



CONSOLIDATED REPORT OF THE 1st SEMESTER OF 2018

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

Farmaceutica REMEDIA S.A.

Registered office: Deva 330160, No. 43 Dorobantilor Street, Hunedoara County, telephone/fax: + 40 254 223 260

Operational office: Bucharest, 041836, sector 4, Bld. Metalurgiei 78, telephone/fax: + 40 213 211 640

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Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 10,608,980

IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

**Consolidated REPORT of the 1st semester of 2018
according to the F.S.A. Regulation No. 5/2018**

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, No. 43 Dorobanților Street, PC
330160**
Tel./fax.: **+40 254 223 260, +40 254 226 197**
No. and date of registration:
with the Trade Register Office: **J20/700/25.07.1991**
Tax registration number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal value: **Lei 0,10**
Position in RNSC Register: **1636**
Total number: **106.089.800**
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value
1	10.11.1999	3.370.107	337.010,70 Lei
2	06.09.2001	1.500.000	150.000,00 Lei
3	23.07.2003	42.402	4.240,20 Lei
4	05.01.2006	5.696.471	569.647,10 Lei
5	21.12.2007	87.905.969	8.790.596,90 Lei
6	08.04.2009	7.574.851	757.485,10Lei
	TOTAL	106.089.800	10.608.980,00 Lei

Organised market on which securities are traded:

Bucharest Stock Exchange – Standard category

The total market value as at 3.08.2018 is of Lei 37,343,609.6

The value of a RMAH share is of lei 0.352. (on 03.08.2018)

1. Important events to report

During the period 01.01.2018 – 30.06.2018 there were no important events that have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

2. The general description of the financial position and of the issuer's performances and of its branches afferent to the 1st semester of 2018

During the period 01.01.2018 – 30.06.2018, the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. Nr.	Indicator	Realisations during January-June 2017 (Lei)	Realisations during January – June 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	156.747.074	209.781.696	+ 33,83
2.	Other operating revenues	2.110.806	2.520.858	+ 19,43
3.	Total operating income	158.857.880	212.302.554	+ 33,64
4.	Total operational costs *	157.267.890	209.599.209	+ 33,28
5.	Operating result	1.589.990	2.703.345	+ 70,02
6.	Financial result	75.220	-3.079	- 104,09
7.	Gross result	1.665.210	2.700.266	+ 62,16

* Including trade discounts granted/received

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

Lei

REMEDIA Pharmacies	46.823.805	22,24%
Distribution	112.734.657	53,55%
Hospitals & Private Clinics Distribution	39.084.787	18,57%
Other operations	11.880.349	5,64%
Total	210.523.598	100,00 %

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

- collected rents
- marketing services
- sale of assets
- logistic services
- other services

3. The financial statements as at 30.06.2018 were not audited by the independent financial auditor.

4. Economic-financial indicators as at 30.06.2018

	Farmaceutica REMEDIA S.A.	Farmaceutica REMEDIA Distribution & Logistics SRL
LIQUIDITY AND WORKING CAPITAL		
Afferent liquidity (Current assets/ current debts)	1,10	1,01
Current assets	34.127.668	199.873.243
Current debts	30.959.169	197.463.308
Indebtedness degree (loaned capital/equity x 100)	0%	72,74%
Average customer balance*	0	2.835.988
Net turnover	40.091.979	3.898.996
Turnover speed for client debit items (Average customer balance /turnover*180x)	46 days	111 days
Average customer balance	12.244.829	119.155.920
Net turnover	47.840.975	194.071.986
Turnover speed of stocks (average stock/ net COGS)*180	66 days	47 days
Average stock	13.471.628	46.906.747
Net COGS	36.669.293	179.455.713

*including financial leasing

Notes:

1) **Current liquidity** – the level of the indicator reflects a good payment capacity, therefore a low risk for creditors, certifying that the companies are able to cover short-term debts based on receivables and cash availability.

2) **Indebtedness degree** expresses the effectiveness of credit risk management, indicating potential funding, liquidity problems, with influences in meeting the commitments. In the case of Farmaceutica REMEDIA S.A. there is no risk while for Farmaceutica REMEDIA Distribution & Logistics SRL the value of the indicator indicates an average risk. In calculating this indicator, the borrowed capital comprises both bank loans and finance lease liabilities.

3) **Turnover speed for client debit items** expresses the effectiveness of the company in collecting its claims, i.e. the number of days until the debtors pay their debts to the company. Considering the dynamics of sales and the specificity of receivables collections in the distribution of drugs, we believe that the indicator's value is a normal one for both companies, in the given circumstances. The dynamics of this indicator was for Farmaceutica REMEDIA S.A. pharmacies the following: 30 days for the first semester of 2017, 29 days in the second quarter of II 2017 and 47 days in the 2nd quarter of 2018. In the case of Farmaceutica REMEDIA Distribution & Logistics SRL, we have :117 days for the

1st semester 2017, 126 days in the 2nd quarter of 2017 and 110 days in the 2nd quarter of 2018.

4) **The days on hand** indicator value (66 respectively, 47 days) can be considered to fall within the activity specificity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of Farmaceutica REMEDIA S.A. In the case of Farmaceutica REMEDIA S.A. the indicator had the following evolution: 64 days in the first semester of 2017, 68 days in the 2nd quarter of 2017 and 69 days in the 2nd quarter of 2018. At Farmaceutica REMEDIA Distribution & Logistics SRL we have: 34 days for the 1st semester of 2017, 32 days for the 2nd quarter of 2017 and 50 days for the 2nd quarter of 2018.

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

**STATEMENT OF FINANCIAL POSITION - consolidated
ON JUNE 30st 2018**

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

	30-Jun-18	30-Jun-17
ASSETS		
Fixed assets	39,539,190	38,997,103
Tangible asstes	25,387,701	25,041,457
Investment property	5,652,468	5,413,646
Software licenses	82,442	137,260
Pharmaceutical licenses	7,080,494	7,652,572
Participations held in group companies	289,520	286,520
Participations held in companies outside the group	5,316	8,316
Financial assets	1,041,251	457,332
Current assets	213,121,901	130,922,796
Stocks	74,120,427	36,361,780
Trade receivables	123,378,284	83,194,993
Other receivables	1,971,763	1,174,931
Cash and cash equivalents	13,651,427	10,191,092
Accrued expenses	343,053	139,291
TOTAL ASSETS	253,004,144	170,059,190
EQUITIES AND LIABILITIES		
Equities	45,973,000	41,528,990
Share capital	10,921,209	10,921,209
Share premium	757,485	757,485
Reserves	28,962,556	28,057,758
Current profit or loss (result)	2,311,973	1,317,395
	3,444,632	900,000
Reported result- retreading	-312,229	-312,229
Profit or loss (result) carried forward	0	0
Own shares	-112,628	-112,628
Non-current liabilities	1,472,503	1,415,448
Financial lease liabilities	73,282	142,311
Provisions	0	0
Deferred tax liabilities	1,399,221	1,273,137
Current liabilities	205,558,642	127,114,752
Bank loans	2,762,706	0
Financial lease liabilities	0	18,419
Suppliers and other similar liabilities	198,187,247	122,947,905
Provisions	0	0
Current tax liabilities	51,835	155,698
Other current liabilities	4,556,854	3,992,730
Total liabilities	207,031,144	128,530,200
TOTAL EQUITY AND LIABILITIES	253,004,144	170,059,190

Presedinte Consiliu de Administratie

"TARUS" - Valentin Norbert TARUS e.U.

prin reprezentant

Valentin – Norbert TARUS

Farmaceutica REMEDIA S.A.

STATEMENT OF GLOBAL RESULT - consolidated

ON JUNE 30st 2018

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

	30-Jun-18	30-Jun-17
Net turnover	211,193,422	157,973,603
Revenues from sales of goods	210,523,598	157,494,418
Trade discountes granted	-741,902	-747,344
Revenues from services rendered and rents	1,411,726	1,226,529
Other operating revenues	1,109,132	884,277
OPERATING REVENUES - TOTAL	212,302,554	158,857,880
Material expenses	188,419,655	139,670,647
Goods-related expenses	191,013,414	140,285,299
Trade discounts received	-5,002,903	-2,496,128
Raw materials and consumable expenses	1,626,880	1,183,598
Other material expenses	236,349	107,453
Energy and water expenses	545,916	590,425
Staff expenses	15,090,658	12,051,420
Salaries and compensations	13,613,106	9,710,553
Social insurance and protection expenses	444,390	2,127,126
Other staff expenses	1,033,162	213,741
Depreciation and provisions	290,306	378,312
Depreciations	408,664	349,199
Net provisions	-182,778	-478,231
Losses from receivables	64,420	507,344
Other operating expenses	5,798,589	5,167,511
Outsourcing expenses	5,072,669	4,343,155
Other duties, taxes and similar levies expenses	368,724	256,461
Other expenses	357,196	567,895
OPERATING EXPENSES - TOTAL	209,599,209	157,267,890
OPERATING RESULT	2,703,345	1,589,990
Financial revenues	75,982	167,600
Interest revenues	3,440	3,232
Revenues from exchange rate differences	28,052	20,381
Revenues from dividends	0	0
Discounts pay in advance	44,490	143,987
Other financial expenses	0	0
Financial expenses	79,061	92,380
Interest expenses	4,543	23,698
Expenses from exchange rate difference	31,122	21,833
Discounts encashment in advance	43,396	46,849
Other financial expenses	0	0
FINANCIAL RESULT	-3,079	75,220
TOTAL REVENUES	212,378,536	159,025,480
TOTAL EXPENSES	209,678,270	157,360,270

GROSS RESULT	2,700,266	1,665,210
Income tax	388,293	347,815
TOTAL NET PROFIT, of which attributable :	2,311,973	1,317,395
Company's shareholders	2,311,973	1,317,395
Minority interest		
Comprehensive income afferent to the period - total, of which attributable :	2,311,973	1,317,395
Company's shareholders	2,311,973	1,317,395
Minority interest		

"TARUS" - Valentin Norbert TARUS e.U.

prin reprezentant

Valentin – Norbert TARUS

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

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, as at 30.06.2018, Farmaceutica REMEDIA S.A. held majority holdings (100%) at the Farmaceutica REMEDIA Distribution & Logistics S.R.L. company.

During the 1st semester of 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) except for one of the two operating licenses of a pharmacy in Alba-Iulia.

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

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

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

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

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

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 financial statements on 30.06.2018 were not audited by the independent financial auditor.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2018 – 30.06.2018 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations January-June 2017 (Lei)	Realisations January-June 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	156.747.074	209.781.696	+ 33,83
2.	Other operating revenues	2.110.806	2.520.858	+ 19,43
3.	Total operating revenues	158.857.880	212.302.554	+ 33,64
4.	Total operating costs *	157.267.890	209.599.209	+ 33,28
5.	Operating result	1.589.990	2.703.345	+ 70,02
6.	Financial result	75.220	-3.079	- 104,09
7.	Gross result	1.665.210	2.700.266	+ 62,16

* Including commercial discounts granted/received

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

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

NOTE 4 ECONOMIC-FINANCIAL INDICATORS

Economic-financial indicators 30.06.2018

Lei

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current debts)	1,10	1,01
Current assets	34.127.668	199873243
Current debts	30.959.169	197.463.308

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

Degree of indebtedness (Borrowed capital / Equity x 100)	0%	72,74%
Borrowed capital	0	2.835.988
Equity	40.091.979	3.898.996
Turnover speed for client debit items (Average customer balance /turnover *180)	46 days	111 days
Average customer balance	12.244.829	119.155.920
Net turnover	47.840.975	194.071.986
Turnover speed of stocks (average stock/ net COGS)*180	66 days	47 days
Average stock	13.471.628	46.906.747
COGS net	36.669.293	179.455.713

*including financial leasing

Note:

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

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

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of the indicator is normal for both companies, under the circumstances. The dynamics of this indicator was for FDRL the following: 30 days for the 1st semester of 2017, 29 days in the 2nd quarter of 2017 and 47 days in the 2nd quarter of 2018. In the case of FRDL, we have: 117 days for the first semester of 2017, 126 days in the 2nd quarter of 2017 and 110 days in the 2nd quarter of 2018.

4) The value of the **Days on hand** indicator (66, respectively 47 days) can be considered that it falls within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR. In the case of FR, the indicator had the following evolution: 64 days in the 1st semester of 2017, 68 days in the 2nd quarter of 2017 and 69 days in the 2nd quarter of 2018. At FRDL, we have: 34 days for the 1st semester of 2017, 32 days for the 2nd quarter of 2017 and 50 days for the 2nd quarter of 2018.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

NOTE 5

Reporting per activity segments

	Hospitals & Clinics	Distribution	Other distribution channels	REMEDIA Pharmacies	Provided services	Other operations	1 st sem
Net turnover	39,084,787	112,252,862	11,620,242	46,973,608	1,261,923	0	
Income from the sale of goods	39,084,787	112,734,657	11,880,349	46,823,805			
Commercial discounts granted	0	-481,795	-260,107	0	0	0	
Income from services provided and rents	0	0	0	149,803	1,261,923		
Other operating income							1,109,132
OPERATING INCOME - TOTAL	39,084,787	112,252,862	11,620,242	46,973,608	1,261,923	1,109,132	
Expenses with goods	35,464,390	103,328,425	11,473,809	36,669,291	0	-925,404	
Expenses on goods	37,699,137	104,310,595	11,879,482	38,003,019	0	-878,819	
Commercial discounts received	-2,234,747	-982,170	-405,673	-1,333,728	0	-46,585	
Gross margin from the sale of goods	3,620,397	8,924,437	146,433	10,154,514	0	925,404	23,771,185
Other operating costs	2,009,817	8,018,561	406,124	11,939,842	245,784	968,570	
Direct costs	585,143	3,101,196	1,672	9,271,165	202,236	968,570	
Logistics costs	810,738	3,139,073	218,744	0	0	0	
Indirect costs	613,936	1,778,292	185,708	2,668,677	43,548	0	
OPERATING EXPENSES - TOTAL	37,474,207	111,346,986	11,879,933	48,609,133	245,784	43,166	
Operating result	1,610,580	905,876	-259,691	-1,635,525	1,016,139	1,065,966	
Financial result							
Gross result							
Corporate tax							
Net profit							

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

NOTE 6 MODIFICATION OF CAPITALS

	Share capital	Legal reserve	Revaluation reserves	Other reserves	Share premium	Retained earnings	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
Profit transfer 2017 (FR) to retained earnings						1,212,684		-1,212,684		0
Profit distribution 2017 (FR) on dividends						-1,060,898				-1,060,898
Profit distribution 2017 (FR) to other reserves				151,786		-151,786				0
Profit distribution 2017 to legal reserve (FR)							78,072	-78,072		0
Profit transfer 2017 (FRDL) to retained earnings						3,044,633		-3,044,633		0
Profit distribution 2017(FRDL)										0
Earnings 2018								2,311,973		2,311,973
Cost/revenue retreatment 2017								570,017		570,017
Transfer of reserves to dividends (FR)										0
Dividends retreatment FRDL->FR						-500,000				-500,000
Revaluation of buildings and lands										0
Deferred tax										0
Balance as at 30.06.2018	10,921,209	1,513,611	15,995,597	11,453,349	757,485	3,132,404	0	2,311,973	-112,628	45,973,000

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.06.2018

NOTE 7 STATEMENT OF CASH FLOWS (RON)

	Consolidated 1 st semester of 2018
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	213,452,605
Other cash inflows	370,482
Payments to suppliers of goods and services	(188,941,403)
Payments to and on behalf of employees (incl. taxes on salaries)	(14,081,390)
Corporate tax payments	(706,539)
Payments to other taxes and fees	(8,315,209)
Paid interests	(2,772)
Collected interests (current account)	3,439
Other cash outflows	(1,871,082)
Total operating cash flow	(91,869)
Cash flow from investment activities	
Proceeds from the sale of long-term assets and financial investments	1,277,594
Collected interests (from warehouses)	0
Collected dividends	0
Payments for the purchase of long-term assets	(347,475)
Total cash flow from investments	930,118
Cash flow from financing activities	
Short-term loan withdrawals	9,956,682
Repayment of short-term loans	(7,193,977)
Net foreign exchange differences	8,760
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(971)
Payments of own shares	0
Total cash flow from financing	2,770,494
Total cash flow	3,608,743
Cash at the beginning of the period	10,042,684
Cash at the end of the period	13,651,427

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

**The statement
responsible persons within the commercial company
Farmaceutica REMEDIA S.A.
for First Semester Reports 2018**

In accordance with the legal provisions in force regarding issuers and transactions with securities, the undersigned, as the person responsible in the company Farmaceutica REMEDIA S.A., to my knowledge, hereby declare:

1. The individual and semestrial consolidated financial statements for the first half of 2018, prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and the comprehensive income of the company Farmaceutica REMEDIA S.A.
2. The Board of Directors' reports (individually and consolidated) include a proper analysis of the developer's performance and performances as well as a description of the main risks and uncertainties specific to the activity being carried out.

function	name
Chairman of the Board of Directors	„TARUS” – Valentin Norbert TARUS e.U., represented by Valentin-Norbert TARUS
Member of the Board of Directors, CEO	Zoe CHIRIȚĂ
Member of the Board of Directors, non-executive, independent	SERFAL MANAGEMENT SRL, reprezentata prin dl. Sergiu FALA
Member of the Board of Directors,	Corneliu POLL
Member of the Board of Directors, non-executive, independent	DUBAU Alin-Mihai
Director financiar	Robert-Mihail PELOIU



UNCONSOLIDATED REPORT OF THE 1st SEMESTER of 2018

Board of Administrators of Farmaceutica REMEDIA S.A.

Farmaceutica REMEDIA S.A.

Registered office: Deva 330160, Str. Dorobantilor 43, Jud. Hunedoara, telephone/fax: + 40 254 223 260

Operational office: Bucharest, 041836, sector 4, Bld. Metalurgiei 78, telephone/fax: + 40 213 211 640

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Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 10,608,980
IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

**Unconsolidated REPORT of the 1st semester of 2018,
according to F.S.A. Regulation No. 5/2018**

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, No. 43 Dorobanților Street, PC
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with the Trade Register Office: **J20/700/25.07.1991**
Tax registration number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal value: **Lei 0,10**
Position in RNSC Register: **1636**
Total number: **106.089.800**
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value
1	10.11.1999	3.370.107	337.010,70 Lei
2	06.09.2001	1.500.000	150.000,00 Lei
3	23.07.2003	42.402	4.240,20 Lei
4	05.01.2006	5.696.471	569.647,10 Lei
5	21.12.2007	87.905.969	8.790.596,90 Lei
6	08.04.2009	7.574.851	757.485,10Lei
TOTAL		106.089.800	10.608.980,00 Lei

Organised market on which securities are traded:

Bucharest Stock Exchange – Standard category

The total market value as at 3.08.2018 is of Lei 37,343,609.6

The value of a RMAH share is of lei 0.352. (on 03.08.2018)

1. Important events to report

During the period 01.01.2018 – 30.06.2018 there were no important events that have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

2. The general description of the financial position and of the issuer's performances and of its branches afferent to the 1st semester of 2018

During the period 01.01.2018 – 30.06.2018, the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. Nr.	Indicator	Realisations during January-June 2017 (Lei)	Realisations during January-June 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	44.065.085	46.823.805	+ 6,26
2.	Other operating revenues	1.890.192	2.124.766	+ 12,41
3.	Total operating income	45.955.277	48.948.571	+ 6,51
4.	Total operational costs *	45.334.336	48.864.228	+ 7,79
5.	Operational result	620.941	84.343	- 86,42
6.	Financial results	89.129	65.476	- 26,54
7.	Gross result (profile)	710.070	149.819	- 78,9

* Including trade discounts granted/received

The erosion of the gross result compared to the same period last year is based on two factors:

- Depreciation of gross margin (net sales of goods increased by 6,26% while the net cost of sold goods increased by 7,83%)
- Wage costs that increased by 16%

"Other operating revenues" comprise mainly the following categories:

- collected rents – 37,49 % of "other operating income"
- marketing service – 7,05 %
- active sales – 50,62 %
- other services – 3,33 %

3. The financial statements as at 30.06.2018 were not audited by the independent financial auditor.

4. Economic-financial indicators

LIQUIDITY AND WORKING CAPITAL	30.06.2018
Current liquidity (Current assets/current debts)	1,10
Current assets	34.127.668
Current debts	30.959.169
Indebtedness degree (loaned capital/equity x 100)	0,00%
Borrowed capital	0
Equity	40.091.979
Turnover speed for client debit items (Average customer balance /turnover*180x)	46 days
Average customer balance	12.244.829
Net turnover	47.840.975
Turnover speed of stocks (average stock/ net COGS)*270	66 days
Average stock	13.471.628
Net COGS	36.669.293

Notes:

1) **Current liquidity** – the level of the indicator reflects a good payment capacity, therefore a low risk for creditors, certifying that the company is capable to cover its short-term liabilities based on the receivables and cash availability. The indicator was maintained at the same value as last year

2) **Indebtedness degree** express the effectiveness of credit risk management, indicating potential funding, liquidity problems, with influences in meeting the commitments. The 0% value indicates that the company has no financing or liquidity problems. In calculating this indicator, the borrowed capital comprises both bank loans and finance lease liabilities.

3) **Turnover speed for client debit items** expresses the effectiveness of the company in collecting its claims, i.e. the number of days until the debtors pay their debts to the company. Taking into account the sales dynamics and the specificity of the collection of receivables in the distribution of medicines, we consider that the value of 46 days is a normal one under the given conditions. The evolution of the indicator was the following: 30 days in the first semester of 2017, 29 days in the 2nd quarter of 2017 and 47 days in the 2nd quarter of 2018.

4) **Days on hand** indicator value (66 days) can be considered as falling within the specific activity, exceeding the limit imposed by the internal procedures of the company (45 days). The indicator reversed compared to the same period last year (64 days). In the 2nd quarter of 2018, the indicator reached 69 days compared to 68 days in the 2nd quarter 2017.

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

**STATEMENT OF FINANCIAL POSITION - unconsolidated
ON JUNE 30st 2018**

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

	30-Jun-18	30-Jun-17
ASSETS		
Fixed assets	38,214,581	38,322,895
Tangible asstes	24,866,031	24,646,346
Investment property	5,652,468	5,413,646
Software licenses	15,571	29,676
Pharmaceutical licenses	7,080,494	7,652,572
Participations held in group companies	292,320	289,320
Participations held in companies outside the group	5,316	8,316
Financial assets	302,382	283,019
Current assets	34,127,668	27,023,878
Stocks	13,747,238	12,252,089
Trade receivables	11,981,259	6,902,779
Other receivables	359,678	176,890
Cash and cash equivalents	8,039,493	7,692,120
Accrued expenses	108,120	47,083
TOTAL ASSETS	72,450,368	65,393,856
EQUITIES AND LIABILITIES		
Equities	40,091,979	39,617,967
Share capital	10,921,209	10,921,209
Share premium	757,485	757,485
Reserves	28,733,586	27,828,787
Current profit or loss (result)	104,555	535,343
	0	0
Reported result- retreading	-312,229	-312,229
Profit or loss (result) carried forward	0	0
Own shares	-112,628	-112,628
Non-current liabilities	1,399,221	1,273,137
Financial lease liabilities	0	0
Provisions	0	0
Deferred tax liabilities	1,399,221	1,273,137
Current liabilities	30,959,169	24,502,752
Bank loans	0	0
Financial lease liabilities	0	0
Suppliers and other similar liabilities	28,081,199	22,068,990
Provisions	0	0
Current tax liabilities	0	88,757
Other current liabilities	2,877,969	2,345,005
Total liabilities	32,358,389	25,775,889
TOTAL EQUITY AND LIABILITIES	72,450,368	65,393,856

Presedinte Consiliu de Administratie
"TARUS" - Valentin Norbert TARUS e.U.
prin reprezentant
Valentin – Norbert TARUS

Director Financiar
Robert - Mihail PELOIU

Farmaceutica REMEDIA S.A.

**STATEMENT OF GLOBAL RESULT - unconsolidated
ON JUNE 30st 2018**

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

	30-Jun-18	30-Jun-17
Net turnover	47,840,975	45,108,385
Revenues from sales of goods	46,823,805	44,068,444
Trade discountes granted	0	-3,359
Revenues from services rendered and rents	1,017,170	1,043,300
Other operating revenues	1,107,596	846,892
OPERATING REVENUES - TOTAL	48,948,571	45,955,277
Material expenses	37,543,326	34,781,823
Goods-related expenses	38,003,020	34,548,992
Trade discounts received	-1,333,727	-542,971
Raw materials and consumable expenses	361,122	338,745
Other material expenses	170,279	41,294
Energy and water expenses	342,634	395,763
Staff expenses	8,282,820	7,139,532
Salaries and compensations	7,367,776	5,735,329
Social insurance and protection expenses	224,164	1,251,679
Other staff expenses	690,880	152,524
Depreciation and provisions	222,575	197,085
Depreciations	218,967	168,008
Net provisions	-60,783	-478,231
Losses from receivables	64,390	507,308
Other operating expenses	2,815,507	3,215,895
Outsourcing expenses	2,365,055	2,541,049
Other duties, taxes and similar levies expenses	206,711	184,359
Other expenses	243,741	490,487
OPERATING EXPENSES - TOTAL	48,864,228	45,334,335
OPERATING RESULT	84,343	620,942
Financial revenues	67,364	97,556
Interest revenues	1,414	2,893
Revenues from exchange rate differences	460	2,799
Revenues from dividends	0	0
Discounts pay in advance	65,490	91,864
Other financial expenses	0	0
Financial expenses	1,888	8,427
Interest expenses	0	0
Expenses from exchange rate difference	543	203
Discounts encashment in advance	1,345	8,224
Other financial expenses	0	0
FINANCIAL RESULT	65,476	89,129
TOTAL REVENUES	49,015,935	46,052,833
TOTAL EXPENSES	48,866,116	45,342,762

GROSS RESULT	149,819	710,071
Income tax	45,264	174,728
TOTAL NET PROFIT, of which attributable :	104,555	535,343
Company's shareholders	104,555	535,343
Minority interest		
Comprehensive income afferent to the period - total, of which attributable :	104,555	535,343
Company's shareholders	104,555	535,343
Minority interest		
Result per share (Lei)		
basic	0.0010	0.0050
diluted	0.0010	0.0050

"TARUS" - Valentin Norbert TARUS e.U.

prin reprezentant
Valentin – Norbert TARUS

Director Financiar

Robert - Mihail PELOIU

Farmaceutica REMEDIA S.A. – Unconsolidated financial statements concluded on 30.06.2018

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, as at 30.06.2018, Farmaceutica REMEDIA S.A. held majority holdings (100%) at the Farmaceutica REMEDIA Distribution & Logistics S.R.L. company.

During the 1st semester of 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) except for one of the two operating licenses of a pharmacy held in Alba-Iulia.

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

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

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

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

Farmaceutica REMEDIA S.A. – Unconsolidated financial statements concluded on 30.06.2018

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 financial statements on 30.06.2018 were not audited by the independent financial auditor.

Farmaceutica REMEDIA S.A. – Unconsolidated
financial statements concluded on 30.06.2018

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2018 – 30.06.2018 the commercial company Farmaceutica REMEDIA S.A. recorded the following financial results:

Crt. No.	Indicator	Realisations January-June 2017 (Lei)	Realisations January-June 2018 (Lei)	Evolution 2018/2017 (%)
1.	Net sales of goods *	44.065.085	46.823.805	+ 6,26
2.	Other operating revenues	1.890.192	2.124.766	+ 12,41
3.	Total operating revenues	45.955.277	48.948.571	+ 6,51
4.	Total operating costs *	45.334.336	48.864.228	+ 7,79
5.	Operating result	620.941	84.343	- 86,42
6.	Financial result	89.129	65.476	- 26,54
7.	Gross result (profit)	710.070	149.819	- 78,9

* Including commercial discounts granted/received

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

- collected rents – 37,49 % from “other operating revenues”
- marketing services – 7,05 %
- sale of assets – 50,62 %
- other services – 3,33 %

NOTE 4 ECONOMIC-FINANCIAL INDICATORS

Economic-financial indicators

LIQUIDITY AND WORKING CAPITAL	30.06.2018
Current liquidity (Current assets / Current debts)	1,10
Current assets	34.127.668
Current debts	30.959.169
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%
Borrowed capital	0
Equity	40.091.979
Turnover speed for client debit items (Average customer balance / turnover *180)	46 days
Average customer balance	12.244.829
Net turnover	47.840.975
Turnover speed of stocks (average stock/ net COGS)*180	66 days
Average stock	13.471.628
COGS net	36.669.293

Farmaceutica REMEDIA S.A. – Unconsolidated financial statements concluded on 30.06.2018

NOTE 5	Reporting per activity segments							
	WEST Region	CENTER Region	BUCHAREST Region	SOUTH-EAST Region	Other operations	Spaces/auto rents	Provided services	TOTAL * 30.06.2018
Net turnover	24,025,694	7,207,623	10,426,005	5,285,229	29,057	796,596	70,652	47,840,856
Income from the sale of goods		7,184,612	10,386,466	5,265,400	29,057			46,823,805
Commercial discounts granted					0			0
Income from services provided and rents		23,011	39,539	19,829		796,596	70,652	1,017,051
Other operating income					1,168,497			1,168,497
OPERATING INCOME - TOTAL	24,025,694	7,207,623	10,426,005	5,285,229	1,197,554	796,596	70,652	49,009,353
Expenses with goods	18,675,187	5,462,593	8,359,685	4,129,932	41,894	0	0	36,669,291
Expenses on goods	19,313,791	5,630,712	8,711,235	4,305,387	41,894		0	38,003,019
Commercial discounts received	-638,604	-168,119	-351,550	-175,455	0		0	-1,333,728
Gross margin from the sale of goods	5,283,083	1,722,019	2,026,781	1,135,468	-12,837	0	0	10,154,514
Other operating costs	5,057,766	1,520,590	3,884,355	1,477,131	244,081	69,834	1,956	12,255,713
Direct costs	3,714,316	1,133,204	3,234,040	1,189,605	244,081	47,967	0	9,563,213
Logistics costs	0	0	0	0	0	0	0	0
Promotion costs	0	0	0	0	0	0	0	0
Indirect costs	1,343,450	387,386	650,315	287,526	0	21,867	1,956	2,692,500
OPERATING EXPENSES - TOTAL	23,732,953	6,983,183	12,244,040	5,607,063	285,975	69,834	1,956	48,925,004
Operating result	292,741	224,440	-1,818,035	-321,834	911,579	726,762	68,696	84,349
Financial result								65,470
Gross result								149,819

Farmaceutica REMEDIA S.A. – Unconsolidated financial statements concluded on 30.06.2018

	Corporate tax	45,264
Net profit		104,555

NOTE 6 MODIFICATIONS OF CAPITALS

	Share capital	Legal reserves	Reassessments reserves	Other reserves	Share premiums	Retained earnings	Current earnings	Profit distribution	Own shares	TOTAL
Balance as at 01.01.2018	10,921,209	1,513,051	15,995,597	11,073,153	757,485	-312,229	1,290,756	-78,072	-112,628	41,048,322
Profit transfer 2017 at the retained earnings						1,212,684	-1,212,684			0
Profit distribution 2017 at dividends						1,060,898				-1,060,898
Profit distribution 2017 at other reserves				151,786		-151,786				0
Earnings 2018							104,555			104,555
Transfer of reserves to dividends										0
Profit distribution 2017 to legal reserve							-78,072	78,072		0
Reassessment of buildings and lands										0
Deferred tax										0
Balance as at 30.06.2018	10,921,209	1,513,051	15,995,597	11,224,939	757,485	-312,229	104,555	0	-112,628	40,091,979

Farmaceutica REMEDIA S.A. – Unconsolidated
financial statements concluded on 30.06.2018

NOTE 7 STATEMENT OF CASH FLOWS (RON)

unconsolidated

	1st semester of 2018
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	52,778,992
Other cash inflows	203,484
Payments to suppliers of goods and services	(40,872,671)
Payments to and on behalf of employees (incl. taxes on salaries)	(7,548,951)
Corporate tax payments	(211,425)
Payments to other taxes and fees	(1,523,715)
Paid interests	0
Collected interests (current account)	1,414
Other cash outflows	(977,853)
Total operating cash flow	1,849,275
Cash flow from investment activities	
Proceeds from the sale of long-term assets and financial investments	1,277,594
Collected interests (from warehouses)	0
Collected dividends	0
Payments for the purchase of long-term assets	(61,338)
Total cash flow from investments	1,216,255
Cash flow from financing activities	
Short-term loan withdrawals	0
Repayment of short-term loans	0
Net foreign exchange differences	(68)
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(971)
Payments of own shares	0
Total cash flow from financing	(1,039)
Total cash flow	3,064,491
Cash at the beginning of the period	4,975,002
Cash at the end of the period	8,039,493

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

By representative
Valentin Norbert TARUS