

**Accounting, Expertise & Accounting Consultancy Company
SOCECC Ltd.**

**INDEPENDENT AUDITOR'S REPORT
ON
THE INDIVIDUAL FINANCIAL STATEMENTS DRAWN UP BY
ANTIBIOTICE S.A. FOR THE FISCAL YEAR ENDED TO
DECEMBER 31, 2018**

BUCHAREST

-2019-

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ANTIBIOTICE

Report on the Audit of Financial Statements

Our opinion

We audit the attached individual financial statements of ANTIBIOTICE S.A. ("The Company") with its registered office in Iași, Valea Lupului St., tax identification number RO1973096, comprising the financial position statement as of December 31, 2018, statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year ended at the above-mentioned date and a summary of the significant accounting policies and other explanatory notes.

The individual financial statements as of December 31, 2018 are identified as such:

- | | |
|---------------------------------|-----------------|
| • Net assets/ total equity: | 472,727,315 LEI |
| • Net profit of the fiscal year | 34,303,788 LEI |

In our opinion, the attached individual financial statements give a true and fair view, in all significant aspects, on the financial position of Antibiotice company on December 31, 2018, as well as on the financial performance and cash flows for the fiscal year ended on the above-mentioned date in accordance with the Order of the Minister of Public Finance no. 2844/2016 (OMPF no. 2844/2016) for approving the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS-UE").

We conducted our audit in accordance with the International Standards on Auditing ("ISAs"), Regulation (EU) no. 537 of the European Parliament and of the European Council ("The Regulation") and Law no. 162/2017. Our responsibilities are described in detail in the section *Auditor's responsibilities in an audit of financial statements* in our report. We are independent of the Company, in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA code), according to the relevant ethical requirements for the audit of financial statements in Romania, including the Regulation and Law no. 162/2017 and we fulfilled our ethical responsibilities according to these requirements and IESBA code. We believe that our audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

Key issues

Key audit issues are those issues that, based on our professional judgement had the greatest importance for the audit of the financial statements of the current period. The following key issue was approached in the context of the audit of the financial statements as a whole and in forming our opinion on them and we do not offer a separate opinion on this key issue.

Key issue - Value of trade receivables

Presentation value of trade receivables according to IFRS depends significantly on the calculation and estimation process of the trade discounts as well as on the process of estimating their recoverability. The company presented in the financial statements in the explanatory note no. 4 - "Sales Income" the value of the granted trade discounts and, in the explanatory note no. 15 - "Trade and other receivables" the company presented the trade receivables in net value of 292 million LEI, adjusted with the estimated depreciation.

During our mission, we conducted the following audit procedures that included, but were not limited to these:

- assessment of the compliance of the policies for recognizing the income and trade receivables;
- analytical review procedures and detail tests for verifying the amount of granted discounts, including through the expansion of the verifications on the granted discounts in the next fiscal year related to the sales from the audited fiscal year;
- procedures for direct confirmation of trade receivables balances;
- evaluation of internal procedures and methods used by the management team for estimating the probable amount to be collected;
- verifying the consistency of applying the accounting policies related to the adjustment of trade receivables.

Key issue - Revaluation of constructions

Presentation value of the constructions according to IFRS depends significantly on the calculation and estimation process of the fair value, useful life and their recoverable amount. The company submitted the financial statements, in the explanatory note no. 12 "Tangible assets", net assets amounting to 310,6 million LEI.

During our mission, we conducted the following audit procedures that included, but were not limited to these:

- assessment of the compliance of policies for the presentation of tangible fixed assets as constructions;
- analytical review procedures and detail tests for verifying the amount of revaluation surpluses and decreases, including through expanding the checks on the annexes to the evaluation report;
- evaluation of internal procedures and methods used by the management team for estimating the recoverable amount of fixed assets;
- verifying the consistency of applying the accounting policies related to registering the revaluation reserve.

Other information - Management Report

The administrators are responsible for drafting and submitting other information. Those other information include the Management Report but they do not include the financial statements and auditor's report on them. The Management team is responsible for this information.

Our audit opinion on the financial statements do not cover other information and we do not express any conclusion with regard to these.

In connection with our audit on the financial statements, our responsibility is to read this other information and, in this approach, to evaluate whether that information is significantly inconsistent with the financial statements or with the knowledge we gained from the audit or if they appear to include significant errors. If, based on the performed activity, we come to the conclusion that there are significant errors in this information, we must report this. We have nothing to report on this matter.

Additionally, in accordance with the provisions of OMPF no. 2844/2016, we read the Management Report and report the following:

- in the Management Report we did not identify information that is not consistent in all significant aspects with the information presented in the financial statements on December 31, 2018.
- The above-identified Management Report includes, in all the significant aspects, the information requested by OMPF no. 2844/2016 to the para 15-19 of the Annex no. 1;
- The Management Report does not include the non-financial declaration specified to the paragraphs 39-42 from OMPF no. 2844/2016 which will be presented later in a separate report.
- Based on our knowledge and our understanding gained during the audit of the financial statements drafted on December 31, 2018 about the company and its environment, we did not identify significant erroneous information presented in the Management Report.

Responsibility of the management team and other persons responsible for the governance of the financial statements

The Management team is responsible for drafting and fair presentation of these financial statements in accordance with OMPF no. 2844/2016 and for the internal control which is considered relevant by the management for elaborating the financial statements without significant misstatements due to fraud or error.

When drafting the financial statement, the management is responsible for assessing the company's ability to continue its activity, presenting, if needed, the aspects related to continuation of the activity and using the accounting based on the continuity of activity unless the management plans to either liquidate the company, stop operations or it has no realistic alternative, except for these.

The persons responsible for administering the company are also responsible for supervising the financial reporting process.

The Auditor's responsibility

Our objectives are to obtain reasonable assurance that the financial statements as a whole do not include material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The reasonable assurance represents a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a significant misstatement, if it exists. Misstatements can arise from either fraud or error and are considered material if, they reasonably can be expected, individually or cumulatively, to influence the users' economic decisions based on these financial statements.

As part of an audit in accordance with the ISA standards, we exercise our professional judgement and maintain our professional skepticism during the audit. Moreover:

- We identify and evaluate the risks of significant misstatements in the financial statements caused either by fraud or by error, establish and perform audit procedures to respond to these risks and we get enough and appropriate audit evidence to form a basis for our opinion. The risk of not detecting a material misstatement caused by fraud is greater than the risk of not detecting a material misstatement caused by error, as fraud may include complicity, forgery, intentional omissions, false statements, or avoidance of internal control.
- We consider the internal audit as relevant to the audit to establish the appropriate audit procedures in the given circumstances, but not to express an opinion on the effectiveness of internal control of the company.
- We assess the appropriateness of the used accounting policies and reasonableness of accounting estimates and related information disclosures made by Management.
- We formulate a conclusion on the appropriateness of using the going-concern principle by the company and determine, based on the obtained audit evidence whether there is significant uncertainty about events or conditions that could raise significant doubts about the Company's ability to continue its activity. If we conclude that there is a significant uncertainty, we need to draw attention in the audit report on the presentations related to the financial statements or, if these presentations are inappropriate, we must change our opinion. Our conclusions are based on the audit evidence obtained by the date of our audit report. However, future events or conditions may cause the Company not to continue operating on the going-concern principle.
- We evaluate the presentation, structure and overall content of the financial statements, including the information submissions and the extent to which the financial statements reflect the transactions and basic events in a manner that lead to the accurate presentation.

We communicate to those responsible for managing, among other things, the planned objectives and timing of the audit, as well as the significant audit findings, including any significant internal control deficiencies that we identify during our audit.

Report on other legal and regulatory requests

We were appointed by the General Meeting of Shareholders held on June 28, 2017 to audit the financial statements of ANTIBIOTICE S.A. S.A. Iași for the fiscal year ended at December 31, 2018. The uninterrupted total duration of our commitment is 3 years, covering the financial exercises ended at 31.12.2017, 31.12.2018 and 31.12.2019.

We confirm that:

- Our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company which we issued on the same date to which we issued this report. Also, in conducting our audit, we remained independent of the audited entity.
- We did not provide non-audit services for the company that are prohibited according to the article 5, para. (1) from the UE Regulation no. 537/2014.

Stamp of Mr. Zegrea Laurențiu and illegible signature

In the name of,

Accounting, Expertise & Accounting
Consultancy Company - SOCECC Ltd.

headquartered in Bucharest, registered in
the Electronic Public Register with the no. 227

through Zegrea Laurențiu, registered in the Electronic Public Register with the no. 2666
Bucharest, March 12, 2019

Stamp of SOCECC SRL BUCHAREST

