
Half-yearly report on the economic and financial activity of BIOFARM S.A.- 1st semester of 2019

BIOFARM S.A. has its registered office in Bucharest, str. Logofatul Tautu nr. 99, sect. 3 and has as main activity object the production and marketing of medicinal products for human use, NACE code 2120 “Manufacture of pharmaceutical preparations”.

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

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

1. Economic and financial situation of Biofarm S.A. on 30.06.2019

The financial statements of Biofarm SA on 30.06.2019 are drafted in compliance with the International Financial Reporting Standards, the Interpretations and International Accounting Standards (collectively called IFRSs) issued by the Council for International Accounting Standards, as they are adopted by the European Union.

The financial statements of SC Biofarm SA on 30.06.2019 are not audited.

The financial statements are prepared under accrual accounting. Thus, the effects of transactions and of other events are recognised when transactions and events occur and are recorded in the accounting records and reported in the financial statements of the afferent periods.

Financial statements are drafted starting from the assumption that the company will continue its activity in the foreseeable future as well. The company has no intention or need to liquidate or to significantly reduce its activity.

1.1. Balance sheet concluded on 30.06.2019

<i>Assets</i>		
Description	30 June 2019	31 Dec 2018
Fixed assets	137.690.602	131.169.955
Current assets	174.395.097	154.292.186
TOTAL ASSETS	312.085.699	285.462.141
Current debts	67.201.839	59.594.662
Long-term debts	448.964	448.964
TOTAL DEBTS	67.650.803	60.043.626
NET ASSETS	244.434.896	225.418.515

Share capital and reserves

Description	30 June 2019	31 Dec 2018
Share capital	98.537.535	98.537.535
Own shares	(813)	(813)
Premiums related to the issue/redemption of own shares	(173.154)	(173.154)
Revaluation reserves	1.967.642	1.967.642
Reserves	110.322.192	84.359.176
Retained earnings	5.548.864	5.548.864
Current result	28.232.630	38.424.940
Profit distribution	-	(3.245.675)
TOTAL CAPITALS	244.434.896	225.418.515

Fixed assets

On 30.06.2019 the company owns:

- the land located in strada Iancu de Hunedoara nr. 40-42;
- the land from strada Drumul Gura Badicului nr. 202-232.

The land in use from str. Logofat Tautu nr. 99, is not included in the financial statements of SC Biofarm SA, due to the fact that the documents attesting the property were not yet obtained, there being notifications on Law No. 10/2001.

In the first semester of 2019 investments were carried out in the amount of 10,036,729, according to cash-flow.

The structure of tangible assets on 30 June 2019 is the following:

TANGIBLE ASSETS	30 June 2019	31 Dec 2018
Lands and buildings	14.154.723	14.581.213
Technical installations and machines	11.729.663	13.296.400
Other installations, machinery and furniture	367.914	478.107
Tangible assets under execution	94.752.952	85.787.977
TOTAL	121.005.252	114.143.697

Inventories

The structure of inventories on 30.06.2019 is the following:

Inventories	30 June 2019	31 Dec 2018
Raw materials and consumables	11.087.099	14.346.563
Adjustments	(1.505.140)	(1.764.941)
Production under progress and semi-finished products	1.514.248	2.132.034
Finished products	5.008.503	3.817.252
Adjustments	811.092	1.123.389
Goods	(789.694)	(820.273)
TOTAL	16.126.108	18.834.024

Trade receivables

The trade receivables of the Biofarm SA company decreased on 30.06.2019 as compared to 31.12.2018, mainly due to the improvement of the claims recovery term.

<u>Trade receivables</u>	30 June 2019	31 Dec 2018
Trade receivables	93.773.478	106.120.321
Adjustments for trade receivables	(20.859.531)	(22.369.266)
	72.913.947	83.751.055

<u>Long-term and short-term liabilities</u>	30 June 2019	31 Dec 2018
Current liabilities	67.201.839	59.594.662
Long-term liabilities	448.964	448.964
	67.650.803	60.043.626

The obligations to the state budget and local budgets, respectively taxes, special funds, and fees were paid at the due date.

On 30.06.2019 Biofarm SA did not owe amounts to credit institutions.

Biofarm SA did not submit guarantees and did not pledge, respectively did not mortgaged own assets to guarantee some obligations in favour of a third party.

1.2. Profit and loss account on 30.06.2019

	For the period concluded on		%2019 vs.2018
	30 June 2019	30 June 2018	
Income from sales	97.291.255	83.338.629	17%
Income for IFRS 15 adjustment	(3.586.944)	-	
Other operating revenues	295.833	398.342	
Changes in inventories	567.820	2.880.562	
Total operating expenses	60.009.014	60.461.488	-1%
Operating profit/ (loss)	34.558.950	26.156.045	32%
Net financial incomes / (costs)	658.637	230.619	
Profit/ (loss) before tax	35.217.587	26.386.664	33%
Expenses with taxes	6.984.957	4.182.311	
Profit / (loss)*	28.232.630	22.204.353	27%

The company applied IFRS 15 for the first time at the drafting of annual financial statements for 2018 using the method of cumulative effect. The impact from the application of this standard represented a decrease of revenues of the period with the amount of lei 3.586.944. Additionally, the company recorded deferred income in the amount of lei 21.648.313, an amount representing the natural rebate debt which the company will subsequently grant.

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

Description	For the period concluded on		%2019 vs.2018
	30 June 2019	30 June 2018	
Raw materials and consumables	18.293.042	21.296.619	-14%
Personnel expenses	15.090.886	13.331.549	13%
Amortisation	3.308.439	3.194.246	4%
Other operating expenses	23.316.647	22.639.074	3%
	60.009.014	60.461.488	-1%

1.3. Cash flow

Cash flows 1st semester of 2019:

Net cash from operating activities	43.056.918
Net cash from investment activities	(9.415.039)
Net cash from financing activities	(51.185)
Net increase in cash and cash equivalents	33.590.694
Cash and cash equivalents on 31.12.2018	45.632.578
Cash and cash equivalents on 30.06.2019	79.223.272

1.4 Indicators

CAPITAL PROFITABILITY AND RETURN

30 June 2019

Efficiency of available capital

Profit before interests and tax (A)	35.217.587
Available capital (B)	244.883.860
A/B	14.38%

Equity efficiency

Net profit (A)	28.232.630
Own capital (B)	244.434.896
A/B	11.55%

Rate of the operating profit

Profit before interests and tax (A)	35.217.587
Operating income (B)	94.567.963
A/B	37.24%

Net profit rate

Net profit (A)	28.232.630
Total income (B)	95.226.601
A/B	29.65%

Rate of total assets

Profit before interests and tax (A)	35.217.587
Total assets (B)	312.085.699
A/B	11.28%

SOLVENCY

30 June 2019

Debt rate

Total obligations (A)	67.650.803
Total assets (B)	312.085.699
A/B	21.68%

Rate of financial autonomy

Equity (A)	244.434.896
Total assets less net current liabilities (B)	244.883.860
A/B	99.82%

LIQUIDITY AND WORKING CAPITAL**30 June 2019**

General liquidity rate	
Current assets	174.395.097
Current obligations	67.201.839
(A/B)	2.60
Rapid liquidity rate	
Current assets	174.395.097
Inventories	16.126.108
Current obligations	67.201.839
(A-B)/C	2.36
Customer collection period	
Trade receivables (A)	72.913.947
Net turnover (B)	97.291.255
(A/B)*180- days	135
Period of inventory immobilisation	
Inventories (A)	20.845.102
Net turnover (B)	97.291.255
(A/B)*180- days	39
Period of suppliers' payment	
Suppliers (A)	22.284.307
Material and outside expenses (B)	49.515.530
(A/B)*180- days	81

2. Analysis of the business activity of the company

In the first semester of 2019, Biofarm continued the consistent application of managerial plans and of agreed strategic directions. The most important actions of the company were oriented towards the analysis of costs to increase yield. These actions were possible based on the continuation of investments from previous years, the improvement of company strategies, the consolidation of internal markets, preserving the quality and competitiveness of products from the portfolio.

3. Share capital

In the first semester of 2019 there were no variations in the share capital, its vale being of lei 98.537.535 with a nominal value per share of RON 0.1.

The ownership structure on 30.06.2019 was the following:

Shareholder	Shares	Percentage
S.I.F. MUNTENIA BUCHAREST Locality, SECTOR 4	502.379.066	50.9835 %
S.I.F. BANAT-CRISANA S.A. ARAD Locality, ARAD County	362.096.587	36.7471 %
Other shareholders / others	120.899.697	12.2694 %
TOTAL	985.375.350	100 %

Information source: CENTRAL DEPOSITARY

On 30.06.2019, the company has the following working points additional to the one at the address of the registered office from str. Logofatul Tautu nr. 99:

- Bucharest, Bd-ul Iancu de Hunedoara, nr. 42-44, sector 1, tax identification number 14008268
- Bucharest, str. Gura Badicului, nr. 202-232, warehouse for the distribution of finished products, tax identification number 30037915

In the first semester of 2019, the Board of Directors decided to close the working points from Cluj-Napoca, Craiova, Arad, Constanta and Iasi.

4. Changes affecting the capital and the management of the commercial company

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

This is not the case.

4.2. Description of any modification on the rights of holders of securities issued by the commercial company.

This is not the case.

5. Significant transactions

This is not the case.

Andrei Hrebenciuc
B.D. Chairman