

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

**SIX - MONTH CONSOLIDATED REPORT  
2018**

**GALENKA – FITOFARMACIJA A.D.**



Dear shareholders,

here is Six - month Consolidated Report 2018, 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 2018**

**II Business Report in the first half of 2018**

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



# I FINANCIAL CONSOLIDATED REPORT 2018

**BALANCE SHEET (IN 000 RSD)**

	<b>31-Dec-17</b>	<b>30-Jun-18</b>
<b>ASSETS</b>		
Property, plant and equipment (PP&E)	1.861.166	1.854.527
Intangible assets	1.001	5.946
LT financial placements	97.529	97.174
<i>Fixed assets</i>	<u>1.959.696</u>	<u>1.957.647</u>
Prepaid tax, other expenses and accrued revenues	186.675	17.204
Inventory	1.962.971	1.250.247
Receivables	544.758	2.805.148
ST financial placements	2.187.975	2.140.126
Cash and cash equivalents	494.035	586.655
<i>Current assets</i>	<u>5.376.414</u>	<u>6.799.380</u>
<i>Deferred tax assets</i>	26.783	26.783
<i>Operating assets</i>	7.362.893	8.783.810
<b>Total assets</b>	<b><u>7.362.893</u></b>	<b><u>8.783.810</u></b>
<b>Off-balance sheet assets</b>	71.103	415.338
<b>EQUITY AND LIABILITIES</b>		
Shareholders and Other equity	3.511.200	3.511.200
Subscribed equity, unpaid	0	0
Reserves	921.851	959.613
Revaluation surplus	25.022	25.022
Un-realized gains on shares trading	-2	-2
Retained earnings	2.581.287	3.586.299
Loss	0	0
<i>Equity</i>	<u>7.039.358</u>	<u>8.082.132</u>
LT reserved funds		
LT Debt	486	485
Liabilities from business operations	214.224	402.033
ST financial liabilities	394	180
Liabilities for VAT and other public revenues	873	29.973
Other ST liabilities	103.365	267.007
Accruals and deferred income	4.193	2.000
Liabilities for income tax		
<i>Current (ST) liabilities</i>	<u>323.049</u>	<u>701.193</u>
Liabilities and reserved funds	<u>323.535</u>	<u>701.678</u>
<b>Total equity and liabilities</b>	<b><u>7.362.893</u></b>	<b><u>8.783.810</u></b>
<b>Off-balance sheet liabilities</b>	71.103	415.338

**INCOME STATEMENT (IN 000 RSD)**

	<b>30-Jun-17</b>	<b>30-Jun-18</b>
<b>OPERATING REVENUES</b>		
Sales	3.405.051	3.269.369
Other operating revenues	2.018	2.219
<i>Total operating revenues</i>	<b>3.407.069</b>	<b>3.271.588</b>
<b>OPERATING EXPENSES</b>		
Cost of goods sold (COGS)	307.930	282.413
Cost of material	884.982	926.845
Change in inventory value	621.961	526.875
Fuel and energy costs	15.934	21.654
Salaries / Other personal expenses	175.142	193.575
Cost of production services	125.061	121.215
Amortization expense	41.753	39.258
Other operating expenses	55.348	72.543
<i>Total operating expenses</i>	<b>2.228.111</b>	<b>2.184.378</b>
<b>OPERATING PROFIT</b>	<b>1.178.958</b>	<b>1.087.210</b>
<i>Operating profit margin</i>	35%	33%
Financial revenues	29.613	31.566
Financial expenses	121.246	38.486
<i>Financial profit/loss</i>	<b>-91.633</b>	<b>-6.920</b>
Revenues from assets valuation adjustments	0	0
Expenses from assets valuation adjustments	96.978	105.929
<i>Profit/loss from valuation adjustments</i>	<b>-96.978</b>	<b>-105.929</b>
Other revenues	337.336	351.660
Other expenses	2.324	5.057
<i>Non-operating profit/loss</i>	<b>335.012</b>	<b>346.603</b>
Earnings before tax (EBT)	1.325.359	1.320.964
Tax	71.440	66.988
<b>NET PROFIT</b>	<b>1.253.919</b>	<b>1.253.976</b>



# **II SIX-MONTH CONSOLIDATED BUSINESS REPORT 2018**



## 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:	<a href="http://www.fitofarmacija.rs">www.fitofarmacija.rs</a> ; office@fitofarmacija.rs
Share capital:	RSD 3.511.200.000 at June 30, 2018
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"><li>• ENVIPACK d.o.o., Belgrade, ID No 2080115, Activity Code 7022 Consultancy activities in connection with business and other management;</li><li>• GALENIKA-FITOFARMACIJA zastupanje i trgovina d.o.o. Ljubljana, ID No 6813313000, Activity Code 46.900 Non-specialized wholesale trade</li><li>• HOLDING GALENIKA d.o.o., Belgrade, ID No 07092920, Activity code 6820 Renting of own or leased real estate and management thereof.</li></ul>
Auditor:	PKF d.o.o., Belgrade, ID No.: 08752524

### 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](http://www.crhov.rs)). Ownership structure on June 30, 2018 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%	1.174	50	879.758	267.650	33,32%	10,14%
5% to 10%	3		484.100		18,34%	
10% to 25%	2		1.008.492		38,20%	
<b>Total:</b>	<b>1.229</b>		<b>2.640.000</b>		<b>100%</b>	

Type of shareholder	No. shares	%
Owned by individuals	1.348.181	51,07%
Owned by legal entities	910.510	34,49%
Joint (custody) account	381.309	14,44%
<b>Total:</b>	<b>2.640.000</b>	<b>100%</b>

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.	BDD M&V Investments ad Beograd - zbirni račun	164.567	6,23%
5.	Nenadović Dragan	150.950	5,72%
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.	Societe Generale banka Srbija - kastodi račun - FO	70.214	2,66%
	<b>Total:</b>	<b>1.891.045</b>	<b>71,63%</b>

### 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	<a href="http://www.envipack.rs">www.envipack.rs</a> ; <a href="mailto:office@envipack.rs">office@envipack.rs</a>

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

ENVIPACK is the operator for hazardous and non-hazardous waste. 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 2018

Detailed Six-month Report on the operations of GALENIKA – FITOFARMACIJA a.d. in 2018 is an integral part of the Six-month Report for 2018 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.

In the first half of 2018, ENVIPACK d.o.o. expanded the number of its packaging waste collection sites by an additional 28, so now they are 213, compared to 185 — their number at the end of 2017.

The total quantity of collected and disposed waste up so far is around 190 t. Of that, 135 t of collected and disposed packaging waste is from plant protection products (SZB), which is an increase by 50 t compared with the same time last year, when 85 t of this waste type were collected. This result was also driven by the earlier start of collection compared with previous years (May instead of June), as well as the good organization of logistics.

During the reporting period, the number of customers in the waste collection system from SZB grew by six. In addition, we are planning to start working with veterinary drugs producers, which will enable to expand the ENVIPACK system to all farms that breed cattle.

The second half of the year will see the environmental management system certificated in accordance with ISO 14001:2015. The main objective is to continue with standard waste collection activities until the end of the year in order to continue the improvement of the key business parameters for ENVIPACK doo, such as the number of customers, the number of collection points, and the quantity of disposed waste.



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

Administrative activities related to the registration of the existing products with EU registrations were conducted in the countries where registration process haven't been finished yet.

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 2018, 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 2018 has not been, nor will it be audited by external auditors.

Six-month Consolidated Report 2018 was approved by Board of Directors on meeting held on July 30<sup>th</sup>, 2018.

Chief Corporate Affairs Officer,  
M.Sc. Slavica Pekovic

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

In Belgrade, July 30<sup>th</sup>, 2018