

BIOFARM S.A.

Audited Financial Statements
for the year ended
31 December 2009

Content

	Pag
Auditor's opinion	3
Administrator's report	5
Balance Sheet	19
Income statement	23
Cash flow statement	26
Statement of changes in equity	27
Notes to financial statements	28
Other information (Cod 30)	48
Data regarding non current assets (Cod 40)	52

Note: This is free translation of the original Romanian version of the audited financial statements. For any differences between the two versions of the report, the Romanian one will prevail.

Independent Auditors' report to the Shareholders General Assembly

1. We have audited the accompanying financial statements of **BIOFARM S.A.** (the Company) which comprises the balance sheet as at December 31, 2009, the income statement for the year then ended, cash flow statement, statement of changes in equity and a summary of significant accounting policies and other explanatory notes, numbered from page 19 to page 53. The accompanying financial statements referred to:

- Net assets / Total equity: LEI 136,052,862
- Net result of the period: LEI 19,636,090 profit

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with MoPF Order 1752/2005 and subsequently changes. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards of Chamber of Financial Auditors of Romania. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

1. In our opinion the financial statements referred to above present fairly, in all material aspects, the financial position and results from operation of **BIOFARM S.A.** as of December 31, 2009 in conformity with MPFO 1752/2005 regarding the approval of Accounting Regulations in agreement with the European directives.
2. According to MPFO 1752/2005 our engagement was extended to the review of the Administrator's Report on Financial Statements for the year ended December 31, 2009. Based on our review, we did not observe any inconsistencies of Administrator's Report comparing with the enclosed financial statements.

In the name of
BDO Audit SRL
Registered to Chamber of Financial Auditors of Romania
No. 018 / 2001

Name: Cristian Iliescu
Registered to Chamber of Financial Auditors of
Romania
No. 1530 / 2003

Bucharest, Romania

March 16, 2010



Management report of SC BIOFARM SA Administrators for 2009

The company's name: **S.C. Biofarm S.A.**

Head office: **Bucharest, str. Logofatul Tautu nr. 99, sect. 3**

Phone/fax: **021.301.06.21 / 021.301.06.24**

Sole registration number with the Trade Registry: **RO 341563**

Order number in the Trade Registry: **J40/199/1991 din 05.02.1991**

The regulated market on which the values issued are traded: **BVB**

Social share: **109.486.150 lei**

The main characteristics of the values issued by the company : **nominative dematerialized shares**

1. Analysis of the commercial activity of the company

1.1.a) Description of the basic activity of the commercial company; .

S.C. BIOFARM S.A. is seated in Bucharest, str. Logofatul Tautu nr. 99, sect.3 and has as main object of activity the production and trading of human use medicines, CAEN code 2120 "Production of pharmaceutical products".

The subscribed share capital of the company on 31st December 2009 was 109.486.150 lei, the unit value of a share being of 0.1 Lei/share.

The structure of the shareholders on 31st of January 2009 was the following:

	Number of shares	%
S.I.F. OLTENIA S.A.	190.862.827	17.4326
S.I.F. BANAT-CRISANA S.A.	168.063.951	15.3502
S.I.F. MOLDOVA S.A.	125.493.144	11.4620
A.V.A.S.	11.448.753	1.0457
OTHER SHAREHOLDERS	598.992.824	54.7095
Total shares	1.094.861.499	100

b) Indicating the establishment date of the commercial company;

SC BIOFARM SA was established through HG 1224 as of 23.11.1990.

c) Description of any merger or significant reorganization of the commercial company, of its subsidiaries or other controlled companies, during the financial exercise;

SC Biofarm SA holds a participation of 3.500 euro representing 50% from the social capital of a company from Ukraine. The company from Ukraine did not perform any economical-financial activity until 31.12.2009



1.1. 1. Elements of general evaluation:

The net turnover achieved in 2009 was 67.108.836lei higher by 3 % compared to 2008.

Based on their structure, main operational expenses are as follows:

Categories of operational expenses	31.12.2008	31.12.2009	%
Expenses with raw materials, materials	17,112,548	16,975,288	-1%
Expenses with electric power and water	1,826,628	1,621,819	-11%
Personnel-related expenses	13,108,308	13,076,265	0%
Adjustment of depreciation, current assets and provisions value	4,051,727	4,539,122	12%
Expenses related to outsourcing, other operational expenses	13,709,301	14,399,084	5%

The promotion charges for marketing and sales represented in 2009, 16 % from the turnover. At the same time there continued the development of new marketing and sales teams which attracted additional expenses in 2009: salaries, displacements, consumables.

Financial income and expense positions	31.12.2008	31.12.2009	%
Incomes from interests	1,870,666	3,000,949	60%
Other financial incomes (exchange rate differences)	2,284,020	1,651,807	-28%
FINANCIAL INCOMES - TOTAL	4,154,686	4,652,756	12%
Expenses related to interests	-206,209	-142,295	-31%
Corrections of value concerning capital assets	-35,141,987	6,064,376	
Other financial expenses (exchange rate differences)	-2,228,520	-1,699,469	-24%
FINANCIAL EXPENSES – TOTAL	-37,576,716	4,222,612	
FINANCIAL RESULT:	-33,422,030	8,875,368	



Str. Logofătul Tăutu nr. 99,
Sector 3, București, Romania

TEL: +4 021 301 06 00
FAX: +4 021 301 06 05

MAIL: office@biofarm.ro
WEB: www.biofarm.ro

On 31.12.2009, SC Biofarm SA proceeded at the re-evaluation of the portfolio having registered a value increase from 6.961.576 until 31.12.2008 at 13.025.950 lei on 31.12.2009, due to the stock evolution from this year:

SYMBOL	NAME	Portof. 31.12.2009		
		No. shares	Unit price	Market share
ARAX	ARMAZ GAZ SA MEDIAS	3,000,000	0.0970	291,000
BRD	BRD	35,000	13.0000	455,000
COTR	TRANSILVANIA C-TII	4,324	37.0000	159,988
DAFR	DAFORA SA	120,000	0.1020	12,240
SIF 1	SIF BANAT CRISANA	1,895,100	1.1300	2,141,463
SIF 2	SIF MOLDOVA	2,550,000	1.1400	2,907,000
SIF 3	SIF TRANSILVANIA	823,500	0.6800	559,980
SIF 4	SIF MUNTENIA	615,600	0.7100	437,076
SIF 5	SIF OLTENIA	4,100,000	1.2700	5,207,000
TLV	B.TRANSILVANIA	318,856	2.1300	679,163
TEL	TRANSELECTRICA	13,040	13.5000	176,040
				13,025,950

SC Biofarm SA has financial resources to meet the current needs, without being required the sale of shares owned in companies listed to BSE.

Market percentage held :

In 2009, Biofarm continued producing traditional products and new products, maintaining the quality standards and by observing the company's strategy regarding the acknowledged therapeutic effects of the products and at accessible prices for patients.

In 2009, Biofarm company registered a decrease of the sales in units of (4,95%)*, compared to the reduction of (9,12%)* registered by the entire pharmaceutical market *** from Romania. In the same period, Biofarm company improved and diversified its portfolio, reaching to 167 products and was market leader on 10 therapeutic areas. The quality of the products, the competitive offers and the efficient modalities of promotion placed in 2009 Biofarm company among the first 10 medicine producers.

Liquidity (available in account etc.)

On 31 December 2009, the general liquidity rate reached a level of 6.61 compared to 4.85 at the end of the preceding year.

The cash on 31.12.2009, according to the balance, is at a level of 28.048.592 lei compared 26.035.636 lei on 31.12.2008.

* Data Source: CEGEDIM Romania, pharmacy sales – final consumer, at consumer price (MSP), market in volum - units, market value – RON.

*** Total pharmaceutical market – Romanian producers si importers



The cashing term of the clients during 2009 increased at an average of 216 days compared to 157 days by the end of 2008.

1.1.2. Evaluation of the technical level of the commercial company

Description of the main products executed, by mentioning:

a) the main presentation markets for each product or service and the distribution methods;

S.C. Biofarm S.A. acts on the following markets:

- Products destined to the digestive system;
- Products destined to the muscular – skeletal system;
- vitamins;
- multivitamins;
- ophthalmologics;
- antiseptics and disinfectants;
- products destined to the respiratory apparatus;
- products treating the symptoms of cold and flu;
- products fighting the atherosclerosis ;
- products fighting the venous insufficiency;
- other classes.

b) the balance of each category of products or services in the income and in the turnover of the company for the last three years;

In 2009 the increasing tendency of the sales of food supplements maintained, registering an increase of approx. 37%.

The amount of medicines delivered without a medical receipt and of the medicines sold based on prescription registered a decrease both in units, and in value. This decrease was due to the problems the Romanian pharmaceutical market had to face in 2009.

1.1.3. Appraisal of technical-medical procurement activity (domestic sources, import sources)

As per the data in the accounting balance, on 31.12.2009, the stocks decreased (11%) even in the conditions of increase and diversification of the portfolio of finished products.

Beside the effort of keeping the stocks at an optimal level, the company focused on the improvement of the conditions and mode of collaboration with the suppliers, as follows:

- Portfolio of suppliers in 2009 : 105 raw materials and packing suppliers (approximately 57 % of import sources and 43 % domestic sources)
- The providers were selected depending on the quality, documents delivered, lowest prices and optimum payment conditions.



1.1.4. Evaluation of the sale activity

a) Description of the sale evolution on the internal and/or external market and of the average and long term sales;

Compared to 2008, in 2009 the sale of finished products of the Biofarm company increased by 4,45%*, and in units decreased by (4,95%)* compared to the same period of 2008. The local pharmaceutical market** registered in the same interval an increase of 0.41%* in value and a decrease of (15,32%)* in units.

On external level, Biofarm continued in 2009 the company's strategy which provides the diversification and entry on new presentation markets. In this respect there have been made investments for recording files and for opening a representation office.

b) Description of the competitiveness situation in the activity field of the commercial company, of the market balance of the products and services and of the main competitors;

After which in 2004 – 2006 the Romanian pharmaceutical market registered significant increases (annual increases of approx. 30%) due to the recovery of the hospital segment and the increase of the retail segment, starting with 2007 the increase rhythm diminished because of the problems the market started to confront with devalorization of the national currency in relation with the euro, the new list of compensated medicines, the decision of the Ministry of Health that the medicines be prescribed by using the commercial name, and not the active substance, as it happened until April 2008, the conflict between suppliers and the Ministry of Health, etc.

In 2009 the Romanian pharmaceutical market was affected especially by the measures taken by the Ministry of Health such as: the establishment of a fixed rate exchange for the price calculation, new modality of calculation for the prices for generic medicines, according to the Order 75 / 2009 and the prolongation of the payment terms for compensated and free medicines. The non-payment of the invoices in time to the National Health Insurance House led to the creation of a crisis of liquidities and a blockage at the level of pharmacies and of distributors. The general context of the year 2009 was negatively influenced by the international economic crisis, which led at the decrease in the number of medicines at consumer level, the entire pharmaceutical market*** from Romania recording in 2009 a decrease of the sales in units (9,12%)*, compared to 2008.

c) Description of any significant dependency of the commercial company to a single customer or a group of customers, whose loss would have a negative impact on the company's income.

SC Biofarm SA has annual sale contract signed with the most important suppliers from the pharmaceutical market, having a good power of presentation of the products in pharmacies.

** Data Source: CEGEDIM Romania, pharmacy sales – final consumer, at consumer price (MSP), market in volum - units, market value – RON.

*** Total pharmaceutical market – Romanian producers si importers



Thus, in 2009 the distribution took place mainly with the first 10 suppliers, according to the classification of the pharmaceutical market, out of a total of 150.

In 2009 there weren't incidents in the collaboration with these suppliers from the sales point of view. In what regards the cashing of sales, there existed exceedings of the due dates of the suppliers because of the blockings from the pharmaceutical market generated by the Ministry of Health and the National Health Insurance House.

The suppliers with whom S.C. Biofarm S.A. collaborates hold a market share of 64%.

1.1.5. Assessment of the issued related to the employees/personnel of the company

a) Indicating the number and training level of the personnel, as well as the syndicalization degree of the labour force;

The average number of employees during 2009 is 343. Out of the total number of employees, 51% are part of the company's Independent Union, which union is registered to the Democratic Unions Confederation in Romania.

37% of the total number of employees have higher education graduation, 32% of the employees are highschool graduates, and the remaining are graduates or vocational schools / secondary school.

b) Description of the reports between the manager and employees, as well as of any conflictual elements characterizing such reports.

During 2009 were not recorded conflicts between the managers and the employees. There is a yearly negotiation between the management and the union concerning contractual conditions for the year in progress, conditions provided in the Collective Labor Agreement applicable for the company.

1.1.6. Assessment of the aspects concerning the impact of main activity of the issuer on the environment

In 2009 continued the steps for including the activity in the legal requirements in respect of environment and public health, through:

- Monitoring the impact on the environmental factors through monthly analysis of used water and half-year analysis of atmospheric emissions, including factory surrounding noise;
- Continued the controlled removal of hazardous waste;
- Were performed periodical maintenance works of filtering elements;
- Were purchased disposables for pre-cleaning installations;
- Were purchased disposable items for the water used in the chiller type installation;
- Were performed maintenance/repair works for the interior sewage network;
- Were performed maintenance works for drilling and water distribution network;
- Was hired personnel for the maintenance and operation of the cleaning station.
- Elimination of some incongruities identified at the reception of the cleaning plant.
- During 2008 was achieved the Water Management Permit;
- Obtaining the Acceptance of evacuation of the waste water.



1.1.7. Assessment of the research and development activity

In 2009 Biofarm company strengthen its position by marketing new products using the “in-house” research and development and also the “in-licensing“ approach through collaborating with other medicines manufacturing companies.

There were obtained authorizations of introduction on the market for 6 medicines, out of which 3 OTCs and 3 with medical prescription.
Moreover, there were notified 29 food supplements and two medical devices.

Through the development activity, Biofarm company insures itself of the strenghtening of position on the pharmaceutical products market, considering the strongness of intangible assets.

1.1.8. Assessment of the commercial company activity in respect of risk management

In order to decrease the impact of the company’s exposure to the price risk, there have been taken measures for concluding on a medium term of the supply agreements for the prices negotiated both in the national currency as well as in foreign currency (especially Euro and USD), with alternative raw materials suppliers or service providers. Such price negotiations have considered BIOFARM products profitability sensitivity to price and/or exchange rate changes regarding raw materials inputs.

SC Biofarm SA can change the prices for most its products, except for the pharmaceutical products with prices controlled by Ministry of Health.

SC Biofarm SA works with the strongest suppliers from the market, who hold, together, a market share of 64 % trying in this way to minimize the risk afferent to the exposures.

Considering the blockage registered in the pharmaceutical market because of the decision of the Ministry of Health / CNAS to increase the offset term to pharmacies, SC BIOFARM took measures in order to minimize the risk of non-cashing its receivables by correlating the sales volume with the financial reliability of its suppliers.

1.1.9. Perspective elements regarding the company’s activity

a) Presentation and analysis of the tendencies, of the elements, of the events or uncertainty factors affecting or which may affect the liquidity of the commercial company, compared to the same period of the previous year .



Str. Logofătul Tăutu nr. 99,
Sector 3, București, Romania

TEL: +4 021 301 06 00
FAX: +4 021 301 06 05

MAIL: office@biofarm.ro
WEB: www.biofarm.ro

economical –financial indicators at 31 December 2009:

PROFITABILITY AND CAPITAL RENTABILITY	31 December 2007	31 December 2008	31 December 2009
Efficiency of the available capital			
Profit before interests and taxes (A)	16,225,241	-18,666,910	22,728,836
Available capital (B)	152,533,385	130,740,248	136,903,516
A/B	10.64%	-14.28%	16.60%
Efficiency of the own capital			
Net profit (A)	13,514,213	-21,310,153	19,636,090
Own capital (B)	151,023,695	129,713,542	136,052,862
A/B	8.95%	-16.43%	14.43%
The operational profit rate			
Profit before interests and taxes (A)	16,225,241	-18,666,910	22,728,836
Exploitation income (B)	62,691,353	66,351,674	68,743,229
A/B	25.88%	-28.13%	33.06%
Net profit rate			
Net profit (A)	13,514,213	-21,310,153	19,636,090
Total income (B)	64,609,550	70,506,360	73,395,985
A/B	20.92%	-30.22%	26.75%
Rate of the total assets			
Profit before interests and taxes (A)	16,225,241	-18,666,910	22,728,836
Total assets (B)	166,283,463	146,892,541	154,080,764
A/B	9.76%	-12.71%	14.75%

SOLVABILITY	31 December 2007	31 December 2008	31 December 2009
Debt rate			
Total bonds (A)	13,169,517	15,099,299	13,141,618
Total assets (B)	166,283,463	146,892,541	154,080,764
A/B	7.92%	10.28%	8.53%
Rate of the financial autonomy			
Own capital (A)	151,023,695	129,713,542	136,052,862
Total assets less the net current debts (B)	154,623,636	132,819,948	141,789,800
A/B	97.67%	97.66%	95.95%

LIQUIDITY AND WORK CAPITAL	31 December 2007	31 December 2008	31 December 2009
Rate of the general liquidity			
Current assets	55,972,987	68,218,208	81,286,900
Current bonds	11,659,827	14,072,593	12,290,964
(A/B)	4.80	4.85	6.61
Rapid liquidity rate			
Current assets	55,972,987	68,218,208	81,286,900



Str. Logofătul Tăutu nr. 99,
Sector 3, Bucuresti, Romania

TEL: +4 021 301 06 00
FAX: +4 021 301 06 05

MAIL: office@biofarm.ro
WEB: www.biofarm.ro

Stocks	8,553,872	12,668,859	11,283,810
Current bonds	11,659,827	14,072,593	12,290,964
(A-B)/C	4.07	3.95	5.70
Client cashing period			
Commercial receivables (A)	29,357,979	27,938,453	39,714,517
Net turnover (B)	69,201,905	65,102,889	67,108,836
(A/B)*365- days	155	157	216
Stock immobilization period			
Stocks (A)	8,553,872	12,668,859	11,283,810
Cost of the production sold (B)	22,378,804	23,763,591	24,785,058
(A/B)*365- days	140	195	166

The company does not have unpaid obligations to the state budget or to suppliers.

b) Presentation and analysis of capital expenses effects, current or anticipated, on the financial situation of the company compared to the same period of last year.

In 2009 the tangible assets registered a decrease of approximately 7% compared to 2008, due to the amortization of the fixed assets and of the depreciation of the lands SC Biofarm SA has in property.

In 2009, the value of the tangible and intangible assets was 3.279.347 lei.

In 2009 the investments continued, through the acquisition of equipments and tools afferent to the production activity, as follows:

- Pieces for new products (suspensions in soft gelatinous capsules, tablets Ø6 mm, blisters with 7 sockets)
- Automation pieces : PLC pt CIP, Panel View pt SAI 50
- New equipments for the flow of coloured powders:
 - Calibration mill;
 - Electric dryer ;
 - Paper blistering machine;
 - Paper blister and packet cartboarding machine.
- New equipments for the flow of chewable tablets: cartboarding machine with a single blister in the box

The investment made in the complete automation of the blister packing line for chewable tablets will lead to an increase in the volume of units executed and can be used for the implementation of products packed in an easily marketable form.

The paper blister cartboarding machine will considerably increase the efficiency of the current packing .

- The upgrade of the electric operation for the AHU clean chambers from the Tablet flow



The process of investment in more performative machines, that allow the execution of mixed products or other more attractive presentation forms, will continue in 2010.

In 2009 there continued the construction works to a storage space with a surface of 1400 mp on the land from Gura Badicului.

Due to the needs of extension of the production capacities, starting with 2009 there was initiated an investment project containing the projection of the technological flows, of the utilities for relocation and acquisition of production lines. There were also initiated procedures for accessing co-financing programs for the increase of the economic competitiveness, in this respect concluding a collaboration with a consultant specialized in accessing structural funds .

2. Tangible assets of the commercial company

2.1. Indicating the location and the main characteristics of the production capacity in the property of the commercial company. The description and analysis of the depreciation degree of the properties of the commercial company .

SC Biofarm SA performs the production activity in the location from strada Logofatul Tautu, nr.99, Bucharest, sector 3. On 31.12.2009, the lands and buildings from the company's patrimony were evaluated by SC Iprochim SA, associate member of the National Association of Evaluators from Romania (ANEVAR), having the certificate nr.183/1992.

The re-evaluation report of the lands and buildings were valorized in accounting. Thus, the lands and buildings from the company's patrimony are presented at their just value in the balance, as follows :

	VAL.LAND REEVAL.2009	DEPRECIATION 2009	DEPRECIATION%
LAND-GURA BADICULUI	5,757,637.00	3,508,263.68	38%
LAND-IANCU DE HUNEDOARA	14,275,881.00	8,245,378.65	37%
	20,033,518.00	11,753,642.33	37%

There were evaluated only the completely offset buildings on 31.12.2009. Regarding the non-offset buildings on 31.12.2009, there was registered a total reevaluation plus of 1.432.107 lei.

The massive investment for the factory modernization was performed between 2003-2004, the production machines having normal functioning parameters between 2005-2006.

In 2009 there were proposed for cassation fixed assets remained non-depreciated, for which there was established a provision amounting to 8.453 lei. The provisions were created in the previous years as well, due to the physical depreciation of the tangible assets, as well as to the wear suffered after the implementation of GMP.

Within the tangible assets, 7.320.426 lei there are tangible assets completely written off and used.



2.3. Indicating the potential problems related to the property use on the company's tangible assets.

On 31 December 2009, the company wasn't holding a property title on the land from str. Logofat Tautu nr. 99. In Iancu de Hunedoara nr. 40-42 there was obtained in 2007 a property title on the land.

The land from str. Logofat Tautu nr. 99, is not included in the financial situations of SC Biofarm SA, because the documents certifying the property haven't been obtained yet, existing several notifications through the Law nr. 10/2001.

Pursuant to the provisions of HG 834/1991 art. 1, the company requests the delivery of the property certificate regarding the lands necessary for the activity performance, according to the object of activity.

The value of the land for which the title certificate is to be obtained will be established according to the legal provisions.

3. The market of the movable values issued by the company

3.1. Indicating the markets from Romania and from other countries in which there are negotiated the movable values issued by the company.

The movable values issued by SC BIOFARM SA are traded on the Bucharest Stock Exchange, at category I.

3.2. Description of the politics of the commercial company with regard to dividends. Indicating the dividends due/paid/gathered in the last 3 years and, if necessary, the reasons for a potential reduction of the dividends during the last 3 years.

On 31.12.2008, SC Biofarm SA registered accounting loss.

In the previous years, SC Biofarm SA directed the annual net result, with the approval of the General Shareholders' Meeting, after establishing the legal reserve allowed by the law, towards an augmentation of the share capital. Thus, if on 31.12.2003 the social share was 5.929.892 lei, on 31.12.2009 it reached a value of 109.486.150 lei.

On 31.12.2009, SC Biofarm SA obtained a profit of 19.636.090 lei out of which there will be distributed to legal reserves 981.805 lei and 18.782.862 lei for the partial coverage of the accounting loss registered on 31.12.2008.

3.3. Description of any activity of the commercial company regarding the acquisition of its own shares.

In 2009 there weren't any actions of acquisition by SC Biofarm SA of its own shares.

After augmenting the share capital through the incorporation of the profit afferent to the year 2006, there remained 8.126 shares which could not be distributed according to the allocation rate. These shares were assigned by the company's central depository. On 31.12.2009, SC Biofarm SA held, 8.126 own shares.



3.4. If the commercial company has subsidiaries, indicating the number and nominal value of the shares issued by the mother company and held by subsidiaries.

The company does not have subsidiaries in the country or abroad.

3.5. If the commercial company issued bonds and/or other receivables' titles, the presentation of the way in which the commercial company pays its obligations towards the holders of such movable values.

SC Biofarm SA did not issue bonds or other receivables' titles in 2009.

4. The company's management

4.1. Presentation of the company's administrators .

- ❖ The Managing Board of SC BIOFARM SA in the interval 01.01.2009 – 10.11.2009 was composed of:
 - Danut VASILE – chairman CA
 - Elena Calitoiu – member CA
 - Ion ANDREI – member CA
 - Ioan CUZMAN – member CA
 - Alexandru Adrian CEUCA – member CA

- ❖ The Managing Board of SC BIOFARM SA in the interval 11.11.2009 – 31.12.2009 was composed of:
 - Danut VASILE – chairman CA
 - Ion ANDREI – member CA
 - Ioan CUZMAN – member CA
 - Elena CALITOIU – member CA
 - Dumitru TUDOR – member CA

There are no agreements, understandings or family relations between the persons from the company's Managing Board and any other person due to whom the respective person from the Managing Board was appointed member of the executive management.

4.2. Presentation of the list of the company's executive management members.

On 31.12.2009, the company's executive management was provided by the following persons:

1. Danut Vasile –General Manager
2. Dana Talea – Deputy General Manager
3. Mihaela Ion – Shareholder Legal Office Head
4. Laura Boer – Chief Accountant
5. Mihaela Parvu –Marketing- Sales Manager
6. Petruta Stoicescu – Production and Utilities Manager
7. Valentina Pasa – Quality Provision Manager
8. Carmen Stanescu – Provisioning Manager
9. Nina Badicu – Research-Development Manager
10. Sorana Marinescu – Human Resources Manager
11. Dragos Morosanu – IT Manager



12. Valerica Niculescu – Quality Control Manager
13. Liviu Visan – specialized referee construction engineer

All the persons not making part of the company's executive management are employed with contract on undetermined period, except the General Manager Danut Vasile who has a mandate contract.

There are no agreements, understandings or family relations between the persons from the company's executive management and any other person due to whom the respective person from the executive management was appointed member of the executive management.

The number of shares held by the members of the executive management and the Managing Board of SC Biofarm SA on 30.10.2009 are presented in the following table:

Danut VASILE – chairman CA	2,057,361
Dumitru TUDOR – member CA	44,361,125
Ioan CUZMAN – member CA	300,000
Dana Talea – Deputy General Manager	66,166
Mihaela Ion – Shareholder Legal Office Head	7,768
Laura Boer – Chief Accountant	396,000
Petruta Stoicescu – Production and Utilities Manager	5,193
Carmen Stanescu - Provisioning Manager	207,181
Dragos Morosanu –IT Manager	40,560

The persons making part of the executive management of the company's Managing Board have not been involved in disputes or administrative procedures regarding their activity within the issuer.

5. Financial-accounting situation

a) Balance elements:

Lei

Description of the balance elements	December 2007	December 2008	December 2009
Intangible assets	110,143,052	78,431,513	72,793,864
Current assets representing 10% from the total assets:			
- commercial receivables	14,355,137	17,527,363	30,356,516
- short term financial investments	15,002,842	10,411,090	9,358,001
- cash and other liquid availabilities	15,025,981	26,035,636	28,048,592
Total current assets	55,972,987	68,218,208	81,121,037
Total debts	13,169,517	15,099,299	13,141,618
Total capitals	151,023,695	129,713,542	136,052,862



Str. Logofătul Tăutu nr. 99,
Sector 3, București, Romania

TEL: +4 021 301 06 00
FAX: +4 021 301 06 05

MAIL: office@biofarm.ro
WEB: www.biofarm.ro

b) Profit and loss account:

Lei

Description	December 2007	December 2008	December 2009
Net sales	62,344,059	65,102,889	67,108,836
Total income	64,609,550	70,506,360	73,395,985
Expense elements with a share of 20% in the net sales			
- expenses on raw materials	14,847,391	16,777,384	16,692,653
- expenses on personnel	11,894,802	13,108,308	13,076,265
- expenses on external performances	12,462,795	13,709,301	14,399,084
Raw profit/loss	15,969,619	-18,873,119	22,586,541
Net profit/net loss	13,514,213	-21,310,153	19,636,090

c) cash flow:

Lei

Description	December 2007	December 2008	December 2009
Initial balance	15,014,002	15,025,981	26,035,636
Cash within the basic activity	6,575,059	16,149,052	2,784,242
Cash within the investment activities	-42,855,440	-3,275,429	1,411,632
Cash within the funding activity	36,292,360	-1,863,967	-2,182,918
Final balance	15,025,981	26,035,636	28,048,592

Chairman CA
Danut Vasile

Chief accountant
Boer Laura

JUDETUL: Bucuresti
UNITATEA: S.C. BIOFARM S.A.
ADRESA: Str. Logofat Tautu nr.99
TELEFON: 301.06.00 **FAX:** 301.06.22
NUMARUL DIN REGISTRUL
COMERTULUI: J 40/199/1991

FORMA DE PROPRIETATE: PRIVATA 34
ACTIVITATEA: Fabricarea preparatelor farmaceutice
COD GRUPA CAEN: 2442
COD UNIC INREGISTRARE: 341563

BALANCE SHEET

(all amounts are presented in RON, unless stated otherwise)

	Row No.	31 December 2008	31 December 2009
I. INTANGIBLE ASSETS			
Concessions, patents, licenses, trademarks and similar rights and assets, and other intangibles (a/c 2051+2052+208-2805-2808-2905-2908)	3	690,742	456,493
Advance payments for intangible non-current assets (ct. 233+234-2933)	5	643,382	791,642
TOTAL – INTANGIBLE ASSETS	6	1,334,124	1,248,135
II. TANGIBLE ASSETS			
Land and buildings (a/c 211+212-2811-2812-2911-2912)	7	39,549,611	29,097,744
Plant and equipment (a/c 213-2813-2913)	8	28,318,772	26,558,365
Other plant and equipment, fixtures and fittings (a/c 214-2814-2914)	9	374,984	332,008
Advance payments and tangible assets in progress (a/c 231+232-2931)	10	1,879,447	2,518.662
TOTAL – TANGIBLE ASSETS	11	70,122,814	58,506,779
III. FINANCIAL ASSETS			
Investments (ct. 263-2963)	14	13,007	13,007
Investments (ct.265-2963) (ct. 211+212-2811-2812-2911-2912)	16	6,961,568	13,025,943
TOTAL – FINANCIAL ASSETS	18	6,974,575	13,038,950
A. NON-CURRENT ASSETS - TOTAL	19	78,431,513	72,793,864
B. CURRENT ASSETS			
I. INVENTORIES			
Raw materials and consumables (a/c 301+3021+3022+3023+3024+3025+3026+3028+303+/- 308+351+358+381+/-388-391-3921-3922-3951-3958-398)	20	8,819,434	6,395,035
Work in progress (a/c 331+332+341+/-3481+3541-393-3941-3952)	21	236,756	268,037
Finished goods and goods purchased for resale (a/c 345+346+3485+3486+3545+3546+356+357+361+/- 368+371+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)	22	3,559,530	4,565,540
Advance payments to suppliers for purchase of inventories (a/c 4091)	23	53,139	55,198
TOTAL – INVENTORIES: (rows 20 to 23)	24	12,668,859	11,283,810

Danut Vasile
 General Manager

Laura Boer
 Chief Accountant

BIOFARM S.A.
BALANCE SHEET

(all amounts are presented in RON, unless stated otherwise)

	Row No.	31 December 2008	31 December 2009
II. RECEIVABLES			
Trade receivables (a/c 4092+4111+4118+413+418-491)	25	17,527,363	30,356,516
Other receivables (a/c.425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+ 461+473-496+5187)	28	1,575,260	2,074,118
TOTAL RECEIVABLES: (row 25 la 29)	30	19,102,623	32,430,634
III. SHORT TERM FINANCIAL INVESTMENTS			
Other short term financial investments (a/c. 505+506+508-595-596-598+5113+5114)	32	10,411,090	9,358,001
TOTAL - SHORT TERM FINANCIAL INVESTMENTS: (rd. 31 la 32)	33	10,411,090	9,358,001
IV. CASH AND CASH EQUIVALENTS			
(a/c5112+5121+5124+5125+5311+5314+5321+5322+5323+5328+5411+5412+542)	34	26,035,636	28,048,592
B. CURRENT ASSETS - TOTAL (rd. 24+30+33+34)	35	68,218,208	81,121,037
C. PREPAYMENTS (ct. 471)	36	272,972	165,863
D. CURRENT LIABILITIES			
Credit institutions payables (a/c1621+1622+1624+1625+1627+1682+5191+5192+5198)	38	964,626	-
Advance payments from customers (ct. 419)	39	3,285	3,288
Trade payables (a/c 401+404+408)	40	11,236,174	9,875,569
Other payables, including fiscal liabilities and other social security liabilities (ct.1623+1626+167+1687+2698+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+4551+4558+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	44	1,868,508	2,412,106
D. CURRENT LIABILITIES -TOTAL (rd. 37 la 44)	45	14,072,593	12,290,964
E. NET CURRENT ASSETS (rd. 35+36-45-62)	46	54,388,435	68,995,936
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 19+46)	47	132,819,948	141,789,800

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
BALANCE SHEET

(all amounts are presented in RON, unless stated otherwise)

	Nr. Rand	31 decembrie 2008	31 decembrie 2009
G. NON-CURRENT LIABILITIES			
Borrowings	49	241,120	-
Trade payables	51	-	-
Other payables, including fiscal liabilities and other social security liabilities (ct.1623+1626+167+1687+2698+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+4551+4558+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	55	785,586	850,654
G. NON-CURRENT LIABILITIES -TOTAL (row 50 la 55)	56	1,026,706	850,654
H. PROVISIONS			
Tax Provisions (a/c 1511+1512+1513+1514+1518)	58	1,678,662	4,200,118
Other provisions (a/c 151)	59	400,000	685,440
H. PROVISIONS - TOTAL	60	2,078,662	4,885,558
I. DEFERRED INCOME			
Subsidies for investments (a/c 131)	61	1,038	726
Deferred income (ct.472)	62	30,152	-
I. DEFERRED INCOME – TOTAL (row 61+62)	63	31,190	726
J. CAPITAL AND RESERVES			
I. CAPITAL (row 66 la 68), of which:			
- subscribed and paid in share capital (a/c 1012)	64	109,486,150	109,486,150
TOTAL CAPITAL	67	109,486,150	109,486,150
III. REVALUATION RESERVES			
(a/c 105)	69	32,271,085	18,745,953
IV. RESERVES (row 70 la 73)			
Legal reserves (a/c 1061)	70	3,816,391	4,798,196
Realised Revaluation reserves (a/c 1065)	72	214,735	443,097

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
BALANCE SHEET

(all amounts are presented in RON, unless stated otherwise)

	Nr.	31 decembrie	31 decembrie
	Rand	2008	2009
Other reserves (a/c 1068)	73	3,005,479	3,005,479
TOTAL RESERVES (row 70 la 73)	74	7,036,605	8,246,772
Own shares (a/c 109)	75	813	813
Losses from capital instruments (a/c 149)	77	173,154	173,154
V. RETAINED EARNINGS			
(a/c. 117 sold C)	78	2,403,822	-
(a/c 117 sold D)		-	18,906,332
VI. PROFIT FOR THE PERIOD			
(a/c 121 sold C)	80	-	19,636,090
(a/c 121 sold D)	81	21,310,153	-
Profit appropriation	82	-	981,805
(a/c 129)			
TOTAL EQUITY	83	129,713,542	136,052,862
(row 67+69+74-75-77+78+80-82)			
J. EQUITY - TOTAL (rd. 81)	85	129,713,542	136,052,862

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
INCOME STATEMENT
(all amounts are expressed in RON, unless stated otherwise)

	Row no.	2008	2009
1. Turnover (row 02 la 04)	1	65,102,889	67,108,836
Sales of finished goods (a/c 701+702+703+704+705+706+708-667)	2	63,684,564	63,684,029
Sale of goods purchased for resale (a/c 707)	3	1,418,325	3,424,807
2. Change in inventories (ct. 711 sold C)	6	1,111,914	1,489,562
(ct. 711 sold D)	7	-	-
3. Work performed by enterprise and capitalised (a/c 721+722)	8	-	-
4. Other operating income (a/c 758+7417)	9	136,871	144,831
OPERATING INCOME - TOTAL (row 01+05-06+07+08)	10	66,351,674	68,743,229
5.a) Raw materials expenses (a/c. 601+602-7412)	11	16,777,384	16,692,653
Other materials (a/c 603+604+606+608)	12	335,164	282,635
b) Other external costs (electricity, heating and water) (ct. 605-7413)	13	1,826,628	1,621,819
Cost of goods (a/c 607)	14	705,710	1,976,456
6. Staff costs (rd. 15+16)	15	13,108,308	13,076,265
a) Salaries (a/c 621+641-7414)	16	10,312,636	10,222,967
b) Social security contribution (a/c 645-7415)	17	2,795,672	2,853,298
7.a) Adjustments of the value of non-current assets (row 18-19)	18	4,051,727	4,539,122
a.1) Expenses (a/c. 6811+6813)	19	4,127,876	4,546,538
a.2) Income (a/c 7813+7815)	20	76,149	7,416

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
INCOME STATEMENT
(all amounts are expressed in RON, unless stated otherwise)

	Row no.	2008	2009
7.b) Adjustments of the value of current assets (row 21-22)	21	(161,673)	1,224,365
<i>b.1) Expenses</i> (a/c 654+6814)	22	217,086	1,425,744
<i>b.2) Income</i> (a/c 754+7814)	23	378,759	201,379
8. Other operating expenses (rd. 24 la 26)	24	15,171,105	15,841,334
8.1. Third party services (a/c 611+612+613+614+622+623+624+625+626+627+628-7416)	25	13,709,301	14,399,084
8.2. Other taxes, duties, and similar expenses (a/c 635)	26	874,037	1,096,904
8.3. Other operating expenses (a/c 6581+6582+6583+6588)	27	587,767	345,346
Adjustments for risk and charges provisions (rd. 28-29)	29	(11,590)	(222,593)
<i>Expenses</i>	30	1,102,845	1,325,489
<i>Income</i>	31	1,114,435	1,548,082
OPERATING EXPENSES - TOTAL (row 10 la 14+17+20+23+27)	32	51,802,763	55,032,056
OPERATING RESULT: (row 09-30)			
Profit	33	14,548,911	13,711,173
11. Interest income (a/c 766)	39	1,870,666	3,000,949
- of which, within the group	40	-	-
Other financial revenues (a/c 7617+762+763+764+767+768+765+788)	41	2,284,020	1,651,807
FINANCIAL REVENUES - TOTAL (row 33+35+37+39)	42	4,154,686	4,652,756
12. Adjustments for financial assets (rd 44-45)	43	35,141,987	(6,064,376)
Expenses(a/c 686)	44	35,141,987	-
Incomes(a/c 786)	45	-	6,064,376
13. Interest expenses (a/c 666-7418)	46	206,209	142,295
Other financial expenses (a/c 663+664+665+688+668)	48	2,228,520	1,699,469
FINANCIAL EXPENSES - TOTAL (row 43+46+48)	49	37,576,716	(4,222,612)

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
INCOME STATEMENT

(all amounts are expressed in RON, unless stated otherwise)

	Row no.	2008	2009
FINANCIAL RESULT:			
Profit (row 42-49)	50	-	8,875,368
Loss (row 49-42)	51	33,422,030	-
14. RESULT BEFORE EXTRAORDINARY ITEMS:			
Profit (row 10+42-32-49)	52	-	22,586,541
Loss (row. 32+49-10-42)	53	18,873,119	-
17. EXTRAORDINARY RESULT			
(row 54-55)	56	-	-
TOTAL INCOME (rd. 09+40+52)			
	58	70,506,360	73,395,985
TOTAL EXPENSES (rd. 30+47+53)			
	59	89,379,479	50,809,444
GROSS RESULT:			
(row 58-59) Profit	60	-	22,586,541
(row 59-58) Loss	61	18,873,119	-
18. INCOME TAX			
	62	2,437,034	2,950,451
20. NET RESULT OF THE FINANCIAL YEAR:			
Profit	64	-	19,636,090
Loss	65	21,310,153	-

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
CASH FLOW STATEMENT

(all amounts are expressed in RON, unless stated otherwise)

	2008	2009
Cash flow from operating activities		
Net profit/(loss) before taxation, and extraordinary item	(18,873,118)	22,586,541
Adjustments for:		
Depreciation and provision for intangible assets depreciation	4,051,727	4,539,122
Income from investment subsidies	(666)	(311)
Provisions	(11,590)	(222,594)
Income from assets sale	(72,148)	(27,856)
Net value of disposed assets	96,092	43,857
Losses from capital instruments	35,141,987	(6,064,375)
Dividends and free shares	(747,260)	(460,401)
Incomes from sold shares	(43,079)	-
Interest income	(1,870,667)	(3,000,948)
Interest expenses	206,209	142,294
Operating profit before working capital changes	17,877,487	17,535,328
Decrease/(Increase) in trade and other receivable	(1,895,617)	(12,927,426)
Decrease/(Increase) inventories	(4,114,986)	1,385,049
Decrease/(Increase) short term financial investments	4,591,752	1,053,089
Decrease/(Increase) in trade and other payable	1,992,216	(1,404,704)
Cash generated from operations	18,450,852	5,641,337
Interest paid	(206,209)	(142,294)
Income tax paid	(2,095,591)	(2,714,800)
Net cash from operating activities	16,149,052	2,784,242
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,423,438)	(1,930,043)
Proceeds from sale of property, plant and equipment	72,148	27,856
Non-current titles acquisitions	(1,343,294)	-
Interest received	1,754,608	2,853,418
Incomes from sold shares	43,079	-
Dividends received	621,468	460,401
Net cash used in investing activities	(3,275,429)	1,411,632
Cash flow from financing activities		
Cash from issue of social share	-	-
Movements in borrowings	(760,398)	(1,205,746)
Finance lease payments	(1,103,569)	(977,172)
Payments in installments to suppliers of fixed assets	-	-
Net cash proceeds from financing activities	(1,863,967)	(2,182,918)
Net increase/(decrease) in cash and cash equivalents	11,009,655	2,021,957
Cash and cash equivalents at the beginning of period	15,025,981	26,035,636
Cash and cash equivalents at the end of period	26,035,636	28,048,592

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
STATEMENT OF CHANGES IN EQUITY
(all amounts are expressed in RON, unless stated otherwise)

Description	Capital	Revaluation reserves	Legal reserve	Other reserves	Own shares	Losses from capital instruments	Result for the year	Profit distribution	TOTAL
Total equity at 1 January 2007	97,755,491	32,485,820	3,841,722	1,974,121	(813)	(173,154)	15,918,036	(777,527)	151,023,697
Profit appropriation 2007	-	-	-	12,736,686	-	-	(12,736,686)	-	-
Capital increase	11,730,659	-	-	(11,730,659)	-	-	-	-	-
Revaluation differences	-	(214,735)	-	214,735	-	-	-	-	-
Legal reserve	-	-	(25,331)	25,331	-	-	(777,527)	777,527	-
Result of the financial year 2008	-	-	-	-	-	-	(21,310,153)	-	(21,310,153)
Total equity 31 December 2008	109,486,150	32,271,085	3,816,391	3,220,214	(813)	(173,154)	(18,906,330)	-	129,713,543
Revaluation	-	(10,267,280)	-	-	-	-	-	-	(10,267,280)
Output revalued fixed assets	-	(228,362)	-	228,362	-	-	-	-	-
Tax provisions	-	(3,029,490)	-	-	-	-	-	-	(3,029,490)
Legal Reserve	-	-	981,805	-	-	-	-	(981,805)	-
Result of the financial year 2009	-	-	-	-	-	-	19,636,090	-	19,636,090
Total equity 31 December 2009	109,486,150	18,745,953	4,798,196	3,448,576	(813)	(173,154)	729,759	(981,805)	136,052,862

Included in "Other reserves" and " Accumulated result" there are reserves from fiscal facilities. In case the destination of these reserves is changed, the tax on income, interest and penalties will be calculated from the moment when the reserve have been created.

Danut Vasile
General Manager

Laura Boer
Chief Accountant

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTE 1. NON-CURRENT ASSETS

	Intangible assets	Land	Constructions	Plant and machinery, motor vehicles	Furniture and office equipment	Tangible assets in progress	Total
<i>Cost</i>							
31-Dec-08	2,370,540	31,787,160	13,965,159	45,459,075	708,063	1,879,448	93,798,905
Additions	184,256	-	327,952	1,985,394	64,571	3,450,616	5,828,533
Revaluation	-	(11,753,642)	(2,951,990)	-	-	-	(14,705,632)
Disposals/Transfers	-	-	6,566	367,777	11,710	2,811,402	3,197,455
31-Dec-09	2,554,796	20,033,518	11,334,555	47,076,692	760,924	2,518,662	81,724,352
<i>Depreciation</i>							
31-Dec-08	1,036,417	-	6,202,709	17,126,798	333,079	-	23,662,586
Additions	270,244	-	511,173	3,376,988	95,837	-	3,983,998
Disposals/Transfers	-	-	5,201	-	-	-	5,201
Revaluation	-	-	4,438,352	-	-	-	4,438,352
31-Dec-09	1,306,661	-	2,270,329	20,503,786	428,916	-	23,203,031
<i>Provisions</i>							
31-Dec-08	-	-	-	13,504	-	-	13,504
Additions	-	-	-	8,453	-	-	8,453
Disposals/Transfers	-	-	-	7,416	-	-	7,416
31-Dec-09	-	-	-	14,541	-	-	14,541
Net book value at 31-Dec-09	1,248,135	20,033,518	9,064,226	26,558,365	332,008	2,518,661	58,506,779
Net book value at 31-Dec-08	1,334,124	31,787,160	7,762,451	28,318,772	374,983	1,879,447	70,122,814

The value of fixed asset in leasing at December 31, 2009 is in amount of 2,068,730 LEI.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

In the table below is the presentation of land and buildings revalued at December 31, 2009:

	Land	Revalued buildings
Cost	31,787,160	12,070,507
Remaining Value before revaluation December 31,2009	31,787,160	7,632,119
Revalued Value at December 31,2009	20,033,518	9,064,226
Revaluation Difference Plus/Minus	(11,753,642)	1,432,107

1. Fiscal depreciation is calculated using all methods allowed by Law 15/1994, starting with the next month after the first month of functioning. Life duration is settled based on Law 15/1994 regulations with later amendments and supplements.

2. The accounting depreciation is calculated using the straight method. For new fixed assets, entered in 2009 as plant or machinery the depreciation period was settled considering:

- estimated level of usage based on the utilization of the asset's capacity;
- maintenance and fixing program that Biofarm is using;
- technical obsolescence determined by the possible changes of the production process depending on the company portfolio of products.

3. The company decided the write-off for some fixed assets in 2009; a provision has been created for the remaining value of these fixed assets, in amount of 8.453 ron. Provisions have been created as a result of physical depreciation of tangible assets as well as their obsolescence as a result of GMP implementation. In 2009 have been written down some of provisions created for obsolescence of fixed assets in amount of 7.416 RON.

4. Among the tangible assets presented above, 7.320.426 RON are tangible assets fully depreciated and still in use.

5. Until 31 December 2009, the title deed for the buildings located in Logofat Tautu nr. 99 have not been obtained. For the land in 40-42 Iancu de Hunedoara St. the title deed was obtained in 2007.

The used land in 99 Logofat Tautu St is not included in the financial statements of SC Biofarm SA, because the documents that justifies the property are not yet obtained due to some notifications to Law no. 10/2001.

According to regulations of HG 834/1991, art. 1, the company requests a certificate to attest the ownership of the land, for the land necessary to perform the activity according to the activity object.

The value of the land for which it will be obtained an ownership certificate will be settled according to laws in force. The social share will be increased with the value of the lands and the shares will be owned by the state. The dilution effect is taken into consideration when calculating the diluted result per share .

At December 31, 2009 the buildings and land have been revalued by CS Iprochim SA, associate member of. Romania Association of revaluation Experts (ANEVAR), certificate no.183/1992.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

The revaluation report of land and buildings has been registered into accounts. Thus, the land and buildings are presented in the financial statements at their fair value.

NOTE 2. PROVISIONS FOR RISK AND CHARGES

Destination	31 December 2008	31 December 2009
Tax provisions	1,678,662	1,170,628
Provisions for risk and charges	400,000	424,904
Tax revaluation	-	3,029,490
Provision for Pension and other benefits after retirement	-	260,536
Total	2,078,662	4,885,558

According to MPFO 1752/2005, starting with 2006 the deferred tax is reclassified from the category of Receivables and Payables in the category of Provisions. Therefore, at 31.12.2009 a provision for taxes has been created in the amount of LEI 4,200,118.

During the year 2008 this provision was written down and another provision was in the amount of LEI 400,000. In 2009, this provision was written down to revenues and the company constituted a new provision in amount of lei 424,904. The amount of lei 424,904 represents the unpaid salaries till 31.12.2009.

NOTE 3. PROFIT APPROPRIATION

At the end of 2009 the Company registered a profit in amount of LEI 19,636,090 that will be appropriated as below:

Profit net 2009	19,636,090
Legal reserve for 2009	981,805
Loss cover 2008	18,654,285
Loss for 2008	(21,310,153)
Loss for 2008 uncovered at 31.12.2009	(2,655,868)

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTE 4. OPERATING RESULT ANALYSIS

INDICATOR	OPERATION RESULT ANALYSIS	
	2008	2009
1. TURNOVER	65,102,889	67,108,836
2. Cost of goods sold and services performed (3+4+5)	(23,763,591)	(24,785,058)
3. Main activity expenses	(18,527,411)	(19,886,451)
4. Expenses related to auxiliary operations	(1,478,588)	(1,321,735)
5. Production overheads	(3,757,592)	(3,576,872)
6. Gross result related to the turnover (1+2)	41,339,298	42,323,778
7. Sale and distribution expenses	(13,599,551)	(14,818,419)
8. General administrative expenses	(11,604,891)	(11,463,647)
9. Research and development expenses	(794,369)	(659,361)
10. Other expenses	(1,995,361)	(3,260,571)
11. Other operating income	1,248,785	1,634,393
12. Operating result (6+7+8+9+10+11)	14,548,911	13,711,173

NOTE 5. RECEIVABLES AND PAYABLES

RECEIVABLES

Description	31 December 2009	LIQUIDITY	
		Less than one year	Over 1 year
Trade receivables	30,356,516	30,356,516	-
Other receivables	2,074,118	2,074,118	-
Total	32,430,634	32,430,634	-

Description	31 December 2008	LIQUIDITY	
		Less than one year	Less than one year
Trade receivables	17,527,363	17,527,363	-
Other receivables	1,575,260	1,575,260	-
Total	19,102,623	19,102,623	-

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

"Trade receivables" comprise of:

Description	31 December 2008	31 December 2009
Advance payments for services	10,327	3,124
Customers	21,836,472	39,124,620
Provisions for doubtful customers	44,673	44,673
Provisions for bad debts – customers	(44,673)	(1,107,825)
Invoice to be issued - customers	(4,319,436)	(7,708,076)
Total	17,527,363	30,356,516

The customers balance at 31.12.2009 is decreased with the amount of LEI 9,358,001, representing bills of exchange receivables received by the company. These amounts are presented in the balance sheet under the line "Short term financial investments".

The " Invoice to be issued - customers " balance partly represents discounts to be invoiced in 2010 related to 2009, including non-expired VAT.

"Other receivables" include:

Description	31 December 2008	31 December 2009
Tax on profit	-	-
Excises	-	124,781
Non-exigible V.A.T.	726,774	1,293,648
VAT receivable	469,327	87,131
Sundry debtors	121.548	84,850
Other tax	257.611	483,708
Total	1,575,260	2,074,118

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

PAYABLES Description	31 December 2009	EXIGIBILITY	
		Less than one year	Less than one year
Advance payments received from customers	3,288	3,288	
Trade payables	9,875,570	9,875,569	
Borrowings	-	-	
Other liabilities, including fiscal liabilities and other social security payables	3,262,760	2,412,106	850,654
Total	13,141,618	12,290,964	850,654

Description	31 December 2008	EXIGIBILITY	
		Less than one year	Less than one year
Advance payments received from customers	3,285	3,285	-
Trade payables	11,236,174	11,236,174	-
Borrowings	1,205,746	964,626	241,120
Other liabilities, including fiscal liabilities and other social security payables	2,654,094	1,868,508	785,586
Total	15,099,299	14,072,593	1,026,706

“Trade payables” include:

Description	31 December 2008	31 December 2009
Accounts payable	9,275,066	8,252,485
Investment suppliers	529,549	449,865
Suppliers, invoices not received	1,431,559	1,173,220
Total	11,236,174	9,875,570

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

The current part for "**Other liabilities**" to be paid in less than one year includes:

Description	31 December 2008	31 December 2009
Debts related to personnel	379,539	382,371
Company's contribution to Social insurance	191,400	194,979
Personnel contribution to social insurance	96,061	96,749
Company's contribution to unemployment fund	6,941	6,145
Personnel contribution to unemployment fund	4,886	4,393
Company's contribution to health fund	52,487	47,989
Personnel contribution to health fund	55,275	50,194
Tax on profit	145,944	381,595
Tax on salary	141,201	137,572
Special funds - assimilated payments	3,247	115,960
Sundry creditors	518.20	36
Financial leasing current part	734,056	959,545
Other debts	56,953	34,578
Total	1,868,508	2,412,106

➤ **Borrowings**

Purpose	Overdraft – financing work capital
Amount	600,000 EUR
Falling due	29 May 2010
Balance at 31 December 2008	-
Collateral	Real guaranty on company's receivables

SC Biofarm SA did not deposit a guarantee or charge any of its assets in favour of a third party. The company is the beneficiary of a credit line for the working capital and for acquisition of assets in leasing.

➤ **Financial leasing**

Long term financial lease liabilities represent fixed assets that Company uses under leasing agreements

Description	31 December 2008	31 December 2009
Within 1 year	815,533	1,054,863
Later than one year and not later than five years	829,264	892,129
Later five years	-	
Less future financial charges	(125,155)	(136,793)
Up-to date liabilities – financial leasing	1,519,642	1,810,199

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

Up-to date liabilities – financial leasing

Description	31 December 2008	31 December 2009
Within 1 year	745,518	959,545
Later than one year and not later than five years	417,403	850,654
Later five years	-	-
Up-to date liabilities – financial leasing	1,162,921	1,810,199

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTE 6. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

6.1 BASIC CONCEPTS

Accrual Basis

The financial statements are prepared according accrual basis of accounting. Under this basis, the effects of the transactions and other events are recognised when they occurred (and not as the amount is received or paid) and they are recorded in the financial statements of the periods to which they relate.

Going Concern

The financial statements are prepared on the assumption that the Company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the company has neither the intention nor the need to liquidate or curtail materially the scale of its operation.

6.2 ACCOUNTING POLICIES

Principle of methods permanency

This principle implies the continuity of the same regulation and standards regarding evaluation, accounting recording, result and patrimonial items presentation, providing the comparability in future of the financial information.

Prudence

The value of the patrimonial items was determinate based on the prudence principle.

The following issues were take into consideration:

- a) only the profits recognised before the end of the financial year were considered
- b) all predictable obligations and potential losses that appeared during the ended financial year or during a preceeding financial year were considered, even if such obligations or losses appeared between the end of the year and the balance sheet date;
- c) all the adjustments due to depreciation were consedered.

Independence of the financial year

We took into account all the revenues and expenses of the reporting financial year, without considering the date of cashing the amounts or paying the debts.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

Separate evaluation for asset and liability items

The value of each asset or liability item was individually determined in order to establish the overall value of a balance sheet position.

Non-balancing

The values of the assets were not balanced against the values of the liability items, respectively the revenues against expenses, except for the compensations between assets and liabilities allowed by applicable accounting regulations.

Substance over form

The information disclosed in the financial statements reflect the economic aspect of the events and transaction, and not only their legal form.

Materiality

The elements considered to be material were disclosed separately in the financial statements. Non-material items having the same nature or similar functions were added, their separate disclosure not being necessary.

Use of estimates

For those items whose values are uncertain and must be included in the financial statements, the best accounting estimates need to be done. In this respect, the values of the patrimony items were adjusted in order to reflect the events after the balance sheet date, changes in circumstances or new information aquired, each time those values were material.

The events occurred after the balance sheet date that provided further information regarding the estimates made by the management at the balance sheet date led to adjustments in patrimony items in order to reflect also the new information.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

6.3 ACCOUNTING POLICIES

The Company maintains its records in Romanian Lei (RON) and prepares its statutory financial statements in accordance with the Regulations on Accounting and Reporting (“RAR”) issued by the Ministry of Finance of Romania.

The accompanying financial statements are prepared in accordance and comply with the Ministry of Finance Order No. 1752/2005 for the approval of the Accounting Settlements based on the European Directives.

The amounts are expressed in RON.

Foreign exchange translation

Foreign currency transactions of the Company are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Foreign currency assets and liabilities are translated in RON at the official exchange rates ruling on the last day of the accounting period.

Non-current assets

Non current tangible assets are stated in the balance sheet at historical costs less accumulated depreciation.

The historical costs of assets were revalued under Government decisions: GD 945/1990, GD 26 /1992, GD 500 /1994, GD 983 /1998 based on the indices issued in the above mentioned regulations and GD 403 /2000, based on the general price index, in order to restate the net book value of the assets at a level which reflects more closely their market value.

Provisions were constituted where a depreciation of tangible assets was identified.

The fiscal depreciation is calculated using the following methods:

- straight line depreciation - for fixed assets functioning at 31.12.1999
- diminishing balance - for fixed assets functioning starting after 31.12.1999
- straight line, diminishing balance and accelerate method for fixed assets functioning in 2003-2009

The accounting depreciation is calculated using the following methods

- ◆ straight line depreciation - for fixed assets functioning at 31.12.1999
- ◆ diminishing balance - for fixed assets functioning starting after 31.12.1999
- ◆ straight line, diminishing balance and accelerate method for fixed assets functioning in 2003-2009, according to law in force.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

For new fixed assets entered in 2009 as plant or machinery, the life duration was settled considering:

- estimated level of usage based on the utilization of the asset's capacity;
- maintenance and fixing program that Biofarm is using;
- technical obsolescence determined by the possible changes of the production process depending on the company portfolio of products.

The estimated useful lives are as follows:

Buildings and constructions	30-50 years
Equipment	7-24 years
Trucks and cars	4 -5 years
Hardware	2-3 years
Furniture and office equipment	5-15 years
Software	1 year

Assets in progress are not depreciated until they are brought into use.

Maintenance and repairs of fixed assets are charged to operating expenses as incurred whereas improvements, which significantly increase assets lives or value, are capitalised.

Inventories

Inventories of raw materials and consumables are stated at cost of acquisition. Since 2007, the company uses FIFO method. Until 31.12.2006 the company used CMP method. FIFO is more appropriate to the company needs and the change did not affect the income statement.

Work in progress includes the direct cost incurred according to the stage of completion. Finished goods are stated at realisable value at end of production cycle. Where necessary, provision is made for obsolete, slow moving and defective inventory.

Receivables

Receivables that are stated in the balance sheet at historical value less provisions recognized when the realizable value was lower than the historical value.

Evaluation of receivables and foreign currency debts

At the balance sheet closing, the non-monetary items, as non-current assets, inventories and equity, must be reported using the exchange rate of the payment day communicated from National Bank of Romania (BNR) and non-monetary items recorded in accounting at the exact value and expressed in foreign currency must be reported using the exchange rate from the moment of registration.

The monetary items expressed in foreign currency are reported using the closing rate of the National Bank of Romania. Exchange rate losses or profit will be recorded to expenses or income, accordingly. The exchange rates communicated from BNR for the end of the financial year were: 1 USD = 2,9361 RON, 1 EUR= 4,2282 RON.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

Cash and cash equivalents

Cash in bank in foreign currency was revalued with the exchange rate communicated by the National Bank of Romania at the end of the year/period. The exchange differences related to the revaluation were recorded in the Income Statement.

Taxation

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates of 16 % are used to determine deferred income tax.

Fiscal loss can be brought forward for 5 years.

The value of the provision for the deferred tax in 2009 is in amount of lei 4,200,117. Out of this amount 3,029,489 represents the provision for the reevaluation difference resulted after the reevaluation of land and buildings.

Pension and other benefits after retirement

In the Collective Working Agreement signed by SC Biofarm SA it is stipulated that employees close to retirement receive a benefit from the employer (retirement due to age limit, anticipated retirement, disability pension). Employees receive a benefit equal to two salaries. The company must charge a part of these costs as long as the employee works for the company

This actuarial computation must be performed with a certain periodicity and its purpose is to recognise the costs with the benefits during the period in which the company obtained incomes as a result of the employee's work. At December 31, 2009 the value of the provision for these benefits is in amount of lei 260,536.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTE 7. PARTICIPATIONS AND SOURCES OF FINANCE

The company's share capital at 31 December 2009 was in amount of LEI 109,486,150, integral private, the rated value of a share being 0.1 RON/share.

Shareholder structure at January 13, 2009 was as follows:

	Number of shares	%
S.I.F. OLTENIA S.A.	190,862,827	17.4326
S.I.F. MOLDOVA S.A.	125,493,144	11.4620
S.I.F. BANAT-CRISANA S.A.	168,063,951	15.3502
A.V.A.S.	11,448,753	1.0457
Other Shareholders	598,992,824	54.7095
Total shares	1,094,861,499	100%

At 31.12.2008 SC Biofarm SA registrered a fiscal loss. During 2009 the company did not register any profit appropriation or social capital increase.

NOTE 8. INFORMATION ON EMPLOYEES, ADMINISTRATORS AND MANAGERS

The Company is not liable under contract to pay pensions to former managers and administrators.

During the financial year 2009, the managers and administrators were not given any loans or advances

The average number of employees:

	<u>2008</u>	<u>2009</u>
Workers	161	161
TESA	174	182
Total	335	343

The personnel expenses during 2009– LEI 13,076,265, of which:

- salaries 9,629,513 lei;
- social security expenses 2,853,298 lei;
- meal tickets: 593,454 lei.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTE 9. FINANCIAL RATIOS

PROFITABILITY AND RETURN ON EQUITY	2008	2009
Return on capital employed		
Profit before interest and taxation (A)	(18,666,909)	22,728,836
Capital employed (B)	130,740,249	136,903,516
A/B	-14.28%	16.60%
Return on equity		
Net profit /(loss) (A)	(21,310,153)	19,636,090
Equity (B)	129,713,543	136,052,862
A/B	-16.4%	14.43%
Operating result ratio		
Profit before interest and taxation (A)	(18,666,909)	22,728,836
Operating revenues (B)	66,351,673	68,743,229
A/B	-28.13%	33.06%
Net profit ratio		
Net profit /(loss) (A)	(21,310,153)	19,636,090
Total income (B)	70,506,360	73,395,985
A/B	-30.22%	26.75%
Total assets turnover		
Profit before interest and taxation (A)	(18,666,909)	22,728,836
Total assets (B)	146,922,696	154,080,764
A/B	-12.71%	14.75%
SOLVABILITY		
Debt ratio		
Total liabilities (A)	15,099,299	13,141,618
Total assets (B)	146,912,266	154,080,764
A/B	10.28%	8.53%
Leverage		
Equity (A)	129,713,542	136,052,862
Total assets less net current liabilities (B)	132,819,948	141,789,800
A/B	97.66%	95.95%
Interest cover		
Profit before interest and taxation (A)	(18,666,909)	22,728,835
Interest expense (B)	206,209	142,294
A/B- times	(91)	160

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

LIQUIDITY AND WORKING CAPITAL		
Current ratio		
Current assets (A)	68,218,208	81,286,900
Current liabilities (B)	14,072,593	12,290,964
(A/B)	4.85	6.61
Quick ratio		
Current assets (A)	68,218,208	81,286,900
Inventories (B)	12,668,859	11,283,810
Current liabilities (C)	14,072,593	12,290,964
(A-B)/C	3.95	5.70
Accounts receivable collection period		
Trade receivables (A)	27,938,453	39,714,517
Turnover (B)	65,102,889	67,108,836
(A/B)*365- days	157	216
Inventory turnover period		
Inventories (A)	12,668,859	11,283,810
Cost of goods sold (B)	23,763,591	24,785,058
(A/B)*365- days	195	166
Accounts payable payment period		
Trade payable (A)	10,706,625	9,875,569
Cost of raw materials, cost of services, cost of goods sold (B)	39,745,033	41,617,450
(A/B)*365- days	98	87

During 2009 the Romanian Pharmaceutical market was mainly affected by the decisions made by The Ministry Of Public Health, such as: fix exchange rate for the price computation, new price calculation method for the generic medicines, according to Order 75/2009 and the extensions for the maturity dates of compensated and free medicines. The delay in cashing of invoices issued on The National House of Health Insurance led to a liquidity crises and a blockage at distributor and pharmacies levels. This is the main cause of increase in accounts receivable collection period.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTE 10. OTHER INFORMATION

Company presentation

The company Biofarm S.A. is a pharmaceutical manufacturer located in Bucharest, 99 Logofat Tautu St. The Company's main business activity is the production and sale of pharmaceutical products.

In 1991 based on Law no. 15/1990, no. 31/1990 and according to HG 1224/1990 the company was established and registered at the Bucharest Office of the Trade Register under no. J40/199/1991.

The company holds a 3,500 euro participation representing 50% of the social capital of a company in Ukraine. The company from Ukraine did not perform an economic activity till December 31, 2009.

Shareholders structure at 31.12.2009 is presented in Note 7.

Acting in a dynamic pharmaceutical market, SC Biofarm SA managed to keep its position by improving the products; at this moment the company has 167 products in its portfolio. Also, the quality of the products competitive offers and efficient promotion place Biofarm in the top ten pharmaceutical manufacturers.

The Company is certified by GMP and ISO 9001/2001.

Tax on profit information

The tax on profit to be paid was calculated considering the influence of the un-deductible expenses, the taxable income, the fiscal facilities and the deferred tax effects. Reconciliation between the accounting and the fiscal profit is presented below:

Indicator	2008	2009
Total income	70,506,360	73,395,985
Total expenses (less tax on profit)	(89,379,479)	(50,809,444)
Accounting Result	(18,873,119)	22,586,541
Deductions	(6,176,471)	(11,209,500)
Non deductible expenses	41,501,731	8,321,573
Fiscal result	16,452,141	19,698,606
Tax on profit (fiscal result x 16%)	2,632,343	3,151,777
Tax on profit deductions calculated according to legislation	(195,309)	(201,326)
Tax on current profit	2,437,034	2,950,451

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

Information on Turnover

The sale of pharmaceutical products is made through the only distribution point located on Logofat Tautu St., no.99, Bucharest. The turnover for 2009 in amount of lei 67,108,836 was obtained from the main activity, out of which the amount of lei 1,595,226 represents exports in countries as: Moldova, Azerbadjan, Federatia Rusa, Mongolia.

Information related to the audit of financial statements

The financial audit of the year 2009 was performed by SC BDO Audit SRL. The financial auditor's fee for the year 2009 is in amount of lei 55,000. The most competitive offer was chosen - criteria used for auditor selection. The auditor performed only financial audit services.

Post balance sheet events

Based on the information obtained until now, there is no significant change in the structure of the shareholders until the date of the present financial statements and no other significant events occurred after the closing of the balance sheet.

NOTE 11. FINANCIAL INVESTMENTS

As at December 31, 2008 the Company revalued the portfolio of shares held for long term in companies listed with Bucharest Stock Exchange; the portfolio registered a significant loss in 2008 due to general decrease of the shares on Romanian stock market.

Symbol	Name	No.of share	Unit Price	Market Value
ARAX	ARMAZ GAZ SA MEDIAS	3,000,000	0.0970	291,000
BRD	BRD	35,000	13.0000	455,000
COTR	TRANSILVANIA C-TII	4,324	37.0000	159,988
DAFR	DAFORA SA	120,000	0.1020	12,240
SIF 1	SIF BANAT CRISANA	1,895,100	1.1300	2,141,463
SIF 2	SIF MOLDOVA	2,550,000	1.1400	2,907,000
SIF 3	SIF TRANSILVANIA	823,500	0.6800	559,980
SIF 4	SIF MUNTENIA	615,600	0.7100	437,076
SIF 5	SIF OLTENIA	4,100,000	1.2700	5,207,000
TLV	B.TRANSILVANIA	318,856	2.1300	679,163
TEL	TRANSELECTRICA	13,040	13.5000	176,040
				13,025,950

In the financial statements the company has registered an income from the writing off the provision created at December 31, 2008 for the depreciation of shares portfolio, in amount of lei 6,064,376.

The company has sufficient financial savings to face the current necessities and it does not need to sell the portfolio of shares in short term. Starting with the increase in shares price, the loss will be covered in the next years.

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTA 12. STOCKS

The breakdown of stocks and provision is presented below:

INVENTORIES	Gross Value 31.12.2009	Allowances	Net Value 31.12.2009
Total, out of which:	11,670,357	(386,547)	11,283,810
Raw Materials	3,873,609		3,873,609
Consumables	1,000,309	(83,553)	916,756
Packing	1,178,330		1,178,330
Work in progress	136,962		268,037
Products in custody	426,345		426,345
Finished goods	4,533,280	(302,994)	4,230,286
Merchandise	335,248		335,248
Down payements	55,198		55,198

INVENTORIES	Gross Value 31.12.2008	Allowances	Net Value 31.12.2008
Total, out of which:	12,894,193	(225,334)	12,668,859
Raw Materials	5,830,966	-	5,830,966
Consumables	2,550,461	(71,434)	2,479,027
Packing	5,165	-	5,165
Work in progress	279,871	(43,114)	236,757
Products in custody	504,276	-	504,276
Finished goods	3,054,959	(110,786)	2,944,173
Merchandise	615,356	-	615,356
Down payements	53,139	-	53,139

BIOFARM S.A.
NOTES TO FINANCIAL STATEMENTS
(all amounts are expressed in RON, unless stated otherwise)

NOTA 13. THIRD PARTIES SERVICES

Description	31 December 2008	31 December 2008
Maintenance and repairs expenses	101,016	173,025
Rental expenses	282,749	373,044
Insurance expenses	358,379	470,384
Protocol expenses	410,955	350,176
Entertaining and promotion expenses	8,982,028	8,764,947
Transport of goods	40,657	54,215
Travelling expenses	466,946	294,939
Postage and telecommunications expenses	334,219	391,147
Bank commissions	93,421	99,664
Other expenses	2,638,931	3,427,543
Total	13,709,301	14,399,084

BIOFARM S.A.
OTHER INFORMATION (CODE 30)
(all amounts are expressed in RON, unless stated otherwise)

I. Data regarding recorded result	Row no.	Unit no.	Amounts	
A	B	1	2	
Units with profit	01	1	19,636,090	
Units with loss	02	-	-	
II. Data regarding due payments	Row no.	Total col.2+3	Out of which:	
			For current activity	For current activity
A	B	1	2	3
Due payments – total (row 04+08+14 la 18+22) of which:	03	-	-	-
Remaining suppliers - total (row05 to 07). of which:	04	-	-	-
- in 30 days	05	-	-	-
- in 90 days	06	-	-	-
- over 1 year	07	-	-	-
Remaining obligations to social insurance budget - total(rd.09 la 13). of which:	08	-	-	-
- Contributions for social insurance owed by the employers, employees and other assimilated persons	09	-	-	-
- contributions from legal or physical entities and who employs personnel and contribution of the insured persons to the health insurance fund	10	-	-	-
- contribution to supplementary pension	11	-	-	-
- contributions from legal or physical entities who is using care remunerated labour and contributions to unemployment fund from the employees	12	-	-	-
- other social liabilities	13	-	-	-
Remaining obligations to special fund budgets	14	-	-	-
Due liabilities to other creditors	15	-	-	-
Unpaid tax to the state budget on term	16	-	-	-
Unpaid tax to the local budget on term	17	-	-	-
Unpaid banking loan - total (row 19 to 21). of which:	18	-	-	-
- due after 30 days	19	-	-	-
- due after 90 days	20	-	-	-
- remaining after 1 year	21	-	-	-
Due interests	22	-	-	-
III. Average number of personnel		Previous year	Current year	
A	B	1	2	
Average number of personnel	23	335	343	

BIOFARM S.A.
FIXED ASSETS INFORMATION (CODE 30)
(sumele sunt exprimate in LEI, daca nu este specificat altfel)

IV. Interest payments and rents	Row no	Amounts
	B	
Incomes from interests paid tby Romanian companies to nonresident from European Union state members.out of wich:	24	-
- tax owed to state budget.	25	-
Incomes from interests paid tby Romanian companies to affilisted nonresident individuals from European Union state members.out of wich:	26	-
- tax owed to state budget	27	-
Incomes from rents paid by Romanian companies to affiliated individuals individuals nonresident in the European sUnion	28	-
- tax owed to state budget	29	-

V. Meal Tickets	Row no	Amounts
	B	
Meal tickets value paid to the employees	30	593,454

VI. Innovation expenses:	Row no	31.12.2008	31.12.2009
	B		
Innovation expenses – total (rd. 32 la 34), out of:	31	-	-
Innovation expenses finished during the year:	32	-	-
Innovation expenses in work during the year	33	-	-
Innovation expenses cancelled during the year:	34	-	-

VII. Other Information	Nr.rd.	31.12.2008	31.12.2009
	B		
Financial assets , in raw amounts (row.32+46), out of:	35	-	-
Shares from affiliated parties, participation interest,other financial assets and long term obligations, in raw amounts row.37 la 41), outof:	36	-	-
- listed shares	37	-	-
- unlisted shares	38	-	-
- social parts	39	-	-
- bonds	40	-	-
-shares issued by pacements collective companies(including SIF)	41	-	-
Financial receivables, in raw amounts(row.43+44), out of:	42	-	-
- financial receivables in lei and expressed in lei, their payment is made at te exchange rate(from acc. 267)	43	-	-
- financil receivables in currency (din ct. 267)	44	-	-
Trde receivables;downpayments to suppliers and other similar accounts, in raw amonts:(acc. 4092 + 411 + 413 + 418)	45	17,572,035	31,464,341
Receivables from employees and imilar accounts(acc. 425 + 4282)	46	12,113	7,411
Receivables from social security fund and state budget	47	1,373,359	1,766,089

BIOFARM S.A.
FIXED ASSETS INFORMATION (CODE 30)

(sumele sunt exprimate in LEI, daca nu este specificat altfel)

(acc. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)			
Other receivables (acc. 451 + 453 + 456 + 4582 + 461 + 471 + 473)	48	121,548	84,850
Receivable interests (acc. 5187)	49	182,773	330,303
Short term investments , in raw amounts(acc. 501 + 505 + 506 + from acc.508)(row. 51 la 55), out of:	50	-	-
- listed shares	51	-	-
- unlisted shares	52	-	-
- social parts	53	-	-
- bonds	54	-	-
-shares issued by placements collective companies(including SIF)	55	-	-
Other cash reveivables (acc. 5113 + 5114)	56	10,411,890	9,350,001
Cash in hand în lei and în currency (row. 58 + 59), out of:	57	6,206	4,074
- în lei (ct. 5311)	58	6,191	4,069
- în currency (ct. 5314)	59	15	5
Bank accounts în lei și în currency (row. 61 + 62), out of:	60	25,691,927	27,965,571
- în lei (ac. 5121)	61	23,284,392	27,245,917
- în currency (acc. 5124)	62	2,407,535	719,654
Other bank accounts and acreditives(row. 64 + 65), out of:	63	85	85
- amounts to settle, acreditives and other cash values, în lei (acc. 5112 + 5125 + 5411)	64	85	85
amounts to settle, acreditives and other cash values în currency (acc. 5125 + 5412)	65	-	-
Debts (row. 67 + 70 + 73 + 76 + 79 + 82 + 83 + 86 la 90), out of:	66	15,057,891	13,141,623
- Borrowings from obligations and related interests, in raw amounts(acc. 161 + 1681)(rd. 68 + 69), out of:	67	-	-
- în lei	68	-	-
- în currency	69	-	-
- Domestic short tem borrowings and related interests (acc. 5191 + 5192 + 5197 + din ct. 5198), (rd. 71 + 72), out of:	70	-	-
- în lei	71	-	-
- în currency	72	-	-
- Foreign short term borrowings and related interests(acc. 5193 + 5194 + 5195 + din ct. 5198), (rd. 74 + 75), out of:	73	-	-
- în lei	74	-	-
- în currency	75	-	-
- Long term bank borrowings and related interests(acc. 1621 + 1622 + 1627 + din ct. 1682) (rd. 77 + 78), out of:	76	1,205,746	-
- în lei	77	1,205,746	-
- în currency	78	-	-
- Foreign long term borrowings (acc. 1623 + 1624 + 1625 + from acc. 1682)(rd. 80 + 81), out of	79	-	-
- în lei	80	-	-
- în currency	81	-	-
- State lons (acc. 1626 + din ct. 1682)	82	-	-
- Other borrowings and related interests(acc. 166 + 167 + 1685 + 1686 + 1687) (rd. 84 + 85), out of:	83	1,521,444	1,842,153

BIOFARM S.A.
FIXED ASSETS INFORMATION (CODE 30)

(sumele sunt exprimate in LEI, daca nu este specificat altfel)

- in ron and expressed in ron, for which the payments is made according to exchange rate	84	1,521,444	1,842,153
- in currency	85	-	-
- Trade payables, advances from customers and other similar accounts (ct. 401 + 403 + 404 + 405 + 408 + 419)	86	11,239,459	9,878,859
- Debts to employees and similar accounts (ct. 421 + 423 + 424 + 426 + 427 + 4281)	87	399,554	382,371
- Debts to social security funds and state budget (acc. 431 +437+4381+441+4423+4428+444+446+447+4481)	88	691,652	1,035,543
- Other debts (acc. 451 + 453 + 455 + 456 + 457 + 4581 + 462 + 472 + 473 + 269 + 509)	89	36	2,697
- Payable interests (acc. 5186)	90		
Share capital (acc. 1012)(row. 92 la 94), out of :	91	109,486,150	109,486,150
- listed shares	92	109,486,150	109,486,150
- unlisted shares	93	-	-
- social parts	94	-	-

VIII. Informatii privind cheltuielile cu colaboratorii	Nr.rd.	31.12.2008	31.12.2009
	B	-	-
Colaborators expenses (acc..621)	95	316,111	388,403

BIOFARM S.A.
FIXED ASSETS INFORMATION (CODE 40)
(sumele sunt exprimate in LEI, daca nu este specificat altfel)

Data regarding non-current assets	Gross value					
	No. Row	Initial Balance	Increases	Decreases		Final balance
				Total	Out of which dismembers And annulment	
A	B	1	2	3	4	5
Intangible assets						
Concessions	01	-	-	-	X	-
Other intangible assets	02	1,727,159	35,997	-	X	1,763,153
Advance payment and intangible assets in progress	03	643,383	148,261	-	X	791,642
TOTAL (rd 1 to 3)	04					
Tangible assets		2,370,542	184,258	-	X	2,554,795
Lands	05	31,787,160	-	11,753,642	X	20,033,518
Constructions	06	13,965,159	327,952	2,958,555	2,739	11,334,555
Plant and equipment	07	45,459,075	1,985,394	367,777	51,744	47,076,692
Other plant and equipment, fixtures and fittings	08	708,065	64,571	11,712	11,712	760,924
Advance payment and tangible assets in progress	09	1,879,447	3,450,616	2,811,402	X	2,518,662
TOTAL (03 la 06)	10	93,798,906	5,828,533	17,903,088	66,195	81,724,350
Financial assets	11	42,116,562	-	-	X	42,116,562
Non-current assets - TOTAL (02+07)	12	138,286,007	6,012,791	17,903,088	66,195	126,395,707

BIOFARM S.A.
FIXED ASSETS INFORMATION (CODE 40)
(sumele sunt exprimate in LEI, daca nu este specificat altfel)

Non-current assets		Depreciation			
Assets	Row no.	Sold initial	Depreciation during the year	Depreciation of disposals	Depreciation at the end of the years
				Total	(col.9=6+7-8)
A	B	6(1)	7(2)	8(3)	9(5)
Intangible assets					
Start-up and development costs	13	-	-	-	-
Other intangible assets	14	1,036,415	270,244	-	1,306,659
TOTAL (row13 + 14)	15	1,036,415	270,244	-	1,306,659
Tangible assets					
Lands	16	-	-	-	-
Constructions	17	6,202,708	511,174	4,443,553	2,270,329
Plant and machinery, motor vehicles	18	17,126,798	3,376,988	-	20,503,786
Other plant and machinery, fixtures and fittings	19	333,079	95,837	-	428,916
TOTAL (row16 la 19)	20	23,662,585	3,983,999	4,443,553	23,203,031
DEPRECIATION – TOTAL (row 15+20)	21	24,699,000	4,254,243	4,443,553	24,509,690

Non-current assets		Provisions			
Assets	Row no.	Sold initial	Provisions during the year	Provision resumed at income	Sold final
				Total	(col.13 = 10+11-12)
A	B	10(1)	11(2)	12(3)	13(5)
Intangible assets					
Start-up and development costs	22	-	-	-	-
Other intangible assets	23	-	-	-	-
Advance payments and intangible assets in progress	24	-	-	-	-
TOTAL (row 22 la 24)	25	-	-	--	-
Tangible assets					
Lands	26	-	-	-	-
Constructions	27	-	-	-	-
Plant and machinery, motor vehicles	28	13,504	8,453	7,416	14,541
Other plant and machinery, fixtures and fittings	29	-	-	-	-
Advance payments and tangible assets in progress	30	-	-	-	-
TOTAL (row 26 la 30)	31	13,504	8,453	7,416	14,541
Financial investments	32	35,141,987	-	6,064,375	29,077,612
PROVISION FOR DEPRECIATION –TOTAL (row 25+31+32)	33	35,155,494	8,453	6,071,791	29,092,153