

## 8. Financial-Accounting Situation (Consolidated Statements)

### Farmaceutica REMEDIA

#### Income Statement

(RON)

|                                 | dec.-15            | dec.-16            |
|---------------------------------|--------------------|--------------------|
| Sales of goods                  | 242.835.464        | 253,394,546        |
| Discounts given                 | -5.761.012         | -2,153,515         |
| <b>Net Sales</b>                | <b>237.074.452</b> | <b>251,241,031</b> |
| COGS                            | 213.208.313        | 224,141,318        |
| Discounts Received              | -7.546.112         | -4,969,675         |
| <b>Net COGS</b>                 | <b>205.662.201</b> | <b>219,171,643</b> |
| <b>Gross Margin</b>             | <b>31.412.251</b>  | <b>32,069,388</b>  |
| Gross Margin (%)                | 13,25%             | 12.76%             |
| Other Operating Revenues        | 3.419.815          | 4,525,708          |
| Personnel                       | -19.224.203        | -20,744,028        |
| Other Operating Expenses        | -13.703.867        | -13,531,480        |
| <b>Total Operating Expenses</b> | <b>-32.928.070</b> | <b>-34,275,508</b> |
| <b>EBITDA</b>                   | <b>1.903.996</b>   | <b>2,319,588</b>   |
| EBITDA Margin                   | 0,80%              | 0.92%              |
| Depreciation                    | -971.005           | -702,805           |
| Bad debts lost                  | -4.473.125         | 221,716            |
| Provisions - net                | 4.462.117          | -207,183           |
| <b>EBIT</b>                     | <b>921.983</b>     | <b>1,631,316</b>   |
| EBIT Margin                     | 0,39%              | 0.65%              |
| Financial Revenues              | 2.806.036          | 569,425            |
| Financial Expenses              | -2.917.502         | -616,690           |
| Financial income                | -111.466           | -47.265            |
| <b>EBT</b>                      | <b>810.517</b>     | <b>1,584,051</b>   |
| EBT Margin                      | 0.34%              | 0.63%              |
| Tax on Profit                   | -19.515            | -316,026           |
| <b>Net Profit</b>               | <b>791.002</b>     | <b>1,268,025</b>   |
| Net Profit Margin               | 0.33%              | 0.50%              |

| <b>Balance Sheet(RON)</b>             | <b>dec.-15</b>     | <b>dec.-16</b>     |
|---------------------------------------|--------------------|--------------------|
| <b>Total Assets</b>                   | <b>139.884.308</b> | <b>165,837,428</b> |
| Cash                                  | 20.048.844         | 18,815,551         |
| A/R                                   | 55.299.880         | 69,284,808         |
| Inventory                             | 24.754.163         | 36,923,931         |
| Expenses in advance                   | 112.345            | 80,725             |
| Other Current Assets                  | 1.379.269          | 996,487            |
| <b>Total Current Assets</b>           | <b>101.594.501</b> | <b>126,101,502</b> |
| Tangible Assets                       | 30.672.230         | 30,758,758         |
| Intangible Assets                     | 6.902.806          | 8,222,526          |
| Financial Investments                 | 714.771            | 754,642            |
| <b>Total Long-Term Assets</b>         | <b>38.289.807</b>  | <b>39,735,926</b>  |
| A/P                                   | 95.256.774         | 120,533,620        |
| Other ST payables                     | 3.411.257          | 2,752,868          |
| Payables to shareholders              | 217.459            | 205,414            |
| ST Loans*                             | 60.002             | 64,342             |
| <b>Current Liabilities</b>            | <b>98.945.492</b>  | <b>123,556,244</b> |
| LT Loans*                             | 258.033            | 175,389            |
| Other LT liabilities                  | 1.209.566          | 1,273,137          |
| <b>LT Liabilities</b>                 | <b>1.467.599</b>   | <b>1,448,526</b>   |
| Provisions                            | <b>116.596</b>     | 0                  |
| Share capital                         | 10.608.980         | 10,608,980         |
| Reserves                              | 27.954.640         | 28,955,653         |
| Profit                                | 791.002            | 1,268,025          |
| <b>Equity</b>                         | <b>39.354.622</b>  | <b>40,832,658</b>  |
| <b>Total Liabilities &amp; Equity</b> | <b>139.884.308</b> | <b>165,837,428</b> |

\*Including financial leasing

The financial consolidated statements were audited by the financial independent auditor.

## 9. Economic-Financial Indicators 2016

\*Thousand Lei

| <b>LIQUIDITY AND WORKING CPAITAL</b>  | <b>FR</b>       | <b>FRDL</b>     |
|---|-----------------|-----------------|
| <b>current liquidity<br/>(Current assets / Current debts)</b>                                 | <b>1,07</b>     | <b>1,00</b>     |
| Current assets *  | 34.608          | 113.688         |
| Current debts *   | 32.487          | 113.120         |
| <b>indebtedness degree<br/>(Borrowed capital / Equity x 100)</b>                              | <b>0 %</b>      | <b>21,2%</b>    |
| Borrowed capital * (including leasing)  | 0               | 240             |
| Equity *  | 39.784          | 1.132           |
| <b>turnover speed for client debit items<br/>(average customers<br/>balance/turnover*365)</b> | <b>50 zile</b>  | <b>91 zile</b>  |
| Average customers balance *   | 12.100          | 57.917          |
| Net turnover *  | 87.999          | 232.356         |
| <b>Debts turnover speed<br/>(average suppliers balance/cogs*365)</b>                          | <b>205 zile</b> | <b>135 zile</b> |
| Average suppliers balance *   | 38.130          | 81.002          |
| Cost of goods sold *  | 68.010          | 218.478         |
| <b>Stock turnover speed<br/>(average stocks balance/cogs * 365)</b>                           | <b>55 zile</b>  | <b>34 zile</b>  |
| Average stocks balance  | 10.205          | 20.229          |
| Cost of goods sold  | 68.010          | 218.478         |
| <b>fixed assets turnover speed<br/>(turnover/fixed assets)</b>                                | <b>2,26</b>     | <b>289</b>      |
| net turnover *  | 87.999          | 232.356         |
| Fixed assets *  | 38.935          | 804             |
| <b>Gross profit margin (%)<br/>(gross profit/net sales)</b>                                   | <b>0,33%</b>    | <b>0,6%</b>     |
| Gross profit *  | 294             | 1.392           |
| Net turnover *  | 87.999          | 232.356         |

### Notes:

1) **Current liquidity** – indicator level reflects a good payment capacity, therefore a reduced risk, certifying that the companies are capable of covering their short-term debts based on receivables and available cash

2) **The indebtedness degree** expresses effectiveness of credit risk management, indicating potential financing, liquidity, problems, with influences in the honour of assumed commitments.

3) **Turnover speed for client debit items** expresses the effectiveness of the company in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company.

4) **Debts turnover speed** represents the average period in which suppliers are paid.

5) The value of the indicator **Days on hand** (55 respectively 34 days) can be considered that it fits in

the activity specific and slightly exceeds the limit imposed by the company's internal procedures (45 days).

<sup>6)</sup> **Fixed assets turnover speed** expresses the effectiveness of the fixed assets management, by examining the turnover generated by a certain quantity of fixed assets.

**The financial statements and indicators presented above indicate a good balance of the company, providing the premises of a profitable development during 2017.**

Bucharest, 15 March 2017

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

General Director,  
Robert – Mihail PELOIU