

GALENKA – FITOFARMACIJA A.D.

Batajnicket drum bb

11080 Zemun

ID No: 07725531

Tax ID No: 100001046

SIX - MONTH CONSOLIDATED REPORT 2016

GALENKA – FITOFARMACIJA A.D.



Dear shareholders,

here is Six - month Consolidated Report 2016, prepared in accordance with Art. 52 of the Capital Market Law („Official Gazette of RS”, no. 31/2011 and 112/2015) and in accordance with the Rules on the content, form and the way of publication annual, six - month and quarterly reports of public companies („Official Gazette of RS“, no. 14/2012 and 5/2015).

CONTENT OF ANNUAL REPORT

I Financial Consolidated Report for the first half of 2016

II Business Report in the first half of 2016

III Statement of persons responsible for the preparation of Six – month Consolidated Report



I FINANCIAL CONSOLIDATED REPORT 2016

**BALANCE SHEET (IN 000 RSD)**

	31-Dec-15	30-Jun-16
ASSETS		
Property, plant and equipment (PP&E)	1.879.275	1.873.127
Intangible assets	2.768	2.137
LT financial placements	258.843	268.608
<i>Fixed assets</i>	2.140.886	2.143.872
Prepaid tax, other expenses and accrued revenues	58.575	1.465
Inventory	1.558.601	931.869
Receivables	486.845	2.364.648
ST financial placements	1.779.662	2.012.824
Cash and cash equivalents	283.768	195.622
<i>Current assets</i>	4.167.451	5.506.428
<i>Deferred tax assets</i>	25.486	25.486
<i>Operating assets</i>	6.333.823	7.675.786
Total assets	6.333.823	7.675.786
Off-balance sheet assets	413.092	849.960
EQUITY AND LIABILITIES		
Shareholders and Other equity	3.511.200	3.511.200
Reserves	833.560	876.757
Revaluation surplus	25.722	25.642
Un-realized gains on shares trading	-3	-3
Retained earnings	1.451.330	2.399.217
Loss	1.518	593
<i>Equity</i>	5.820.291	6.812.220
LT reserved funds		
LT Debt		
Liabilities from business operations	379.609	589.810
ST financial liabilities	0	
Liabilities for VAT and other public revenues	19.879	18.003
Other ST liabilities	96.566	240.796
Accruals and deferred income	17.478	14.959
Liabilities for income tax		
<i>Current (ST) liabilities</i>	513.532	863.567
Liabilities and reserved funds	513.532	863.567
Total equity and liabilities	6.333.823	7.675.786
Off-balance sheet liabilities	413.092	849.960

**INCOME STATEMENT (IN 000 RSD)**

	30-Jun-15	30-Jun-16
OPERATING REVENUES		
Sales	3.030.867	3.114.685
Other operating revenues	2.878	2.884
<i>Total operating revenues</i>	3.033.745	3.117.569
OPERATING EXPENSES		
Cost of goods sold (COGS)	328.964	275.557
Cost of material	888.508	778.472
Change in inventory value	409.560	566.465
Fuel and energy costs	14.669	13.422
Salaries / Other personal expenses	162.956	168.191
Cost of production services	155.428	131.040
Amortization expense	36.744	40.468
Other operating expenses	39.847	43.909
<i>Total operating expenses</i>	2.036.676	2.017.524
OPERATING PROFIT	997.069	1.100.045
<i>Operating profit margin</i>	33%	35%
Financial revenues	36.707	68.531
Financial expenses	36.552	8.085
<i>Financial profit/loss</i>	155	60.446
Revenues from assets valuation adjustments	0	0
Expenses from assets valuation adjustments	167.078	190.828
<i>Profit/loss from valuation adjustments</i>	-167.078	-190.828
Other revenues	334.319	286.147
Other expenses	4.354	3.429
<i>Non-operating profit/loss</i>	329.965	282.718
Earnings before tax (EBT)	1.160.111	1.252.381
Tax	43.168	49.251
NET PROFIT	1.116.943	1.203.130



II SIX-MONTH CONSOLIDATED BUSINESS REPORT 2016



I GENERAL INFORMATION

1. Basic info

Company name:	GALENKA – FITOFARMACIJA a.d., Batajnički drum bb, 11080 Beograd - Zemun
No. of Decision of Serbian Business Registers Agency:	BD 307/2005 dated January 27, 2005
ID No.:	07725531
Tax ID No.:	100001046
Registered activity:	Manufacture of agricultural chemicals, Activity Code 2020
Web site & email:	www.fitofarmacija.rs ; office@fitofarmacija.rs
Share capital:	RSD 3.511.200.000 at June 30, 2016
Number of issued shares:	2.640.000 (ordinary); ISIN No: RSFITOE21521; CFI code: ESVUFR; BELEX: FITO
Number of own shares:	None
Subsidiaries:	<ul style="list-style-type: none">• ENVIPACK d.o.o., Belgrade, ID No 2080115, Activity Code 7022 Consultancy activities in connection with business and other management;• GALENIKA-FITOFARMACIJA zastupanje i trgovina d.o.o. Ljubljana, ID No 6813313000, Activity Code 46.900 Non-specialized wholesale trade
Auditor:	UHY REVIZIJA d.o.o., Belgrade, ID No.: 17082175

2. Company Management

Board of Directors:

Non-executive directors:

- Nedeljko Puhar from Belgrade, B.A. in Economics, president of the Company. Owner of 6,39% of the Company shares.
- Zivorad Vojinovic from Belgrade, B.A. in Economics, Owner of 75% of Company Mikend and 21,56% of the Company shares.
- Branislav Medakovic from Belgrade, B.A. in Economics, certified internal auditor. Head of the Fund Support and Liquidity Office in Piraeus bank.
- Dusan Mojsilovic from Kragujevca, B. Sc. In Agricultural Engineering, owner of Agromarket d.o.o.

Independent director:

- Mirjana Bogicevic from Belgrade, B.A. in Economics, director of Insurance Company Energoprojekt Garant plc.

Executive directors:

- Dragan Nenadovic from Belgrade, B.A. in Economics, general manager of the Company. Owner of 5,72% of the Company shares.
- Slavica Pekovic from Belgrade, M. Sc. in Management, Chief Corporate Affairs Officer.

Company Secretary: Lidija Nikolic, M. Sc. in Management.



3. Ownership structure

Information on ownership structure may be found at the web site of Central Securities Depository and Clearing House (www.crhov.rs). Ownership structure on June 30, 2016 was shown in following tables:

No. of shareholders by share in capital	No. of entities		No. shares		% of total issued	
	local	foreign	local	foreign	local	foreign
0% to 5%	1,212	53	897,819	414,156	34.01%	15.69%
5% to 10%	2	0	319,533	0	12.10%	
10% to 25%	2	0	1,008,492	0	38.20%	
Total:	1,269		2,640,000		100%	

Type of shareholder	No. shares	%
Owned by individuals	1,385,598	52.48%
Owned by legal entities	1,054,498	39.94%
Joint (custody) account	199,904	7.57%
Total:	2,640,000	100%

Top ten shareholders by number of shares and votes:

No.	Shareholder	No. shares	%
1.	Vojinović Živorad	569,196	21.56%
2.	Agromarket d.o.o.	439,296	16.64%
3.	Puhar Nedeljko	168,583	6.39%
4.	Nenadović Dragan	150,950	5.72%
5.	Frontaura global frontier fund	129,000	4.89%
6.	Mikend d.o.o	100,554	3.81%
7.	Terra capital cayman	82,744	3.13%
8.	Herma investments co., ltd.	80,122	3.03%
9.	Komp. Dunav osiguranje a.d.o.	71,706	2.72%
10.	Sempiola Invest Limited	56,328	2.13%
	Total:	1,848,479	70.02%

4. General information of subsidiaries

4.1 Company name:	ENVIPACK d.o.o. Batajnički drum bb, 11080 Belgrade - Zemun
ID No.:	20801115
Tax ID No:	107430272
Registered activity:	Consultancy activities in connection with business and other management, Activity Code 7022
Legal representative:	Aleksandar Sosevic
Web site & email:	www.envipack.rs; office@envipack.rs

ENVIPACK d.o.o was founded in February 2012. godine in 100% owned by GALENIKA – FITOFARMACIJA a.d..

ENVIPACK operates as a specialized subsidiary, under the already authorized operator for packaging waste management EKOSTAR PAK. The primary focus of ENVIPACK is the management for pesticide packaging.



4.2	Company name:	GALENKA – FITOFARMACIJA, zastupanje i trgovina, d.o.o., Tržaška cesta 515, 1351 Brezovica pri Ljubljani, Republica of Slovenia
	Id No:	6813313000
	Tax ID No :	90008847
	Registered activity:	Non-specialized wholesale trade, Activity Code 46.900
	Legal representative :	Slavica Pekovic

GALENKA – FITOFARMACIJA d.o.o., Slovenija, was founded in March, 2015 in 100% owned by GALENIKA – FITOFARMACIJA a.d., for administrative purposes of registration of the products from the parent company product range in the EU member countries.

In accordance with applicable regulations of the EU, in order for a company to be able to submit an application for registration of plant protection product in the EU (the applicant company), it must have its registered office in one of the EU member states, and a company in which the plant protection product is produced (place of production) may be located anywhere in the world.

II BUSINESS PERFORMANCE IN FIRST HALF OF 2016

Detailed Six-month Report on the operations of GALENIKA – FITOFARMACIJA a.d. in 2016 is an integral part of the Six-month Report for 2016 and can be found on the web site of the Belgrade Stock Exchange and the web site of the Company, in the part *For investors/Reporting*.

Business operations of ENVIPACK d.o.o.

The main objective of the operator ENVIPACK d.o.o. is the establishment of a sustainable system for the collection and disposal of packaging of plant protection products (PPPs). In this regard, ENVIPACK d.o.o. in the course of 2016 provided new collection points, thus there are 137 collection points in the Republic of Serbia. In the first half of 2016, a total of approx. 76 tons of PPPS was disposed of, including the packaging of raw materials, which is 12 tonnes (19%) more than in the same period last year.

In accordance with the legislation in the field of waste management, as well as with the established occupational procedures, ENVIPACK d.o.o. provides all the necessary documentation that accompanies each waste take over. The manufacturer of PPP thus receives confirmation that it has fulfilled a legal obligation, as well as precise information on the quantities of packaging waste and the places from which the waste is taken.

As regards the end users, the packaging waste is generated and therefore, in addition to the operational activities of waste collection and disposal, great attention is paid to the propagation of proper handling of empty containers and/or the procedure of triple rinse of the used packaging of PPPs. We should mention the cooperation with the local authorities in Smederevo, Belgrade, Lovćenac, Kikinda and Novi Kneževac, whose representatives successfully organized presentations of the operator ENVIPACK d.o.o. As a result of the successful cooperation with the local governments, we realized takeover and disposal of hazardous waste from the OS Smederevo and expanded the number of clients in the region of Kikinda, Feketić, Subotica and Zrenjanin. Successful cooperation has been established with certain agricultural professional services, especially in Kikinda and Pancevo.

As a result of a good reputation and recommendations of the users of services provided by ENVIPACK d.o.o., the number of new clients from other industries increased. Thus, the total amount of collected waste in the first half of the year was approx. 190 t or 30 tonnes (19%) more than in the same period last year.

In the forthcoming period ENVIPACK d.o.o. will continue to develop its system for collection and disposal of the packaging waste as well as the activities of educating end users for the proper handling of empty packaging of the plant protection products.



Business operations of GALENIKA – FITOFARMACIJA d.o.o., Slovenia

Requests for the registration of the first three products in the Central EU Registration Zone were submitted in the spring of 2015, while in the South EU Registration Zone, for two products in December 2015. The request for the registration of the third product in South EU Registration Zone is being prepared, which is planned for September this year.

We expect to obtain registration permits for the products in the Central EU Registration Zone in the second half of the year.

III SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

There were no significant transactions with related parties during the last period.



Six-month Financial Consolidated Report 2016, according to the best of our knowledge, have been prepared with the application of relevant International Financial Reporting Standards and give us a true and objective information about the assets, liabilities, financial position and operations, profits and losses, cash flows and changes in equity.

Six-month Financial Consolidated Report 2016 has not been, nor will it be audited by external auditors.

Six-month Consolidated Report 2016 was approved by Board of Directors on meeting held on August 9th 2016.

Head of Financial and Accounting Division,
M.Sc.Ecc. Gordana Arlov

Chief Corporate Affairs Officer,
M.Sc. Slavica Pekovic

Chief Executive Officer,
B.Sc.Ecc. Dragan Nenadovic

In Belgrade, August 10th, 2016