

***Biannual report
on the economic-financial activity
of S.C. BIOFARM S.A. – 1st Semester 2015***

S.C. BIOFARM S.A. has the registered office, no. 99 Logofatul Tautu Street, 3rd City District and has as main activity object the manufacture of pharmaceutical preparations.

The unique registration code with the Trade Register Office is RO 341563 and the order number in the Trade Register is J40/199/1991.

The regulated market on which transferable securities issued by S.C. BIOFARM S.A. are traded is the Bucharest Stock Exchange, Premium category.

1. **Economic-financial situation of S.C. Biofarm S.A. as at 30.06.2015**

Financial statements of S.C. Biofarm S.A. as at 30.06.2015 are prepared in compliance with the IFRS adopted by the European Union.

Financial statements are elaborated in compliance with the accrual accounting. Therefore, the effects of transactions and other events are recognised when transactions and events are produced and are registered in the accounting records and reported in the financial statements of corresponding periods.

Financial statements are elaborated starting from the presumption that the company will continue its activity in the predictable future as well. The company does not intend nor is required to liquidate or to reduce significantly its activity.

1.1. Balance sheet concluded as at 30.06.2015

Description	30 June 2015	31 December 2014
Fixed assets	82,830,307	73,557,862
Floating assets	123,024,153	134,985,831
TOTAL ASSETS	205,854,460	208,543,693
Current liabilities	35,424,294	37,575,789
Long-term liabilities	1,377,154	2,168,938
TOTAL LIABILITIES	36,801,448	39,744,727
NET ASSETS	169,053,013	168,798,966
Share capital	109,486,150	109,486,150
Own shares	(10,949,428)	(10,949,428)

Premiums related to own shares issuance/repurchase	(173,164)	(23,211,174)
Revaluation reserves	493,677	493,677
Reserves	38,316,929	50,926,562
Retained earnings	16,844,295	16,844,295
Current result	15,034,554	26,559,851
Distribution of profit	0	(1,350,967)
TOTAL CAPITALS	169,053,013	168,798,966

Fixed assets

At 30.06.2015 the company owns:

- the land located at no. 40-42 Iancu de Hunedoara Street;
- the land from Gura Badicului Street and it did not obtain property title for the land in use from no. 99 Logofatul Tautu Street.

The land in use from no. 99 Logofatul Tautu Street is not included in the financial statements of S.C. Biofarm S.A., due to the fact that the documents attesting the property were not yet obtained, there being notifications on Law no. 10/2001.

In compliance with the provisions of GD 834/1991 art. 1, the company requests the obtaining of the certificate attesting the ownership of the land, for the lands necessary to carry out the activity according to the activity object.

The value of the land for which the ownership certificate will be obtained shall be established based on legal provisions. Together with the value of lands, the share capital of the Company will be increased as well, and shares will be owned by the state.

During the first semester of 2015, investments amounting Ron 12,509,738 were performed.

The structure of fixed assets as at 30.06.2015 is the following:

TANGIBLE ASSETS	30 June 2015	31 December 2014
Lands and constructions	18,156,517	18,156,517
Technical installations and machinery	24,132,998	24,240,654
Other installations, machines and furniture	539,307	597,343
Tangible assets in progress	28,711,436	18,613,565
	71,540,258	62,275,963

Inventories

The structure of inventories as at 30.06.2015 is the following:

Inventories	30 June 2015	31 December 2014
Raw materials and consumables	10,496,972	10,804,125
Adjustments	(1,100,830)	(978,210)
Production in progress	1,789,547	1,204,519
Adjustments	-	-
Semi-products and finished products	8,457,984	6,063,609

Adjustments	(350,810)	(201,541)
Goods	1,532,634	1,290,672
TOTAL	20,825,497	18,183,175

Trade Receivables

Trade receivables of S.C. Biofarm S.A. decreased on 30.06.2015 in comparison with 31.12.2013, due to the reduction of time for customer cashing.

Trade receivables	30 June 2015	31 December 2014
Trade receivables	55,937,757	65,372,737
Adjustments for trade receivables	(5,370,219)	(1,293,869)
	50,567,539	64,078,869

Short and long term liabilities

Current liabilities	35,424,294	37,575,789
Long term liabilities	1,377,154	2,168,938
TOTAL LIABILITIES	36,801,448	39,744,727

Liabilities to the state budget and local budgets, respectively tax, special funds and fees, were paid on their due date.

Amounts owed to credit institutions on 30.06.2015:

Objective	Credit line attached to credit card
Amount	lei 20,000
Maturity	04.09.2015
Securities	Movable security without dispossession of balances of current accounts.

SC Biofarm SA did not submit securities and did not pledge, mortgage respectively own assets to guarantee obligations in favour of a third party.

1.2. Profit and loss account

The profit and loss account statement as at 30 June 2015 was the following:

Description	For the year ended on		%2015
	30 June 2015	30 June 2014	vs. 2014
Income from sales	70,233,396	61,100,048	15%
Other operating income	406,892	87,569	
Change in inventories	3,332,810	1,664,512	
Total operating expenses	55,506,296	47,458,654	17%
Operating profit/(loss)	18,466,802	15,393,475	20%
Net financial income/(costs)	480,300	77,045	
Profit before tax	18,947,102	15,470,520	22%

Tax expenses	3,912,548	734,236	
Profit	15,034,554	14,736,284	2%

Analysed in their structure, the main **operating expenses** are presented as follows:

	30.06.2015	30.06.2014	%
Raw materials and consumables	20,641,055	16,943,750	22 %
Personnel expenditures	10,473,060	8,695,794	20 %
Amortisation	3,229,648	3,278,333	-1 %
Other operating expenses	21,162,533	18,540,777	14 %
	55,506,296	47,458,654	17 %

1.3. Cash flow

Cash flow 1st semester of 2015:

Net cash from operating activities	16,319,585
Net cash from investing activities	-13,427,176
Net cash from financing activities	-16,202
Net increase of cash and cash equivalents	2,876,206
Cash and cash equivalents on 31.12.2014	41,776,151
Cash and cash equivalents on 30.06.2015	44,652,357

1.4. Indices

CAPITAL PROFITABILITY AND PRODUCTIVITY

30 June 2015

Effectiveness of available capital

Profit before interest and tax (A)	18,947,102
Available capital (B)	170,430,167
A/B	11.12%

Effectiveness of equity

Net profit (A)	15,034,554
Equity (B)	169,053,013
A/B	8.89%

Operational profit rate

Profit before interest and tax (A)	18,947,102
Operating income (B)	73,973,098
A/B	25.61%

Net profit rate

Net profit (A)	15,034,554
Total income (B)	74,453,398
A/B	20.19%

Total assets rate

Profit before interest and tax (A)	18,947,102
Total assets (B)	205,854,460
A/B	9.20%

SOLVENCY

30 June 2015

Debt ratio	
Total liabilities (A)	36,801,448
Total assets (B)	205,854,460
A/B	17.88%
Rate of financial autonomy	
Equity (A)	169,053,013
Total assets less current net current liabilities (B)	170,430,166
(B)	99.19%
LIQUIDITY AND WORKING CAPITAL	30 June 2015
Rate of general liquidity	
Current assets	123,024,153
Current liabilities	35,424,294
(A/B)	3.47
Rapid rate of liquidity	
Current assets	123,024,153
Inventories	20,825,497
Current liabilities	35,424,294
(A-B)/C	2.88
Period of cashing from customers	
Trade receivables (A)	57,323,204
Net turnover (B)	70,233,396
(A/B)*365 – days	149
Period of inventories immobilisation	
Inventories (A)	20,825,497
Net turnover (B)	70,233,396
(A/B)*365 - days	54
Period of suppliers payment	
Suppliers (A)	14,932,489
Material and external expenses (B)	46,781,775
(A/B)*365 - days	58

2. Analysis of commercial company activity

During the first semester of 2015, Biofarm maintained itself within the trend of the market and maintained its position among the first 10 Romanian manufacturers in terms of sales of commercial

units. The value of income from net sales performed during the first semester of 2015 was of lei 70,233,396, increasing with 15% in comparison with the first semester of 2014.

3. Share capital

During the first semester of 2015, no share capital variations were registered, its value being of lei 109,486,150, with a nominal value per share of 0.1 RON.

The shareholding structure on 30.06.2015 was the following:

Source of information: DEPOZITARUL CENTRAL

NAME	SHARES	PERCENTAGE
S.I.F. MUNTENIA loc. BUCHAREST, 3 rd CITY DISTRICT	502,379,066	45.8852%
S.I.F. BANAT-CRISANA S.A. loc. ARAD, ARAD county	217,187,610	19.8370%
SIF MOLDOVA loc. BACAU, BACAU county	134,207,209	12.2579%
other shareholders/others	120,144,586	10.9735%
BIOFARM	109,494,275	10.0007%
A.V.A.S. loc BUCHAREST, 1 st CITY DISTRICT	11,448,753	1.0457%
Total	1,094,861,499	100.0000%

On 30.06.2015 the company has the following working points:

- Bucharest, no. 42-44 Iancu de Hunedoara Blvd, 1st City District, tax identification number 14008268.
- Bucharest, no. 202-226 Gura Badicului Street, warehouse for finished products distribution, tax identification number 30037915.
- Cluj Napoca, no. 206, Traian Vuia Street, tax identification number 26585871, warehouse for finished products distribution.
- Craiova, no. 120, A Decebal Blvd., warehouse for finished products distribution.
- Arad, no. 1 Câmpul Liniștii Street, warehouse for finished products distribution.
- Constanța, no. 1 Interioara Street, warehouse for finished products distribution.

4. Changes that affect the capital and the management of the commercial company

4.1. Description of cases in which the trading company was unable to fulfil its financial obligations during the respective period.

It is not the case.

4.2. Description of any modification concerning the rights of transferable securities holders issued by the trading company.

It is not the case.

5. Significant transactions

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**Chairman of the Board of Directors,
Dănuț Vasile**