



ANNUAL REPORT 2013

**Of the Board of Administration
Farmaceutica REMEDIA S.A.**

Farmaceutica R E M E D I A S.A.

Registered Office: Deva 330160, 43 Dorobantilor Str, Hunedoara County

Branch Office: Bucharest 041836, District 4, 78 Metalurgiei Blvd., Phone /Fax: +40 21 321 1640

Phone/Fax: + 40 254 223 260 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 2013

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, No. 43 Dorobantilor Street**
Telephone/ Fax: **+40 254 223 260 / +40 254 226 197**
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 issue (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	106,089,800	10,608,980	

Organized securities trade market:

Bucharest Stock Exchange – Category II

The total market value on 04.03.2014 is RON 32,357,389

The value of one RMAH share is RON 0.305 (at the date of 04.03.2014)

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 73 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. 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 2013. During the same period, Farmaceutica REMEDIA S.A. did not acquire or sell any assets of significant value (buildings, lands, shares etc).

The commerce fund (represented by the pharmacies operating licenses) of the companies owned by Farmaceutica REMEDIA S.A. (Sibmedica S.R.L. and DomProsan S.R.L.) was transferred by sale to Farmaceutica REMEDIA S.A. in February 2013. The activity of these companies and of BlocMagnolia S.R.L. was suspended in the second half of 2013. The other companies majority-owned by Farmaceutica REMEDIA S.A. (Cosmifarm S.R.L., FarmaCardia S.R.L. and Health Farm S.R.L.) were wound up in 2013.

Thus, on December 31st 2013 Farmaceutica REMEDIA S.A. no longer held controlling interest in any company in business.

1.2. Elements of general evaluation

RON 3,013,374 is the **net profit** the Company made in the financial exercise 2013
RON 237,835,524 is the **net turnover** obtained in 2013.

RON 1,193,846 is the amount of **other operating revenues**, mainly reconciliation of balances of partners and asset sales (commerce fund from Calarasi and motor vehicles).

The **total costs** were in value of RON 236,506,660, out of which:

- Operating expenses – RON 235,419,461, out of which:
 - 201,188,452 represents the net cost of sold goods (including commercial discounts received)
- Financial expenses – RON 1,087,199, out of which:
 - RON 115,709 – paid interests;
 - RON 201,030 – rate differences.

- o RON 770,460 – losses from the liquidation of holdings

Taking into consideration that the value of the pharmaceutical market (medicines and pharmaceutical products) is approx. Euro 2.6 billion (in 2013), 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 16,201,051 on 31.12.2013.

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 31.12.2013:

- EUR 1,819,215 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 240,642,729 (98.64% from turnover) with the following allocation on distribution channels:

- REMEDIA pharmacies:	RON 83,717,158 (34.78% from total sales)
- Distribution to pharmacies:	RON 75,337,094 (31.31%)
- Distribution to hospitals:	RON 39,883,397 (16.57%)
- Warehouses distribution:	RON 20,487,331 (8.51%)
- Other distribution channels:	RON 21,217,751 (8.82%)

From value-added activities (invoiced to third parties) and rents were registered the following operating incomes in value of RON 3,324,722, out of which:

- Marketing activities:	RON 1,112,120 (0.46% from turnover)
- Registration and clinical trials monitoring:	RON 346,307 (0.14%)
- Logistic and warehousing services:	RON 999,273 (0.41%)
- Rents:	RON 669,094 (0.27%)
- Shelf promotion:	RON 154,790 (0.06%)

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 parapharmaceutical products from approximately 176 suppliers in 2013, out of which:

- Direct acquisition from 58 external manufacturers/suppliers
- Direct acquisition from 35 local manufacturers/suppliers
- Indirect acquisition from 83 local suppliers

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

- Direct acquisition from external manufacturers/suppliers: 71%
- Direct acquisition from local manufacturers/suppliers: 5%
- Indirect acquisition from local suppliers: 24%

On 31.12.2013 the company's stocks, 99.8% of which being goods, were in value of RON 24,225,844, down by 33.87 % comparing to the same period of the previous year (RON 36,634,450). The decrease in the stocks was due to stock management policies that resulted in stock optimization and had positive influence on the Company's cash flow.

1.5. Evaluation of aspects related to Company personnel

Farmaceutica REMEDIA S.A. has approximately 475 employees, with small variations. Their distribution by departments is the following:

- Remedia pharmacies – 260 people
- Distribution to pharmacies – 30 people (sales agents and telephone sales representatives)
- Distribution to hospitals – 7
- Warehouses logistics – 60
- Transport logistics - 37
- Support and management departments (Accounting, IT, Administration, HR, Control, etc.) – 81

Of the 475 employees, approximately 50% have higher education (Pharmacy – 107, Medicine – 2, Economics – 22, Technical – 31, Legal 5, other specializations – 60).

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 centers 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 centers.

The company has no significant reliance on a single customer. In the top of goods customers, the 1st position is 9.11% (Hunedoara Insurance House), and the first 20 together achieve 31.56 % from total sales.

1.8. Evaluation of development activity

Farmaceutica REMEDIA S.A. opened seven new pharmacies and local distribution offices in 2013 as follows:

- Sf. Iuliana Pharmacy Alba Iulia – Alba county
- Sf. Sofia Pharmacy in Arad – Arad County
- Sf. Grigorie Teologul Office in Ciofliceni – Ilfov county
- Corvin Office in Toplita – Hunedoara county
- Sf. Bartolomeu Pharmacy in Arpasu de Sus – Sibiu county
- Sf. Benedict Pharmacy in Cartisoara – Sibiu county
- St Benedict Office in Scoreiu – Sibiu county
- REMEDIA baby care store in Deva – Hunedoara county

All the pharmacy locations were equipped according to Farmaciile REMEDIA standards.

The following pharmacies were also opened:

- Sf. Filimon Pharmacy in Jurilovca – Tulcea county
- Sf. Spiridon Pharmacy in Arpasu de Jos – Sibiu county
- Sf Spiridon Office in Porumbacu de Sus – Sibiu county

by transferring the commerce fund from the companies owned by Farmaceutica REMEDIA S.A. (DomProsan S.R.L. in Jurilovca and Sibmedica S.R.L. in Sibiu).

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

Online purchases have experienced a strong upward trend in urban population, which is why a new online sales platform (e-shop) was implemented in the previous year, aiming at increasing the number of visitors and at expediting the ordering process.

A special area was created in REMEDIA pharmacies, dedicated to healthy living, where customers can find: organic food, organic cosmetics, natural juices, and natural weight loss products.

Other services, such as home delivery of medicines, provision of home health care, administration of medicines to children, make up directions that are going to be developed this year!

The most important project is the opening of the first Remedia store for infants between 0 and 3 years old, where parents can quickly find inexpensive care products: diapers, special food, cosmetics, toys, books, etc.

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

1.9. Evaluation of risk management activity

The main categories of risks identified in 2013 were the following:

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

As a result of the insufficient allocation of funds, in the first half of the year the settlement of dispensed prescriptions extended to approximately 300 days. Such delay had a negative impact on Farmaceutica REMEDIA S.A. both directly by delaying payments for prescriptions dispensed by the pharmacies owned by the company, as well as indirectly by putting independent pharmacies, customers of Farmaceutica REMEDIA S.A., in difficulty. An increase was noticed in the cases of declaration of insolvency among the independent pharmacies. The Romanian state has accelerated the payment of arrears in the health system since the second half of 2013, so that in December 2013 payments were made at approximately 6 months, while the settlement time limit should reduce to approximately 100 days by March 2014.

With the obligation of large international manufacturers to sell medicines in RON (in the spring of 2009) the currency risk has greatly diminished.

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:

- Reviewing the credit limits for all customers
- Performing debt analysis 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 2014. 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 2014, 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 assets

The **fixed assets** (at the remaining value) amount to **RON 37,829,409** and have the following structure:

RON 31,906,108 – Tangible assets (land, buildings, plant and machinery, motor vehicles, commercial furniture, etc)

RON 3,111,745 – Intangible assets (pharmacies licenses and software licenses)

RON 2,811,556 – Financial assets (deposits created, guarantees paid, bank letters of guarantee).

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 2013 revealed a slight write-down of these fixed assets, write-down properly reflected in the financial situations at 31.12.2013.

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 2013 was the main market – REGS – of Stock Exchange, 2nd category.

There are **106,089,800** nominal shares, amounting to RON 0.1/share, having the following synthetic ownership structure at 31.12.2013 (information provided by the Central Depository):

Shareholders	No. of shares	Percentage of share capital (%)
TARUS Valentin-Norbert	70,555,514	66.5055
AHG	17,486,191	16.4824

VERMOGENSVERWALTUNGS GESMBH COTTBUS DEU		
NATURAL PERSONS	9,048,901	8.5295
LEGAL ENTITIES	8,999,194	8.4826
Total	106,089,800	100.0000

4. Dividends

Continuing the net profit distribution policy applied in previous years, the Board of Administration has proposed to distribute as dividends the amount of **RON 1,591,347 (RON 0.015/ share), accounting for 52.81% of the net profit**. 8.29% of the net profit will be used to reward employees and members of the Board of the Administration, while the rest (38.9%) will remain at the disposal of the Company in the form of reserves.

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:

	2010	2011	2012	2013	2014**
Initial balance	709,491	915,057	989,765	1,941,411	1,941,229
Gross dividends distributed	318,270*	1,065,344*	2,121,796*	2,121,796*	1,591,347
Tax on dividends paid	27,611	60,977	300,997	128,289	
Dividends paid	85,093	929,659	869,153	1,993,689	
Dividends payable	915,057	989,765	1,941,411	1,941,229	

*From previous year's profit

**Proposal

The Company had no own shares as at 31.12.2013.

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

5. Management of Farmaceutica REMEDIA S.A.

In 2013, Farmaceutica REMEDIA S.A. was run by a Board of Administration consisting of 3 persons in the following composition:

1. **“TARUS” - Valentin Norbert TARUS e.U.**– President of the Board of Administration, 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 Administration 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 31.12.2013.

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

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 Administration 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 31.12.2013.

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

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 Administration 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 31.12.2013.

The executive management was conducted by a General Manager, to whom department managers and managers report. In the financial exercise 2013 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 31.12.2013.

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
- 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.
- BLOC MAGNOLIA S.R.L.
- DOMPROSAN S.R.L.

7. Corporate governance

The corporate governance structures operated normally in 2013, with the administration and representation of the company falling under the competence and responsibility of the members of the Board of Administration (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 document entitled "Rights of Shareholders" was updated on 18.03.2013.

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 2013 may be found on the website:

- Reports of the Board of Administration
- Quarterly, half-yearly and annual financial situations for 2013
- Decisions of the General Meeting of Shareholders and current reports of Bucharest Stock Exchange for 2013
- Memorandum of Association – approved by the Decision of the Board of Administration no. 122/02.04.2013, according to the certificate of amendment of the Deva Trade Registry Office no. 13658/22.04.2013.
- Declaration of compliance with the Corporate Governance Code of Bucharest Stock Exchange – updated at 18.03.2013.
- Adoption of the Corporate Governance Code on 18.04.2013
- 2013 Internal Rules, approved on 30.09.2013 and effective as of the same date.
- Remuneration and Nomination Committee, updated by Decision of the Board of Administration no.137/29.10.2013.
- Code of Conduct and Business Ethics approved in the meeting of the Board of Administration of 2.04.2013.
- Measures and procedures to prevent fraud and corruption, document approved in the meeting of the Board of Administration of 29.04.2013.

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.

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

Farmaceutica Remedia		
Income Statement	dec.-12	dec.-13
(Lei)		
Sales of goods	237,864,788	240,642,729
Discounts given	-4,957,049	-6,131,927
Net Sales	232,907,739	234,510,802
COGS	198,729,747	204,358,915
Discounts Received	-2,188,939	-3,170,463
Net COGS	196,540,808	201,188,452
Gross Margin	36,366,931	33,322,350
Gross Margin (%)	15.61%	14.21%
Other Operating Revenues	5,989,001	4,518,568
Personnel	-20,431,968	-20,150,005
Other Operating Expenses	-13,959,674	-13,347,432
Total Operating Expenses	-34,391,642	-33,497,437
EBITDA	7,964,290	4,343,481
EBITDA Margin	3.42%	1.85%
Depreciation	-932,370	-1,066,922
Provisions - net	-269,060	333,350
EBIT	6,762,860	3,609,909
EBIT Margin	2.90%	1.54%
Financial Revenues	820,064	939,129
Financial Expenses	-749,193	-1,087,199
Financial income	70,871	(148,070)
EBT	6,833,731	3,461,839
EBT Margin	2.93%	1.48%

Tax on Profit	-1,279,888	-448,465
Net Profit	5,553,843	3,013,374
Net Profit Margin	2.38%	1.28%

The financial results of the year 2013 were significantly affected by the following provisions:

- RON 130,000 – provision for covering the stocks of expired/close to expiry products.
- RON 147,526 – provision made during the year for covering the losses resulted from non-paying customers. Thus, on December 31st 2013 the total provision reached RON 7,043,161
- RON 90,239 – provision for write-down of tangible assets

**Farmaceutica REMEDIA
 Balance Sheet(RON)**

	dec.-12	dec.-13
Total Assets	198,216,808	159,365,683
Cash	13,642,995	16,201,051
A/R	107,381,626	79,837,575
Inventory	36,634,450	24,225,884
Expenses in advance	48,514	54,782
Other Current Assets	2,714,029	1,217,022
Total Current Assets	160,421,614	121,536,274
Tangible Assets	33,878,300	31,906,108
Intangible Assets	2,746,125	3,111,745
Financial Investments	1,170,769	2,811,556
Total Long-Term Assets	37,795,194	37,829,409
A/P	145,687,079	112,610,101
Other ST payables	2,836,209	2,059,946
Payables to shareholders	1,941,410	1,941,229
ST Loans	3,793,712	352,816
Current Liabilities	154,258,410	116,964,092
LT Loans	477,928	500,063
Other LT liabilities	1,534,922	1,209,566
LT Liabilities	2,012,850	1,709,629

Provisions	827,484	397,856
Share capital	10,608,980	10,608,980
Reserves	24,955,241	26,671,752
Profit	5,553,843	3,013,374
Equity	41,118,064	40,294,106
Total Liabilities & Equity	198,216,808	159,365,683

The financial situations were audited by the independent financial auditor.

9. Economic and financial ratios

- Thousand RON

LIQUIDITY AND WORKING CAPITAL	31.12.2013
current liquidity (Current assets/Current liabilities)	1.04
Current assets *	121,536
Current liabilities *	117,245
indebtedness (Borrowed capital/Equity x 100)	2.12 %
Borrowed capital * (including leasing)	853
Equity *	40,294
days receivable outstanding (average customer balance/turnover *365)	162 days
Average customer balance *	105,631
Net turnover *	237,835
days payable outstanding (average supplier balance/cogs*365)	240 days
Average supplier balance *	134,325
Cost of goods sold *	204,359
Inventory turnover (average inventory balance/cogs * 365)	53 days
Average inventory balance	29,819
Cost of goods sold	204,359
turnover of fixed assets (turnover/fixed assets)	6.28
Net turnover *	237,835
Fixed assets *	37,829
Gross profit margin (%) (gross profit/net sales)	1.46%

Gross profit *	3,462
Net turnover *	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.
- 2) **Indebtedness** – expresses the effectiveness of credit risk management, indicating potential funding or liquidity problems, with impact on the honoring of commitments undertaken. The value of 2.12% shows that the Company has no funding or liquidity problems.
- 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 162 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 (53 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 2014.

Viena - March 6, 2014

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

General Manager,
Robert-Mihail PELOIU