

**S.C. ZENTIVA S.A.**

**Report of the Board of Directors  
for the I<sup>st</sup> semester, 2018**

<b>Reported date</b>	: 30.06.2018
<b>Company name</b>	: S.C. ZENTIVA S.A.
<b>Location of the registered office</b>	: 50 Theodor Pallady boulevard, Bucharest
<b>Tel. / Fax</b>	: 021-304.72.00 / 021-345.40.04
<b>Tax registration code</b>	: RO 336206
<b><i>Trade Register order number</i></b>	: <i>J/40/363/1991</i>
<b>Subscribed and paid-in social capital</b>	: 41 696 115 lei

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**ZENTIVA S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**June 30, 2018**

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

	<b>Note</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
		<b>RON</b>	<b>RON</b>
Sales of goods	5.1.	212.101.964	211.659.412
Rendering of services	5.1	9.678.498	16.242.027
Rental income		-	-
Other		348.659	662.551
<b>Turnover</b>	5,1	<b>222.129.122</b>	<b>228.563.990</b>
Other operating income	6,1	3.700.816	3.022.199
Changes in inventories of finished goods and work in progress		12.269.394	4.872.823
Raw materials and consumables used	5,2	(113.647.928)	(101.226.515)
Employee benefits expenses	6,5	(29.971.572)	(29.479.179)
Depreciation, and impairment		1.701.693	(6.663.984)
Marketing and advertising expenses	6,6	(8.787.398)	(8.702.756)
Rental expenses		(1.539.932)	(1.839.866)
Provisions		735.472	-
Other operating expenses	6,2	(43.713.099)	(36.018.756)
<b>Operating profit</b>		<b>42.876.568</b>	<b>52.527.956</b>
Financial Income	6,4	17.936.488	3.353.067
Financial Expenses	6,3	(17.286.501)	(2.778.053)
<b>Profit before tax</b>		<b>43.526.554</b>	<b>53.102.970</b>
Income Tax Expense	7,1	(7.576.344)	(10.057.164)
<b>Profit after tax (A)</b>		<b>35.950.210</b>	<b>43.045.806</b>
<b>Other comprehensive income:</b>			
Revaluation of land and buildings at fair value		-	-
Deferred tax		-	-
Actuarial gains/losses in relation to employee benefits		-	-
<b>Other comprehensive income net of tax (B)</b>		<b>-</b>	<b>-</b>
<b>Total income after tax (A) + (B)</b>		<b>35.950.210</b>	<b>43.045.806</b>
<b>Number of shares</b>		<b>416.961.150</b>	<b>416.961.150</b>
<b>Earnings per share (RON / share)</b>		<b>0.08622</b>	<b>0.10324</b>

Financial statements for the period ended on June 30, 2018 are not audited.

**ZENTIVA S.A.****STATEMENT OF FINANCIAL POSITION****for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

	<b>Note</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	9	141.240.922	136.824.366
Intangible assets	10	768.038	768.975
		<b>142.008.960</b>	<b>137.593.340</b>
<b>Current assets</b>			
Inventories	12	66.092.058	40.549.376
Trade and other receivables	13	195.248.432	158.176.809
Other financial assets	11	-	-
Cash and cash equivalents	14	161.357.289	160.792.773
		<b>422.697.779</b>	<b>359.518.959</b>
<b>Total assets</b>		<b>564.706.739</b>	<b>497.112.299</b>
<b>Capital and reserves</b>			
<b>Share capital, including</b>			
Issued share Capital	15,1	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	159.165.991	112.745.368
Revaluation reserve		39.781.342	40.198.377
Retained earnings / (Accumulated Losses)		138.437.225	148.490.603
<b>Total equity</b>		<b>404.045.179</b>	<b>368.094.969</b>
<b>Non current liabilities</b>			
Employee benefit liability	18	1.813.000	1.813.000
Other long - term liabilities		-	-
Deferred tax liability	7,2	6.494.406	6.494.406
Non-Current Provisions	17	9.456.150	5.09.012
<b>Total Non - Current Liabilities</b>		<b>17.763.556</b>	<b>13.398.418</b>
<b>Current liabilities</b>			
Trade accounts payable	19	88.862.104	61.076.772
Income taxes payable		3.578.247	3.486.826
Other current liabilities	19	34.689.010	36.010.639
Short-term provisions	17	15.768.644	15.044.677
<b>Total current liabilities</b>		<b>142.898.004</b>	<b>115.618.914</b>
<b>Total liabilities</b>		<b>160.661.560</b>	<b>129.017.332</b>
<b>Total liabilities and equities</b>		<b>564.706.739</b>	<b>497.112.301</b>

Financial statements for the period ended on June 30, 2018 are not audited.

**ZENTIVA S.A.****STATEMENT OF FINANCIAL POSITION****for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***Indirect method**

	Financial year	
	June 30, 2018	December 31, 2017
<b>Cash flows from operating activities:</b>		
<b>Net profit before taxation and extraordinary elements</b>	<b>43.526.554</b>	<b>106.926.030</b>
<i>Adjustments for:</i>		
Depreciation and amortization of fixed assets	4.338.181	21.416.471
Net movement in other provisions	1.291.695	(13.187.807)
Loss / profit from the sale of assets (fixed assets)	(7.826)	159.722
Net income / expenditures from interests	(1.384.056)	(910.643)
Expenditures regarding pension debts and similar	-	236.000
<b>Operating profit before changes in the circulating assets</b>	<b>47.764.547</b>	<b>114.639.773</b>
Decrease / (Increase) of trade receivables and of other nature	(36.672.414)	15.211.660
Decrease / (Increase) of stocks	(25.559.942)	917.375
(Decrease) / Increase of trade debts and of other nature	26.555.125	(1.226.754)
Paid income taxes	(7.429.424)	(19.456.074)
Pension liabilities paid	<b>(399.209)</b>	(152.000)
<b>Cash from operating activities</b>	<b>4.258.683</b>	<b>109.933.980</b>
<b>Cash flows from investment activities:</b>		
Payments for the acquisition of tangible and intangible assets	(4.347.181)	(16.828.959)
Cashing from the sale of tangible assets	72.491	31.325
<b>Net cash flows from investment activities</b>	<b>(4.274.690)</b>	<b>(16.797.634)</b>
<b>Cash flows from financing activities:</b>		
Interest received	1.384.056	910.643
Cash transferred for dividends payable to Central Depository	-	(590.518)
Dividends paid	(803.533)	(60.574.115)
<b>Net cash flows from financing activities</b>	<b>(580.523)</b>	<b>(60.253.990)</b>
	<b>564.516</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>32.882.356</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>160.792.773</b>	<b>127.910.418</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>161.357.289</b>	<b>160.792.774</b>

**ZENTIVA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended on June 30, 2018**  
*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

**Current year**

Shareholders' equity		Balance on December 31, 2017	Increase		Decrease		Balance on June 30, 2018
			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		39.781.342	-	-	-	-	39.781.342
Legal reserves		8.339.223	-	-	-	-	8.339.223
Other reserves		151.578.563	-	-	-	-	151.578.463
Other shareholders' equity elements		(751.695)	-	-	-	-	(751.695)
Reported result, except for the reported result from adopting IAS 29 for the first time	Balance C	13.245.258	89.241.757	89.241.757	-	-	102.487.015
Reported result from adopting IAS for the first time	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Financial year profit or loss	Balance C	89.241.756	35.950.210	-	89.241.757	89.241.757	35.950.210
	Balance D	-	-	-	-	-	-
Profit distribution							
<b>Total shareholders' equities</b>		<b>368.094.967</b>	<b>125.191.967</b>	<b>89.241.757</b>	<b>89.241.757</b>	<b>89.241.757</b>	<b>404.045.177</b>

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.

ZENTIVA S.A.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended on June 30, 2018

(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 book value on 30.06.2018	
	Balance on December 31, 2017	Inflows	Outflows, transfers	Balance on June 30, 2018	Balance on December 31, 2017	Balance on 30.06.2018			
						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	4,116,620	362,541		4,479,161	3,822,144	72,019	-	3,894,163	294,477
Advances and intangible assets in progress	905,081		291,459	613,622	430,583			430,583	474,498
<b>Total intangible assets</b>	<b>5,085,233</b>	<b>362,541</b>	<b>291,459</b>	<b>5,156,316</b>	<b>4,316,259</b>	<b>72,019</b>	<b>-</b>	<b>4,388,277</b>	<b>768,975</b>
Lands	42,503,676	-	830,609	41,673,067	-			-	42,503,676
Constructions	47,490,577	-	15,931,935	31,558,642	1		22,784,602	22,784,601	47,490,576
Technological equipments	156,541,298	8,653,557	199,394	164,995,461	127,181,123	4,196,312	145,684	131,231,751	29,360,175
Other installations,	7,479,131			7,479,131	4,859,184	51,650		4,910,834	2,619,948
Advances and tangible assets in progress									
<b>Total tangible assets</b>	<b>268,935,967</b>	<b>11,334,774</b>	<b>25,597,495</b>	<b>254,673,246</b>	<b>132,040,308</b>	<b>4,247,962</b>	<b>22,930,286</b>	<b>113,357,983</b>	<b>136,895,659</b>
Financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>274,021,200</b>	<b>11,697,315</b>	<b>25,888,954</b>	<b>259,829,561</b>	<b>136,356,566</b>	<b>4,319,981</b>	<b>22,930,286</b>	<b>117,746,261</b>	<b>137,664,634</b>

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(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.

On December 31, 201, a reevaluation of the buildings and lands 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.

**NOTE 2: PROVISIONS**

<b>Name of provision</b>	<b>Balance at the beginning of the financial year</b>	<b>Transfer into account</b>	<b>Transfer from the account</b>	<b>Balance on June 30, 2018</b>
Other provisions for risks and charges	7,880,105	-	275,232	7,604,873
Provisions for taxes	11,752,670	-	-	11,752,670
Provisions for litigation	211,549	-	-	211,549
Provisions for the environment	5,925,487	-	269,785	5,655,702
Provisions for pensions and other obligations	1,813,000	-	-	1,813,000
	<b>27,582,810</b>	-	<b>545,017</b>	<b>27,037,794</b>



**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 3: PROFIT DISTRIBUTION (LOSS)**

Not applied for the financial year ended on June 30, 2018.

**NOTE 4: ACCOUNTS RECEIVABLE AND PAYABLE****Receivables**

Current year	Balance on June 30, 2018	Liquidity term	
		Under 1 year	Over 1 year
Trade receivables	165.819.892	165.819.892	-
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	29,357,054	29,357,054	-
Receivable provisions	(626.561)	(626.561)	-
Provisions of other receivables	-	-	-
	<b>194.550.385</b>	<b>194.550.385</b>	-

Previous year	Balance on December 31, 2017	Liquidity term	
		Under 1 year	Over 1 year
Trade receivables	148.982.636	148.982.636	-
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	27.396.201	25.531.750	-
Receivable provisions	(626.561)	(626.561)	-
Provisions of other receivables	(244.814)	(244.814)	-
	<b>175.507.462</b>	<b>175.507.462</b>	-

On June 30, 2017 doubtful trade receivables in the amount of 626.561 RON (2016: 626.561 RON) were adjusted for depreciation.

	December 31, 2017	June 30, 2018
<b>Initial balance</b>	<b>626.561</b>	<b>626.561</b>
Increases during the year – other receivables debtors	-	-
Reversals during the year	-	-
<b>Final balance</b>	<b>626.561</b>	<b>626.561</b>

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 4: ACCOUNTS RECEIVABLE AND PAYABLE (CONTINUATION)****Payables**

Current year	Balance on June 30, 2018	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Advances received in the account of orders	123.765	123.765	-	-
Trade payables - suppliers	88.738.338	88.738.338	-	-
Amounts owed to affiliated entities	-	-	-	-
Other amounts to be paid	38.267.257	38.267.257	-	-
	<b>127.129.361</b>	<b>127.129.361</b>	-	-

Previous year	Balance on December 31, 2017	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Advances received in the account of orders	123.750	123.750	-	-
Trade payables - suppliers	62.312.415	62.312.415	-	-
Amounts owed to affiliated entities	-	-	-	-
Other amounts to be paid	41.904.641	41.904.641	-	-
	<b>104.340.806</b>	<b>104.340.806</b>	-	-

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

Current year	Balance on June 30, 2018	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Wages and related liabilities	10.730.491	10.730.491	-	-
Debts to shareholders	19.554.029	19.554.029	-	-
Other taxes	7.689.261	7.689.261	-	-
Other debts	293.476	293.476	-	-
	<b>38,267,257</b>	<b>38,267,257</b>	-	-

Previous year	Balance on December 31, 2017	Maturity		
		Under 1 year	1 – 5 years	Over 5 years
Wages and related liabilities	10.826.335	10.826.335	-	-
Debts to shareholders	20.895.702	20.895.702	-	-
Other taxes	10.175.475	10.175.475	-	-
Other debts	7.129	7.129	-	-
	<b>41.904.641</b>	<b>41.904.641</b>	-	-

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(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, 2018, compared to the accounting policies presented on December 31, 2017.

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

	<b>Balance on December 31, 2016</b>	<b>Balance on June 30, 2017</b>
	<b>Number</b>	<b>Number</b>
Ordinary shares subscribed capital	416.961.150	416.961.150

	<b>December 31, 2016</b>	<b>June 30, 2017</b>
	<b>RON / share</b>	<b>RON / share</b>
Ordinary shares nominal value	0,1	0,1

	<b>December 31, 2016</b>	<b>June 30, 2017</b>
	<b>RON</b>	<b>RON</b>
Social capital value	41.696.115	41.696.115

The company's social capital is fully paid-in on June 30, 2018 and December 31, 2017.

**Redeemable shares**

The company does not own redeemable shares on June 30, 2018 and December 31, 2017.

**Bonds**

The company does not have bonds issued on June 30, 2018 and December 31, 2017.

**Ownership structure**

	<b>Balance on December 31, 2017</b>	<b>%</b>	<b>Balance on June 30, 2018</b>	<b>%</b>
Venoma Holdings Limited	21.257.048	50,98%	21.257.048	50,98%
ZENTIVA NV	9.977.117	23,93%	14.810.239	35,52%
Sanofi-Aventis Europe	2.805.800	6,73%	2.805.800	6,73%
Other minority shareholders	7.656.150	18,36%	2.823.027	6,77%
	<b>41.696.115</b>	<b>100%</b>	<b>41.696.115</b>	<b>100%</b>

During the first half of 2018, Zentiva NV acquired 11,6% of Zentiva SA shares from other minority shareholders.

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(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, 2017 and June 30, 2016, the company paid the following indemnities to the members of the Board of Directors ("BoD"), executive and supervision management:

	<b>Financial year ended on:</b>	
	June 30, 2017	June 30, 2018
Members of the BoD	19.575	27.000
Managers		
- executive management	-	-
	<b>19.575</b>	<b>27.000</b>

The company has no payment obligations to former members of the BoD and the executive and supervision management on June 30, 2018 and December 31, 2017.

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, 2017 and June 30, 2016 is the following:

	June 30, 2017	June 30, 2018
Average number of employees	506	528
	<b>506</b>	<b>528</b>

Expenditures with wages and related taxes recorded during the financial years concluded on June 30, 2018 and June 30, 2017 are the following:

	<b>Financial year ended on:</b>	
	June 30, 2017	June 30, 2018
Expenditures with wages	24.166.594	29,029,016
Expenditures regarding social insurances	5.312.585	942,556
	<b>29.479.179</b>	<b>29,971,572</b>

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 8: MAIN FINANCIAL AND ECONOMIC RATIOS**

	<b>Financial year ended on:</b>	
	<b>June 30, 2017</b>	<b>June 30, 2018</b>
<b>1. Liquidity ratios</b>		
Current ratio	3.1	3.3
Acid test	2.7	2.8
<b>2. Risk ratios</b>		
Gearing ratio	0%	0%
Interest cover ratio	n/a	n/a
<b>3. Activity ratios</b>		
Stock turnover	3.10	3.51
Number of stock days	49	51
Receivables turnover	111	108
Payables turnover	68.22	71.92
Fixed assets turnover	2.32	1.56
Total assets turnover	0.54	0.39
<b>4. Profitability ratios</b>		
Return on capital employed	19%	11%
Gross margin from sales	27%	16%
<b>5. Profit per share</b>		
Earning per share	0,103	0.086

**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, 2018  
for the period ended on June 30, 2018***(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
Chinoi 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, 2018  
for the period ended on June 30, 2018***(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, 2018 were 1 EURO = 4,6611 RON (December 31, 2017 EURO = 4,6597 RON) respectively 1 USD = 4.0033 RON (December 31, 2017 1 USD = 3,8915 RON)

**d) Information on corporate tax**

	<b>Financial year ended on June 30, 2017</b>	<b>Financial year ended on June 30, 2018</b>
Accounting profit	43.122.378	40.279.514
Nontaxable income	(3.517)	(269.785)
Non-deductible expenses	19.788.414	7.342.423
Deduction legal reserve	-	-
Taxable profit / (tax loss) of the year	<b>62.907.275</b>	<b>47.352.152</b>
Corporate tax 16%	10.065.164	7.576.344
Tax credit	8.000	-
Current corporate tax	<b>10.057.164</b>	<b>7.576.344</b>

	<b>December 31, 2017</b>	<b>June 30, 2018</b>
Corporate tax payable at the beginning of the period	4.071.379	3.431.327
Corporate tax expense	18.871.520	7.576.344
Paid/compensated corporate tax	(19.456.074)	(7.429.424)
Corporate tax payable at the end of the period	<b>3.486.825</b>	<b>3.578.247</b>

**e) Revenue from sales on activities**

	<b>Financial year ended on June 30, 2017</b>	<b>Financial year ended on June 30, 2018</b>
Revenue from product sales	238.433.447	272.136.120
Intercompany services revenue	15.542.165	9.277.034
Other revenues	1.362.414	739.374
Trade discounts	(26.774.035)	(34.505.014)
	<b>228.563.990</b>	<b>247.647.514</b>

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

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**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**

<b>Commitments on June 30, 2018 (RON)</b>	<b>Under 1 year</b>	<b>Between 1 and 5 years</b>
ALD – operational leasing and ARVAL	869.986	6.374.510
<b>Total commitments</b>	<b>869.986</b>	<b>6.374.510</b>

**i) Audit expenditure**

There were no contractual costs for audit services in the financial year ended on June 30, 2018.

**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, 2018 and December 31, 2017 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, 2017 that are worth mentioning.

**o) Warranties**

On June 30, 2018, the Company submitted to ANAF a bank letter of guarantee in amount RON 8.355.901 for the additionally amounts determined by the new inspection for the claw-back tax finising in April 2017.



**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***ECONOMIC-FINANCIAL STATEMENT AND ACTIVITY ANALYSIS ON JUNE 30, 2018****1.1 Balance sheet analysis**

**Patrimony statements**, on main elements, of S.C. ZENTIVA S.A on June 30, 2018 compared to the period ended on December 31, 2017 is the following:

:

	December	June 30,	Variation	
	31, 2017	2018	June 30, 2018 compared to December 31, 2017	
	RON	RON	RON	- % -
<b>ASSETS</b>				
1. Intangible assets	768.975	768.038	(937)	-0.12%
2. Tangible assets	136.824.3667	141.240.922	4.416.555	3.23 %
3. Financial assets	0	0	0	0%
<b>4. Total intangible assets (1+2+3)</b>	<b>137.593.342</b>	<b>142.008.960</b>	<b>4.415.618</b>	<b>3.21%</b>
5. Stocks	40.549.376	66.092.058	25.542.682	63.03%
6. Receivables	157.877.971	194.550.385	36.672.414	23.23%
7. Cash at bank and in hand	160.792.773	161.357.289	564.516	0.35%
<b>8. Total current assets (5+6+7)</b>	<b>359.220.120</b>	<b>421.999.732</b>	<b>62.779.612</b>	<b>17.48%</b>
9. Expenditures in advance	298.838	698.047	399.209	133.59%
10. Debts to be paid within a year	100.574.236	127.129.361	25.555.125	26.4%
11. Net current assets, namely net current debts (8+9-10)	258.944.722	295.585.678	36.640.956	14.15%
<b>12. Total current assets minus debts (4+11)</b>	<b>396.538.064</b>	<b>437.577.378</b>	<b>41.039.314</b>	<b>10.35%</b>
<b>LIABILITIES</b>				
13. Debts to be paid in more than a year	0	0	0	0%
14. Provisions for risks and expenditures	28.443.097	33.532.200	5.089.103	18%
15. Social capital	41.696.115	41,696,115	0	0%
16. Hyperinflation adjustments of social capital	-	-	-	0%
17. Other equity elements	(751.695)	(751.695)	0	0%
18. Capital premiums	24.964.505	24.964.505	0	0%
19. Reserves	159.917.686	159.917.686	0	0%
20. Retained earnings (creditor balance)	102.487.014	102.487.014	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	89.241.756	35.590.210	(53.291.546)	-59.72%
23. Profit distribution	0	0	0	0
24. Total equities	368.094.967	404.045.178	35.590.210	9.77%
<b>25. Capitals - total (17+18+19+20+21-22)</b>	<b>368.094.967</b>	<b>404.045.178</b>	<b>35.590.210</b>	<b>9.77%</b>
<b>26. Total capitals and long term debts (13+14+25)</b>	<b>396.538.064</b>	<b>437.577.378</b>	<b>41.039.314</b>	<b>10.35%</b>

- ◆ The data presented above show an increased in the value of fixed assets by 3.2%. This increase is mostly due to the new investement projects (Serialization).
- ◆ Stocks increased on June 30, 2018 compared to the end of the previous year by 63%, due to the increase of finished products, work in progress goods inventory.
- ◆ On June 30, 2018 trade receivables increased compared to the end of the previous year by 23% due to increase the advance payments ( customs).
- ◆ The company's cash in hand increased compared to the end of the previous year by 564.516 lei.
- ◆ Shareholders equity increased by 35.6 mil lei due to the non-distribution of the net results for the year 2017.

**ZENTIVA S.A.****Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***1.2 Profit and loss account analysis**

	June 30, 2017	June 30, 2018	Variation June 30, 2018 compared to June 30,20167	
	RON	RON	RON	- % -
<b>Net turnover</b>	228.563.990	222.129.122	(6.434.868)	-2.8%
Operating Income	236.468.356	240.194.484	3.726.128	1.6%
Operating Expenses	183.940.399	197.317.916	14.461.915	7.9%
<b>Operating profit</b>	<b>52.527.956</b>	<b>42.876.568</b>	<b>(9.651.388)</b>	<b>-20%</b>
<b>Gross margin</b>	<b>23%</b>	<b>19%</b>		<b>-4%</b>
<b>Financial profit/ (loss)</b>	<b>575.013</b>	<b>649.987</b>	<b>74.974</b>	<b>+13%</b>
Total revenues	239.821.423	258.130.972	18.309.549	8%
Total expenditures	185.634.056	214.604.418	28.970.362	16%
<b>Gross profit</b>	<b>54.187.367</b>	<b>43.526.554</b>	<b>(10.660.813)</b>	<b>-20%</b>
Income tax	10.057.164	7.576.344	(2.480.820)	-25%
<b>Net result (profit)</b>	<b>44.130.203</b>	<b>35.950.210</b>	<b>(8.179.993)</b>	<b>-19%</b>

Operational revenues increased by 1.6%, from 236.5 million RON in the first semester of 2017 to 240.2 million RON in the first semester of 2018.

Operational expenditures increased by 7.9%, from 183.9 million RON in the first semester of 2017 to 197.3 million RON in the first semester of 2018.

The variation of operational revenues and expenditures in 2018 RON generated an operating profit for the first semester in 2018 of 35.95 million RON compared to 44.1 million RON in the first semester of 2017.

**2.1 Liquidity analysis**

On June 30, 2018 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 2018.

**3.2 Rights of securities holders**

No significant changes have been recorded for the first semester of 2018 compared to December 31, 2017 in what concerns the rights of securities holders issued by Zentiva SA.

**ZENTIVA S.A.**

**Economic-financial statement and activity analysis on June 30, 2018  
for the period ended on June 30, 2018**

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

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**DECLARATION**

The financial-accounting statements for the first semester of 2018 were prepared in accordance with OMF 2844/2016 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.

**Director General**

**SIMONA COCOS**

**CFO**

**DANIEL DUMITRESCU**