



REPORT 1st SEMESTER 2011

Farmaceutica REMEDIA S.A.

Farmaceutica REMEDIA S.A.

Sediu central: Deva 330160, Str. Dorobantilor nr. 43, Jud. Hunedoara, Tel/fax: +40 254 223 260
Sediu secundar: București 041836, sector 4, B-dul Metalurgiei nr. 78, Tel/fax: +40 21 321 1640
remedia@remedia.ro, www.remedia.ro; Reg. Com.: J20/700/1991, C.U.I.: 2115198, A.F.: R
C.I.F. : RO2115198; Capital social subscris și varsat: 10.608.980 RON
IBAN: RO31 VBBU 2511 BU03 0110 2701, VOLKSBANK București, sucursala Apolodor

REPORT 1st SEMESTER 2011
According to the National Securities Commission Regulation no. 1 / 2006
 Date of report: 11.08.2011

Company name	FARMACEUTICA REMEDIA S.A.
Subscribed share capital	10.608.980 RON
Paid-in share capital	10.608.980 RON
Registered office	DEVA, 43 Dorobanților Street, zip code 330160
Telephone	+40 254 223 260
Fax	+40 254 226 197
No. and date of registration with the Trade Registry Office	J20/700/25.07.1991
Single tax registration code	RO2115198
Securities	RMAH shares (Registration certificate no. 1470/04.05.2009)
Type	Common Nominal
Registration date	17.03.1997
Nominal value/share	RON 0,10
Entry in NSC book	1636
Total number of shares	106.089.800
National Securities Commission code of shares	16368

RON

Registration	Date	Number of shares	Value of issue
1	10.11.1999	3.370.107	337.010,70
2	06.09.2001	1.500.000	150.000,00
3	23.07.2003	42.402	4.240,20
4	05.01.2006	5.696.471	569.647,10
5	21.12.2007	87.905.969	8.790.596,90
6	08.04.2009	7.574.851	757.485,10
	TOTAL	106.089.800	10.608.980,00

Organized market on which the securities are traded: **2nd category of Bucharest Stock Exchange of 05.02.2009.**

The total value on the market on 27.07.2011 is RON 20.284.370.

The value of one RMAH share is RON 0,1912 (on 27.07.2011)

1. The economic and financial situation of the company at the end of the 1st semester 2011 is as follows:

RON			
Indicator	30.06.2010	30.06.2011	Variation %
FIXED ASSETS	26.916.638	26.536.382	- 1,43%
Intangible assets	1.417.527	1.805.017	+ 27,34%
Tangible assets	24.977.142	24.346.834	- 2,59%
Financial assets	521.969	384.531	- 35,74%
CURRENT ASSETS	104.317.284	120.066.282	+ 15,10%
Stocks	21.715.586	21.605.530	- 0,51%
Debts *	79.695.477	81.622.231	+ 2,42%
- clients *	79.362.782	81.263.842	+ 2,40%
Cash and bank **	2.906.221	16.838.521	+ 479,39%
CURRENT DEBTS	103.679.277	117.239.336	+ 13,08%
- suppliers	86.558.677	105.883.903	+ 22,33%
LONG TERM DEBTS	703.199	393.097	- 78,89%
- bank loans	0	0	
EQUITY CAPITAL	26.922.911	28.874.882	+ 7,25%
share capital	10.608.980	10.608.980	0,00%
premium share	757.485	757.485	0,00%
revaluation reserves	8.627.817	8.516.945	- 1,30%
reserves	6.184.349	6.410.946	+ 3,66%
current result	1.530.310	2.748.386	+ 79,60%
reported result	-782.775	0	
own shares	3.255	167.860	+ 5.156,99%

(*) including provisions for receivables impairment

(**) out of which RON 7.504.557 (EURO 1.772.407) credit line from a total facility of EURO 3.200.000. The difference of EURO 1.427.593 was reimbursed to Volksbank and can be used if necessary.

Comparing to the same period of the last year, the value of the tangible assets decreased with 2,59% due to the amortisations. The intangible assets increased with 27,34%, from RON 1.417.527 to RON 1.805.017. These represent the unamortised part of the used software and the commercial fund which was acquired together with the takeover of new pharmacies. Therefore, the commercial funds of the pharmacies Health Farm Timisoara and Sf. Constantin Targoviste were purchased in June 2011. The value of the financial assets decreased, being mainly represented by letters of bank guarantee on the account of the decreasing trend in pharmaceutical sales to hospitals, generated by the limited State finance.

As part of current assets category, the stocks, especially the main share of the goods stocks, maintained approximately to the same level comparing to the same period of the last year, following the implementation of the goods supply efficiency policy. The stock optimization policy generated a positive dynamic in the number of storage days, comparing to the same period of the last year (54 days on 30.06.2011 comparing to 57 days on 30.06.2010), with positive impact on the company's cash flow.

Although the liabilities collections in the health system are realized with difficulty, the debts increased with only with 2,42 % and their value on 30.06.2011 was of RON 81.622.231. This is due to the implementation and development of a strict credit control policy. More than 99 % from the total of liabilities are customers of goods.

On 30.06.2011, FARMACEUTICA REMEDIA S.A. liquidity is in value of 4 millions euro (RON 16.838.521).

Current debts (<1 year), out of which 90 % debts to the suppliers, reached the value of RON 117.239.336 on 30.06.2011 (+13,08% comparing to the same period of the last year).

Medium and long term debts (>1 year) decreased with 78,89 % from RON 703.199 on 30.06.2010 to RON 393.097 on 30.06.2011, due to the finalization of several leasing contracts.

Equity capital advanced with 7,25 % comparing to the same period of the last year mainly due to the net profit registered on 30.06.2011 (RON 2.748.386).

On 30.06.2011 Farmaceutica REMEDIA S.A. had the following provisions:

RON

Provisions for customer debts impairment	5.695.635
Provisions for stocks of goods impairment	16.981
Provisions for liabilities and expenses	117.990
TOTAL PROVIZIONI	5.830.606

Provisions for customer debts impairment were set for balances older then 365 days with 0% or much reduced collection probability.

Provisions for stocks of goods impairment were created in order to cover the potential losses from the disposal of some expired goods while the provision for liabilities and expenses covered the losses generated by the theft from Timisoara warehouse (ongoing investigation).

The performance result at the end of the 1st semester 2011 is a **net profit in value of RON 2.748.386**, up to 79,6% comparing to the result on 30.06.2010 (RON 1.530.310).

Incomes resulted from the net sales are in value of RON 93.115.979 Lei, with RON 8.286.652 (+9,77%) higher than 30.06.2010, to to the opening of new pharmacies and the performances of the Sales departments.

Comparing to the same period of the last year, total expenses increased with 8,75% versus 10,31% increase of the total incomes .

RON

Indicator	30.06.2010	30.06.2011	Variation %
Sales of goods *	84.829.327	93.115.979	+ 9,77%
Other operating income including:	1.998.647	2.613.407	+ 30,76%
Financial incomes including:	901.753	1.048.328	+ 16,25%
- Exchange rate difference	873.381	915.715	+ 4,85%
TOTAL INCOMES	87.729.727	96.777.714	+ 10,31%
Expenses on goods (net) **	69.030.439	76.980.232	+ 11,52%
Expenses on personnel	7.891.036	8.458.002	+ 7,18%
Other operating expenses including:	6.524.275	6.952.636	+ 6,57%
- Provisions expenses	0	917.990	
- Provisions incomes	-485.486	-197.532	- 145,78%
Financial expenses including:	2.377.527	944.759	- 151,65%
- Exchange rate difference	2.192.389	718.764	- 205,02%
TOTAL EXPENSES	85.823.277	93.335.629	+ 8,75%
Income tax	376.140	693.699	+ 84,43%
NET RESULT	1.530.310	2.748.386	+ 79,60%

(*) Including the commercial discounts offered

(**) Including the commercial discounts received

During the examined period any segments of activity were not stopped or alienated. A repartition of the net sales of goods on segments of activity is:

RON – 1st semester 2011

Remedia Pharmacies*	36.647.577	39,36%
Pharmacies distribution & KA **	33.713.245	36,21%
Hospital distribution and private clinics	10.820.753	11,62%
Warehouse & other operations	10.957.315	11,77%
Other sales	977.089	1,04%
Total	93.115.979	100,00 %

(*) including the pharmacies from the group

(**) including Sibmedica

The situation of the declared and paid dividends for the 1st semester 2011:

RON

Dividends balance on 01.01.2011	Dividends 2010	Payments of dividends	Balance dividends on 30.06.2011
915.057	1.060.898	550.225	1.425.730

The amount of RON 1.060.898 is represented by the number of dividends from the profit of 2010 distributed to the Shareholders by the General Meeting of Shareholders dated 21.04.2011. The shares distribution will start on 01.09.2011, according to the decision of the same General Meeting of Shareholders. The dividends payments made during the 1st semester 2011 (RON 550.225) refer to dividends before 2010.

The financial results on 30.06.2011 were not audited.

2. The analysis of the company activity

The main risks that may affect the development in good conditions of the company activity are the risk of insufficiency in debts collection and the currency risk.

The impact of the currency risk diminished due to the purchase of imported medicines in RON starting with 01.04.2009. Therefore the currency exposure of the company substantially decreased to EURO 3,5 millions (including 3,2 millions bank loans and the rest currency debts to the suppliers).

The risk of insufficiency in debts collection increased due to insufficient funds and the Health Insurance Houses payment terms which exceeded 300 days. Under these circumstances, we believe that some of the 2.500 clients of the pharmacies will pay with difficulty the due amounts to FARMACEUTICA REMEDIA S.A.

During the first part of 2011 the average debt recovery was 173 days, comparing to 155 days in the first part of 2010.

For the same period, the payment of debts to the suppliers was made on 229 days, comparing with 205 days in the first half of 2010.

For the following period, the top management of FARMACEUTICA REMEDIA S.A. shall consider the following directions of action in order to achieve the objectives established by the Budget of Incomes and Expenses for 2011.

- Increase of the commercial margin as difference between the incomes from the sales of goods and the cost of sold goods, by devoting more attention to the direct contracts with the pharmaceutical producers.
- Increase of the sales volume and higher discounts from the suppliers.
- Increase of stock turnover, which favourably influences company costs and cash-flow.
- Detailed analysis on profit centres of income and expense accounts.
- Strong development of the offer of logistics services offer.

In the same time, the following measures were taken in order to secure and accelerate the debts recovery:

- Goods deliveries only to the partners that comply with the contract payment terms
- Payment guarantees from the clients (mainly assignments of debts and endorsed promissory notes)
- Notification of the partners who do not comply with the contractual clauses related to the payments to FARMACEUTICA REMEDIA S.A.
- Development of credit control department
- Litigation of the partners with high flow and more than 60 days overdue debts

FARMACEUTICA REMEDIA S.A. capital investments during the 1st semester 2011 were focused on:

- Reparations to the buildings of the own pharmacies
- Acquisition of new vehicles according to the legal requirements
- Finalization of the construction and equipment for Peris pharmacy
- Acquisition of the trading funds of Health Farm Timisoara and Sf.Constantin Targoviste pharmacies

3. Changes that affect the share capital and the administration of the commercial society.

The shareholding structure of FARMACEUTICA REMEDIA S.A. on 11.05.2011:

Shareholder	Owned shares	%
TARUS Valentin Norbert	70.080.850	66,0580
AHG Vermogenverwaltungs GmbH	17.500.691	16,4961
INDIVIDUALS	9.271.649	8,7394
LEGAL ENTITIES	9.236.610	8,7064
TOTAL	106.089.800	100,00

The nominal value / share of RON 0,10 remained unchanged since 5.12.1996. The rights of the securities holders are unaltered.

The company is free for trading. FARMACEUTICA REMEDIA S.A. was listed to the 2nd category of Bucharest Stock Exchange on February 5th, 2009

Starting with 11.03.2011, FARMACEUTICA REMEDIA S.A. is managed by a Board of Administration composed of 3 members:

1. President of the Board of Administration: TARUS Valentin - Norbert, Austrian citizen
2. Member of the Board of Administration: CHIRITA Zoe, Romanian citizen
3. Member of the Board of Administration: DOMUTA Florin George, Romanian citizen.

The assignement of the 3 administrators expires on 30.04.2015.

The new Board of Administration replaced the old one, composed of TARUS Valentin-Norbert, CHIRITA Zoe and FLEISCHER Paula (Romanian citizen).

4. Important transactions

On 30.06.2011 FARMACEUTICA REMEDIA S.A owned shares in value of RON 167.860. During the first 6 months of 2011 own shares were acquired in value of RON 73.103. These shares will be distributed for free to the members of the Board of Administration, directors and department managers, as a reward for the results obtained in 2009.

A similar shares acquisition program is in progress starting with 01.07.2011 in order to reward the results of 2010.

5. Consolidated results

FARMACEUTICA REMEDIA S.A. owns 100% from the social parts of SIBMEDICA S.R.L. (local distributor in Sibiu and surrounding counties) and 95% from the social parts of COSMIFARM S.R.L. pharmacy

The main economic indicators of the two entities on 30.06.2011 are:

RON

	Farmaceutica REMEDIA	SIBMEDICA	COSMIFARM	SIBMEDICA in REMEDIA	COSMIFARM in REMEDIA	Together in REMEDIA
Total assets	146.625.305	2.615.516	507.323	1,78%	0,35%	2,13%
Debts	117.750.423	2.428.767	382.024	2,06%	0,32%	2,39%
Equity capital	28.874.882	186.749	125.299	0,65%	0,43%	1,08%
Turnover	95.257.124	1.720.827	350.334	1,81%	0,37%	2,17%
Result	2.748.386	-81.176	27.378	-2,95%	1,00%	-1,96%

Taking into consideration the reduced cumulated percentage (max. 2,39 %) of the indicators of the 2 entities included in FARMACEUTICA REMEDIA S.A. indicators, the management decided not to consolidate the financial situations of the 3 companies. In order to fully inform all the interested persons, SIBMEDICA S.R.L. and COSMIFARM S.R.L. financial situations on 30.06.2011 will be available on FARMACEUTICA REMEDIA S.A. website (www.remédia.ro)

6. Signatures

President of the Board of Administration
Valentin - Norbert TARUS

General Director
Robert-Mihail PELOIU