

**Appendix to the auditor's report
on the consistency of annual report with audited financial statements
in accordance with Act No. 540/2007 Z.z. § 23 par. 5**

To the Shareholders of Zentiva, a.s.:

- I. We have audited the financial statements of Zentiva, a.s. ("the Company") as at 31 December 2015 presented in the annual report in Appendix 1. We issued the following audit report dated 31 March 2016 on the financial statements:

"Independent Auditors' Report

To the Shareholders of Zentiva, a. s.:

We have audited the accompanying financial statements of Zentiva, a.s. ('the Company'), which comprise the statement of financial position as at 31 December 2015 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 auditors' 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 of financial statements that give a true and fair view 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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

31 March 2016
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
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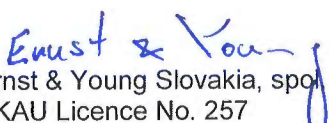
Ing. Tomáš Přeček
UDVA Licence No. 1067"

- II. We have also audited the consistency of the annual report with the above-mentioned financial statements. The management of the Company is responsible for the accuracy of preparation of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounting information presented in the annual report and derived from the financial statements is consistent, in all material respects, with the financial statements. We have checked that the information presented in the annual report on pages 1 –19 is consistent with that contained in the audited financial statements as at 31 December 2015. We have not audited information that has not been derived from audited financial statements or Company accounting records. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements of the Company as at 31 December 2015 in and are in accordance with the Act on Accounting No 431/2002 Z.z., as amended by later legislation.

5 May 2016
Bratislava, Slovak Republic


Ernst & Young Slovakia, spol. s r.o.
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Ing. Tomáš Přeček
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ANNUAL REPORT 2015

Zentiva a.s. Bratislava

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Financial Statements and Auditor's Report for the Year Ended 31 December 2015	

About Zentiva

1

Business name:	Zentiva, a.s.
Legal form:	Joint-stock company
Registered office:	Einsteinova 24 851 01 Bratislava
Registration no.:	31411771
Date of formation:	13 April 1992
Founder:	National Property Fund of the SR, Bratislava, Drieňová 27

Organisational units abroad:none

Share capital:	EUR 53,774,172.48
Shares issued:	
Class:	Ordinary shares with voting rights
Type:	Bearer shares
Form:	Book-entry only
Par value:	EUR 33.19
Number of shares:	1,620,192 shares

The main object of Zentiva, a.s. is purchase and sale of medicinal products, pharmaceutical and technical adjuvants for human use, products storage, marketing activities associated with the active support of generic products Zentiva including advertising and promotional activities and providing of licence for trademark use and pharmaceutical know-how.

In 2009, Zentiva was taken over by the international pharmaceutical company Sanofi, which decided to make Zentiva its European generic trade mark. Thus, Zentiva entered new markets, primarily in Western Europe, and linked two Western European trade marks in Winthrop and Helvepharm.

Zentiva, a.s. sells 77 pharmaceutical forms in Slovakia and 339 pharmaceutical forms in the Czech Republic, Poland, Russia, Romania, Ukraine and Bulgaria. This product portfolio includes prescription and over-the-counter drugs, primarily used in the primary care sector.

Key Figures

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Financial Data (in '000 EUR, unless indicated otherwise)	2015	2014
Sales	113,242	139,719
Gross profit	62,555	84,319
Earnings before interest and taxes	33,242	50,148
Earnings before taxes	33,259	50,193
Income tax	(15,724)	(14,198)
Net profit	17,535	35,995
Basic earnings per ordinary share (EUR)	10.82	22.22
Investments	4	15
Number of employees as at 31 December (persons)	101	98
Indicators		
EBIT margin (earnings before interest and taxes) (%)	29.35	35.89
Net profit margin (%)	15.48	25.76

Information on Shareholders

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Shareholders' structure – as at 31 December 2015

	Number of shareholders	Share in registered capital		Share in voting rights
		Number of shares	%	%
CORPORATE BODIES	16	1,604,527	99.03	99.03
Of which :				
Slovak corporate bodies	9	1,213	0.07	0.07
Foreign corporate bodies	7	1,603,314	98.96	98.96
INDIVIDUAL INVESTORS	5,716	15 665	0,97	0,97
Of which :				
Slovak investors	5,509	15,150	0.94	0.94
Foreign investors	207	515	0.03	0.03
TOTAL BEARER SHARES	5,732	1,620,192	100.00	100.00
Of which :				
Foreign corporate bodies and individual investors	214	1,603,829	98.99	98.99
TOTAL SHARES	5,732	1,620,192	100.00	100.00

Principal shareholders as at 31 December 2014	Number of shares	
	pcs	%
ZENTIVA N.V., Amsterdam, the Netherlands	1,602,222	98.89
Others	17,970	1.11
TOTAL	1,620,192	100.00

Bodies of the Joint-stock Company

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Board of Directors of the Joint-stock Company

Thomas Cornelis Koene - Chairman of the Board of Directors
Mehdi Patrick Lahnech – Member of the Board of Directors
Nicolas Enrique Macciavello – Member of the Board of Directors

Supervisory Board

Mgr. Helena Kopková – Chairwoman of the Supervisory Board
Eric Richard Le Bris – Member of the Supervisory Board
MUDr. Mojmir Krutý – Member of the Supervisory Board

Foreword by the Board of Directors

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In 2015, Zentiva fostered its strategy, focused on an increased availability of high-quality medicinal products, at affordable prices to more patients in all its territories. Despite the austerity measures applied by the Slovak government, the Sanofi group (comprised of Sanofi, Zentiva, Genzyme and Sanofi Pasteur) managed to maintain its leading position in the Slovak market. By number of delivered packages, the market share of the group represents around 22.4%, i.e., practically each fourth package dispensed to patients in Slovakia is made by Sanofi Group.

Currently, Zentiva has 367 products placed in the Slovak market. Our Company has continued to market new high-quality medicinal products at affordable prices for Slovak patients which promote enhanced healthcare standards. In 2015, Zentiva supplied nearly 26 million packages of medicinal products to Slovak patients and launched 3 new products in the Slovak market. In 2016, we plan to launch another 7 products. Around 7.8 million packages were delivered to the Slovak market directly by Zentiva, a.s.

Zentiva directs its investments back into Slovak healthcare. These fund the accredited training of physicians, pharmacists, medical and pharmaceutical interns and other health care professionals, patients and the public. We are also involved in primary and secondary preventative actions and projects in the area of Corporate Social Responsibility, through which we support hospitals, schools and socially disadvantaged groups.

Our company, within the Association of Innovative Pharmaceutical Industry in Slovakia (AIFP), is a part of the European Federation of Pharmaceutical Industries and Associations (EFPIA) initiative for the purposes of higher transparency in cooperation with health professionals and health organizations. Within this framework, we will publish our results from cooperation with experts in 2015 (e.g. professional conferences support, support of the participated experts participation at congresses, fees for expert lectures, consulting services and lectures with experts).

Our aim will continue to be the provision of the widest possible patient access to modern, affordable medicinal products designed for the treatment of a broad range of chronic diseases. Our range includes prescription as well as over-the-counter medicinal products.

Zentiva in Slovakia will continue to focus on this important role and remain a partner of choice for physicians, offering them products with real value for their patients.

Financial Report

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On 25 March 2013, Zentiva, a.s. sold its industrial division in Hlohovec to Saneca Pharmaceuticals, a.s., which continues manufacturing and its production is distributed by Zentiva, a.s. to Slovak and foreign markets through Sanofi companies.

About 18.17% of the Company's portfolio is sold in Slovakia. The remainder of production is exported through companies of the Sanofi Group, mostly to the Czech Republic, Poland, Russia, Romania, Ukraine and Bulgaria.

6.1. Income Statement

Pursuant to Section 17(a) of Act No. 431/2002 Coll., as amended, the Company has been obliged since 2008 to prepare its individual Financial Statements in accordance with the International Financial Reporting Standards, as adopted by the EU, and, therefore, the Statements and the Notes were prepared in accordance with those standards.

Sales

The Company's total sales decreased in 2015 by 18.95 %, compared with 2014 (from EUR 139,719 thousand in 2014 to EUR 113,242 thousand in 2015). Of which sales related to the sale of goods decreased in 2015 by 19.13% compared to 2014 (from EUR 129,511 thousand in 2014 to EUR 104,729 thousand in 2015). Products were sold to external customers primarily through SWIND France and the domestic market was served through sanofi-aventis Slovakia.

Top products of the Company in 2015 by sales:

	Therapeutic Category	Active Substance	Sales in 2015 in € '000	Sales in 2014 in € '000
Torvacard	Hypolipidemiká	Atorvastatinum calcicum	19,625	21,503
Lozap Zentiva	Hypotenzivá	Losartanum kalicum	9,707	13,260
Helicid	Antacidá	Omeprazol	8,900	10,347
Pinosol	Otorinolaryngol	Herbal	5,503	7,415
Anopyrin	Antikoagulanciá	Acidum acetylsalicum	5,178	5,769
Losartan	Hypotenzivá	Losartanum kalicum	4,263	2,047
Coronal	Beta-blokátory	Bisoprololi fumaras	3,963	6,131
Agapurín	Vazodilatanciá	Pentoxifylín	3,182	3,606
Fokusin	Sympatolytiká	Tamsulosini hydrochl.	2,757	4,266
Vitamin E	Vitamíny	Tocoferoli alfa acetas	2,264	5,074

The main reasons for the decline in revenues can be explained by the unfavorable development in certain end markets (namely volume and price effects in Russia and Ukraine) and continuous reduction of our demand by our clients of products subcontracted to Saneca Pharmaceuticals, a.s. We are expecting in the coming years further reduction in revenues for Zentiva a.s. in connection with reduction of flows of products purchased from Saneca Pharmaceuticals a.s.. The current contract is ending in March 2018 and on-going discussions are taking place for prolonging the contract for one year with this sub-contractor.

The revenues from marketing revenues decreased as a result of reduced cost of actively supported products on the market, particularly regarding products Tornvacard, Osagrand, Irbesartan, Tezeo, Sidreta, Artiz and Vigrande (Taxier).

Gross profit

Production costs / consumed purchases in 2015 reached EUR 50,687 thousand and represent a decrease of 8.51 % on 2014 figures (EUR 55,400 thousand).

In 2015, the Company posted a gross profit of EUR 62,555 thousand, a decrease of 25.81% compared with 2014 (2014: EUR 84,319 thousand).

Other operating costs

General and administrative costs decreased by 36.43 % compared to last year, mainly due to decrease in corporate costs invoiced by the Zentiva Group a.s. Prague.

Earnings before interest and taxes

The Company's earnings before interest and taxes decreased by EUR 16,906 thousand to EUR 33,242 thousand compared with EUR 50,148 thousand in 2014.

Financial costs

The Company achieved the profit from financial activities of EUR 17 thousand (2014: EUR 45 thousand).

In 2015, the Company posted net interest revenues of EUR 0 (2014: EUR 97 thousand).

Earnings before taxes

The Company's earnings before taxes of EUR 33,259 thousand were lower by 33.74% in 2015 compared with 2014 (2014: EUR 50,193 thousand) and 53.36% lower compared with 2013 (2013: EUR 71,308 thousand).

Income tax

In 2015, tax costs of the Company totaled EUR 15,724 thousand (2014: EUR 14,198 thousand), taking into account the special business levy and estimated payable for tax risks. The effective tax rates in 2015 and 2014 were 47.28% and 22.16% respectively.

In relation with the ongoing tax inspection, the Company created an accrual for potential tax charges and related penalties totaling EUR 7,481 thousand. The Company based its calculation of an accrual for tax risks on the actual situation at the 2015 year end and on discussions with its tax advisors. Tax authorities have not yet issued final tax statement. The Company will use all legal means to minimize possible negative impacts after the final tax statement is issued.

Net profit

Compared with 2014, the Company's net profit in 2015 decreased by 51.28% to EUR 17,535 thousand (2014: EUR 35,995 thousand).

Net profit margin in 2015 decreased to 15.48% (2014: 25.76%).

6.2. Profit Distribution Proposal

The Board of Directors proposed the following profit distribution for 2015:

Net profit posted in 2015:	EUR 17,535,122.51
Retained earnings from previous years:	EUR 1,795,929.83
<i>Of which: 2014 EUR</i>	<i>350,419.05</i>
<i>2013 EUR</i>	<i>6,554.76</i>
<i>2012 EUR</i>	<i>306,345.21</i>
<i>2011 EUR</i>	<i>1,132,610.81</i>

- **Proposed to be paid as dividends: EUR 19,280,284 (EUR 11.90 per share)**

6.3. Balance Sheet

Investments in tangible and intangible assets

In 2015, the Company did not purchased significant investments to Property, Plant and Equipment and to Intangible assets.

Trade and other receivables

Trade receivables and other receivables decreased by EUR 19,752 thousand from EUR 154,263 thousand in 2014 to EUR 134,511 thousand in 2015 due to posting of receivable against SWIND in lower amount based on entitlement to a refund of specific margin proportion (profit go back). The main part of receivables represent receivables from cash pooling and cash management amounted to EUR 82,135 thousand, of which 82,133 thousand represents the line of credit and EUR 2 thousand represent guarantees (2014: EUR 84,802 thousand, of which EUR 84,797 represents the line of credit and EUR 5 thousand represent guarantees) and receivables regarding accrued revenues in the amount of EUR 36,649 thousand (2014: EUR 55,721 thousand). Both receivables relate to receivables within the consolidated entity.

The Group recognizes receivables and payables within cash management structures of sanofi-aventis as other short-term receivables or payables.

(Net) interest revenues within cash management structures in 2015 were EUR 0 thousand (2014: EUR 97 thousand).

In 2015, the Company duly paid up all its payables to government authorities and banks.

Long-term provisions

Revenue commitment provision

In 2012, the Company created a provision of EUR 6,966 thousand, representing the obligation of Zentiva, a.s. to cover potential financial losses from production not taken over. This represents the difference between the minimum orders defined in sales contracts and the expected sales (of the Sanofi Group), according to the business plan for the next three years from the moment the conditions precedent are met. In 2013, the Company revalued the provision to EUR 6,944 thousand. In 2014, the Company used provision of EUR 4,252 thousand. In 2015, the Company reassessed the provision and the provision of EUR 921 thousand was released and the Company used the provision of EUR 84 thousand in 2015. Provision balance as at 31 December 2015 represents the amount of EUR 1,687 thousand.

Short-term payables

The decrease of EUR 1,543 thousand in short-term payables in 2015 compared with 2014 is mainly related to the decrease in liabilities from trade payables.

6.4. Cash Flow Summary

Net cash flows from operations

In 2015, the Company generated net cash flow from operations of EUR 33,058 thousand (2014: EUR 61,331 thousand) created mainly from the Company's profit.

Net cash flows from investments

Net cash flows from investments amounted to EUR -4 thousand in 2015 (2014: EUR -15 thousand).

Net cash flows from financing activities

Net cash flow from financing activities totaled EUR -32,977 thousand in 2015 (2014: EUR – 61,316 thousand). Disbursement of dividends of EUR 35,644 thousand (2014: EUR 52,251 thousand) was the major item under this caption.

Lawsuits

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Lawsuits filed by the Company:

In 2015, the Company did not file any applications for issuing orders to pay, or rulings which could have a significant effect on the financial standing of the Company.

Lawsuits filed against the Company:

Re. Sika vs. Zentiva, a.s. Bratislava for payment of EUR 96,257 (i.e. SKK 2,899,825) and related interest and fees on the grounds of incorrect wage categorization.

Ing. Šnupárek and Ing. Ratkovská, CSc. vs. Zentiva, a.s. Bratislava for payment of EUR 130 thousand on the grounds of fees claimed by the co-inventors of a product.

Based on legal opinions that it has obtained, the Company's management is convinced that the Company will not incur any significant losses in relation to these pending lawsuits.

Pursuant to an unofficial legal claim copy of the company ZANCOM LLC, delivered to Zentiva by the claimant on April 15, 2016, Zentiva expects a litigation against Zentiva, a.s. and Saneca Pharmaceuticals a.s. to declare legal acts (contractual documentation concerning transfer of part of enterprise from Zentiva a.s. to Saneca Pharmaceuticals a.s.) for void and invalid. The company is waiting for delivery of the complete legal claim by the court and will analyze further legal steps.

Environment, Safety and Health Protection

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The Company created a HSE management system (H - health, S - safety, E – environment), which covers HSE policies, standards, regulations and guidelines. All of the activities of the Company and its individual employees have to be aligned with these requirements and comply with the effective local regulations.

Zentiva, a.s. has considered the areas of health and safety of its employees as well as environmental protection to be matters of prime importance.

Based on the established priorities for the period 2014-2020, an analysis of potential risks at work for employees working directly in the office as well as the employees working in the "field" an analysis of individual work accidents was prepared a list of activities HSE called PASS 2015

Realization of activities contributed to improving work conditions for stress relief, improving the health of staff and also higher productivity at work.

During 2015 activities were focused on the following areas:

- Protection of the environment (e.g. waste sorting, no PET bottles)
- Increase of safety awareness (regular communication in meetings, information via mail communication)
- Driving car safely (practical training for safe driving)
- Healthy nutrition and lifestyle (regular lectures, seminars, meetings)
- Improving safety of technical equipment
- Hygiene at work
- Review of working conditions (in cooperation with external companies conducted by experts)
- Providing first aid (practical training with examples)
- Ergonomics in the workplace (regular information, review)
- Practical First Aid Training

These activities took place throughout the whole year 2015; many of those activities listed will carry on in 2016.

In cooperation with external companies the assessment and review of working conditions in the workplace was performed. Regular assessments of workplace provided by professional health service were made in accordance with the rules.

Employees

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Human Resources

As at 31 December 2015, Zentiva, a.s. had 101 employees. Compared to last year, this is an increase by 3 employees.

In 2015, the company employees were mainly influenced by the project FORWARD, which affected almost all activities of the department and its main principles are the "Focus" and "Simplification" in order to boost the growth. The implementation of the optimization process, resulting from the initiative "FORWARD", is an assumption for effective management of increasingly demanding workloads in a difficult competitive environment.

Year 2015 was therefore very dynamic and interesting in the area of human resources. As at 30 March 2015, all employees were given the opportunity to enter the system „Workday“. Every employee has unique abilities and skills that are necessary to develop and thus support performance not only of individuals but also the whole society. „Workday“ is a tool to help detect this potential and use it.

In 2015, the Company focused on highlighting the value aspects of diversity, and also staff development. As part of the corporate culture, attention was placed primarily on professional ethics and performance management at work and also the trend of searching for the optimal portfolio of motivating tools continues with the emphasis placed on diversity and focus on specific groups of employees, as defined by the new methodology in line with the principles of diversity. The most important employee benefits include life insurance, supplementary pension insurance contribution; diet allowance, flex allowance from the Social Fund and a range of different types of premium holidays with focus on optimal work-life balance.

Also in 2015, the Company increased emphasis on development programs encouraging greater work efficiency and employee satisfaction.

Zentiva, a.s.

Financial Statements prepared in accordance
with International Financial Reporting Standards
IFRS as adopted by European Union and
Independent Auditor's Report

for the year ended 31 December 2015





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Independent Auditors' Report

To the Shareholders of Zentiva, a. s.:

We have audited the accompanying financial statements of Zentiva, a.s. ('the Company'), which comprise the statement of financial position as at 31 December 2015 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

31 March 2016
Bratislava, Slovak Republic


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THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Zentiva, a. s.

**Financial Statements
for the Year Ended 31 December 2015**

Prepared in Accordance with International Financial Reporting Standards

Zentiva, a.s.
Financial Statements for the Year Ended 31 December 2015

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Zentiva, a.s.
Financial Statements for the Year Ended 31 December 2015

Income Statement

<i>(in thousands of EUR)</i>	Note	2015	2014
Sales	4	113,242	139,719
Consumed purchases		-50,687	-55,400
Gross profit		62,555	84,319
Marketing expenses	4	-25,990	-28,953
Administrative expenses	4	-3,113	-4,897
Research and development expenses		-210	-321
Profit before tax and financial expenses		33,242	50,148
Interest income		-	97
Finance income / loss, net		17	-52
Loss/Profit from financial activities		17	45
Profit before tax from continuing operations		33,259	50,193
Income tax	5	-15,724	-14,198
Profit for the year		17,535	39,995

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Zentiva, a.s.
Financial Statements for the Year Ended 31 December 2015

Statement of Comprehensive Income

<i>(in thousands of EUR)</i>	2015	2014
Net profit for the year	17,535	35,995
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Re-measurement gains (losses) on defined benefit plans	9	-13
Income tax effect	-10	3
Other comprehensive income for the year, net of tax	-1	-10
Total comprehensive income for the period	17,534	35,985

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

Zentiva, a.s.
Financial Statements for the Year Ended 31 December 2015

Balance Sheet

<i>(in thousands of EUR)</i>	Note	31 December 2015	31 December 2014
Assets			
Non-current assets:			
Property, plant and equipment	6	54	74
Intangible assets	7	1,145	2,060
Financial assets	9	86	86
Deferred tax asset	8	732	777
Total non-current assets		2,017	2,997
Current assets			
Inventory		-	-
Trade receivables	10	12,814	12,358
Receivables from cash pooling and cash management and other receivables	11	120,032	141,905
Income tax		1,665	-
Cash and cash equivalents	12	77	-
Total current assets		134,588	154,263
Total assets		136,605	157,260
Liabilities and shareholders' equity			
Equity:			
Share capital	13	53,774	53,774
Share premium	13	25,738	25,738
Retained earnings and other funds	14	32,400	50,510
Total shareholders' equity		111,912	130,022
Non-current liabilities			
Long-term provisions	16	1,897	2,899
Total non-current liabilities		1,897	2,899
Current liabilities			
Trade and other liabilities	15	14,012	16,483
Short-term provisions	16	1,303	670
Accrual for tax risks		7,481	-
Income tax payable		-	7,186
Total current liabilities		22,796	24,339
Total liabilities and shareholders' equity		136,605	157,260

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Zentiva, a.s.
Financial Statements for the Year Ended 31 December 2015

Statement of Cash Flows

<i>(in thousands of EUR)</i>	Note	2015	2014
Cash flows from operating activities	17	49,973	51,512
Income tax paid		-16,915	9,819
Net cash flows from operating activities		33,058	61,331
Cash flows used in investing activities			
Purchase of property, plant and equipment		-4	-15
Net cash flows used in investing activities		-4	-15
Cash flows used in financing activities			
Dividends paid		-35,644	-52,251
Cash inflow/outflow from loans provided to related party (cash-pooling/cash management)		2,667	-9,065
Net cash flows used in financing activities		- 32,977	61,316
Net increase/decrease in cash and cash equivalents		77	-
Cash and cash equivalents at beginning of period	12	-	-
Cash and cash equivalents at end of period	12	77	-

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

Zentiva, a.s.

Financial Statements for the Year Ended 31 December 2015

Statement of Changes in Shareholders' Equity

<i>(in thousands of EUR)</i>	Share capital	Share premium	Retained earnings and other funds	Total
Balance as at 31 December 2013	53,774	25,738	66,703	146,215
Net profit for 2014	-	-	35,995	35,995
Other comprehensive income	-	-	-10	-10
Total comprehensive income	-	-	35,985	35,985
Dividends	-	-	-52,251	-52,251
Options and Share Plans	-	-	73	73
Balance as at 31 December 2014	53,774	25,378	50,510	130,022
Net profit for 2015	-	-	17,535	17,535
Other comprehensive income	-	-	-1	-1
Total comprehensive income	-	-	17,534	17,534
Dividends	-	-	-35,644	-35,644
Options and Share Plans	-	-	-	-
Balance as at 31 December 2015	53,774	25,738	32,400	111,912

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Zentiva, a.s.

Financial Statements for the Year Ended 31 December 2015

1. Corporate Information

Zentiva, a.s. ("Zentiva" or "the Company"), formerly Slovakoфарма, a.s., was incorporated as a joint-stock company under the laws of the Slovak Republic on 13 April 1992. The Company majority shareholder is ZENTIVA N.V., with its registered office at Fred.Roeskestraat 1231, HG EE Amsterdam, the Netherlands, whose majority shareholder is Sanofi. The Company is included in the consolidated financial statements prepared for all Group members by Sanofi, with its registered office at 54 Rue la Boétie, 75008 Paris, France.

Company shareholders

Shareholders of the Company as at 31 December 2015:

	No. of shares	In thousands of EUR	In %
ZENTIVA N.V., Amsterdam	1,602,222	53,178	98.89
Other	17,970	596	1.11
TOTAL	1,620,192	53,774	100.00

The Company is a private joint-stock company. The Company is not a partner with unlimited liability in any entity.

The Zentiva group ("the Group") is primarily engaged in the production and wholesaling of pharmaceuticals and chemical products in the Slovak and Czech Republic and other foreign markets.

Company's registered office:

Zentiva, a.s.
Einsteinova 24
851 01 Bratislava
Slovak Republic

Business registration No.: 31 411 771
Tax registration No.: SK 2020394970
Legal form: joint-stock company
Date of incorporation: 1 May 1992

During the year 2015 the Company has 99 employees on average (2014: 115 employees), the number of employees as at 31 December 2015 there was 101 employees (as at 31 December 2014: 103), 11 of which were management (31 December 2014: 12 managers).

Date of authorization of the previous financial statements

The financial statements of the Company for the prior period as at 31 December 2014 were approved by the General Meeting of shareholders on 22 June 2015.

Board of Directors of the Company

Mehdi Patrick Lahnech - Member of the Board of Directors since 22 June 2015
Nicolas Enrique Macciavello - Member of the Board of Directors since 12 November 2015
Thomas Cornelis Koene - Chairman of the Board of Directors since 12 November 2015

Supervisory Board

Mgr. Helena Kopková – Chairwoman of the Supervisory Board since 8 June 2011
Eric Richard Le Bris – Member of the Supervisory Board since 22 June 2015
MUDr. Mojmír Krutný – Member of the Supervisory Board since 8 July 2013

Statutory auditor

ERNST & YOUNG Slovakia, spol. s r.o., with its registered office at Hodžovo námestie I A, 811 06 Bratislava, SKAU license No. 257, acting as the Company's statutory auditor. The statutory auditor's fee for 2015 was EUR 27 thousand (2014: EUR 28 thousand).

2. Summary of Significant Accounting Policies

a) Basis of preparation and accounting

These separate financial statements have been prepared as ordinary separate financial statements according to Section 17 (6) of the Slovak Accounting Act No. 431/2002 Coll. as later amended.

Pursuant to the Act on Accounting, from 1 January 2008 the Company prepares financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”). At this particular time, due to the endorsement process of the EU, and the activities of the Group, there is no difference in the policies applied by the Company between IFRS and IFRS as adopted by the EU.

The accompanying financial statements were prepared in accordance with IFRS and all applicable IFRSs adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and by the International Financial Reporting Interpretations Committee (“IFRIC”).

Financial statements were prepared on a going-concern basis and on a historical cost basis and cover the 12 months from 1 January 2015 to 31 December 2015.

The amounts in the financial statements are presented in thousands of euro (“in thousands of EUR”).

b) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities reported at the end of the period and the reported amounts of revenues and expenses for that period. Although accounting judgments, estimates and assumptions were used to the best knowledge of the Company's management in respect of current events and circumstances, actual results may differ from these estimates.

In the process of applying the adopted accounting policies, management has made certain judgments, estimates and assumptions which have a significant effect on the amounts recognized in the financial statements (apart from those involving estimates, which are dealt with below).

Deferred tax

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. For more details, refer to Note 8.

Calculation of deferred tax asset of the Group is based on the assumption that taxable profit will be available against which the deferred tax would be utilized. This assumption can be shown as inadequate in case of decline in taxable profits.

Accrual for tax risks

In relation with the ongoing tax inspection for the year 2011, the Company created an accrual for potential tax charges and related penalties totaling EUR 7,481 thousand. The Company submitted all required documents to the Tax authorities. Until March 2016 Tax authorities have not finalized tax inspection and therefore no final tax statement has been issued. The Company based its calculation of an accrual for tax risks on the actual situation at the 2015 year end and on discussions with its tax advisors. The Company will use all legal means to minimize possible negative impacts after the final tax statement is issued. Tax returns remain open and may be subject to Tax inspection for a period of five years.

Provision for liabilities arising from the contracts

Following the contracts on future co-operation, including purchase of pharmaceuticals and active substance to be produced by Saneca Pharmaceuticals, a.s., the Company has obligation to compensate any loss resulting from purchased quantities being lower than agreed in the contract and covers compensation for added value of purchased quantities in total. As a result, the Company has recognized a provision of EUR 2,693 thousand as at 31 December 2014 (EUR 6,944 thousand as at 31 December 2013), which represent the estimation of difference between the minimum value of purchase orders defined in the contract with the purchaser; in comparison with the sales forecast of the Group (Sanofi Group). In 2015, provision in total amount EUR 922 thousand was released and provision in total amount of EUR 73 thousand was used. The rest amount of provision represents EUR 1,687 thousand as at 31 December 2015.

Employee benefits

In compliance with the Company's regulations, company provides one-off bonus after reaching working milestone of 10,15,20,25 and more years (in 5 year intervals). Bonus is differentiated and edges between EUR 400 to EUR 800. Payment is paid quarterly (4 instalments).

In case of early retirement or disability pension, the Company acts in accordance with the Labour Code, ie at first the retirement or disability pension, the employer is required to pay an amount equal to one month's average salary. The Company does not plan to reassess this process.

The related liability is recognized using the incremental actuarial method, with adjustments for actuarial gains and losses and past service cost. The liability is calculated annually by independent actuaries. The present value of the liability is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating to the terms of the related liability. For details, see Note 17.

c) Changes in accounting policies

Accounting policies adopted are consistent with those applied in the separate financial statements at 31 December 2014.

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the accounting period:

- IAS 19 Employee Benefits - Amendment to clarify the way how contributions from employees or third parties that are linked to service should be attributed to periods of service
- Annual improvements to IFRSs (issued in December 2013)

Application of the amendments did not have any impact on the financial statements of the Company.

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 7 Financial Instruments: Disclosures - Amendment requiring disclosures about initial application of IFRS 9 (effective from application of IFRS 9, this amendment has not been approved by EU yet)
- IFRS 7 Financial Instruments: Disclosures - Amendment requiring additional hedge accounting disclosures related to application of IFRS 9 (effective from application of IFRS 9, this amendment has not been approved by EU yet)
- IFRS 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2018, this standard has not been approved by EU yet)
- IFRS 10 Consolidated Financial Statements - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture (effective date is not defined, this amendment has not been approved by EU yet)
- IFRS 10 Consolidated Financial Statements - Amendment regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2016, this amendment has not been approved by EU yet)

Financial Statements for the Year Ended 31 December 2015

- IFRS 11 Joint Arrangements - Amendment regarding the accounting for acquisitions of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016)
- IFRS 12 Disclosure of Interests in Other Entities - Amendment regarding the application of the consolidation exception (effective for annual periods beginning on or after 1 January 2016, this amendment has not been approved by EU yet)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016, this standard has not been approved by EU yet)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018, this standard has not been approved by EU yet)
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019, this standard has not been approved by EU yet)
- IAS 1 Presentation of Financial Statements - Amendment resulting from the disclosure initiative (effective for annual periods beginning on or after 1 January 2016)
- IAS 7 Statement of cash flows - Amendment resulting from the disclosure initiative (effective for annual periods beginning on or after 1 January 2017, this amendment has not been approved by EU yet)
- IAS 12 Income taxes – Amendments regarding the recognition of deferred tax assets for unrealized losses (effective for annual periods beginning on or after 1 January 2017, this amendment has not been approved by EU yet)
- IAS 16 Property, Plant and Equipment - Amendment regarding the clarification of acceptable method of depreciation and amortization (effective for annual periods beginning on or after 1 January 2016)
- IAS 27 Separate Financial Statements - Amendment reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for annual periods beginning on or after 1 January 2016)
- IAS 38 Intangible Assets – Amendment regarding the clarification of acceptable method of depreciation and amortization (effective for annual periods beginning on or after 1 January 2016)
- IAS 39 Financial Instruments: Recognition and Measurement - Amendment defines exceptions to application of IFRS 9 for hedge accounting (effective from application of IFRS 9, this amendment has not been approved by EU yet)
- Annual improvements to IFRSs (issued in September 2014)

The Company is reviewing the impact of these amendments on the financial statements. It is not expected that these standards would have material impact on the financial statements of the Company.

d) Functional and presentation currency

On the basis of the economic substance of the underlying events and circumstances, the euro was determined as the functional currency and the currency of the Company's presentation.

e) Foreign currency translation – transactions and balances

Transactions in foreign currencies are recorded at the exchange rate pertaining at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange as at the reporting date. All differences are taken to the income statement.

f) Property, plant and equipment

Property, plant and equipment are stated at cost or production cost less accumulated depreciation and any impairment in value (other than required by IFRS 5 explained in note 2a Basis of preparation of financial statements). Production costs for self-constructed assets include cost of materials, direct labour and an appropriate proportion of production overheads.

Replacements and improvements which prolong the useful life or significantly improve the condition of the asset are capitalized. Maintenance and repairs are recognized as an expense in the period in which they are incurred.

Freehold land is not depreciated.

The Company assesses the remaining useful lives of items of property, plant and equipment and the depreciation methods applied on at least an annual basis, to ensure that the depreciation method and period are consistent with the expected inflows of economic benefits. The estimated useful lives used for property, plant and equipment are as follows:

<u>Assets</u>	<u>Number of years</u>
Buildings and structures	15 – 45
Machinery and equipment	4 – 20
Vehicles	8 – 20
Small tangible assets	2 – 20

The cost of properties retired or otherwise disposed of, together with the accumulated depreciation provided thereon, is eliminated from the accounts. The net gain or loss is recognized as other operating income or expense.

Items of property, plant and equipment with useful lives of more than one year and with a cost not exceeding EUR 1,700 are classified as small tangible assets and depreciated for 2 to 20 years from the date they were put in use.

Development expenditure incurred on an individual project is capitalized when its future recoverability can reasonably be regarded as assured. In the event that this is not the case, development expenditure is expensed as incurred. Any expenditure capitalized is amortized over the period of expected future sales from the related project.

g) Leases

Finance leases, which substantially transfer to the entity all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over whichever is the shorter of the estimated useful life of the asset or the lease term (if the entity is not entitled to purchase the leased item after the lease expires).

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

h) Inventories

Inventories are valued at whichever is the lower of actual acquisition cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

i) Impairment of non-financial assets

The carrying amounts of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed the estimated recoverable amount. If there is an indication that an asset may be impaired and if the carrying amount of an asset exceeds its estimated recoverable amount, assets or cash-generating units are written down to their recoverable value. The recoverable amount is whichever is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. The recoverable value of an asset that does not generate cash inflows that are largely independent of those from other assets is determined for the whole cash-generating unit to which the asset pertains. Any impairment losses are

recognized in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

j) Financial instruments

Financial assets and financial liabilities presented on the balance sheet include cash and cash equivalents, financial assets available for trading, trade and other receivables and payables, and loans and borrowings. The accounting policies applied in the presentation and measurement of these items are described below.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual agreement. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Derecognition of a financial asset takes place when the Company no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed over to an independent third party.

k) Accounting for financial derivative instruments

From 28 February 2011, the Company has been involved in the Sanofi cash-management structures, part of which is also a system of protection against foreign currency risk, realized by Sanofi-Aventis SA France. The protection against foreign currency risk also includes transactions with currency derivatives which fail to meet the criteria to be considered as hedging derivative instruments.

Derivative financial instruments are initially recognized at fair value on the date that a derivative contract is entered into and are subsequently re-measured to their fair value. Derivatives are held as assets when their fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognized immediately in profit/loss for the accounting period as financial income or financial expenses.

l) Financial assets available for sale

Financial assets available for sale are those non-derivative financial assets that are designated as available-for-sale or are classified as neither held-to-maturity investments, loans and receivables, nor financial assets at fair value through profit or loss. After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses being recognized in equity in the fair valuation reserve. When the investment is derecognized, the cumulative gain or loss previously recorded in equity is recognized in the income statement.

Financial assets available for sale are classified as long-term if the Company does not expect to sell them within twelve months of the reporting date or if there is no need to sell them to obtain operating capital.

m) Accounts receivable

Trade receivables, which generally have 30-150 day terms, are recognized and carried at an original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank, cash in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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Zentiva a.s. Hlohovec concluded a contract for cash management with Sanofi-Aventis SA France on 28 February 2011.

Receivables and liabilities within Sanofi cash-management structures are presented within other short-term receivables and current liabilities. For the purposes of cash flow statement, the change in these receivables and liabilities are presented within cash flow from financial activities.

o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

p) Trade payables

Trade payables are initially measured at fair value and subsequently at amortized cost using the effective interest rate method.

Dividends due are recognized when the shareholders' right to receive payment is established.

q) Provisions

Provisions are recognized when the Company bears a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

r) Revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Sales are recognized net of VAT, excise tax and discounts when delivery of goods or rendering of the service has taken place and transfer of risks and rewards has been completed.

Interest is recognized on a time-proportionate basis that reflects the effective yield on the related asset.

Revenues from sale of licenses are recognized when they are reasonably secured and cash has been received.

s) Income tax

Deferred income tax is provided, using the liability method and balance sheet approach, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities and assets are recognized for all taxable and deductible temporary differences except for initial recognition of an asset or a liability in a transaction which is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

t) Employee benefits

The Company uses an unfunded defined benefit plan. Actuarial techniques are used to measure the obligation and those obligations are measured on a discounted basis. Gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans. Actuarial gains or losses are recognized immediately if not significant. The past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, past service cost is recognized immediately. The Company applies the policy to recognize all actuarial gains and losses in the period in which they occur outside of profit or loss in other comprehensive income, i.e. through equity.

u) Share based payments

Part of company's employees is involved in the Sanofi equity and option plan scheme granted by the parent company Sanofi.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

v) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed if the possibility of an outflow of resources embodying economic benefits is possible.

3. Financial Risk Management

Fair value of financial instruments

Financial instruments included on the balance sheet are comprised of investments, trade receivables, other current assets, cash and cash equivalents, short-term loans, trade payables, other liabilities and financial derivatives.

Financial risk management

The Company's business is exposed to various financial risks, including the impact of changes in foreign exchange rates and interest rates on loans. The Company's risk management programme focuses on unpredictable events on financial markets and aims to minimize potentially unfavourable effects on financial performance of the entity.

From June 2010 the risks are managed centrally at the Sanofi level.

Foreign currency risk

The functional currency of the Company is euro, which is the currency of the country that is decisive for the regulatory environment wherein the Company operates, and the currency that influences labour costs and the costs of goods sold to the most considerable extent.

A portion of sale and purchase prices is subject to exchange rate fluctuations. Through entry into the Sanofi cash-management structures in June 2010, the foreign currency risk is managed by Sanofi-Aventis SA France. The protection against foreign currency risk also includes transactions with currency derivatives which fail to meet the criteria to be considered as hedging derivative instruments. The Company provides for all trade receivables (including prepayments paid and estimated receivables) and payables (including provisions, estimated payables and prepayments received) in selected foreign currencies. The foreign currencies selected include those with a planned annual turnover equal or higher than EUR 1,000 thousand.

Interest rate risk

The Company's profit/loss and cash flows from operating activities are, to a significant extent, independent of changes in market interest rates. The received loans are interest-bearing with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the entity's profit before tax (through the impact on interest-bearing assets). The Company's equity should not be affected by the change in interest rates.

As at 31 December 2015

Base rate	Effect on profit before tax (in thousands of EUR)	
	Increase by 25 basis points	Increase by 25 basis points
EURIBOR	206	-206

As at 31 December 2014

Base rate	Effect on profit before tax (in thousands of EUR)	
	Increase by 25 basis points	Increase by 25 basis points
EURIBOR	212	-212

3. Financial risk management (continued)

Credit risk

The Company is not exposed to significant concentrations of credit risk. In line with the internal policies and procedures, the Company sells its products and services only to customers with an appropriate credit history.

The Company performs monetary transactions only with highly creditworthy financial institutions as counterparties. The policy is to keep its dependence on any financial institution as low as possible. The maximum related credit exposure of the Company equals the carrying amount of receivables listed in Note 10.

In connection with the acquisition of the Zentiva group by Sanofi in 2009, the structure of customers of the accounting unit has changed. In 2015, 98.8 percent of total sales for goods and services were taken within the Sanofi group (1.2 percent to external customers). In 2014, 99 percent of total sales for goods and services was taken within the Sanofi group (1 percent to external customers).

Liquidity risk

The Treasury Department's objective is to maintain a balance between continuity of funding and flexibility through the use of a sufficient number of credit lines and participation in the Sanofi cash-management structures. Due to the dynamic nature of the business activities of the accounting unit (and its parent company), the Treasury Department seeks to ensure flexibility by participation in Sanofi Cash Management Structures. Since the beginning of 2012, it is fully oriented toward Sanofi Cash Management, in the face of the current existence of credit lines.

The table below summarizes the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments:

Year ended 31 December 2015 (in thousands of EUR)

	On demand / Within maturity	Less than 3 months	3 to 12 months	1 to 5 years	Total
Liabilities from derivatives, cash-pooling and cash management structure (Note 15)	27	-	-	-	27
Trade and Other liabilities (Note 15)	-	13,985	-	-	13,985

Year ended 31 December 2014 (in thousands of EUR)

	On demand / Within maturity	Less than 3 months	3 to 12 months	1 to 5 years	Total
Liabilities from derivatives, cash-pooling and cash management structure (Note 15)	19	-	-	-	19
Trade and Other liabilities (Note 15)	-	16,464	-	-	16,464

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

3. Financial risk management (continued)**Fair values**

Below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are included in the financial statements:

	Carrying amount (in thousands of EUR)		Fair value (in thousands of EUR)	
	2015	2014	2015	2014
Cash and cash equivalents	77	-	77	-
Trade receivables	12,814	12,358	12,814	12,358
Trade payables and other payables	14,012	16,483	14,012	16,483
Receivables from cash pooling, cash management and other receivables	121,774	141,905	121,774	141,905

For financial instruments with maturity date of less than one year, there is a presumption that the fair value approximates to their carrying amounts. The fair value of financial instruments with maturity date over one year is estimated by discounting future cash flows using the prevailing interest rates (as at 31 December 2015 the Company had no financial instruments with maturity date over one year except for liabilities from social fund).

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Notes to Financial Statements

4. Revenues and Expenses

Revenues

<i>(in thousands of EUR)</i>	2015	2014
Revenues from sales of merchandise	104,729	129,511
Marketing sales	8,513	10,208
Total	113,242	139,719

Marketing expenses

<i>(in thousands of EUR)</i>	2015	2014
Personnel expenses	4,023	4,099
Depreciation	935	942
Repairs and maintenance	19	19
Intercompany marketing expenses	13,995	15,787
Licence fees	2,151	2,684
Marketing (third party) and other services	4,867	5,422
Total	25,990	28,953

Administrative expenses

<i>(in thousands of EUR)</i>	2015	2014
Personnel expenses	388	359
Depreciation	2	32
Repairs and maintenance	2	4
Corporate expenses	2,507	4,264
Creation and release of provisions	-921	-600
Other expenses	1,135	838
Total	3,113	4,897

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5. Income Taxes

Major components of income tax expense:

<i>(in thousands of EUR)</i>	2015	2014
Current income tax		
Income tax for the period	7,086	9,140
Adjustment of tax paid for previous years	123	54
Accrual for tax risks	7,481	-
Special levy of the entities operating in the regulated industries	999	3,950
Deferred income tax		
Origination and reversal of temporary differences	35	1,054
Total	15,724	14,198

In accordance with the valid legislation as at 31 December 2015 the Group applied the tax rate of 22% for income tax calculation.

Below is a reconciliation of theoretical income tax expense calculated using the statutory tax rate and profit before tax as reported in these financial statements to the actual income tax expense for the years ended as at 31 December:

<i>(in thousands of EUR)</i>	2015	2014
Profit before tax	33,259	50,193
Statutory income tax rate 22%	7,317	11,042
Adjustment of tax paid in previous years	123	54
Accrual for tax risks	7,481	-
Special levy of the entities operating in the regulated industries	999	3,950
Permanent differences impact, net	-196	-848
Tax expense	15,724	14,198

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6. Property, Plant and Equipment

(in thousands of EUR)

	Land and buildings	Machinery and equipment	Construction in progress	Total
Period ended 31 December 2014				
Opening net book value	12	97	-	109
Additions	-	-	15	15
Transfers	-	15	-15	-
Disposals	-11	-2	-	-13
Depreciation charge	-1	-36	-	-37
Closing net book value	-	74	-	74

Period ended 31 December 2015				
Opening net book value	-	74	-	74
Additions	-	-	4	4
Transfers	-	-	-4	-
Disposals	-	-	-	-
Depreciation charge	-	-24	-	-24
Assets classified as held for sale	-	-	-	-
Closing net book value	-	54	-	54

Period ended 31 December 2014				
Cost	-	116	-	116
Accumulated depreciation	-	-42	-	-42
Net book value	-	74	-	74

Period ended 31 December 2015				
Cost	-	118	-	118
Accumulated depreciation and impairment	-	-64	-	-64
Net book value	-	54	-	54

The Company has no assets held under finance lease contracts.

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7. Intangible Assets

<i>(in thousands of EUR)</i>	Licenses, software and intangibles in progress	Total
Period ended 31 December 2014		
Opening net book value	2,986	2,986
Additions	-	-
Disposals	-	-
Amortization charge	-926	-926
Assets classified as held for sale	-	-
Closing net book value	2,060	2,060
Period ended 31 December 2015		
Opening net book value	2,060	2,060
Additions	-	-
Disposals	-	-
Amortization charge	-915	-915
Assets classified as held for sale	-	-
Closing net book value	1,145	1,145
As at 31 December 2014		
Cost	5,048	5,048
Accumulated amortization	-2,988	-2,988
Net book value	2,060	2,060
As at 31 December 2015		
Cost	4,990	4,990
Accumulated amortization	-3,845	-3,845
Net book value	1,145	1,145

The original acquisition value of tangible and intangible assets, which are fully amortized, but still in use by the Company, is EUR 1,023 thousand.

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8. Deferred Taxes

Deferred tax is calculated from all temporary differences based on liability method using tax rate of 22%.

Deferred tax assets and deferred tax liabilities are offset if the deferred taxes relate to the same taxation authority and a legally enforceable right exists to set off current tax assets against current income tax liabilities. Deferred tax assets and liabilities affecting profit/loss for the period arise from the following items:

<i>(in thousands of EUR)</i>	31 December 2014	Recognized in the income statement and other comprehensive income	31 December 2015
Deferred tax assets			
Provision for contractual penalties	593	- 222	371
Other temporary differences	184	177	361
Total	777	- 45	732
Total net deferred tax asset	777	- 45	732

The deferred tax recognized through income statement represents EUR 35 thousand and the deferred tax income recognized through other comprehensive income represents EUR 10 thousand.

9. Financial investments

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Opening book value	86	92
Provision created for Foundation Zentiva	-	-6
Balance at year end	86	86

10. Trade Receivables

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Trade receivables	13,195	12,725
Allowances	-381	-367
Total	12,814	12,358
Allowance as at 1 January		
From trade	366	352
Additions	15	14
Use	-	-
Reversal	-	-
Allowance as at 31 December	381	366

Trade receivables represent outstanding balances on invoices from both domestic and foreign customers. Receivables from domestic sales are denominated in local currencies, while receivables from abroad are denominated in foreign currencies. Major customer Sanofi Winthrop Industry FR accounts for 65.9% (EUR 8,692 thousand) of all trade receivables.

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10. Trade receivables (continued)

The analysis of impaired trade receivables is as follows:

	Nominal value 2015 (in thousands of EUR)	Allowance 2015 (in thousands of EUR)	Carrying amount 2015 (in thousands of EUR)
Past due and not impaired			
less than 30 days	-	-	-
31 – 90 days	-	-	-
91 – 180 days	-	-	-
over 180 days	293	293	-
Total impaired receivables	293	293	

	Nominal value 2014 (in thousands of EUR)	Allowance 2014 (in thousands of EUR)	Carrying amount 2014 (in thousands of EUR)
Past due and not impaired			
less than 30 days	-	-	-
31 – 90 days	-	-	-
91 – 180 days	-	-	-
over 180 days	278	278	-
Total impaired receivables	278	278	

11. Receivables from Cash-Pooling, Cash management and Other Receivables

	31 December 2015	31 December 2014
<i>(in thousands of EUR)</i>		
Receivables from cash-pooling and cash management	82,135	84,802
Prepayments and other receivables out of IC	1,306	1,451
Other receivables IC	36,680	55,741
Allowances for other receivables	-89	-89
Total	120,032	141,905

In 2015, the average interest rate from cash management was 0.00% p.a. (0.082% p.a. in 2014).

The net interest income on the cash pool was EUR 0 thousand in 2015 (2014: net interest income of EUR 97 thousand).

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12. Cash and Cash Equivalents

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Cash in hand and in banks	77	-
Total	77	-

Cash in banks earns interest at floating rates based on the daily bank deposit rates.

13. Share Capital and Share Premium

	31 December 2015		31 December 2014	
	Number	In thousands of EUR	Number	In thousands of EUR
Share capital				
Authorized, issued and fully paid ordinary shares at a nominal value of EUR 33.19 per share	1,620,192	53,774	1,620,192	53,774

The share premium of EUR 25,738 thousand represents the positive difference between the total subscribed price of 230,765 ordinary shares and their nominal value in 1997.

14. Retained Earnings and Other Reserves

Retained earnings and other prior year reserves totalling EUR 32,400 thousand as at 31 December 2015 (as at 31 December 2014: EUR 50,510 thousand) include the legal reserve fund, other funds and gains/losses on ownership interests.

The legal reserve fund was established in accordance with the valid legislation to cover potential future losses and is not distributable. As at 31 December 2015, the fund amounted to EUR 10,776 thousand.

Other capital funds and gains/losses on revaluation of ownership interests were EUR 2,293 thousand as at 31 December 2015 (EUR 2,293 thousand as at 31 December 2014).

On 22 June 2015, the General Meeting approved the financial statements of the Company for the prior year as at 31 December 2014 and the payment of dividends of EUR 35,644 thousand.

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15. Trade and Other Liabilities

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Trade payables	11,126	12,545
Liabilities from derivatives, cash pooling and cash management	27	19
Wages and social security	276	280
Other liabilities and other accrued liabilities	2,583	3,639
Total	14,012	16,483

Of which, not yet due	1	16,483
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Out of which social fund

<i>(in thousands of EUR)</i>	year 2015	year 2014
Balance as at 1 January	35	33
Total additions	31	42
Total use	28	40
Balance as at 31 December	38	35

16. Provisions

<i>(in thousands of EUR)</i>	31 December 2014	Use	Release	Additions	31 December 2015
Long-term provisions					
Employee benefits provision	206	-8	-	11	209
Provision for contractual penalties	2,693	-84	921	-	1,688
Total long-term provisions	2,899	- 92	-921	11	1,897
Short-term provisions					
Unused vacation and staff bonu					
Other	485	-485	-	650	650
Unused vacation and staff bonu	185	185-	-	653	653
Total short-term provisions	670	- 670	-	1,303	1,303
Total provisions	3,569	-762	-921	1,314	3,200

The Company expects that the long-term provisions for employee benefits and the provision for contractual penalties will be used in 2016 and the subsequent years.

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16. Provisions (continued)

Provision for contractual penalties

Provision for contractual penalties represents obligation of Zentiva, a.s. to compensate any loss resulting from purchased quantities being lower than agreed in the contract. Minimum value of purchase orders are defined in the contract with the purchaser, these are compared to the sales forecast of the Group (Sanofi Group) for the period of three years following the sale of part of the business.

Provision for staff benefits

	31 December 2015	31 December 2014
Opening balance as at 1 January	206	148
Costs of present and past services	22	47
Interest expense	4	4
Benefits paid	-8	-6
Actuarial gains or losses	-15	13
Closing balance as at 31 December	209	206

17. Cash Flows from Operating Activities

(in EUR thousands)

	31 December 2015	31 December 2014
Profit before tax and financial expenses	33,242	50,148
Non-monetary items		
Foreign exchange gains/losses on operating activities	61	-7
Depreciation of tangible fixed assets (Note 6)	24	50
Amortization of intangible fixed assets (Note 7)	915	926
Movements in allowances	-15	21
Movements in working capital		
Decrease / (Increase) in trade receivables and other receivables	18,938	-2,704
Increase/(Decrease) in trade payables and other payables	-2,636	7,622
Movements in provisions	-369	-4,745
Other movements in operating activities		
Interest received	-	97
Interest paid	-4	-4
Other	-183	108
Net cash flows from operating activities	49,973	51,512

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18. Contingent Liabilities

Operating lease obligations

<i>(in thousands of EUR)</i>	2015	2014
Up to one year	413	470
From 1 to 5 years	448	658
Over five years	-	-
Total	861	1,128
Lease payments reported in the income statement for the period	513	549

Lawsuits

Lawsuits filed by the Company:

In 2015, the Company did not file any application for orders to pay, or rulings which could have a significant effect on the financial standing of the Company.

Lawsuits filed against the Company

V. Sika vs. the Company for payment of EUR 96 thousand (SKK 2,900 thousand) and related interest and fees on the grounds of incorrect wage categorization. The Company did not create provision for this lawsuit due to the fact that it deems the claim unsubstantiated.

Ing. Šnupárek and Ing. Ratkovská, CSc. vs. the Company for payment of EUR 130 thousand on the grounds of fees claimed by the co-inventors of a product. The Company has created a 100% provision for this lawsuit.

19. Related Party Transactions

For the purposes of these financial statements, related parties are those persons where one person controls the other or exercises significant influence on the other person upon making decisions regarding financial or operational matters.

The Group is controlled by sanofi-aventis Group, France. A summary of transactions that the Company made with the Zentiva Group companies and Sanofi Group companies in the period under review and related party balances is as follows:

Inter-company sales and purchases

<i>(in thousands of EUR)</i>	Sales in 2015	Purchases in 2015	Sales in 2014	Purchases in 2014
Zentiva International Hlohovec	104	-	104	-
Zentiva k.s. Praha	154	687	116	907
Zentiva Group Praha	-	4,097	-	5,457
Zentiva SA Bucharest	25	1,158	18	1,100
Sanofi-Aventis Pharma Slovakia s.r.o.	542	1,134	526	1,243
Sanofi-Aventis France	5	32	103	36
Sanofi Winthrop Industries	92,317	-	111,129	-
Sanofi-Aventis Bulgaria	-	903	-	830
Sanofi_Aventis Spp PL	-	5,052	-	6,228
Sanofi-Aventis Estonia	-	275	-	264
Sanofi-Aventis Letonie	-	427	-	306
Sanofi -Aventis s r.o. Praha	-	4,298	-	5,472
Carring Insurance LTD Ireland	-	16	-	26
Sanofi-aventis s r.o. Slovakia	16,981	600	19,757	2,114

Zentiva, a.s.**Financial Statements for the Year Ended 31 December 2015****19. Related Party Transactions (continued)****Inter-company trade and other receivables were as follows:**

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Zentiva International, a.s. , Hlohovec	21	21
Zentiva k.s., Praha	156	116
Zentiva SA Bucharest	12	-
Carring Insurance LTD Ireland	11	12
Sanofi-Aventis s r.o. Slovakia	3,287	1,768
Sanofi-Winthrop Industries France	45,181	65,500
Sanofi-Aventis Pharma Slovakia	658	642
Sanofi-Aventis Bulgaria	22	1
Sanofi_Aventis Spp PL	-	443
Sanofi_aventis Groupe France	29	-
Sanofi-Aventis Deutschland GmbH	12	-

Inter-company trade payables were as follows:

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Zentiva k.s. Praha	968	900
Zentiva SA Bucharest	166	151
Sanofi-Aventis s.r.o. Praha	1,017	939
Sanofi-Aventis Letonie	93	95
Zentiva Group a.s., Praha	701	930
Sanofi-aventis Pharma Slovakia	1,078	1,174
Sanofi_Aventis Slovakia	352	512
Sanofi-Aventis Estonia	53	108
Sanofi-Aventis Group France	32	49
Carring Insurance LTD Ireland	6	-
Sanofi_Aventis Spp PL	70	-

Other receivables and payables in the consolidated Group

<i>(in thousands of EUR)</i>	31 December 2015	31 December 2014
Sanofi-Aventis SA France (cash pooling and management)	82,135	84,802
Total receivables	82,135	84,802
Sanofi-Aventis SA France (currency derivatives)	27	19
Total payables	27	19



The Company has realized intercompany currency derivatives.

Part of Zentiva employees has joined the Sanofi Stock Option & Restricted Share Plans (including a Global Employee Share Scheme as stated in Note 2u))

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20. Subsequent Events

In 2016, a buy-out of shares continues realized by the parent company Zentiva N.V., Amsterdam.

Authorized for issue by:	Signature of accounting unit's statutory body:	Person responsible for financial statements (name, signature):	Person responsible for accounting (name, signature):
31 March 2016	Mehdi Patrick Lahnech 	Ing. Pavel Novák 	Anna Šudyová 