



## **PRELIMINARY ANNUAL REPORT - 2018 CONSOLIDATED**

**of the Board of Administrators of  
Farmaceutica REMEDIA S.A.**

### **Farmaceutica REMEDIA S.A.**

Registered office: Deva 330160, Str. Dorobantilor 43, Hunedoara County  
Branch office: Bucharest, 041836, sector 4, Bld. Metalurgiei 78, Telephone/fax +40 21 321 16 40  
Telephone/fax: + 40 254 223 260 [remedia@remedia.ro](mailto:remedia@remedia.ro), [www.remedia.ro](http://www.remedia.ro)  
Trade Register J20/700/1991, Tax Identification Number: RO2115198; Share capital: LEI 10,608,980  
IBAN: R033 RZBR 0000 0600 0266 5747, RAIFFEISEN UNIRII Bucharest

## PRELIMINARY ANNUAL REPORT 2018 CONSOLIDATED

### According to FSA Regulation nr.5/2018

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

Subscribed share capital: **Lei 10,608,980**  
Paid-up share capital: **Lei 10,608,980**  
Registered office: **DEVA, Str. Dorobantilor nr. 43,**  
Tel. / Fax: **0254 223 260 / 0254 226 197**  
No. and date of registration  
with the Trade Register: **J20/700/25.07.1991**  
Tax Identification Number: **R02115198**

Securities: **RMAH shares (Registration certificate No.  
1470/04.05.2009)**  
Type: **Dematerialised Nominative Common**  
Date of registration: **17.03.1997**  
Par value/share: **Lei 0.10**  
Position in the R.N.S.C. Register: **1636**  
Total number of shares: **106,089,800**  
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value (Lei)
1	10.11.1999	3,370,107	337,010.70
2	06.09.2001	1,500,000	150,000.00
3	23.07.2003	42,402	4,240.20
4	05.01.2006	5,696,471	569,647.10
5	21.12.2007	87,905,969	8,790,596.90
6	04.05.2009	7,574,851	757,485.10
	<b>TOTAL</b>	<b>106,089,800</b>	<b>10,608,980</b>

Organised market on which securities are traded:

**Bucharest Stock Exchange - standard category**

The total market value on 07.02.2019 is of Lei 47.103.871,2

The value of a RMAH share is of Lei 0,444 (on 07.02.2019)

## 1. Significant events to report

During the period 01.01.2018 – 31.12.2018, there were no significant events that would have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

## 2. General description of the financial position and of the issuer's performances and of its branches afferent to the year 2018

During the period 01.01.2018 – 31.12.2018 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations 2017 (Lei)	Realisations 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	348.612.192	460.886.091	+ 32,21
2.	Other operating revenues	4.491.884	4.930.155	+ 9,76
3.	Total operating revenues	353.104.076	465.816.246	+ 31,92
4.	Total operating costs *	348.500.775	462.111.287	+ 32,6
5.	Operating result	4.603.301	3.704.960	- 19,52
6.	Financial result	120.282	- 34.043	- 128,3
7.	Gross result	4.723.582	3.670.917	- 22,29

\* Including commercial discounts granted/received

A repartition of net sales of goods by segment of activity is presented as follows:

Lei

REMEDIA Pharmacies	96.765.975	20,89%
Distribution	242.843.852	52,43%
Distribution of Hospitals & Clinics	99.187.839	21,41%
Other operations	24.386.734	5,27%
<b>Total</b>	<b>463.184.400</b>	<b>100,00 %</b>

**"Other operating revenues"** mainly comprise the following categories of revenues:

- collected rents
- marketing services
- assets sales
- logistic services
- other services

**3. Financial statements on 31.12.2018 were not audited by the independent financial auditor.**

#### 4. Economic-financial indicators 31.12.2018

<b>LIQUIDITY AND WORKING CAPITAL</b>	<b>FR</b>	<b>FRDL</b>
<b>Current liquidity (Current assets / Current debts)</b>	<b>1,20</b>	<b>1,01</b>
Current assets	32.694.191	241.843.268
Current debts	27.294.718	238.508.683
<b>Degree of indebtedness (Borrowed capital / Equity x 100)</b>	<b>0%</b>	<b>1,18%</b>
Borrowed capital*	0	55.043
Equity	42.031.608	4.654.839
<b>Turnover speed for client debit items (Average customer balance /turnover*180)</b>	<b>47 zile</b>	<b>111 days</b>
Average customer balance	12.624.918	130.973.668
Net turnover	99.034.548	432.537.293
<b>Turnover speed of stocks (average stock/net COGS)*180</b>	<b>68 zile</b>	<b>56 days</b>
Average stock	14.049.262	61.826.837
Net COGS	75.640.582	402.101.631

\* including financial leasing

#### Notes:

1) **Current liquidity** – indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term liabilities based on receivables and cash availability. As compared to the same period of last year, the indicator positively evolved for FR (from 1,15) and has slightly decreased for FRDL (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, while for FRDL, the indicator value indicates a low risk. As compared to the same period of last year, the indicator positively evolved (from 3%). In the calculation of this indicator, the borrowed capital comprises both bank credits, and debts from the financial leasing.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of the indicator is a normal one for both companies, under the circumstances. As compared to the same period of last year, the indicator degraded both for FR (from 31 days) and for FRDL (from 106 days).

4) The **Turnover speed of stocks** indicator value (68, respectively 56 days) can be considered that falls within the activity specificity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR. As compared to the same period of last year, the indicator for FRDL decreased (from 36 zile) while for FR has mentained almost to the same level (66 days in 2017)

Chairman of the Board of Administrators

“TARUS” Valentin Norbert TARUS e.U.

by representative

Valentin Norbert TARUS

**Farmaceutica REMEDIA S.A.**

**STATEMENT OF GLOBAL RESULT - consolidated**

**ON DECEMBER 31st 2018**

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

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
<b>Net turnover</b>	<b>464,027,245</b>	<b>351,225,960</b>
Revenues from sales of goods	463,184,400	351,354,340
Trade discountes granted	-2,298,309	-2,742,148
Revenues from services rendered and rents	3,141,153	2,613,767
Other operating revenues	<b>1,789,002</b>	<b>1,878,116</b>
<b>OPERATING REVENUES - TOTAL</b>	<b>465,816,247</b>	<b>353,104,076</b>
<b>Material expenses</b>	<b>416,492,689</b>	<b>310,756,560</b>
Goods-related expenses	421,469,536	314,539,008
Trade discounts received	-10,017,908	-7,792,888
Raw materials and consumable expenses	3,511,913	2,685,701
Other material expenses	507,550	320,759
Energy and water expenses	1,021,599	1,003,979
<b>Staff expenses</b>	<b>31,780,117</b>	<b>25,346,354</b>
Salaries and compensations	28,568,901	20,323,482
Social insurance and protection expenses	936,050	4,511,578
Other staff expenses	2,275,166	511,293
<b>Depreciation and provisions</b>	<b>894,177</b>	<b>998,302</b>
Depreciations	764,201	752,782
Net provisions	-16,416	-466,404
Losses from receivables	146,391	711,924
<b>Other operating expenses</b>	<b>12,944,304</b>	<b>11,399,560</b>
Outsourcing expenses	11,400,998	9,417,589
Other duties, taxes and similar levies expenses	868,262	632,621
Other expenses	675,045	1,349,350
<b>OPERATING EXPENSES - TOTAL</b>	<b>462,111,287</b>	<b>348,500,775</b>
<b>OPERATING RESULT</b>	<b>3,704,960</b>	<b>4,603,301</b>
<b>Financial revenues</b>	<b>156,052</b>	<b>364,844</b>
Interest revenues	5,834	6,890
Revenues from exchange rate differences	53,578	62,073
Revenues from dividends	2,851	1,882
Discounts pay in advance	93,790	294,000
Other financial expenses	0	0
<b>Financial expenses</b>	<b>190,096</b>	<b>244,563</b>
Interest expenses	33,527	33,784
Expenses from exchange rate difference	71,071	111,936
Discounts encashment in advance	85,497	98,843
Other financial expenses	0	0
<b>FINANCIAL RESULT</b>	<b>-34,043</b>	<b>120,282</b>
<b>TOTAL REVENUES</b>	<b>465,972,299</b>	<b>353,468,920</b>
<b>TOTAL EXPENSES</b>	<b>462,301,383</b>	<b>348,745,338</b>
<b>GROSS RESULT</b>	<b>3,670,917</b>	<b>4,723,582</b>
Income tax	630,938	958,210

<b>TOTAL NET PROFIT, of which attributable :</b>	<b>3,039,979</b>	<b>3,765,372</b>
Company's shareholders	3,039,979	3,765,372
Minority interest		
	<b>0</b>	<b>0</b>

<b>Comprehensive income afferent to the period - total, of which attributable :</b>	<b>3,039,979</b>	<b>3,765,372</b>
Company's shareholders	3,039,979	3,765,372
Minority interest		

**Result per share (Lei)**

basic	0.0287	0.0355
diluted	0.0287	0.0355

President of the Board of Administration

"TARUS" - Valentin Norbert TARUS e.U.

Represented by

Valentin - Norbert TARUS

**STATEMENT OF FINANCIAL POSITION - consolidated  
ON DECEMBER 31st 2018**

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

<b>ASSETS</b>	<b>31-Dec-18</b>	<b>31-Dec-17</b>
<b>Fixed assets</b>	<b>39,029,412</b>	<b>39,284,471</b>
Tangible asstes	25,430,457	25,560,239
Investment property	5,652,468	5,652,468
Software licenses	70,272	97,504
Pharmaceutical licenses	7,080,494	7,257,638
Participations held in group companies	289,520	286,520
Participations held in companies outside the group	5,316	8,316
Financial assets	500,887	421,787
<b>Current assets</b>	<b>255,076,393</b>	<b>164,106,388</b>
Stocks	98,202,614	49,050,883
Trade receivables	150,720,279	104,041,931
Other receivables	2,535,219	970,890
Cash and cash equivalents	3,618,282	10,042,684
<b>Accrued expenses</b>	<b>312,481</b>	<b>200,008</b>
<b>TOTAL ASSETS</b>	<b>294,418,287</b>	<b>203,590,867</b>
<b>EQUITIES AND LIABILITIES</b>		
<b>Equities</b>	<b>46,604,168</b>	<b>44,651,908</b>
Share capital	10,921,209	10,921,209
Share premium	757,485	757,485
Reserves	28,975,578	28,810,771
Current profit or loss (result)	3,039,979	3,765,372
Reported result	3,444,632	900,000
Reported result- retreading	-312,229	-312,229
Profit or loss (result) carried forward	-109,859	-78,072
Own shares	-112,628	-112,628
<b>Non-current liabilities</b>	<b>1,402,753</b>	<b>1,490,429</b>
Financial lease liabilities	18,105	91,209
Provisions	10,449	0
Deferred tax liabilities	1,374,199	1,399,221
<b>Current liabilities</b>	<b>246,411,366</b>	<b>157,448,529</b>
Bank loans	0	0
Financial lease liabilities	36,938	19,336
Suppliers and other similar liabilities	241,110,326	152,641,012
Provisions	0	0
Current tax liabilities	189,560	282,919
Other current liabilities	5,074,541	4,505,262
<b>Total liabilities</b>	<b>247,814,119</b>	<b>158,938,959</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>294,418,287</b>	<b>203,590,867</b>

President of the Board of Administration

"TARUS" - Valentin Norbert TARUS e.U.

Represented by

Valentin - Norbert TARUS

# Farmaceutica REMEDIA S.A. – Consolidated preliminary financial statements concluded on 31.12.2018

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## NOTE 1 INFORMATION ABOUT THE COMPANY

Farmaceutica REMEDIA S.A. («the Company») is a commercial company with registered office in Deva, No. 43 Dorobantilor Street, 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 wholesale drug distribution activities (by a network of 8 warehouses) together with related activities (logistics services, registration, promotion and marketing of medicines etc), maintaining the operation of the chain of 100 pharmacies and local distribution offices.

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

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

During 2018, Farmaceutica REMEDIA S.A. did not participate in mergers.

During the same period, the company did not alienate assets of significant values (buildings, lands, shares etc) with the following exceptions:

- one of the two operating licenses for a pharmacy held at Alba-Iulia
- part (104.62 sqm) of a building held in Deva

## NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

The financial statements of the company were drafted in compliance with the provisions of Order No. 2844/2016 for the approval of the Accounting regulations in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union, applicable to commercial companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

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

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



## Farmaceutica REMEDIA S.A. – Consolidated preliminary financial statements concluded on 31.12.2018

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

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

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

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

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

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

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

The companies whose financial statements are consolidated are:

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

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

**The consolidated preliminary financial statements on 31.12.2018 were not audited by the independent financial auditor.**

Farmaceutica REMEDIA S.A. – Consolidated  
preliminary financial statements concluded on 31.12.2018

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**NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES**

During the period 01.01.2018 – 31.12.2018 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations 2017 (Lei)	Realisations 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	348.612.192	460.886.091	+ 32,21
2.	Other operating revenues	4.491.884	4.930.155	+ 9,76
3.	Total operating revenues	353.104.076	465.816.246	+ 31,92
4.	Total operating costs *	348.500.775	462.111.287	+ 32,6
5.	Operating result	4.603.301	3.704.960	- 19,52
6.	Financial result	120.282	- 34.043	- 128,3
7.	Gross result	4.723.582	3.670.917	- 22,29

\* Including commercial discounts granted/received

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

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

**NOTE 4 ECONOMIC-FINANCIAL INDICATORS**

**Economic-financial indicators  
31.12.2018**

	Lei	
<b>LIQUIDITY AND WORKING CAPITAL</b>	<b>FR</b>	<b>FRDL</b>
<b>Current liquidity (Current assets / Current debts)</b>	<b>1,20</b>	<b>1,01</b>
Current assets	32.694.191	241.843.268
Current debts	27.294.718	238.508.683
<b>Degree of indebtedness (Borrowed capital / Equity x 100)</b>	<b>0%</b>	<b>1,18%</b>
Borrowed capital	0	55.043
Equity	42.031.608	4.654.839

Farmaceutica REMEDIA S.A. – Consolidated  
preliminary financial statements concluded on 31.12.2018

<b>Turnover speed for client debit items (Average customer balance /turnover *270)</b>	<b>47 days</b>	<b>111 days</b>
Average customer balance	12.624.918	130.973.668
Net turnover	99.034.548	432.537.293
<b>Turnover speed of stocks (average stock/ net COGS)*270</b>	<b>68 days</b>	<b>56 days</b>
Average stock	14.049.262	61.826.837
COGS net	75.640.582	402.101.631

\* including financial leasing

**Notes:**

1) **Current liquidity** – indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term liabilities based on receivables and cash availability. As compared to the same period of last year, the indicator positively evolved for FR (from 1,15) and slightly degraded for FRDL (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, while for FRDL, the value of the indicator indicates a low risk. As compared to the same period of last year, the indicator positively evolved (from 3%). In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of the indicator is normal for both companies, under the circumstances. As compared to the same period of last year, the indicator degraded both in the case of FR (from 31 days) and in the case of FRDL (from 106 days).

4) The value of the **Days on hand** indicator (68, 56 days respectively) can be considered as falling within the specifics of the activity, 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 the case of FR, it was maintained almost at the same level (66 days in 2017).

Farmaceutica REMEDIA S.A. – Consolidated preliminary financial statements concluded on  
31.12.2018

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**NOTE 5**

**CAPITAL CHANGES**

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Share premiums	Retained earnings	Profit distribution	Current result	Own shares	TOTAL
Balance on 01.01.2018	<b>10,921,209</b>	<b>1,513,611</b>	<b>15,995,597</b>	<b>11,301,563</b>	<b>757,485</b>	<b>587,771</b>	<b>-78,072</b>	<b>3,765,372</b>	<b>-112,628</b>	<b>44,651,908</b>
Restoration of profit account retreatments 2017						-500,000		570,017		70,017
Profit transfer 2017 (FR) to retained earnings						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		-151,786				0
Account closure 129 (legal reserve 2017) FR							78,072	-78,072		0
Transfer profit 2017 (FRDL) to retained earnings						3,044,633		-3,044,633		0
Profit distribution 2017(FRDL) to dividends						-2,000,000				-2,000,000
Accounting result 2018 FR + FRDL								5,119,458		5,119,458
Legal reserve 2018 FR		109,859					-109,859			0
Profit account retreatment 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	<b>10,921,209</b>	<b>1,623,470</b>	<b>15,898,760</b>	<b>11,453,349</b>	<b>757,485</b>	<b>3,132,403</b>	<b>-109,859</b>	<b>3,039,979</b>	<b>-112,628</b>	<b>46,604,168</b>

Farmaceutica REMEDIA S.A. – Consolidated  
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**NOTE 6 TREASURY FLOWS STATEMENT (RON)**

	preliminary Consolidated 2018
<b>Cash flows from operating activities</b>	
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 (incl. taxes on salaries)	(29,889,433)
Corporate tax payments	(800,571)
Payments to other taxes and fees	(14,955,027)
Paid interests	(30,591)
Collected interests (current account)	5,834
Other cash outflows	(3,580,557)
<b>Total operating cash flow</b>	<b>(6,283,822)</b>
<b>Cash flow from investment activities</b>	
Proceeds 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 purchase of long-term assets	(987,531)
<b>Total cash flow from investments</b>	<b>825,176</b>
<b>Cash flow from financing activities</b>	
Short-term loan withdrawals	75,252,442
Repayment of short-term loans	(75,252,442)
Net foreign exchange differences	15,996
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(981,753)
Payments of own shares	0
<b>Total cash flow from financing</b>	<b>(965,757)</b>
<b>Total cash flow</b>	<b>(6,424,402)</b>
<b>Cash at the beginning of the period</b>	<b>10,042,684</b>
<b>Cash at the end of the period</b>	<b>3,618,282</b>

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

Valentin Norbert TARUS



## **PRELIMINARY ANNUAL REPORT - 2018 UNCONSOLIDATED**

**of the Board of Administrators of  
Farmaceutica REMEDIA S.A.**

**Farmaceutica REMEDIA S.A.**

Registered office: Deva 330160, Str. Dorobantilor 43, Hunedoara County  
Branch office: Bucharest, 041836, sector 4, Bld. Metalurgiei 78, Telephone/fax +40 21 321 16 40  
Telephone/fax: + 40 254 223 260 [remedia@remedia.ro](mailto:remedia@remedia.ro), [www.remedia.ro](http://www.remedia.ro)  
Trade Register J20/700/1991, Tax Identification Number: RO2115198; Share capital: LEI 10,608,980

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

## PRELIMINARY ANNUAL REPORT 2018 UNCONSOLIDATED

According to FSA Regulation nr.5/2018

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

Subscribed share capital: **Lei 10,608,980**  
Paid-up share capital: **Lei 10,608,980**  
Registered office: **DEVA, Str. Dorobantilor nr. 43,**  
Tel. / Fax: **0254 223 260 / 0254 226 197**  
No. and date of registration  
with the Trade Register: **J20/700/25.07.1991**  
Tax Identification Number: **R02115198**

Securities: **RMAH shares (Registration certificate No.  
1470/04.05.2009)**  
Type: **Dematerialised Nominative Common**  
Date of registration: **17.03.1997**  
Par value/share: **Lei 0.10**  
Position in the R.N.S.C. Register: **1636**  
Total number of shares: **106,089,800**  
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value (Lei)
1	10.11.1999	3,370,107	337,010.70
2	06.09.2001	1,500,000	150,000.00
3	23.07.2003	42,402	4,240.20
4	05.01.2006	5,696,471	569,647.10
5	21.12.2007	87,905,969	8,790,596.90
6	04.05.2009	7,574,851	757,485.10
	<b>TOTAL</b>	<b>106,089,800</b>	<b>10,608,980</b>

Organised market on which securities are traded:

**Bucharest Stock Exchange - standard category**

The total market value on 07.02.2019 is of Lei 47.103.871,2

The value of a RMAH share is of Lei 0,444 (on 07.02.2019)

## 1. Significant events to report

During the period 01.01.2018 – 31.12.2018, there were no significant events that would have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

## 2. General description of the financial position and of the issuer's performances and of its branches afferent to the year 2018

During the period 01.01.2018 – 31.12.2018 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations 2017 (Lei)	Realisations 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	88.494.736	96.765.975	+9,35
2.	Other operating revenues	3.820.262	3.844.342	+0,63
3.	Total operating revenues	92.314.998	100.610.318	+8,99
4.	Total operating costs *	91.427.256	100.479.640	+9,9
5.	Operating result	887.742	130.678	-85,28
6.	Financial result	673.703	2.066.495	+306,74
7.	Gross result	1.561.445	2.197.173	+140,71

\* Including commercial discounts granted/received

The operational result was affected compared to the same previous period of the last year by the two factors:

- Depreciation of the gross margin (Net sales of goods increased with 9,35% while the net cost of sales of goods increased with 10,69%)
- The personnel costs increased with 16,52 %

**"Other operating revenues"** mainly comprise the following categories of revenues:

- collected rents – 41,79 %
- marketing services – 12,14%
- assets sales – 39,61%

The "Financial result" includes the dividends received from FRDL - 2.000.000 lei in 2018 (from the profit of 2017) and 500.000 in 2017 (from the profit of 2016).

## 3. Financial statements on 31.12.2018 were not audited by the independent financial auditor.



#### 4. Economic-financial indicators 31.12.2018

<b>LIQUIDITY AND WORKING CAPITAL</b>	<b>31.12.2018</b>
<b>Current liquidity (Current assets / Current debts)</b>	<b>1,2</b>
Current assets	32.694.191
Current debts	27.294.718
<b>Degree of indebtedness (Borrowed capital / Equity x 100)</b>	<b>0,00%</b>
Borrowed capital*	0
Equity	42.031.608
<b>Turnover speed for client debit items (Average customer balance / turnover*180)</b>	<b>47 days</b>
Average customer balance	12.624.918
Net turnover	99.034.548
<b>Turnover speed of stocks (average stock/net COGS)*180</b>	<b>68 days</b>
Average stock	14.049.262
Net COGS	75.640.582

#### Notes:

<sup>1)</sup> **Current liquidity** – indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term liabilities based on receivables and cash availability. The indicator positively evolved from 1,15 to 31.12.2017.

**Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. The value of 0% indicates that the society does not have any financial or liquidity issues. In the calculation of this indicator, the borrowed capital comprises both bank credits, and debts from the financial leasing.

<sup>3)</sup> **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we consider that the value of 47 days is a normal one, under the circumstances.

<sup>4)</sup> The **Turnover speed of stocks** indicator value (68 days), can be considered that falls within the activity specificity, exceeding the limit imposed by the internal procedures of the company (45 days).

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

Valentin Norbert TARUS

Financial Director– Robert Mihail PELOIU

**Farmaceutica REMEDIA S.A.**

**STATEMENT OF GLOBAL RESULT - unconsolidated  
ON DECEMBER 31st 2018**

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

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
<b>Net turnover</b>	<b>99,034,548</b>	<b>90,661,305</b>
Revenues from sales of goods	96,765,975	88,498,095
Trade discountes granted	0	-3,359
Revenues from services rendered and rents	2,268,573	2,166,570
Other operating revenues	<b>1,575,769</b>	<b>1,653,693</b>
<b>OPERATING REVENUES - TOTAL</b>	<b>100,610,318</b>	<b>92,314,998</b>
<b>Material expenses</b>	<b>77,335,847</b>	<b>69,848,561</b>
Goods-related expenses	78,452,769	69,780,055
Trade discounts received	-2,812,187	-1,447,268
Raw materials and consumable expenses	791,987	743,421
Other material expenses	289,283	123,065
Energy and water expenses	613,995	649,288
<b>Staff expenses</b>	<b>16,935,305</b>	<b>14,534,238</b>
Salaries and compensations	14,988,333	11,615,214
Social insurance and protection expenses	458,816	2,578,694
Other staff expenses	1,488,156	340,330
<b>Depreciation and provisions</b>	<b>494,367</b>	<b>489,585</b>
Depreciations	427,195	330,723
Net provisions	2,779	-553,000
Losses from receivables	64,393	711,862
<b>Other operating expenses</b>	<b>5,714,121</b>	<b>6,554,872</b>
Outsourcing expenses	4,857,559	5,072,238
Other duties, taxes and similar levies expenses	514,987	454,557
Other expenses	341,575	1,028,077
<b>OPERATING EXPENSES - TOTAL</b>	<b>100,479,640</b>	<b>91,427,256</b>
<b>OPERATING RESULT</b>	<b>130,678</b>	<b>887,742</b>
<b>Financial revenues</b>	<b>2,071,581</b>	<b>692,608</b>
Interest revenues	2,693	5,234
Revenues from exchange rate differences	543	20,479
Revenues from dividends	2,002,851	501,882
Discounts pay in advance	65,494	165,013
Other financial expenses	0	0
<b>Financial expenses</b>	<b>5,086</b>	<b>18,905</b>
Interest expenses	0	0
Expenses from exchange rate difference	1,236	1,457
Discounts encashment in advance	3,850	17,448
Other financial expenses	0	0
<b>FINANCIAL RESULT</b>	<b>2,066,495</b>	<b>673,703</b>
<b>TOTAL REVENUES</b>	<b>102,681,899</b>	<b>93,007,606</b>
<b>TOTAL EXPENSES</b>	<b>100,484,726</b>	<b>91,446,161</b>
<b>GROSS RESULT</b>	<b>2,197,173</b>	<b>1,561,445</b>

Income tax	56,152	270689
<b>TOTAL NET PROFIT, of which attributable :</b>	<b>2,141,021</b>	<b>1,290,756</b>
Company's shareholders	2,141,021	1,290,756
Minority interest		
	<b>0</b>	<b>0</b>

<b>Comprehensive income afferent to the period - total, of which attributable :</b>	<b>2,141,021</b>	<b>1,290,756</b>
Company's shareholders	2,141,021	1,290,756
Minority interest		

**Result per share (Lei)**

basic	0.0202	0.0122
diluted	0.0202	0.0122

President of the Board of Administration  
 "TARUS" - Valentin Norbert TARUS e.U.  
 Represented by  
 Valentin - Norbert TARUS

Financial Director  
 Robert - Mihail PELOIU

**STATEMENT OF FINANCIAL POSITION - unconsolidated  
ON DECEMBER 31st 2018**

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

	<b>31-Dec-18</b>	<b>31-Dec-17</b>
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>37,949,388</b>	<b>38,534,906</b>
Tangible asstes	24,629,098	25,043,231
Investment property	5,652,468	5,652,468
Software licenses	9,028	25,410
Pharmaceutical licenses	7,080,494	7,257,638
Participations held in group companies	292,320	289,320
Participations held in companies outside the group	5,316	8,316
Financial assets	280,665	258,523
<b>Current assets</b>	<b>32,694,191</b>	<b>29,435,049</b>
Stocks	14,766,284	13,011,127
Trade receivables	15,069,833	11,320,032
Other receivables	241,980	128,888
Cash and cash equivalents	2,616,095	4,975,002
Accrued expenses	<b>56,946</b>	<b>74,524</b>
<b>TOTAL ASSETS</b>	<b>70,700,525</b>	<b>68,044,479</b>
<b>EQUITIES AND LIABILITIES</b>		
<b>Equities</b>	<b>42,031,608</b>	<b>41,048,321</b>
Share capital	10,921,209	10,921,209
Share premium	757,485	757,485
Reserves	28,746,608	28,581,800
Current profit or loss (result)	2,141,021	1,290,756
	0	0
Reported result- retreading	-312,229	-312,229
Profit or loss (result) carried forward	-109,859	-78,072
Own shares	-112,628	-112,628
<b>Non-current liabilities</b>	<b>1,374,199</b>	<b>1,399,221</b>
Financial lease liabilities	0	0
Provisions	0	0
Deferred tax liabilities	1,374,199	1,399,221
<b>Current liabilities</b>	<b>27,294,718</b>	<b>25,596,937</b>
Bank loans	0	0
Financial lease liabilities	0	0
Suppliers and other similar liabilities	25,246,920	23,810,600
Provisions	10,449	0
Current tax liabilities	0	78,999
Other current liabilities	2,037,350	1,707,338
<b>Total liabilities</b>	<b>28,668,917</b>	<b>26,996,158</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>70,700,525</b>	<b>68,044,479</b>

President of the Board of Administration

"TARUS" - Valentin Norbert TARUS e.U.

Represented by

Valentin - Norbert TARUS

Financial Director

Robert - Mihail PELOIU

# Farmaceutica REMEDIA S.A. – Unconsolidated preliminary financial statements concluded on 31.12.2018

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## NOTE 1 INFORMATION ABOUT THE COMPANY

Farmaceutica REMEDIA S.A. («the Company») is a commercial company with registered office in Deva, No. 43 Dorobantilor Street, 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 wholesale drug distribution activities (by a network of 8 warehouses) together with related activities (logistics services, registration, promotion and marketing of medicines etc), maintaining the operation of the chain of 100 pharmacies and local distribution offices.

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

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

During 2018, Farmaceutica REMEDIA S.A. did not participate in mergers.

During the same period, the company did not alienate assets of significant values (buildings, lands, shares etc) with the following exceptions:

- one of the two operating licenses for a pharmacy held at Alba-Iulia
- part (104.62 sqm) of a building held in Deva

## NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

The financial statements of the company were drafted in compliance with the provisions of Order No. 2844/2016 for the approval of the Accounting regulations in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union, applicable to commercial companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

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

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

## Farmaceutica REMEDIA S.A. – Unconsolidated preliminary financial statements concluded on 31.12.2018

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

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

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

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

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

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

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

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

**The preliminary financial statements on 31.12.2018 were not audited by the independent financial auditor.**

Farmaceutica REMEDIA S.A. – Unconsolidated  
preliminary financial statements concluded on 31.12.2018

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**NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES**

During the period 01.01.2018 – 31.12.2018 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations 2017 (Lei)	Realisations 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	88.494.736	96.765.975	+9,35
2.	Other operating revenues	3.820.262	3.844.342	+0,63
3.	Total operating revenues	92.314.998	100.610.318	+8,99
4.	Total operating costs *	91.427.256	100.479.640	+9,9
5.	Operating result	887.742	130.678	<b>-85,28</b>
6.	Financial result	673.703	2.066.495	+306,74
7.	Gross result	1.561.445	2.197.173	+140,71

\* Including commercial discounts granted/received

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

- collected rents – 41,79 % from “other operating revenues”
- marketing services – 12,14%
- sales of assets – 39,61%

**NOTE 4 ECONOMIC-FINANCIAL INDICATORS**

**Economic-financial indicators**

<b>LIQUIDITY AND WORKING CAPITAL</b>	<b>31.12.2018</b>
<b>Current liquidity (Current assets / Current debts)</b>	<b>1,20</b>
Current assets	32.694.191
Current debts	27.294.718
<b>Degree of indebtedness (Borrowed capital / Equity x 100)</b>	<b>0,00%</b>
Borrowed capital	0
Equity	42.031.608
<b>Turnover speed for client debit items (Average customer balance / turnover *365)</b>	<b>47 days</b>
Average customer balance	12.624.918
Net turnover	99.034.548
<b>Turnover speed of stocks (average stock balance/cogs)*365</b>	<b>68 days</b>
Average stock balance	14.049.262
Net COGS	75.640.582

Farmaceutica REMEDIA S.A. – Unconsolidated preliminary financial statements concluded on  
31.12.2018

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**NOTE 5 CAPITAL CHANGES**

	Share Capital	Legal reserve	Revaluation reserve	Other reserves	Issuance Premiums	Retained Earnings	Current result	Profit distribution	Own shares	<b>TOTAL</b>
<b>Balance on 01.01.2018</b>	<b>10,921,209</b>	<b>1,513,051</b>	<b>15,995,597</b>	<b>11,073,153</b>	<b>757,485</b>	<b>-312,229</b>	<b>1,290,756</b>	<b>-78,072</b>	<b>-112,628</b>	<b>41,048,322</b>
Profit transfer 2017 to retained earnings						1,212,684	-1,212,684			0
Profit distribution 2017 to dividends						1,060,898				-1,060,898
Profit distribution 2017 to other reserves				151,786		-151,786				0
Result 2018							2,141,021			2,141,021
Legal reserve 2018		109,859						-109,859		0
Account closure 129 (legal reserve 2017)							-78,072	78,072		0
Outputs buildings + lands			-210,024							-210,024
Revaluation of buildings and lands			88,165							88,165
Deferred tax			25,022							25,022
<b>Balance as at 31.12.2018</b>	<b>10,921,209</b>	<b>1,622,910</b>	<b>15,898,760</b>	<b>11,224,939</b>	<b>757,485</b>	<b>-312,229</b>	<b>2,141,021</b>	<b>-109,859</b>	<b>-112,628</b>	<b>42,031,608</b>



Farmaceutica REMEDIA S.A. – Unconsolidated  
preliminary financial statements concluded on 31.12.2018

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**NOTE 6 TREASURY FLOWS STATEMENT (RON)**

unconsolidated

	<b>2018</b>
	preliminary
<b>Cash flows from operating activities</b>	
Collections from the sale of goods and from the provision of services	106,823,656
Other cash inflows	459,068
Payments to suppliers of goods and services	(91,906,512)
Payments to and on behalf of employees (incl. taxes on salaries)	(15,574,226)
Corporate tax payments	(211,425)
Payments to other taxes and fees	(2,659,504)
Paid interests	0
Collected interests (current account)	2,693
Other cash outflows	(2,045,924)
<b>Total operating cash flow</b>	<b>(5,112,174)</b>
<b>Cash flow from investment activities</b>	
Proceeds from the sale of long-term assets and financial investments	1,809,856
Collected interests (from deposits)	0
Collected dividends	2,002,851
Payments for the purchase of long-term assets	(76,979)
<b>Total cash flow from investments</b>	<b>3,735,728</b>
<b>Cash flow from financing activities</b>	
Short-term loan withdrawals (including interests)	0
Repayment of short-term loans	0
Net foreign exchange differences	(709)
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(981,753)
Payments of own shares	0
<b>Total cash flow from financing</b>	<b>(982,462)</b>
<b>Total cash flow</b>	<b>(2,358,907)</b>
<b>Cash at the beginning of the period</b>	<b>4,975,002</b>
<b>Cash at the end of the period</b>	<b>2,616,095</b>

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

by representative  
Valentin Norbert TARUS