management staff of the entity (or the parent of the entity).The company does not undertake transactions with the entity described in the above (i) - (vii).

2.22 Changes in accounting policies

a) New standards, interpretations and amendments that have been in force since 1 January 2017

There were no new standards or interpretations that entered into force in January 2016, with a material effect on the company's financial statements.
IFRS 14 *Deferred accounts for regulated activities* is the only new standard that has entered into force since 1 January 2016.
None of the amendments or improvements to the standards that came into force have had a significant effect on the Company's financial statements.

b) Standards issued but not yet in force and not adopted in advance

The following new standards, interpretations and amendments, which are not yet in force and have not been adopted in advance in these financial statements, may have an effect on the company's future financial statements. The list below presents IFRSs (and amendments to IFRSs) that have been issued but are not mandatory for the financial statements prepared on 31 December 2016:

- IFRS 9 *Financial Instruments* - replaces IAS 39 *Financial Instruments: Recognition and Measurement*. It includes the latest requirements for all three phases of the financial instruments project - classification and valuation, depreciation and hedge accounting that were issued between 2009 and 2013.
- IFRS 15 *Revenue from Customer Contracts and Related Changes* - Replaces IAS 18 Revenue, IAS 11 Construction Contracts and Related Interpretations (IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements on Property Construction, IFRIC 18 Transfers of Assets from clients and SIC 31 Income - Barter transactions involving advertising services). The objective of IFRS 15 is to clarify the principles of revenue recognition. This includes eliminating inconsistencies and weaknesses perceived, and improving the comparability of revenue recognition practices generated by companies, industries and capital markets. In this respect, IFRS 15 establishes a unique income recognition framework. The underlying principle of the framework is that an entity must recognize revenue to describe the transfer of goods or services promised to clients in an amount that reflects the consideration the entity expects to have the right in exchange for those goods or services.

- IFRS 16 *Leasing Agreements* - replaces IAS 17 *Lease Contracts*, IFRIC 4 Determining the extent to which an Undertaking contains a Lease Agreement, SIC 15 Operating Leasing - Incentives and SIC 27 Assessment of the Transaction Economic Fund involving the Legal Form of a leasing. Major changes to IFRS 16 establish a unique model that eliminates the distinction between operating and financial leases as well as results in the statement of financial position that reflect an active "right of use" and a corresponding liability for the majority of lease contracts.

Effects of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments are still under evaluation, but do not expect to have significant effects on the company's future financial statements.

No significant effects on the Company's financial statements are expected, following the amendments to standards or annual improvements that will be effective after January 1, 2018.

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 the use of financial instruments. This note describes the objectives, policies and processes of the company for the management of those risks and the methods used to assess them. Further 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, its objectives, policies and processes for the management of these risks or the methods used to assess them in comparison to prior periods except where otherwise stated in this note.

The main financial instruments

The main financial instruments used by the company, of which there is a risk concerning the financial instruments are as follows:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in equity securities listed
- Trade liabilities and other liabilities

A breakdown of financial instruments is provided below:

	Loans and payables	
ASSETS	**31-Dec-17**	**31-Dec-16**
Trade and related receivables	256.590.180	239.990.385
Cash and cash equivalents	5.107.743	13.902.686
Total	**261.697.923**	**253.893.071**

	Per amortized cost	
LIABILITIES	**31-Dec-17**	**31-Dec-16**
Trade and related liabilities	46.276.195	41.659.939
Short-term loans	69.731.310	40.705.967
Short term provisions	-	1.418.895
Total	**116.007.505**	**83.784.801**

The overall objective of the Board is to establish policies that seek to reduce the risk as much as possible without unduly affecting the competitiveness and flexibility of the company.
Further details on these policies are set out below:

The credit risk

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

At the level of the company there is a Trade Policy approved by the Board of SC Antibiotice SA. In it the commercial conditions of sale are clearly presented and there are conditions imposed in the selection of clients.

Antibiotice SA only works with large distributors in the national pharmaceutical market. In the case of the export sales, in all situations where possible, advance payment sales are contracted.

The calculation and analysis of the net statement (equity)

Indicators (LEI)	**31-Dec-17**	**31-Dec-16**
Credits and loans	69.731.310	40.705.967
Cash and cash equivalents	(5.107.743)	(13.902.686)
Net debt	**64.623.567**	**26.803.280**
Total equity	**416.877.840**	**409.066.359**
Net debt in equity (%)	**15,50%**	**6,55%**

The Foreign Exchange Risk

The company is mainly exposed to the currency risk on the purchases made from the suppliers of raw materials, packaging and other materials from abroad. The suppliers from which the company purchases these items necessary for the production of drugs must have quality documents stipulated in the EU rules for drug registration. The company can not thus greatly limit the purchases from third party countries. The tracking of payment deadlines and ensuring the available funds for payment, so that the effect of foreign exchange risk is minimized fall in the responsibility of the Financial Accounting Department.

On December 31st, 2017 the net exposure by types of currency of the cmpany to the foreign currency risk was as follows:

Assets/liabilities in EURO equivalent in LEI	**31-Dec-17**	**31-Dec-16**
Monetary financial assets	3.902.185	3.379.590
Monetary financial liabilities	(12.895.388)	(8.260.983)
Net financial assets	(8.993.202)	(4.881.393)

Variation RON/EUR	Castig/ Pierdere	
RON rise against the EUR by 5%	(449.660)	(244.070)
RON decrease against the EUR by 5%	449.660	244.070
Impact on result	-	-

Assets and liabilities in EURO	**31-Dec-17**	**31-Dec-16**
Monetary financial assets	883.209	744.223
Monetary financial liabilities	(3.542.733)	(1.819.159)
Net financial assets	**(2.659.524)**	**(1.074.936)**

Active/pasive in USD equivalent in LEI	**31-Dec-17**	**31-Dec-16**
Monetary financial assets	15.609.753	24.216.177
Monetary financial liabilities	(9.099.908)	(6.179.814)
Net financial assets	**6.509.845**	**18.036.363**

RON/USD variation		
RON rise against the USD by 5%	325.492	901.818
RON decrease against the USD by 5%	(325.492)	(901.818)
Impact on result		

Assets and liabilities in USD	**31-Dec-17**	**31-Dec-16**
Monetary financial assets	7.293.570	5.627.350
Monetary financial liabilities	(2.274.041)	(1.436.064)
Net financial assets	**5.019.529**	**4.191.287**

The company's net exposure to the foreign exchange risk, equivalent in RON, is shown in the table below:

Assets / Debt	**31-Dec-17**	**31-Dec-16**
LEI	129.973.962	156.953.300
EUR	(8.993.202)	(4.881.393)
USD	6.509.845	18.036.363
Alte valute (CAD,GBP)	(62)	-
Net exposure	**127.490.543**	**170.108.271**

Given the relatively low exposure to the currency fluctuations, it is not expected that reasonable fluctuations in exchange rates produce significant effects in the future financial statements.

The liquidity risk

The liquidity risk arises from the management of the company of the working capital, the financing costs and the repayments of principal sum for its cutting tools.

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

The Board receives cash flow forecasts regularly as well as information on the company's available cash. At the end of the financial year, the company has sufficient cash resources to meet its obligations in all reasonably expected circumstances.

The following tables show the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

December 31 2017	**Up to 3 months**	**Between 3 and 12 months**	**Total**
Trade and related liabilities	17.325.401	48.003.461	65.328.862
Credits and loans		69.731.310	69.731.310
Total	**17.325.401**	**117.734.771**	**135.060.172**

December 31 2016	**Up to 3 months**	**Between 3 and 12 months**	**Total**
Trade and related liabilities	18.111.488	36.889.921	55.001.409
Trade and related liabilities		40.705.967	40.705.967
Total	**18.111.488**	**77.595.888**	**95.707.376**

Bank liquidities
The banks to which the Company holds bank accounts are regularly reviewed by the management of the Company.

The operational risk

The operational risk is the risk of direct or indirect loss arising from a wide range of causes associated to the processes, the staff, the technology and infrastructure of the company as well as from external factors other than the credit, the market and the liquidity risk, such as those originating in the legal and regulatory requirements and the generally accepted standards of the organizational behavior. The operational risks originate in all the company's operations.

The main responsibility for the development of controls related to operational risk lies with the management of the unit. The responsibility is supported by the company's development of general standards for the operational risk management in the following areas:

- The requirements for the separation of responsibilities, including the independent authorization of transactions;
- The requirements for reconciliation and the monitoring of transactions;
- The compliance with the regulatory and legal requirements;
- The documentation of controls and procedures;
- The requirements for the periodic review of the operational risk that the Company faces and the adequacy of controls and procedures to prevent the identified risks;
- The requirements for reporting the operational losses and remedial proposals of the causes that generated them;
- The development of operational continuity plans;
- The professional development and training;
- The establishment of ethical standards;
- The prevention of the risk of litigation, including insurance, where applicable;
- The mitigation of risks, including the efficient use of insurance, where applicable;

Capital adequacy

The management's policy regarding the capital adequacy is focused upon the maintaining of a sound capital base, in order to support the ongoing development of the Company and reaching the investment objectives.

4. SALES REVENUES

The revenues from sales include the following elements:

	Year ending on	
Description	**Dec - 31-17**	**Dec - 31-16**
Finished product sales	318.421.415	324.688.567
Sales of goods	89.433.883	90.439.956
Sales of goods	(70.950.632)	(82.693.464)
Total	**336.904.666**	**332.435.059**

The sales revenues are mainly achieved from the sales of finished products directly to pharmaceutical distributors. The intra and extra-community sales in 2017 amounted to RON 117.526.690 (RON 103.415.958 in 2016).

The company earns sales in individual values higher than 10% of the total sales with a total of 5 clients.

5. OTHER OPERATING REVENUES

The other operating revenues include the following:

	Year ending on	
Description	**Dec - 31-17**	**Dec - 31-16**
Rental income	75.144	83.592
Revenues from studies and research	413.641	1.010.281
Revenues from various activities	235.996	1.461.801
Revenues from subsidies	46.794	165.643
Revenues from the sale of fixed assets	4.985	-
Revenues from the sale of fixed assets	19.465	1.307.450
Other operating revenues	963.952	92.503
Revenues from the adjustments for the depreciation of current assets	24.300.766	3.377.726
Revenues from provisions for risks and expenses	6.949.158	5.805.390
Exchange rate differences	4.786.766	6.958.551
Total	**37.796.667**	**20.262.937**

6. RAW MATERIALS, CONSUMABLES AND GOODS

The expenses with raw materials and consumables have the following structure:

	Year ending on	
Description	**31-Dec-17**	**31-Dec-16**
Raw materials	63.700.502	59.382.959
Auxiliary materials	4.767.726	4.667.266
Goods	53.168.204	57.380.318
Expenditure on fuel and spare parts	4.430.423	4.304.578

Inventory items	698.481	726.675
Other consumables	306.664	406.053
Total	**127.072.000**	**126.867.849**

7. STAFF RELATED EXPENSES

The staff related expenses have the following structure:

	Year ending on	
Description	**Dec - 31-17**	**Dec - 31-16**
Salaries	60.090.816	52.971.303
Civil contracts	455.674	295.936
Taxes and social contributions	15.273.047	13.490.563
Employee participation in profit and non-performed leaves	3.472.542	5.045.844
Variable allowance for the members of the Board	1.113.729	484.419
Other benefits (meal vouchers and employee participation in the 2016 profit)	5.491.386	4.558.747
Total	**85.897.194**	**76.846.812**

For the year 2017 the provisions were made in the amount of RON 3.472.542, representing the provision for the participation of the employees in the profit of the year 2017 and the provision for the holidays non-performed during 2017.

The company is managed in a unitary system within the meaning of Law 31/1990 concerning the commercial companies; the management of the Company is ensured by the Board of SC Antibiotice SA. The structure of the Board and Executive Directors is presented in Note 1. "General Information".

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

	Year ending on	
Description	**Dec - 31-17**	**Dec - 31-16**
Salaries	2.920.670	2.484.743
Civil contracts	346.330	240.096
Taxes and social contributions	757.368	648.984
Variable indemnities	484.419	398.347
Total	**4.508.787**	**3.772.170**

For the year 2017, the provisions amounted to RON 1.113.729 representing the provision for the variable indemnity granted to the members of the Board and a provision for the variable indemnity related to the mandate contract for the achievement of the objectives for the year 2017.

8. OTHER OPERATING EXPENSES

The other operating expenses include the following:

Description	Year ending on Dec - 31-17	Dec - 31-16
Utilities	7.841.379	8.044.768
Repairs	2.082.724	1.887.931
Rent	160.174	160.316
Insurance	1.107.184	1.234.159
Banking fees	1.163.971	1.274.874
Advertising and promotional products	8.287.376	3.457.023
Travel and transport	3.513.244	3.254.451
Postal services and telecommunications	503.087	477.758
Other services provided by third parties	22.035.655	22.366.833
Other taxes	32.695.434	26.571.101
Environment protection	688.620	612.846
Losses and adjustments of doubtful debts	21.696.464	13.899.824
Other provisions	-	44.347
Exchange rate differences	8.047.855	6.154.789
Miscellaneous	3.572.005	2.341.094
Total	**113.395.172**	**91.782.114**

9. FINANCIAL REVENUES AND FINANCIAL EXPENSES

The net financial revenues have the following component:

Description	Year ending on Dec - 31-17	Dec - 31-16
Interest revenues	4.287	8.134
Interest expenses	(1.347.830)	(1.035.710)
Other financial expenses	(620.090)	(3.620.447)
Total	**(1.963.633)**	**(4.648.023)**

The other financial expenses are settlement receivables on receivables settled before maturity materialized in bonuses granted to the Company's clients for the anticipated payment of the amounts due by them.

10. EXPENSES ON PROFIT TAX

Description	Year ending on Dec - 31-17	Dec - 31-16
Current tax	2.389.046	5.231.626
Deferred tax expense/(income)	(585.970)	(720.791)
Total	**1.803.076**	**4.510.835**

The profit tax was calculated taking into account the influences of non-deductible expenses, i.e. the taxable income, tax incentives, the effects of income tax provisions and the effects of the applying of the Law 170/2016 on specific business tax.

A reconciliation between the accounting profit and the tax base upon which the profit tax is calculated is presented in the following table:

	Year ending on	
Description	**Dec - 31-17**	**Dec - 31-16**
Total revenues	349.757.635	345.800.740
Total expenses (excluding corporate income tax)	(313.571.337)	(310.198.303)
The gross accounting result	**36.186.298**	**35.602.437**
Deductions	(32.004.517)	(12.250.167)
Non-deductible expenses	25.465.028	28.167.244
Fiscal result	29.646.809	51.519.514
Profit tax (fiscal result x 16%)	4.743.489	8.243.122
Tax reduction	(2.354.443)	(3.011.496)
Current income tax	**2.389.046**	**5.231.626**
Deferred income tax	(585.970)	(720.791)
Total current income tax	1.803.076	4.510.835

11. RESULT PER SHARE

	Year ending on	
Description	**Dec - 31-17**	**Dec - 31-16**
Net profit (A)	33.558.354	30.370.811
Number of ordinary shares (B)	671.338.040	671.338.040
Earnings per share (A/B)	0,0499	0,0452

12. FIXED ASSETS

	Land	Buildings	Technical equipment	Other installation, equipment and furnit
COST				
December 31 2015	108.306.000	76.698.199	129.573.898	5.605
Purchasing	-	2.976.278	9.873.286	330
Outputs	-	21.985	2.223.757	56
Re-assessment				
December 31 2016	108.306.000	79.652.492	137.223.427	5.879
Purchasing	-	3.738.017	16.819.970	337
Outputs	-	64.344	2.441.544	24
December 31 2017	108.306.000	83.326.165	151.601.853	6.193
AMORTIZATION				
December 31 2015	-	2.129.389	108.733.123	4.728
Cost of the interval	-	11.721.475	5.168.849	191
Outputs	-	13.880	2.223.757	56
December 31 2016	-	13.836.985	111.678.213	4.862
Cost of the interval	-	10.689.599	6.268.486	266
Outputs	-	64.344	2.441.544	24
December 31 2017	-	24.462.240	115.505.156	5.104
PROVISION				
December 31 2015	-	70.794	244.652	
Outputs 2016	-	11.594	-	
December 31 2016	-	59.200	244.652	
Outputs 2016	-	2.200	-	
December 31 2017	-	57.000	244.652	
NET VALUES				
December 31 2017	108.306.000	58.806.925	35.852.045	1.088
December 31 2016	108.306.000	65.756.308	25.300.561	1.016
December 31 2015	108.306.000	74.498.016	250.596.124	877

Depreciation of fixed assets

The accounting depreciation is calculated using the straight-line method. For the new fixed assets entered in 2017 such as installations, machines and measuring and control devices, the shelf lives have been established taking into account the following:

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

The value of inventory of the tangible assets which constitute pledges or guarantees is RON 46.671.912.

13. INTANGIBLE ASSETS

The intangible assets include proprietary development projects, legal documentation (for licenses and patents) as well as software licenses.
The changes in the cost of acquisition and amortization related to the intangible assets are shown in the following table:

	Dec - 31-17	Dec - 31-16
Initial balance	17.317.531	16.042.866
Inputs	11.330.798	2.932.732
Outputs	6.930.226	1.658.065
Final balance	21.718.103	17.317.531
Amortization		
Initial balance	7.178.073	6.312.680
Cost of the interval	1.432.407	865.393
Final balance	8.610.480	7.178.073
Net value	**13.107.622**	**10.139.458**

14. STOCKS

Description	31-Dec-17	31-Dec-16
Raw materials and consumables	21.618.301	20.567.516
Ongoing production	2.430.978	1.895.609
Semi-manufacture and finished product	35.603.581	30.482.412
Goods	7.611.686	7.249.563
Total	**67.264.546**	**60.195.101**

The value of stocks taken as guarantees is 25.300.000 lei.

15. **TRADE RECEIVABLES AND OTHER TYPES OF RECEIVABLES**

Description	31-Dec-17	31-Dec-16
Trade receivables	299.570.239	290.997.945
Ajustments for trade receivables	(43.879.851)	(51.694.956)
Various debitors and other receivables	8.477.982	8.499.935
Adjustments for various debitors	(7.578.190)	(7.812.539)
Total financial assets other than cash, classified as loans and receivables	**256.590.180**	**239.990.385**
Receivables related to the employees	106	2.898
Other receivables for the State Budget	1.983.468	602.087
Advance payments	5.638.989	1.860.695
Total	**264.212.743**	**242.456.065**

On December 31, 2017, the Company recorded adjustments for trade receivables representing customer balance that are unlikely to be earned by the Company. The receivables of the company were analyzed and evaluated according to criteria established depending upon the risks per categories of clients.

Age analysis	Dec - 31-17	Dec - 31-16
Receivables - Clients	299.570.239	290.997.945
Up to 3 months	110.759.313	112.360.721

Between 3 and 6 months	78.790.458	69.167.479
Between 6 and 12 months	61.437.090	62.680.927
Over 12 months	48.583.380	46.788.818
Value adjustments related to receivables-clients	(43.879.851)	(51.694.956)

The fluctuations in the Company's provisions for the impairment of trade receivables are presented in the following table:

Receivable adjustments	**Dec - 31-17**	**Dec - 31-16**
At the beginning of the interval	59.507.495	55.824.260
Established during the year	13.293.189	7.049.367
Adjustments canceling	(21.342.643)	(3.366.132)
At the end of the interval	**51.458.041**	**59.507.495**

The value of receivables taken as guarantees is RON 257.375.190.

16. CASH AND CASH EQUIVALENTS

Description	**Dec - 31-17**	**Dec - 31-16**
Available at the bank	5.096.113	13.880.865
Cash and cash equivalents	11.630	21.821
Total	**5.107.743**	**13.902.686**

17. TRADE DEBT AND DEBT OF A DIFFERENT NATURE

18. Description	**Dec - 31-17**	**Dec - 31-16**
Trade debt	34.385.826	27.979.046
Suppliers of assets	5.287.438	6.087.815
Debt relative to staff	1.676.678	1.503.632
Salaries provisions	4.586.271	5.530.262
Other debt	166.176	481.186
Interest to pay	173.806	77.998
Total debt minus loans, classified as measured per amortized cost	**46.276.195**	**41.659.939**
Taxes and social contributions	2.872.453	2.542.074
Dividends	5.670.739	4.434.628
Advances from clients	716.587	408.729
Total	**55.535.974**	**49.045.370**

18. AMOUNTS OWED TO BANKS

Amounts owed to banks on 31.12.2017

The short-term contract no. IAS3-42-2016/ 17.08.2016 concluded with Unicredit Bank S.A.

Objective	Credit line – working capital
Amount	RON 30.000.000
Maturity date	16.08.2018
Balance on December 31 2017	RON 28.769.000
Guarantees	Mortgage contract for buildings, land / Contract for assignment of receivables

Short-term contract no. 12/01.07.2013 concluded with EXIMBANK, Romania's Import-Export Bank

Objective	Credit line – working capital
Amount	RON 30.000.000
Maturity date	26.06.2018
Balance on December 31 2017	RON 25.905.001,42
Guarantees	Mortgage contract for buildings, land / Contract for assignment of receivables

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

Objective	Credit line – working capital
Amount	EUR 9.500.000
Maturity date	22.05.2018
Balance on December 31 2017	RON 8.739.544,83 EUR 1.355.830,54 (RON 6.317.763,57)
Guarantees	Mortgage contract for buildings, land / Contract for assignment of receivables

Amounts owed to banks on 31.12.2016

Short-term contract no. IAS3-42-2016/ 17.08.2016 concluded with Unicredit Bank S.A.

Objective	Credit line – current capital
Objective	Credit line – current capital
Amount	RON 30.000.000
Maturity date	16.08.2017
Balance on December 31 2016	RON 22.919.001
Guarantees	Mortgage contract for buildings, land / Contract for assignment of receivables

Short-term contract no. 12/01.07.2013 concluded with EXIMBANK SA, Romania's Export-Import Bank

Objective	Credit line – current capital
Amount	RON 60.000.000
Maturity date	27.06.2017

Balance on December 31 2016	RON 0
Guarantees	Mortgage contract for buildings, land, receivables

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

Objective	Credit line – current capital
Amount	EUR 9.500.000
Maturity date	22.05.2017
Balance on December 31 2015	EUR 3.916.884,93 (RON 17.786.966,16)
Guarantees	Contract for assignment of receivables / Mortgage contract for buildings, land

SC Antibiotice SA neither submitted guarantees nor pledged or mortgaged its own assets to guarantee obligations in favor of a third party.

19. SHORT-TERM PROVISIONS

Variatiion of provisions:

Provisions for risks and expenses	**Movements in the period**
December 31 2016	**1.418.895**
Made during the interval	0
Use during the interval	1.418.895
December 31 2017	**0**

Provisions for salaries are presented in Note 17.

20. SUBSIDIES FOR INVESTMENTS

The subventions for invetments have the following structure:

Subventions for investments	**Dec - 31-17**	**Dec- 31-16**
Waste water treatment plant	2.639.349	2.914.052
Equipping analytical laboratory	0	344
Research project - UMF Iasi	16.786	-
Other amounts received in the form of subsidies	169.000	-
Total	**2.825.135**	**2.914.396**

The amounts reflected in the account subventions for investments received by the Company as subsidies during the last 10 years for investments in environmental protection as well as for the increase of the competitiveness of industrial products from the Ministry of Economy, Trade and Relations with the Business Environment and UEFISCDI Bucharest.

21. DEFERRED INCOME TAX

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

Description	**Dec - 31-17**	**Dec - 31-16**
Initial balance	18.758.368	19.479.158
Costs/(Income) deferred taxation	(585.970)	(720.791)
Final balance	18.172.398	18.758.368

The main components of the deferred tax are: the deferred tax related to the revaluation of fixed assets during the period 2004-2009 and the deferred tax related to the revaluations in 2012 and 2015.

22. SHARE CAPITAL

The subscribed share capital of the Company as of 31 December 2016 is RON 67.133.804; the nominal value of one share is RON 0.1000 per share. The Company has 671.338.040 shares that give equal rights to the shareholders of the Company. SC Antibiotice SA did not issue shares that would give preferential rights to their shareholders.

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

Subsequent to 31.12.2003 the share capital increased according to the historical amounts registered with the Trade Register. On 31.12.2012, there is a reported loss on the balance sheet of the Company arising from the application for the first time of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" which is proposed to be covered from the amount resulting from the application of IAS 29 "*Financial Reporting in Hyperinflationist Economies*" as follows:

Reported result to loss arising from first application of IAS 29	197.701.352
Share capital adjustment - first application of IFRS	197.701.352

Pursuant to Order 1690/2012 on the amendment and completion of accounting regulations, the carried forward accounting loss resulting from the transition to IFRS, from the adoption of IAS 29 for the first time and from the use, at the date of transition to IFRS of fair value the alleged cost is covered by equity (including the amounts reflected in the credit of account 1028 "Adjustments of the share capital"), according to the GMS's decision, in compliance with the legal provisions.

23. RESERVES

The reserves include the following:

Description	**Dec -31-17**	**Dec - 31-16**
Revaluation reserves fixed assets	17.524.457	20.345.564

Legal reserves	13.426.761	13.426.761
Deferred tax recognized on equity	(2.968.316)	(3.419.694)
Other reserves	151.152.127	146.528.189
Reserves from current profit	10.982.386	-
TOTAL	**190.117.415**	**176.880.820**

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

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

24. REPORTED RESULT

The reported result includes the following:

Description	**Dec - 31-17**	**Dec - 31-16**
Reported result – surplus from revaluation reserves	(10.271.184)	(7.901.456)
Retained earnings arising from the use of fair value as deemed cost at the date of transition to IFRS	(126.779.469)	(126.779.469)
Retained earnings arising from the adoption for the first time of IAS 29	197.701.352	197.701.352
Total	**60.650.699**	**63.020.428**

25. PROFIT DISTRIBUTION

On 31.12.2017 Antibiotice recorded a net profit of RON 33.558.354 which is proposed for distribution as follows:

Description	**Dec - 31-17**	**Dec - 31-16**
Dividends	17.825.769	25.746.873
Other reserves	15.732.585	4.623.938
Total	**33.558.354**	**30.370.811**

The amount of RON 15.732.585 lei, representing other reserves provided by law, consists of:
- Fiscal facilities for the profit invested in technological equipment, electronic computers and peripheral equipment, cash equipment, control and billing equipment, as well as in software programs produced and/or purchased according to art. 22 of the Fiscal Code in the amount of RON10.982.386;
- The tax incentives for development research activities according to art. 20 of the Fiscal Code amounting to RON 3.259.532;
- Other assignments provided under art. 1 of GO no. 64/2001 in the amount of 1.490.667 lei; the total dividends are in the amount of RON 17.825.769.

The gross dividend per share for the year 2017 was set at RON 0.026552598, which represents a distribution rate of 53.12% of the net profit for the financial year 2017.

26. CONTINGENT DEBT

SC Antibiotice SA has no contingent debts as of December 31 2017.

27. EVENTS FOLLOWING THE REPORTING PERIOD

There are no significant subsequent events that are not disclosed in these financial statements.

28. INFORMATION REFERRING TO AUDITING FINANCIAL STATEMENTS

The financial audit for the financial year 2017 was carried out by SC SOCECC SRL. The auditor provided only financial audit services.