

GALENKA – FITOFARMACIJA A.D.
Batajnicket drum bb
11080 Zemun
ID No: 07725531
Tax ID No: 100001046

**SIX - MONTH CONSOLIDATED REPORT
2017
GALENKA – FITOFARMACIJA A.D.**



Dear shareholders,

here is Six - month Consolidated Report 2017, prepared in accordance with Art. 52 of the Capital Market Law („Official Gazette of RS“, no. 31/2011, 112/2015 and 108/2016) 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, 5/2015 and 24/2017).

CONTENT OF ANNUAL REPORT

I Financial Consolidated Report for the first half of 2017

II Business Report in the first half of 2017

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



I FINANCIAL CONSOLIDATED REPORT 2017

**BALANCE SHEET (IN 000 RSD)**

	31-Dec-16	30-Jun-17
ASSETS		
Subscribed equity, unpaid	2.500	1.500
Property, plant and equipment (PP&E)	1.878.294	1.869.882
Intangible assets	1.624	1.307
LT financial placements	183.897	180.218
<i>Fixed assets</i>	2.063.815	2.051.407
Prepaid tax, other expenses and accrued revenues	80.256	12.993
Inventory	1.820.839	964.173
Receivables	368.733	2.670.482
ST financial placements	2.248.719	1.945.850
Cash and cash equivalents	264.877	548.798
<i>Current assets</i>	4.783.424	6.142.296
<i>Deferred tax assets</i>	25.480	25.479
<i>Operating assets</i>	6.875.219	8.220.681
Total assets	6.875.219	8.220.681
Off-balance sheet assets	184.102	403.770
EQUITY AND LIABILITIES		
Shareholders and Other equity	3.511.200	3.511.200
Subscribed equity, unpaid	2.500	1.500
Reserves	876.802	921.805
Revaluation surplus	25.092	25.022
Un-realized gains on shares trading	-2	-2
Retained earnings	2.102.234	3.084.132
Loss	0	0
<i>Equity</i>	6.517.826	7.543.657
LT reserved funds		
LT Debt		898
Liabilities from business operations	232.446	368.065
ST financial liabilities	0	449
Liabilities for VAT and other public revenues	14.190	64.581
Other ST liabilities	107.897	243.031
Accruals and deferred income	2.860	
Liabilities for income tax		
<i>Current (ST) liabilities</i>	357.393	676.126
Liabilities and reserved funds	357.393	677.024
Total equity and liabilities	6.875.219	8.220.681
Off-balance sheet liabilities	184.102	403.770

**INCOME STATEMENT (IN 000 RSD)**

	30-Jun-16	30-Jun-17
OPERATING REVENUES		
Sales	3.114.685	3.405.051
Other operating revenues	2.884	2.018
<i>Total operating revenues</i>	3.117.569	3.407.069
OPERATING EXPENSES		
Cost of goods sold (COGS)	275.557	307.930
Cost of material	778.472	884.982
Change in inventory value	566.465	621.961
Fuel and energy costs	13.422	15.934
Salaries / Other personal expenses	168.191	175.142
Cost of production services	131.040	125.061
Amortization expense	40.468	41.753
Other operating expenses	43.909	55.348
<i>Total operating expenses</i>	2.017.524	2.228.111
OPERATING PROFIT	1.100.045	1.178.958
<i>Operating profit margin</i>	35%	35%
Financial revenues	68.531	29.613
Financial expenses	8.085	121.246
<i>Financial profit/loss</i>	60.446	-91.633
Revenues from assets valuation adjustments	0	0
Expenses from assets valuation adjustments	190.828	96.978
<i>Profit/loss from valuation adjustments</i>	-190.828	-96.978
Other revenues	286.147	337.336
Other expenses	3.429	2.324
<i>Non-operating profit/loss</i>	282.718	335.012
Earnings before tax (EBT)	1.252.381	1.325.359
Tax	49.251	71.440
NET PROFIT	1.203.130	1.253.919



II SIX-MONTH CONSOLIDATED BUSINESS REPORT 2017



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, 2017
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• HOLDING GALENIKA d.o.o., Belgrade, ID No 07092920, Activity code 6820 Renting of own or leased real estate and management thereof.
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, 2017 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%	1.214	70	908.689	403.286	34,42%	15,28%
5% to 10%	2		319.533		12,10%	
10% to 25%	2		1.008.492		38,20%	
Total:	1.288		2.640.000		100%	

Type of shareholder	No. shares	%
Owned by individuals	1.376.849	52,15%
Owned by legal entities	1.037.425	39,30%
Joint (custody) account	225.726	8,55%
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	122.777	4,65%
6.	Mikend doo	100.554	3,81%
7.	Terra capital cayman	79.115	3,00%
8.	Herma investments co., ltd.	76.866	2,91%
9.	Komp. Dunav osiguranje a.d.o.	71.704	2,72%
10.	Sempiola invest limited	56.328	2,13%
	Total:	1.835.369	69,52%

4. General information of subsidiaries

4.1

Company name:	ENVIPACK d.o.o. Batajnicketi 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., Trzaska 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.

4.3

Company name:	HOLDING GALENIKA d.o.o., Masarikov trg 8a, 11080 Zemun
Id No.:	07092920
Tax ID No.:	100096575
Registered activity:	Renting of own or leased real estate and management thereof, Activity code 6820
Legal representative:	Slavica Pekovic

GALENKA HOLDING doo is the legal successor of the SOE Holding company Galenika DP in bankruptcy. In June 2016, as the only bidder at the public tender for the sale of a debtor, GALENIKA – FITOFARMACIJA a.d. became the owner of this company. After completing legal formalities of suspension of bankruptcy, in early November we registered changes in the Business Registers Agency of Serbia. The holding company “Galenika” dp in bankruptcy had no employees and did not have any business activities. The primary motive for purchasing this entity was the fact that it is the owner of commercial property in a building on street Masarikov trg 8a in Zemun, which is majority owned by GALENIKA-FITOFARMACIJA a.d..

II BUSINESS PERFORMANCE IN FIRST HALF OF 2017

Detailed Six-month Report on the operations of GALENIKA – FITOFARMACIJA a.d. in 2017 is an integral part of the Six-month Report for 2017 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.

ENVIPACK d.o.o. has continued the development of a system for collecting and disposing of packaging waste from plant protection products (SZB) and the number of collection locations for waste packaging increased by an additional 25 during the first half of 2017, so now there are 174. The number of clients for waste disposal from other industries was increased by 5, so now there are 20 of them.

The total quantity of collected and disposed waste has been around 160 t so far (a decrease of 30 t against the same period last year), 85 t of which were collected and disposed of packaging waste from SZB (an increase of 9 t against the same period last year).

Amendments to the legal regulations in the field of waste management impose the registration of all waste owners/generators into the unique system of the National Register of Pollutants, as well as the announcement of the movement of waste through the interface of the Environmental Protection Agency. Accordingly, ENVIPACK has adapted its operational procedures and prepared instructions, to provide direct support to collecting sites in the process of documenting waste takeover activities.

Cooperation with PSS Pančevo, the Association of Agricultural Producers Banatska Lenija from Kikinda and the Association of Blueberry Producers from Brestovik, as well as the engagement of regional SZB sales managers, has



accelerated the inclusion of agricultural holdings and new agricultural companies into the system of collecting and disposal of waste packaging from SZB.

We are currently implementing the quality management system in accordance with standard ISO 9001:2015 and environmental management system in accordance with ISO 14001:2015. The certification of both systems is planned by the end of 2017. As part of strengthening our own capacities, a vehicle for the needs of field visits was purchased in March this year.

The plan is to continue with the standard waste collection activities by the end of the year in order to continue the trend of improvement by key parameters for operation of ENVIPACK doo, such as the number of clients, the number of collection points and the quantity of waste collected.

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

Administrative activities related to the registration of the existing three products with EU registrations in other countries of the Central and South Registration zone were conducted in the previous period (Hungary, Romania, Bulgaria, Greece, Croatia).

In the second half of the year, we expect to obtain registration licenses in all countries in which the applications were submitted.

Business operations of HOLDING GALENIKA d.o.o.

There were no significant business activities during the last period.

III SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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



Six-month Financial Consolidated Report 2017, 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 2017 has not been, nor will it be audited by external auditors.

Six-month Consolidated Report 2017 was approved by Board of Directors on meeting held on August 10th, 2017.

Chief Corporate Affairs Officer,
M.Sc. Slavica Pekovic

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

In Belgrade, August 11th, 2017