Table of Contents: **page**

STATEMENT OF COMPREHENSIVE INCOME - consolidated (Lei)

		31-Dec-17	31-Dec-18
Net turnover	**NOTE 4**	**351,225,960**	**464.043.563**
Incomes from the sale of merchandise		351,354,340	463.200.718
Commercial discounts granted		-2,742,148	-2.298.309
Incomes from services provided and rents		2,613,767	3.141.153
Other operating incomes		**1,878,116**	**1.789.002**
OPERATING INCOMES - TOTAL		**353,104,076**	**465.832.565**
Material expenses	**NOTE 5**	**310,756,560**	**416.453.146**
Expenses with merchandise		314,539,008	421.485.590
Commercial discounts received		-7,792,888	-10.073.506
Expenses with raw materials and consumables		2,685,701	3.511.913
Other material expenses (inventory objects)		320,759	507.550
Expenses with energy and water		1,003,979	1.021.599
Personnel expenses	**NOTE 6**	**25,346,354**	**31.786.780**
Salaries and allowances		20,323,482	28.575.417
Expenses with insurance and social protection		4,511,578	936.197
Other personnel expenses		511,293	2.275.166
Amortisation and provisions		**998,302**	**894.177**
Amortisation		752,782	764.201
Net provisions		-466,404	-16.416
Losses from receivables		711,924	146.391
Other operating expenses	**NOTE 7**	**11,399,560**	**12.981.390**
Expenses on external benefits		9,417,589	11.419.953
Expenses with other duties, taxes and similar levies		632,621	868.262
Other expenses		1,349,350	693.175
OPERATING EXPENSES - TOTAL		**348,500,775**	**462.115.492**
OPERATING RESULT		**4,603,301**	**3.717.073**
Financial incomes	**NOTE 8**	**364,844**	**156.052**
Interest income		6,890	5.834
Incomes from exchange rate differences		62,073	53.578
Incomes from dividends		1,882	2.851
Discounts for advance payments		294,000	93.790
Other financial incomes		0	0
Financial expenses	**NOTE 8**	**244,563**	**190.096**
Interest charges		33,784	33.527
Expenses from exchange rate differences		111,936	71.071
Advance collections discounts		98,843	85.497

Other financial expenses		0	0
FINANCIAL RESULT		**120,282**	**-34.043**
TOTAL INCOME		**353,468,920**	**465.988.617**
TOTAL EXPENSES		**348,745,338**	**462.305.588**
GROSS RESULT	**NOTE 9**	**4,723,582**	**3.683.029**
Corporate tax		958,210	634.893
TOTAL NET PROFIT of which distributable		**3,765,372**	**3.048.136**
Company's shareholders		3,765,372	3.048.136
Minority interest			
Other elements of the comprehensive result		**0**	**0**
Other elements of comprehensive income			
Tax afferent to other elements of comprehensive income			
Minority interest			
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which attributable:		**3,765,372**	**3.048.136**
Company's shareholders		3,765,372	3.048.136
Minority interest			
Result per share (in Lei)			
- basic		0.0355	0.0287
- diluted		0.0355	0.0287

"TARUS" - Valentin Norbert TARUS e.U.

by representative
Valentin – Norbert TARUS

STATEMENT OF FINANCIAL POSITION - consolidated (Lei)

		31-Dec-17	31-Dec-18
ASSETS			
Fixed assets		**39,284,471**	**39.029.412**
Tangible assets	NOTE 10	25,560,239	24.739.772
Real estate investments	NOTE 10	5,652,468	6.343.153
Software licenses	NOTE 11	97,504	70.272
Pharmacy licenses	NOTE 11	7,257,638	7.080.494
Participations held in group companies	NOTE 12	286,520	289.520
Participations held in companies outside the group	NOTE 12	8,316	5.316
Deposits and guarantees paid	NOTE 12	421,787	500.887
Current assets		**164,106,388**	**255.053.665**
Stocks	NOTE 13	49,050,883	98.186.559
Trade receivables	NOTE 14	104,041,931	150.720.279
Other receivables		970,890	2.620.956
Cash and cash equivalents	NOTE 15	10,042,684	3.525.871
Accrued expenses		**200,008**	**312.481**
TOTAL ASSETS		**203,590,867**	**294.395.558**
EQUITIES AND LIABILITIES			
Equities		**44,651,908**	**46.612.325**
Share capital	NOTE 16	10,921,209	10,921,209
Issuance premiums		757,485	757,485
Reserves	NOTE 17	28,810,771	28.975.578
Current result		3,765,372	3.048.136
Result carried forward	NOTE 19	900,000	3.444.632
Result carried forward - restatement		-312,229	-312,229
Profit distribution		-78,072	-109.859
Own shares	NOTE 21	-112,628	-112,628
Long-term liabilities		**1,490,429**	**1.402.753**
Liabilities from financial leasing	NOTE 22	91,209	18.105
Provisions	NOTE 23	0	10.449
Liabilities with deferred profit tax		1,399,221	1.374.199
Current liabilities		**157,448,529**	**246.380.480**
Bank loans	NOTE 24	0	0
Liabilities from financial leasing		19,336	36.938
Suppliers and other assimilated liabilities		152,641,012	241.058.212
Provisions		0	0
Liabilities with current tax		282,919	193.515
Other short-term liabilities	NOTE 25	4,505,262	5.091.815

Total liabilities	**158,938,959**	**247.783.233**
TOTAL EQUITIES AND LIABILITIES	**203,590,867**	**294.395.558**

President of the Board of Administrators
"TARUS" - Valentin Norbert TARUS e.U.
By representative
Valentin – Norbert TARUS

STATEMENT OF CHANGES IN EQUITY

	Share **capital**	Legal **reserves**	Revaluation **reserves**	Other **reserves**	Issuance **premiums**	Result carried **forward**	Profit **distribution**	Current **result***	Own **shares**	TOTAL
Balance as at 01.01.2017	10,921,209	1,435,539	15,320,656	11,547,194	757,485	-290,122	-14,700	1,268,025	-112,628	40,832,658
Repositioning of treatments for profit account 2016						-22,107		-101,971		79,864
Profit transfer 2016 (FR) to result carried forward						227,613		-227,613		0
Profit distribution 2016 (FR) to dividends						-227,613				-227,613
closure of account 129 (legal reserve 2016) FR							14,700	-14,700		0
Legal reserve 2017 FR		78,072						-78,072		0
Profit transfer 2016 (FRDL) to result carried forward						1,127,683		- 1,127,683		0
Profit distribution 2016 (FRDL)				227,683		-727,683				-500,000
Accounting result 2017 FR+FRDL								4,335,388		4,335,388
Transfer reserves to dividends (FR)				-473,314						-473,314
Retreatment of profit account 2017						500,000		-570,016		-70,016
Revaluation of buildings and lands			801,025							801,025
Deferred tax			-126,084							-126,084
Balance as at 31.12.2017	10,921,209	1,513,611	15,995,597	11,301,563	757,485	587,771	-78,072	3,765,372	-112,628	44,651,908

STATEMENT OF CHANGES IN EQUITY – continuation

	Share **capital**	Legal **reserves**	Revaluation **reserves**	Other **reserves**	Issuance **premiums**	Result carried **forward**	Profit **distribution**	Current **result***	Own **shares**	TOTAL
Balance as at 01.01.2018	**10,921,209**	**1,513,611**	**15,995,597**	**11,301,563**	**757,485**	**-587,771**	**-78,072**	**3,765,372**	**-112,628**	**44,651,908**
Repositioning of treatments for profit account 2017						-500,000		570,017		70,017
Profit transfer 2017 (FR) to result carried forward						1,212,684		-1,212,684		0
Profit distribution 2017 (FR) to dividends						-1,060,898				-1,060,898
Profit distribution 2017 (FR) to other reserves						-151,786				0
Closure of account 129 (legal reserve 2017) FR							78,072	-78,072		0
Profit transfer 2017 (FRDL) to result carried forward						3,044,633		-3,044,633		0
Profit transfer 2017 (FRDL) to dividends						-2,000,000				-2,000,000
Accounting result 2018 FR +FRDL								5,127,615		5,127,615
Legal reserve 2018 (FRDL)		109,859					-109,859			0
Retreatment of profit account 2018						2,000,000		-2,079,479		-79,479
Outputs buildings + lands			-210,024							-210,024
Revaluation of buildings and lands			88,165							88,165
Deferred tax			-25,022							-25,022
Balance as at 31.12.2018	**10,921,209**	**1,623,470**	**15,898,760**	**11,453,349**	**757,485**	**3,132,403**	**-109,859**	**3,048,136**	**-112,628**	**44,612,325**

President of the Board of Administrators

“TARUS” Valentin Norbert TARUS e.U.
by representative
Valentin - Norbert TARUS

STATEMENT OF TREASURY FLOWS

	Consolidated **2018**
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	466,068,222
Other cash inflows	889,631
Payments to suppliers of goods and services	(423,991,330)
Payments to and on behalf of employees (including taxes on salaries)	(29,889,433)
Corporate tax payments	(800,571)
Payments of other taxes and fees	(14,955,027)
Paid interests	(30,591)
Collected interests (current account)	5,834
Other cash outflows	(3,672,968)
Total operating cash flow	**(6,376,232)**
Cash flow from investment activities	
Collections from the sale of long-term assets and financial investments	1,809,856
Collected interests (from deposits)	0
Collected dividends	2,851
Payments for the acquisition of long-term assets	(987,531)
Total cash flow from investments	**825,176**
Cash flow from financing activities	
Short-term loan withdrawals	75,252,442
Repayment of short-term loans	(75,252,442)
Net foreign exchange differences	15,996
Financing received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(981,753)
Payments of own shares	0
Total cash flow from financing	**(965,757)**
Cash flows from operating activities	
Total cash flow	**(6,516,813)**
Cash at the beginning of the period	**10,042,684**
Cash at the end of the period	**3,525,871**

NOTE 1 INFORMATION ON CONSOLIDATED COMPANIES

1.1. Reporting entity

Farmaceutica REMEDIA S.A.

Farmaceutica REMEDIA S.A. (« the Company ») is a commercial company with registered office in Deva, 43 Dorobantilor Str., 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.

On **01 January 2016**, Farmaceutica REMEDIA S.A. completed the transfer to Farmaceutica REMEDIA Distribution & Logistics S.R.L., **a company owned 100%**, of the wholesale distribution activities of drugs (by a network of 8 warehouses) together with the related activities (logistical services, recordings, promotion and marketing of drugs etc), keeping the operation of the chain of 100 pharmacies and local distribution offices.

Although the legal provision on the separation of activities was abrogated, Farmaceutica REMEDIA has decided to keep the two legal entities.

In this context, as at 31.12.2018 Farmaceutica REMEDIA S.A. held majority participations (100%) to the company Farmaceutica REMEDIA Distribution & Logistics S.R.L..

Following the change of the main activity object imposed by the abovementioned legislation, the company had to redeem from the market (in 2015) a number of 300.100 shares at a price established by an authorised valuator.

As at 31.12.2018, Farmaceutica REMEDIA S.A. did not hold majority participations or significant influences in other companies, except for the one previously mentioned.

1.2. Other entities participation in the consolidation

Farmaceutica REMEDIA Distribution & Logistics S.R.L.

Farmaceutica REMEDIA Distribution & Logistics S.R.L., former Sibmedica S.R.L. had the activity suspended since 16.12.2013, up to 19.01.2015, a date on which it was reactivated under the new name. The company is held 100% by Farmaceutica REMEDIA S.A.

The main activity carried out by Farmaceutica REMEDIA Distribution & Logistics S.R.L is the wholesale distribution of drugs, and as related activities, there are the logistics services and drugs registrations.

Farmaceutica REMEDIA Distribution & Logistics S.R.L. is a national distributor with a network of 9 warehouses located in Bucharest, Deva, Brasov, Craiova, Pitesti, Targu Mures, Timisoara, Iasi and Galati.

During 2018 Farmaceutica REMEDIA S.A. or Farmaceutica REMEDIA Distribution & Logistics S.R.L did not participate in mergers.

In the same period, the two companies did not alienate assets of significant values. (buildings, lands, shares etc.), with the following exceptions:

- one of the two operating licenses of a pharmacy, held at Alba-Iulia
- part of (104,62 sqm) an immovable held in Deva

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NOTE 2 BASES FOR THE PREPARATION OF FINANCIAL STATEMENTS

Conformity statement

The consolidated financial statements of the reporting company were prepared in compliance with the provisions of Order No. 2844/2016 for the approval of Accounting regulations in compliance with the International Financing 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 all the periods up to the year concluded as at 31 December 2011, including, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded as at 31 December 2012 are the first financial statements drafted in compliance with the International Financing Reporting Standards (IFRS).

The financial statements as at 31.12.2018 of the reporting entity were approved by the Board of Administrators of the Company as at 19.03.2019.

There are no significant differences between the value of economic-financial indicators determined according to the accounting directives and those resulted by the application of the IFRS provisions.

The consolidated financial statements are audited, as well as the financial statements of each entity that entered the consolidation perimeter.

Bases of valuation

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

The consolidated companies present in financial statements at the fair value all the components of asset and liability items for which valuation at the fair value is imposed, the methods used for its determination being inventory and revaluation (IFRS 13).

Thus, buildings (comprised in the Tangible assets and real estate investments class) and the lands owned by the Company are annually assessed by an independent authorised valuator, ANEVAR *(National Association of Romanian Valuers)* member, having a recent and relevant experience in what concerns localisation and the category of investment subject to valuation.

Since 2015, the used revaluation method was the gross income multiplier method (quantifying the present value of future anticipated benefits produced to the owner from property rental). The values were estimated based on public market studies, and correlation was realised based on several criteria, the most important being the number of inhabitants of the locality where the property is located.

Valuations of tangible assets were classified at level 2 as their values are comparable to the similar ones from the active market, are adjusted and are directly observable - IFRS 13.93 (b).

Companies do not have financial instruments that would imply the use of other fair value estimation methods.

During 2018, there were no events and circumstances that would lead to the recognition of a loss from a significant depreciation of tangible assets.

Balances and transactions within the group, as well as any other unrealised incomes or expenses resulted from transactions within the group are eliminated at the preparation of consolidated financial statements. Unrealised profits or losses afferent to transactions with associated entities accounted for using the equity method are eliminated in compensation for the investment with the associated entity to the extent of the owned percentage.

Functional and presentation currency

Financial statements are presented in LEI (RON), this being the functional currency of the Company. The entire financial information is presented in LEI.

Principle of activity continuity

Financial statements were prepared based on the principle of activity continuity, which implies that the company, in a foreseeable future, will normally continue its activity, without undergoing bankruptcy, liquidation or significant reduction of the activity.

Comparative statements

Certain amounts in the statement of financial position, statement of comprehensive income, statement of treasury flows, statement of changes in equity, as well as in explanatory notes, were reclassified to ensure comparability between previous years and the current year.

Estimations and professional judgments

The preparation of financial statements according to IFRS or the National Reporting Standards involves the use of professional judgment by the management, estimates and assumptions that may affect the application of accounting policies and the reported value of assets, liabilities, incomes and expenses. Under these conditions, the actual results may differ from the estimated values. The estimates and assumptions underlying them are periodically reviewed. The review of accounting estimates is recognised during the period in which the estimation was reviewed and during the future affected. The following are critical professional judgments/reasoning which the Company management made with a significant impact on the values recognised in financial statements:

- Life span of fixed assets
- Deferred taxes
- Provisions
- Reporting on segments
- Cost of merchandise sold by the reporting company (FR) and supplied from FRDL

Changes in accounting policies

The adoption for the first time of new or reviewed standards

The adopted accounting policies are consistent to those applied for the previous financial year, and adapted to the following new interpretations, amendments to the existing standards and interpretations issued by the Commission of International Accounting Standards (IASB) adopted by the European Union.

IASB issued the Annual Improvements of IFRS – Cycle 2015 – 2017, which represent a collection of changes in the IFRS.

New standards, interpretations and amendments that entered into force in 2018 were applied without having a significant impact on financial statements:

IFRS 1 – The adoption for the first time of International Accounting Standards: Elimination of short-term reliefs for entities applying for the first time;

IFRS 2 – Payments based on actions: Classification and assessment of payment transactions based on actions;

IFRS 4 Insurance contracts: approaching or postponing the overlapping to eligible financial assets;

IFRS 9 Financial instruments: additional modifications for the introduction of a new depreciation model of anticipated losses modifications limited to the classification and assessment requirements of financial assets;

IFRS 15 incomes from contracts with customers: clarifications, replacement IAS 18;

IAS 11 Constructions contracts – replaced with IFRS 15 ;

IAS 28 Investments in associated entities and in joint ventures (reviewed): Assessment of an associated company or of a common company at the fair value;

IAS 39 Financial instruments, recognition and assessment: replacement with IFRS 9;

IAS 40 Real estate investments: Transfers of properties;

IFRIC 13 Loyalty programs for customers: replaced by IFRS 15;

IFRIC 15 Agreements for real estate constructions, replaced with IFRS 15;

IFRIC 18 Transfer of goods from customers, replaced with IFRS 15;

IFRIC 22 Foreign exchange transactions and early analytics: issuance;

Conceptual framework for financial reporting 2018.

Application of new standards, interpretations and amendments, which enter into force at or after the date of 01 January 2019 by Annual improvements of IFRS – Cycle 2015– 2017 or other amendments did not have a significant impact on financial statements:

IFRS 3 Combinations of enterprises – from 01.01.2019 and from 01.01.2020
IFRS 4 Insurance contracts: replacement with IFRS 17 from 01.01.2021
IFRS 9 Financial instruments: classifications of financial assets – from 01.01.2019
IFRS 11 – Common agreements (amendment)- 01.01.2019
IFRS 16 Leasing: replacement IAS 17 – from 01.01.2019
IAS 1 Presentation of financial statements (modified): definitions – 01.01.2020
IAS 8 Accounting policies, modifications of accounting estimates and errors – 01.01.2020
IAS 12 Profit tax: IFRIC 23 and modifications – from 01.01.2019
IAS 19 Benefits of employees: planning of modification, reduction of settlement – from 01.01.2019
IAS 28 – Investments in associated entities and in joint ventures: long-term interests – from 01.01.2019
IFRIC 4 Determination whether a contract is for leasing: replacement with IFRS 16– from 01.01.2019
IFRIC 23 Uncertainty towards treatments on income tax: issuance – from 01.01.2019

Bases of consolidation

The reporting company owns participations of 100% in the consolidated company, within which it has control over financial and operational policies. An entity is consolidated if, based on the evaluation of its relations with the Company, it is found that it is controlled by the Company.

As at 31.12.2018, Farmaceutica REMEDIA S.A. did not hold majority participations or significant influences in other companies, except for the consolidated company.

A list of participations held is presented in NOTE 12.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

Incomes recognition

Incomes represent the gross inflow of economic benefits during the period generated within the performance of the normal activities of an entity, under the form of inflows of assets, increase in the assets value, or decrease of liabilities, which result in increases of equities, other than those obtained by contributions from capital owners.

Incomes include both incomes, and gains.

Incomes are evaluated at the fair value of the equivalent value received or that can be received (IAS 18).

Incomes from the sale of goods are reduced with returns, commercial rebates and other similar discounts. Incomes from the sale of goods are recognised when goods are delivered, and the legal title is transferred, respectively when significant risks and benefits afferent to the property right are transferred to the buyer.

Incomes from the provision of services are recognised in the accounting year in which the services are provided.

Incomes from rents is recognised in compliance with the provisions of relevant rental contracts.

Interest income is recognised on a monthly basis using the effective interest method and are included in the profit and loss account to the Financial incomes.

Incomes from dividends are recognised when the shareholder's right to receive the payment was established.

Recognition of expenses

Expenses represent the reduction of economic benefits recorded during the accounting period in the form of outflows or or decreases in the value of assets, or increases in liabilities determining reductions of equities, other than those resulted from their distribution to shareholders.

Currency conversions

In financial statements, currency transactions, other than the functional currency of the entity (RON), are recognised at the current exchange rate on the date of transactions. At the end of each reporting period, monetary items expressed in a foreign currency are converted to the current exchange rates (NBR) from that date.

Monetary assets and liabilities expressed in currency as at 31 December 2018 are evaluated in RON using the exchange rate (NBR) valid on the date of concluding the financial year, respectively 1 EUR = 4,6639 RON ; 1 USD = 4,0736 RON.

Exchange rate differences afferent to the monetary elements are recognised in the profit and loss account at the time of occurrence.

Non-monetary elements accounted for at the fair value in a foreign currency are converted at the current rates from the date on which the fair value was established. Non-monetary elements evaluated at a historical cost in a foreign currency are not converted.

Government grants

Government grants are recognised when there is the reasonable safety that the grant will be received, and all the afferent conditions will be met.

Capital grants, including non-monetary grants evaluated at the fair value are recognised as grants for investments and are recognised in the balance sheet as advance income; this is resumed in incomes depending on the registration of expenses with asset amortisation or when the asset is ceded.

The company did not benefit from grants.

Taxes

Current corporate tax

Corporate tax for the current period is presented at the value to be paid by tax authorities and is reported in tax statements according to the legislation in force, the percentage applied over the taxable profit being of 16%.

Deferred corporate tax

The elements regarding the deferred corporate tax are recognised in correlation with the support transaction to other elements of the comprehensive result or in the case of FR, directly in equities (IAS 12.15 - 45 – Recognition of deferred tax liabilities and receivables).

Receivables and liabilities regarding deferred tax are compensated if there is a legal right of compensation of receivables regarding the current tax with the liabilities on current tax, and deferred taxes refer to the same taxable entity and to the same fiscal authority.

Value added tax

The company applies two calculation rates of the value added tax, respectively 9% and 19% corresponding to the nature of the taxable basis (e.g. for drugs, the applicable rate is of 9%).

The applicable VAT rate on rental income is of 19%, the Company appropriately notifying the fiscal authority in this respect.

The net value of recoverable or payable VAT is included as a as part of receivables and liabilities in the statement of financial position.

Tangible assets

Prior to the date of 31.12.2011 tangible assets were recorded in the balance sheet at the historical cost (purchase or construction price), less cumulative amortisation.

The historical cost was revalued in compliance with the Government Decisions: GD 945/1990, GD 26 A 992, GD 500 /1994, GD 983 /1998 based on indices established by the respective normative acts and GD 403 /2000 and GD 1553/2004, based on the general price index, to restate the net accounting value of assets to a level that better reflects their market value.

A revaluation surplus is recorded in other elements of the comprehensive result and thus credited in the revaluation reserve of buildings, within equities. However, to the extent that it resumes a revaluation deficit for the same asset previously recognised in the profit and loss account, the increase is recognised in the profit and loss account. A revaluation deficit is recognised in the profit and loss account, unless an existing surplus previously recorded for the same asset is compensated, recognised in the reserve from the revaluation of assets (according to IAS 16). Moreover, the cumulative amortisation on the date of evaluation is eliminated from the accounting value of the asset and the net amount is restated to the revalued value of the asset. Upon cessation, any revaluation reserve referring to the respective asset to be sold is transferred to the result carried forward.

As a method of accounting for tangible assets (starting with the financial year 2011) the revaluation model for and lands and the model based on cost for the other classes of tangible assets were used.

In the case of tangible assets to which the cost model was applied, for the calculation of amortisation, the straight line amortisation method was used.

Assets being under financial leasing (utility vehicles and cars) are depreciated over their life span on the same basis as similar assets being under property.

Tangible assets owned are subject to depreciation tests to detect the case in which their accounting value cannot be fully recovered. When the accounting value of an asset is higher than the recoverable amount, the asset is appropriately adjusted (IAS 36 – Depreciation of assets) by setting up a provision.

For the new fixed assets, such as installations, cars and measurement and control devices, life spans were established considering the estimated level of use based on the use of the asset capacity.

The life spans used are the following:

Buildings and constructions	30-50 years
Equipment and installations	7-24 years
Means of transportation	4- 5 years
Calculation technique	2 -3 years
Office furniture and equipment	5-15 years

Investments in progress are amortised starting with the month prior to the following commissioning.

Expenses with maintenance and repairs of tangible assets are recognised in the profit and loss account at the time of their execution, and improvements leading to the optimisation of their exploitation and framing within the legal norms are capitalised.

Leasing contracts

Leasing contracts have as object means of transportation for merchandise and are only financial leasing contracts.

Financial leasing significantly transfers to the company all risks and benefits afferent to the ownership right on the good in leasing regime, are capitalised in the beginning of the leasing contract at the contractual value and are revaluated at the end of each financial year. Financing expenses are recognised as financing costs in the profit and loss account during the leasing contract (IAS 17 – Leasing contracts).

Borrowing costs

Borrowing costs that are directly attributed to the purchase, construction or production of an asset are capitalised as part of the cost of the respective asset. All the other borrowing costs are recorded on expenses during the period in which they intervene.

Borrowing costs represent interests and other costs incurred by Entities for borrowing funds.

Entities were not indebted for the acquisition, construction or production of an asset.

Real estate investments (IAS 40)

Real estate properties partially or entirely used to obtain rental income were classified as “**real estate investments**”. In the case of properties partially used for carrying out the activity and partially leased by companies for carrying out the activity and partially leased, the value of the real estate investment was proportionally determined with the surface allocated for rental to third parties as it is presented in NOTE 10. Real estate investments are presented in financial statements at the fair value, reflecting the market conditions at the end of the reporting period and do not include the transaction costs which it can bear in case of sale (IAS 40).

Thus, buildings classified as real estate investments are annually valued by an independent authorised valuator, ANEVAR member, having a recent and relevant experience in what concerns the localisation and category of the real estate investment subject to valuation.

In 2018, the revaluation method used was the gross income multiplier method (quantifying the present value of future anticipated benefits produced to the owner from property rental). The values were estimated based on public market studies, and correlation was realised based on several criteria, the most important being the number of inhabitants of the locality where the property is located. Valuations of real estate investments were classified at level 2 as their values are comparable to those on the active market, are adjusted and are directly observable - IFRS 13.93 (b).

During 2018 there were no events and circumstances that would lead to the recognition of a loss from a significant depreciation of real estate investments.

Intangible assets

Intangible assets are initially valued at cost (IAS 38 – Intangible assets and IAS 36 – Depreciation of assets). Life span durations of intangible assets are evaluated as being definite or indefinite.

Intangible assets with the definite useful life are amortised on the economic life and are depreciated whenever there are there are indications of depreciation of intangible asset.

The expense with amortisation of this type of intangible assets is recognised in the profit and loss account.

Intangible assets of the type of purchased software programs are linearly amortised within a period of 1-3 years.

In the category of intangible assets with an indefinite life span, operating authorisations for the pharmacy activity **(pharmacy licenses**) are included. According to the legislation in force, the number of these authorisations is limited after several criteria from which the most important is the demographic criterion. Operating authorisations are valued at the acquisition cost, have an infinite useful life, are transmissible (have a price) and are not amortised. In some cases, costs generated by the purchase of pharmacy licenses were capitalised.

During 2018, there were no events and circumstances that would lead to the recognition of a loss from a significant depreciation of intangible assets.

Financial instruments and risk management (IFRS 7)

Assets or financial liabilities are valued at the fair value plus the costs of the transaction that can be directly attributed to the purchase/issuance of the asset or the financial liability (IAS 39 – Financial instruments).

Entities do not own a tradable financial assets portfolio.

The reporting company holds majority participations in only one company and minority participations in other two companies. These financial assets are not listed on a regulated market and are presented at the purchase value without being revaluated.

Cash and cash equivalents are short-term liquid assets and are found in the cash available in cashier's offices, current bank accounts and deposits with a maturity of less than one year.

The reporting company and the consolidated company have a multi-currency credit line opened in common in the amount of 10 million euros, mainly used by FRDL for the issuance of letters of guarantee of participation/performance bond issued in favour of clients and for work capital.

The main politics on financial instruments and risk management are presented in NOTE 29 and NOTE 32.

Stocks

The stock of merchandise (pharmaceutical and para-pharmaceutical products) represent over 99% from the total stock of entities. In the accounting statements, merchandise stocks are emphasized at the entry cost which includes, apart from the acquisition price, import fees, transportation and, when appropriate, discounts received or the future certain ones. Stocks are valued at the end of the period at the lowest value between the cost and the net realisable value (IAS 2 – Stocks). Starting with 2011, in the cost of stored goods, certain future discounts are also introduced.

The net realisable value is the sale price estimated under normal business conditions, less the estimated completion costs and sales costs.

In the case of retail sales, in own pharmacies, stocks of drugs and para-pharmaceutical products are emphasized at retail sale price (purchase price + trade markup + VAT).

Stocks being largely represented by drugs managed strictly on the basis of manufacturing batches (according to the legislation in force), at the inventory outflow, the FEFO method is used (first expired, first out), and in the case of the existence of two batches with the same expiry date, the FIFO method is used (first in, first out).

Establishing the quantities actually existing in the stock is realised by using the permanent inventory method. The company periodically carries out the inventory of stocks to determine whether they are deteriorated, have slow motion or if the net realizable value decreased, proceeding, if necessary, with the required adjustments.

Entities hold stocks of pledged merchandise in the liabilities account.
The information on stocks is presented in NOTE 13 (IAS 2.36 – Stocks – information presentation).

Provisions

A provision is recognised if, following a previous event, an entity has a present, legal or implicit obligation, which can be estimated in a reliable manner and which will generate an outflow of economic benefits for its settlement (IAS 37 – Provisions, contingent liabilities and contingent assets).

The expense related to any provision is presented in the profit and loss account.

Provisions are reviewed on the date of each balance sheet and adjusted to reflect the best current estimation of the management in this regard. If, for the settlement of an obligation, an outflow of resources is no longer probable, the provision is cancelled by resumption to income.

Provisions for disputes are recognised when the management estimates that cash outflows will be necessary, following unfavourable disputes. Entities did not have a significant risk of cash outflow following disputes.

Entities have provisions constituted for the depreciation of current assets (merchandise, debtors and doubtful clients) as well as for risks and expenses (lack of cash in the cashier's office of Giurgiu). Provisions constituted in 2018 are related to the inventories carried out during the year at the pharmacy from Giurgiu.

The provisions for doubtful clients are recognised based on the analysis of balances older than 6 months. For the clients being in bankruptcy or with a low probability of collection, provisions are constituted. When the loss becomes certain (judge's decision of radiation from the Trade Register) balances are recognised as costs and, concomitantly, the provision previously constituted is reversed.

A statement of constituted provisions is found in note 23.

Employees benefits (IAS 19)

a) **Pensions plan**

All employees of consolidated Companies are included in the Pensions Plan of the Romanian state, some of the employees also contributing to the private pensions plans (pillar II or III). In this context, the companies carry out payments to the Romanian state in the account of its employees.

No other pensions plan or plan for granting benefits after retirement is applied, apart from the one mentioned in the previous paragraph.

Contributions to the Pensions Plan of the Romanian state are incurred on costs on a monthly basis, in the month for which these contributions are due.

Employees retiring for the age limit will receive an allowance equal to 2 gross salaries, taking as a base the last gross salary of the employee.

b) **Other benefits of employees**

All employees on an 8-hour labour contract benefit from food vouchers according to the legislation in force, holiday bonus, as well as fixed bonuses on the occasion of legal holidays.

Employees individually fired benefit from an allowance equal to the last gross salary, if they have a seniority of 1-3 years, 2 gross salaries if they have a seniority of 3-6 years and 3 gross salaries if the seniority exceeds 6 years. In the case of collective dismissals, the granted compensation is similar to the one for individual dismissal.

c) **Annual bonuses of directors and members of the Board of Administrators**

Directors and the members of the Board of Administrators of the reporting Company and of the consolidated one benefit from annual bonuses based on mandate contracts (depending on the achievement of certain performance indicators) or decisions of the Board of Administrators.

Dividends

Dividends distribution to shareholders is registered in the financial statements in the year in which they were approved by the General Meeting of Shareholders, therefore, they are not recognised as liabilities at the end of the reporting period. The calculation and highlighting of dividends are realised considering the provisions of IAS 10 – Events subsequent to the reporting period.

No cumulative preferential dividends are distributed.

The statement of dividends is presented in NOTE 18.

Affiliated parties

Parties are considered affiliated when one of them has the capacity to control or influence significantly the other party by ownership, contractual rights, family relationships or otherwise. Affiliated parties also include main shareholders of the company, management members, members of the Board of Administrators and the members of their families, parties with which they jointly control other companies, benefits plans, subsequent to employment for company employees.

The details on transactions with affiliated parties are separately presented in NOTE 27.

Equities

Equities present the right of shareholders on assets after subtracting all liabilities. They comprise: capital contributions, capital premiums, reserves, result carried forward and the result of the financial year.

Capital contributions

Farmaceutica REMEDIA S.A. was established in 1991 as a commercial company with fully state-owned capital. In 2006, the Company merged by absorption with V.TARUS RoAgencies SRL. In 2007, the Company proceeded to capital increase by the subscription of shares. In 2009, the company was listed in the 2nd category of BSE.

The evolution of the share capital of the reporting company is presented below:

	Date	Number of shares	Issuance value (Lei)	Explanations
1	10.11.1999	3.370.107	337.010,70	Initial capital of the state, including the land contributed in nature

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 – disappearing company
4	05.01.2006	5.696.471	569.647,10	Merger - capital of V.TARUS oAgencies – disappearing company
5	21.12.2007	87.905.969	8.790.596,90	Capital increase – shareholders with pre-emption right
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**	

Considering that by the valuation carried out on the date of the merger of the two companies, any revaluation surplus that occurred in prior periods was eliminated and any other share capital increase was carried out after the date of 31 December 2003, the share capital was not subject to adjustment with the inflation index according to IAS 29 – Financial reporting in hyperinflationary economies.

Farmaceutica REMEDIA Distribution&Logistics SRL was established in 1993 under the name of Sibmedica SRL, having a share capital of 12 Lei.

In 2008, Farmaceutica REMEDIA S.A. has fully purchased the shares.

Considering the application of IAS 29 – “Financial reporting in hyperinflationary economies” and the presentation of results for the restatement of operations carried out during the hyperinflationary economy period in the financial statements drafted according to IFRS, the analysis of the inflationary impact on the share capital was carried out, resulting an adjustment percentage of 2,94%.

Result carried forward

The accounting profit remained after the distribution of the share of 5% to the legal reserve, within the limit of 20% from the share capital is taken over within the result carried forward at the beginning of the financial year following the one for which the annual financial statements are prepared, from where it is to be distributed on the other legal destinations.

Profit distribution is realised in the next financial year, according to the approval of distribution within the GMS meeting.

Reserves

The company presents in the financial statements in the reserves category values representing the legal reserve, the reserve from revaluation of buildings and lands held and the reserve constituted from the net profit from previous years as a basis at the company's disposal.

Result per share

The company presents the result per share by dividing the profit or loss attributable to shareholders to the number of shares. The statement of the result per share is presented in the Statement of comprehensive income.

Reporting on segments (IFRS 8)

Segmentation of company's activity is mainly realised on activity lines and detailed on distribution channels, as presented in NOTE 28. The calculation takes into account the risks and benefits directly and indirectly attributable to each segment.

Considering the specific of distributed merchandise and of services offered by the company, a correlation of them between the geographic regions and clients has no relevance.

Accounting errors

The correction of significant errors afferent to the previous financial years does not determine the modification of financial statements of those financial years. In the case of errors afferent to previous financial years, their correction does not require the adjustment of the comparative information presented in the financial statements. Any impact on the comparative information regarding the financial position and the financial performance, respectively the modification of the financial position, is presented in the explanatory notes and adjusted in the result carried forward during the year.

NOTE 4 INCOMES FROM SALES AND OTHER OPERATING INCOMES

Operating incomes are realised from the sale of merchandise on various distribution channels, as well as from provided services and rents, as presented below:

description	2018	2017
NET TURNOVER, of which:	**464.043.563**	**351.225.960**
incomes from the sale of merchandise, of which:	**463.200.718**	**351.354.340**
- Sales of Remedia pharmacies	96.765.975	88.498.095
- distribution to hospitals	99.187.839	87.954.599
- distribution	244.288.309	160.711.904
- other distribution channels	22.958.595	14.189.742
commercial discounts granted	**(2.298.309)**	**(2.742.148)**
incomes from services provided and rents, of which:	**3.141.153**	**2.613.767**
- logistic services and store keeping	1.038.115	1.125.694
- rents	510.595	511.437
- shelf promotion	466.551	508.663
- marketing and recordings (RA)	259.163	232.793
- other services	866.728	235.180

Other operating income

description	2018	2017
penalties	57.013	20.024
sales of tangible assets	1.522.887	1.569.264
inventory pluses	89.028	204.570
other incomes	19.457	0
penalties	100.617	84.258
TOTAL	**1.789.002**	**1.878.116**

NOTE 5 MATERIAL EXPENSES

Description	2018	2017
Cost of merchandise *	411.412.084	306.746.120
Utilities	1.021.599	1.003.979
Fuel	2.024.411	1.473.094
Spare parts	553.520	388.640
Consumables	933.982	823.968
Inventory items	507.550	320.759
TOTAL	**416.453.146**	**310.756.560**

* net value obtained by adjustment with the received discounts

NOTE 6 PERSONNEL EXPENSES

Personnel expenses have the following composition:

Description	2018	2017
Gross salaries and allowances	**28.575.417**	**19.308.774**
Expenses with insurances and social protection	**936.197**	**4.511.578**
- Insurance contribution for labour	645.024	
- Other expenses on insurance and social protection expenses	291.173	
Other personnel expenses	**2.275.166**	**1.526.002**
- Meal tickets/gift	1.298.336	1.014.709

- PFA /PFI *(authorized natural person/independent natural person)*	529.760	330.757
- Fund for disabled persons	447.070	180.536
TOTAL	**31.786.780**	**25.346.354**

The costs (including fees) with remuneration in 2018 of the Board of Administrators of FR, of the General Director, and of the two administrators of FRDL were in a total amount of 1.465.869 lei.

NOTE 7 OTHER OPERATING EXPENSES

Description	**2018**	**2017**
Repairs	684.612	565.430
Rents	4.412.487	4.131.089
Insurance	838.997	658.986
Post and telecommunications	428.918	345.851
Displacements and transport	1.141.835	654.974
Advertisement	443.038	242.332
Protocol	347.416	209.231
Donations and sponsorships	185.921	76.188
Other taxes and fees	868.262	632.621
Bank fees	358.690	258.169
Other services provided by third parties	2.763.960	2.351.527
Other operating expenses	507.254	1.273.162
TOTAL	**12.981.390**	**11.399.560**

NOTE 8 FINANCIAL RESULTS

Description	2018	2017
Interest income	5.834	6.890
Interest expenses	(33.527)	(33.784)
Incomes from exchange rate differences	53.578	62.073
Expenses from exchange rate differences	(71.071)	(111.936)
Incomes from dividends	2.851	1.882
Advance payments discounts	93.790	294.000
Advance collections discounts	(85.497)	(98.843)
Result	**(34.043)**	**120.282**

NOTE 9 EXPENSES WITH CORPORATE TAX

In the calculation of the corporate tax, the influence of non-deductible costs was considered, respectively of non-taxable income (including reversals of provisions) and tax facilities.

Description	2018	2017
total income	465.988.617	353.468.920
total expenses (without corporate tax)	462.305.588	348.745.338
gross accounting result	**3.683.029**	**4.723.582**
IFRS adjustments	2.079.479	570.016
deductions	537.048	408.762
non-taxable income	2.205.087	1.296.156
non-deductible expenses	1.936.364	2.876.303
tax result	**4.956.737**	**6.464.983**

corporate tax	793.078	1.034.397
tax reductions	158.185	76.188
Total current corporate tax expenses	**634.893**	**958.209**

NOTE 10

TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS

	Lands	Buildings and other constructions	Technical installations and cars	Equipment and vehicles	Furniture	Real estate investments	Assets under execution	Advances for fixed assets	Total
as at 01 January 2017	**3.706.991**	**19.482.874**	**294.336**	**5.601.974**	**2.272.448**	**5.413.646**	**0**	**31.491**	**36.803.759**
inflows	651.323	318.910	108.293	213.445	35.969		0	7.318	1.335.258
transfers		(238.822)				238.822			
outflows		(223.192)	(211.624)	(1.964.110)	(16.780)			0	(2.415.706)
as at 31 December 2017	**4.358.314**	**19.339.770**	**191.005**	**3.851.309**	**2.291.637**	**5.652.468**	**0**	**38.809**	**35.723.311**
inflows	275.341	257.812	369.297	1.138.220	147.146		0	47.334	2.235.150
transfers		(690.685)				690.685			0
outflows	(70)	(626.454)	0	(1.218.957)	(171.976)			(46.723)	(2.064.180)

as at 31 December 2018	**4.633.585**	**18.280.443**	**560.302**	**3.770.572**	**2.266.807**	**6.343.153**	**0**	**39.420**	**35.894.282**

NOTE 10

TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS (continuation)

Cumulative amortisation	Lands	Buildings and other constructions	Technical installations and cars	Equipment and vehicles	Furniture	Total
as at 01 January 2017	**0**	**0**	**355.571**	**4.414.374**	**1.275.056**	**6.045.001**
amortization of the year			12.587	473.057	172.474	658.118
cumulative amortisation afferent to outflows				(2.175.734)	(16.780)	(2.192.514)
la 31 December 2017	**0**	**0**	**368.158**	**2.711.697**	**1.430.750**	**4.510.605**
amortization of the year			92.604			
cumulative amortisation				389.018	201.888	683.510
afferent to outflows				(210.782)	(171.976)	(382.758)
as at 31 December 2018	0	0	**460.762**	**2.889.933**	**1.460.662**	**4.811.357**

10.2 REAL ESTATE INVESTMENTS (RON)

10.2 INVESTITII IMOBILIARE (RON)

la 01 ianuarie 2017	**5,413,646**
transferuri	238,822
la 31 decembrie 2017	**5,652,468**
transferuri	690,685
la 31 decembrie 2018	**6,343,153**

Localitate	Adresa	Supraf. Inch. mp	Supraf. Totala mp	Chirie fara Tva -EUR-	valoare reevaluata la 31.12.2018 -lei-	% supraf. inchiriata	Val. investitii imobiliare
DEVA	SF. GHEORGHE, str. Pta Victoriei nr 3	28	393	420.00	966,065	29.00%	280,159
		38		684.00			
		48		864.00			
	SF.STEFAN str. 22 Dec	60	187	450.00	502,134	42.00%	210,896
		18.62		140.00			
	SF. MARIA, str. Mihai Eminescu nr 13A	64	214	420.00	657,096	49.10%	322,634
		41		450.00			
	REMEDIA DEPOZIT, str Dorobantilor nr. 43	500	3576,2	2,500.00	2,357,411	33.00%	777,945
		680		1,600.00			
	complex comercial Koglaniceanu	177	177	600.00	326,073	100%	326,073
DOBRA	SF. PETRU,str.30 Decembrie, bl.36	60	133,86	120.00	187,181	44.80%	83,857
ALBA IULIA	IZ. TAMADUIRII, str.Iuliu Maniu nr.4, bl.280	120	317	450.00	956,794	37.90%	362,625
VATA	SF.PARASCHIVA, str.Crisului nr.36	75	215.76	500.00	241,266	34.80%	83,961
HATEG	SF. TREIME, Ovidiu Densuseanu	51	377,41	400.00	528,061	42.90%	226,538
		56		448.00			
		55		440.00			
	str. Horea nr.5	47	72,63	212.00	146,335	64,71%	94,679
	PIATA UNIRII	35	60	210.00	83,950	58.30%	48,943
CLUJ	str.FAGULUI nr.1	95	207	250.00	630,687	100,00%	630,687
		112		325.00			
SIMERIA	SF. ANDREI, str.Avram Iancu nr.1	30	377.41	252.00	579,763	38.10%	220,890
		23.8		167.00			
		36		216.00			
		5		100.00			
		33		231.00			
		16		120.00			
PETROSANI	SF. GAVRIL, str.Timisoara nr.7	86	174.56	20.00	381,013	49.30%	187,839
BUCURESTI	BD.METALURGIEI, NR.78	2173	5340	13.85	4,556,547	41,9%	1,909,193
		65		325.00			
BRASOV	Str.Zizinului	572	572	2.00	576,234	100%	576,234
	TOTAL	5,400.42	8,234.73		13,676,610		6,343,153

Ianuarie – January; decembrie – December, transferuri – transfers; localitate – locality; adresa – address; supraf. inch. – leasable area; supraf. totală mp – total area sq. m.; chirie fără TVA – rent without VAT; valoare reevaluată la - revalued value as at; % supraf. inchiriata – leased area; val. investiții imobiliare - real estate investments value

NOTE 11

11.1 SOFTWARE LICENSES

	Software licenses	Amortisation	Remained value
as at 01 January 2017	**547.584**	**425.596**	**121.988**
Inflows	70.180	94.665	
outflows			
as at 31 December 2017	**617.764**	**520.261**	**97.504**
inflows	57.293	84.525	
outflows	5.307	5.307	
as at 31 December 2018	**669.750**	**599.479**	**70.272**

11.2 LICENSES OF PHARMACIES

	Licenses of pharmacies	Amortisation	Total
as at 01 January 2017	**8.100.540**	**0**	**8.100.540**
Inflows			
outflows	842.902		
as at 31 December 2017	**7.257.638**	**0**	**7.257.638**
inflows			
outflows	177.144		
as at 31 December 2018	**7.080.494**	**0**	**7.080.494**

NOTE 12 FINANCIAL ASSETS AT THEIR FAIR VALUE

Name	value
Farmaceutica REMEDIA Distribution&Logistics SRL	289.520
Participations of companies outside the group *	5.316
Letters of guarantee for participation /performance bond	87.109
Guarantees suppliers utilities/merchandise/rents	413.778
TOTAL	**795.723**

* Companies over which Farmaceutica REMEDIA S.A. does not have control and does not influence their decisions (EUROM BANK/LEUMI BANK and BODY FARM S.R.L.).

NOTE 13 STOCKS

Description	31-dec-2017	31-dec-2016	31-dec-2018
Merchandise in warehouses	36.311.263	24.836.638	83.526.032
Merchandise in pharmacies*	18.728.159	18.213.779	21.515.844
Adjustments	(273.886)	(187.290)	(270.800)
Other stocks	6.363	24.253	124.556
Trade mark-up	(3.976.272)	(4.214.955)	(4.661.898)
VAT not applicable	(1.744.744)	(1.748.494)	(2.047.174)
TOTAL	**49.050.883**	**36.923.931**	**98.186.559**

* at retail price

NOTE 14 TRADE RECEIVABLES AND OTHER RECEIVABLES

Description	31-dec-2017	31-dec-2018
TRADE RECEIVABLES:	**104.041.931**	**150.720.279**
clients	107.490.348	154.135.714
adjustments for trade receivables	(3.448.417)	(3.415.436)
OTHER RECEIVABLES:	**970.890**	**2.620.956**
discounts to be received from merchandise suppliers	776.644	2.008.424
court costs to be recovered afferent to	41.838	42.206

disputes under progress		
other receivables (vat, corporate tax, medical leaves)	152.408	570.326

NOTE 15 CASH AND CASH EQUIVALENTS

	31-dec-2017	31-dec-2016	31-dec- 2018
Accounts in banks in RON	8.435.813	17.244.558	2.130.178
Accounts in banks in currency	895.307	1.022.497	521.279
Cash deposit RON	711.564	548.496	867.964
Other values			6.450
Total cash and cash equivalents	**10.042.684**	**18.815.551**	**3.525.871**

NOTE 16 SHARE CAPITAL

	31-dec-2018			16- feb- 2018		
Shareholders	No. of shares	Nominal value	%	No. of shares	Nominal value	%
TARUS VALENTIN-NORBERT	69.494.616	6.949.462	65,5055	70.555.514	7.055.551	66,5055
PAVEL IONICA-MIRELA	25.708.094	2.570.809	24,2324	19.348.588	1.934.859	18,2379
NATURAL PERSONS	5.064.383	506.438	4,7737	7.519.677	751.968	7,0880
LEGAL PERSONS	5.822.707	582.271	5,4885	8.666.021	866.602	8,1686
TOTAL	**106.089.800**	**10.608.980**	**100**	**106.089.800**	**10.608.980**	**100**

Retreatment of the share capital was carried out according to IAS 29 “Financial reporting in in hyperinflationary economies”, resulting an adjustment in a total value of 312.229 lei.

NOTE 17 RESERVES

	31-dec-2017	31-dec- 2018
Legal reserves	1.513.611	1.623.470
Other reserves	11.301.564	11.453.348
Revaluation reserves tangible assets	15.995.596	15.898.760
TOTAL	**28.810.771**	**28.975.578**

Legal reserve: according to law 31/1990, at the closure of each financial year at least 5% is taken over, applied over the accounting profit, before determining the corporate tax, of which non-taxable incomes are deducted and the expenses related to these non-taxable incomes are added, until it reaches the fifth part from the subscribed and paid-up share capital or from the patrimony, as appropriate, according to the organisation and functioning laws.

Fixed assets revaluation reserves: when the accounting value of a tangible asset increases as a result of revaluation, then the increase must be recognized in other elements of the comprehensive result and cumulated in equities, with title of revaluation surplus. Revaluation reserves cannot be distributed and cannot be used at the share capital increase. **Other reserves** include reserves representing tax facilities, as well as reserves constituted from profits in previous years.

NOTE 18 DIVIDENDS

Evolution of dividends distributed and paid in the last 5 years:

	2014	2015	2016	2017	2018
Initial balance	1.941.229	2.114.415	217.459	205.414	214.756
Distributed gross dividends	1.591.347*	1.591.347*	0	700.927**	1.060.898*
Paid tax on dividends	96.232	96.217	0	34.415	52.675
Paid dividends	1.321.929	3.392.086	12.045	657.170	981.753
Payment dividends	2.114.415	217.459	205.414	214.756	241.226

* from the profit of previous year

** from the profit of 2016 and reserves

NOTE 19 RESULT CARRIED FORWARD

	2017	2018
Balance at the beginning of the year	**-290.122**	**587.771**
Profit transfer 2016	1.355.296	
Profit distribution 2016	-955.296	
Profit transfer 2017		4.257.317
Profit distribution 2017		-3.212.684
Retreatment of dividends FRDL->FR	477.893	1.500.000
Balance at the end of the year	**587.771**	**3.132.403**

NOTE 20 PROFIT DISTRIBUTION

As AT 31.12.2018, the Company recorded a net profit of 2.141.021 Lei, which is proposed for distribution as follows:

- Legal reserve to be constituted: 109.859 Lei
- dividends: 1.591.347 Lei
- other reserves: 439.815 Lei

As at 31.12.2018 the net profit realised by Farmaceutica REMEDIA Distribution&Logistics SRL, in the amount of 2.986.594,14 Lei is proposed to be distributed on the following destinations:

- dividends to be paid to Farmaceutica REMEDIA S.A. – 2.000.000 lei
- non-distributed profit – 986.594,14 lei

NOTE 21 OWN SHARES

In 2018, the Company did not purchase or sell own shares. In 2015, following the change of the main activity object imposed by the Law No. 95/2006, republished in August 2015, (Art. 800 para. 2), the Company had to buy back from the market a number of 300.100 shares at a price established by an authorised assessor.

NOTE 22 LEASING

As at 31 December 2018, FRDL had under progress one contract of financial leasing that has as object means of transportation for the distribution of merchandise.

Description	31 –dec- 2018	31 –dec - 2017
Maximum 1 year	36.938	19.336
More than 1 year but less than 5 years	18.105	91.209
Current value of debts –financial leasing	**55.043**	**110.545**

NOTE 23 PROVISIONS

Name of the provision	Balance at the beginning of the financial year	Transfers		Balance at the end of the financial year
		in the account	from the account	
PROVISIONS FOR CURRENT ASSETS:	**3.722.303**	**155.914**	**182.791**	**3.695.426**
provision for expired merchandise	273.886	118.922	122.008	270.800
provision for doubtful clients	3.448.417	27.801	60.783	3.415.435
provision for the depreciation of debtors	0	9.191	0	9.191
PROVISIONS FOR RISKS AND EXPENSES:	**0**	**10.449**	**0**	**10.449**
Provision for VAT expired merchandise	0	10.449	0	10.449
GRAND TOTAL	**3.722.303**	**166.363**	**182.791**	**3.705.875**

NOTE 24 COMMITMENTS

The company has opened with BANCA TRANSILVANIA a multi-currency credit line for working capital. The credit line can be also used by FRDL.

Objective	Credit line - financing of working capital
Amount	10.000.000 EUR
Maturity	31 Mai 2019
Guarantees	Security interest in real property over company immovables
Used CL 31.12.2018	5.704.377,23 EUR
Restricted CL 31.12.2018	5.704.377,23 EUR
CL to be used 31.12.2018	4.295.622,77 EUR
1.562 1	

As at 31.12.2018, the amount used from the credit line (exclusively by FRDL), respectively EUR 5.704.377,23 is entirely afferent to the letters of guarantee for participation and performance bond issued in favour of clients, as well as for letters of payment guarantee issued in favour of merchandise suppliers. This amount is not interest-bearing and is emphasized only in a non-accounting manner, not being an exigible debt.

NOTE 25 TRADE AND OTHER LIABILITIES

description	**31-dec-2018**	**31-dec-2017**
suppliers, of which:	**241.058.212**	**152.641.012**
merchandise suppliers	240.886.509	152.500.609
assets suppliers	171.703	140.403
other current liabilities, of which:	**5.091.815**	**4.505.262**
salaries and afferent taxes	2.756.334	2.289.427
dividends	241.226	214.756
other taxes and charges	1.952.531	1.893.625

other creditors	141.724	107.454

Salaries of December 2018 and afferent taxes were liquidated in January 2019

Other taxes and charges" are represented by VAT to be paid and by ecotax, which were also paid in January 2019.

"Other creditors" represent guarantees paid by tenants and managerial personnel.

NOTE 26 DISPUTES

Companies have disputes open as claimant, mainly for the recovery of amounts of commercial nature from clients whose debits exceeded the due date.

NOTE 27 PRESENTATION OF TRANSACTIONS WITH AFFILIATED PARTIES

Transactions consisted of sales and purchases of merchandise, as well as in the provision of services, as follows:

partner	object of contract	contract year	REMEDIA sales	REMEDIA purchases	client balance	supplier balance
Magheru Pharmacy	sale/purchase of merchandise	2009	0	0	0	0
Farmaceutica REMEDIA Distribution&Logistics	sale/purchase of merchandise/auto, rental of premises and auto	2015 2016	1.706.149	70.658.084	0	19.378.674
Tarus Media	services of medical promotion /premises rents	2006	26.501	115.032	7.067	60.512
Imobiliara Magheru	lease of spaces	2006	0	282.088	0	781

For the transactions carried out with affiliated parties, no guarantees over receivables or liabilities are constituted.

On the date of the report, the list of persons affiliated to the company Farmaceutica REMEDIA S.A. is composed of:

- Valentin-Norbert TARUS - Austrian citizen
- ''TARUS'' - Valentin Norbert TARUS e.U. – Austrian individual enterprise
- Farmaceutica REMEDIA Distribution&Logistics S.R.L.
- TARUS MEDIA S.R.L.

- SOCIETATEA FARMACEUTICA MAGHERU S.R.L.
- IMOBILIARA MAGHERU S.R.L.

The main shareholder of Farmaceutica REMEDIA S.A. - Valentin Norbert TARUS holds shares in the company Tarus Media S.R.L. of Bucharest. The company Farmaceutica Magheru S.R.L. is owned 100% by Tarus Media S.R.L

Note 18 Reporting on activity segments

	Hospitals and clinics	Distribution	Other distribution channels**	REMEDIA pharmacies	Provided services and rents	Other operations	**TOTAL* 31.12.2018**
Net turnover	**99,177,279**	**243,236,950**	**21,722,206**	**97,311,154**	**2,595,974**	**0**	**464,043,563**
Incomes from the sale of merchandise	99,187,839	244,288,309	22,958,595	96,765975	0	0	**463,200,308**
Commercial discounts granted	-10,560	-1,051,359	-1,236,389	0	0	0	**-2,298,308**
Incomes from services provided and rents	0	0	0	545,179	2,595,974		**3,141,153**
Other operating incomes	0	0	0	0	0	1,789,002	**1,789,002**
OPERATING INCOMES - TOTAL	**99,177,279**	**243,236,950**	**21,722,206**	**2,311,580**	**2,595,974**	**1,789,002**	**465,832,565**
Expenses with merchandise	**91,044,685**	**224,659,726**	**21,528,094**	**75,640,580**	**0**	**-1,461,001**	**411,412,084**
Expenses on merchandise	95,164,264	226,608,781	22,931,968	78,452,767	0	-1,672,190	**421,485,590**
Commercial discounts received	-4,119,579	-2,949,055	-1,403,874	-2,812,187	0	-211,189	**-10,073,506**
Gross margin from the sale of merchandise	**5,319,105**	**18,577,224**	**194,112**	**21,125,396**	**0**	**1,461,001**	**49,490,326**
Other operating costs	**5,319,105**	**17,413,245**	**760,906**	**24,385,366**	**649,269**	**2,175,518**	**50,703,409**
Direct costs	1,256,499	7,051,749	3,297	18,955,053	561,861	2,175,518	**30,003,977**
Logistics costs	2,090,522	6,736,691	408,867	0	0	0	**9,236,080**
Indirect costs	1,972,084	3,624,805	348,742	5,430,313	87,408	0	**11,463,352**
OPERATING EXPENSES - TOTAL	**96,363,790**	**242,072,971**	**22,289,000**	**100,025,946**	**649,269**	**714,517**	**462,115,493**
Operating result	**2,813,489**	**1,163,979**	**-566,794**	**-2,714,792**	**1,946,705**	**1,074,485**	**3,717,072**
Financial result							**-34,043**
Gross result							**3,683,029**
Corporate tax							634,893
Net profit							**3,048,136**

*includes unallocated amounts
**storehouse+Pentron+miscellaneous

NOTE 29 OBJECTIVES AND POLICIES FOR MANAGING FINANCIAL RISK

Financial risk management

Companies are exposed to a series of financial risks such as:

- Capital risk
- Market risk (which includes the currency risk, the interest rate risk and the price risk)
- Credit risk
- Liquidity risk

The management of companies, by the measures taken, tries to minimize the possible adverse effects that might affect the financial results of Companies.

Capital risk

The management objectives in what concerns the administration of Companies' equities include:

- Continuity of company activity
- Optimal dimensioning of capitals for the reduction of its cost.

The capital comprises liabilities, which include loans, cash and cash equivalents and equities comprising share capital, reserves, current result and result carried forward. The Company can review its capital structure on a regular basis by the levers that are at hand. (payment of dividends to shareholders, issuance of new shares, sale of assets for the purpose of liabilities reduction etc).

The main indicator based on which the Company monitors the capital is the indebtedness degree calculated as the ratio between the borrowed capital (from bank and leasing institutions) and equities. The statement of the "indebtedness degree" indicator as at 31.12.2018:

	31.12.2018	**31.12.2017**
Borrowed capital*	55.043	110.545
Equities	46.612.325	44.651.908
Indebtedness degree	0,12%	0,25%

*including financial leasing

Currency risk

Companies' exposure to the currency risk is exclusively given by monetary items such as trade receivables, trade liabilities and loans. Companies are mainly exposed to the currency risk for the payments to leasing companies, as well as at the purchases carried out in currency.

Considering that the share of liabilities in foreign currency is relatively reduced, reasonable fluctuations of exchange rates will not produce significant effects in future financial statements.

Together with the obligation of large international manufacturers to sell drugs in lei (in the spring of 2009), currency risk was greatly diminished.

A small part of the Companies' purchases is realised in EURO and USD. At the same time, the Companies' exports merchandise in EURO.

Assets and monetary liabilities expressed in currency on the date of the report are presented as follows:

Description	**31.12.2018**		**31.12.2017**	
	EURO	USD	EURO	USD
Trade receivables	176.951		218.566	
Trade liabilities	822.033	190	606.658	190
Bank loans				
Financial leasing	11.802		23.724	

Interest rate risk

Companies do not have significant interest-bearing assets, income and cash flows not being substantially influenced by the changes in interests exchange rates from the market.

The reporting company has opened only one credit line for which the interest is calculated depending on the ROBOR or EURIBOR rate at 3 months, depending on the currency used. Considering the low degree of indebtedness of the Company, it is appreciated that reasonable fluctuations of the interest rate will not produce significant effects in future financial statements.

Price risk

The companies are preponderantly trading ethical drugs whose maximum price is fixed by the Romanian authorities. The updating of those prices, in compliance with the legislation in force, is carried out on an annual basis.

In the last period, pressure is noticed from the competition, which is countered by granting discounts and diversifying and improving the quality of the services offered.

The policy adopted by the Companies is to obtain additional discounts from the suppliers by the careful selection of them, correlated with the optimisation of stocks.

Credit risk

Credit risk represents the financial loss risk for the Company which appears if a client fails to meet its contractual obligations. The company is mainly exposed to credit risk occurred from sales to clients.

In the current market conditions of Romania, the distribution of drugs is based on lending.

The company adopted the policy to trade only with reliable partners and obtaining sufficient guarantees as means to mitigate risks of financial losses due to failure to meet the obligations by third parties. For its clients, the Company established lending limits and requests payment guarantee instruments, such as promissory notes guaranteed by the administrator, checks and receivables assignment contracts.

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

- Periodic reanalysis (6 months) of credit limits of all clients, together with the provision of balances for the risk of non-collection at a top company in the field.
- Analysis with increased frequency of debits and financial statements of clients
- Employing additional personnel within the control departments with increased attributions in what concerns the establishing and control of credit limits, stocks management, initiating and pursuing court proceedings of debtors as well as the recovery of debits.
- Strict control of costs with a positive impact on cash-flow

Liquidity risk

Liquidity risk appears from the management by the Companies of current assets and of financing expenses and reimbursements for its debit instruments.

The Companies' policy is to make ensure it will always have enough cash in order to be able to meet its payment obligations upon maturity. In order to reach this objective, cash availability is maintained (or in the credit line) to meet the needs of payments. The Companies' sufficient liquid resources to honour their obligations under all the expected reasonable circumstances.

Companies' liabilities (trade liabilities and other liabilities, loans, financial leasing) are classified by the company management in short-term liabilities (due in less than 12 months) and medium and long-term liabilities (due within a period of 13-48 months). The Companies have no due liabilities more than 48 months after the date of the report.

Liabilities distribution after the maturity date 0-12 months, respectively 13-48 months is appropriately presented in the Statement of financial position ("current liabilities", respectively "long-term liabilities")

Bank liquidities

A significant amount from the cash availability of the Companies is in banks in the form of demand deposits or cash. The Companies are working mainly with Raiffeisen Bank, Banca Transilvania, and the State Treasury. The commercial and lending conditions offered by the banks to which the Companies have bank accounts opened are periodically analysed by the management of the financial accounting department.

Operational risk

Operational risk is the risk of occurrence of direct or indirect losses coming from a wide range of causes associated to processes, personnel, Companies infrastructure, as well as from external factors, such as those coming from the legal and regulatory requirements and from the generally accepted standards on the organisational behaviour. Operational risks come from all the operations of the Companies.

The main responsibility in the development of control instruments related to operational risk belongs to the management of the Companies. The directions for the development of operational risk management standards are:

- drafting operational continuity plans
- alignment to the regulatory and legal requirements

- periodical analysis of operational risk to which the Companies are exposed and adapting the procedures and the manner of performing controls for preventing identified risks
- identification of operational losses concomitantly with the generation of proposals for remediation of causes that determined them
- preventing the risk of disputes
- mitigating risks, including by using insurance where appropriate
- development and professional training

NOTE 30 SOURCES OF ESTIMATION UNCERTAINTY

Preparing the financial statements of the Company imposes the management to make estimations and hypotheses affecting the values in relation to income, expenses, assets and liabilities, as well as the notes accompanying them and to present contingent liabilities at the end of the reporting period. These estimations and hypotheses determine an uncertainty that may cause a significant future adjustment of accounting values.

Assumptions and other sources of uncertainty in estimation, presented in compliance with IAS 1.125 are related to estimations that impose the management the most difficult, subjective and complex reasoning.

The following are critical professional judgments/reasoning which the Company management has done with a significant impact on the values recognised in financial statements:

- Lifespan of fixed assets (NOTE 3)
- Deferred taxes (NOTE 3)
- Provisions (NOTE 23)
- Reporting on segments (NOTE 28)
- Cost of merchandise sold by FR and supplied from FRDL

Considering that the main sources of estimation uncertainty (risk of receivables non-collection, depreciation of stocks, other expenses) were forecasted by the management and appropriate provisions were recorded, we appreciate that there is no significant risk for the accounting value of assets and liabilities to fundamentally change in the next financial year.

Evaluation of the objectives, policies and procedures of the capital management entity

The policy of companies is to include in equities the following:

- share capital
- issuance premiums
- legal reserves and other reserves
- current result
- result carried forward
- own shares

Companies were not the object of provisions imposed from the outside regarding capital in 2017.

NOTE 31 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Until the date of preparing the report, no events subsequent to the reporting period are known that would influence financial statements.

NOTE 32 – ECONOMIC-FINANCIAL INDICATORS

*Thousand Lei

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
current liquidity (Current assets/Current liabilities)	**1,20**	**1,01**
Current assets	32.694	241.821
Current liabilities	27.295	238.478
degree of indebtedness (Borrowed capital / Equity x 100)	**0 %**	**1,18%**
Borrowed capital (including leasing)	0	55
Equity	42.032	4.663
turnover speed for client debit items (average customer balance/turnover *365)	**47 days**	**111 days**
Average customer balance	12.625	130.974
net turnover	99.035	432.554
Turnover speed of liabilities (average suppliers balance/cogs*365)	**125 days**	**177 days**
Average suppliers balance	25.934	195.269
Cost of merchandise sold	75.641	402.062
Turnover speed of stocks (average stock balance/COGS * 365	**68 days**	**56 days**
Average stocks balance	14.049	61.826
Cost of merchandise sold	75.641	402.062
turnover speed of fixed assets (turnover/fixed assets)	**2,61**	**575**
net turnover	99.035	432.554
Fixed assets	37.949	752
Gross profit margin (%) (gross profit/net sales)	**2,22%**	**0,83%**
Gross profit	2.197	3.565
Net turnover	99.035	432.554

Note:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk in the case of FR, certifying that the company is capable of covering its short-term liabilities based on receivables and cash availabilities. The indicator evolved positively from 1,15 as at 31.12.2017. In the case of FRDL, the indicator presents a medium risk, especially that it slightly degraded as compared to the same period of the previous financial year (from 1,02)

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, whereas for FRDL, the value of the indicator indicates a low risk. As compared to the same period of last year, the indicator evolved positively

(from 3%). In the calculation of this indicator, the borrowed capital comprises both bank loans and finance lease liabilities.

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 liabilities to the company. Considering the dynamics of sales and the specificity of the collection of receivables in the distribution of drugs, we consider that the value of the indicator is normal for both companies under the given conditions. As compared to the same period last year, the indicator degraded in both FR (from 31 days) and FRDL (from 106 days).

4) **Turnover speed of liabilities** represents the average period in which suppliers are paid. In the previous financial year, FR paid its suppliers in average at 127 days and FRDL at 153 days.

5) The value of the **No. of days on hand** indicator (68, 56 days respectively) can be considered that it falls within the specifics of the activity in the case of FRDL and exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR. As compared to the end of last year, the indicator strongly degraded in the case of FRDL (from 36 days) while in FR, it was maintained close to the same level (66 days in 2017).

6) **Turnover speed of fixed assets** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain quantity of fixed assets. In the case of FR, the indicator expresses a weak use of fixed assets, although it positively evolved from 2,35 to 2,61.

Farmaceutica REMEDIA S.A.

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

by representative

Valentin Norbert TARUS