

ANTIBIOTICE S.A.

June 30, 2019 Financial statements,
drafted in accordance with the
International Financial Reporting
Standards (IFRS) adopted by the
European Union

ANTIBIOTICE S.A.
Financial statements on June 30,2019

Table of contents

STATEMENT OF COMPREHENSIVE PROFIT.....	3
STATEMENT OF FINANCIAL POSITION	4
CASH FLOW STATEMENT.....	6
STATEMENT OF CHANGES IN EQUITY	8
EXPLANATORY NOTES TO FINANCIAL STATEMENTS:.....	9
1. GENERAL INFORMATION.....	9
2. ACCOUNTING POLICIES	Error! Bookmark not defined.
3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT	Error! Bookmark not defined.
4. SALES INCOME	Error! Bookmark not defined.
5. OTHER OPERATING INCOME.....	Error! Bookmark not defined.
6. RAW MATERIALS, CONSUMABLES AND GOODS	Error! Bookmark not defined.
7. STAFF-RELATED EXPENSES	Error! Bookmark not defined.
8. OTHER OPERATING EXPENSES.....	Error! Bookmark not defined.
9. FINANCIAL INCOME AND FINANCIAL EXPENSES	Error! Bookmark not defined.
10. EXPENDITURE ON CURRENT AND DEFERRED PROFIT AND OTHER TAXES.....	Error! Bookmark not defined.
11. EARNINGS PER SHARE	Error! Bookmark not defined.
12. FIXED ASSETS.....	Error! Bookmark not defined.
13. INTANGIBLE FIXED ASSETS	Error! Bookmark not defined.
14. STOCKS.....	36
15. TRADE AND OTHER RECEIVABLES	Error! Bookmark not defined.
16. CASH AND CASH EQUIVALENTS	37
17. TRADE AND OTHER LIABILITIES	Error! Bookmark not defined.
18. AMOUNTS DUE TO CREDIT INSTITUTIONS	Error! Bookmark not defined.
19. SUBSIDIES FOR INVESTMENTS.....	40
20. DEFERRED INCOME TAX.....	Error! Bookmark not defined.
21. SHARE CAPITAL	40
22. RESERVES.....	41
23. RETAINED EARNINGS.....	Error! Bookmark not defined.
24. CONTINGENT LIABILITIES	42
25. EVENTS AFTER THE REPORTING PERIOD.....	Error! Bookmark not defined.
26. INFORMATION ABOUT THE AUDIT OF FINANCIAL STATEMENTS.....	Error! Bookmark not defined.

ANTIBIOTICE SA
STATEMENT OF COMPREHENSIVE PROFIT
June 30, 2019
(all amounts expressed in LEI, if not mentioned otherwise)

	NOTE	30-06-19	30-06-18
Sales revenues	4	172,391,095	157,700,486
Other operating revenues	5	18,686,567	14,810,614
Revenues relative to costs of product stocks		26,243,033	23,440,792
Capitalized income generated by the entity's activity		2,568,485	1,549,525
Expenses with raw materials and consumables	6	(78,018,365)	(73,332,578)
Staff-related expenses	7	(46,888,473)	(41,996,215)
Expenditure on amortization and depreciation		(10,329,494)	(9,800,119)
Other operating expenses	8	(57,508,252)	(50,067,426)
Operating profit		27,144,596	22,305,079
Financial income	9	43,909	2,856
Financial expenses	9	(2,264,898)	(1,463,766)
Pre-Tax Profit		24,923,607	20,844,169
Current and deferred income tax expense	10	(2,604,531)	(741,122)
Profit		22,319,076	20,103,047
Other items of comprehensive profit			
Items not to be reclassified:		-	-
Gains/losses from revaluation of tangible fixed assets		-	-
Profit tax related to other items of comprehensive profit		-	-
Result reported after correcting the errors		-	(272,574)
Total other items of comprehensive profit, taxes excluded		-	(272,574)
Total comprehensive profit		22,319,076	19,830,473
Earnings per share	11	0,033246	0,029945

The Explanatory Notes from 1 to 26 are an integrating part of the financial statements

Drafted by:

General Director
Ioan NANI

Financial Director
Paula COMAN

ANTIBIOTICE SA
STATEMENT OF FINANCIAL POSITION

June 30, 2019

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

	NOTE	30.06.19	31.12.18
ASSETS			
FIXED ASSETS			
Tangible fixed assets	12	316,959,046	310,640,665
Intangible fixed assets	13	16,134,982	15,028,716
TOTAL FIXED ASSETS		333,094,028	325,669,381
CURRENT ASSETS			
Stocks	14	97,450,800	64,964,661
Trade and similar receivables	15	307,600,266	313,094,458
Cash and cash equivalents	16	3,612,663	2,376,682
TOTAL CURRENT ASSETS		408,663,729	380,435,802
TOTAL ASSETS		741,757,757	706,105,183
LIABILITIES			
CURRENT LIABILITIES			
Trade and similar liabilities	17	76,126,997	67,171,084
Amounts due to credit institutions	18	104,527,433	100,729,229
Tax and current tax liabilities		11,528,226	10,421,393
Subsidies for investments	19	0	637,008
TOTAL CURRENT LIABILITIES		192,182,657	178,958,714
LONG-TERM LIABILITIES			
Amounts due to credit institutions	18	32,545,823	26,662,433
Subsidies for investments	19	3,192,430	2,489,791
Deferred tax	20	25,498,134	25,266,930
TOTAL LONG -TERM LIABILITIES		61,236,387	54,419,154
TOTAL LIABILITIES		253,419,044	233,377,868

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Drafted by:

General Director
Ioan NANI

Financial Director
Paula COMAN

ANTIBIOTICE S.A.
STATEMENT OF FINANCIAL POSITION (continuation)
 June 30, 2019
 (all amounts expressed in LEI, if not mentioned otherwise)

	NOTE	30.06.19	31.12.18
Share capital and reserves			
Share capital	21	264,835,156	264,835,156
Revaluation reserves	22	52,110,023	53,459,597
Legal reserves	22	13,426,761	13,426,761
Other reserves	22	193,386,084	190,422,002
Reported result	23	(57,738,387)	(60,182,699)
Distribution of profit		-	(23,537,290)
Current profit		22,319,076	34,303,788
TOTAL EQUITY		488,338,713	472,727,315
TOTAL EQUITY AND LIABILITIES		741,757,757	706,105,183

The Explanatory Notes from 1 to 26 are an integrating part of the financial statements

Drafted by:

General Director
Ioan NANI

Financial Director
Paula COMAN

ANTIBIOTICE S.A.
CASH FLOW STATEMENT

on June 30, 2019

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

	H I 2019	H I 2018
I. Cash flows from operating activities		
Cash collection from sales of goods and provision of services	185,978,184	150,552,755
Cash collection from royalties, fees, charges and other revenue	141,706	406,512
Cash payments to suppliers of goods and services	(97,107,286)	(106,266,915)
Cash payments to and on behalf of employees, payments made by the employer in connection with the staff	(44,735,633)	(40,544,077)
VAT paid	0	0
Contributions to the Ministry of Health and Ministry of Environment	(21,603,991)	(19,113,215)
Other paid duties, taxes, and similar levies	(473,932)	(485,069)
Operating cash flow	22,199,049	(15,450,010)
Interest charged	5,030	1,129
Interest paid	(2,166,476)	(1,276,903)
Tax on profit paid	(238,988)	(1,393,506)
Net cash flows from operating activities	19,798,614	(18,119,291)
II. Cash flows generated by investments		
Cash payments for purchasing land and fixed assets, intangible assets and long-term assets	(23,853,327)	(26,926,194)
Net investment cash flow	(23,853,327)	(26,926,194)
III. Cash flows from financing activities		
Acquisition of shares	-	-
Dividends paid	(3,610,740)	(9,516,898)
Receipts from long-term loans	5,486,028	7,182,635
Net cash flows from financing activities	1,875,288	(2,334,263)
Gains / losses from exchange rate differences	(382,798)	(310,559)
Net increase / (decrease) in cash	(2,562,223)	(47,690,307)
Cash and cash equivalents at the beginning of the period	(98,352,547)	(64,623,567)
Cash and cash equivalents at the end of the period	(100,914,770)	(112,313,874)
Cash and cash equivalents at the end of the period include:	(100,914,770)	(112,313,874)
Accounts in banks and cash	3,612,663	1,767,891
Credit lines	(104,527,433)	(114,081,765)

The Explanatory Notes from 1 to 26 are an integrating part of the financial statements

Drafted by:

General Director
Ioan NANI

Financial Director
Paula COMAN

ANTIBIOTICE S.A.
STATEMENT OF CHANGES IN EQUITY

on June 30, 2019

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

	Subscribed capital	Adjustments on capital	Reserves	Other reserves	Current result	Result from revaluation reserves	Distribution of profit	Revaluation reserves	Result reported from correcting the errors	Result after applying IAS/IFRS for the first time	Result after applying IAS 29 for the first time	TOTAL
31-12-17	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
Current comprehensive profit	-	-	-	-	34,303,788	-	-	-	-	-	-	34,303,788
Revaluation reserve	-	-	-	-	-	-	-	47,199,499	-	-	-	47,199,499
Deferred tax relative to the revaluation difference	-	-	-	-	-	-	-	(7,523,018)	-	-	-	(7,523,018)
Result from correcting the errors	-	-	-	-	-	-	-	789,712	(1,094,738)	-	-	(305,026)
Total other items of the comprehensive profit					34,303,788			40,466,193	(1,094,738)			73,675,244
Transfer of surplus from revaluation	-	-	-	-	-	2,503,058	-	(1,562,738)	-	(940,320)	-	-
Allocation of other reserves	-	-	-	4,750,199	(4,750,199)	-	-	-	-	-	-	-
Dividends	-	-	-	-	(17,825,769)	-	-	-	-	-	-	(17,825,769)
Mandatory distributions	-	-	-	23,537,290	-	-	(23,537,290)	-	-	-	-	-
31-12-18	67,133,804	197,701,352	13,426,761	190,422,002	45,286,174	14,205,380	(34,519,676)	53,459,596	(1,094,738)	124,408,011	(197,701,352)	472,727,315

The Explanatory Notes from 1 to 26 are an integrating part of the financial statements.

ANTIBIOTICE S.A.
STATEMENT OF CHANGES IN EQUITY

on June 30, 2019

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

	Subscribed capital	Adjustments on capital	Reserves	Other reserves	Current result	Result from revaluation reserves	Distribution of profit	Revaluation reserves	Result reported from correcting the errors	Result after applying IAS/IFRS for the first time	Result after applying IAS 29 for the first time	TOTAL
31-12-18	67,133,804	197,701,352	13,426,761	190,422,002	45,286,174	14,205,380	(34,519,676)	53,459,596	(1,094,738)	124,408,011	(197,701,352)	472,727,315
Current comprehensive profit	-	-	-	-	22,319,076	-	-	-	-	-	-	22,319,076
Deferred tax relative to the revaluation difference	-	-	-	-	-	-	-	-	-	-	-	-
Result from correcting the errors	-	-	-	-	-	-	-	-	-	-	-	-
Total other items of the comprehensive profit	-	-	-	-	22,319,076	-	-	-	-	-	-	22,319,076
Transfer of surplus from revaluation	-	-	-	-	-	1,349,573	-	(1,349,573)	-	-	-	-
Allocation of other reserves	-	-	-	2,964,082	(4,058,820)	-	-	-	1,094,738	-	-	-
Dividends	-	-	-	-	(6,707,678)	-	-	-	-	-	-	(6,707,678)
Mandatory distributions	-	-	-	-	(34,519,676)	-	34,519,676	-	-	-	-	-
30-06-19	67,133,804	197,701,352	13,426,761	193,386,084	22,319,076	15,554,953	-	52,110,023	-	124,408,011	(197,701,352)	488,338,713

The Explanatory Notes from 1 to 26 are an integrating part of the financial statements.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

1. GENERAL INFORMATION

1.1 Brief company profile

Antibiotice SA is a joint-stock company based in Iasi, 1 Valea Lupului Street, tax registration code RO 1973096. Antibiotice was founded in 1955 and defined as a trading company as per Law 15 / 1990 and Government Decision no. 1200/ 12.11.1990 and is traded on the regulated 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). Altogether they form a complex portfolio of more than 144 medicines for human use, designed to treat a wide range of infectious, dermatological, cardiovascular, digestive tract or musculoskeletal system diseases.

All production capacities are owned by the company and are located within the territory of the head office.

Our company has the right of ownership over all the fixed assets registered in the company's accounts.

1.2 Corporate Governance structures

Antibiotice's governance system is based on:

- Management Board
- Advisory Committees
- Executive Management
- Code of Ethics

In order to build a strong relationship with its shareholders and potential investors, the company has adopted the principles and recommendations of the Corporate Governance Code of the Bucharest Stock Exchange (CGC-BVB), principles that are the basis for meeting the good corporate governance standards.

Antibiotice SA considers that corporate governance is an important tool for achieving performance, under conditions of sustainable development, ensuring the accuracy and transparency of the decision-making process, through equal access for all shareholders to the relevant information about the company.

The governance system is compliant with the provisions of the Law no. 297/2004 amended and supplemented with the provisions of Law no. 10/2015 and GEO 90/2014 and CNVM regulations issued for its application, of Law no. 111/2016 for the approval of the Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public enterprises of the BVB Code, with all subsequent changes, BVB Code, BVB Corporate Governance Code and with the provisions of the company's Articles of Association.

The solidity of the Antibiotice team is demonstrated through the strategic guidance and promptness with which it is able to react, developing responsible and transparent business practices. This applies both to the management team, as well as to operational teams and entire staff of the company, which manage to strike a balance between compliance and performance.

In the first semester of 2019, we consistently followed the strategic directions, accompanied by appropriate investment programs. We achieved this by applying the principles

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

of good corporate governance, which mobilized our employees' full potential for implementing and maintaining high standards in all the company's activities.

Management Board

Antibiotice SA is administered by a Management Board responsible for fulfilling all the tasks necessary to achieve the objective of the company, with the exception of those which fall into the responsibility of the General Meeting of Shareholders, as provided by law. There is a clear division of responsibilities between the Management Board and the Executive Management.

The Management Board seeks to ensure that its own decisions, those of the company's management, 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 Management Board are described in the company's Articles of Association and in the relevant internal regulations available on the company's website under the Corporate Governance section.

In the H1 2019, the Management Board met in 6 sessions and adopted decisions that allowed it to fulfill its duties in an effective and efficient manner. Thus, during the meetings, the Management Board analyzed in detail the financial results obtained during the reporting period and cumulated from the beginning of the year, as well as the economic performance in relation to the budget and the similar period of last year. Depending on the situation, the Management Board requested detailed explanations to the executive management regarding the plans for increasing the efficiency of the production, investment plans, established provisions, liquidity management, operational and general profitability of the activity. Following a detailed analysis, the Board decided to approve the results of the period in order to be published and sent to the Bucharest Stock Exchange and the Financial Supervisory Authority, our company observing each time the Financial Communication Calendar.

The five members of the Management Board guarantees the efficiency of supervising, analyzing and evaluating the activity of the executive directors, as well as the fair treatment of the shareholders.

Management Board of Antibiotice SA on June 30, 2019

1. Economist. Nani Ioan

President of Management Board and General Director

At the Ordinary General Meeting of Shareholders held on April 19, 2016, Mr. Nani was elected as a member of Management Board for a 4-year period and then he was appointed by the Board's members as a President.

2. Physician, Dan-Octavian Alexandrescu

Member of the Management Board and Representative of the Ministry of Health

At the Ordinary General Meeting of Shareholders held on September 29, 2018, Mr. Alexandrescu was elected as a member of Management Board for a 4-year period.

3. Physician, Cristian-Vasile GRASU

Member of the Management Board – Interim Non-Executive Administrator and representative of the Ministry of Health

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

At the Ordinary General Meeting of Shareholders held on April 18, 2019, Mr. Grasu was elected as a member of Management Board for the period 30.04.2019 - 29.10.2019.

4. Economist, Stoian Nicolae

Member of the Management Board and representative of the shareholder SIF Oltenia

At the Ordinary General Meeting of Shareholders held on April 19, 2016, Mr. Stoian was elected as a member of the Management Board for a 4-year period.

5. Engineer, Calitoiu Elena

Member of the Management Board and representative of the shareholder SIF Oltenia

At the Ordinary General Meeting of Shareholders held on April 19, 2016, Ms. Calitoiu was elected as a member of the Management Board for a 4-year period.

Advisory committees

During the first semester of 2019, the specialized advisory committees had the following composition:

Audit Committee: Mr. Cristian Vasile Grasu, Mr. Nicolae Stoian and Ms. Elena Calitoiu;

Nomination and Remuneration Committee: Ms. Elena Calitoiu and Mr. Dan-Octavian Alexandrescu;

Trade Policy Committee: Mr. Cristian-Vasile Grasu and Mr. Nicolae Stoian.

The Advisory Committees conducted investigations, analyses, made recommendations for the Management Board in specific fields and submitted periodic reports on their activities.

Executive management

Antibiotice SA is represented by the General Director, according to the powers provided by law and by the company's Articles of Association. The Management Board represents the company in relationship with the appointed directors.

The executive management of Antibiotice is ensured by the General Director of the company who is also the President of the Management Board and ten specialty executives.

Antibiotice's Executive Management on June 30, 2019

1. Economist, Nani Ioan

General Director and President of the Management Board - elected as a member of Management Board for a 4-year period in the Ordinary General Meeting of Shareholders of 19.04.2016 and then elected by the Management Board as its President.

2. Engineer, Moraru Cornelia

Specialty Director – Technical & Production Unit - since 2005;

3. Economist, Coman Paula Luminita

Specialty Director – Financial Unit - since 2011;

4. Economist, Chebac Vasile

Specialty Director – Commercial and Logistics Unit – since 2005;

5. Physician, Mosnegutu Mihaela

Specialty Director – Medical Unit - since 2011;

6. Economist, Bataga Ovidiu

Specialty Director – Marketing & Domestic Sales Unit - since 2011;

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

7. Economist, Delia Eromanga Racoveanu

Specialty Director – Marketing & International Sales Unit - since 2019;

8. Economist, Stoian Mihai

Specialty Director – International Business Affairs Unit – since 2016;

9. Engineer, Cristina Diaconescu

Specialty Director – Research & Development Unit - since 2018;

10. Psychologist, Mihaela Murariu

Specialty Director – Human Resource Unit - since 2019.

Code of Ethics

The Code of Ethics of the Antibiotice SA Company presents the ethical standards of conduct that establish and regulate the corporate values, the business responsibilities and obligations of the organization and its operation procedure.

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

The Code is a set of rules under which the company has been 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 and applicable legal requirements, wherever Antibiotice operates.

The Code of Ethics is presented in detail on the website of the company:

[www.antibiotice.ro/Investors/Corporate Governance/Reference documents /Code of Ethics](http://www.antibiotice.ro/Investors/Corporate%20Governance/Reference%20documents/Code%20of%20Ethics)).

Rights of financial instruments holders

The adopted and partially implemented corporate governance framework:

- protects the rights of shareholders;
- ensures the fair treatment of all shareholders;
- acknowledges the role 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/investors/informationforshareholders, 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, informative materials, special powers of attorney, correspondence voting forms, resolution drafts, resolutions, voting results etc.

The company provides all those concerned with periodic and annual financial statements, prepared in accordance with the legislation in force. Also, the company complies with all disclosure requirements according to the legislation on the companies and the capital market.

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

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

company management. The company designs and develops an appropriate policy to promote effective communication with both investors and shareholders

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) represents the highest decision-making body of the company, the place where the shareholders participate directly and make decisions. Among other tasks, the GMS decides on the distribution of profit, chooses the Management Board, appoints the auditors and establishes the remuneration of the Management Board.

During the first half of 2019, the Management Board convened on April 18, 2019, an Ordinary and an Extraordinary General Meeting of Shareholders.

All the necessary documents, related to the smooth running of the General Meetings, were published in time and according to the legislation in force.

The **Ordinary General Meeting of Shareholders** approved:

- The company's financial statements for the financial year 2018, based on the Management Report and Financial Auditor's Report.

<u>Profit to be distributed:</u>	<u>34,303,788</u>
• legal reserve	0
• other profit reserves provided by law	27,596,110
• dividends, of which:	6,707,678
• dividends due to the majority shareholder	3,556,228
• dividends due to other legal entities and natural persons	3,151,450

- Value of the gross dividend per share for the financial year 2018 was 0.009991506 LEI. The dividends for 2018 will be paid starting with the date of 20.09.2019, in accordance with the legal provisions in force;
- Registration as income of the unsolicited and unpaid dividends, related to the financial year 2014;
- Income & Expenditure Budget for 2019;
- The degree in which the members of the Management Board achieved their objectives and performance criteria in 2018;
 - Discharging the members of the Board from administration for their activity developed in the financial year 2018, based on the submitted reports.
 - The objectives included in the 2019 Management Plan for the Management Board's members.
- Remunerations of the Board members and addenda amending the Annexes to the mandate contracts of the administrators, according to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises and Annex no. 1 to the GD no. 722/2016 for the approval of the Methodological Norms for applying some provisions of the Government Emergency Ordinance no.109 / 2011 regarding the corporate governance of public enterprises; .
- Appointment of Mr. Cristian-Vasile GRASU as interim administrator, starting with 30.04.2019, according to the provisions of art. 641 from GEO no. 109/2011 on corporate governance of public enterprises, for a 4-month period, which can be extended until the date on which the procedure for selecting a new administrator will be

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

completed without exceeding a maximum term of 6 months and the form of the mandate contract to be concluded by the company with the interim administrator Cristian -Vasile GRASU, as well as the annexes A and B to the contract, including the financial and non-financial performance indicators and remuneration of the administrator, as a result of the termination of the mandate contract of Mr. Ionut-Sebastian IAVOR;

- Starting the procedure for selecting a member of the Management Board, according to the provisions of art. 64⁴ of GEO no.109 / 2011 on the corporate governance of public enterprises and art.4, paragraph 3 of Annex no. 1 to the GD no.722 / 2016 for the approval of the Methodological Norms for applying some provisions of GEO no. 109/2011 regarding the corporate governance of public enterprises, as well as the empowering of the Board to carry out the selection and propose the administrator according to the provisions of art. 29, para. 2 of GEO no.109 / 2011 on the corporate governance of public enterprises and art. 4 para. 5 of Annex no. 1 to the GD no. 722/2016 for the approval of the Methodological Norms for applying some provisions of GEO no. 109/2011 on the corporate governance of public enterprises.
- The date of 03.09.2019 as a registration date for identifying the shareholders affected by the effects of the adopted decisions, in accordance with the provisions of art. 86, para. 1 of Law 24/2017 on issuers of financial instruments and market operations, and the establishment of ex-dates for 02.09.2019.

The **Extraordinary General Meeting of Shareholders** approved:

- A 12-month extension of validity of the multi-currency, multi-product credit amounting to 30 million LEI borrowed by SC ANTIBIOTICE SA from the Export-Import Bank of Romania - EximBank SA;
 - to maintain the guaranties related to the multi-currency, multi-product credit in the amount of 30 million LEI throughout the validity period (one calendar year starting with 26.06.2019) resulting from the extension under point 1 of the Agenda.
 - the issuance by Antibiotice SA of a decision-commitment not to divide itself, not to merge and not to decide on the early dissolution throughout the validity period of the multi-product multi-currency credit without the prior consent of the Export-Import Bank of Romania - EximBank SA.
 - to empower the General Director, Mr. Ioan NANI and Financial Director, Ms. Paula COMAN to sign on behalf of the company all documents related to the credit facility extension, according to the items 1 and 2 of the agenda, as well as the documents related to obligations assumed by the company in accordance with item 3 of the agenda.

Our company's shareholding on June 30, 2019 (the latest database in 2019 owned by Antibiotice Iasi)

I. Investors

- Ministry of Health (*) – 53.0173%,
- S.I.F. Oltenia(*) - 18.8999%
- Broadhurst Investments Limited – 4.1977%

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

- S.I.F. Transilvania – 3.2632%
- S.I.F. Banat-Crisana S.A – 2.1104%
- A-Invest – 0.7612%
- Privately managed pension fund ARIPI/GENERALI S.A.F.P.P. – 0.6782%
- Privately managed pension fund Metropolitan Life – 0.4689%
- FDI BT MAXIM Adm. BT ASSET MANAGEMENT SAI S.A. – 0.3947%
- S.C. DEDEMAN S.R.L. – 0.3333%
- Other individuals and legal entities – 15.8753%

NOTE: (*) - Significant shareholders, according to Law no. 24/2017, Art. 2, Paragraph 2.

II. Types of shareholders

- Legal entities – 86.9229%,
- Natural persons – 13.0771%.

During the first semester of 2019, dividends were paid for the financial years 2015, 2016 and 2017, as follows:

Dividend history (2015 – 2016 – 2017)

Year	Net dividends							Suspension date of dividend payment
	Due	Achitate				Unclaimed on 30.06.2019		
		LEI			% (paid in full)	lei	%	
		Until 31.12.2018	01.01-30.06.2019	Total				
0	1	2	3	4	5	6	7	8
2015	13,753,343	12,653,207.76	9,033.42	12,662,241.18	92.07	1,091,101.82	7.93	Payment in progress
2016	25,401,595	23,325,012.26	36,817.76	23,361,830.02	91.97	2,039,764.98	8.03	Payment in progress
2017	17.588.679,97	16,093,548.70	24,625.19	16,118,173.89	91.64	1,470,560.08	8.36	Payment in progress

The dividends are paid through the Central Depository Bucharest, through the participants in the clearing-settlement and register system (the intermediaries according to Law 24/2017 on issuers of financial instruments and market operations, art. 86, point 5, which concluded a contract for participation in the system of the Central Depository) and through CEC Bank - the payment agent..

Antibiotice in 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 historical minimum of 0.0650 lei/share was recorded on June 8, 2000.

Both the business plans and the financial results of the company represent a solid guarantee that the company has consolidated its position in the national pharmaceutical market.

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

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

- are included in the BET-Plus index, which includes Romanian companies listed on the BVB 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 the shares issued by domestic and foreign companies admitted to trading in the regulated market administered by BVB.

This reflects the fact that Antibiotice is a sound company, developed on a durable economic foundation.

Antibiotice shares – ATB / REGULAR MARKET

	2015	2016	2017	2018	h I 2019
Number of shares	671,338,040	671,338,040	671,338,040	671,338,040	671,338,040
Stock capitalization (thousand LEI)*	357,152	349,096	361,180	326,942	335,669
Stock capitalization (thousand EUR)*	78,868	76,875	77,511	70,100	70,890
Stock capitalization (thousand \$)*	86,167	81,123	92,813	80,259	80,715
Total transaction value (million LEI)	11	6	12	9	13
No. of traded shares	18,844,935	12,555,866	21,113,565	17,109,263	26,113,415
Opening price (LEI/share)	0.5850	0.5320	0.5200	0.5780	0.4800
Maximum price (LEI/share)	0.6170	0.5420	0.5920	0.5780	0.5000
Minimum price (LEI/share)	0.5240	0.4200	0.5200	0.4550	0.4500
Price at the end of the period (LEI/share)	0.5320	0.5270	0.5380	0.4870	0.5000
Average price (LEI/share)	0.5836	0.5032	0.5585	0.5028	0.4922

* Calculated based on the share price on the last trading day of that period.

2. ACCOUNTING POLICIES

2.1 Declaration of conformity

These financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively named "IFRSs") issued by the International Accounting Standards Board (IASB) as adopted by the EU .

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS").

The Company's accounting records are expressed in LEI in accordance with the Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards.

The principal accounting policies applied in preparing the financial statements are set out below.

Policies have been consistently applied to all the years presented, unless otherwise stated.

Preparation of financial statements in accordance with IFRS as adopted requires 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, depreciated except for the tangible fixed assets presented at revalued cost by using the fair value as assumed cost and the items presented at the fair value, i.e. financial assets and liabilities at fair value

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

through the profit and loss account, and financial assets available for sale, except for those for which the fair value can not be reliably established.

2.3 Functional and presentation currency

The company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation" is the Romanian LEU (LEI). Separate financial statements are presented in LEI.

Transactions made by the company in a currency other than the functional currency are recorded at the rates in force at the date when the transactions take place. Monetary assets and liabilities in foreign currencies are converted at rates in effect at the reporting date.

2.4 Critical accounting assessments and estimates

As a result of the uncertainties inherent in business activities, many items in financial statements cannot be precisely assessed, but only estimated. Estimation involves judgements based on the latest available reliable information.

The use of reasonable estimates is an essential part for preparing the financial statements and does not undermine their reliability.

An estimate may need review 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 review of an estimate does not relate to prior periods and is not the correction of an error in the current period. Any effect, if any, on future periods is recognized as income or expense in those future periods.

The company makes certain estimates and assumptions about the future. The estimates and judgments are continuously evaluated based on historical experience and other factors, including forecasting future events that are believed to be reasonable under the existing circumstances. In the future, concrete experience may differ from these estimates and assumptions. The following are examples of assessments, estimations, assumptions applied in our company:

(a) Evaluation of investments in land and buildings

The company obtains evaluations conducted by external evaluators to determine the fair value of its real-estate investments and owned buildings. The current assessments are based on assumptions which include future rental income, anticipated maintenance costs, future development costs and the appropriate update rate. Evaluators also refer to market information related to the prices of transactions with similar properties.

(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, the management makes certain estimates on the financial situation of the partners. Each impaired asset is individually analyzed. Precision in adjustments depends on the estimate of future cash flows.

(c) Legal proceedings

The company reviews the unsettled legal cases, monitoring the evolution of the legal proceedings and existing situation at each reporting date, in order to assess the provisions and disclosures in its financial statements. Among the factors taken into account when making

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

provisions are the nature of the dispute or claims and the potential level of damages in the jurisdiction in which the litigation is judged, the progress of the case (including the progress after the date of the financial statements but before the respective situations are issued), the opinions of the legal advisers, experience in similar cases and any decision of the company's management related to how it will respond to the dispute, complaint or evaluation.

(d) Estimari contabile de cheltuieli

Exista situatii obiective in care pana la data inchiderii unor perioade fiscale sau pana la data inchiderii unui exercitiu financiar nu se cunosc valorile exacte ale unor cheltuieli angajate de catre societate (ex: campanii de marketing-vanzari de promovare produse si stimulare a vanzarilor). Pentru aceasta categorie de cheltuieli se vor face preliminari de cheltuieli, care vor fi corectate in perioadele urmatoare cand se va produce si iesirea de fluxuri de numerar. Estimările de cheltuieli, pe fiecare categorie de cheltuiala, vor fi efectuate de catre persoane cu experienta in tipul de activitate care a generat acea cheltuiala.

(e) Taxation

The taxation system in Romania is in a phase of consolidation and harmonization with the European legislation. However, there are still different interpretations of tax legislation. In some cases, the tax authorities may have different approaches to certain issues, calculating additional taxes and penalties for their late payment. In Romania, the fiscal year has been remaining open for tax verification for a 5/7-year period. The company's management believes that tax liabilities included in the financial statements are appropriate.

2.5 Presentation of separate financial statements

The company adopted a liquidity-based presentation in its financial position statement and a presentation of its revenue and expense according to their nature in the overall result statement, considering that these disclosures provide information that is more credible and relevant than what would be were presented under other permitted IAS 1 methods "Presentation of financial statements".

2.6 Purchased intangible assets

Inventory of intangible assets is done in accordance with IAS 38 "Intangible assets" and IAS 36 "Impairment of Assets". Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic life.

Expenses related to the acquisition of patents, copyrights, licenses, trademarks or factory brands and other intangible assets recognized from an accounting point of view, with the exception of formation expenses, goodwill, intangible assets with indefinite useful life, according to the accounting regulations shall be recovered by means of linear depreciation deductions for the duration of the contract or for the period of use, as the case may be.

Intangible assets generated by the company (development costs)

Research expenditure (or related to the research phase of an internal project) is recognized as an expense for the year to which it relates.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Development costs related to projects for new products are recognized as intangible assets. They consist of: consumption of raw materials and consumables, labor costs related to the hours worked for each project, other authorization fees charged by NAMMD.

Tangible assets

Tangible assets are tangible items that:

- a) are held for use in the production of goods or provision of services, for rental to third parties or for administrative purposes; and
- b) are expected to be used over several financial years.

Recognition:

The cost of an item of tangible asset should be recognized as an asset if and only if: it is probable that the entity will generate future economic benefits related to the asset; the cost of the asset can be reliably measured.

Evaluation after recognition

After recognition as an asset, an item of property, plant and equipment is accounted for at its cost or minus the accumulated depreciation and accumulated impairment losses.

After recognition as an asset, an item of tangible assets whose fair value can be reliably measured is accounted for at a revalued amount, this being its fair value at the revaluation date. Revaluations are made regularly enough to ensure that the accounting amount does not significantly differ from what would have been determined by using fair value at the end of the reporting period.

The fair value of land and buildings is generally determined based on the prices in the market through an evaluation normally performed by qualified professional assessors. The fair value of the items of tangible assets is generally their value in the market determined through evaluation.

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

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

If the carrying value of an intangible asset is increased as a result of the revaluation, then the increase is recognized in other items of the comprehensive income and accrued in equity as a revaluation surplus. However, the increase should be recognized in profit or loss to the extent that it compensates for a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying value of an asset is diminished as a result of a revaluation, this decrease should be recognized in profit or loss. However, the decrease should be recognized in other items of the comprehensive income to the extent that the revaluation surplus shows a credit balance for that asset. The reduction recognized in other items of the comprehensive income reduces the amount accumulated in equity as a revaluation surplus.

The revaluation surplus included in equity related to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. Transfers from the revaluation surplus to the retained earnings are not made through profit or loss.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

If any, the effects of taxes on income from the revaluation of tangible assets are recognized and presented in accordance with IAS 12 Income Tax.

Depreciation

The depreciable amount of an asset is systematically allocated over its useful life. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition required to operate in the desired manner.

The land owned is not depreciated.

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

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

Impairment

To determine whether an item of tangible assets is impaired, an entity applies IAS 36 Impairment of assets. At the end of each reporting period, the entity estimates if there are indications of impairment of assets. 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 an impairment loss. A impairment loss is immediately recognized in profit or loss of the period in question, except when the asset is reported to the revalued amount, in accordance with another standard (for example, in accordance with the revaluation model from IAS 16 Tangible assets). Any impairment loss concerning a revalued asset is considered to be a decrease generated by revaluation.

2.7 Financial assets – IFRS 9 Financial instruments (replaces IAS 39 Financial instruments: recognition and assessment)

Initial assessment of the financial assets and financial liabilities

IFRS 9 replaces IAS 39, Financial Instruments - recognition and assessment. IASB developed IFRS 9 in three stages, which deals separately with IFRS classification and evaluation of financial assets, depreciation and risk coverage. Other aspects of IAS 39, such as the scope, recognition and derecognition of financial assets survived with only a few changes against to IAS 39.

The classification on IFRS 9 is determined by the characteristics of the cash flows and business model within which an asset is held.

Subsequent assessment of financial assets

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

IFRS 9 has a single model with fewer exceptions than IAS 39 which had a complex pattern. The new standard is based on the concept that financial assets should be classified and assessed at their fair value, with changes in the fair value recognized in the profit and loss account when they appear ("FVPL"), unless the restrictive criteria are met when the classification and the assessment of the asset is made at amortized cost or at fair value through other "FVOCI" revenues).

Impairment of financial assets

IFRS 9 eliminates the assessment of impairment for investments in equity instruments because they can now be measured only at FVPL or FVOCI without resuming changes in fair value in the profit and loss account.

Additionally, IFRS 9 establishes a new approach for loans and receivables, including the commercial receivables with an "early loss" model that focuses primarily on risk.

Cash and cash equivalents/Hedging

The third major change introduced by IFRS 9 is related to hedging; IFRS 9 allows the coverage of several exposures and establishment of new criteria for hedging against risks.

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 consumables to be used in the production process or in the provision of services.

Stock assessment:

The stocks are assessed at the lowest value between the cost and the net achievable value.

Cost of 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.

Stocks of raw materials and consumables are stated at the cost of acquisition. The inventory outflow is performed using the Weighted Average Price method.

Stocks of products in progress are stated at the value of the raw materials and consumables included in them.

The stock of finished goods is recorded at production cost on the completion of the manufacture.

Adjustments for depreciation of stocks

The stock depreciation assessment is performed individually and is based on the best estimate of the management on the current value of the cash flows that are expected to be received.

Each depreciated asset is individually analyzed. The accuracy of the adjustments depends on the estimation of future cash flows.

Stock adjustments are based on the end-of-year calculation for adjusting the specific value of stocks of raw materials, consumables and finished products and finished products which no longer correspond from quality viewpoint. The calculation of the general adjustment for depreciation of inventories is based on the life of existing items in stock.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

2.9 Receivables

Receivables mainly arise through the supply of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets.

Receivables are presented in the balance sheet at historical value less the adjustments for impairment in cases where it was found that the realizable value is less than the historical value. Impairment adjustments are recognized when there is objective evidence (such as significant financial difficulties of the partners or non-fulfillment of payment obligations or significant payment delay) that the company will not be able to collect all the amounts due under the terms regarding the receivables, the amount of that adjustment being the difference between the net book value and the current value of expected future cash flows associated with the impaired receivable.

The assessment for impairment of receivables is performed on an individual basis and is based on a risk analysis based on customer categories, being the best estimate of the management regarding the current value of the cash flows expected to be received.

The Company assesses at each balance sheet date the extent in which there is any objective evidence that a financial asset (receivable) is impaired. If there is any evidence of this kind, the Company treats it differently 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 depreciation adjustment account. The amount of the loss should be recognized in profit or loss.

If, in a subsequent period, value of 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 from the previously recognized impairment should be resumed either directly or by adjusting a provision account for impairment. Resumption should not result in a carrying amount of the financial asset greater than the amount that would have been the amortized cost if the impairment would not have been recognized at the date when the impairment is resumed. The value of the resumption must be recognized in profit or loss.

Adjustments for impairment of trade receivables consist of the specific provision, entirely constituted for litigation, based on which the general provision is calculated.

The general provision for impairment of client receivables is calculated based on the maturity of the outstanding receivables in the balance. Calculated depreciation adjustments may not exceed from value viewpoint the amounts that are required to settle the trade receivable. When analyzing receivables to be cashed, based on commercial effects, in situations where there are identified events that indicate the occurrence of payment incidents or deterioration of the debtor's financial situation, adjustments may be calculated, the amount of the provision for impairment being at most equal to the value of the effect.

2.10 Value added tax

Value Added Tax must be paid to the tax authorities on the basis of the monthly VAT return until the 25th of the following month, regardless of the recovery level of receivables from customers. Tax authorities allow VAT to be settled on a net basis. If the deductible VAT is higher than the VAT collected, the difference is refundable at the request of the company. That VAT may be reimbursed after a tax audit, or even in the absence thereof, if certain conditions are met. VAT on sales and purchases that were not settled at the end of the reporting period is

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

recognized in the financial position statement at the net cost and presented separately as a current asset or liability. In cases where adjustments for impairment of receivables have been recorded, the impairment loss is recorded for the debtor's gross value, including VAT. The related VAT must be paid to the state budget and can be recovered only in case of the debtor's prescription as a result of the bankruptcy decision.

2.11 Financial liabilities

Financial liabilities include primarily trade payables and other short-term financial liabilities (payables related to staff, tax and duty liabilities, short-term bank debt, debt in relation to various creditors) that are initially recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

2.12 Recognition of income and expenses

2.12.1. Recognition of income IFRS 15 - Revenue from customer contracts (replaces IAS 18 Revenues).

Income represents the gross inflow of economic benefits during the period, generated in the course of the normal activities of an entity, when these inputs result in increases in equity, other than increases related to the participants' contributions to equity.

Income constitutes increases in economic benefits recorded during the accounting period, in the form of inflows or increases in assets or debt reductions, which result in increases in equity, other than those resulting from shareholder contributions.

Fair value is the value at which an asset can be traded or a debt settled, between interested parties and fully aware of the facts, in a transaction carried out under objective conditions.

Starting with January 1, 2018, the IFRS 15 standard regarding the contracts concluded with the clients entered into force. In some cases, IFRS 15 may require changes to current systems and may affect some aspects of operations.

IFRS 15 is a complex standard which introduces far more prescriptive requirements than previously included in IAS 18 Revenues, IAS 11 Construction Contracts and, therefore, may lead to changes in revenue recognition policies.

Income assessment

According to IAS 18, revenues were measured at the fair value of the received or receivable counterperformance, after deducting rebates or discounts. The revenues from the sale of the goods were recognized when all the following conditions were met:

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

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Instead, the new standard focuses on identifying obligations and makes a clear distinction between obligations that are satisfied "at one point in time" and those that are satisfied "over a period of time", this being determined by the way in which the control of the goods or services is transferred to the client. The new income model according to IFRS 15 means that we can have income recognized over a period for some results that have been accounted for as assets in accordance with IAS 18.

IFRS 15 establishes a general framework that will be applied for the recognition of revenues from a contract concluded with a client (with limited exceptions), regardless of the type of transaction or industry. The standard sets out five steps to follow for revenue recognition:

- identification of the contract (s) with a client;
- identification of execution contract (s) in a contract;
- determining the transaction price;
- allocation of the transaction price for the execution obligations;
- revenue recognition when (or to the extent that) the entity fulfills an enforcement obligation.

Revenues are measured at the fair value of the net VAT collected or receivable amounts. Revenues are reduced by the value of returns, commercial discounts and other similar costs.

The revenues from the sale of the goods are recognized when there is an obligation to register a contract, respectively all the following conditions have been fulfilled:

- (a) the parties to the contract have approved the contract (in writing, verbally or in accordance with other common business practices) and undertake to fulfill their obligations;
- (b) the company can identify the rights of each party regarding the goods or services to be transferred;
- (c) the company can identify the payments terms for the goods and services to be transferred;
- (d) the contract has a commercial content, and
- (e) it is likely that the company will collect the counterperformance to which it will be entitled in exchange for the goods or services that will be transferred to the client.

The income from the sale of goods is recognized when the company has transferred the significant risks and benefits related to the property right to the buyer and it is likely that the company will receive the ones previously agreed upon following the payment. The transfer of risks and benefits related to the property right is considered to be accomplished once the transfer of the legal title of ownership is completed or the goods are in the possession of the buyer. If the entity holds significant risks related to the property, the transaction is not a sale and the income is not recognized.

The company considers that the collection terms do not generate a financial component of the revenues invoiced to distributors.

Special cases: If it is found that the income associated with a period of the current year are burdened with fundamental errors, they will be corrected, during the period when the error is discovered. If the error is discovered in the following years, its correction will no longer affect the income accounts, but the result account reported from corrections of fundamental errors, if the value of the error will be considered significant.

2.12.2 Recognition of expenses

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 are materialized as reductions in equity, other than those arising from their distribution to shareholders.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

2.13 Impairment of non-financial assets (excluding the stocks, real estate investments and deferred tax assets) - IAS 36 "Impairment of assets"

The assets owned by the company, as stated in IAS 36 "Impairment of assets", are subject to the impairment tests whenever events or changes in circumstances indicate that their accounting value may not be fully recovered. When accounting value of an asset exceeds the recoverable amount (i.e. the highest amount between the value of use and fair value minus the selling costs) the assets is adjusted accordingly.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash-generating units.

Impairment costs are included in the profit and loss account unless they reduce the earnings previously recognized in other items of the comprehensive income.

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

The provision is measured at the best estimate of the expenses required for settlement of the liability at the reporting date, updated at a pre-tax rate reflecting the current market assessments of the value of money over time and debt specific risks.

Under IAS 37 "Provisions, contingent liabilities and contingent assets", a provision must be recognized if:

- a) the Company has a current (legal or implicit) obligation generated by a past event;
- b) it is likely that outflow of resources incorporating economic benefits will be required to settle the obligation; 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 accounts from the group 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.

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 by 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 regulated.

2.15 Benefits of employees – IAS 19 Benefits of employees

Current benefits granted to employees

The short-term benefits granted to employees include allowances, salaries, and social security contributions. These benefits are recognized as expenses when providing the services.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Benefits after termination of the employment contract

Both the Company and its employees have the legal obligation to contribute to the social insurance system 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 implicit 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 for the benefits earned by its own employees in previous years. The Company's contributions to the contributions plan are presented in the chapter Expenses in the year to which they relate.

2.16 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 financial position statement differs from the tax base.

The recognition of deferred income tax assets is limited to those moments in which the taxable profit of the next period is likely to be available.

The amount of the asset or liability is determined using tax rates that have been adopted or largely adopted up to the reporting date and are expected to be applied 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.

2.17 Dividends

The share of profit 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.

When accounting for the dividends, the provisions of IAS 10 are taken into consideration.

2.18 Capital and reserves

The capital and reserves (equity) represents the right of shareholders over the assets of an entity after deducting all the liabilities. The equity includes: capital contributions, reserves, reported result, result of the financial year.

The entity was established under Law no. 31/1990 on trading companies.

In the first set of financial statements prepared under IFRS, the Company applied IAS 29 - "Financial reporting in hyperinflationary economies" for the contributions of shareholders obtained before January 1, 2004, i.e. they were properly adjusted with the inflation index.

2.19 Financing costs

An entity shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of an asset with a long production cycle as part of the cost of that asset. An entity must recognize other borrowing costs as expenses during the period in which it

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

bears them.

The Company din not finance the construction of long-term assets from loans.

2.20 Earnings per share

The Company presents the basic earnings per share for the ordinary shares shares. The basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares over the reporting period.

2.21 Segment reporting

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

2.22 Affiliated parties

A person or a close family member of that person is considered to be affiliated with the Company if that person:

- (i) has the control or a joint control over the Company;
- (ii) has a significant influence over the Company; or
- (iii) is a member of key management staff

The key management staff includes those persons having the authority and responsibility for planning, managing and controlling the company's activities, directly or indirectly, including any director (executive or non-executive) of that entity. Transactions with the key staff include exclusively the salary benefits granted to them as shown in Note 7. *Staff Expenses*.

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 company, subsidiary and subsidiary of the same group is linked to the other ones);
- (ii) An entity is an associated entity or joint venture of the other entity (or an associated entity or joint venture of a member of the group to which the other entity belongs);
- (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 associated entity of the a third-party entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the reporting entity or of an entity affiliated with the reporting entity. If the reporting entity itself represents such a plan, the sponsoring employers are also affiliated with the reporting entity. Entitatea este controlata sau controlata in comun de o persoana afiliata
- (vi) The entity is controlled or jointly controlled by an affiliated person.
- (vii) An affiliated person in control significantly influences the entity or is a member of the key management staff of the entity (or the parent company of the entity).

The Company does not carry out transactions with entities described in points (i) to (vii) above.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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 the other activities, the Company is exposed to risks arising from the use of financial instruments. This note describes the company's objectives, policies and processes for managing these risks and methods used to assess them. Additional quantitative information on these risks is presented in these financial statements.

There were no major changes in the Company's exposure to financial instruments related risks, its objectives, policies and processes for managing these risks or in the methods used to assess them in comparison to the previous periods except where otherwise stated in this note.

Main financial instruments

The main financial instruments used by the Company, of which the risk concerning the financial instruments may occur are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Investments in quoted participation titles
- Trade and other liabilities

A summary of the financial instruments by category is provided below:

	Loans and receivables	
ASSETS	30-06-19	31-12-18
Trade and similar receivables	285.233.708	292.458.773
Cash and cash equivalents	3.612.663	2.376.682
Total	288.846.371	294.835.455

	Amortized cost	
LIABILITIES	30-06-19	31-12-18
Commercial and similar debts	64,280,581	57,937,927
Short-term loans	104,527,433	100,729,229
Long-term loans	32,545,823	26,662,433
Total	201,353,837	185,329,589

The overall objective of the Management 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 regarding these policies are set out below:

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Credit risk

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 the credit risk arising from the sales to customers.

Antibiotice SA has developed a Commercial Policy approved by its Management Board which includes commercial sales conditions and conditions imposed in the selection of clients.

Antibiotice SA cooperates only with large distributors in the national pharmaceutical market. When selling for export, in all situations where possible, the sale is contracted with advance payment.

Calculation and analysis of the net statement (equity)

Indicators (LEI)	30-06-19	31-12-18
Short-term credits and loans	104,527,433	100,729,229
Long-term credits and loans	32,545,823	26,662,433
Cash and cash equivalents	(3,612,663)	(2,376,682)
Net debt	133,460,593	125,014,980
Total equity	488,338,713	472,727,315
Net debt in equity (%)	27.33%	26.45%

Foreign Exchange Risk

The Company is mainly exposed to currency risk in the purchases made from the suppliers of raw materials, packaging and other materials outside Romania. Suppliers from whom the company purchases these items for production of medicines must have documents attesting the quality of their goods, as required by the European medicine registration rules. The company cannot limit so much the acquisitions of third countries. Financial Unit is responsible for tracking the payment deadlines and for ensuring the available funds for payment, so that the effect of foreign exchange risk be minimized.

On June 30, 2019 the company's net exposure by types of currency to the foreign currency risk was as follows:

Assets/liabilities in EURO equivalent in LEI	30-06-19	31-12-18
Monetary financial assets	4,821,554	3,237,508
Monetary financial liabilities	(24,369,662)	(16,926,430)
Net financial assets	<u>(19,548,107)</u>	<u>(13,688,922)</u>

RON/EUR variation	Gain/ Loss	
Appreciation of the LEU against EUR by 5%	(977,405)	(684,446)
Depreciation of the LEU against EUR by 5%	977,405	684,446
Impact on result	<u>-</u>	<u>-</u>

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Assets and liabilities in EUR	30-06-19	31-12-18
Monetary financial assets	1,018,258	694,163
Monetary financial liabilities	(5,146,599)	(3,629,244)
Net financial assets	<u>(4,128,341)</u>	<u>(2,935,081)</u>
Assets/liabilities in USD equivalent in LEI	30-06-19	31-12-18
Monetary financial assets	30.294.498	22.064.544
Monetary financial liabilities	(13.779.855)	(7.287.274)
Net financial assets	<u>16.514.643</u>	<u>14.777.270</u>
LEI/EUR variation		
Appreciation of the LEU against USD by 5%	825,732	738,864
Depreciation of the LEU against USD by 5%	(825,732)	(738,864)
Impact on result	<u>-</u>	<u>-</u>
Assets and liabilities in USD	30-06-19	31-12-18
Monetary financial assets	7,284,608	5,416,473
Monetary financial liabilities	(3,313,501)	(1,788,903)
Net financial assets	<u>3,971,107</u>	<u>3,627,570</u>

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

Assets / Liabilities	30-Jun-19	31-Dec-18
LEI	113,478,920	135,045,374
EUR	(19,548,107)	(13,688,922)
USD	16,514,643	14,777,270
Other currencies(CAD,GBP)	(5,175)	(876)
Net exposure	<u>110,440,281</u>	<u>136,132,846</u>

Given the relatively low exposure to exchange rate fluctuations, reasonable fluctuations in exchange rates are not expected to have significant effects in the future financial statements.

Liquidity risk

Liquidity risk arises from the company's management of the current assets, financing costs and reimbursement of the amount for its debit instruments.

The Company's policy is to have any time the necessary cash for the payment of outstanding debts. To achieve this objective, the Company seeks to maintain cash balances (or facilities agreed upon) to satisfy the payment needs.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Management Board regularly receives cash flow forecasts 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 reasonable foreseeable circumstances.

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

	Up to 3 months	Between 3 and 12 months	Over 12 months	Total
June 30, 2019				
Commercial and similar debt	30,858,898	56,796,325		87,655,223
Credits and loans		104,527,433		104,527,433
Long-term credits			32,545,823	32,545,823
Total	30,858,898	161,323,758	32,545,823	224,728,479

	Up to 3 months	Between 3 and 12 months	Over 12 months	Total
December 31, 2018				
Commercial and similar debt	23,293,439	54,299,038		77,592,477
Credits and loans		100,729,226		100,729,229
Long-term credits			26,662,433	26,662,430
Total	23,293,439	155,028,267	26,662,433	204,984,139

Bank liquidity

The banks where the company has bank accounts are periodically reviewed by the company's management.

Operational risk

Operational risk is the risk of some direct or indirect losses arising from a wide range of reasons associated to processes, staff, technology and infrastructure of the Company as well as from external factors, others than the credit, market and liquidity risk, such as those arising from legal and regulatory requirements and from the generally accepted standards on the organizational behavior. Operational risks arise from all the Company's operations.

Management is responsible for conducting operational risk related-controls. Management is supported in its mission through the development of the company's general operational risk standards in the following fields:

- Requirements for separation of responsibilities, including independent transaction authorization;
- Requirements for reconciling and monitoring the transactions;
- Compliance with regulatory and legal requirements;
- Documenting controls and procedures;
- Requirements for periodic review of operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the identified risks;
- Requirements for reporting the operational losses and proposals to remedy the causes that generated them;
- Development of operational continuity plans;
- Professional development and training;

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

- Establishing ethical standards;
- Preventing litigation risk, including insurance, where applicable;
- Mitigation of risks, including the efficient use of insurance, where applicable.

Adequacy of capital

The management's policy regarding the capital adequacy is focused on maintaining a sound capital base, in order to support the company's ongoing development and reach its investment objectives.

4. SALES INCOME

Sales income includes the following items:

Description	30-06-19	30-06-18
Finished product sales	181,027,124	163,227,620
Sales of goods	36,378,179	32,699,203
Trade discounts	(45,014,208)	(38,226,337)
Total	172,391,095	157,700,486

Sales revenues are mainly driven by sales of finished products directly to pharmaceutical distributors. On June 30, 2019, intra and extra-community sales amounted to 72,215,134 LEI as compared to 67,961,579 LEI on June 30, 2018.

Our company earns sales revenues in individual values greater than 10% of total sales from 5 clients.

5. OTHER OPERATING INCOME

Other operating income includes the following:

Description	30-06-19	30-06-18
Rental income	57,223	35,095
Income from research & studies	331,006	173,398
Income from various activities	174,599	159,974
Income from indemnities, fines and penalties	146,199	29,462
Other operating income	1,281,916	1,322,041
Income from adjustments for depreciation of current assets	11,949,570	8,412,312
Income from provisions for risks and expenses	2,098,241	1,686,271
Exchange rate differences	2,647,813	2,992,061
Total	18,686,567	14,810,614

6. RAW MATERIALS, CONSUMABLES AND GOODS

Expenditure on raw materials and consumables consists of:

Description	30-06-19	30-06-18
Raw materials	47,360,753	43,475,560
Auxiliary materials	3,664,224	2,691,040
Goods	24,302,004	24,543,132
Expenditure on fuel and spare parts	2,132,078	2,125,682
Inventory items	320,029	299,044

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Other consumables	239,275	198,121
Total	78,018,365	73,332,578

7. STAFF EXPENSES

Staff expenses consist of:

Description	30-06-19	30-06-18
Wages	42,740,485	38,199,336
Civil contracts	943,037	673,119
Taxes and social contributions	1,404,900	1,296,847
Other benefits (meal tickets)	1,800,051	1,826,913
Total	46,888,473	41,996,215

The company is managed in a unitary system, in accordance with the Law 31/1990 on trading companies, the management of the company being ensured by the Management Board of Antibiotice SA. The structure of the Management Board and Executive Team are presented in the Note 1. General Information.

Remuneration granted to the members of the Management Board and to the Executive Team is presented in the following table:

Description	30-06-19	30-06-18
Wages	3,129,753	2,089,629
Civil contracts	943,037	673,119
Taxes and social contributions	94,040	64,267
Total	4,166,830	2,827,015

8. OTHER OPERATING EXPENSES

Other operating expenses include the following:

Description	30-06-19	30-06-18
Utilities	6,334,317	5,347,690
Repairs	699,582	580,268
Rent	176,124	87,826
Insurances	733,046	620,116
Bank fees	664,817	985,572
Advertising & promotion of products	3,545,629	3,324,462
Travel & transport	1,601,098	1,797,146
Post & telecommunications	231,225	277,650
Other services provided by third parties	6,646,233	7,669,587
Other taxes	22,062,544	19,561,028
Environment protection	531,722	318,030
Losses and adjustments of uncertain receivables	10,005,395	5,561,145
Exchange rate differences	3,767,421	2,818,135
Sundries	509,099	1,118,771
Total	57,508,252	50,067,426

9. FINANCIAL INCOME AND EXPENSES

Net financial income consists of:

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Description	30-06-19	30-06-18
Interest income	5,030	1,129
Other financial income	38,879	1,727
Interest expenses	(2,192,289)	(1,389,097)
Other financial expenses	(72,609)	(74,669)
Total	(2,220,989)	(1,460,910)

Other financial expenses are settlement discounts on the receivables settled before maturity, materialized in bonuses granted to the company's clients for the anticipated payment of the amounts owed by them.

10. CURRENT AND DEFERRED PROFIT TAX EXPENSES AND OTHER TAXES

Description	30-06-19	30-06-18
Current tax	2,344,819	960,550
Deferred tax expense/ income	231,204	(247,936)
Taxes specific to certain activities	28,508	28,508
Total	2,604,531	741,122

Profit tax to be paid was calculated taking into account the influences of non-deductible expenses and taxable income, tax incentives, effects of income tax provisions as well as the effects of applying Law 170/2016 on the tax specific for some activities. A reconciliation between the accounting and fiscal profit which was the basis for the calculation of corporation tax and other taxes is presented in the following table:

Description	30-06-19	31-12-18
Total income	205,985,573	187,454,629
Total expenses (without profit tax)	180,594,056	166,270,944
Gross book value	25,391,653	21,183,685
Deductions	(37,213,877)	(11,783,345)
Non-deductible expenses	32,691,061	8,522,775
Fiscal result	20,868,701	17,923,115
Profit tax (fiscal result x 16%)	3,338,992	2,867,698
Tax reductions	(994,173)	(1,907,148)
Current profit tax	2,344,819	960,550
Deferred profit tax	231,204	(247,936)
Taxes specific to certain activities	28,508	28,508
Total profit tax and other taxes	2,604,531	741,122

11. EARNINGS PER SHARE

Description	30-06-19	30-06-18
Net profit (A)	22,319,076	20,103,047
Number of ordinary shares (B)	671,338,040	671,338,040
Earning per share (A/B)	0,033246	0,029945

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

12. FIXED ASSETS

	Land	Buildings	Technical installations & equipment	Other installations, equipment & furniture	Tangible assets in progress	Total
COST						
December 31, 2017	108,306,000	83,326,165	151,601,853	6,193,046	19,189,581	368,616,645
Acquisitions	-	9,678,817	39,680,112	1,427,093	58,049,608	108,835,631
Revaluation	-	48,743,396	-	-	-	48,743,396
Reversal amortization	-	31,911,246	-	-	-	31,911,246
Outputs	-	1,505,048	6,320,642	75,784	50,786,021	58,687,495
December 31, 2018	108,306,000	108,332,084	184,961,323	7,544,355	26,453,168	435,596,931
Acquisitions	-	3,524,135	4,943,130	65,972	15,301,217	23,832,454
Outputs	-	-	-	-	8,472,344	8,472,344
June 30, 2019	108,306,000	111,856,219	189,902,453	7,610,327	33,282,042	450,957,041
AMORTIZATION						
December 31, 2017	-	24,462,240	115,505,156	5,104,707	-	145,072,103
Cost of the period	-	9,227,396	8,442,259	277,591	-	17,947,246
Reversal amortization	-	31,911,246	-	-	-	31,911,246
Outputs	-	51,665	6,320,642	75,784	-	6,448,091
December 31, 2018	-	1,726,725	117,626,773	5,306,514	-	124,660,012
Cost of the period	-	3,049,307	5,792,485	199,938	-	9,041,730
Outputs	-	-	-	-	-	-
June 30, 2019	-	4,776,032	123,419,258	5,506,452	-	133,701,742
PROVISION						
December 31, 2017	-	57,000	244,652	-	-	301,652
2017 Outputs	-	5,400	-	-	-	5,400
December 31, 2018	-	51,600	244,652	-	-	296,252
2018 outputs	-	-	-	-	-	-
June 30, 2019	-	51,600	244,652	-	-	296,252
NET VALUES						
June 30, 2019	108,306,000	107,028,587	66,238,541	2,103,875	33,282,041	316,959,046
December 31, 2018	108,306,000	106,553,759	67,089,898	2,237,841	26,453,168	310,640,665
December 31, 2017	108,306,000	58,806,925	35,852,045	1,088,339	19,189,581	223,242,890

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Depreciation of fixed assets

Accounting depreciation is calculated using the straight line method. For the fixed assets, new entries in 2019 such as installations, machines and measuring and control devices, the useful lives were established taking into account:

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

The inventory value of tangible assets held as collateral or guarantees is 69,285,783 LEI.

13. INTANGIBLE ASSETS

Intangible assets include in-house development projects, legal documentations (for licenses and patents) as well as software licenses.

Changes in the aquisition cost and amortization related to the intangible assets are presented in the following table:

	30-06-19	31-12-18
Initial balance	26,250,866	21,718,103
Inputs	3,824,773	7,570,149
Outputs	1,237,640	3,037,386
Final balance	28,838,001	26,250,866
Amortization		
Initial balance	11,222,150	8,610,480
Cost of the period	1,480,869	2,611,670
Final balance	12,703,019	11,222,150
Net value	16,134,982	15,028,716

14. STOCKS

Description	30-06-19	31-12-18
Raw materials and consumables	24,982,305	20,915,669
Production in progress	5,871,891	3,036,478
Semi-finished and finished products	55,641,303	33,358,323
Goods	10,955,301	7,654,192
Total	97,450,800	64,964,662

The value of inventories held as collateral is 34,823,504 LEI.

15. TRADE AND OTHER RECEIVABLES

Description	30-06-19	31-12-18
Trade receivables	315,617,338	325,033,175
Ajustments for trade receivables	(31,382,950)	(33,548,330)
Various debtors and other receivables	4,435,849	4,427,757
Adjustments for various debtors	(3,436,529)	(3,453,829)

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Total financial assets, other than cash, classified as loans and receivables	285,233,708	292,458,773
Receivables related to employees	8,234	209
Other receivables from the State Budget	3,752,518	880,939
Advance payments	18,605,806	19,754,537
Total	307,600,266	313,094,458

On June 30, 2019 the company recorded adjustments for trade receivables representing customer balance that are unlikely to be collected by the company. The receivables of the company were analyzed and evaluated according to criteria established according to the risks per customer categories.

Analysis of seniority	30-06-19	31-12-18
Receivables - customers	315,617,338	325,033,175
up to 3 months	117,828,484	129,963,030
between 3 and 6 months	59,807,460	76,193,641
between 6 and 12 months	102,374,429	77,280,125
over 12 months	35,606,965	41,596,378
Value adjustments related to receivables- customers	(31,382,950)	(33,548,330)

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

Adjustments of receivables	30-06-19	31-12-18
At the beginning of the period	37.002.158	51.458.041
Established during the year	8.792.157	18.349.355
Cancelling the adjustments	(10.974.836)	(32.805.238)
At the end of the period	34.819.479	37.002.158

Value of receivables established as guaranties is 272,155,873 LEI.

16. CASH AND CASH EQUIVALENTS

Description	30-06-19	31-12-18
Available at the bank	3,581,136	2,346,212
Cash and cash equivalents	31,527	30,470
Total	3,612,663	2,376,682

17. TRADE AND OTHER PAYABLES

Description	30-06-19	31-12-18
Trade payables	49,444,576	34,179,575
Suppliers of fixed assets	9,518,695	16,607,089
Employee-related liabilities	1,856,629	1,699,591
Wage provisions	2,900,000	4,998,241
Other debts	226,554	141,529
Outstanding interest	334,127	311,902
Total debt less loans, classified as	64,280,581	57,937,927

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

measured at depreciated cost		
Taxes and social contributions	2,944,310	2,980,512
Dividends	7,752,823	5,751,482
Advance money from customers	1,149,709	501,163
Total	76,127,423	67,171,084

18. AMOUNTS DUE TO CREDIT INSTITUTIONS

The amounts due to the credit institutions at 30.06.2019 are presented in the following table:

Amounts due to the credit institutions	Value at 30.06.2019
Amounts due in the short term	104,527,433 LEI
Amounts due in the long term (including interest)	32,545,823 LEI

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

Objective	Credit line-working capital
Amount	50,000,000 LEI
Maturity	16.08.2019
Balance on June 30, 2019	45,679,714 LEI
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

Credit contract no. IAS3-20-2018/03.05.2018 concluded with Unicredit Bank S.A.

Objective	Investment credit
Amount	15,406,300 EUR
Maturity	02.05.2028
Balance on June 30, 2019	6,865,166.42 EUR (32,507,249.51 LEI)
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

The short-term contract no. 12/01.07.2013 concluded with Export-Import Bank of Romania - EXIMBANK S.A.

Objective	Credit line-working capital
Amount	30,000,000 LEI
Maturity	24.06.2020
Balance on June 30, 2019	25,769,425.91 LEI
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

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

Objective	Credit line-working capital
Amount	9,500,000 EUR

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Maturity	22.05.2020
Balance on June 30, 2019	11,406,204.07 LEI 4,576,902.12 EUR (21,672,089.23 LEI)
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

The amounts due to the credit institutions at 31.12.2018 are presented in the following table:

Amounts due to the credit institutions	Value at 31.12.2018
Amounts due in the short term	100,729,229 LEI
Amounts due in the long term (including interest)	26,662,433 LEI

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

Objective	Credit line-working capital
Amount	50,000,000 LEI
Maturity	16.08.2019
Balance on December 31, 2018	40,398,127 LEI
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

Credit contract no. IAS3-20-2018/03.05.2018 concluded with Unicredit Bank S.A.

Objective	Investment credit
Amount	15,406,300 EUR
Maturity	02.05.2028
Balance on December 31, 2018	5,709,266.17 EUR (26,627,446.49 LEI)
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

The short-term contract no. 12/01.07.2013 concluded with Export-Import Bank of Romania EXIMBANK S.A.

Objective	Credit line-working capital
Amount	30,000,000 LEI
Maturity	26.06.2019
Balance on December 31, 2018	24,158,985.50 LEI
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

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

Objective	Credit line-working capital
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ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Amount	9,500,000 EUR
Maturity	22.05.2019
Balance on December 31, 2018	11,711,390.09 LEI 5,132,454.91 EUR (23,937,256.45 LEI) 128,503.05 USD (523,470.02 LEI)
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

SC Antibiotice SA has not lodged guarantees and has not pledged or mortgaged its own assets to guarantee obligations in favor of a third party.

19. SUBSIDIES FOR INVESTMENTS

The subsidies for investments have the following structure:

Subsidies for investments	30-06-19	31-12-18
Waste water treatment plant	2,256,652	2,379,324
Research project-UMF Iasi	24,503	24,503
Other subsidies - European funds	663,703	495,489
Other subsidies - state budget funds	126,733	92,282
Other amounts received as subsidies	120,840	135,201
Total	<u>3,192,430</u>	<u>3,126,799</u>

The amounts reflected in the account *Subsidies for investments* represent values received in the last 10 years by the company as subsidies for investments in protecting the environment and increasing the competitiveness of industrial products through financing from the Ministry of Economy and UEFISCDI Bucharest.

20. DEFERRED INCOME TAX

The variation of debts on the deferred income tax is presented in the following table:

Description	30-06-19	31-12-18
Initial balance	25,266,930	18,172,398
Cost / (income) deferred tax	231,204	7,094,532
Final balance	<u>25,498,134</u>	<u>25,266,930</u>

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

21. SHARE CAPITAL

The subscribed share capital of the company on June 30, 2019 is 67,133,804 LEI, the nominal value of an share being of 0,1000 LEI/share. Our company has 671,338,040 shares which confer equal rights to the company's shareholders. SC Antibiotice SA has not issued preference shares.

In accordance with the provisions of IAS 29 - hyperinflationary economies, the share capital was restated taking into account the inflation index communicated by the National Statistics

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Commission. It was applied starting with the balance determined according to GD 500/ 1994, from the reporting date to 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 Registry.

On 31.12.2012, in the balance sheet of the Company there was a retained earnings result from the application for the first time of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" proposed to be covered from the amount resulting from the application of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" as follows:

Reported loss result from the first application of the IAS 29	197.701.352
Adjustments of the share capital - the first application of the IFRS	197.701.352

22. RESERVES

The reserves include the following components:

Description	30-06-19	31-12-18
Reserves from revaluation of fixed assets	62,035,739	63,642,374
Legal reserves	13,426,761	13,426,761
Deferred tax recognized on equity	(9,925,716)	(10,182,778)
Other reserves	193,386,084	166,884,712
Reserves from current profit	0	23,537,290
TOTAL	258,922,868	257,308,360

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

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

23. RETAINED EARNINGS

The retained earnings include the following:

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Description	30-06-19	31-12-18
Reported result – surplus from revaluation reserves	15,554,953	14,205,380
Reported result from error correction	-	(1,094,738)
Reported result arising from the use, at the date of transition to the application of IFRS, of the fair value as an assumed cost	124,408,011	124,408,011
Reported result from the first adoption of IAS 29	(197,701,352)	(197,701,352)
Total	<u>(57,738,388)</u>	<u>(60,182,699)</u>

24. CONTINGENT LIABILITIES

SC Antibiotice SA has no contingent liabilities on June 30, 2019.

25. EVENTS AFTER THE REPORTING PERIOD

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

26. INFORMATION ABOUT THE AUDIT OF FINANCIAL STATEMENTS

The financial audit for H1 2019 was conducted by SOCECC SRL. The auditor provided only financial audit services.