

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-17	30-Jun-16
ASSETS		
Fixed assets	38,997,103	40,043,272
Tangible assets	25,041,458	26,103,424
Investment property	5,413,646	4,646,335
Software licenses	137,260	43,020
Pharmaceutical licenses	7,652,572	8,127,281
Participations held in group companies	286,520	286,520
Participations held in companies outside the group	8,316	8,316
Financial assets	457,332	828,376
Current assets	130,922,796	97,275,001
Stocks	36,361,780	30,570,855
Trade receivables	83,194,993	53,419,555
Other receivables	1,174,931	1,097,864
Cash and cash equivalents	10,191,092	12,186,727
Accrued expenses	139,291	164,131
TOTAL ASSETS	170,059,190	137,482,404
EQUITIES AND LIABILITIES		
Equities	41,528,990	39,581,734
Share capital	10,921,209	10,921,209
Share premium	757,485	757,485
Reserves	28,057,758	28,150,603
Current profit or loss (result)	1,317,395	177,294
Reported result	900,000	0
Reported result- retreading	-312,229	-312,229
Profit or loss (result) carried forward	0	0
Own shares	-112,628	-112,628
Non-current liabilities	1,415,448	1,653,224
Financial lease liabilities	142,311	327,062
Provisions	0	116,596
Deferred tax liabilities	1,273,137	1,209,566
Current liabilities	127,114,752	96,247,446
Bank loans	0	0
Financial lease liabilities	18,419	12,731
Suppliers and other similar liabilities	122,947,906	93,571,651
Provisions	0	0
Current tax liabilities	155,698	1,347
Other current liabilities	3,992,730	2,661,717
Total liabilities	128,530,200	97,900,670
TOTAL EQUITY AND LIABILITIES	170,059,190	137,482,404

CONSOLIDATED STATEMENT OF GLOBAL RESULT

	30-Jun-17	30-Jun-16
Net turnover	157,973,604	107,080,119
Revenues from sales of goods	157,494,418	107,011,497
Trade discounts granted	-747,344	-695,053
Revenues from services rendered and rents	1,226,529	763,675
Other operating revenues	884,277	741,132
OPERATING REVENUES - TOTAL	158,857,880	107,821,251
Material expenses	139,670,647	92,863,670
Goods-related expenses	140,285,299	93,738,098
Trade discounts received	-2,496,128	-2,886,831
Raw materials and consumable expenses	1,183,598	1,186,817
Other material expenses	107,453	274,072
Energy and water expenses	590,425	551,514
Staff expenses	12,051,420	9,821,017
Salaries and compensations	9,204,022	7,395,277
Social insurance and protection expenses	2,127,126	1,741,605
Other staff expenses	720,272	684,135
Depreciation and provisions	378,312	243,582
Depreciations	349,199	342,181
Net provisions	-478,231	-100,000
Losses from receivables	507,344	1,401
Other operating expenses	5,167,511	4,654,926
Outsourcing expenses	4,343,155	4,175,117
Other duties, taxes and similar levies expenses	256,461	314,022
Other expenses	567,895	165,787
OPERATING EXPENSES - TOTAL	157,267,890	107,583,195
OPERATING RESULT	1,589,991	238,056
Financial revenues	167,600	501,111
Interest revenues	3,232	2,576
Revenues from exchange rate differences	20,381	498,535
Revenues from dividends	0	0
Other revenues (discounts pay in advance)	143,987	0
Other revenues	0	0
Financial expenses	92,380	515,673
Interest expenses	23,698	9,571
Expenses from exchange rate difference	21,833	506,102
Other financial expenses	46,849	0
	0	0
FINANCIAL RESULT	75,220	-14,562
	159,025,480	108,322,362
TOTAL REVENUES	157,360,270	108,098,868

GROSS RESULT	1,665,210	223,494
Income tax	347,815	46,200
TOTAL NET PROFIT, of which distributable	1,317,395	177,294
shareholders	1,317,395	177,294
GLOBAL RESULT FOR THE PERIOD - TOTAL, of which distributable	1,317,395	177,294
shareholders	1,317,395	177,294
Earning per shares (ron)		
- basic	0.0124	0.0017
- diluted	0.0124	0.0017

Statement of changes in equity (ron)

	Share capital	legale reserves	Reevaluation reserves	Other reserves	Share premium	Retained earnings	Current income	Own shares	TOTAL
Balance on January 01,2017	10,921,209	1,435,539	15,320,656	11,547,194	757,485	-290,122	1,253,325	-112,628	40,832,658
Transfer profit 2016 (FR) to retained earnings						227,613	-227,613		0
Profit distribution 2016 (FR) on dividends						-227,613			-227,613
Transfer profit 2016 (FRDL) to retained earnings						1,127,683	-1,127,683		0
Profit Distribution 2016 (FRDL)				227,683		-727,683			-500,000
Result 2017							1,317,395		1,317,395
Cost / Revenue Restated 2016							101,971		101,971
Transfer from reserves to dividends (FR)				-473,314					-473,314
Redistribution of dividends FRDL->FR						477,893			477,893
Balance at 30.06.2017	10,921,209	1,435,539	15,320,656	11,301,563	757,485	587,771	1,317,395	-112,628	41,528,990

* Including account 129 for profit distribution

TREASURY FLOWS STATEMENT (RON)

	30-Jun-17
Cash flows from operating activities	
Collections from the sales of goods and the provision of services	161,574,504
Other cash inflows	1,235,157
Payments to suppliers of goods and services	-153,075,790
Payments to and on behalf of employees (including taxes on salaries)	-11,090,034
Payments of profit tax	-351,418
Payments of other taxes and fees	-5,628,595
Interests paid	-19,237
Collected interests (current account)	3,232
Other cash outflows	-2,204,711
Total operating cash flow	-9,556,892
Cash flow from investment activities	
Collections from the sale of long-term assets and financial investments	938,925
Collected interests (from deposits)	0
Collected dividends	0
Payments for the purchase of long-term assets	-8,919
Total cash flow from investments	930,006
Cash flow from financing activities	
Draw-downs of short-term loans	4,300,000
Reimbursement of short-term loans	-4,300,000
Net differences in the exchange rate	3,097
Financing received from shareholders	0
Reimbursements of long-term loans, including interest	0
Payments to shareholders (dividends)	-670
Payments of own shares	0
Total cash flow from financing	2,427
Total cash flow	-8,624,459
Cash at the beginning of the period	18,815,551
Cash at the end of the period	10,191,092

NOTES

NOTE 1 INFORMATION ABOUT THE COMPANY

Farmaceutica REMEDIA S.A. («the Company») is a company with registered office in Deva, str. Dorobantilor nr. 43, Hunedoara County, Romania.

It was established in 25 July 1991 as a commercial company with fully state-owned capital by reorganisation of Oficiul Farmaceutic Deva. On 13.10.2000, V.TARUS RoAgencies S.R.L. has purchased from FPS the majority shares package (55.802 %). In January 2006, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L.

According to the law 95/2006 republished in August 2015, commercial companies can no longer carry out at the same time wholesale and retail activities of drugs. (Art. 800 paragraph 2). Thus, Farmaceutica REMEDIA S.A. transferred to Farmaceutica REMEDIA Distribution & Logistics S.R.L., **a company owned 100%**, the wholesale distribution activities of drugs (by a network of 8 warehouses) together with related activities (logistical services, recordings, promotion and marketing of drugs, etc.), keeping the operation of the chain of 100 pharmacies and local distribution offices.

Thus, on 30.06.2017 Farmaceutica REMEDIA S.A. holds majority participations (100%) with the Farmaceutica REMEDIA Distribution & Logistics S.R.L. Company, former Sibmedica S.R.L. a company with suspended activity since 16.12.2013 and reactivated under the new name on 19.01.2015.

Following the change of the main activity object imposed by the laws above mentioned, the company was forced to buy back from the market (in 2015) a number of 300100 shares at a price of 0.3753 lei/share, a price established by an authorised assessor.

During the first semester of 2017, Farmaceutica REMEDIA S.A., did not participate in mergers.

During the same period, the company did not distribute assets of significant value. (buildings, lands, shares etc).

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

The financial statements of the company were drafted in compliance with the provisions of Order No. 1286/2012 for the approval of the Accounting regulations in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union, applicable to commercial companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

For the purpose of drafting these financial statements, in compliance with the legislative provisions in Romania, the functional currency of the company is considered to be the Romanian Leu (RON).

For all the periods until the year concluded on 31 December 2011, inclusive, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded on 31 December 2012, are the first financial statements drafted in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The financial statements were drafted based on the historic cost, except for the buildings and lands which are assessed at their fair value (the market value determined by assessment by an expert evaluator). The historic cost is generally based on the fair value of the counterperformance carried out in exchange for the assets.

The company presents in the financial statements at the fair value all the asset and passive elements for which the assessment at the fair value is imposed, the methods used for its establishment being inventory and revaluation (IFRS 13).

The company does not have financial statements which would involve the use of other fair value estimation methods.

Certain amounts from the financial position statement, the global result statement, as well as from the explanatory notes were reclassified to ensure comparability between previous years and the current year.

Preparation of the IFRS financial statements involves the use by the management of professional judgments, estimations and hypotheses that may affect the application of the accounting policies and the reported value of assets, debts, incomes and expenses. Under these conditions, the actual results may differ from the estimated values. Estimates and hypotheses that are based on them are periodically reviewed. The review of accounting estimates is recognised during the period in which the estimate was reviewed and in the future periods affected. The following are critical professional judgments / reasoning which the Company management made with a significant impact on the values recognized in the financial statements:

- Lifespan of fixed assets
- Deferred taxes
- Provisions
- Segment reporting

The company holds participations in other companies, in one of them having the control over the financial and operational policies. An entity is consolidated if, based on the assessment of its relations with the Company, it is found that it is controlled by the Company.

The companies whose financial statements are consolidated are:

- Farmaceutica REMEDIA S.A.
- Farmaceutica REMEDIA Distribution & Logistics S.R.L.

Starting with 2012, for the class of tangible assets « Lands and buildings », the Company passed from the cost-based accounting model to the reassessment model.

The financial statements on 30.06.2017 were not audited by the independent financial auditor.

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2017 – 30.06.2017 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Nr. Crt.	Indicator	Realizari ian- iun 2017 (Lei)	Realizari ian- iun 2016 (Lei)	Evolutietie 2017/2016 (%)
1.	Net sales of goods *	156.747.074	106.316.444	+47,43
2.	Other operating revenues	2.110.806	1.504.807	+40,27
3.	Total operating revenues	158.857.880	107.821.251	+47,33
4.	Total operating costs *	157.267.890	107.583.195	+46,18
5.	Operating result	1.589.991	238.056	+567,91
6.	Financial result	75.220	-14.562	
7.	Gross result	1.665.210	223.494	+645,08

* Including commercial discounts granted/received

“Other operating revenues” nly comprise the following categories of revenues:

- logistic services
- rents
- clinical studies
- marketing services
- sales of assets
- other services

NOTE 4 ECONOMIC-FINANCIAL INDICATORS

Economic-financial indicators

30.06.2017

Lei

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current debts)	1,1	1,01
Current assets	27.023.878	119.490.677
Current debts	24.502.752	118.561.222
Degree of indebtedness (Borrowed capital / Equity x 100)	0%	10,98%
Borrowed capital	0	160.730
Equity	39.617.967	1.464.151
Turnover speed for client debit items (Average customer balance /turnover *180)	30 days	118 days
Average customer balance	7.380.230	88.927.826
Net turnover	45.108.384	136.429.714
Turnover speed of stocks (average stock/ net COGS)*180	64 days	34 days
Stoc mediu	12.126.682	24.076.565
COGS net	34.006.021	126.681.364

*including financial leasing

Notes:

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

²⁾ **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. In the case of FR, there is no risk, while for FRDL, the value of the indicator indicates a low risk. In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

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

debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of the indicator is normal for both companies, under the circumstances.

⁴⁾ The value of the **No. of storage days** indicator (64 days) can be considered that it falls within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR.

Farmaceutica REMEDIA S.A.

Chairman of the Board of Administrators
"TARUS" Valentin Norbert TARUS e.U.

Financial Director
Robert PELOIU

by representative

Valentin Norbert TARUS