



## **ANNUAL REPORT 2011**

**of the Board of Administration  
Farmaceutica REMEDIA S.A.**

### **Farmaceutica REMEDIA S.A.**

Registered Office: Deva 330160, 43 Dorobantilor Str., Hunedoara County,

Branch Office: Bucharest 041836, district 4, 78 Metalurgiei Blvd., Telephone/fax: +40 21 321 16 40

Telephone/fax: + 40 254 223 260 [remedia@remedia.ro](mailto:remedia@remedia.ro), [www.remedia.ro](http://www.remedia.ro);

Trade Registry: J20/700/1991, single tax identification code R02115198; Share capital: RON 10.608.980

IBAN: R031 VBBU 2511 BU03 0110 2701, VOLKSBANK Bucharest, Apolodor branch

## ANNUAL REPORT 2011

### of the Board of Administration Farmaceutica REMEDIA S.A.

A. Company name: **Farmaceutica REMEDIA S.A.**

Subscribed share capital: **10.608.980 Lei**

Paid-in share capital: **10.608.980 Lei**

Registered office: **DEVA, Str. Dorobantilor nr. 43,**

Tel / Fax: **0254 223 260 / 0254 226 197**

No. and date of registration with the Trade Registry **J20/700/25.07.1991**

Office:

Single tax registration code: **R02115198**

Securities: **RMAH shares (Registration certificate  
no.1470/04.05.2009)**

Type: **Common Nominal**

Registration date: **17.03.1997**

Nominal value/share: **0.10 Lei**

Entry in NSC book: **1636**

Total number of shares: **106.089.800**

National Securities Commission  
code of shares: **16368**

	Date	Number of shares	Value of issue (RON)	Details
1	10.11.1999	3.370.107	337.010,70	Initial capital of the State, including land contribution in kind
2	06.09.2001	1.500.000	150.000,00	Contribution in cash of V.TARUS RoAgencies
3	23.07.2003	42.402	4.240,20	Merger - capital of Dita PromptFarm absorbed company
4	05.01.2006	5.696.471	569.647,10	Merger - capital of V.TARUS RoAgencies absorbed company
5	21.12.2007	87.905.969	8.790.596,90	Capital increase - shareholders entitled to preemption
6	04.05.2009	7.574.851	757.485,10	Capital increase - AHG Simcor Industry S.R.L.
	<b>TOTAL</b>	<b>106.089.800</b>	<b>10.608.980</b>	

Organized market on which the securities are traded:

#### **2nd category of Bucharest Stock Exchange**

The total value on the market at the date of 24.02.2012 is RON 24.294.564,2.

The value of one RMAH share is RON 0,229.(at the date of 24.02.2012)

## 1. The analysis of the company activity

### 1.1. General presentation

Farmaceutica REMEDIA S.A. is a dynamic national distributor with a network of 8 distribution centers, a chain of 53 pharmacies, the company also develops promotion and marketing activities on the pharmaceutical market. Besides 53 owned pharmacies, Farmaceutica REMEDIA S.A. controls other 7 pharmacies through the commercial societies where the company owns at least 80% of the share capital.

Farmaceutica REMEDIA S.A. was founded on 25 July 1991 as a State owned commercial society, following the reorganization of the Pharmaceutical Office Deva. V.TARUS RoAgencies S.R.L. acquired from FPS the main share package (55,802%) on 13.10.2000. Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L. in January 2006.

Farmaceutica REMEDIA S.A. and the controlled societies (Sibmedica S.R.L., Cosmifarm S.R.L., Cardia S.R.L, Health Farm S.R.L., Bloc Magnolia S.R.L. and Dom Prosan S.R.L.) were not subject to any merger or to any significant reorganization during 2011. During the same time, Farmaceutica REMEDIA S.A. did not acquired or disposed of any significant value actives (buildings, land, shares, etc).

### 1.2. Elements of general evaluation

Farmaceutica REMEDIA S.A. registered a net profit of RON 4.077.449, on a net turnover of RON 203.467.822. for the Financial year 2011. Other operating incomes were also registered, mainly penalties invoiced for payment delays, in total amount of RON 670.424.

The total costs were in value of RON 200.507.211:

- Operating expenses – RON 198.569.332, out of which:
  - RON 165.664.540 represents the net cost of the sold goods (including the commercial discounts received)
- Financial expenses – RON 1.937.879, out of which:
  - RON 366.259 – paid interests
  - RON1.412.876 – exchange rate differences
  - RON 158.744 - cost of shares distributed for free to the employees and to the members of the Board of Administration

Considering the pharmaceutical market in value of approx. 2,2 billion euro (in 2011), we estimate Farmaceutica REMEDIA S.A. market share under 2%.

The company liquidity (available in the bank accounts and the cash offices) were in value of RON 15.082.162 at the date of 31.12.2011.

Farmaceutica REMEDIA S.A. has opened a multicurrency credit line in value of Euro 3,2 milllion at VolksBank Bucharest. From this credit line the amount of RON 3.455.760 (equivalent of approx. Euro 795.000) was used at the date of 31.12.2011

### 1.3. Evaluation of the company incomes

The incomes from sales of goods reached the value of RON 204.809.363 (98,07 % from turnover) with the following allocation on distribution channels:

- |                               |                                      |
|-------------------------------|--------------------------------------|
| - Remedia pharmacies          | RON 65.479.871 (31,97 % total sales) |
| - Distribution to pharmacies  | RON 60.267.627 (29,42 %)             |
| - Distribution to hospitals   | RON 29.740.840 (14,52 %)             |
| - Distribution to warehouses  | RON 19.118.729 ( 9,33 %)             |
| - Other distribution channels | RON 30.202.296 (14,75 %)             |

The operating incomes registered from added value activities (invoiced to third parties) and rents were in value of RON 4.005.231, as follows:

- |                                     |                                     |
|-------------------------------------|-------------------------------------|
| - Marketing activities              | RON 2.284.126 (1,11% from turnover) |
| - Registration and clinical studies | RON 511.528 (0,24%)                 |
| - Logistic services                 | RON 339.911 (0,16%)                 |
| - Rents                             | RON 644.274 (0,31%)                 |

### 1.4. Evaluation of goods procurement

Farmaceutica REMEDIA S.A. consolidated the centralized acquisition process, in collaboration with other partners too, in order to obtain the best commercial conditions from the market (discounts and payment terms).

Farmaceutica REMEDIA S.A. acquired pharmaceutical and parapharmaceutical products from a number of approx. 150 suppliers during 2011:

- External suppliers (producers): 31
- Local suppliers (producers): 11
- Other local distributors: 100

The share of the suppliers from the total acquisition value is:

- External suppliers (producers): 46 %
- Local suppliers (producers): 8 %
- Other local distributors: 46 %

The company stocks on 31.12.2011 were in value of RON 24.055.021, out of which 99,7% are the goods, with 26% increase versus the same period of the last year (RON 19.042.669). This evolution is due to the turnover increase and to the stock in the recent open pharmacies.

### 1.5. Evaluation of the aspects related to the company's personnel

Farmaceutica REMEDIA S.A. has a number of approx. 450 employees, distributed on departments as follows:

- REMEDIA Pharmacies – 230 employees
- Distribution to pharmacies (sales representatives and telephone sales representatives) – 32 employees
- Medical representatives – 17 employees
- Distribution to hospitals – 7 employees
- Logistics warehouses – 53 employees
- Logistics transport – 33 employees
- Support and management departments (Accounting, IT, Administrative, HR, Control, etc.) – 75 employees

From the total number of 450 employees, approx. 45% own a Bachelor degree (Pharmacy – 90, Medicine – 15, Economic studies -22, Technical studies – 31, Juridical studies - 5, other specialties - 50)

There is any syndicate of the employees in Farmaceutica REMEDIA S.A. There are 4 representatives of the employees, in charge with the negotiation of the collective labor agreement and representatives of the employees in relation with the company.

### **1.6. Evaluation of the aspects related to the impact of the company's activity to the environment**

Farmaceutica REMEDIA S.A. respects the legislation regarding the protection of the environment. There are any current litigations regarding the violation of the environmental protection law.

### **1.7. Evaluation of the sales activity**

Bucharest and Deva warehouses supplied and delivered to REMEDIA pharmacies the whole quantity of ordered goods. There were effected sales to approx. 2500 pharmacies and hospitals through 8 distribution warehouses.

The company is not significantly dependent in particularly to any client. On the top of the clients of goods the 1<sup>st</sup> position represents 11,8% (Hunedoara Insurance House), the first 20 realizing together 43,1% from total sales.

### **1.8. Evaluation of the development activity**

Farmaceutica REMEDIA S.A. opened the following five new pharmacies during 2011:  
Sf. Constantin pharmacy Targoviste – Dambovita County  
Sf. Teodora pharmacy Craiova – Dolj County  
Sf. Pantelimon pharmacy Giurgiu – Giurgiu County  
Sf. Grigorie Teologul pharmacy Ghermanesti – Ilfov County  
Nasterea Domnului pharmacy Peris – Ilfov County

All the spaces necessary for pharmacy openings were set according to Remedia pharmacies standards

The following societies, operating pharmacies, were acquired during the year:  
Health Farm S.R.L. Timisoara  
Bloc Magnolia S.R.L. Cluj Napoca  
Dom Prosan S.R.L. Jurilovca, Tulcea County  
Cardia S.R.L. Ighiu, Alba County

Farmaceutica REMEDIA S.A. owns at least 80% from the share capital of these societies.

Farmaceutica REMEDIA S.A. continued the upgrading process of en-gros warehouses and of the pharmacies during 2011. The process consisted in new equipment, furniture, vehicles, computers and also the continuous improvement of the integrated software system developed in house.

## 1.9. Evaluation of the risk management activity

The main risk categories identified during 2011 were :

- Risk of collection insufficiency
- Cash flow risk
- Currency risk

Following the insufficiency in funds allocation, the reimbursement of the issued prescriptions extended to approx. 300 days. This delay had a negative impact on Farmaceutica REMEDIA S.A. directly, due to the payments delay for the receipts issued by 53 pharmacies owned by the company and indirectly, by putting into difficulty the independent pharmacies, clients of Farmaceutica REMEDIA S.A. We noticed a multiplication of the insolvency in the independent pharmacies.

Along with the obligation of the major producers to sell in RON (during the spring of the year 2009) the currency risk significantly diminished.

In order to prevent the risk of insufficiency in receivables collection and cash flow, the management of Farmaceutica REMEDIA S.A. took the following measures:

- Reconsideration of the credit lines for all the clients
- Analysis of debts with increasing frequency
- Hiring additional staff in the control departments, with responsibilities regarding the establishment and control of credit limits, the management of stocks, the initiation and pursuing debtors in court and debt recovery.
- Strict control of the costs with a positive impact on cash flow.

## 1.10. Perspective elements regarding the activity of the company

It is very possible that the difficulties related to the delayed collection of receivables from the Ministry of Health to maintain also during 2012. Our company will primary collaborate with the partners which offer guarantees for payment of goods purchased from Farmaceutica REMEDIA S.A.

Taking into account the above mentioned facts, Farmaceutica REMEDIA S.A. does not consider any major capital expenses. The expenses will be effected based on the Investments budget and within the available funds (without compromising the operational activity).

On the other hand, the difficulties encountered particularly by the independent pharmacies create market opportunities in the direction of finding new forms of collaboration, acquisitions and mergers.

## 2. Company's current assets

The current assets (the remaining value) are in value of RON 36.303.710 as follows:

*Tangible assets*

*(lands, buildings, equipment, vehicles, furniture, etc.) – RON 33.822.86*

*Intangible assets*

*(commercial estate and software licenses) – RON 1.145.553*

*Financial assets*

*(deposits, paid guarantees, letters of guarantee) – RON 1.335.293*

90% from the tangible assets are represented by constructions and lands. The buildings and lands were revaluated according to the market level in december 2011, resulting a value plus of approx. Euro 2,2 millions. This amount can be found in the balance sheet in section « Lands and buildings », respectively « Revaluation reserves »

## 3. Shares and shareholders

The market on which the securities issued by Farmaceutica REMEDIA S.A. were traded in 2011 was the main market - REGS - Bucharest Stock Exchange, 2<sup>nd</sup> category.

There are **106.089.800** nominative shares in value of RON 0,1 / share, with the following synthetic property structure at the date of 10.02.2012 (information provided by the Central Depository):

Shareholders	Number of shares	(%) of the share capital
TARUS VALENTIN-NORBERT	70.080.850	66,0580
AHG VERMOGENSVERWALTUNGS GESMBH COTTBUS DEU	17.486.191	16,4824
INDIVIDUALS	9.584.507	9,0343
LEGAL ENTITIES	8.938.252	8,4251
<b>Total</b>	<b>106.089.800</b>	<b>100,0000</b>

## 4. Dividends

Continuing the policy of distribution of net profit applied last year, the Board of Administration proposed the repartition of **over half of the net profit (52 %) as dividends**, 21 % will be utilized as reward for the employees and for the members of the Board of Administration, the rest (27%) remaining at the disposition of the company as reserves.

On medium term, our company intends to maintain the current policy of net profit repartition.

The amount of payable dividends (allocated from profit), paid and collected (remaining unpaid) are presented as follows:

RON

	2007	2008	2009	2010	2011
<b>Initial balance</b>	3.384.059,02	4.000.128,75	2.073.801,1	709.491,75	915.057,11
<b>Distributed gross dividends</b>	762.492*	121.300,72**	-	318.270***	1.065.344****
<b>Payd taxes on dividends</b>	121.996	9.658	-	27.611	60.977
<b>Paid dividends</b>	24.426,27	2.037.970,37	1.364.309,35	85.093,64	929.659
<b>Dividends to be paid</b>	4.000.128,75	2.073.801,1	709.491,75	915.057,11	989.765

\*From the profit of 2006

\*\* From the profit of 2007

\*\*\* From the profit of 2009

\*\*\*\* From the profit of 2010 and correction dividends not collected 2004

We mention that our company did not distributed dividends in 2008, due to the fact that the company has registrated losses.

Farmaceutica REMEDIA S.A. acquired a number of 749.160 own shares destined as reward for the employees during 2011, out of which 219.794 were distributed in September 2011, according to the Decision of the General Assembly of Shareholders dated 15.04.2010. The remaining shares acquired in 2011 together with the shares acquired in 2012 will be distributed according with the General Assembly of Shareholders dated 21.04.2011.

Our company has any subsidiaries and has not issued any liabilities or debt securities.

## 5. Top Management of Farmaceutica REMEDIA S.A.

During 2011 Farmaceutica REMEDIA S.A. was managed by the Board of Administration made of 3 persons, as follows:

### 1. TARUS Valentin-Norbert – President of the Board of Administration

He graduated the Polytechnic Institute and post-university specialties in foreign trade and management, as well as several trainings and seminaries of business administration.

Mr. TARUS has over 30 years experience in execution and leading positions in production, foreign trade and own business administration. Mr. Valentin-Norbert TARUS became President of Farmaceutica REMEDIA S.A. Board of Administration on 12.03.2007. The mandate expires 30.04.2015.

During the last 5 years he was the Director of the company TARUS & Partner KG Austria, Leopold Moses G. 4/2/46.

He was not associated with bankruptcy, seizure or liquidation as a member of an administrative body, management or supervision or as an active partner. He was not convicted for fraud during the last 5 years and it was not given any official public sanction against him. He has never been prevented by any court to act as a member of an administrative body, leading or supervision of an issuer or to interfere in the management or supervision of an issuer during the last 5 years.



He owned 66,058% of the shares of Farmaceutica REMEDIA S.A. at the date of 10.02.2012.

## 2. **FLEISCHER Paula** – Member of the Board of Administration

She graduated the Faculty of Marketing-Management, “Lucian Blaga” University Sibiu in 2005 and the Faculty of Pharmacy, University of Medicine and Pharmacy „Vasile Goldiș” Arad in 2010. She attended several trainings and conferences. She worked as a sales representative at Dita Prompt Farm Deva during 1993-1999 and then she became an administrator in the same company until 2004. She worked as Manager of Remedia Pharmacies at Farmaceutica REMEDIA S.A. during 2005-2007. Mrs. Paula FLEISCHER became member of Farmaceutica REMEDIA S.A. Board of Administration on 12.03.2007. The mandate expired on 12.03.2011, being replaced by Mr. **DOMUTA Florin**. Starting with this date she hold the position of Deputy manger until 31.12.2011.

During the last 5 years she was an Administrator at Dita Prompt Farm S.R.L. and currently she owns the position of Administrator at S.C. Gerofarm Exim S.R.L. and S.C. Cosmifarm S.R.L.

She was not associated with bankruptcy, seizure or liquidation as a member of an administrative body, management or supervision or as an active partner. She was not convicted for fraud during the last 5 years and it was not given any official public sanction against her. She has never been prevented by any court to act as a member of an administrative body, leading or supervision of an issuer or to interfere in the management or supervision of an issuer during the last 5 years.

She owned 76.143 shares of Farmaceutica REMEDIA S.A. at the date of 10.02.2012.

## 3. **CHIRITA Zoe** – Member of the Board of Administration

She graduated the Faculty of International Economic Relations, Academy of Economic Studies Bucharest in 1977 and the Faculty of Law, University of Bucharest in 1982.

She worked as Business Development at Imkometal during 1990-1991. She hold the position of Manager of Business Administration Department at Rominko AG until 1993. She was General Manager at Cyroco during 1993-1994. She hold the same position at V.TARUS RoAgencies SRL until 2006. Mrs. Zoe CHIRITA became member of Farmaceutica REMEDIA S.A. Board of Administration on 12.03.2007. The mandate expires on 30.04.2015.

She was not associated with bankruptcy, seizure or liquidation as a member of an administrative body, management or supervision or as an active partner. She was not convicted for fraud during the last 5 years and it was not given any official public sanction against her. She has never been prevented by any court to act as a member of an administrative body, leading or supervision of an issuer or to interfere in the management or supervision of an issuer during the last 5 years.

She owned 496.143 shares of Farmaceutica REMEDIA S.A. at the date of 10.02.2012.

The executive management was assured by the General Manager which subordinates department managers and managers. During the financial year 2011 the executive management was assured by:

**PELOIU Robert- Mihail**

- Mandate of General Manager until 31.12.2011
- Mandate of Financial Manager on undetermined time

He graduated the Faculty of Finances, Banks and Accounting, Academy of Economic Studies Bucharest in 1994.

He worked as an economist and then as General Accounting Director at TAROM S.A. during June 1994-September 1997. He was an Investment Officer at MONYNVEST S.A. (brokering company) until May 1998, then Financial Director in the same company until May 1999. He hold the position of Branch Accountant Coordinator at TELEMobil S.A. during May 1999–May 2000. Starting with June 2000 until September 2001 he was Financial Director at THE COMPANY OF DISTRIBUTION NATIONAL S.A. (Interbrew Romania). He hold the same position at ONT CARPATI S.A. and TRANSILVANIA TRAVEL S.A. He was a Financial Director at V.TARUS RoAgencies starting with May 2005 until the merger with Farmaceutica REMEDIA S.A., holding the same position also after the merger. He attended several trainings and conferences. He is Administrator of the commercial company SIBMEDICA S.R.L.

He was not associated with bankruptcy, seizure or liquidation as a member of an administrative body, management or supervision or as an active partner. He was not convicted for fraud during the last 5 years and it was not given any official public sanction against him. He has never been prevented by any court to act as a member of an administrative body, leading or supervision of an issuer or to interfere in the management or supervision of an issuer during the last 5 years.

He owned 175.205 shares of Farmaceutica REMEDIA S.A. at the date of 10.02.2012.

## **6. Persons affiliated to the commercial company Farmaceutica REMEDIA S.A.**

On the date of the report the list of the persons affiliated to the company Farmaceutica REMEDIA S.A. is:

- Valentin-Norbert TARUS - Austrian citizen
- VALENTIN-NORBERT TARUS e.U. – Austrian authorized entity
- SIBMEDICA S.R.L.
- COSMIFARM S.R.L.
- TARUS MEDIA S.R.L.
- GEROFARM S.R.L.
- FARMACEUTICA MAGHERU S.R.L.
- RALF FARMACIE S.R.L.
- IMOBILIARA MAGHERU S.R.L.
- BLOC MAGNOLIA S.R.L.
- FARMA CARDIA S.R.L.
- DOMPROSAN S.R.L.
- HEALTH FARM S.R.L.

## 7. Financial and accounting situation

### Farmaceutica Remedia

<b>Income Statement (RON)</b>	<b>dec.-09</b>	<b>dec.-10</b>	<b>dec.-11</b>
Sales of goods	150.279.099	182.886.541	204.809.363
Discounts given	-3.561.217	-4.105.319	-5.346.772
<b>Net Sales</b>	<b>146.717.881</b>	<b>178.781.221</b>	<b>199.462.591</b>
COGS	120.557.317	150.357.854	168.539.206
Discounts Received	-2.715.902	-2.775.007	-2.874.666
<b>Net COGS</b>	<b>117.841.415</b>	<b>147.582.848</b>	<b>165.664.540</b>
<b>Gross Margin</b>	<b>28.876.466</b>	<b>31.198.374</b>	<b>33.798.051</b>
Gross Margin (%)	19,68%	17,45%	16,94%
Other Operating Revenues	4.626.024	4.054.497	4.675.655
Personnel	-13.956.082	-15.706.151	-17.162.547
Other Operating Expenses	-10.265.763	-12.182.959	-11.276.814
<b>Total Operating Expenses</b>	<b>-24.221.845</b>	<b>-27.889.111</b>	<b>-28.439.361</b>
<b>EBITDA</b>	<b>9.280.645</b>	<b>7.363.760</b>	<b>10.034.345</b>
EBITDA Margin	6,33%	4,12%	5,03%
Depreciation	-2.056.528	-1.828.181	-1.748.977
Provisions - net	-2.930.526	-2.002.253	-2.716.454
<b>EBIT</b>	<b>4.293.591</b>	<b>3.533.326</b>	<b>5.568.914</b>
EBIT Margin	2,93%	1,98%	2,79%
Financial Revenues	1.758.718	1.998.538	1.768.925
Financial Expenses	-4.772.786	-2.733.787	-1.937.879
Financial income	-3.014.068	-735.249	-168.954
<b>EBT</b>	<b>1.279.523</b>	<b>2.798.076</b>	<b>5.399.960</b>
EBT Margin	0,87%	1,57%	2,71%
Tax on Profit	-361.367	-838.678	-1.322.511
<b>Net Profit</b>	<b>918.156</b>	<b>1.959.398</b>	<b>4.077.449</b>
Net Profit Margin	0,63%	1,10%	2,04%

The financial results of the year 2011 were significantly affected by the constitution of the following provisions:

- RON 1.051.557 – provision made in order to cover the penalty granted by the Competition Council related to the existence of some anticompetitive clauses in Baxter agreement. Farmaceutica REMEDIA S.A. contested this penalty in court.
- RON 800.000 - provision made during the year in order to cover the losses resulted from bad paying customers. Therefore, the total made provision reached the value of RON 5.695.635 at the date of 31.12.2011.

<b>Farmaceutica Remedia Balance Sheet(RON)</b>	<b>dec.-09</b>	<b>dec.-10</b>	<b>dec.-11</b>
<b>Total Assets</b>	<b>107.870.510</b>	<b>135.343.082</b>	<b>162.942.722</b>
Cash	4.988.916	9.441.379	15.082.162
A/R	56.471.379	79.820.111	85.659.466
Inventory	19.079.029	19.042.668	24.358.494
Expenses in advance	91.435	30.518	20.020
Other Current Assets	81.562	146.703	1.518.870
<b>Total Current Assets</b>	<b>80.712.321</b>	<b>108.481.379</b>	<b>126.639.012</b>
Tangible Assets	25.421.703	24.561.839	33.822.864
Intangible Assets	1.392.997	1.376.480	1.145.553
Financial Investments	343.488	923.384	1.335.293
<b>Total Long-Term Assets</b>	<b>27.158.189</b>	<b>26.861.703</b>	<b>36.303.710</b>
A/P	64.889.862	90.687.522	113.976.233
Other ST payables	2.117.737	2.196.836	2.192.394
Payables to shareholders	709.492	1.040.057	989.765
ST Loans	13.530.240	13.711.360	3.455.760
<b>Current Liabilities</b>	<b>81.247.331</b>	<b>107.635.775</b>	<b>120.614.152</b>
LT Loans	900.048	446.810	537.635
Other LT liabilities	0	0	0
<b>LT Liabilities</b>	<b>900.048</b>	<b>446.810</b>	<b>537.635</b>
Provisions	12.261	0	1.955.616
Share capital	10.608.980	10.608.980	10.608.980
Reserves	14.183.734	14.692.119	25.148.890
Profit	918.157	1.959.398	4.077.449
<b>Equity</b>	<b>25.710.871</b>	<b>27.260.497</b>	<b>39.835.319</b>
<b>Total Liabilities &amp; Equity</b>	<b>107.870.510</b>	<b>135.343.082</b>	<b>162.942.722</b>

Under difficult market conditions, Farmaceutica REMEDIA S.A. managed to accelerate the growth rate of equity (the accounting value of the company) from 6,02% (2010 comparing to 2009) to 11 % (2011 comparing to 2010) – if we don't take into account the reevaluation of buildings and lands.

The financial situations were audited by the independent financial auditor.

## 8. Economic-financial indicators

- Thousand RON

<b>LIQUIDITY AND WORKING CAPITAL</b>	<b>31.12.2011</b>
<b>Current liquidity ( Current assets / Current debts )</b>	<b>1,05</b>
Current assets *	126.639
Current debts *	120.614
<b>Indebtness level (Term debt / Equity x 100)</b>	<b>10%</b>
Term debt * (including leasing)	3.993
Equity *	39.835
<b>Rotation speed of customer debts ( average balance clients/turnover*360)</b>	<b>159 days</b>
Average balance clients *	89.977
Net turnover *	203.468
<b>Rotation speed of debts (average balance suppliers/cogs*360)</b>	<b>224 days</b>
Average balance suppliers *	103.026
Cost of sold goods *	165.665
<b>Rotation speed of stock (Average balance stock/cogs*360)</b>	<b>49 days</b>
Average balance stock	22.488
Cost of sold goods	165.665
<b>Rotation speed of current assets (Turnover/current assets)</b>	<b>5,6</b>
Turnover *	203.468
Current assets *	36.304
<b>Gross profit margin (%) (gross profit/net sales)</b>	<b>2,65%</b>
Gross profit *	5.400
Net turnover *	203.468

**Notes:**

- <sup>1)</sup> **Current liquidity** – level of indicator reflects a good payment capacity, therefore a low risk, certifying the fact that the company is able to cover the debts on short term, on the account of creancies and monetary availability.
- <sup>2)</sup> **Indebtness level** express the efficacy of the credit risk management, indicating the potential financing problems, liquidity, with influences in honoring commitments. The value of 10% indicates the fact that the company has any financing and liquidity problems.
- <sup>3)</sup> **Rotation speed of customers debts** express the efficacy of the company in collecting creancies, respectively the number of days until the date when the debtors pay their debts to the company. Taking into consideration the custom of creancies collection in pharma distribution, we consider that the value of 159 days a reasonable one.
- <sup>4)</sup> **Rotation speed of debts** represents the average period in which suppliers are paid.
- <sup>5)</sup> **Rotation speed of stocks** (49 days) is a very good one, closed to the scheduled one (45 days)
- <sup>6)</sup> **Rotation speed of current assets** express the current assets management efficacy, through the examination of the turnover generated by a certain quantity of current assets.

Bucharest, 28 February 2012

Board of Administration,

President

Valentin-Norbert TARUS

General Manager,

Robert-Mihail PELOIU