

"ELPEN PHARMACEUTICAL Co. INC"
Public Companies (S.A.) Reg. No. 13231/04/B/86/188
BALANCE SHEET
AS AT 31 DECEMBER 2012 (JANUARY 1 - DECEMBER 31, 2012)
43rd Year
(Amounts in EURO)

ASSETS	YEAR ENDED 2012			YEAR ENDED 2011			LIABILITIES	
	Acquisition cost	Depreciation	Net Book value	Acquisition cost	Depreciation	Net Book value	YEAR ENDED 2012	YEAR ENDED 2011
B. FORMATION EXPENSES							A. SHAREHOLDERS' EQUITY	
4. Other formation expenses	13.304.471,38	1.020.300,67	12.284.170,71	650.616,55	487.603,04	163.013,51	I. Share Capital	
	13.304.471,38	1.020.300,67	12.284.170,71	650.616,55	487.603,04	163.013,51	(30.136.520 shares of € 1,00 each)	
C. FIXED ASSETS							1. Paid-up capital	30.136.520,00
I. Intangible Assets							III. Revaluation Reserves-Investment Grants	
2. Concessions, patents, licences, trade marks and similar rights and assets	587.329,79	426.829,78	160.500,01	587.329,79	325.229,78	262.100,01	2. Reserves from revaluation of other assets	52.889,15
	587.329,79	426.829,78	160.500,01	587.329,79	325.229,78	262.100,01		52.889,15
II. Tangible Assets							IV. Reserves	
1. Land	5.904.798,23	0,00	5.904.798,23	5.046.931,38	0,00	5.046.931,38	1. Legal reserve	2.938.599,18
3. Buildings and technical works	10.979.677,43	5.783.256,01	5.196.421,42	10.908.540,13	5.244.993,31	5.663.546,82	and securities for offsetting	2.767.688,21
4. Machinery, technical installations and other mechanical equipment	12.586.604,49	9.496.688,97	3.089.915,52	12.313.488,18	8.455.305,89	3.858.182,29	Less: Loss from sale or devaluation of participations	0,00
5. Transportation equipment	992.796,67	858.629,90	134.166,77	1.062.441,97	856.689,01	205.752,96	4. Extraordinary reserves	261.107,62
6. Furniture and fixtures	3.051.046,69	2.879.955,89	171.090,80	3.887.396,32	3.649.849,21	237.547,11	4a. Reserve for covering treasury share L. 3299/04	640.035,28
7. Payments on account and tangible assets in course of construction	276,92	0,00	276,92	8.157,00	0,00	8.157,00	5. Tax-free reserves under special laws	3.989.836,19
	33.515.200,63	19.018.530,77	14.496.669,86	33.226.954,98	18.206.837,42	15.020.117,56		2.926.362,79
Total Tangible and Intangible Assets (CI+CII)	34.102.530,42	19.445.360,55	14.657.169,87	33.814.284,77	18.532.067,20	15.282.217,57	V. Results carried forward	
							Profit carried forward	6.936.423,80
III. Financial Assets							Total Shareholders' Equity (AI+AIII+AIV+AV)	40.052.195,74
1. Participating interests in affiliated undertakings			5.026.000,00			0,00		40.664.303,22
7. Other long-term receivables			22.095,35			22.095,35	B. PROVISIONS FOR LIABILITIES AND CHARGES	
			5.048.095,35			5.048.095,35	1. Provisions for staff retirement benefits	8.394.618,90
Total Fixed Assets (CI+CII+CIII)			19.705.265,22			15.304.312,92	2. Other provisions	20.529.736,78
								28.924.355,68
D. CURRENT ASSETS							C. LIABILITIES	
I. Inventories							II. Current Liabilities	
1. Merchandise			838.728,83			874.609,49	1. Suppliers	60.704.797,09
2. Finished and semi-finished products, by-products and scrap			8.047.629,28			8.065.692,02	2a. Cheques payable	215.614,35
3. Work in progress			1.113.869,09			1.768.040,14	4. Advances due to trade debtors	71.827,90
4. Raw and auxiliary materials-consumables-spare parts and packing items			8.439.062,02			14.080.160,59	5. Taxes-duties	4.789.678,14
5. Payments on account for stocks purchases			39.879,06			198,00	6. Social security	1.456.812,82
			18.479.168,28			24.788.700,24	11. Sundry creditors	1.597.398,06
							Total Liabilities (CII)	68.836.128,36
II. Receivables								69.031.541,89
1. Trade debtors		25.945.423,86			22.945.061,18			
Less: Provisions		-460.430,30	25.484.993,56		-1.019.746,01	21.925.315,17		
3a. Cheques receivable (postdated)			10.573.638,08			13.008.791,29		
3b. Cheques overdue		1.071.121,45			1.097.399,62			
Less: Provisions		-1.071.121,45	0,00		0,00	1.097.399,62		
10. Doubtful-contested trade and other debtors		32.577,41			32.577,41			
Less: Provisions		-32.577,41	0,00		-32.577,41	0,00		
11. Sundry debtors			3.337.878,58			2.069.227,00		
12. Advances to account for			246.175,27			253.723,71		
			39.642.685,49			38.354.456,79		
III. Marketable securities								
1. Shares			79.019,92			79.019,92		
2. Bonds			850.000,00			890.000,00		
2a. Greek State Bonds		11.251.095,05			23.758.460,78			
Less: Provisions for value decline		-4.903.215,48	6.347.879,57		-6.790.026,31	16.968.434,47		
			7.276.899,49			17.937.454,39		
IV. Cash and cash equivalents								
1. Cash on hand			206.266,05			173.762,51		
3. Current and time deposits			39.877.796,69			31.355.293,50		
			40.084.062,74			31.529.056,01		
Total Current Assets (DI+DII+DIII+DIV)			105.482.816,00			112.609.667,43		
E. PREPAYMENTS AND ACCRUED INCOME							D. ACCRUALS AND DEFERRED INCOME	
1. Prepaid expenses			13.330,00			13.932,78	2. Accrued expenses	55.228,45
2. Accrued income			343.961,40			273.455,43		105.014,45
3. Other prepayments and accrued income			38.364,90			122.093,19		55.228,45
			395.656,30			409.481,40		
GRAND TOTAL-ASSETS (B+C+D+E)			137.867.908,23			128.486.475,26	GRAND TOTAL SHAREHOLDERS' EQUITY & LIABILITIES (A+B+C+D)	137.867.908,23
								128.486.475,26

NOTES:

1) The last revaluation of the company's property assets according to the provisions of the articles 20 to 27 of the L. 2065/1992 was made in the year 2012.
2) For the year 2012 the company is subject to tax audit of the Certified Auditors Accountants that is required by the provisions of the article 82 par. 5 of L. 2238/1994. This audit is in progress and the relevant Annual Tax Audit Certificate is foreseen to be issued after the publication of the financial statements for the year 2012. (If by the completion of the tax audit additional tax liabilities arise, we assess that these will have no material impact on the financial statements).

INCOME STATEMENT
At 31 December 2012 (January 1 - December 31, 2012)

	YEAR ENDED 2012		YEAR ENDED 2011	
I. Operating Results				
Net turnover (sales)		115.332.548,55		113.215.533,39
Less: Cost of sales		65.764.086,04		64.398.429,65
Gross operating results (profit)		49.568.462,51		48.817.103,74
Plus: 1. Other operating income		103.097,60		145.272,65
Total		49.671.560,11		48.962.376,39
LESS: 1. Administrative expenses	5.077.129,75		12.073.845,24	
2. Research and development costs	8.247.407,79		8.939.462,13	
3. Distribution costs	25.055.756,47	38.380.294,01	25.790.468,24	46.803.775,61
Sub-total (profit)		11.291.266,10		2.158.600,78
PLUS: 2. Income from securities	433.547,80		344.394,06	
3. Gains from sale of participations and other securities	0,00		25.530,82	
4. Interest and similar income	1.511.372,02		1.226.903,21	
	1.944.919,82		1.596.828,09	
Less:				
1. Provisions for devaluation of participations and securities	4.903.215,48		0,00	
3. Interest expense and similar charges	34.452,67	4.937.668,15	-2.992.748,33	38.571,01
Total operating results (profit)		8.298.517,77		3.716.857,86
II. PLUS: Extraordinary results				
1. Extraordinary and non-operating income		421.179,07		944.328,98
2. Extraordinary gain		1.999,99		32.999,96
3. Prior years' income		1.500,00		17.362,23
4. Income from prior years' provisions		7.027.805,28		3.879.980,73
		7.452.484,34		4.874.671,90
Less:				
1. Extraordinary and non-operating expenses	1.070.404,54		1.545.681,32	
2. Extraordinary losses	17.798,96		1.036.939,61	
3. Prior years' expenses	6,18		360,02	
4. Provisions for extraordinary liabilities	9.973.105,96	11.061.315,64	-3.608.831,30	519.175,56
Operating and extraordinary results (profit)		4.689.686,47		5.489.373,25
LESS: Total depreciation of fixed assets		2.954.994,30		2.165.836,56
Less: Charged to the operating cost		2.538.082,11		416.912,19
NET RESULTS (Profit) FOR THE YEAR before taxes		4.272.774,28		5.489.373,25

APPROPRIATION ACCOUNT

	YEAR ENDED 2012		YEAR ENDED 2011	
Net results (profit) for the year		4.272.774,28		5.489.373,25
Plus: Profit brought forward	2.869.115,92		85.804,09	
Less: Dividends distributed from previous years' profits	2.712.286,80	156.829,12	0,00	85.804,09
		4.429.603,40		5.575.177,34
Plus: Loss for valuation of securities	4.903.215,48		0,00	
Less: Prior years' tax audit differences	0,00	4.903.215,48	2.433.927,40	-2.433.927,40
		9.332.818,88		3.141.249,94
LESS: 1. Income tax	2.171.555,29		0,00	
2. Other not charged to the operating cost taxes	53.928,82	2.225.484,11	52.559,09	52.559,09
Profit for appropriation		7.107.334,77		3.088.690,85
Appropriated as under:				
1. Legal reserve		170.910,97		219.257,07
8. Profit carried forward		6.936.423,80		2.869.433,78
		7.107.334,77		3.088.690,85

Pikermi, 20 May 2013

THE CHAIRMAN OF THE B. OF D.

THE VICE CHAIRMAN OF THE B. OF D.

THE MANAGING DIRECTOR

THE ACCOUNTS DEPT. MANAGER

DIMITRIOS K. PENTAFRAGAS
ID. No. AE 562381/2007

THEODOROS E. TRYFON
ID. No. AH 621121/2009

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ID. No. AE 024765/2007

ZANIS K. PAPOURTZIS
ID. No. P 074023/1993
E.C.G. Licence No. 0006923/A' Class

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of the Company "ELPEN PHARMACEUTICAL Co. INC"

Report on the Financial Statements

We have audited the above financial statements of the Company "ELPEN PHARMACEUTICAL Co. INC", which comprise the balance sheet as at 31 December 2012 and the statement of income, and the results appropriation account for the year then ended, as well as the relevant notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards that are prescribed by the Greek General Chart of Accounts and the provisions of the articles 42a up to 43c of the cod. L. 2190/1920 and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's system of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As a result of our audit arose the following matters:

1) By deviation from the accounting principles that are provided by the G.G.C.A. the company recognised the debit difference arising from the Greek Government Bonds swap amounting Euro 12.507.365,73 in the Assets account B.4. "Other formation expenses" in order this to be partially and equally transferred to the expenses, over the years 2012-2041, that can be deducted from the taxable income. Because this item does not meet the criteria of recognition as a property asset, the unamortized balance of the above debit difference amounting Euro 12.090.453,54 included in the balance of the Assets account "Other formation expenses", the Equity and the results for the year are shown increased by the above-mentioned amount.

2) The tax returns of the company for the years 2010 to 2011 have not been examined by the tax authorities as yet. Therefore, the tax results for these years have not been made final. The company has not proceeded to estimation of additional taxes and penalties, which may be assessed at a future tax audit and has not made relevant provision in respect of this contingent liability. From our audit reasonable assurance has not been obtained in respect of the estimation of the amount of provision that may be required.

Qualified Opinion

In our opinion, except for the effects of the matter (1) and the possible effects of the matter (2) described in the Basis for Qualified Opinion paragraph, the above financial statements present fairly, in all material respects, the financial position of the Company "ELPEN PHARMACEUTICAL Co. INC" as at 31 December 2012, and of its financial performance for the year then ended in accordance with the Accounting Standards that are prescribed by the Greek General Chart of Accounts and the provisions of the articles 42a up to 43c of the cod. L. 2190/1920.

Emphasis of Matter

We draw your attention to note 7a in the Notes to the financial statements, where is analysed the amount of Euro 20,32 million, included in the balance of the Liabilities account B.2. "Other provisions", that refers to mandatory refunds-discounts of amounts (rebates, additional rebates, claw back) from the Pharmaceutical industries to the Social Security Funds. Against the ministerial decisions based on which were assessed the as above returns, recourses and petition for abolition were filed which have not yet been heard. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the above financial statements, under the legal frame of the articles 43a and 37 of c.L. 2190/1920.

Athens, 6 June 2013

IOANNIS D. STRAVODIMOS
Certified Public Accountant Auditor
Institute of CPA