

S.C. ZENTIVA S.A.

**Report of the Board of Directors
for the Ist semester, 2016**

Reported date	: 30.06.2016
Company name	: S.C. ZENTIVA S.A.
Location of the registered office	: 50 Theodor Pallady boulevard, Bucharest
Tel. / Fax	: 021-304.72.00 / 021-345.40.04
Tax registration code	: RO 336206
<i>Trade Register order number</i>	: <i>J/40/363/1991</i>
Subscribed and paid-in social capital	: 41 696 115 lei

SUMMARY:

Statement of comprehensive income	3
Statement of financial position	4
Cash Flow Statement	5
Statement of Changes in Shareholders' Equity	6-7
Annotations	8-17
Economic-financial Statement and Activity Analysis on June 30, 2016	18-19
Statement	20

ZENTIVA S.A.
STATEMENT OF COMPREHENSIVE INCOME
June 30, 2016

(all amounts are expressed in new lei ("RON"), unless otherwise provided)

	Note	30.06.2016	30.06.2015
		RON	RON
Sales of goods	5.1.	180.423.477	159.642.083
Rendering of services	5.1	12.389.517	17.597.353
Rental income		-	-
Other		660.615	467.725
Turnover	5,1	193.473.608	177.707.161
Other operating income	6,1	2.402.288	1.974.801
Changes in inventories of finished goods and work in progress		3.384.334	17.542.664
Raw materials and consumables used	5,2	(80.008.771)	(100.035.567)
Employee benefits expenses	6,5	(26.086.710)	(23.841.262)
Depreciation, amortization and impairment		(6.853.858)	(4.587.165)
Marketing and advertising expenses	6,6	(8.019.989)	(7.229.107)
Rental expenses		(1.750.577)	(1.975.786)
Provisions		(2.054.362)	(1.867.150)
Other operating expenses	6,2	(33.907.170)	(33.538.397)
Operating profit		40.578.795	24.150.191
Financial Income	6,4	556.500	325.338
Financial Expenses	6,3	(644.983)	(773.357)
Profit before tax		40.490.312	23.702.172
Income Tax Expense	7,1	(8.108.803)	(5.804.460)
Profit after tax (A)		32.381.509	17.897.712
Other comprehensive income:			
Revaluation of land and buildings at fair value		-	-
Deferred tax		-	-
Actuarial gains/losses in relation to employee benefits		-	-
Other comprehensive income net of tax (B)		-	-
Total income after tax (A) + (B)		32.381.509	17.897.712
Number of shares		416.961.150	416.961.150
Earnings per share (RON / share)		0.07766	0.042928

Financial statements for the period ended on June 30, 2016 are not audited.

ZENTIVA S.A. financial statements at June 30, 2016 reported a turnover of 193.5 MRON (growing by 9% vs prior year) and an operating profit of 40.58 MRON.

The turnover and the profit were impacted positively by the sales increase in local market as well as in export and the decrease of claw back tax.

ZENTIVA S.A.**STATEMENT OF FINANCIAL POSITION****for the period ended on June 30, 2016***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

	Note	30.06.2016	31 December 2015
Assets			
Non current assets			
Property, plant and equipment	9	95.798.797	98.655.303
Intangible assets	10	559.975	849.542
		<u>96.358.773</u>	<u>99.504.845</u>
Current assets			
Inventories	12	63.161.482	50.076.172
Trade and other receivables	13	155.481.338	230.055.524
Other financial assets	11	-	-
Cash and cash equivalents	14	76.663.713	7.372.756
		<u>295.306.533</u>	<u>287.505.892</u>
Total assets		<u>391.665.306</u>	<u>387.010.737</u>
Capital and reserves			
Share capital, including	15,1	41.696.115	41.696.115
Issued share Capital		41.696.115	41.696.115
Inflation related to share capital		-	-
Share premium, including:	15,1	24.964.506	24.964.506
Share premium at nominal value		9.863.684	9.863.684
Inflation related to share premium		15.100.822	15.100.822
Legal and other reserves	15,2	98.513.760	98.513.760
Revaluation reserve		2.107.876	2.107.876
Retained earnings / (Accumulated Losses)		97.857.866	105.476.271
Total equity		<u>265.140.123</u>	<u>272.758.528</u>
Non current liabilities			
Employee benefit liability	18	1.100.000	1.100.000
Other long - term liabilities		15.061	24.385
Deferred tax liability	7,2	1.598.027	1.598.027
Non-Current Provisions	17	9.232.557	9.232.557
Total Non - Current Liabilities		<u>11.945.645</u>	<u>11.954.969</u>
Current liabilities			
Trade accounts payable	19	60.623.263	49.667.644
Income taxes payable		2.727.098	3.809.385
Other current liabilities	19	29.721.474	26.130.040
Short-term provisions	17	21.507.703	22.690.171
Total current liabilities		<u>114.579.538</u>	<u>102.297.240</u>
Total liabilities		<u>126.525.183</u>	<u>114.252.209</u>
Total liabilities and equities		<u>391.665.306</u>	<u>387.010.737</u>

Financial statements for the period ended on June 30, 2016 are not audited.

ZENTIVA S.A.

STATEMENT OF FINANCIAL POSITION

for the period ended on June 30, 2016

(all amounts are expressed in new lei ("RON"), unless otherwise provided)

Indirect method

	Financial year	
	June 30, 2016	December 31, 2015
Cash flows from operating activities:		
Net profit before taxation and extraordinary elements	40.490.312	59.981.669
<i>Adjustments for:</i>		
Depreciation and amortization of fixed assets	6.853.858	10.644.924
Net movement in other provisions	2.054.362	15.022.855
Loss / profit from the sale of assets (fixed assets)	(18.268)	109.117
Net income / expenditures from interests	(44.919)	(260.044)
Expenditures regarding pension debts and similar	-	113.000
Exploitation profit before changes in the circulating assets	49.335.345	85.611.521
Decrease / (Increase) of trade receivables and of other nature	74.575.625	(19.761.994)
Decrease / (Increase) of stocks	(13.085.310)	(12.610.025)
(Decrease) / Increase of trade debts and of other nature	13.464.766	6.124.717
Paid income taxes	(9.191.090)	(11.084.803)
Pension liabilities paid	-	(112.000)
Cash from operating activities	115.099.336	48.167.416
Cash flows from investment activities:		
Payments for the acquisition of tangible and intangible assets	(3.699.346)	(13.486.427)
Cashing from the sale of tangible assets	37.236	10.941
Net cash flows from investment activities	(3.662.110)	(13.475.486)
Cash flows from financing activities:		
Interest received	44.919	260.044
Cash transferred for dividends payable to Central Depository	(4.921.389)	(887.727)
Dividends paid	(37.269.799)	(65.242.493)
Net cash flows from financing activities	(42.146.269)	(65.870.176)
Net decrease in cash and cash equivalents	69.290.957	(31.178.246)
Cash and cash equivalents at the beginning of the financial year	7.372.758	38.551.002
Cash and cash equivalents at the end of the financial year	76.663.713	7.372.756

ZENTIVA S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
on June 30, 2016
(all amounts are expressed in new lei ("RON"), unless otherwise provided)

Current year

Shareholders' equity	Balance on December 31, 2015	Increase		Decrease		Balance on June 30, 2016
		Total, out of which	Through transfer	Total, out of which	Through transfer	
Subscribed capital	41.696.115	-	-	-	-	41.696.115
Hyperinflation adjustment of capital	-	-	-	-	-	-
Share premiums	9.863.684	-	-	-	-	9.863.684
Hyperinflation adjustment of share premiums	15.100.822	-	-	-	-	15.100.822
Reevaluation reserves	2.107.877	-	-	-	-	2.107.877
Legal reserves	8.339.223	-	-	-	-	8.339.223
Other reserves	139.937.285	6.205.047	-	-	-	146.142.332
Other shareholders' equity elements	(319.335)	-	-	-	-	(319.335)
Reported result, except for the reported result from adopting IAS 29 for the first time	9.827.897	46.204.961	46.204.961	46.204.961	46.204.961	9.827.897
Reported result from adopting IAS for the first time	-	-	-	-	-	-
Financial year profit or loss	46.204.961	32.381.509	-	46.204.961	46.204.961	32.381.509
Profit distribution	-	-	-	-	-	-
Total shareholders' equities	272.758.528	84.791.517	46.204.961	92.409.922	92.409.922	265.140.123

The legal reserve is set in accordance with the provisions of the Companies Law, according to which, at least 5% of the annual accounting profit is transferred within the legal reserves until their balance reaches 20% of the company's social capital. If this reserve is used fully or partially to cover losses or to distribute in any form (such as to issue new shares according to the Companies Law), it becomes taxable. The company's management does not estimate it shall use its legal reserve in such a way that it becomes taxable. The financial statements for the year concluded on December 31, 2012 are the first the company has elaborated in accordance with the IFRS.

The difference between the social capital recognized according to the Romanian accounting standards and the one recognized according to the IFRS, the social capital was adjusted for inflation until December 31, 2003. Romania was considered as having a hyperinflationist economy until December 31, 2003 and hyperinflation adjustment is regulated by IAS 29 "Financial reporting in hyperinflationist economies". According to the accounting standards previously applied, no such adjustment was recorded. Hyperinflation adjustment of the social capital is 259.608.187 RON.

Hyperinflation adjustment applies to capital premium as well, which leads to an adjustment of 15.100.822 RON.

ZENTIVA S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
on June 30, 2016
(all amounts are expressed in new lei ("RON")). unless otherwise provided)

According with AGA decision from 29.04.2015 it was approved to cover the accounting loss in amount of 273.746.023 RON which is the result of adjustments of switching of IFRS with the amount of 259.608.187 recorded in the account 1028 representing „ capital adjustments” and with the amount of 14.137.836 from the account 1178 representing „earnings derived from the date when the application IFRS fair value as deemed cost.

According to the Romanian accounting standards, the company reevaluated the buildings and lands on December 31, 2005, December 31, 2008 and December 31, 2014 and recognized the lands and buildings at their right value.. On transition, the company decided to use as deemed cost the values assessed on those dates. Therefore, reserves from reevaluation resulted after previous evaluations were reclassified in the result reported on the date of the transaction (January 1, 2011).

ZENTIVA S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the period ended on June 30, 2016
(all amounts are expressed in new lei ("RON")), unless otherwise provided)

NOTE 1: NON CURRENT ASSETS

Non current assets	Gross value					Value of adjustments (depreciation through amortization and provisions)			Net accounting value on 30.06.2016	
	Balance on December 31, 2015	Inflows	Outflows, transfers	Balance on June 30, 2016	Balance on December 31, 2015	Adjustments through provisions		Balance on 30.06.2016		
						Adjustments in year	Decreases reversals			
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7	9=4-8	
Establishment and development expenses	63.532	-	-	63.532	63.532	-	-	-	63.532	-
Other intangible assets	3.885.408	242.492	-	4.127.900	3.507.379	70.569	-	-	3.577.948	549.952
Advances and intangible assets in progress	430.583	10.0231	-	435.004	430.582	-	-	-	430.582	10.023
Total intangible assets	4.379.523	252.515	-	4.626.436	4.001.494	53.136	-	-	4.072.083	559.975
Lands	11.421.899	-	-	11.421.899	991.003	-	-	-	991.003	10.430.896
Constructions	47.588.951	-	-	47.588.951	2.012.140	1.201.475	4.160	-	3.209.455	44.379.496
Technological equipments	139.991.235	4.102.143	181.340	143.912.038	108.143.067	5.474.981	164.146	-	113.453.902	30.458.136
Other installations, tools and furniture	7.207.434	11.650	-	7.224.684	3.848.007	113.221	-	-	3.961.226	3.257.854
Advances and tangible assets in progress	8.725.283	3.707.991	4.109.211	8.324.0631	1.051.646	-	-	-	1.051.646	7.272.414
Total tangible assets	214.934.802	7.821.784	4.290.551	218.471.635	116.045.866	6.780.977	168.306	-	122.667.237	95.798.799
Financial assets	-	-	-	-	-	-	-	-	-	-
Total	219.314.325	8.074.299	4.290.551	223.098.071	120.047.360	6.860.246	168.306	-	126.739.300	96.358.773

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

*(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 1: NON CURRENT ASSETS ACTIVE IMOBILIZATE (continuation)****Tangible assets****Reevaluation**

On October 31, 2005, a reevaluation of the lands and buildings belonging to the company was undergone by an independent expert reevaluator.

The reevaluation consisted of the adjustment of the net book value of the items included in these categories at fair value considering their physical condition and market value.

On December 31, 2011, a reevaluation of the buildings belonging to the company was undergone by an expert evaluator, in accordance with OMF 3055/2009 and the national evaluation standards issued by ANEVAR. The reevaluation focused on adjusting the net book value of the elements included in these categories at fair value considering their physical condition and market value using the replacement cost method.

On December 31, 2014, a reevaluation of the buildings belonging to the company was undergone by an expert evaluator, in accordance with the national evaluation standards issued by ANEVAR. The reevaluation focused on adjusting the net book value of the elements included in these categories at fair value considering their physical condition and market value using the replacement cost method.

Assets held in financial leasing or purchased in installments

Not the case.

Others

On June 30, 2016, the balance of depreciation adjustments for tangible assets is worth 2.054.131 RON (December 31, 2015: 2.060.482RON). It includes depreciation adjustments for land in the amount of 991.003 RON, depreciation adjustments for investments in progress of 1.051.649 RON and depreciation adjustments for technical installations and other tangible assets proposed for disposal in the amount of 11.479 RON.

NOTE 2: PROVISIONS

Name of provision	Balance at the beginning of the financial year	Transfer into account	Transfer from the account	Balance on June 30, 2016
Other provisions for risks and charges	1.490.905	-	141.350	1.349.555
Provisions for taxes	23.053.670	-	-	23.053.670
Provisions for litigation	1.452.665	-	1.041.116	411.549
Provisions for the environment	5.925.487	-	-	5.925.487
Provisions for pensions and other obligations	1.100.000	-	-	1.100.000
	33.022.727	-	1.182.466	31.840.261

NOTE 3: PROFIT DISTRIBUTION (LOSS)

Not applied for the financial year ended on June 30, 2016.

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

(all amounts are expressed in new lei ("RON"), unless otherwise provided)

NOTE 4: ACCOUNTS RECEIVABLE AND PAYABLE

Receivables

Current year	Balance on June 30, 2016	Liquidity term	
		Under 1 year	Over 1 year
Trade receivables	132.338.280	132.338.280	-
Amounts to be received from related parties	-	-	-
Amounts to be received from entities to which the company is linked by virtue of participating interests	-	-	-
Other receivables	23.256.065	23.256.065	-
Receivable provisions	(660.690)	(660.690)	-
Provisions of other receivables	(244.814)	(244.814)	-
	154.688.841	154.688.841	-

Previous year	Balance on December 31, 2015	Liquidity term	
		Under 1 year	Over 1 year
Trade receivables	210.791.514	210.791.514	-
Amounts to be received from related parties	-	-	-
Amounts to be received from entities to which the company is linked by virtue of participating interests	-	-	-
Other receivables	19.672.919	19.672.919	-
Receivable provisions	(660.690)	(660.690)	-
Provisions of other receivables	(244.814)	(244.814)	-
	229.558.929	229.558.929	-

On June 30, 2016 doubtful trade receivables in the amount of 660.690 RON (2015: 660.690 RON) were adjusted for depreciation. For other receivables recorded in account 461 were adjusted by the amount 244.814 RON from June 30, 2016. Movements in receivables depreciation adjustments were the following:

	December 31, 2015	June 30, 2016
Initial balance	3.382.648	905.504
Increases during the year – other receivables debtors	-	-
Reversals during the year	(2.477.144)	-
Final balance	905.504	905.504

NOTE 4: ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUATION)

Payables

Current year	Balance on June 30, 2016	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Advances received in the account of orders	123.782	123.782	-	-
Trade payables - suppliers	60.499.481	60.499.481	-	-
Amounts owed to affiliated entities	-	-	-	-
Other amounts to be paid	32.448.572	32.448.572	-	-
	93.71.835	93.71.835	-	-

Previous year	Balance on December 31, 2015	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Advances received in the account of orders	123.823	123.823	-	-
Trade payables - suppliers	49.543.821	49.543.821	-	-
Amounts owed to affiliated entities	-	-	-	-
Other amounts to be paid	29.939.425	29.939.425	-	-
	79.607.069	79.607.069	-	-

The line representing other amounts to be paid is detailed in the following table:

Current year	Balance on June 30, 2016	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Wages and related liabilities	9.320.079	9.320.079	-	-
Debts to shareholders	16.914.609	16.914.609	-	-
Other taxes	6.184.926	6.184.926	-	-
Other debts	28.958	28.958	-	-
	32.448.572	32.448.572	-	-

Previous year	Balance on December 31, 2015	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Wages and related liabilities	9.145.304	9.145.304	-	-
Debts to shareholders	14.216.685	14.216.685	-	-
Other taxes	6.575.984	6.575.984	-	-
Other debts	1.451	1.451	-	-
	29.939.425	29.939.425	-	-

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

*(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 5: ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

No significant changes occurred in the company's accounting policies and methods during the financial year concluded on June 30, 2016, compared to the accounting policies presented on December 31, 2015.

NOTE 6: PARTICIPATIONS AND FINANCING SOURCES**Social capital**

	Balance on December 31, 2015	Balance on June 30, 2016
	Number	Number
Ordinary shares subscribed capital	416.961.150	416.961.150

	December 31, 2015	June 30, 2016
	RON / share	RON / share
Ordinary shares nominal value	0,1	0,1

	December 31, 2015	June 30, 2016
	RON	RON
Social capital value	41.696.115	41.696.115

The company's social capital is fully paid-in on June 30, 2016 and December 31, 2015.

Redeemable shares

The company does not own redeemable shares on June 30, 2016 and December 31, 2015.

Bonds

The company does not have bonds issued on June 30, 2016 and December 31, 2015.

Ownership structure

	Balance on December 31, 2015	%	Balance on June 30, 2016	%
Venoma Holdings Limited	21.257.048	50,98%	21.257.048	50,98%
ZENTIVA NV	9.977.117	23,93%	9.977.117	23,93%
Sanofi-Aventis Europe	2.805.800	6,73%	2.805.800	6,73%
Other minority shareholders	7.656.150	18,36%	7.656.150	18,36%
	41.696.115	100%	41.696.115	100%

In March 2009, Grupul farmaceutic Sanofi –Aventis pharmaceutical group acquired the shares of Zentiva Group. During 2009 and until June 30, 2015, Sanofi- Aventis Europe acquired 6,73 % of the shares of Zentiva SA from minority shareholders.

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

*(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 7: INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATION, MANAGEMENT AND SUPERVISION BODIES****Administrators and managers**

During the financial years ended on June 30, 2016 and June 30, 2015, the company paid the following indemnities to the members of the Board of Directors ("BoD"), executive and supervision management:

	Financial year ended on:	
	June 30, 2015	June 30, 2016
Members of the BoD	27.000	27.000
Managers		
- executive management	-	-
	27.000	27.000

The company has no payment obligations to former members of the BoD and the executive and supervision management on June 30, 2016 and December 31, 2015.

At the end of the financial year, there are no future warranties or obligations taken over by the company in the name of the administrators or managers.

Employees

The average number of employees on June 30, 2016 and June 30, 2015 is the following:

	June 30, 2015	June 30, 2016
Average number of employees	503	495
	503	495

Expenditures with wages and related taxes recorded during the financial years concluded on June 30, 2016 and June 30, 2015 are the following:

	Financial year ended on:	
	June 30, 2015	June 30, 2016
Expenditures with wages	19.327.478	21.301.543
Expenditures regarding social insurances	4.513.784	4.785.167
	23.841.262	26.086.710

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

*(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 8: MAIN FINANCIAL AND ECONOMIC RATIOS**

	Financial year ended on:	
	June 30, 2015	June 30, 2016
1. Liquidity ratios		
Current ratio	2.1	3.2
Acid test	1.7	2.5
2. Risk ratios		
Gearing ratio	0%	0%
Interest cover ratio	n/a	n/a
3. Activity ratios		
Stock turnover	3.74	2.47
Number of stock days	98	73
Receivables turnover	157	155
Payables turnover	42	70.74
Fixed assets turnover	2.08	2.01
Total assets turnover	0.49	0.49
4. Profitability ratios		
Return on capital employed	10%	15%
Gross margin from sales	12%	28%
5. Profit per share		
Earning per share	0.043	0.078

NOTE 9: OTHER INFORMATION**a) Information on the company**

SICOMED S.A. Bucuresti ("Sicomed") was founded in 1962 as Intreprinderea de Medicamente BUCURESTI (Drug Enterprise BUCHAREST) ("IMB"). The current office of the company is on 50 Theodor Pallady boulevard, Bucharest. The company is registered in the Trade Register under number J40/363/1991.

In 1990, Sicomed became a joint stock company by incorporating and taking over the entire property of the former IMB in accordance with the Governmental Decision. The initial social capital was the result of the difference between the assets, including specific evaluations of the land and buildings donated by the State to the company, in accordance with the Governmental Decision, and the liabilities held on the same date.

Beginning with January 24, 2006, the company changed its name from Sicomed SA to Zentiva SA.

Its main activity is represented by the manufacture and marketing of pharmaceuticals and drugs for human use.

ZENTIVA S.A.**Economic-financial statement and activity analysis on June 30, 2016****for the period ended on June 30, 2016***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 9: OTHER INFORMATION (continuation)****b) Information on the relations with related parties, subsidiaries and associates**

Details on related parties:

Company name	Nature of relationship	Type of transactions	Country of origin	Registered office
Zentiva a.s., Praha	Company under joint control	Purchasing goods and services / Revenue from services	Czech Republic	Prague
Zentiva Group Praha a.s.	Company under joint control	Services purchase	Czech Republic	Prague
Zentiva International, a.s. – Bucharest branch	Branch of Zentiva International a.s.	Sale of Goods and Services	Slovakia	Romania
Zentiva a.s., Hlohovec	Company under joint control	Purchasing goods and services / Revenue from services	Slovakia	Hlohovec
Sanofi-Aventis Deutschland	Company under joint control	Goods purchases	Germany	Frankfurt
Carraig Insurances Limited	Company under joint control	Insurances	Ireland	Dublin
Zentiva Saglik Urunleri	Company under joint control	goods and services purchase / services sales	Turkey	Istanbul
Sanofi Winthrop Industries	Company under joint control	Sale goods and services/ goods and services purchase	France	Gentilly Cedex
Sanofi Aventis SA	Company under joint control	Loan grant/Recharge costs	France	Antony
Sanofi Romania SRL	Company under joint control	Services and goods sales	Romania	Bucharest
Sanofi Aventis Group	Company under joint control	Services procurement	France	Antony
Sanofi Aventis Bulgaria eood	Company under joint control	Services	Bulgaria	Sofia
Sanofi-Aventis Private Co. Ltd.	Company under joint control	Services	Hungary	Budapest
Sanofi India Limited	Company under joint control	Services	India	Mumbai
Sanofi Synthelabo	Company under joint control	Equipment purchase	UK	Fawdon- Newcastle
Sanofi Chimie	Company under joint control	Services	India	Mumbai
Chinoin private Co.LTD	Company under joint control	Goods sale /services purchases	Portugal	Porto Salvo
Sanofi-Aventis Spa	Company under joint control	Services purchase	Italy	Milan

The company is part of the Sanofi. The consolidated annual financial statements are prepared at the level of the parent-company Sanofi France.

The company has shares listed on the Bucharest Stock Exchange.

ZENTIVA S.A.**Economic-financial statement and activity analysis on June 30, 2016
for the period ended on June 30, 2016***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 9: OTHER INFORMATION (continuation)****c) The method to convert assets, liabilities, income and expenses from foreign currency to local currency**

Monetary items denominated in foreign currency (availability and other similar items, as are bank deposits, receivables and liabilities in foreign currency) must be assessed and reported using the exchange rate of the National Bank of Romania, valid on the date of closure of the financial year. Exchange differences, positive or negative, between the date of filing the claims or liabilities in foreign currency or at the rate they were reported in previous financial statements and the exchange rate of the closing date of the financial year, are recorded under financial income or expenses, respectively.

Transactions made in foreign currencies are translated into lei at an exchange rate valid on the transaction date.

Exchange rates used for the conversion of balances expressed in foreign currency on June 30, 2016 were 1 EURO = 4,5210 RON (December 31, 2015 1 EURO = 4, 5245 RON) respectively 1 USD = 4.0624 RON (December 31, 2015 1 USD = 4,4177 RON)

d) Information on corporate tax

	Financial year ended on June 30, 2015	Financial year ended on June 30, 2016
Accounting profit	17.897.712	32.381.509
Nontaxable income	(227.542)	(1.047.467)
Non-deductible expenses	18.732.706	19.814.388
Deduction legal reserve	-	-
Taxable profit / (tax loss) of the year	36.402.876	51.148.430
Corporate tax 16%	5.824.460	8.183.749
Tax credit	20.000	74.946
Current corporate tax	5.804.460	8.108.803

	December 31, 2015	June 30, 2016
Corporate tax payable at the beginning of the period	899.111	3.809.385
Corporate tax expense	13.995.077	8.108.803
Paid/compensated corporate tax	(11.084.803)	(9.191.090)
Corporate tax payable at the end of the period	3.809.385	2.727.098

e) Revenue from sales on activities

	Financial year ended on June 30, 2015	Financial year ended on June 30, 2016
Revenue from product sales	178.866.938	201.588.394
Intercompany services revenue	15.268.118	11.422.620
Other revenues	2.796.704	1.627.511
Trade discounts	(19.224.599)	(21.164.917)
	177.707.161	193.473.608

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

(all amounts are expressed in new lei ("RON"), unless otherwise provided)

NOTE 9: OTHER INFORMATION (continuation)

f) Subsequent events

No significant situations exist that are worth mentioning.

g) Extraordinary items and income / accrued expenses

No significant situations exist that are worth mentioning.

h) Rent and leasing expenditures

Commitments on June 30, 2016 (RON)	Under 1 year	Between 1 and 5 years
ALD – operational leasing and ARVAL	992.813	1.324.358
Total commitments	992.813	1.324.358

i) Audit expenditure

There were no contractual costs for audit services in the financial year ended on June 30, 2016.

j) Trade effects (expected and the unmatured)

No significant situations exist that are worth mentioning.

k) The amount received in excess compared to the amount repayable related to debts

No significant situations exist that are worth mentioning.

l) Commitments

There are no significant situations or changes compared to the financial years ended on June 30, 2016 and December 31, 2015 that are worth mentioning.

m) Taxes

The company believes it has paid all taxes, duties and related interest in time and fully.

n) Legal claims

There are no significant situations or changes compared to the financial statements on December 31, 2015 that are worth mentioning.

o) Warranties

On June 30, 2016, the Company submitted to ANAF a bank letter of guarantee in amount RON 18.457.107 for the additionally amounts determined by the inspection for the claw-back tax.

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

(all amounts are expressed in new lei ("RON"), unless otherwise provided)

ECONOMIC-FINANCIAL STATEMENT AND ACTIVITY ANALYSIS ON JUNE 30, 2016

1.1 Balance sheet analysis

Patrimony statements, on main elements, of S.C. ZENTIVA S.A on June 30, 2016 compared to the period ended on December 31, 2015 is the following:

	December	June 30,	Variation	
	31, 2015	2016	June 30, 2016 compared to December 31, 2015	
	RON	RON	RON	- % -
ASSETS				
1. Intangible assets	849.542	559.975	(289.567)	-35%
2. Tangible assets	98.655.303	95.798.797	(2.858.506)	-3%
3. Financial assets	0	0	0	0%
4. Total intangible assets (1+2+3)	99.504.845	96.358.773	(3.148.072)	-3%
5. Stocks	50.076.172	63.161.482	13.085.310	26%
6. Receivables	229.558.929	154.688.840	(74.870.089)	-33%
7. Cash at bank and in hand	7.372.756	76.663.713	69.290.957	939%
8. Total current assets (5+6+7)	287.007.857	294.514.036	7.506.179	3%
9. Expenditures in advance	498.034	792.498	294.464	59%
10. Debts to be paid within a year	79.607.069	93.071.835	13.464.766	17%
11. Net current assets, namely net current debts (8+9-10)	207.898.822	202.234.699	(5.664.123)	-3%
12. Total current assets minus debts (4+11)	307.403.667	298.593.471	(8.810.196)	-3%
LIABILITIES				
13. Debts to be paid in more than a year	24.386	15.061	(9.325)	-38%
14. Provisions for risks and expenditures	34.620.753	33.438.287	(1.182.466)	-3%
15. Social capital	41,696,115	41,696,115	0	0%
16. Hyperinflation adjustments of social capital	-	-	-	0%
17. Other equity elements	(319.335)	(319.335)	0	0%
18. Capital premiums	24.964.505	24.964.505	0	0%
19. Reserves	158.276.508	154.481.555	6.205.047	4%
20. Retained earnings (creditor balance)	9.827.897	9.827.897	0	0%
(debtor balance)	-	-	0	0%
21. Retained earnings from adopting IAS 29(creditor balance)	-	-	-	-
(debtor balance)	-	-	-	0%
22. Financial year result (creditor balance) profit	46.204.961	32.381.509	(13.823.452)	-30%
23. Profit distribution	0	0	0	0
24. Total equities	272.758.528	265.140.123	(7.618.405)	-3%
25. Capitals - total (17+18+19+20+21-22)	272.758.528	265.140.123	(7.618.405)	-3%
26. Total capitals and long term debts (13+14+25)	307.403.667	298.593.471	(8.810.196)	-3%

- ◆ The data presented above show an decreased in the value of fixed assets by 3%. This decrease is mostly due to the increase of the depreciation.
- ◆ Stocks increased on June 30, 2016 compared to the end of the previous year by 26%, due to the increase of merchandise, raw materials and work in progress.
- ◆ On June 30, 2016 trade receivables decreased compared to the end of the previous year by 33% due to a good management of collecting receivables, due to a good management of increasing sales.
- ◆ The company's cash in hand increased from 7,3 million RON on December 31, 2015 to 76,7 million RON on June 30, 2016 due to cash collections from customers.

ZENTIVA S.A.**Economic-financial statement and activity analysis on June 30, 2016****for the period ended on June 30, 2016***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

- ◆ Shareholders equity decreased by 7.6 million RON (-3%) due mainly because the profit booked is for the year 2015 in amount of 46,2 million RON and at the date of 30 June 2016 is half year profit in amount of 32,3 million RON. Related also with the capital we have an decrease at the date of 30 June 2016 compared to December 31 2016 for the reserve as a result for distribution of the dividends in amount of 40,0 million RON

◆

1.2 Profit and loss account analysis

	June 30, 2015	June 30, 2016	Variation June 30, 2016 compared to June 30, 2015	
	RON	RON	RON	- % -
Net turnover	177.707.161	193.473.608	15.766.447	9%
Operating Income	198.930.589	199.279.199	348.610	1%
Operating Expenses	174.780.399	158.700.404	(16.079.995)	-10%
Operating profit	24.150.190	40.578.796	16.428.606	68%
Gross margin	13%	21%		
Financial profit/ (loss)	(448.019)	(88.483)	359.535	80%
Total revenues	199.255.928	199.835.699	579.771	1%
Total expenditures	175.553.756	159.345.387	(16.208.369)	10%
Gross profit	23.702.172	40.490.312	16.788.140	71%
Income tax	5.804.460	8.108.803	2.304.343	40%
Net result (profit)	17.897.712	32.381.509	14.483.797	81%

Exploitation revenues increased by 1%, from 198,9 million RON in the first semester of 2015 to 199,3 million RON in the first semester of 2016.

Exploitation expenditures decreased by 10%, from 174,8 million RON in the first semester of 2015 to 158,7 million RON in the first semester of 2016.

The variation of exploitation revenues and expenditures in 2016 RON to an exploitation result for the first semester in 2016 of 32,3 million RON compared to 17,9 million RON in the first semester of 2015.

2.1 Liquidity analysis

On June 30, 2016 no potential risks were identified that could affect the company's liquidity.

3.1 Breaches of financial obligations

No breaches of financial obligations were recorded during the first semester of 2016.

3.2 Rights of securities holders

No significant changes have been recorded for the first semester of 2016 compared to December 31, 2015 in what concerns the rights of securities holders issued by Zentiva SA.

ZENTIVA S.A.

Economic-financial statement and activity analysis on June 30, 2016

for the period ended on June 30, 2016

(all amounts are expressed in new lei ("RON"), unless otherwise provided)

DECLARATION

The financial-accounting statements for the first semester of 2016 were prepared in accordance with OMF 1286/2012 and offer a fair and accurate image of the assets, liabilities, financial position, profit and loss account of S.C. Zentiva S.A. The report of the Board of Directors presents correct and complete information regarding the activity of the SC Zentiva SA company.

General Manager

SIMONA COCOS

Chief Accountant

GEORGETA DANU

