



## **ANNUAL REPORT 2012**

**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

## UNCONSOLIDATED ANNUAL REPORT 2012

### of the Board of Administration

### Farmaceutica REMEDIA S.A.

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

Subscribed share capital: **RON 10.608.980**

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

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

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

No. and date of registration with the trade Registry Office: **J20/700/25.07.1991**

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: **RON 0.10**

Entry in NSC book: **1636**

Total number of shares: **106.089.800**

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

	<b>Date</b>	<b>Number of shares</b>	<b>Value of issue (RON)</b>	<b>Details</b>
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:

**2<sup>nd</sup> category of Bucharest Stock Exchange**

The total value of the market at the date of 18.03.2013 is RON 32.887.838.

The value of one RMAH share is RON 0,31 (at the date of 18.03.2013).

## 1. The analyses 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 65 pharmacies and local distribution offices, the company also develops promotion and marketing activities on the pharmaceutical market. Besides 65 owned pharmacies, Farmaceutica REMEDIA S.A. controls other 3 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. was not subject to any merger or to any significant reorganization during 2012. During the same time, Farmaceutica REMEDIA S.A. did not acquire or disposed of any significant value actives (buildings, land, shares, etc).

The commerce fund (represented by the pharmacy operation licenses) of the companies owned by Farmaceutica REMEDIA S.A., Cosmifarm S.R.L., Cardia S.R.L., Health Farm S.R.L and Bloc Magnolia S.R.L. was transferred by sale to Farmaceutica REMEDIA S.A. The transfer of the commerce fund from the other two companies owned by Farmaceutica REMEDIA S.A. – Sibmedica S.R.L. and DomProsan S.R.L - to Farmaceutica REMEDIA S.A. was made in February 2013.

### 1.2. Elements of general evaluation

Farmaceutica REMEDIA S.A. registered a net profit of RON 5.553.843 on a net turnover of RON 237.446.333 for the Financial year 2012. Other operating incomes were also registered, mainly penalties invoiced for payment delays, in total amount of RON 1.450.407.

The total costs were in value of RON 232.883.073:

- Operating expenses – RON 232.133.880, out of which:
  - RON 196.540.808 represents the net cost of the sold goods (including the commercial discounts received)
- Financial expenses – RON 749.193, out of which:
  - RON 127.689 – paid interests
  - RON 621.504 – exchange rate differences

Considering the pharmaceutical market in value of approx. 2,3 billion euro (in 2012), 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 13.642.995 at the date of 31.12.2012.

Farmaceutica REMEDIA S.A. has opened a multicurrency credit line in value of Euro 3,2 million at VolksBank Bucharest.

From this credit line the following amount were used at the date of 31.12.2012:

- Euro 300.000 as working capital
- Euro 500.000 collateral deposit open to another bank as a guarantee for the goods supplied by a foreign producer
- Euro 837.460 related to participation guarantee and good execution letters issued in favor of clients, amount not registered as being used since there is no interest charged on it.

### 1.3. Evaluation of the company incomes

The incomes from sales of goods reached the value of RON 237.864.788 (98,12% of turnover) with the following allocation on distribution channels:

- REMEDIA pharmacies	RON 80.371.578	(33,79 % total sales)
- Distribution to pharmacies	RON 70.247.511	(29,54 %)
- Distribution to hospitals	RON 36.312.396	(15,26 %)
- Distribution to warehouses	RON 20.580.990	( 8,65 %)
- Other distribution channels	RON 30.352.312	(12,76 %)

The operating incomes registered from added value activities (invoiced to third parties) and rents were in value of RON 4.538.594 (1,87% of turnover) as follows:

- Marketing activities	RON 2.396.561	( 1 % of turnover)
- Registration and clinical studies	RON 486.103	( 0,2 %)
- Logistic services	RON 800.193	(0,33 %)
- Rents	RON 617.034	(0,25 %)
- On-shelf promotion	RON 192.880	(0,07 %)

### 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. 160 suppliers during 2012:

- External suppliers (producers): 43
- Local suppliers (producers): 26
- Other local distributors: 91

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

- External suppliers (producers): 63 %
- Local suppliers (producers): 7 %
- Other local distributors: 30 %

The company stocks on 31.12.2012 were in value of RON 36.634.450, with 50% increase versus the same period of the last year (RON 24.358.494). This evolution is due to the turnover increase in goods distribution, new pharmacies openings and bigger stocks in warehouses for a better supply of the chain of pharmacies.

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

Farmaceutica REMEDIA S.A. has a number of approx. 490 employees, distributed on departments as follows :

- REMEDIA Pharmacies – 260 employees
- Distribution to pharmacies (sales representatives and telephone sales representatives) – 30 employees
- Medical representatives – 12 employees
- Distribution to hospitals – 7 employees
- Logistics warehouses – 60 employees
- Logistics transport – 37 employees

- Support and management departments (Accounting, IT, Administrative, HR, Control – 84 employees)

From the total number of 490 employees, approx. 50% own a Bachelor degree (Pharmacy – 117, Medicine – 11, Economic studies - 22, Tehnical studies – 31, Juridical studies - 5, other specialties - 60).

There is any syndicate of the employees in Farmaceutica REMEDIA S.A. There are 4 representatives of the employees, who are in charge with the negotiation of the collective labor agreement and represent 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 sales activity**

Bucharest and Deva warehouses supplied and delivered to REMEDIA pharmacies the whole quantity of ordered goods. There were effected sales to approx. 2 500 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 1st position represents 9,26% (Hunedoara Insurance House), the first 20 realizing together 32,45% of total sales.

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

Farmaceutica REMEDIA S.A. opened the following six new pharmacies and local distribution offices during 2012:

- Sf. Leon Pharmacy, Bucharest
- Sf. Sofia Pharmacy, Arad - Arad County
- Sf. Nectarie Pharmacy, Iasi – Iasi County
- Sf. Ecaterina Pharmacy, Iasi – Iasi County
- Sf. Filofteia Pharmacy, Cornetu – Ilfov County
- Sf. Constantin, local distribution office, Vulcana de Sus – Dambovita County

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

The following pharmacies were also open:

- Sf. Vaarlam Pharmacy, Simeria – Hunedoara County
- Sf. Isidor Pharmacy, Ighiu – Alba County
- Sf. Irina Pharmacy, Timisoara – Timis County
- Sf. Sava Pharmacy, Cluj-Napoca – Cluj County

by transferring the commerce found from the companies owned by Farmaceutica REMEDIA S.A. (Health Farm S.R.L. Timisoara, Cosmifarm S.R.L. Simeria, Cardia S.R.L. Ighiu and Bloc Magnolia S.R.L. Cluj-Napoca).

Farmaceutica REMEDIA S.A. continued the upgrading process of en-gros warehouses and of the own pharmacies during 2012. 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 2012 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 65 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 international 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

The difficulties related to the delayed collection of receivables from the Ministry of Health will probably maintain also during 2013. 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 in 2013. 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 37.795.194 as follows:

- ✓ *Tangible assets (lands, buildings, equipmet, vehicles, furniture etc.): RON 33.878.300*
- ✓ *Intangible assets (commercial estate and software licenses): RON 2.746.125*
- ✓ *Financial assets (deposits, paid guarantees, letters of guarantee): RON 1.170.769.*



90% of 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».

**Starting with 2012, regarding the tangible assets category «Lands and buildings», the company passed from the cost accounting model to the revaluation model with a significant impact to the annual profit by reducing the costs with RON 1.535.850.**

### 3. Shares and shareholders

The market on which the securities issued by Farmaceutica REMEDIA S.A. were traded in 2012 was the main market - REGS - Bucharest Stock Exchange, 2nd 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 01.02.2013 (information provided by the Central Depository):

Shareholders	Number of shares	(%) of the share capital
TARUS VALENTIN-NORBERT	70.555.514	66,5055
AHG ERVERMOGENSVERWALTUNGS GEGESMBH COTTBUS DEU	17.486.191	16,4824
INDIVIDUALS	9.591.079	9,0405
LEGAL ENTITIES	8.457.016	7,9716
<b>Total</b>	<b>106.089.800</b>	<b>100,0000</b>

### 4. Dividends

Continuing the distribution policy of net profit applied last year, the Board of Administration proposed the repartition of the same amount as dividends, respectively RON 2.121.796 (RON 0,02 / share) representing **38,2% of the net profit**. 14,41% of the net profit will be utilized as reward for the employees and for the members of the Board of Administration, 4,41% will cover the losses corresponding to the previous financial exercises, the rest (42,98%) 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:

	2008	2009	2010	2011	2012
Initial balance	4.000.129	2.073.801	709.491	915.057	989.765
Distributed gross dividends	121.301*	-	318.270**	1.065.344***	2.121.796****
Paid taxes on dividends	9.658	-	27.611	60.977	300.997
Paid dividends	2.037.970	1.364.309	85.093	929.659	869.153
Dividends to be paid	2.073.801	709.491	915.057	989.765	1.941.411

\* From the profit of 2007

\*\* From the profit of 2009

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

\*\*\*\* From the profit of 2011

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. distributed for free to managers and members of the Board of Administration a number of 778.366 shares out of which 249.000 shares were acquired during the year 2012.

The company was no longer in possession of its own shares at the date of 31.12.2012.

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

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

During 2012 Farmaceutica REMEDIA S.A. was managed by a 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 seminars 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 on 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 66,5055% of the shares of Farmaceutica REMEDIA S.A. at the date of 01.02.2013.

### 2. **BANCIU Mircea** – member of the Board of Administration

He graduated the Academy of Economic Studies – Faculty of International Economic Relations, Department of Management in the Economy of Tourism and International Commerce in 1996.

Starting with 1992 he is the Administrator of Excel Plus Deva, a company specialized in management, consultancy, IT services provider. He owns a rich experience in the logistic and administrative activity, international commerce and commercial politics, as well as in the management and the marketing of touristic and commercial activities.

Mircea Banciu is member of the Board of Administration of Farmaceutica REMEDIA S.A., following the Decision of the Board of Administration dated April 11, 2012.

The mandate expires on 30.04.2015.

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 does not own any Farmaceutica REMEDIA S.A. shares at the date of 01.02.2013.



### 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. She 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 of the shares of Farmaceutica REMEDIA S.A. at the date of 01.02.2013.

The executive management was assured by the General Manager which subordinates department managers and managers. During the financial year 2012 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 405.270 of the shares of Farmaceutica REMEDIA S.A. at the date of 01.02.2013.

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

At 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.
- SOCIETATEA 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. Corporate governance

The structure of corporate governance normally functioned in 2012, the administration and the representation of the company being of competence and responsibility of the members of the Board of Administration and of the General Manager. There were no situations of resignation, position revoke or payment problems.

This is the first year when the Annual Report stipulates a chapter on corporate governance.

Farmaceutica REMEDIA S.A. respects the rights of the shareholders, providing them a fair treatment and subjecting to their approval any modification of the rights during the general meetings.

The new website [www.remedia.ro](http://www.remedia.ro) was implemented in 2011, it is a great technical facility, which provides conditions for information and access to General Meeting of Shareholders documents, financial reports, current reports for Bucharest Stock Exchange, dividends for shareholders and potential shareholders etc.

The website [www.farmacileredia.ro](http://www.farmacileredia.ro) which includes an e-shop platform was created in 2012.

The following updates were published on the company's website in 2012:

- Reports of the Board of Administration
- Memorandum – approved by AGOA Decision no. 54/11.04.2012 was submitted to the Registry of Commerce with no. 510436/23.04.2012.
- Statement of compliance with the Corporate Governance Code – updated in April 2012 and March 2013.
- List of board members specifying their status (executive / non-executive, independent)
- Operating Internal Regulation 2012, approved on 31.05.2012 which became effective on 1.06.2012
- Remuneration Committee – according to the Decision of the Board of Administration no. 102 / 2012
- Audit Committee – according to the Decision of the Board of Administration no. 92 /2012.
- Quarterly, half-yearly and annual financial statements 2012
- Decisions of the General Meeting of Shareholders current reports for Bucharest Stock Exchange 2012.

Through these actions, Farmaceutica REMEDIA S.A complies with the principles and recommendations of BSE Code and continues the implementation of the principles of the Corporate Governance in the company.

## 8. Financial and accounting situation (unconsolidated situations)

### Farmaceutica REMEDIA

Income Statement (RON)	dec.-12	dec.-11
Sales of goods	237.864.788	204.809.363
Discounts given	-4.957.049	-5.346.772
<b>Net Sales</b>	<b>232.907.739</b>	<b>199.462.591</b>
COGS	198.729.747	168.539.206
Discounts Received	-2.188.939	-2.874.666
<b>Net COGS</b>	<b>196.540.808</b>	<b>165.664.540</b>
<b>Gross Margin</b>	<b>36.366.931</b>	<b>33.798.051</b>
Gross Margin (%)	15,61%	16,94%
Other Operating Revenues	5.989.001	4.675.655
Personnel	-20.431.968	-17.162.547
Other Operating Expenses	-13.935.641	-11.276.814
<b>Total Operating Expenses</b>	<b>-34.367.609</b>	<b>-28.439.361</b>
<b>EBITDA</b>	<b>7.988.323</b>	<b>10.034.345</b>
EBITDA Margin	3,43%	5,03%
Depreciation	-932.370	-1.748.977
Provisions - net	-293.093	-2.716.454
<b>EBIT</b>	<b>6.762.860</b>	<b>5.568.914</b>
EBIT Margin	2,90%	2,79%
Financial Revenues	820.064	1.768.925
Financial Expenses	-749.193	-1.937.879
Financial income	70.871	-168.954
<b>EBT</b>	<b>6.833.731</b>	<b>5.399.960</b>
EBT Margin	2,93%	2,71%
Tax on Profit	-1.279.888	-1.322.511
<b>Net Profit</b>	<b>5.553.843</b>	<b>4.077.449</b>
Net Profit Margin	2,38%	2,04%

The financial results of the year 2012 were significantly affected by the constitution of the following provision:

- RON 1.200.000 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 6.895.635 at the date of 31.12.2012.

**Farmaceutica REMEDIA  
Balance Sheet(RON)**

	<b>dec.-12</b>	<b>dec.-11</b>
<b>Total Assets</b>	<b>198.216.808</b>	<b>162.942.722</b>
Cash	13.642.995	15.082.162
A/R	107.381.626	85.659.466
Inventory	36.634.450	24.358.494
Expenses in advance	48.514	20.020
Other Current Assets	2.714.029	1.518.870
<b>Total Current Assets</b>	<b>160.421.614</b>	<b>126.639.012</b>
Tangible Assets	33.878.300	33.822.864
Intangible Assets	2.746.125	1.145.553
Financial Investments	1.170.769	1.335.293
<b>Total Long-Term Assets</b>	<b>37.795.194</b>	<b>36.303.710</b>
A/P	145.687.079	113.976.233
Other ST payables	2.836.209	2.192.394
Payables to shareholders	1.941.410	989.765
ST Loans	3.793.712	3.455.760
<b>Current Liabilities</b>	<b>154.258.410</b>	<b>120.614.152</b>
LT Loans	477.928	537.635
Other LT liabilities	1.534.922	0
<b>LT Liabilities</b>	<b>2.012.850</b>	<b>537.635</b>
Provisions	827.484	1.955.616
Share capital	10.608.980	10.608.980
Reserves	24.955.241	25.148.890
Profit	5.553.843	4.077.449
<b>Equity</b>	<b>41.118.064</b>	<b>39.835.319</b>
<b>Total Liabilities &amp; Equity</b>	<b>198.216.808</b>	<b>162.942.722</b>

The financial situations were audited by the independent financial auditor.

## 9. Economic-financial indicators

- Thousand RON

<b>LIQUIDITY AND WORKING CAPITAL</b>	<b>31.12.2012</b>
<b>Current liquidity ( Current assets / Current debts )</b>	<b>1,04</b>
Current assets *	160.422
Current debts *	154.258
<b>Indebtness level (Term debt / Equity x 100)</b>	<b>10,4 %</b>
Term debt * (including leasing)	4.272
Equity *	41.118
<b>Rotation speed of customer debts ( average balance clients/turnover*360)</b>	<b>160 days</b>
Average balance clients *	104.040
Nett turnover *	237.446
<b>Rotation speed of debts (average balance suppliers/cogs*360)</b>	<b>234 days</b>
Average balance suppliers *	127.138
Cost of sold goods *	198.730
<b>Rotation speed of stock (Average balance stock/cogs*360)</b>	<b>56 days</b>
Average balance stock	30.613
Cost of sold goods	198.730
<b>Rotation speed of current assets (Turnover/current assets)</b>	<b>6,28</b>
Turnover *	237.446
Current assets *	37.795
<b>Gross profit margin (%) (gross profit/net sales)</b>	<b>2,87%</b>
Gross profit *	6.834
Net turnover *	237.446



**Note:**

- 1) **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.
- 2) **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.
- 3) **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 160 days a reasonable one.
- 4) **Rotation speed of debts** represents the average period in which suppliers are paid.
- 5) **Rotation speed of stocks** (56 days) is increasing compared to the same period of the last year (49 days) with a negative impact on the company's cash flow.
- 6) **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, 14 February 2013

The Board of Administration

President,  
Valentin-Norbert TARUS

General Manager,  
Robert – Mihail PELOIU