

MANAGEMENT REPORT January-September 2016

III Quarter Report as per: IFRS
 For the financial exercise : September 30, 2016
 Report date: November 10, 2016
 Name of trading company: Antibiotice SA
 Registered office: Iasi, Strada V.Lupului nr.1
 Phone number: 0232/209000; fax: 0232/209633
 Unique registration code: RO1973096
 Order no. in the Trade Register: J22/285/1991
 The regulated market trading the securities issued: Bucharest Stock Exchange
 Subscribed and paid-up capital: 67,133,804 RON

Main characteristics of the securities issued by the company: nominative shares,
 nominal value: 0.10 RON

According to the data published by the market research company Cegedim, in the first 9 months of 2016, pharmaceutical market grew by 7.5%, a growth influenced by including the medicines for treating hepatitis C in the list of compensated drugs. Excluding the two products for the treatment of hepatitis C, the market decreased by 2.4% against the same period last year due to the reduction in the consumption of prescription medicines. This rate was mainly due to the announced legislative changes regarding the calculation method for the price of drugs.

Through the undertaken promotion and trade policies, Antibiotice determines a consumption in the market amounting to RON 221.0 million, higher by 4.5% compared to the same period of 2015 (RON 211.6 million). Both the Retail segment (RON 165.4 million accounting for 74.8% of the total value) and the Hospital segment (RON 55.7 million accounting for 25.2% of the total value) recorded increases compared to the first 9 months of 2015.

Evolution of Antibiotice sales in the Romanian pharmaceutical market (the first 9 months 2016 versus the first 9 month 2015)

- mil lei-

Indicator	9 months 2015	9 months 2016	Variation between 2016/2015 (9 months)
Sales in pharmacies and hospitals - Antibiotice	211.6	221.0	+4.5%
Generic pharmaceutical market*	3,789.7	3,848.9	+1.6%

* prescription generic drugs and OTCs

Source: Cegedim -expressed in sale price

In the analyzed period, Antibiotice sales in pharmacies and hospitals recorded a growth rate of 4.5%, higher than the rate recorded by the pharmaceutical market of prescription generic drugs and OTCs (+1.6%).

After the first 9 months, Antibiotice maintains its leading position in the segment of generic drugs sold in hospitals, with a 18.4% market share.

Our company ranks fourth in the generic drug segment, with a 5.7% market share and thirteenth in the total pharmaceutical market, with a market share of 2.33%.

The Retail pharmacy segment grew by 3.1% against the first 9 months of 2015, from RON 160.4 million to RON 165.4 million.

Segmentul Hospital inregistreaza o crestere de 8,9%, de la 51,1 milioane lei in 2015 la 55,7 milioane lei in 2016 (*Sursa datelor Cegedim*). The Hospital segment recorded a growth of 8.9%, from RON 51.1 million in 2015 to RON 55.7 million in 2016 (*Data source: Cegedim*).

The therapeutic classes with significant increases in value in the market are: Digestive tract (+4.4 million RON), Dermatological preparations (+3.2 million RON), Cardiovascular system (+1.1 million RON), Central nervous system (0.7 million RON), Blood and Hematopoietic organs (+0.6 million RON), Musculoskeletal System (+0.5 million RON), Genitourinary apparatus (+0.4 million RON), generated both by the contribution of new products and by the positive evolution of the company's top products.

Among these, the products with a contribution of over 1 million RON can be observed: Amoxiplus® tb 875mg/125mg (value share: 2.5 million RON), Imipenem/Cilastatin Atb® (+2 million RON), Fluxiv® (+1.8 million RON), Silithor® (+1,7 million RON), Memantina Atb® range (+1.3 million RON), Omeprazol Atb® cps (+1.3 million RON), Nidoflor® ointment (+1.3 million RON), si Colistina Atb® (+1 million RON).

Other products under promotion in 2016 also recorded significant increases both in terms of consumption and generated value: Bisotens® (bisoprololum), Nolet® (nebivololum), Zolpidem Atb® tb. (zolpidemum), Romprin E® (acid acetylsalicylicum), Equilibra® (magnesium+vitamin B6), Rosuvastatina Atb® range (rosuvastatinum) and Ibufen® tb. (ibuprofenum).

Antibiotice maintains its leading position in terms of sold units: ointments with a 28.4% market share, suppositories with a 42.6% market share and injectable powders with a 75.6% market share.

The new products launched by our company in the first 9 months of 2016 belong to the following therapeutic classes:

Central nervous system: Zatinex® cps range (duloxetine), Escitalopram Atb® tablets (escitalopramum) and Soriso® tablets (rhodiola + basil extract).

Cardiovascular System: Fluxiv® tablets (diosminum + hesperidinum + troxerutinum + vitamin C), Ramipril Atb® range tablets (ramiprilum).

Developing strategic partnerships in foreign markets

Developing our business in the international markets represents a medium and long-term strategic orientation of Antibiotice.

The main directions for increasing the exports in the future are the followings:

- strengthening the position of world leader for Nystatin (API) by maintaining the traditional markets and increasing exports on the regulated markets, in particular in the USA
- export of finished products under the Antibiotice brand through partnerships with local distributors, long-term partnerships enabling a stable long-term development of exports;
- development of complex partnerships on the regulated and highly developed markets;

- the opening of offices in certain territories, the followings being taken into account: market potential, compatibility of our portfolio with the consumption in the evaluated markets, economic, political and social environment, etc.

Exports in the first 9 months of 2016 amounted to RON 72,585,50, higher by 15% as compared to the same period of 2015. The main source of growth was represented by the export of finished products and Nystatin in the U.S., Europe and South-East Asia.

The export of finished products in **the U.S. market** in 2016 grew by 30% against the value recorded in 2015. The additional value is generated by the injectable products (+73% from quantitative viewpoint / +68% from value viewpoint compared to 2015).

The United States will also become the most significant market for Nystatin, a product with a confirmed uptrend.

In the **European market** we recorded increases in the sales of injectable finished products by winning some tenders in the Netherlands, Bosnia, Croatia, Denmark, The Czech Republic. Thus, the sales for this pharmaceutical form increased by approximately 50% from quantitative viewpoint and 75% from value viewpoint. Increased sales in the first 9 months are also recorded by the other pharmaceutical forms (+50% in value terms) and, by the end of this year, we estimate a 70% increase against 2015. The growth in sales is facilitated by a partnership with a company from Serbia where 9 products under Antibiotice brand have already been registered, most of them belonging to the Cardiovascular class. 4 new products are under registration in Serbia and a new project aims at approaching the segment of dermatologicals.

In **South-East Asia**, the main market that will generate growth in the coming years is Vietnam where we opened a representative office and recruited the coordinator. In the next period, we will employ the medical representatives who will promote the Antibiotice products under registration in this market. The Antibiotice's representative office will boost the sales of the registered products and will identify new opportunities for our portfolio, especially for the anti-infectives (7 products in 2017 and other 13 products by 2019) and new customers in the neighboring markets (Taiwan, Filipine, Hong Kong).

Our sales in the first 9 months of 2016 grew by 50% compared to the same period in 2015, a significant share being represented by the finished products from the following classes: anti-infectives (5 products), cardiovasculars (1 product), dermatologicals (1 product). These products doubled their volume in the market, along with a slight increase in price. The share of finished products in Vietnam accounts for 65% of the achieved export.

Certified quality

The confidence in the quality, efficiency and safety of our products increases on a daily basis by maintaining under control and improving the Integrated Management System, this fact being certified by the following inspections/audits conducted during the first 9 months of 2016:

1. Inspections/audits conducted by authorities

- 1.1. In the period 25-26.01.2016 the National Sanitary Veterinary and Food Safety Agency (ANSVSA) conducted the inspection on the GMP recertification of the manufacturing flows for veterinary products - aseptically prepared products (parenterals, ointments) and non-sterile products (ointments). As a result of the inspection we succeeded in maintaining the manufacturing authorization and the GMP Certificate was released for our veterinary products.
- 1.2. On 28.03.2016, the Sanitary Veterinary Directorate (DSV) Iasi conducted the inspection for re-authorizing the Pharmacodynamic Analyses Laboratory as a user of laboratory animals used for scientific purposes. As a result of the inspection, the laboratory was reauthorized.

1.3. In the period 10-11.06.2016, SRAC CERTSERV conducted the surveillance audit in order to check the compliance with and maintaining the requirements which led to the issuance of certificates of compliance with the specifications in force of the products (aluminium tubes, aluminium caps, screw caps).

No non-conformities were identified, maintaining the certifications being recommended.

1.4. In the period 19-23.09.2016 the National Agency for Medicines and Medical Devices (NAMMD) conducted the **inspection for the GMP re/certification of:**

- manufacturing flow of injectable products;
- manufacturing flow of Nystatin;
- secondary packaging flow of the vials with cephalosporins;
- reception, sampling and storage of raw materials and packaging materials in the new warehouse, building code P33-D.

After inspection NAMMD sent to us the inspection report based on which we will elaborate the Corrective Measure Plan.

2. Audits conducted by our customers

Several customers conducted four audits for evaluating the manufacturing flow of Nystatin (API). No critical non-conformities were identified, Antibiotice being proposed for qualification as a supplier of Nystatin.

Customers from the US and Canada conducted two audits for evaluating the manufacturing flow of the parenteral products. The results of the audits were favorable, being ascertained the compliance with the GMP requirements.

3. Audits conducted at suppliers of raw materials/ primary packaging materials/ finished products

Antibiotice conducted several audits in order to verify if our partners, producers of active ingredients, of finished products or contract manufacturing partners have a quality management system compliant with the GMP requirements.

Staff development - a warranty for performance

Our orientation towards performance, as a human resource strategy, required attracting and employing a total of 18 people with higher education for developing and completing the teams of specialists in areas such as manufacturing, pharmaceutical research & development, regulatory affairs, quality assurance and quality control.

Staff structure on 30.09.2016:

Total employees: 1454, of which:

- higher education staff - 590 (40.53 % of the total staff)
- secondary education staff - 864 (59.47 % of the total staff)

In order to enhance the competitiveness and the quality of our business, we put into practice projects for professional development of our employees, with training programmes differentiated per each structure according to the needs identified for each field of activity and in close correlation with the applicable legislative changes:

1. Training sessions with the themes included in the budget and in the "Annual Training Plan with external lecturers" approved for 2016;
2. The 7th Edition of the program "Sumer school a+" with the following objectives:

- Training the graduates in fields such as pharmacy, medicine, chemistry, biology, chemical engineering, their acquaintance with the working environment, concepts and regulations of the pharmaceutical industry meant to attract specialists for vacancies in the Pharmaceutical Development, Quality Assurance, Quality Control, Regulatory Affairs, Production. This year also

32 students and graduates who completed this program will have the opportunity to enroll in the competitions for filling the vacant posts. Until now, around 30 young people who graduated in the previous editions of the Summer School a+ joined our teams of specialists.

- Continuous professional training of the employees occupying leading positions, execution staff with higher education and staff with secondary education.

This year one module of the Summer School a+ was designed for training the young first-line managers for developing organizational, coordination and motivation skills of the subordinate staff and another module for the professional development of the staff specialized in the maintenance activity.

3. A new project of cooperation with the higher education institutions in Iasi named "Perform a+" has been developed by organizing internships for the final-year students of the Faculty of Pharmacy, Faculty of Biology and the Faculty of Electrical Engineering, Energy and Applied Informatics. This project will be also expanded into other areas and is aimed at attracting and selecting specialized staff by supporting the students in gaining practical skills specific to the pharmaceutical industry for complementing the theoretical knowledge during the university studies.

Social responsibility

Antibiotice believes in the need of supporting social responsibility projects and is constantly preoccupied, to create, by all its activities, a climate of trust in the relations with business partners, to involve itself actively in the community life. Antibiotice assumes its responsibility to contribute as a "good citizen" in the community life, involving itself directly in developing a better society, in obtaining a cleaner environment by supporting projects in the health, education, environment and social fields.

Under the slogan "Donate blood! Put soul for life! the "Antibiotice - Science and Soul" foundation organized in 2016, for the sixth consecutive year, two blood donation campaigns in which 115 employees were involved. The first campaign was conducted on April 7, 2016 on the occasion of World Health Day and the second one on October 6, 2016 to supplement the low blood reserves of the Blood Transfusion Centre.

In 2016 we reached the 550th blood donation, which, according to statistics, means that we helped save more than 1500 lives. The donation campaigns were held in the clinical unit of the Center for Drug Evaluation within our company.

„Science and Soul” Scholarships

For 15 years, Antibiotice has been working closely with the "Pro Ruralis" Association for supporting the scholarship program for high IQ pupils from disadvantaged families living in rural areas. In the school year 2015 - 2016 also, Antibiotice is involved in this generous program, offering 5 „Science and Soul" Scholarships, helping this way 5 smart children to improve their knowledge according to their potential through study at the "Garabet Ibraileanu" High School Iasi.

The power of deed lies in our power!

On April 26, 2016, on the occasion of Easter holidays, the "Antibiotice - Science and Soul" foundation helped 25 disadvantaged families and elderly persons from Ipatele Village, County of Iasi, offering them strict necessity food products for the traditional Christian holiday. The packages containing various food products, hygiene & cleaning products and supplies were given

to the needy families, with limited material possibilities and many children but also to the elderly people which are rarely visited by somebody.

On the occasion of the International Children's Day, Antibiotice helped children with limited material possibilities from the schools in the vicinity of the company in the Valea Lupului village.

The "Antibiotice - Science and Soul" foundation has continued its traditional projects in 2016 helping children with special needs, children with severe conditions, sick old people or families in difficult situations.

Investment policy

Consistent with its overall business goals, in the first 9 months of 2016, our company made significant investments for its development. Revampings and refurbishments were made for increasing the labour productivity and operational safety, for decreasing the energy loss, for compliance with the requirements of regulatory bodies, during the recertification audits.

1. Achieving a new manufacturing capacity for ointments and suppositories

The responsible persons made all the activities for contracting the works for building the Ointment & Suppository Plant - Stage I. In the first stage of this investment objective, the followings will be built: manufacturing area of the new plant without clean rooms and its related installations and the technical and administrative building. The procedure for selecting the construction company has been completed by concluding the contract and the works are about to start.

2. Endowing the sterility control laboratory and physico-chemical analysis laboratory

As a result of extending our product portfolio, we must build dedicated areas for complying with regulatory requirements concerning working with highly active ingredients and for preventing the cross-contamination.

For this reason, we decided to totally separate the laboratory for analyzing the penicillin products from the Quality Control building and to arrange some new dedicated laboratories for verifying sterility, for microbial and physico-chemical analyses in another existing building. The activities for purchasing and mounting the equipment, furniture and devices necessary for operating these laboratories were completed in the stage developed in 2016.

3. Modernizing the system for supporting and transporting the utilities

Modernizing the system for supporting and transporting the utilities started in 2014. We continued this process in 2016 by rehabilitating another important section in length of about 350 m, a section which will ensure the utilities supply for the manufacturing plants and ancillary buildings in the north-west area of our company. Rehabilitating the system for supporting the utilities became necessary because of the costs and energy losses, the pipelines being sized for larger consumptions, on non-optimised routes, with damaged thermal isolation on large surfaces.

4. Refurbishing the Quality Control laboratories and the Center for Drug Evaluation

Due to the expansion of the company's product portfolio, changes in pharmacopoeias and for complying with the requirements of regulatory bodies following the recertification audits, the need to purchase new laboratory equipment for the Medical Unit and Quality Unit has become compulsory. For the Quality Unit we purchased the followings: dissolution testers, HPLCs, spectrophotometer, particle counter etc. For the Medical Unit we purchased dissolution testers, chromatographs etc.

Economic & financial results in the first 9 months of 2016

Revenues from sales amounted to RON 227.3 million, higher by 5% compared to the same period of 2015 being in line with the value specified in the Income and Expense Budget.

Gross profit recorded in the first 9 months of the current year amounted to RON 20.4 million, higher by 11% against the figures estimated in the Income and Expense Budget and higher by 22% compared to 2015.

Net profit amounting to RON 17.8 million grew by 22% compared both with the budgeted values and with the figure recorded in 2015.

a) Statement of Comprehensive Income

Statement of comprehensive income (RON)	RON				
	30.09.2015	BVC 9I 2016	30.09.2016	2016/ 2015	2016 BVC
Sales income	216.292.531	226.420.000	227.345.120	1.05	1.00
Other operating revenues	11.919.130	8.747.000	13.103.263	1.10	1.50
Income associated with the costs of product stocks	12.656.986	6.909.000	6.745.658	0.53	0.98
Income from work performed by entity and capitalised	1.907.578	1.540.000	1.734.360	0.91	1.13
Costs of raw materials and consumables	82.867.694	87.053.000	90.745.386	1.10	1.04
Staff expenditure	52.917.398	53.808.000	52.967.744	1.00	0.98
Depreciation and amortization expenses	11.186.851	12.430.000	13.247.276	1.18	1.07
Other operating expenses	76.091.471	70.260.000	67.695.008	0.89	0.96
Operating profit	19.712.810	20.065.000	24.272.987	1.23	1.21
Net financial income	-2.999.851	-1.648.000	-3.839.671	1.28	2.33
Profit before tax	16.712.959	18.417.000	20.433.316	1.22	1.11
Income tax expenses	2.148.666	3.800.000	2.629.446	1.22	0.69
Profit	14.564.293	14.617.000	17.803.870	1.22	1.22

The main expenses evolved as follows:

- increased spending with raw materials and materials is determined by the manufacturing structure and by sales;
- staff expenses dropped by 2% against the values estimated in the Income and Expense Budget;
- other operating expenses recorded a value of RON 67.7 million, lower by 11% compared to the same period of the last year and lower by 4% against the budgeted values due to changing the trade policies.

Key performance indicators in the first 9 months of 2016 versus those recorded in the same period of 2015 are listed below:

No.	KEY PERFORMANCE INDICATORS KPIs	9 months 2015	9 months 2016	2016/ 2015
1	SALES INCOME	216.292.531	227.345.121	1,051
2	GROSS PROFIT	16.712.959	20.433.316	1,22
3	ARREARS	0	0	
4	TOTAL EXPENSES at 1,000 RON TOTAL REVENUES	930	916	0,98

b) Statement of financial position

The value of assets for the first nine months of the year (RON 532,6 million) dropped by 2% against January 1, 2016.

➤ Stocks grew by 17% compared to the same period of 2015 in order to start production after the revision period;

➤ Receivables remained the same compared to the beginning of the year, recording a value of RON 230.5 million, by 12% lower than the value recorded in the first 9 months of 2015;

➤ Equity grew by 1% against the beginning of the current year;

			LEI
ASSETS	30.09.2015	31.12.2015	30.09.2016
FIXED ASSETS			
Tangible assets	187.643.908	205.945.190	207.830.197
Intangible assets	9.331.999	9.730.186	10.580.365
TOTAL FIXED ASSETS	196.975.907	215.675.376	218.410.562
CURRENT ASSETS			
Stocks	68.302.769	60.290.277	80.052.659
Trade and other receivables	262.353.596	231.314.744	230.494.956
Financial assets held for sale	220	220	0
Cash and cash equivalents	1.918.980	37.381.974	3.648.887
TOTAL CURRENT ASSETS	332.575.565	328.987.215	314.196.502
TOTAL ASSETS	529.551.472	544.662.591	532.607.064
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	60.676.596	71.391.757	44.814.902
Amounts owed to credit institutions	76.625.090	41.778.509	55.240.722
Liabilities from current taxes	7.059.370	8.989.373	9.318.104
Short-term provisions	2.421.145	7.179.938	4.430.343
TOTAL CURRENT LIABILITIES	146.782.201	129.339.577	113.804.071
LONG-TERM LIABILITIES			
Investment subsidies	3.266.659	3.193.972	2.984.290
Deferred tax	16.354.027	19.479.158	19.319.293
Long-term provisions		0	0
TOTAL LONG-TERM LIABILITIES	19.620.686	22.673.130	22.303.583
TOTAL LIABILITIES	166.402.887	152.012.707	136.107.654
Share capital and reserves			
Share capital	264.835.156	264.835.156	264.835.156
Revaluation reserves	3.298.428	19.909.157	17.664.083
Legal reserves	13.426.761	13.426.761	13.426.761
Other reserves	133.303.701	133.303.701	146.528.189
Reported result	-66.279.754	-66.003.714	-63.758.649
Current result	14.564.293	27.178.823	17.803.870
TOTAL EQUITY	363.148.585	392.649.884	396.499.410
TOTAL EQUITY AND LIABILITIES	529.551.472	544.662.591	532.607.064

Current liabilities recorded a value of RON 113.8 million, lower by 22% against the same period of 2015 due both to reducing debts by 26% to suppliers and to reducing the bank exposure of 28%, determining a degree of indebtedness of **25.6%**.

The analysis of the balance indicators shows that current liquidity grew by 22% compared with 30.09.2015, degree of indebtedness (total debt / total assets) recorded a decrease compared to the first 9 months of 2015, following the historical trend of this indicator (25.6%), the debt rotation speed - customers reaching 301 days compared to 2015 (320 days).

Indicator	Calculation method	30.09.2015	30.09.2016
1. Current liquidity	Current assets / Current liabilities	$=332,575,565/146,782,201 =2.27$	$=314,196,502/113,804,071=2.76$
2. Debt to equity ratio	(Total liabilities / Total assets)	$=(166,402,887/529,551,472)*100=$ $=31.4\%$	$=(136,107,654/532,607,064)*100=$ $=25.6\%$
3. Debt rotation speed - customers	(Average customer balance/ Revenues from sales)*270	$(256,452,655/216,292,531)*270=$ 320 days	$(253,411,612/227,345,120) *270 =$ 301 days
4. Rotation speed of fixed assets	Sales income/Fixed assets	$=216,292,531/196,975,907=1.1$	$=227,345,120/218,410,562=1.04$

c) Cash-flow

Cash and cash equivalents at the beginning of the period amounted to RON 37.4 million. Cash receipts from operating activities for January – September 2016 amounted to RON 198.4 million. Cash payments to suppliers of goods and services were RON 150.7 million and those to and on behalf of the employees in connection with the staff were RON 50.6 million.

Cash payments amounting to RON 25.7 million were also made, representing VAT, profit tax, local taxes, bank interest rates and claw back tax.

There were not recorded revenues from investment activities but tangible and intangible fixed assets of RON 11.5 million were paid.

Regarding the financing activity, there were receipts from short-term borrowings amounting to LEI 13.5 million and the company paid dividends amounting to RON 7.4 million.

At the end of the period the cash and cash equivalents amounted to RON 3.6 million.

Management of the trading company

During the first 9 months of 2016, the Management Board convened two Ordinary and two Extraordinary General Meetings of Shareholders dated April 19, 2016 and August 11, 2016 respectively.

All the necessary documents, required for the proper conduct of the General meetings were made available on time and in accordance with the legislation in force.

The Ordinary General Meeting of Shareholders dated April 19, 2016 approved a change in the Management Board, by revoking Ms. Gabriela Ilie due to her retirement, election of Ms. Elena Calitoiu and reelection of Mr. Ioan Nani and Mr. Nicolae Stoian, in accordance with the procedures stipulated by the Government Emergency Ordinance No. 109/2011, amended by the Law no. 111/2016, on the corporate governance of public enterprises. The Ordinary General Meeting of Shareholders also approved the financial results of the company for 2015, these results being prepared in accordance with the Order of the Minister of Public Finances No. 881/25.06.2012, Order

of the Minister of Public Finances No. 1286/2012 for approving the accounting regulations in accordance with international financial reporting standards applicable to the trading companies whose securities are admitted to trading on a regulated market, Order of the Minister of Public Finances No. 1690/2012 concerning the modification and completion of some accounting regulations, Order of the Minister of Public Finances No. 123/2016 on the main aspects in preparing and submitting the annual financial statements and annual accounting reports of economic operators to the territorial units of the Ministry of Public Finances.

In the same meeting the following decisions were taken:

- Approval of net profit distribution on 2015 amounting to RON 27,178,823 setting the gross dividend per share (RON 0.020785865) and setting the date for starting the payment of dividends on 15.09.2016;
- Approving the discharge of administration for the activity conducted in the fiscal year 2015, based on reports submitted;
- Approving the Income and Expenditure Budget on 2016;
- Approval of the degree of achieving the objectives and performance criteria in 2015 for the members of the Management Board;
- Approving the objectives set in the administration plan for the members of the Management Board for 2016;
- Approving the remuneration for the members of the Management Board as per GEO no. 51/2013 on amending and supplementing GEO no 109/2011 on corporate governance of public enterprises;
- Approval of the Antibiotice's membership in the National Committee of I.C.C. (International Chamber of Commerce)-Romania, as well as in the Romanian-American Chamber of Commerce.

Extraordinary General Meeting of Shareholders approved:

- the 12-month extension of the multi-product multi-currency credit amounting to 60 million RON borrowed by Antibiotice from the Export Import Bank of Romania- Eximbank.
- the 12-month extension of the state guarantee worth RON 10 million, corresponding to the multi-product multi-currency limit amounting to RON 60 million contracted by Antibiotice S.A. from the Export-Import Bank of Romania - Eximbank.
- maintaining the guarantees related to the multi-product multi-currency limit amounting to RON 60 million in the entire validity period resulting from extension, according to the paragraphs 1 and 2 of the Agenda.
- releasing a decision - the Antibiotice's commitment not to divide itself, not to merge, not to decide on early dissolution in the entire validity period of the multi-product multi-currency limit and of the guarantee in the name and state account issued by EximBank without the prior consent of the Export-Import Bank of Romania - Eximbank.
- empowerment granted to the General Director, Ioan Nani and to the Financial Director, Paula Coman to sign on behalf of the company all documents related to the extension and change of the credit facility, according to the paragraphs 1 and 2 of the Agenda, as well as the documents related to the obligations assumed by the company under paragraphs 3 and 4 of the Agenda.
- proper amendment of the Annex 1 of the Articles of incorporation - Managers of SC Antibiotice SA - Iasi;
- changing, updating, numbering the articles of Memorandum of Association. The **Ordinary General Meeting of Shareholders** dated **August 11, 2016** approved the financial

statements of the company for the first half of 2016 based on the Management Report and Financial Auditor Report and the **Extraordinary General Meeting of Shareholders** approved contracting a multi-currency, cash-noncash credit facility, amounting to RON 30,000,000 from UniCredit Bank S.A, guaranteeing for this with:

- the real estate mortgage and interdictions of alienation, encumbrance, dismantling, rental, demolition, building, arrangement, restructuring and annealing on real estate property of Antibiotice S.A., identified as follows:
 - real state owned by Antibiotice, enrolled in C.F. 133181 UAT Iasi with cadastral number 133181 for land and cadastral number 133181-C1, 133181-C2 and 133181-C3 for buildings, located in the City of Iasi, 1 Valea Lupului St., Iasi County, composed of land within the built-up areas, "construction yard" category, with a surface of 4,453 mp (according to documents and measurements) and the buildings located on this land, i.e. the building C1 - Parenteral Products - Main Station 6 K consisting of the ground floor with a surface of 444.31 mp; building C2 - Parenteral Products consisting of the ground floor with a surface of 1867.27 mp, First floor with a surface of 1690.22 mp and second floor with a surface of 765.07 and the building C3-Static Production plant for cooling agents composed of the ground floor with a surface of =29.72 mp, water, sewerage, electricity and heat supply networks.
 - real state owned by Antibiotice, enrolled in CF no. 133199/ UAT Iasi with cadastral number 133199 for land and cadastral number 133199-C1, cadastral number 133199-C2 and cadastral number 133199-C3 for buildings, located in the City of Iasi, 1 Valea Lupului St., Iasi County, composed of land within the built-up areas, "construction yard" category, with a surface of 6022 mp (according to documents and measurements) and the buildings located on this land, i.e. the building C1-Laundry Annex consisting of the ground floor with a surface of S=18.63 mp. Building C2- Microproduction and Spare Part Plant + Laundry consisting of the ground floor with a surface of 1722,14 mp, floor 0 with a surface of 26.31 mp, first floor with a surface of 400.64 mp, First floor with a surface of 1863 mp, second floor with a surface of 310.13 mp, and the building C3-Pumping Station for drinking water consisting of the ground floor with a surface of 61.96 mp, water, sewerage, electricity and heat supply networks.
 - real state owned by Antibiotice, enrolled in CF nr. 133210/ UAT Iasi, with cadastral number 133210 for land and cadastral number 133210-C1 and cadastral number 133210-C2 for buildings, located in the City of Iasi, 1 Valea Lupului St., Iasi County, composed of land within the built-up areas, "construction yard" category, with the surface of 5,629 mp (according to documents and measurements) and the buildings located on this land, i.e. the building C-1 Finished Product Warehouse consisting of the basement with the surface of 109.64 mp and ground floor with the surface of 1268.83 mp and building C2- Recycled water tank, water, sewerage, electricity and heat supply networks; inclusiv asupra chiriilor/arenzilor prezente si viitoare produse de bunurile imobile, precum si asupra indemnizatiilor platite in temeiul contractelor de garantare/ asigurare de orice fel cu privire la si in legatura cu plata acestor chirii sau arenze. including on the present and future rents/leases real generated by the real estate, as well as on the amounts paid under guarantee/insurance contracts of any kind with respect to and in connection to the payment of these rents or leases.
- the first rank real estate mortgage on the receivables generated by the contracts/orders/ invoices concluded or which are to be concluded and issued /which are to be issued by Antibiotice S.A. in relation with FARMEXPERT DCI SRL, FARMEXIM SA, Romfarmachim S.A and Azelis UK Life Sciences LTD.

- real estate mortgage on the current accounts opened by Antibiotice S.A. to UniCredit Bank S.A.

The shareholders approved in the same meeting the empowerment granted to Ioan Nani as General Director and to Paula Coman as Financial Director for signing, in the name of the company, all the documents/ credit agreements and their accessories required for contracting and implementing the credit facility in accordance with paragraphs 1 and 2.

The financial statements were not audited for the period January-September 2016.

Conclusions

Antibiotice in the first 9 months of 2016:

- Increase in sales revenues by 5%;
- Increase in net profit by 22%;
- Reduction in the current debts by 22%;
- Level of indebtedness - 25.6%.

**Vicepresident of the Management Board
Ec. Ioan NANI**

**Financial Director
Ec. Paula Coman**