

"ELPEN PHARMACEUTICAL Co. INC"

95, Marathonos Ave. 19009 Pikermi

Public Companies (SA) Reg. No.: 13231/04/B/86/188

G.E.MI. No.: 264601000

FINANCIAL STATEMENTS

Year 2015

1 January to 31 December 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Company "ELPEN PHARMACEUTICAL Co. INC", which comprise the balance sheet as at 31 December 2015, the statements of income, changes in equity and cash flows 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 Greek Accounting Standards 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) In "Other intangible assets" is included also an amount of Euro 10.839.716,97 which concerns the net book amount of the debit difference arising from the Greek Government Bonds swap amounting Euro 12.507.365,73 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, according to the accounting principles that are provided by the Greek

Accounting Standards, does not meet the criteria of recognition as a property asset, the unamortized balance of the account “Other intangible assets” and the Equity are shown increased by amount Euro 10.839.716,97.

2) In the account “Participating interests in subsidiaries, associates and joint ventures” amount Euro 6.026.000,00 is presented the acquisition cost of shares of a foreign company. Have not been made available to us records related to the fair value of these shares and accordingly we have reservations for their proper valuation and any possible impact on the results for the present and the previous years as well as on the total Equity of the company.

3) In trade receivables are included also receivables overdue as well as doubtful-contested receivables totalling approximately Euro 1.750.000,00, where the calculated impairment of their value amounting Euro 1.255.431,77 falls short of the required by approximately Euro 495.000. Non performing the required impairment constitutes deviation from the accounting principles that are provided by the Greek Accounting Standards and, as a consequence, the value of the trade receivables, the Equity and the results for the year are shown equally in amount increased.

Qualified Opinion

In our opinion, except for the effects of the matter (2) and the possible effects of the matters (1) and (3) described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company “ELPAN PHARMACEUTICAL Co. INC” as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Greek Accounting Standards.

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 accompanying financial statements, under the legal frame of the provisions of cod. L. 2190/1920.

Athens, 30 June 2016

IOANNIS D. STRAVODIMOS

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 14811



Associated Certified Public Accountants s.a.

member of Crowe Horwath International

3, Fok. Negri Street – 112 57 Athens, Greece

Institute of CPA (SOEL) Reg. No. 125

BALANCE SHEET 31 DECEMBER 2015

ASSETS	Note	31/12/2015	31/12/2014
Non-current assets			
Tangible assets			
Land-Buildings	6.1	16.862.808,63	16.898.079,26
Mechanical equipment	6.1	4.384.981,25	3.365.449,45
Other equipment	6.1	407.285,25	342.641,85
Total		21.655.075,13	20.606.170,56
Intangible assets			
Other intangible assets	6.2	11.368.433,70	11.850.376,02
Total		11.368.433,70	11.850.376,02
Payments on account and non-current assets in course of construction	6.3	0,00	88.153,96
Financial assets			
Loans and receivables		33.820,35	33.110,35
Held to maturity investments	7.1	4.688.867,06	4.357.367,27
Participating interests in subsidiaries, associates and joint ventures	7.1	6.026.000,00	6.026.000,00
Total		10.748.687,41	10.416.477,62
Total non-current assets		43.772.196,24	42.961.178,16
Current assets			
Inventories			
Finished and semi-finished products		6.024.770,90	7.322.918,09
Merchandise		1.299.845,77	817.455,22
Raw materials and consumables		9.147.916,77	9.354.026,67
Payments on account for inventories		120.000,00	80.350,44
Total		16.592.533,44	17.574.750,42
Financial assets and payments on account			
Trade receivables	7.2	37.125.761,13	29.627.527,81
Accrued income		2.625.111,02	1.584.832,15
Other receivables	7.3	2.435.734,85	1.795.631,73
Other financial assets		2.574,00	2.574,00
Prepaid expenses		48.986,46	43.055,00
Trading portfolio		593.362,19	575.944,09
Cash and cash equivalents	7.4	30.621.707,86	25.107.306,27
Total		73.453.237,51	58.736.871,05
Total current assets		90.045.770,95	76.311.621,47
Total assets		133.817.967,19	119.272.799,63

LIABILITIES	Note	31/12/2015	31/12/2014
Equity			
Paid-up capital			
Capital	8	38.189.410,00	38.189.410,00
Total		38.189.410,00	38.189.410,00
Reserves and retained earnings			
Statutory reserve	8	4.480.822,59	4.480.822,59
Tax-free reserves	8	3.735.231,97	3.735.231,97
Retained earnings		(4.373.627,83)	(9.003.434,65)
Total		3.842.426,73	(787.380,09)
Total equity		42.031.836,73	37.402.029,91
Provisions			
Provisions for employee benefits		7.726.494,18	7.938.110,76
Other provisions		0,00	0,00
Total		7.726.494,18	7.938.110,76
Liabilities			
Current liabilities			
Trade payables	10.1.1	51.299.198,14	50.193.638,79
Income tax		0,00	544.025,31
Other taxes and duties		1.665.018,82	1.803.298,65
Social security organizations		1.616.670,93	1.181.216,72
Other payables	10.1.2	27.883.432,17	19.365.740,22
Accrued expenses		1.595.316,22	844.739,27
Total		84.059.636,28	73.932.658,96
Total liabilities		84.059.636,28	73.932.658,96
Total equity, provisions and liabilities		133.817.967,19	119.272.799,63

STATEMENT OF INCOME by FUNCTION

	Note	31/12/2015	31/12/2014
Turnover (net)	18	119.784.367,76	113.949.055,38
Cost of sales		(42.864.790,23)	(51.098.674,90)
Gross profit/(loss)		76.919.577,53	62.850.380,48
Other operating income		155.117,59	205.304,59
		77.074.695,12	63.055.685,07
Distribution costs		(27.893.480,27)	(21.606.523,86)
Research & development costs		(6.928.424,38)	(6.878.717,66)
Administrative expenses		(36.875.413,97)	(28.384.192,73)
Impairment of assets (net amount)	11	2.337.610,59	(1.007.486,40)
Gains & losses on disposal of non-current assets		99,99	1.627,35
Income from participating interests and investments		567.713,37	1.179.312,28
Other expenses and losses	11	(15.414.463,31)	(13.877.223,93)
Other income and gains	11	12.072.293,67	12.439.744,18
Earnings/(loss) before interest and tax (EBIT)		4.940.630,81	4.922.224,30
Interest expense and similar charges		(24.367,31)	(18.356,12)
Profit/(loss) before income tax		4.916.263,50	4.903.868,18
Income tax expense		24.724,37	(11.302.067,85)
Profit/(loss) for the period net of tax		4.940.987,87	(6.398.199,67)

STATEMENT OF CHANGES IN EQUITY

	Note	Capital	Statutory reserve	Tax-free reserves	Retained earnings	Total equity
Balance at 1 January 2014		38.189.410,00	849.622,94	3.735.231,97	7.781.808,45	50.556.073,36
Changes in accounting policies and correction of errors						
Increase/(decrease) in the period			119.140,02			
Internal transfers			3.512.059,63		(3.512.059,63)	
Distribution to parties					(6.874.983,80)	
Profit/(loss) for the period					(6.398.199,67)	
Balance equity at 31 December 2014		38.189.410,00	4.480.822,59	3.735.231,97	(9.003.434,65)	37.402.029,91
Balance at 1 January 2015		38.189.410,00	4.480.822,59	3.735.231,97	(9.003.434,65)	37.402.029,91
Increase/(decrease) in the period					(311.181,05)	
Internal transfers						
Distribution to parties						
Profit/(loss) for the period					4.940.987,87	
Total change in equity for the period		0,00	0,00	0,00	4.629.806,82	
Balance equity at 31 December 2015		38.189.410,00	4.480.822,59	3.735.231,97	(4.373.627,83)	42.031.836,73

STATEMENT OF CASH FLOWS (Indirect Method)

	31/12/2015	31/12/2014
Cash flows from operating activities		
Profit before taxes	4.916.263,50	4.903.868,18
Plus/Less adjustments for:		
Depreciation and impairment of tangible and intangible assets	2.082.509,83	1.951.114,32
Provisions	96.482,46	1.452.964,31
Profit and losses from disposal of assets	(82,05)	1.627,35
Profit and losses from measurement of assets		
Interest expense/income (net amount)	(543.346,06)	(510.956,16)
Operating profit before adjustments of working capital	6.551.827,68	7.798.618,00
Plus/Less adjustments of working capital to net cash or related to operating activities:		
Decrease/(increase) of inventories	982.216,98	5.367.411,29
Decrease/(increase) of receivables	(9.503.718,94)	1.727.648,94
Increase/(decrease) of payables	17.599.537,90	(9.789.584,42)
Less:		
Interest expense/income paid/received	(24.367,31)	(18.356,12)
Income tax paid	(1.099.400,91)	(11.316.091,70)
Net cash flows from operating activities (a)	14.506.095,40	-6.230.354,01
Cash flows from investing activities		
Payments (proceeds) for acquisition (sale) of fixed assets	(2.650.100,03)	(8.143.553,24)
Granted loans (net change)		
Interest received	567.713,37	529.312,28
Dividends received		
Net cash used in investing activities (b)	-2.082.386,66	-7.614.240,96
Cash flows from financing activities		
Proceeds (payments) from increase/(decrease) of capital		
Proceeds/(repayments) from/(of) loans		
Dividends paid	(6.909.307,15)	(11.995.340,80)
Net cash used in financing activities (c)	-6.909.307,15	-11.995.340,80
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	5.514.401,59	(25.839.935,77)
Cash and cash equivalents at beginning of the period	25.107.306,27	50.947.242,04
Cash and cash equivalents at end of the period	30.621.707,86	25.107.306,27

Pikermi, 1 June 2016

THE CHAIRMAN OF THE B. OF D.

THE VICE CHAIRMAN OF THE B. OF D.

DIMITRIOS KON. PENTAFRAGKAS
ID. No. AE 562381

THEODOROS ELEFTH. TRYFON
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THE MANAGING DIRECTOR

THE ACCOUNTING MANAGER

KONSTANTINOS DIM. PENTAFRAGKAS
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