



ANNUAL REPORT 2014

**Of the Board of Administrators
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 40 254 223 2000, remedia@remedia.ro, 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

NON-CONSOLIDATED ANNUAL REPORT 2014

Of the Board of Administrators

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, No. 43 Dorobantilor Street**

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: **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**

	Date	Number of shares	Value of share (RON)	Explanations
1	10.11.1999	3.370.107	337.010,70	Initial state capital, including land as in-kind contribution
2	06.09.2001	1.500.000	150.000,00	Cash contribution of V.TARUS RoAgencies
3	23.07.2003	42.402	4.240,20	Merger – capital of Ditafarm Trading – 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 with right of first refusal
6	04.05.2009	7.574.851	757.485,10	Capital increase – AHG Simcor Industry S.R.L
	TOTAL	106.08.800	10.608.980	

Organized securities trade market:

Bucharest Stock Exchange – Category II

The total value on the market at the date of 05.03.2015 is RON 26.522.450

The value of one RMAH share is RON 0,25 (at the date of 05.03.2015)

1. Analysis of the company's activity

1.1. General overview

Farmaceutica REMEDIA S.A. is present on the market with a network of 8 logistics centers, a chain of 90 pharmacies and local distribution offices, and conducts integrated activities of medicine sale, promotion and marketing in the health field.

Farmaceutica REMEDIA S.A. was founded on **July 25, 1991** as a commercial company, entirely state owned, by the reorganization of the Pharmaceutical Office Deva (established in 1957)

On **October 13, 2000**, V.TARUS RoAgencies S.R.L. acquired from FPS the majority share package (55,802%).

In **January 2006**, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L.

Farmaceutica REMEDIA S.A. was not involved in any mergers, nor has it been subject to any significant reorganization during the year 2014. During the same period, Farmaceutica REMEDIA S.A. did not acquire or dispose of any assets of significant value (buildings, lands, shares etc.).

The company DomProsan S.R.L. was wound up in December 2014, company in which Farmaceutica REMEDIA S.A. held 80% of shares.

Thus, on December 31, 2014, Farmaceutica REMEDIA S.A. did not hold any majority participation in any active company. (the company BlocMagnolia S.R.L. was suspended in the second half of 2013 and wound up in January 2015).

1.2. Elements of general evaluation

RON 3.055.943 is the **net profit** the Company made in the financial year 2014 **RON 246.842.700** is the **net turnover** obtained in 2014.

RON 1.370.702 is the amount of other operating revenues, mainly reconciliation of balances of partners and asset sales (motor vehicles) and invoiced penalties.

The total costs were in value of **RON 245.221.410**, out of which:

- Operating expenses – RON 244.664.048, out of which:
 - 208.683.503 represents the net cost of sold goods (including commercial discounts received)
- Financial expenses – RON 557.362, out of which:
 - RON 63.941 – paid interests,
 - RON 493.261 – exchange rate differences
 - RON 160 – losses from the liquidation of holdings (DomProsal S.R.L.)

Taking into consideration that the value of the medicines and pharmaceutical products market is approx. EUR 3 billion (in 2014), we estimate the market share of Farmaceutica REMEDIA S.A. at under 2%.

The company liquidities (available in bank accounts and cash) were of RON 12.950.666 on 31.12.2014.

Farmaceutica REMEDIA S.A. has a multi-currency credit line amounting to EUR 3,2 million opened with VolksBank Bucharest. The following amounts of this credit line were used at 31.12.2014:

- EUR 1.464.295,11 related to the tender guarantee and performance bond letters issued for the clients, amount that is not recorded as used because it does not bear interest.

1.3. Evaluation of company's income

The income from sales of goods reached the value of RON 251.725.100 (99,15% from turnover) with the following allocation on distribution channels:

- REMEDIA pharmacies: RON 84.000.000 (33,37% from total sales)
- Distribution to pharmacies: RON 57.840.532 (22,98%)
- Distribution to hospitals: RON 58.251.808 (23,14 %)
- Warehouses distribution: RON 30.915.353 (12,28 %)
- Other distribution channels: RON 20.717.387 (8,23%)

The value-added activities (invoiced to third parties) and rents generated the following operating revenues in value of RON 2.167.357, out of which:

- Logistic and warehousing services: RON 1.068.812 (0,42% from turnover)
- Rents: RON 634.608 (0,25 %)
- Registration and clinical trials monitoring: RON 463.937 (0,18%)

1.4. Evaluation of the goods procurement

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

Farmaceutica REMEDIA S.A. acquired pharmaceutical and para-pharmaceutical products from 177 suppliers during 2014, out of which:

- Direct acquisition from 55 international manufacturers/suppliers
- Direct acquisition from 38 local manufacturers/suppliers
- Indirect acquisition from 84 local suppliers

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

- Direct acquisition from international manufacturers/suppliers: 75%
- Direct acquisition from local manufacturers/suppliers: 5%
- Indirect acquisition from local suppliers: 20%

On 31.12.2014 the company's stocks were of RON 36.372.299, 99,8% of which were represented by the goods.

1.5. Evaluation of aspects related to Company personnel

Farmaceutica REMEDIA S.A. has approximately 500 employees, with small variations. Their distribution by departments is the following:

- REMEDIA pharmacies – 290 people
- Distribution to pharmacies – 31 people (sales agents and telephone sales representatives)
- Distribution to hospitals – 8

- Warehouses logistics – 54
- Transport logistics - 37
- Support and management departments (Accounting, IT, Administration, HR, Control, etc.) – 80

Of the 500 employees, approximately 50% have higher education (Pharmacy – 122, Medicine – 2, Economics – 25, Technical – 31, Legal 4, other specializations – 65).

Farmaceutica REMEDIA S.A. has no employee union. There are 4 employees' representatives who participate in the bargaining of the collective agreement and represent the employees in dealing with the Company.

1.6. Evaluation of aspects related to the environmental impact of the Company's core business.

Farmaceutica REMEDIA S.A. complies with the relevant legislation regarding environmental protection. There are no litigations concerning an infringement of the environmental protection legislation.

1.7. Evaluation of the sales activity

The logistics centres from Bucharest and Deva supply and deliver to REMEDIA Pharmacies across the entire country. The sales were effected to approx. 2.000 pharmacies and hospitals through the 8 logistics centres.

The company has no significant reliance on a single customer. In the top of goods customers, the 1st position is 8,48% (Hunedoara Insurance House), and the first 20 together achieve 35,5 % from total sales.

1.8. Evaluation of development activity

Farmaceutica REMEDIA S.A. opened 12 new pharmacies and local distribution offices in 2014 as follows:

- Sf. Anastasia Pharmacy - Bucharest
- Magheru Pharmacy - Bucharest
- Sf. Teodosie Pharmacy in Geoagiu – Hunedoara county
- Sf. Silvestru Pharmacy in Orăștie – Hunedoara county
- Sf. Lazar Pharmacy in Cristești – Mureș county
- Sf. Martin Pharmacy in Carasova – Caraș-Severin county
- Sf. Constantin Lab in Moțăieni – Dâmbovița county
- Sf. Constantin Lab in Măgura – Dâmbovița county
- Sf. Toma Lab in Vetel – Hunedoara county
- Sf. Ilie Lab in Lesnic – Hunedoara county
- Sf. Maria Lab in Mintia – Hunedoara county
- Sf. Bartolomeu Lab in Carta – Sibiu county

All the pharmacy premises were equipped according to REMEDIA Pharmacies standards.

The development of health services associated with medicine sales is the main interest of the marketing activity.

Increasing profitability by listening to customers, understanding their needs, allows us to offer customers competitive prices and a large array of products. Thus, in 2014 the number of customers in our pharmacies increased by 1.5% (compared to 2013), exceeding 47,000 per week. At the same time, the number of loyal customers increased by 17%, the number of active loyalty cards issued reaching 96,000.

We monitor daily the prices and stocks. In 2014, approximately 2,000 new products were introduced in the portfolio.

Online purchases have experienced a strong upward trend in urban population, which is why Farmaceutica REMEDIA S.A. speeds up the development of the online sales platform so as to prepare all the necessary mechanisms for implementing this type of sales for the when the legislation will allow the sale of medicine on the internet. The number of visitors on the "farmaciileremedia.ro" e-shop increased by 26% compared to 2013, respectively to 16.800 users in 2014.

The customers of Farmaceutica REMEDIA S.A. have access to safe products from certified suppliers, ensuring the highest quality standard for medicine. Strictly observing the rules of "Good Depositing Practice" and offering safe medicine for patients is the standard conduct of our company. Strictly observing the quality assurance mechanism by Farmaceutica REMEDIA S.A. lead to reporting zero incidents with counterfeit products during 2014.

Farmaceutica REMEDIA S.A. continued during 2013 its continuous retrofitting process, both in logistics centres and in own pharmacies. It consisted both in providing new equipment (furniture, motor vehicle means, computers, illuminated signs) and in permanently improving the two software systems used.

1.9. Evaluation of risk management activity

The main categories of risks identified in 2014 were the following:

- Risk of non-collection of receivables
- Risk of cash flow
- Currency risk

Perhaps paradoxically, the reduction of settlement term of arrears in the healthcare system caused difficulties for many small chains and independent pharmacies, obliging them, in their turn, to pay earlier for the medicine purchased from suppliers. It was observed a significant increase in the cases of insolvency among independent pharmacies. The reimbursement term from insurance houses was reduced in 2014 to approximately 100 days.

The currency risk has greatly diminished once the international manufacturers were obligated to sell medicines in RON (spring of 2009).

In order to counter the risk of non-collection of receivables and cash flow, the management of Farmaceutica REMEDIA S.A. took a series of measures, such as:

- Periodically reviewing the credit limits for all customers, automatically blocking in the computerised system sales to customers whose credit limits have not been reviewed.
- Performing debt and financial situation analysis of customers with an increased frequency
- Employing additional personnel in control departments with greater responsibilities with respect to the establishment and control of credit limits, the stock management, the initiation and pursuit of legal actions against debtors and the debt recovery.
- Strictly controlling costs with positive impact on cash flow.

1.10. Prospects on the Company's activity

It is very likely that the financial difficulties of independent pharmacies – customers of Farmaceutica REMEDIA S.A. – will worsen in the first half of 2015, given the imminent reduction of the price of medicines. In this context, the Company will primarily work with partners who provide guarantees for the payment of goods purchased from Farmaceutica REMEDIA S.A.

Considering the above, in 2015, Farmaceutica REMEDIA S.A. will maintain a policy of accelerated collection of receivables from the market, including by offering additional discounts. Also, capital expenses will be made strictly on the basis of the Investment budget and within the limits of available cash, without affecting the operating activity.

On the other hand, the difficulties that especially independent pharmacies are faced with create market opportunities in terms of finding new forms of collaboration, acquisitions and mergers.

2. Company's fixed (non-current) assets

The fixed assets (at the remaining value) amount to **RON 38.400.400** and have the following structure:

RON 31.326.413 – Tangible assets (land, buildings, plant and machinery, motor vehicles, commercial furniture, etc.)

RON 4.151.401 – Intangible assets (pharmacies licenses and software licenses)

RON 2.922.586 – Financial assets (deposits created, guarantees paid, bank letters of guarantee from the company's funds - not from credits).

The buildings and land account for 90% of the tangible assets. The buildings and land were revalued at the market level in December 2011, and an added value of approximately EUR 2,2 million resulted, amount found in the balance sheet under the headings "Land and buildings" and "Revaluation reserves" respectively. The valuation conducted at the end of 2014 revealed a slight write-down of these fixed assets, write-down properly reflected in the financial situations at 31.12.2014.

Since 2012, for the class of "Land and buildings" tangible assets, the Company has switched the accounting model from the one based on cost to the revaluation model, with a significant impact on the annual profit.

3. Shares and shareholding

The market on which the securities issued by Farmaceutica REMEDIA S.A. were traded in 2014 was the main market – REGS – of Stock Exchange, category II.

There are **106.089.800** nominal shares, amounting to RON 0,1/share, having the following synthetic ownership structure at 28.11.2014 (information provided by the Central Depository):

Shareholders	No. of shares	Percentage of share capital (%)
TARUS Valentin-Norbert	70.555.514	66,5055
AHG VERMOGENSVERWALTUNGS GESMBH COTTBUS DEU	17.486.191	16,4824
NATURAL PERSONS	8.931.736	8,4190
LEGAL ENTITIES	9.116.359	8,5931
Total	106.089.800	100,0000

4. Dividends

Continuing the net profit distribution policy applied in previous years, the Board of Administrators has proposed to distribute as dividends the amount of RON **1.591.347 (RON 0,015/ share), accounting for 52,07% of the net profit**. 4,91% of the net profit (RON 150.000) will be used to reward employees and members of the Board of Administrators, 6,33% (RON 193.295) will remain at the disposal of the Company in the form of reserves, while the rest of 36,69% (RON 1.121.301) is undistributed profit.

In the medium term, the Company intends to maintain its current net profit distribution policy.

The amount of dividends payable (distributed from the profit), paid and accrued (remaining unpaid) is as follows:

	2011	2012	2013	2014	2015**
Initial balance	915.057	989.765	1.941.411	1.941.229	2.114.415
Gross dividends distributed	1.065.344*	2.121.796*	2.121.796*	1.591.347	1.591.347
Tax on dividends paid	60.977	300.997	128.289	96.232	
Dividends paid	929.659	869.153	1.993.689	1.321.929	
Dividends payable	989.765	1.941.411	1.941.229	2.114.415	

*From previous year's profit

**Proposal

The Company had no own shares as at 31.12.2014.

The Company does not have subsidiaries and has not issued bonds or other debt securities.

5. Management of Farmaceutica REMEDIA S.A.

In 2014, Farmaceutica REMEDIA S.A. was run by a Board of Administrators consisting of 3 persons in the following composition:

1. **“TARUS” - Valentin Norbert TARUS e.U.–** President of the Board of Administrators, represented by Valentin-Norbert TARUS.

He graduated from the Polytechnic Institute, has post-graduate degrees in foreign trade and management and he completed various business management courses and seminars.

Mr. TARUS has an experience of over 30 years in executive and management positions in production and foreign trade units and in the management of his own businesses. He was appointed President of the Board of Administrators of Farmaceutica REMEDIA S.A. on 12.03.2007. The expiry date of his office is 30.04.2015.

In the last 5 years he has served as Managing Director of the Company:

TARUS & Partner KG Austria, Leopold Moses G. 4/2/46.

He was not involved in bankruptcy proceedings, seizure or winding-up in his capacity as member of an administrative, management or supervisory body or as general partner. He was not convicted of fraud in the past 5 years and no official public sanction was ordered against him. He has never been prevented by any court from acting as member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the last 5 years.

He held 66.5055% of the shares in Farmaceutica REMEDIA S.A. as at 31.12.2014.

2. **BANCIU Mircea –** member of the Board of Administrators

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

He has been the administrator of Wolf Tehnomed S.R.L. of Deva, company specializing in the distribution of medical devices and supplies, since 2009. He has

extensive experience in logistics and administrative activities, international trade and international trade policies, and in the management and marketing of tourism and trade activities. He was appointed member of the Board of Administrators of Farmaceutica REMEDIA S.A. on 11.04.2012. The expiry date of his office is 30.04.2015.

He was not involved in bankruptcy proceedings, seizure or winding-up in his capacity as holder of the abovementioned positions. He was not convicted of fraud in the past 5 years and no official public sanction was ordered against him. He has never been prevented by any court from acting as member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the last 5 years.

He held no shares in Farmaceutica REMEDIA S.A. as at 31.12.2014.

3. **CHIRITA Zoe** – member of the Board of Administrators

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

During **1990-1991** she worked in Business Development with Imkometal. She held the position of Manager of the General Administration Department of Rominko AG until 1993. During 1993-1994 she was the General Manager of Cyroco company, and then held the same position at V.TARUS RoAgencies SRL until 2006. She was appointed member of the Board of Administrators of Farmaceutica REMEDIA S.A. on 12.03.2007. The expiry date of her office is 30.04.2015.

She was not a member of any administrative, management or supervisory body or a general partner in any other company at any moment in the past 5 years and she was not involved in bankruptcy proceedings, seizure or winding-up in her capacity as holder of the abovementioned positions. She was not convicted of fraud in the past 5 years and no official public sanction was ordered against her. She has never been prevented by any court from acting as member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the last 5 years.

She held 496,143 shares in Farmaceutica REMEDIA S.A. as at 31.12.2014.

The executive management was conducted by a General Manager, to whom department managers and managers report. In the financial exercise 2014 the executive management was conducted by:

1. PELOIU Robert-Mihail

- office of General Manager until 30.04.2014
- office of Financial Manager for an indefinite period of time

He graduated from the Academy of Economic Studies of Bucharest – Finance, Banks and Accounting, in 1994.

During June 1994 – September 1997 he worked as an economist, and then as General Accounting Manager with TAROM S.A. He served as Investment Officer with MONYNVEST S.A. (brokerage company) until May 1998, then as Financial Manager with the same company until May 1999. From May 1999 to May 2000 he held the position of Branch Accountant Coordinator with TELEMobil S.A. From June 2000 to September 2001 he was the Financial Manager of COMPANIA DE DISTRIBUȚIE NAȚIONAL S.A. (Interbrew Romania). He occupied the same position in ONT CARPATI S.A. and TRANSILVANIA TRAVEL S.A. From May 2005 until the merger with Farmaceutica REMEDIA S.A. he served as Financial Manager with V.TARUS RoAgencies, and he has occupied the same position with Farmaceutica REMEDIA S.A. after the merger. He attended advanced professional training courses and conferences. He is the administrator of SIBMEDICA S.R.L.

He was not involved in bankruptcy proceedings, seizure or winding-up in his capacity as member of an administrative, management or supervisory body or as general partner. He was not convicted of fraud in the past 5 years and no official public sanction was ordered against him. He has never been prevented by any court from acting as member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the last 5 years.

He held 405,270 shares in Farmaceutica REMEDIA S.A. as at 31.12.2014.

6. Affiliates of Farmaceutica REMEDIA S.A.

On the reporting date, the list of affiliates of Farmaceutica REMEDIA S.A. includes the following:

- Valentin-Norbert TARUS - Austrian citizen
- "TARUS" - Valentin Norbert TARUS e.U. – Austrian individual undertaking
- Farmaceutica REMEDIA D&L S.R.L.(former SIBMEDICA 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.

7. Corporate governance

The corporate governance structures operated normally in 2014, with the administration and representation of the company falling under the competence and responsibility of the members of the Board of Administrators (BA) and the General Manager. There were no resignations or dismissals or payment issues.

Farmaceutica REMEDIA S.A. respects the rights of shareholders, treats them in a fair manner and any change in the rights conferred is submitted for approval in general meetings.

The company's website - www.remedia.ro , features a special technical facility that provides shareholders and potential investors with information and access to the documents of the General Meeting of Shareholders, financial situations, current reports of Bucharest Stock Exchange, dividends, etc.; the following documents updated in 2014 may be found on the website

- Reports of the Board of Administrators
- Quarterly, half-yearly and annual financial situations for 2014
- Decisions of the General Meeting of Shareholders and current reports of Bucharest Stock Exchange for 2014
- Memorandum of Association – approved by the Decision of the Board of Administrators no. 58/09.12.2014, according to the certificate of amendment of the Deva Trade Registry Office no. 34530/22.12.2014.
- Declaration of compliance with the Corporate Governance Code of Bucharest Stock Exchange – updated at 09.04.2014.

Through these actions Farmaceutica REMEDIA S.A. complies with the principles and recommendations of the Bucharest Stock Exchange Code and continues to implement the Corporate Governance principles in the Company.

8. Accounting and financial situation (non-consolidated situations)

Farmaceutica REMEDIA		
Income Statement	dec.-14	dec.-13
(RON)		
Sales of goods	251.725.100	240.642.729
Discounts given	-7.049.756	-6.131.927
Net Sales	244.675.344	234.510.802
COGS	214.507.425	204.358.915
Discounts Received	-5.823.922	-3.170.463
Net COGS	208.683.503	201.188.452
Gross Margin	35.991.841	33.322.350
Gross Margin (%)	14,71%	14,21%
Other Operating Revenues	3.538.059	4.518.568
Personnel	-20.422.870	-20.150.005
Other Operating Expenses	-13.283.237	-13.347.432
Total Operating Expenses	-33.706.107	-33.497.437
EBITDA	5.823.793	4.343.481
EBITDA Margin	2,38%	1,85%
Depreciation	-1.134.521	-1.066.922
Provisions - net	-1.139.919	333.350
EBIT	3.549.353	3.609.909
EBIT Margin	1,45%	1,54%
Financial Revenues	873.899	939.129
Financial Expenses	-557.362	-1.087.199
Financial income	316.537	-148.070
EBT	3.865.890	3.461.839
EBT Margin	1,58%	1,48%
Tax on Profit	-809.947	-448.465
Net Profit	3.055.943	3.013.374
Net Profit Margin	1,25%	1,28%

The financial results of the year 2014 were significantly affected by the following provisions:

- RON 100.000 – provision for covering the stocks of expired/close to expiry products.
- RON 1.450.000 – provision made during the year for covering the losses resulted from non-paying customers. Thus, on December 31st 2014 the total provision reached RON 8.493.161.

Farmaceutica REMEDIA

Balance Sheet(RON)

	dec.-14	dec.-13
Total Assets	151.559.888	159.365.683
Cash	12.950.666	16.201.051
A/R	62.550.709	79.837.575
Inventory	36.355.784	24.225.844
Expenses in advance	71.505	54.782
Other Current Assets	1.230.824	1.217.022
Total Current Assets	113.159.488	121.536.274
Tangible Assets	31.326.413	31.906.108
Intangible Assets	4.151.401	3.111.745
Financial Investments	2.922.586	2.811.556
Total Long-Term Assets	38.400.400	37.829.409
A/P	102.773.485	112.610.101
Other ST payables	2.855.692	2.059.946
Payables to shareholders	2.114.415	1.941.229
ST Loans*	81.996	352.816
Current Liabilities	107.825.588	116.964.092
LT Loans*	547.045	500.063
Other LT liabilities	1.209.566	1.209.566
LT Liabilities	1.756.611	1.709.629
Provisions	116.596	397.856
Share capital	10.608.980	10.608.980
Reserves	28.196.170	26.671.752
Profit	3.055.943	3.013.374
Equity	41.861.093	40.294.106
Total Liabilities & Equity	151.559.888	159.365.683

*including financial leasing

The financial situations were audited by the independent financial auditor.

9. Economic and financial ratios

*Thousand RON

LIQUIDITY AND WORKING CAPITAL	31.12.2014	31.12.2013
current liquidity (Current assets/Current liabilities)	1,05	1,04
Current assets *	113.159	121.536
Current liabilities *	107.826	117.245
indebtedness (Borrowed capital/Equity x 100)	1,5 %	2,12%
Borrowed capital * (including leasing)	629	853
Equity *	41.861	40.294
days receivable outstanding (average customer balance/turnover *365)	113 days	162 days
Average customer balance *	76.766	105.631
Net turnover *	246.843	237.835
days payable outstanding (average supplier balance/cogs*365)	190 days	240 days
Average supplier balance *	111.514	134.325
Cost of goods sold *	214.507	204.359
Inventory turnover (average inventory balance/cogs * 365)	56 days	53 days
Average inventory balance	32.937	29.819
Cost of goods sold	214.507	204.359
turnover of fixed assets (turnover/fixed assets)	6,43	6,28
Net turnover *	246.843	237.835
Fixed assets *	38.400	37.829
Gross profit margin (%) (gross profit/net sales)	1,57%	1,46%
Gross profit *	3.866	3.462
Net turnover *	246.843	237.835

Notes:

1) **Current liquidity** – this ratio reflects a strong payment capacity, therefore a low risk, certifying that the Company is able to cover short-term liabilities on account of receivables and available cash. The ratio experienced an upward evolution compared to the same period of 2013, from 1,04 to 1,05.

2) **Indebtedness** – expresses the effectiveness of credit risk management, indicating potential funding or liquidity problems, with impact on the honouring of commitments undertaken. The value of 1.5% shows that the Company has no funding or liquidity problems. The ratio experienced an upward evolution from 2,12% at the end of 2013.

3) **Days receivable outstanding** – expresses the effectiveness of the Company in collecting its receivables, namely the number of days until the date on which debtors pay their debts to the Company. Considering the specificity of collection of receivables in the distribution of medicines, we believe that 113 days is a reasonable value.

- 4) **Days payable outstanding** – is the average period in which suppliers are paid.
- 5) The value of the **number of days of inventory storage** ratio (56 days) may be considered to fit the specificity of the activity and is close to the one required by the internal procedures of the Company (45 days).
- 6) **Turnover of fixed assets** – expresses the effectiveness of fixed asset management, by examining the turnover generated by a certain amount of fixed assets.

The financial situations and ratios above indicate a good financial balance of the Company, providing the prerequisites for a profitable development in 2015.

Bucharest, April 15, 2015

Board of Administrators,
President
"TARUS" - Valentin-Norbert TARUS e.U.

General Manager,
Robert – Mihail PELOIU