



Str. Logofătul Tăutu nr. 99,
Sect. 3, București, România

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

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

<< Translation from **Romanian** >>

CURRENT REPORT
according to the C.N.V.M. Regulation no. 1/2006
Date of the report: 13.04.2009

Name of the commercial company: S.C. BIOFARM S.A.
Registered office: Bucharest, no. 99 Logofătul Tautu str., 3rd City District
Telephone no.: 021/301.06.87
Fax no.: 021/316.52.48
Website: www.biofarm.ro
Tax identification number: 341563
Tax attribute RO
Order number with the Trade Register: J40/199/1991
Fully paid-up share capital: 109,486,149.90 lei

Market on which company's securities are traded - Bucharest Stock Exchange,
BIO symbol.

I. Important event to report: Preliminary financial results 1st quarter - 2009

I. PRELIMINARY FINANCIAL RESULTS

The preliminary financial results for the first quarter of 2009 show an ascendant evolution of Biofarm, despite the difficult conditions from the pharmaceutical market and the unfavourable domestic and international conjuncture (exchange rate increase, collapse of stock exchanges, credit crunch).

Thusly, at the end of March, for the first quarter of 2009, net sales of finished products of Biofarm recorded an increase of approximately 11% compared to the same period of 2008, reaching the level of 18,626,742 lei. The net profit on 31.03.2009 is increasing by approximately 5% compared to the first quarter of last year. EBITDA margin is constantly maintained over 30%, ensuring the capacity for future development of the company in profitability conditions. Company indebtedness is below the level of 5%, ensuring a business growth potential.

In 2007, placing liquidities in the capital market was decided, an investment that seemed promising at that time. In 2008, the shares of companies listed on BSE showed a massive impairment.





Str. Logofătul Tăutu nr. 99,
Sect. 3, București, România

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

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

On 31.12.2008, Biofarm revaluated its portfolio of long-term shares held at solid companies listed on BSE, recording a provision that amounts to 35,141,987 lei. This amount affected the financial result of 2008.

At the date of this current report, long-term shares held in companies listed on BSE experienced a slight appreciation compared to the end of 2008. This appreciation was not taken into account upon establishment of the preliminary financial statements of the 1st quarter - 2009.

Biofarm has sufficient financial resources to meet current needs, without having to sell shares held at companies listed on BSE. Thusly, as the rate of long-term shares will increase, the loss recorded on 31.12.2008 will be recovered. In terms of exiting the current financial crisis, the investment in BSE will definitely bring a plus of profitability for Biofarm.

II. EVOLUTION IN THE PHARMACEUTICAL MARKET

In the context of an extremely dynamic and competitive pharmaceutical market, Biofarm has constantly improved and diversified its product range, releasing approximately 90 new products between 2005 and 2009. Although in the existing market conditions releasing a product requires significant investments, Biofarm managed to maintain the ascendant trend of profitability, gaining market shares in new therapeutic areas. Currently, company products cover more than 50 therapeutic areas, Biofarm being a leader on 11 of them, and on the other 5 holding significant market shares, with real chances of becoming a leader.

For its most important brands, Biofarm made line extensions to meet as well as possible the market requirements and the needs of patients.

Also, Biofarm has over 150 verbal brands, graphic marks and own slogans registered with SOIT (*State Office for Inventions and Trademarks*), many of them being present on the Romanian pharmaceutical market for over 40 years.

Regarding the sales from pharmacies to patients, Biofarm registered an increase of 19.73% and a decrease of (0.22%) in units given that the entire pharmaceutical market decreased, in units, with approximately (6%).

Biofarm products are marketed across the country due to a specialized marketing and sales teams and to distribution and promotion strategies.

In order to increase the awareness of its products among consumers, Biofarm promotes its products both in the most important pharmaceutical chains and in independent pharmacies and cooperates with the most powerful 10 distribution companies in the Romanian pharmaceutical market. It also constantly organises marketing, trade and media campaigns with the purpose of improving the degree of recognition of Biofarm products.

At the same time, Biofarm constantly improves its position on the external market as well. During 2005 - 2009 the company entered 8 new commodity markets and its





Str. Logofătul Tăutu nr. 99,
Sect. 3, București, România

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

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

expansion continues. Currently, export represents approximately 4-5% from the total sales of the company.

III. BUSINESS PLAN 2009

INVESTMENT PLAN - 2009

In order to consolidate the business in the long-term, Biofarm management team has as objective realising investments in fixed assets as follows: continuing to build warehouses and production areas on the land purchased in 2006; creating a new production line; vehicle fleet expansion for the marketing and sales teams, as well as for the company's supply-sales activity; investment in research and development laboratories, quality control, as well as expanding the existing portfolio by purchasing files of new finished products.

Considering the economic and financial situation in this period, Biofarm selected for 2009 as priority investments those projects that can constitute an opportunity and namely: entering new therapeutic classes through the acquisition or development of medicine licenses, increasing the production capacities where they are insufficient.

In order to realize these investments, Biofarm takes into account both the use of its own available funds, and accessing non-refundable European structural funds.

ADAPTATION TO THE DIFFICULT FINANCIAL-ECONOMIC CONDITIONS EXISTING AT NATIONAL AND INTERNATIONAL LEVEL

In the current financial-economic crisis conditions, the Biofarm management team adopted a series of measures to streamline business operations such as reducing costs by increasing productivity, optimising inventory levels of raw materials and finished products and creating a buffer stock of finished products that would allow the company to meet the market requirements at any moment. In essence, efficient use of raw materials, salary expenditure and utilities consumption is aimed. In agreement with the union, maintaining the existing conditions from the collective labour contract for 2008 until the middle of 2009 was decided. The evolution of consumption in the pharmaceutical market will be carefully monitored, and in order to prevent any gaps, the production necessity will be carefully monitored in order to minimize the impact on wages and materials costs.

These measures taken by the company management compensate the increasing need for investment in the development of the promoting process for supporting sales.





Str. Logofătul Tăutu nr. 99,
Sect. 3, București, România

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

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

Under the conditions of the current competition in the pharmaceutical market, the increase of expenditures volume will be necessary in promotion and sales.

The development strategy of Biofarm Company includes the improvement of this company in the retail market, continuing the development of the sales power for improving market representation and increasing the number of products. Releasing new products and improving the portfolio are key points of the company development strategy. In order to improve its position both on the internal and on the international market, Biofarm will develop new products both by collaborations, and by its own powers. Investments in research, release and promotion of new products will continue this year as well, considering the fact that the plan for releasing new products of Biofarm is very ambitious, the company wanting to enter new therapeutic areas with potential. Thusly, in the investment plan of 2009, a significant amount is budgeted for investments in development and acquisition of new files.

Another very important objective of Biofarm strategy in the medium and long-term is increasing the export activity. Regarding the external markets, for 2009, Biofarm aims to maintain a rate of minim 5% from the total sales of the company and will make additional expenditures for recording files and for opening representative offices in at least two countries.

By the proposed business plan, Biofarm intends to increase net sales by 11% compared to 2008 under the conditions of a profitability of minimum 20%. The sustained management effort and the strategies adopted and applied by Biofarm, together with the investments made for improving the process for researching and developing new products will play an important part in choosing the aimed objectives and in the company development in the sustained rhythm which it aimed.

B.D. CHAIRMAN
Dănuț VASILE

I, undersigned Laura Lepădatu, a sworn translator, authorized by the Ministry of Justice of Romania, do hereby certify that this is a true, full and correct translation of the text that was seen by me.

Sworn translator No. 30346/2010,

