



CONSOLIDATED REPORT 3rd QUARTER 2016

**of the Board of Adminsitrators of
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, www.remedia.ro

Trade Register: J20/700/1991, TIN: RO2115198; Share capital: RON 10.608.980

IBAN: R033 RZBR 0000 0600 0266 5747, RAIFFEISEN UNIRII Bucharest,

CONSOLIDATED REPORT
of the 3rd quarter of 2016
According to the R.N.S.C. Regulation No. 1/2006
Date of the report: 14.11.2016

A.

Name of the commercial company: **Farmaceutica REMEDIA S.A.**

Subscribed share capital: **Lei 10,608,980**
Paid-up share capital: **Lei 10,608,980**
Registered office: **DEVA, Str. Dorobanților 43, pc 330160**
Tel./fax.: **+40 254 223 260, +40 254 226 197**
No. and date of registration
with the Trade Register: **J20/700/25.07.1991**
Tax identification number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Par value: **Lei 0.10**
Position in RNSC Register: **1636**
Total number: **106.089.800**
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value
1	10.11.1999	3,370,107	Lei 337,010.70
2	06.09.2001	1,500,000	Lei 150,000.00
3	23.07.2003	42,402	Lei 4,240.20
4	05.01.2006	5,696,471	Lei 569,647.10
5	21.12.2007	87,905,969	Lei 8,790,596.90
6	08.04.2009	7,574,851	Lei 757,485.10
	TOTAL	106,089,800	Lei 10,608,980,00

The organised market on which securities are traded:
since 05.02.2009, standard category of the Bucharest Stock Exchange
The total market value on 10.11.2016 is of Lei 22,915,396.8
The value of a RMAH share is of Lei 0.216. (on 10.11.2016)

1. General Information

The companies whose results were consolidated are Farmaceutica REMEDIA S.A. (FR) and Farmaceutica REMEDIA Distribution & Logistics S.R.L. (FRDL). FRDL is owned 100 % by FR.

Due to legal imposals related with the separation of wholesale distribution activities from retail distribution activities, in the 1st semester of 2015, the company SIBMEDICA S.R.L. was reactivated under the name of Farmaceutica REMEDIA Distribution & Logistics S.R.L. (FRDL). This company gradually took over wholesale operations (until the end of 2015) from Farmaceutica REMEDIA S.A., the latter remaining with the retail distribution activities (chain of 100 pharmacies).

In the 3rd quarter of 2016, 3 new pharmacies were opened in Bucharest; in Moghioros market (44 Drumul Taberei), 48-50 Soseaua Oltenitei and Calea Giulesti.

During the same period, due to inappropriate results, the pharmaceutical laboratory of Lapugiu was closed and the pharmacies Sf. Constantin of Targoviste, Sf. Iacob of Aiud and Sf. Timotei of Tg. Mures were moved to other locations.

2. Consolidated economic and financial situation at the end of 3rd quarter of 2016

During the period 01.01.2016 – 30.09.2016, the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial reports:

Crt. No.	Indicator	Realisations January-September 2015 (Lei)**	Realisations January-September 2016 (Lei)	Variation 2016/2015 (%)
1.	Net sales of goods *	174,525,151	172,690,600	-1.05
2.	Other operating revenues	2,354,292	2,136,603	-9.25
3.	Total operating revenues	176,879,443	174,827,203	-1.16
4.	Total operating costs	176,210,399	174,479,516	-0.98
5.	Operating result	669,044	347,686	-48.03
6.	Financial result	-139,039	13,766	
7.	Gross result	530,006	361,452	-31.8

*Including trade discounts granted

**unconsolidated

“Other operating revenues” are represented mainly by the following categories of revenues:

- property sales – 29.29 % from “other operating revenues”
- logistic services – 26.02 %
- collected rents – 20.04 %
- clinical studies – 6.11%
- marketing services in own pharmacies – 4.81%
- penalties – 3.65%

As compared to the same period of last year, net sales of goods decreased by

1.05%, a situation due mainly to the following causes:

- After 01 July 2015, price reduction to drugs affected the turnover of own pharmacies by almost 15%
- Necessity imposed by law to separate the wholesale distribution activities from retail distribution activities. Separation of the two activities imposed rethinking of functional and support departments, adapting the information systems and information flows, rethinking of the logistic department functioning manner both in connection with the warehousing activity and the transport of the goods to the clients. Relocation of all these activities was not yet finalized. We believe that the majority part of the problems occurred following the separation of these two activities will be exceeded until the end of 2016.

Overall, operating revenues insignificantly decreased as compared to last year. Operational costs decreased almost in the same proportion with the operating revenues (-0.98 % as compared to - 1.16%).

3. Financial statements on 30.09.2016 were not audited by the independent financial auditor.

B. Economic – financial indicators

LIQUIDITY AND WORK CAPITAL	30.09.2016
Current liquidity (Current assets / Current debts)	1.02
Current assets	111,992,331
Current debts	110,365,444
Indebtedness ratio (Borrowed capital / Equity x 100)	0.71%
Borrowed capital	281,994
Equity	39,660,643
Customer flow rotational speed (average balance customers/turnover*270)	104 days
Average balance customers	67,000,000
Net turnover	174,045,315
Rotational speed of fixed assets (turnover/fixed assets)	4.39
Net turnover	174,045,315
Fixed assets	39,641,912

Notes:

1) **Current liquidity** – indicator level reflects good payment capacity, although a reduced risk, certifying that the company is capable of covering its short-term debts based on receivables and cash reserves. The indicator was maintained at the same level compared to the same period of last year (1.05 last year).

2) **Indebtedness degree** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences honouring the assumed commitments. The value of 0.71% indicates that the company has no financial or liquidity problems. In the calculation of this indicator, the borrowed capital comprises both bank loans and debts from financial leasing.

3) **Customer flow rotational speed** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors will pay their debts to the company. Considering the specific of the collection of claims in the distribution of drugs and the settlement terms used by the Ministry of Health, we believe that the value of 104 days, in a positive evolution as compared to last year (109 days), is a normal one under the given conditions.

4) **Rotational speed of fixed assets** expresses the effectiveness of the fixed assets management, by examining the turnover generated by a certain quantity of fixed assets. The indicator has regressed from 4.87 last year to 4.39 this year, due to the purchase of the 17 pharmacy licences of Bucharest.

Chairman of the Board of Administrators – „TARUS” – Valentin Norbert TARUS e.U.

General Director – Robert Mihail PELOIU

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ON SEPTEMBER 30st 2016

(all the sums are expressed in RON unless otherwise specified)

ASSETS	30.09.2015 *	9/30/2016
Fixed assets	36,165,988	39,641,912
Tangible asstes	26,428,286	26,063,087
Investment property	4,206,184	4,646,335
Software licenses	30,233	58,001
Pharmaceutical licenses	4,959,762	8,127,281
Financial assets	541,523	747,208
Current assets	107,236,240	111,992,331
Stocks	28,033,123	31,606,311
Trade receivables	63,010,522	63,216,604
Other receivables	1,206,544	1,201,228
Cash and cash equivalents	14,917,999	15,877,120
Accrued expenses	68,051	91,069
TOTAL ASSETS	143,402,228	151,634,243
EQUITIES AND LIABILITIES		
Equities	39,526,199	39,660,643
Share capital	10,608,980	10,608,980
Share premium	757,485	757,485
Reserves	27,781,980	28,150,603
Current profit or loss (result)	442,252	256,202
Profit or loss (result) carried forward	-64,497	
Own shares		-112,628
Non-current liabilities	1,694,382	1,608,156
Financial lease liabilities	368,220	281,994
Provisions	116,596	116,596
Deferred tax liabilities	1,209,566	1,209,566
Current liabilities	102,181,646	110,365,444
Bank loans	0	0
Financial lease liabilities	10,512	
Suppliers and other similar liabilities	99,186,729	107,594,244
Provisions		
Current tax liabilities		59,050
Other current liabilities	2,984,405	2,712,150
Total liabilities	103,876,028	111,973,600
TOTAL EQUITY AND LIABILITIES	143,402,228	151,634,243

* unconsolidated

President of the Board of Administration

"TARUS" - Valentin Norbert TARUS e.U.

Represented by

Valentin - Norbert TARUS

Stamp of Farmaceutica REMEDIA S.A.

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Farmaceutica REMEDIA S.A.

CONSOLIDATED STATEMENT OF GLOBAL RESULT

ON SEPTEMBER 30st 2016

(all the sums are expressed in RON unless otherwise specified)

	30.09.2015 *	9/30/2016
Net turnover	176,159,023	174,045,315
Revenues from sales of goods	178,461,912	173,718,324
Trade discountes granted	-3,936,761	-1,027,724
Revenues from services rendered and rents	1,633,872	1,354,716
Other operating revenues	720,420	781,887
OPERATING REVENUES - TOTAL	176,879,443	174,827,203
Material expenses	154,628,615	151,959,895
Goods-related expenses	156,569,534	153,207,182
Trade discounts received	-5,102,783	-4,133,755
Raw materials and consumable expenses	2,278,196	1,772,564
Other material expenses	171,322	367,098
Energy and water expenses	712,345	746,806
Staff expenses	14,395,082	15,077,761
Salaries and compensations	11,969,383	12,385,874
Social insurance and protection expenses	2,425,699	2,691,887
Depreciation and provisions	834,602	424,447
Depreciations	744,524	523,043
Net provisions	-3,544,581	-100,000
Losses from receivables	3,634,658	1,404
Other operating expenses	6,352,101	7,017,413
Outsourcing expenses	5,724,768	6,287,172
Other duties, taxes and similar levies expenses	460,841	537,444
Other expenses	166,491	192,796
OPERATING EXPENSES - TOTAL	176,210,399	174,479,516
OPERATING RESULT	669,044	347,686
Financial revenues	2,606,921	562,744
Interest revenues	50,122	3,745
Revenues from exchange rate differences	2,556,799	536,892
Other financial expenses		22,107
Financial expenses	2,745,960	548,978
Interest expenses	24,635	14,229
Expenses from exchange rate difference	2,613,500	534,749
Other financial expenses	107,825	
FINANCIAL RESULT	-139,039	13,766
TOTAL REVENUES	179,486,364	175,389,947
TOTAL EXPENSES	178,956,358	175,028,494
GROSS RESULT	530,006	361,452
Income tax	-87,754	-105,250
TOTAL NET PROFIT	442,252	256,202

President of the Board of Administration

"TARUS" - Valentin Norbert TARUS e.U.

Represented by

Valentin - Norbert TARUS

Stamp of Farmaceutica REMEDIA S.A.

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Farmaceutica REMEDIA S.A. – Notes on the consolidated financial statements on September 30th, 2016



NOTE 1 INFORMATION ABOUT THE COMPANY

Financial statements on 30.09.2016 were not audited by the independent financial auditor.

NOTE 2 SALES REVENUE AND OTHER OPERATING INCOME

During the period 01.01.2016 – 30.09.2016, the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial reports:

No	Indicator	Jan-Sep 2015 (Lei)**	Jan-Sep 2016 (Lei)	2016/2015 (%)
1.	Revenues from sales of goods *	174.525.151	172.690.600	-1,05
2.	Other operating revenues	2.354.292	2.136.603	-9,25
3.	Operating revenues - TOTAL	176.879.443	174.827.203	-1,16
4.	Operating expenses - TOTAL	176.210.399	174.479.516	-0,98
5.	Operating result	669.044	347.686	-48,03
6.	Financial result	-139.039	13.766	
7.	Gross result	530.006	361.452	-31,8

* Including trade discounts granted

** unconsolidated

Farmaceutica REMEDIA S.A. – Notes on the consolidated financial statements on September 30th, 2016



"Other operating income" are mainly represented by the following revenue categories:

- Sales assets - 29.29% in "other operating income"
- Logistics services - 26.02%
- Rents collected - 20.04%
- Clinical trials - 6.11%
- Marketing services in their own pharmacies - 4.81%
- Penalties - 3.65%

As compared to the same period of last year, net sales of goods decreased by 1.05%, a situation due mainly to the following:

- After 01 July 2015, price reduction to drugs affected the turnover of own pharmacies by almost 15%
- Necessity imposed by law to separate the wholesale distribution activities from retail distribution activities. Separation of the two activities imposed rethinking of functional and support departments, adapting the information systems and information flows, rethinking of the logistic department functioning manner both in connection with the warehousing activity and the transport of the goods to the clients. Relocation of all these activities was not yet finalized. We believe that the majority part of the problems occurred following the separation of these two activities will be exceeded until the end of 2016.

Overall, operating revenues insignificantly decreased as compared to last year.

Operational costs decreased almost in the same proportion with the operating revenues (-0.98 % as compared to - 1.16%).

Farmaceutica REMEDIA S.A.

President of the Board Administration

„TARUS“ – Valentin Norbert Tarus e.U.

represented by

Valentin-Norbert TARUS

Farmaceutica REMEDIA S.A.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

ON SEPTEMBER 30ST 2016

(all the sums are expressed in RON unless otherwise specified)

ASSETS	9/30/2015	9/30/2016
Fixed assets	36,165,988	38,837,459
Tangible asstes	26,428,286	25,440,870
Investment property	4,206,184	4,646,335
Software licenses	30,233	38,555
Pharmaceutical licenses	4,959,762	8,127,281
Financial assets	541,523	584,418
Current assets	107,236,240	32,404,029
Stocks	28,033,123	11,223,527
Trade receivables	63,010,522	8,296,381
Other receivables	1,206,544	519,309
Cash and cash equivalents	14,917,999	12,292,440
Accrued expenses	68,051	72,372
TOTAL ASSETS	143,402,228	71,241,488
EQUITIES AND LIABILITIES		
Equities	39,526,199	39,397,566
Share capital	10,608,980	10,608,980
Share premium	757,485	757,485
Reserves	27,781,980	28,149,315
Current profit or loss (result)	442,252	-5,587
Profit or loss (result) carried forward	-64,497	
Own shares		-112,628
Non-current liabilities	1,694,382	1,326,162
Financial lease liabilities	368,220	
Provisions	116,596	116,596
Deferred tax liabilities	1,209,566	1,209,566
Current liabilities	102,181,646	30,517,760
Bank loans		
Financial lease liabilities	10,512	
Suppliers and other similar liabilities	99,186,729	29,051,156
Provisions		
Current tax liabilities		
Other current liabilities	2,984,405	1,466,604
Total liabilities	103,876,028	31,843,922
TOTAL EQUITY AND LIABILITIES	143,402,228	71,241,488

President of the Board of Administration

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Farmaceutica REMEDIA S.A.

UNCONSOLIDATED STATEMENT OF GLOBAL RESULT

ON SEPTEMBER 30st 2016

(all the sums are expressed in RON unless otherwise specified)

	9/30/2015	9/30/2016
Net turnover	176,159,023	64,499,896
Revenues from sales of goods	178,461,912	62,984,593
Trade discountes granted	-3,936,761	-103,703
Revenues from services rendered and rents	1,633,872	1,619,005
Other operating revenues	720,420	781,347
OPERATING REVENUES - TOTAL	176,879,443	65,281,243
Material expenses	154,628,615	50,444,644
Goods-related expenses	156,569,534	49,976,588
Trade discounts received	-5,102,783	-895,180
Raw materials and consumable expenses	2,278,196	580,735
Other material expenses	171,322	281,911
Energy and water expenses	712,345	500,589
Staff expenses	14,395,082	9,936,082
Salaries and compensations	11,969,383	8,168,574
Social insurance and protection expenses	2,425,699	1,767,508
Depreciation and provisions	834,602	305,648
Depreciations	744,524	404,244
Net provisions	-3,544,581	-100,000
Losses from receivables	3,634,658	1,404
Other operating expenses	6,352,101	4,546,040
Outsourcing expenses	5,724,768	3,909,988
Other duties, taxes and similar levies expenses	460,841	475,336
Other expenses	166,491	160,716
OPERATING EXPENSES - TOTAL	176,210,399	65,232,414
OPERATING RESULT	669,044	48,829
Financial revenues	2,606,921	465,939
Interest revenues	50,122	1,998
Revenues from exchange rate differences	2,556,799	441,835
Other financial expenses		22,107
Financial expenses	2,745,960	484,076
Interest expenses	24,635	5,886
Expenses from exchange rate difference	2,613,500	478,190
Other financial expenses	107,825	
FINANCIAL RESULT	-139,039	-18,137
TOTAL REVENUES	179,486,364	65,747,182
TOTAL EXPENSES	178,956,358	65,716,490
GROSS RESULT	530,006	30,692
Income tax	-87,754	-36,279
TOTAL NET PROFIT	442,252	-5,587

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